

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**AMENDMENT NO. 1 TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Sun Country Airlines Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

4512
(Primary Standard Industrial
Classification Code Number)

82-4092570
(I.R.S. Employer
Identification Number)

**2005 Cargo Road
Minneapolis, MN 55450
(651) 681-3900**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common stock, par value \$0.01 per share	\$100,000,000	\$10,910

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes offering price of any additional shares that the underwriters have the option to purchase, if any. See "Underwriting (Conflict of Interest)."

(3) The registrant previously paid the registration fee in connection with a prior filing of this Registration Statement.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated February 23, 2021

PROSPECTUS

Shares



Sun Country Airlines Holdings, Inc.

Common Stock

This is the initial public offering of shares of common stock of Sun Country Airlines Holdings, Inc., a Delaware corporation. We are offering shares of common stock.

We expect the public offering price to be between \$ and \$ per share. Prior to this offering, there has been no public market for our common stock. We intend to apply to list our common stock on the Nasdaq Global Select Market ("Nasdaq") under the symbol "SNCY."

SCA Horus Holdings, LLC (the "Apollo Stockholder"), which is an affiliate of certain investment funds managed by affiliates of Apollo Global Management, Inc., is currently our majority stockholder. Following the completion of this offering and related transactions, the Apollo Stockholder will continue to own a majority of the voting power of our outstanding common stock. As a result, we expect to be a "controlled company" under the corporate governance rules for Nasdaq-listed companies and will be exempt from certain corporate governance requirements of such rules. See "Risk Factors—Risks Related to this Offering and Ownership of our Common Stock," "Management—Controlled Company" and "Principal Stockholders."

We are also an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 and are eligible for reduced public company reporting requirements. Please see "Prospectus Summary—Implications of Being an Emerging Growth Company."

By participating in this offering, you are representing that you are a citizen of the United States, as defined in 49 U.S.C. § 40102(a)(15). See "Description of Capital Stock—Limited Ownership and Voting by Foreign Owners."

Investing in our common stock involves risks that are described in the "[Risk Factors](#)" section beginning on page 23 of this prospectus.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions ⁽¹⁾	\$	\$
Proceeds to us, before expenses	\$	\$

(1) See "Underwriting (Conflict of Interest)" for additional information regarding the underwriters' compensation and reimbursement of expenses.

The underwriters may also exercise their option to purchase up to an additional shares from us at the public offering price, less underwriting discounts and commissions, for 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock against payment on or about , 2021.

Joint Bookrunners

Barclays
Goldman Sachs & Co. LLC

Morgan Stanley

Deutsche Bank Securities
Nomura

Co-Manager

Apollo Global Securities

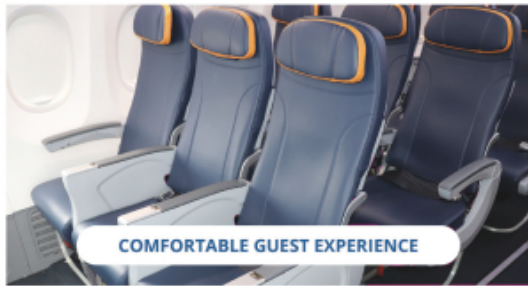
The date of this prospectus is , 2021



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MEANINGFUL COMMUNITY PARTNERSHIPS



EXPANSIVE CHARTER OPERATIONS

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For investors outside the United States: neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus or any free writing prospectus we may provide to you in connection with this offering in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus and any such free writing prospectus outside of the United States.

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Neither we nor the underwriters have authorized any other person to provide you with any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide you. We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. You should assume that the information appearing in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Through and including _____, 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in the common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

TRADEMARKS, TRADE NAMES, AND SERVICE MARKS

We use various trademarks, trade names and service marks in our business, including “Sun Country,” “Sun Country Airlines,” “Sun Country Connections,” “Sun Country Rewards,” “Sun Country Vacations,” “The Hometown Airline” and “UFLY,” as well as our signature “S” logo. This prospectus contains references to our trademarks, trade names and service marks. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies’ trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

INDUSTRY AND MARKET DATA

We include in this prospectus statements regarding our industry, our competitors and factors that have impacted our and our customers’ industries. Such statements are statements of belief and are based on industry data and forecasts that we have obtained from industry publications and surveys, including those published by the United States Department of Transportation, as well as internal company sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. In addition, while we believe that the industry information included herein is generally reliable, such information is inherently imprecise. Certain statements regarding our competitors are based on publicly available information, including filings with the Securities and Exchange Commission and United States Department of Transportation by such competitors, published industry sources and management estimates. While we are not aware of any misstatements regarding the industry, competitor and market data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the caption “*Risk Factors*” in this prospectus.

BASIS OF PRESENTATION

In this prospectus, unless otherwise indicated or the context otherwise requires, references to the “Company,” the “Issuer,” “Sun Country,” “we,” “us” and “our” refer, prior to our conversion to a corporation, to SCA Acquisition Holdings, LLC and its consolidated subsidiaries and, after our conversion to a corporation, to Sun Country Airlines Holdings, Inc. and its consolidated subsidiaries. See “*Prospectus Summary—The Reorganization Transactions*.”

On April 11, 2018, MN Airlines, LLC (d/b/a Sun Country Airlines and now known as Sun Country, Inc.) was indirectly acquired by certain investment funds (the “Apollo Funds”) managed by affiliates of Apollo Global Management, Inc. (together with its subsidiaries, “Apollo”). As a result of the change of control, the acquisition was accounted for as a business combination using the acquisition method of accounting, which requires, among other things, that our assets and liabilities be recognized on the consolidated balance sheet at their fair value as of the acquisition date. Accordingly, the financial information provided in this prospectus is presented as “Predecessor” or “Successor” to indicate whether they relate to the period preceding the acquisition or the period succeeding the acquisition, respectively. Due to the change in the basis of accounting resulting from the acquisition, the consolidated financial statements for the Predecessor and Successor periods, included elsewhere in this prospectus, are not necessarily comparable.

All consolidated financial statements presented in this prospectus have been prepared in U.S. dollars in accordance with generally accepted accounting principles in the United States of America (“GAAP”).

For the years ended December 31, 2019 and 2018, we were managed as a single segment that provided scheduled service and charter air transportation to passengers. In May 2020, we began providing air cargo

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services under the ATSA (as defined in the “Glossary of Terms” below) and, during the fourth quarter of 2020, we determined that we have two reportable segments: passenger and cargo. As air cargo operations commenced in May 2020, the cargo segment had no comparable operations for any other prior period presented.

GLOSSARY OF TERMS

Set forth below is a glossary of certain terms used in this prospectus:

“Adjusted CASM” means CASM excluding fuel costs, costs related to our cargo operations (starting in 2020 when we launched our cargo operations), certain commissions and other costs of selling our vacations product and excluding special items and other adjustments, as defined for the relevant reporting period, that are not representative of the ongoing costs necessary to our airline operations and may improve comparability between periods. We also exclude stock compensation expense when computing Adjusted CASM. Our compensation strategy includes the use of stock-based compensation to attract and retain employees and executives and is principally aimed at aligning their interests with those of our stockholders and at long-term employee retention, rather than to motivate or reward operational performance for any particular period. Thus, stock-based compensation expense varies for reasons that are generally unrelated to operational decisions and performance in any particular period. When Adjusted CASM is referenced or presented for other airlines, it has been adjusted to our average stage length for the period presented.

“Aircraft miles” means miles flown by all of our aircraft, measured by summing up the miles for each completed flight segment.

“Air traffic liability” means the value of tickets sold in advance of travel.

“ALPA” means the Air Line Pilots Association, the union representing our pilots.

“Amazon” means Amazon.com Services, LLC, together with its affiliates.

“Ancillary revenue” consists primarily of revenue generated from air travel-related services such as baggage fees, seat selection and upgrade fees, itinerary service fees, on-board sales and sales of trip insurance.

“Ancillary services” refers to the services that generate ancillary revenue.

“ATSA” means the Air Transportation Services Agreement, dated as of December 13, 2019, as amended as of June 30, 2020, by and between Sun Country, Inc. and Amazon.com Services, LLC (successor to Amazon.com Services, Inc.), as amended or modified from time to time.

“Available seat miles” or “ASMs” means the number of seats available for passengers multiplied by the number of miles the seats are flown.

“Average aircraft” means the average number of aircraft used in flight operations, as calculated on a daily basis.

“Average daily aircraft utilization” means block hours divided by number of days in the period divided by average aircraft.

“Average stage length” means the average number of statute miles flown per flight segment.

“Block hours” means the number of hours during which the aircraft is in revenue service, measured from the time of gate departure before take-off until the time of gate arrival at the destination.

“Cargo service” includes our CMI service operations under the ATSA.

“CASM” or “unit costs” means operating expenses divided by total ASMs. When CASM is referenced or presented for other airlines, it has been adjusted to our average stage length for the period presented.

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“CBA” means a collective bargaining agreement.

“CBP” means the United States Customs and Border Protection.

“Charter service” means flights operated for specific customers who purchase the entire flight from us and specify the origination and destination.

“Citizen of the United States” means (A) an individual who is a citizen of the United States; (B) a partnership each of whose partners is an individual who is a citizen of the United States; or (C) a corporation or association organized under the laws of the United States or a State, the District of Columbia, or a territory or possession of the United States, of which the president and at least two-thirds of the board of directors and other managing officers are citizens of the United States, which is under the actual control of citizens of the United States, and in which at least 75% of the voting interest is owned and controlled by persons that are citizens of the United States.

“CMI service” means an arrangement whereby a cargo customer provides us with aircraft, pursuant to a sublease, and we provide crew, maintenance and insurance to operate such aircraft on the customer’s behalf. Amazon is currently our only CMI service customer.

“Completion factor” means the percentage of scheduled flights that are completed.

“COVID-19” means the novel coronavirus (SARS-CoV-2), which was first reported in December 2019.

“DOT” means the United States Department of Transportation.

“EPA” means the United States Environmental Protection Agency.

“FAA” means the United States Federal Aviation Administration.

“Flight cycle” means a cycle consisting of one take-off and one landing.

“Freighters” include the aircraft operated under the ATSA, which are configured entirely for cargo operations.

“GDS” means a Global Distribution System such as Amadeus, Sabre and Travelport, used by travel agencies and corporations to purchase tickets on participating airlines.

“IBT” means the International Brotherhood of Teamsters, the union representing our flight attendants.

“LCC” means low-cost carrier and includes JetBlue Airways and Southwest Airlines.

“Load factor” means the percentage of aircraft seat miles actually occupied on a flight (RPMs divided by ASMs) for scheduled service.

“Mainline U.S. passenger airlines” includes us, Alaska Airlines, Allegiant Travel Company, American Airlines, Delta Air Lines, Frontier Airlines, Hawaiian Airlines, JetBlue Airways, Southwest Airlines, Spirit Airlines and United Airlines.

“NMB” means the National Mediation Board.

“OTAs” means online travel agents.

“Passengers” means the total number of passengers flown on all flight segments.

“PRASM” means scheduled service revenue divided by ASMs for scheduled service.

“Revenue passenger miles” or “RPMs” means the number of miles flown by passengers.

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“RLA” means the United States Railway Labor Act.

“Scheduled service” means transportation of passengers on flights we operate in and out of airports on a schedule of routes and flight times we provide for general sale.

“Scheduled service revenue” consists of base fares, unused and expired passenger credits and other expired travel credits for scheduled service.

“Stage-length adjustment” refers to an adjustment that can be utilized to compare CASM, PRASM and TRASM across airlines with varying stage lengths. All other things being equal, the same airline will have lower CASM, PRASM and TRASM as stage length increases since fixed and departure related costs are spread over increasingly longer average flight lengths. Therefore, as one method to facilitate comparison of these quantities across airlines (or even across the same airline for two different periods if the airline’s average stage length has changed significantly), it is common in the airline industry to settle on a common assumed stage length and then to adjust CASM, PRASM and TRASM appropriately. Stage-length adjusted comparisons are achieved by multiplying the base metric by a quotient, the numerator of which is the square root of the carrier’s stage length and the denominator of which is the square root of the common stage length. Stage-length adjustment techniques require judgment and different observers may use different techniques. For stage-length PRASM or TRASM comparisons in this prospectus, the stage length being utilized is the aircraft stage length.

“TRASM” or “unit revenue” means total revenue divided by total ASMs. Starting in 2020, we exclude cargo revenue from total revenue as the freighters we operate under the ATSA do not contribute to our ASMs. When TRASM is referenced or presented for other airlines, it has been adjusted to our average stage length for the period presented.

“TSA” means the United States Transportation Security Administration.

“TWU” means the Transport Workers Union, the union representing our dispatchers.

“ULCC” means ultra low-cost carrier and includes Allegiant Travel Company, Frontier Airlines and Spirit Airlines.

“VFR” means visiting friends and relatives.

PROSPECTUS SUMMARY

The following summary contains selected information about us and about this offering. It does not contain all of the information that is important to you and your investment decision. Before you make an investment decision, you should review this prospectus in its entirety, including matters set forth under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus. Some of the statements in the following summary constitute forward-looking statements. See “Cautionary Note Regarding Forward-Looking Statements.” For definitions of certain terms used in this prospectus, see “Glossary of Terms” beginning on page iii.

Overview

Sun Country Airlines is a new breed of hybrid low-cost air carrier that dynamically deploys shared resources across our synergistic scheduled service, charter and cargo businesses. By doing so, we believe we are able to generate high growth, high margins and strong cash flows with greater resilience than other passenger airlines. We focus on serving leisure and visiting friends and relatives (“VFR”) passengers and charter customers and providing CMI service to Amazon, with flights throughout the United States and to destinations in Mexico, Central America and the Caribbean. Based in Minnesota, we operate an agile network that includes our scheduled service business and our synergistic charter and cargo businesses. We share resources, such as flight crews, across our scheduled service, charter and cargo business lines with the objective of generating higher returns and margins and mitigating the seasonality of our route network. We optimize capacity allocation by market, time of year, day of week and line of business by shifting flying to markets during periods of peak demand and away from markets during periods of low demand with far greater frequency than nearly all other large U.S. passenger airlines. We believe our flexible business model generates higher returns and margins while also providing greater resiliency to economic and industry downturns than a traditional scheduled service carrier. As a result of our diversified and resilient business model, we believe we have been the best performing mainline U.S. passenger airline during the current COVID-19 induced industry downturn based on pre-tax and operating income margins for the year ended December 31, 2020.

Our Unique Business Model

Scheduled Service. Our scheduled service business combines low costs with a high quality product to generate higher TRASM than ULCCs while maintaining lower Adjusted CASM than LCCs, resulting in best-in-class unit profitability. Our scheduled service business includes many cost characteristics of ultra low-cost carriers, or ULCCs (which include Allegiant Travel Company, Frontier Airlines and Spirit Airlines), such as an unbundled product (which means we offer a base fare and allow customers to purchase ancillary products and services for an additional fee), point-to-point service and a single-family fleet of Boeing 737-NG aircraft, which allow us to maintain a cost base comparable to these ULCCs. However, we offer a high quality product that we believe is superior to ULCCs and consistent with that of low-cost carriers, or LCCs (which include Southwest Airlines and JetBlue Airways). For example, our product includes more legroom than ULCCs, complimentary beverages, in-flight entertainment and in-seat power, none of which are offered by ULCCs. The combination of our agile peak demand network with our elevated consumer product allows us to generate higher TRASM than ULCCs while maintaining lower Adjusted CASM than LCCs. In addition, as a low cost, leisure focused carrier, rather than a business travel focused carrier, we believe we are well-positioned to be one of the early beneficiaries of the industry rebound following the COVID-19 pandemic.

Charter. Our charter business, which is one of the largest narrow body charter operations in the United States, is a key component of our strategy both because it provides inherent diversification and downside

protection (it is uncorrelated to our scheduled service and cargo businesses, as evidenced by the fact that it recovered faster than our scheduled service business during the COVID-19 pandemic) as well as because it is synergistic with our other businesses (for example, we can dynamically deploy aircraft and pilots to their most profitable uses whether they be charter or scheduled service). Our charter business has several favorable characteristics, including large repeat customers, more stable demand than scheduled service flying and the ability to pass through certain costs, including fuel. Our diverse charter customer base includes casino operators, the U.S. Department of Defense, college sports teams and professional sports teams. We are the primary air carrier for the NCAA Division I National Basketball Tournament (known as “March Madness”), and we flew over 100 college sports teams during 2019. Our charter business includes ad hoc, repeat, short-term and long-term service contracts with pass through fuel arrangements and annual rate escalations. Most of our business is non-cyclical because the U.S. Department of Defense and sports teams still fly during normal economic downturns, and our casino contracts are long-term in nature. Our charter business has proven to be more resilient than our scheduled service business during the COVID-19 induced downturn, with charter revenue having declined less than scheduled service revenue on a percentage basis in 2020 as compared to 2019. Additionally, our charter business complements our seasonal and day-of-week focused scheduled passenger service by allowing us to optimally schedule our aircraft and crews to the most profitable flying opportunities. In general, charter available seat miles, or ASMs, are highest in fall months when scheduled service operations are less favorable. From 2017 through 2019, we grew our charter revenue by approximately 32% while providing charter services to 395 destinations in 27 countries across the world. While our charter revenues were down as a result of COVID-19, they have rebounded in the second half of 2020. In the fourth quarter of 2020, our charter revenues were 24% lower when compared to the fourth quarter of 2019. In comparison, combined U.S. passenger airline revenues were 63% lower during the fourth quarter of 2020 when compared to the fourth quarter of 2019.

Cargo. On December 13, 2019, we signed a six-year contract (with two, two-year extension options, for a total term of 10 years), which we refer to as the “ATSA,” with Amazon to provide air cargo services. Flying under the ATSA began in May 2020 and, as of the date of this prospectus, we are flying 12 Boeing 737-800 cargo aircraft for Amazon (having been awarded two additional aircraft in October and November 2020 after the initial contract for 10 aircraft). Our CMI service is asset-light from a Sun Country perspective, as Amazon supplies the aircraft and covers many of the operating expenses, including fuel, and provides all cargo loading and unloading services. We are responsible for flying the aircraft under our air carrier certificate, crew, aircraft line maintenance and insurance, all of which allow us to leverage our existing operational expertise from our scheduled service and charter businesses. The ATSA has generated consistent, positive cash flows through the COVID-19 induced downturn. The ATSA offers potential future growth opportunities by establishing a long-term partnership with Amazon. Our cargo business also enables us to leverage certain assets, capabilities and fixed costs to enhance profitability and promote growth across our company. For example, we believe that by deploying pilots across each of our business lines, we increase the efficiency of our operations.

Our Transformation

In April 2018, Sun Country Airlines was acquired by the Apollo Funds. Since the acquisition, our business has been transformed under a new management team of seasoned professionals who have a strong combination of low-cost and legacy network airline experience.

- We redesigned our network to focus our flying on peak demand opportunities by concentrating scheduled service trips during the highest yielding months of the year and days of the week and allocating aircraft to our charter service when it is more profitable to do so. This effectively shifted our focus toward leisure customers.
- We invested over \$200 million in capital projects that included modernizing the cabin experience with new seats, in-seat power and in-flight entertainment. Our investments also facilitated a transition to owning our fleet, rather than leasing, to reduce costs. We implemented a new booking engine,

Navitaire, rebranded our product along with our website and invested in improving the customer support experience. We consolidated our corporate headquarters into an on-airport hangar.

- We greatly expanded our ancillary products and services, which consist of baggage fees, seat assignment fees and other fees, increasing average ancillary revenue per scheduled service passenger by 148% from 2017 to 2019.
- We launched and grew our asset light cargo business and fully integrated our pilot base across our scheduled service, charter and cargo businesses.
- We reduced unit costs by 19% from 2017 to 2019 with several initiatives, including: renegotiating certain key contracts and agreements; increasing the portion of bookings made directly through our website; reducing the cost of our fleet through more efficient aircraft sourcing and financing; staffing efficiencies; and other cost-saving initiatives.

While the COVID-19 induced industry downturn has impeded our growth in 2020, we believe that these investments have positioned us to profitably grow our business in the long term following a rebound in the U.S. airline industry and that our period of heavy investment in transformative capital spending is behind us for the foreseeable future.

COVID-19 Induced Downturn

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and between March 1, 2020 and May 31, 2020, 42 U.S. states and territories, encompassing 73% of U.S. counties, issued mandatory stay-at-home orders, with most occurring during the month of April 2020. All major U.S. passenger airlines were negatively impacted by the declining demand environment resulting from the COVID-19 pandemic. We have experienced a significant decline in demand related to the COVID-19 pandemic, which has caused a material decline in our revenues and negatively impacted our financial condition and operating results during the COVID-19 pandemic, which is likely to continue for the duration of the COVID-19 pandemic, and our business operations were adjusted in response to the pandemic as described below. However, we believe that our diversified and flexible business model allowed us to mitigate the impact of COVID-19 on our business better than any other large U.S. passenger airline (which we consider to be the largest 11 U.S. mainline passenger carriers based on 2019 ASMs), based on pre-tax and operating income margins for the year ended December 31, 2020. Actions we took during 2020 to mitigate the impact of the COVID-19 induced downturn preserved more than \$152.0 million in liquidity and included: capacity reductions; a company-wide hiring freeze; headcount reductions; voluntary leave programs; reduced advertising expenditures; reduced capital expenditures; and deferred vendor payments. In February 2021, we entered into a new credit agreement (the "Credit Agreement"), which provides for a \$25.0 million revolving credit facility (the "Revolving Credit Facility"), which is currently undrawn, and a \$90.0 million delayed draw term loan facility (the "Delayed Draw Term Loan Facility" and, together with the Revolving Credit Facility, the "Credit Facilities") to be used to finance the acquisition of aircraft and engines. Further, we have received grants from the United States Department of the Treasury ("Treasury") through the Payroll Support Program (the "Payroll Support Program") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and accepted a loan from Treasury through the CARES Act Loan Program (the "CARES Act Loan") without issuing any warrants, unlike nearly all other carriers with whom we compete that received government assistance. During the year ended December 31, 2020, we generated higher operating income margins than any other mainline U.S. passenger airline. We believe this result was due to our diversified and flexible business model, which includes a cargo business and allows us to shift resources to our charter and cargo businesses and away from our scheduled service business during periods of low scheduled service passenger demand. We have also maintained our pre-COVID-19 corporate credit ratings throughout the downturn. With the expectation that recently authorized COVID-19 vaccines will be widely distributed in 2021, we believe the airline industry will rebound in the back half of 2021 and normalize in 2022. We believe we are well-positioned to benefit from this rebound. Given our focus on low-cost domestic leisure travel, we believe we are well-positioned to rebound faster than most other U.S. airlines.

Our operating income margin for the year ended December 31, 2020 was 4.3%, based on operating income of \$17.4 million and revenue of \$401.5 million for such period. The following table presents adjusted operating income margin for us and certain other airlines for the year ended December 31, 2020, which includes the LCCs and ULCCs presented below as well as full service carriers that served MSP, our home market, at the onset of the COVID-19 downturn. We believe that it is important to compare our performance to different airline types to help highlight the financial impact of the differentiated attributes of our business. In addition to our diversified and flexible operating model, we believe our smaller infrastructure, focus on leisure point-to-point routes and our single hub at MSP, which provides us with cost benefits, contributed to our relative success against industry competitors in 2020. We used adjusted operating income margin as the measure of airline performance during the COVID-19 downturn because we thought it was the best measure of profitability and also excludes interest expense when comparing companies with different capital structures and outstanding indebtedness. For the year ended December 31, 2020, adjusted operating income margin is not reflective of our normal operating results due to the adverse financial impacts of the COVID-19 pandemic, and a comparison of adjusted operating income margin among airlines may not be reflective of the results of a similar comparison during normal industry conditions.



(1) Sun Country adjusted operating income margin is based on operating income of \$17.4 million, adjusted to remove \$2.1 million of non-cash employee stock compensation expense and \$77,000 of employee relocation costs and costs to exit Sun Country’s prior headquarters building, and revenue of \$401.5 million. See Notes 10 and 16 to our audited consolidated financial statements included elsewhere in this prospectus for additional information. Other airline operating income margin results are based on publicly available information for each airline and adjusted, using a consistent methodology across the airlines, to remove identified one-time items such as asset sales, severance costs, impairment charges, restructuring charges and non-cash stock compensation expense. All carriers’ results include benefits received under the CARES Act.

Our financial and operating results and business operations for our scheduled service and charter businesses for the year ended December 31, 2020 have been materially and adversely impacted as a result of the COVID-19 pandemic, which impact is likely to continue during the duration of the COVID-19 pandemic. We believe that our financial and operating results for the year ended December 31, 2019 are more useful indicators of our scheduled service and charter service operating performance during normal industry conditions. See “*Risk Factors*.”

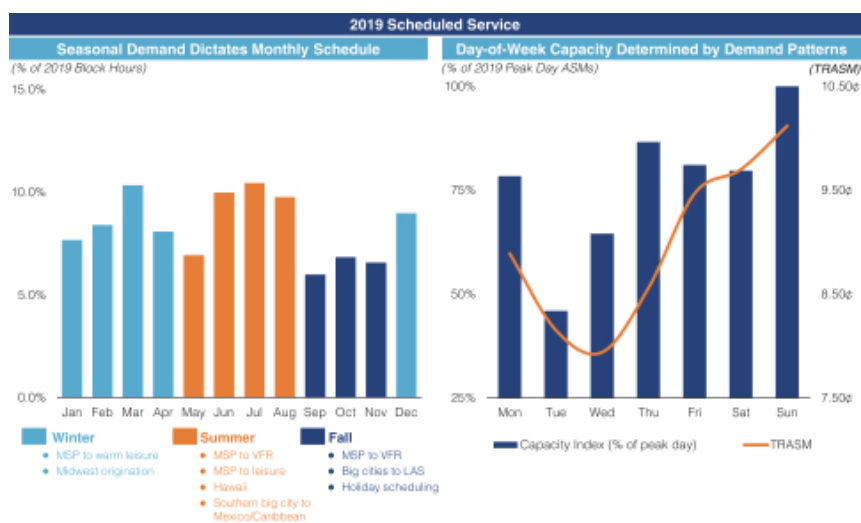
Our Competitive Strengths

We believe that the following key strengths allow us to compete successfully within the U.S. airline industry.

Diversified and Resilient Business Model. Our diversified business model, which includes significant leisure and VFR focused scheduled service, charter and e-commerce related cargo service, is unique in the airline

sector and mitigates the impact of economic and industry downturns on our business when compared with other large U.S. passenger airlines. Our charter business has rebounded quicker than our scheduled service business as customers such as the U.S. Department of Defense and large university sports teams have continued to fly in 2020, while our casino customers are subject to long-term contracts and began flying again in June 2020. Our cargo business exhibited steady growth in 2020 as flying ramped up and demand remained strong, driven by underlying secular growth in e-commerce. As a result of our diversified and resilient business model, we believe we have been the best performing mainline U.S. passenger airline in 2020 during the COVID-19 induced industry downturn, generating higher operating income margins than any other mainline U.S. passenger airline for the year ended December 31, 2020.

Agile Peak Demand Scheduling Strategy. We flex our capacity by day of the week, month of the year and line of business to capture what we believe are the most profitable flying opportunities available from both our Minneapolis-St. Paul home market, or MSP, and our network of non-MSP markets. As a result, our route network varies widely throughout the year. For the year ended December 31, 2019, the most recent normalized full year before the COVID-19 pandemic, we flew approximately 38% of our ASMs during our top 100 peak demand days of the year as compared to 15% of our ASMs during our bottom 100 demand days of the year. For 2019, our average fare was approximately 29% higher on our top 100 peak demand days as compared to the remaining days of the year. In 2019, only 3% of our routes were daily year-round, compared to 67% for Southwest Airlines, 42% for Spirit Airlines, 8% for Frontier Airlines and 2% for Allegiant Travel Company. Our agile peak demand strategy allows us to generate higher TRASM by focusing on days with stronger demand. Our flexible network has also benefitted us in 2020 during the COVID-19 induced industry downturn where we have been able to quickly shift capacity from low demand markets to high demand markets within the United States as COVID-19 infection rates shifted across regions of the country. The following charts demonstrate that our schedule is highly variable by day of the week and month of the year.



In addition to shifting aircraft across our network by season and day of week, we also shift aircraft between our scheduled service and charter businesses to maximize the return on our assets. We regularly schedule our fleet using what we refer to as “Power Patterns,” which involves scheduling aircraft and crew on trips that combine scheduled service and charter legs, dynamically replacing what would be lower margin scheduled service flights with charter opportunities. Our agility is supported by our variable cost structure and the cross utilization of our people and assets between our lines of business. Our synergies from cross utilization have increased since we began providing CMI services because our pilots are interchangeably deployed between

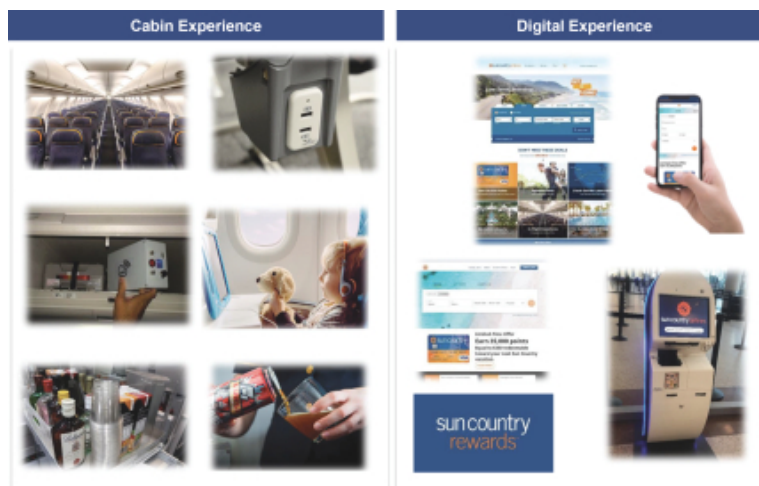
scheduled service, charter and cargo flights. For example, when demand in our scheduled service business declined in 2020 as a result of the COVID-19 induced industry downturn, we allocated more pilot flying hours to our charter and cargo businesses.

Tactical Mid-Life Fleet with Flexible Operations. We maintain low aircraft ownership costs by acquiring mid-life Boeing 737-800 aircraft, which have lower acquisition costs, when compared to new Boeing 737 aircraft, that more than offsets their higher ongoing maintenance and repair costs. Lower ownership costs allow us to maintain lower unit costs at lower levels of utilization. This allows us to concentrate our flying during periods of peak demand, which generates higher TRASM and also allows us to park aircraft during periods of low demand, such as in 2020, at a lower cost than other airlines. In 2019, we flew our aircraft an average of 9.6 hours per day, which is the lowest among major U.S. airlines, other than Allegiant Travel Company, which operates a similar low utilization model but serves smaller markets. In addition to the benefits of lower all-in ownership costs, we do not have an aircraft order book because we only purchase mid-life aircraft. As a result, unlike many other airlines, we are not locked into large future capital expenditures at above market aircraft prices. Rather, we have the ability to opportunistically take advantage of falling aircraft prices with purchases at the time of our choosing. Our single family aircraft fleet also has operational and cost advantages, such as allowing for optimization of crew scheduling and training and lower maintenance costs. Our fleet is highly reliable, and we have a demonstrated ability to maintain our high completion factor during harsh weather conditions. For the year ended December 31, 2019, we had a completion factor of 99.8% across our system.

Superior Low-Cost Product and Brand. We have invested in numerous projects to create a well-regarded product and brand that we believe is superior to ULCCs while maintaining lower fares than LCCs and larger full service carriers. Some of the reasons that we believe we have a superior brand to ULCCs include:

- **Our Cabin Experience.** All of our 737-800 aircraft have new state-of-the-art seats that comfortably recline and have full size tray tables. Our seats have an average pitch of approximately 31 inches, giving our customers comparable legroom to Southwest Airlines and greater legroom than all ULCCs in the United States. We also provide seat-back power, complimentary in-flight entertainment and free beverages to improve the overall flying experience for our customers. Such amenities are comparable to those offered by our LCC competitors and are not available on any ULCCs in the United States.

- **Our Digital Experience.** We have significantly improved the buying experience for our customers. We overhauled our passenger service system in 2019 and transitioned to *Navitaire*, the premier passenger service system in the United States. *Navitaire* has decreased our overall website session length, decreased the percentage of failures to complete a transaction after accessing our website on a mobile device and increased the percentage of visits to our website that result in an airfare purchase. The transition to *Navitaire* has been one of the most important initiatives in improving the Sun Country customer experience, making our website booking more seamless, allowing us to create a large customer database and supporting ancillary revenue growth. Beyond *Navitaire*, we have improved the check-in experience for customers by providing access to web-check in across the system and access to kiosks in our main hub location of MSP. Since the *Navitaire* transition, 68% of our Minneapolis originating passengers have checked in either online or at a kiosk. System wide over 55% of our passengers have checked in electronically. These tools increase the chances that the passenger can skip the check in counter, which we believe improves our customers' experience while also reducing costs.



In addition to our product, we believe that our brand is well recognized and well regarded in the markets that we serve. In the fourth quarter of 2019, management conducted a study of individuals across a variety of ages, income levels, home regions and home airports (including both MSP and non-MSP travelers), each of whom had traveled for leisure within the prior 24 months. Individuals selected for the survey included Sun Country passengers and a consumer sample provided by a third-party survey panel provider. 468 individuals responded to the study, 275 of whom had flown Sun Country Airlines. Based on the study: 79% of the 29 respondents who expressed a preference between airlines and had flown on both Sun Country Airlines and Allegiant Travel Company said they would rather fly on Sun Country Airlines; 77% of the 71 respondents who expressed a preference between airlines and had flown on both Sun Country Airlines and Frontier Airlines said they would rather fly on Sun Country Airlines; and 81% of the 77 respondents who expressed a preference between airlines and had flown on both Sun Country Airlines and Spirit Airlines said they would rather fly on Sun Country Airlines.

Competitive Low Cost Structure. Our CASM declined from 10.09 cents for the year ended December 31, 2017 to 8.82 cents for the year ended December 31, 2019. Our Adjusted CASM declined from 7.80 cents for the year ended December 31, 2017 to 6.31 cents for the year ended December 31, 2019. Our completed and ongoing cost savings efforts include conversion to a focus on owning (versus leasing) aircraft, renegotiation of our component maintenance agreement, fuel savings initiatives, catering cost reductions, renegotiation of distribution contracts, consolidation of staff at headquarters on airport property and various other initiatives. Our CASM and Adjusted CASM for the year ended December 31, 2020 of 8.91 cents and 7.57 cents, respectively, were adversely

impacted due to the COVID-19 pandemic. While Adjusted CASM for all U.S. airlines increased in 2020 as a result of the COVID-19 induced downturn, we believe that our business model and strategy positions us well to maintain and improve our Adjusted CASM in the future, while maintaining lower utilization rates than many other U.S. passenger airlines.

Strong Position in Our Profitable MSP Home Market. We have been based in the Minneapolis-St. Paul area since our founding over 35 years ago, where our brand is well-known and well-liked. We are the largest low-cost carrier operating at MSP, which is our largest base, and the second largest airline based on ASMs at MSP after Delta Air Lines, which primarily serves business and connecting traffic customers, while we primarily serve leisure customers. Excluding Delta Air Lines, we have nearly twice the capacity, as measured by ASMs, of any other competitor operating at MSP. Spirit Airlines and Southwest Airlines scaled back from MSP during the COVID-19 induced downturn and focused on their core markets, demonstrating MSP is likely not a strategic market for either airline. However, our current seat share at MSP is still meaningfully lower than Spirit Airlines' seat share in Detroit and Frontier Airlines' seat share in Denver, and we believe there is significant room for us to grow in MSP through further market stimulation once the U.S. air travel market rebounds. We fly out of Terminal 2, which we believe is preferred by many flyers because of its smaller layout, shorter security wait times, close parking relative to check-in and full suite of retail shops. As of the date of this prospectus, we utilize 8 of the 14 gates in Terminal 2. As a result of our focus on flying during seasonal peak periods, our well-regarded brand and product and our strong position in Minneapolis, we have historically enjoyed a TRASM premium at MSP. In 2019, the most recent normalized full year before the COVID-19 pandemic, we believe MSP was among the most profitable LCC bases in the United States and we believe we generated higher TRASM in MSP during 2019 than any ULCC in the United States in its primary base.

Seasoned Management Team. Our Chief Executive Officer, Jude Bricker, joined Sun Country Airlines in July 2017 and has over 16 years of experience in the aviation industry, including serving as the Chief Operating Officer of Allegiant Travel Company from 2016 to 2017. Our President and Chief Financial Officer, Dave Davis, joined Sun Country in April 2018 and has over 22 years of experience in the aviation industry, including previously serving as the Chief Financial Officer at Northwest Airlines and US Airways. Other members of our management team have worked at airlines such as Alaska Airlines, American Airlines, Delta Air Lines, Northwest Airlines, United Airlines and US Airways.

Our Growth Strategy

Since 2018, we have established the infrastructure to support our significant long-term profitable growth strategy that we plan to continue once the U.S. air travel market rebounds from the COVID-19 induced downturn.

- **Network.** We launched 64 new markets from 2018 through 2019 and developed a repeatable network growth strategy. Our network strategy is expected to support passenger fleet growth to approximately 50 aircraft by the end of 2023.
- **Fleet.** We restructured our fleet with a focus on ownership of Boeing 737-800s with no planned lease redeliveries prior to 2024, allowing us to focus on growth with low capital commitments. We believe the current dislocation in the aircraft market will enable us to access new aircraft at an attractive cost relative to our peers.
- **Customer.** We rebranded the airline around a leisure product with a significant ancillary revenue component which we believe will allow us to stimulate demand during the rebound from COVID-19 earlier than airlines focused on business travelers.
- **Culture.** We installed a new management team with a cost-conscious ethos, which included moving our headquarters into a hangar at MSP.
- **Operations.** We maintained high standards of operational performance, including a 99.8% completion factor for the year ended December 31, 2019.

We believe our initiatives have provided us with a platform to profitably grow our business. Key elements of our growth strategy include:

Leverage the Expected Rebound in Our Passenger Business. The number of domestic LCC and ULCC passenger enplanements grew at a compound annual growth rate of 7% from 2014 to 2019 due to long-term increasing demand for air travel in the United States. Following the spread of COVID-19 in the United States, passenger levels declined. While we believe we have outperformed other mainline U.S. passenger airlines during the COVID-19 pandemic based on pre-tax and operating income margins for the year ended December 31, 2020, we believe our scheduled service business is poised for a rapid rebound following the end of the COVID-19 pandemic. We believe we are positioned to be among the early beneficiaries of this rebound given our peak demand strategy and focus on leisure and VFR travelers, who are expected to be the first to fly at pre-COVID-19 levels. In previous economic downturns, leisure and VFR travelers have also been the first to return to flying at normalized levels.

Grow Our Cargo Business. In December 2019, we signed the ATSA with Amazon to provide air cargo transportation services flying 10 aircraft with agreed pricing. Since that time, Amazon requested, and we agreed to fly, two additional aircraft to bring the total number of aircraft we are flying for Amazon as of the date of this prospectus to 12. We believe we are well-positioned to continue growing our cargo business over time, while continuing to operate for Amazon and potentially new customers.

Expand our Peak Demand Flying in Minneapolis and Beyond. Following a rebound in U.S. air travel, we intend to continue growing our network profitably both from MSP and on new routes outside of MSP by focusing on seasonal markets and day-of-the-week flying during periods of peak demand. We expanded our network from 46 routes in 2017 to 98 as of the end of 2019, including expanding our routes that neither originate nor terminate in MSP from 5 routes in 2017 to 42 as of the end of 2019. We have identified over 250 new market opportunities as the long-term reduction in our unit costs has expanded the number of markets that we can profitably serve. We have a successful history of opening and closing stations quickly to meet seasonal demand, which we believe will benefit us in re-opening markets we closed during the COVID-19 downturn and in pursuing new market growth opportunities quickly. Our future network plans include growing our network at our hub in Minneapolis to full potential, including adding frequencies on routes we already serve and adding new routes to leverage our large, loyal customer base in the area. Our long-term strategic plans have identified growth opportunities at MSP that we believe represent approximately 40% of our scheduled service capacity growth opportunities.

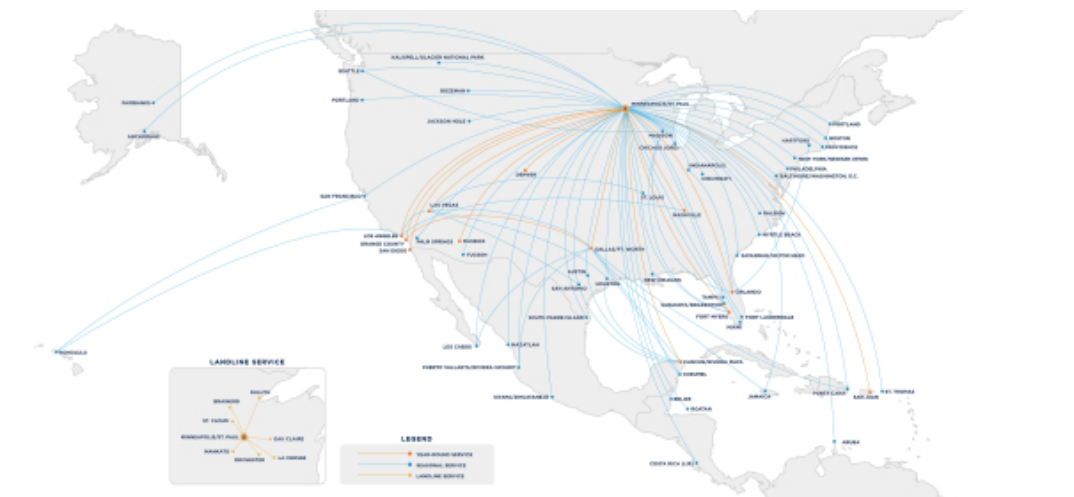
We had also been rapidly growing outside of MSP prior to the COVID-19 pandemic, and we expect to do so again once the air travel market rebounds. Our customer-friendly low fares have been well received in the upper Midwest and in large, fragmented markets elsewhere that we can profitably serve on a seasonal and/or day-of-week basis. Our upper Midwest growth is focused on cold to warm weather leisure routes from markets similar to Minneapolis, such as Madison, Wisconsin. Additionally, we have added capacity on large leisure trunk routes on a seasonal basis during periods when demand is high. Examples of such routes include Los Angeles to Honolulu and Dallas to Mexican beach destinations during the summer months. Our business model is ideally suited to seasonally serve these routes, which are highly profitable in normal environments because fares are elevated during the months in which we fly them. Our long-term strategic plans have identified non-MSP growth opportunities that we believe represent approximately 60% of our scheduled service capacity growth opportunities.

Continue to Increase Our Margins and Free Cash Flow. From December 31, 2017 through December 31, 2019, we reduced our CASM from 10.09 cents to 8.82 cents and our Adjusted CASM from 7.80 cents to 6.31 cents, a level comparable to ULCCs. When combined with our TRASM, which remains comparable to LCCs and higher than ULCCs, we generate highly competitive margins. Our period of investment in fleet renewal and transformative capital expenditures is largely behind us, and our focus, following the end of the COVID-19 pandemic, will pivot to growth. We intend to continue to improve our leading margin and free cash flow profile through a variety of initiatives and measures. Key initiatives include further conversion to an owned (versus

leased) model for aircraft ownership, leveraging our fixed cost base as we continue to grow our passenger aircraft fleet to achieve economies of scale, continuous optimization of our maintenance operations and completion of other ongoing strategic initiatives. As a result, we expect improvements in profit margins and free cash flow, which we define as operating cash flow minus non-aircraft capital expenditures, following a rebound in the U.S. air travel market to support growth in the years ahead.

Our Route Network

As of December 31, 2020, we served 53 airports throughout the United States, Mexico, Central America and the Caribbean. During 2020, our focus has been on serving markets out of MSP, particularly core leisure markets (MCO, RSW, PHX, LAS, LAX). The map below represents our current network.



Risk Factor Summary

Participating in this offering involves substantial risk. Our ability to execute our strategy also is subject to certain risks. The risks described under the heading “*Risk Factors*” immediately following this summary may cause us not to realize the full benefits of our competitive strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the more significant challenges and risks we face include the following:

- the COVID-19 pandemic and its effects, including related travel restrictions, social distancing measures and decreased demand for air travel;
- we are depending upon a successful COVID-19 vaccine and significant uptake by the general public in order to normalize economic conditions, the airline industry and our business operations and to realize our planned financial and growth plans and business strategy;
- changes in economic conditions;
- the price and availability of aircraft fuel and our ability to control other costs;
- threatened or actual terrorist attacks or security concerns;
- the ability to operate in an exceedingly competitive industry;

- factors beyond our control, including air traffic congestion, adverse weather, federal government shutdowns, aircraft-type groundings, increased security measures or disease outbreaks;
- the ability to realize the anticipated strategic and financial benefits of the ATSA with Amazon;
- any restrictions on or increased taxes applicable to charges for ancillary products and services; or
- our concentration in the Minneapolis-St. Paul market.

Our Sponsor

Founded in 1990, Apollo is a leading global alternative investment manager with offices in New York, Los Angeles, San Diego, Houston, Bethesda, London, Frankfurt, Madrid, Luxembourg, Mumbai, Delhi, Singapore, Hong Kong, Shanghai and Tokyo. Apollo had assets under management of approximately \$455 billion as of December 31, 2020 in credit, private equity and real assets funds invested across a core group of nine industries where Apollo has considerable knowledge and resources.

Upon the closing of this offering, we will be a “controlled company” within the meaning of the Nasdaq corporate governance standards because more than 50% of the voting power of our outstanding common stock will be owned by the Apollo Stockholder. For further information on the implications of this distinction, see “*Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock*” and “*Management—Controlled Company*.”

Following the closing of this offering, the Apollo Stockholder will continue to have the right, at any time until Apollo and its affiliates, including the Apollo Stockholder, no longer beneficially own at least 5% of the voting power of our outstanding common stock, to nominate a number of directors comprising a percentage of our board of directors in accordance with their beneficial ownership of the voting power of our outstanding common stock (rounded up to the nearest whole number), except that if Apollo and its affiliates, including the Apollo Stockholder, beneficially own more than 50% of the voting power of our outstanding common stock, the Apollo Stockholder will have the right to nominate a majority of the directors. See “*Management—Board Composition*,” “*Certain Relationships and Related Party Transactions—Stockholders Agreement*” and “*Description of Capital Stock—Composition of Board of Directors; Election and Removal of Directors*” for more information.

Implications of Being an Emerging Growth Company

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act, or the JOBS Act, enacted in April 2012. As an “emerging growth company,” we may take advantage of specified reduced reporting and other requirements that are otherwise applicable to public companies. These provisions include, among other things:

- exemption from the auditor attestation requirement in the assessment on the effectiveness of our internal control over financial reporting;
- exemption from new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies;
- exemption from compliance with any new requirements adopted by the Public Company Accounting Oversight Board (United States), requiring mandatory audit firm rotation or a supplement to our auditor’s report in which the auditor would be required to provide additional information about the audit and our financial statements;
- an exemption from the requirement to seek non-binding advisory votes on executive compensation and golden parachute arrangements; and

- reduced disclosure about executive compensation arrangements.

We may take advantage of these provisions until the end of the fiscal year following the fifth anniversary of our initial public offering or such earlier time that we are no longer an “emerging growth company.” We will cease to be an “emerging growth company” if we have \$1.07 billion or more in total annual gross revenues during our most recently completed fiscal year, if we become a “large accelerated filer” with the market value of our common stock held by non-affiliates exceeding \$700 million or more as of the last business day of the second quarter of such fiscal year, or as of any date on which we have issued more than \$1.0 billion in non-convertible debt over the three-year period to such date.

We may choose to take advantage of some, but not all, of these reduced burdens. For example, we have taken advantage of the reduced reporting requirement with respect to disclosure regarding our executive compensation arrangements and expect to take advantage of the exemption from the auditor attestation requirement in the assessment on the effectiveness of our internal control over financial reporting. In addition, while we have elected to avail ourselves of the exemption to adopt new or revised accounting standards until those standards apply to private companies, we are permitted and have elected to early adopt certain new or revised accounting standards for which the respective standard allows for early adoption. See Note 2 to our audited consolidated financial statements included elsewhere in this prospectus for additional information. For as long as we take advantage of the reduced reporting obligations, the information that we provide stockholders may be different from information provided by other public companies.

The Reorganization Transactions

We were formed in December 2017 as a Delaware limited liability company under the name SCA Acquisition Holdings, LLC in connection with the acquisition by the Apollo Funds. Following the acquisition by the Apollo Funds in April 2018, one of the Apollo Funds beneficially owned 282,009 outstanding equity interests of SCA Acquisition Holdings, LLC, which historically were denominated as shares of common stock that we refer to as “SCA common stock,” which represented approximately 78.3% of the outstanding SCA common stock, and another Apollo Fund owned a warrant to purchase an additional 2,117,991 shares of SCA common stock at an exercise price of \$0.01 per share.

Prior to this offering, the Apollo Funds engaged in a series of transactions to form a new holding company, which is the Apollo Stockholder, that acquired all of the outstanding shares of SCA common stock held by one of the Apollo Funds and acquired and immediately exercised all of the warrants to purchase SCA common stock that were held by another Apollo Fund. As a result, the Apollo Stockholder owned 2,400,000 shares of SCA common stock, which represented approximately 96.9% of the outstanding SCA common stock.

On January 31, 2020, SCA Acquisition Holdings, LLC was converted into a Delaware corporation pursuant to a statutory conversion and changed its name to Sun Country Airlines Holdings, Inc. In connection with our conversion to a corporation, all of the outstanding shares of SCA common stock were converted into shares of our common stock, the outstanding warrants held by Amazon to purchase shares of SCA common stock were converted into warrants to purchase shares of our common stock and all of the outstanding options to purchase shares of SCA common stock were converted into options to purchase shares of our common stock. As a result of the conversion, Sun Country Airlines Holdings, Inc. continued to hold all property and assets of SCA Acquisition Holdings, LLC and assumed all of the debts and obligations of SCA Acquisition Holdings, LLC, the members of the board of directors of SCA Acquisition Holdings, LLC became the members of the board of directors of Sun Country Airlines Holdings, Inc. and the officers of SCA Acquisition Holdings, LLC became the officers of Sun Country Airlines Holdings, Inc.

Prior to the completion of this offering, we will effect a _____ for 1 stock split of our common stock (the “Stock Split”), with exercise prices for our outstanding warrants and options appropriately adjusted. Following the Stock Split but before the completion of this offering, we will have an aggregate of _____ shares of our common stock outstanding, warrants to purchase an aggregate of _____ shares of our common stock outstanding at an exercise price of \$ _____ per share, approximately _____ % of which have vested, and options to purchase an aggregate of _____ shares of our common stock outstanding at a weighted average exercise price of \$ _____ per share.

In this prospectus, we refer to the transactions described in this section as the “Reorganization Transactions.” The Reorganization Transactions are intended to simplify our capital structure and to facilitate this offering.

Corporate Information

We were organized under the laws of the State of Delaware as a limited liability company on December 8, 2017 and converted to a corporation under the laws of the state of Delaware on January 31, 2020. Our principal executive offices are located at 2005 Cargo Road, Minneapolis, MN 55450. Our telephone number is (651) 681-3900. Our website is located at <https://www.suncountry.com>. Our website and the information contained on, or that can be accessed through, our website will not be deemed to be incorporated by reference in, and are not considered part of, this prospectus. You should not rely on our website or any such information in making your decision whether to purchase shares of our common stock.

The Offering

By participating in this offering, you are representing that you are a citizen of the United States, as defined in 49 U.S.C. § 40102(a)(15). See “*Description of Capital Stock—Limited Ownership and Voting by Foreign Owners.*”

Issuer	Sun Country Airlines Holdings, Inc.
Common stock offered by us	_____ shares (or _____ shares if the underwriters exercise their option to purchase additional shares in full as described below).
Option to purchase additional shares	We have granted the underwriters an option to purchase up to an additional _____ shares. The underwriters may exercise this option at any time within 30 days from the date of this prospectus. See “ <i>Underwriting (Conflict of Interest).</i> ”
Common stock outstanding after giving effect to this offering	_____ shares (or _____ shares if the underwriters exercise their option to purchase additional shares in full).
2019 Warrants to purchase common stock outstanding after giving effect to this offering	Amazon will own warrants to purchase an aggregate of _____ shares of common stock at an exercise price of \$ _____ per share, approximately _____ % of which have vested. As is the case for investment in our company generally, the exercise of the 2019 Warrants is limited by restrictions imposed by federal law on foreign ownership and control of U.S. airlines. See “ <i>Description of Capital Stock—Warrants.</i> ”
Use of proceeds	<p>We estimate that the net proceeds to us from this offering will be approximately \$ _____ million (or approximately \$ _____ million if the underwriters exercise their option to purchase additional shares in full), after deducting underwriting discounts and commissions, based on an assumed initial offering price of \$ _____ per share (the midpoint of the range set forth on the cover page of this prospectus).</p> <p>We currently expect to use approximately \$ _____ million of such proceeds from this offering to repay in full all amounts outstanding under the CARES Act Loan and approximately \$ _____ million of such proceeds to pay fees and expenses in connection with this offering, which include legal and accounting fees, SEC and FINRA registration fees, printing expenses, and other similar fees and expenses. We intend to use any remaining proceeds for general corporate purposes. See “<i>Use of Proceeds</i>” for additional information.</p>
Controlled company	Upon completion of this offering, the Apollo Stockholder will continue to beneficially own more than 50% of the voting power of our outstanding common stock. As a result, we intend to avail ourselves of the “controlled company” exemptions under the Nasdaq rules, including exemptions from certain of the corporate governance listing requirements. See “ <i>Management—Controlled Company.</i> ”

Dividend policy	<p>We do not intend to pay cash dividends on our common stock in the foreseeable future. However, we may, in the future, decide to pay dividends on our common stock. Any declaration and payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as earnings levels, cash flows, capital requirements, levels of indebtedness, restrictions imposed by applicable law, our overall financial condition, restrictions in our debt agreements and any other factors deemed relevant by our board of directors.</p> <p>As a holding company, our ability to pay dividends also depends on our receipt of cash dividends from our operating subsidiaries. Our ability to pay dividends will therefore be restricted as a result of restrictions on their ability to pay dividends to us under the CARES Act and the Credit Agreement and may be restricted under future indebtedness that we or they may incur.</p> <p>See “<i>Dividend Policy.</i>”</p>
Income Tax Receivable Agreement	<p>In connection with this offering, we will enter into an income tax receivable agreement pursuant to which our pre-IPO stockholders will have the right to receive payment by us of 85% of the amount of cash savings, if any, in U.S. federal, state, local, and foreign income tax that we and our subsidiaries actually realize (or are deemed to realize in the case of a change of control and certain subsidiary dispositions) for periods starting at least 12 months after the closing date of this offering as a result of the utilization of our and our subsidiaries’ tax attributes existing at the time of this offering. See “<i>Certain Relationships and Related Party Transactions—Income Tax Receivable Agreement.</i>”</p>
Listing	<p>We intend to apply to list our common stock on Nasdaq under the symbol “SNCY.”</p>
Risk Factors	<p>You should read the section titled “<i>Risk Factors</i>” beginning on page 23 of, and the other information included in, this prospectus for a discussion of some of the risks and uncertainties you should carefully consider before deciding to invest in our common stock.</p>
Directed Share Program	<p>At our request, the underwriters have reserved up to 5% of the shares of common stock offered by this prospectus, for sale at the initial public offering price, to directors, officers, employees, business associates and related persons of the Company. See “<i>Underwriting (Conflict of Interest)—Directed Share Program.</i>”</p>
Conflict of Interest	<p>Apollo Global Securities, LLC, an affiliate of Apollo, is an underwriter in this offering and will receive a portion of the underwriting discounts and commissions in connection with this offering. Affiliates of Apollo beneficially own in excess of 10% of our issued and outstanding common stock. As a result, Apollo Global Securities, LLC is deemed to have a “conflict of interest” under FINRA Rule 5121, and this offering will be conducted in compliance with the requirements of Rule 5121. Pursuant to that rule, the appointment of a “qualified independent underwriter” is not required in connection with this</p>

offering as the members primarily responsible for managing the public offering do not have a conflict of interest, are not affiliates of any member that has a conflict of interest and meet the requirements of paragraph (f)(12)(E) of Rule 5121. Apollo Global Securities, LLC will not confirm sales of the securities to any account over which it exercises discretionary authority without the specific written approval of the account holder. See “*Underwriting (Conflict of Interest)*.”

Except as otherwise indicated, all of the information in this prospectus:

- reflects the Reorganization Transactions, including the Stock Split;
- assumes an initial public offering price of \$ per share of common stock, the midpoint of the range set forth on the cover page of this prospectus;
- assumes no exercise of the underwriters’ option to purchase up to additional shares of common stock from us;
- assumes no exercise of the 2019 Warrants to purchase an aggregate of shares of common stock, approximately % of which have vested. As is the case for investment in our company generally, the exercise of the 2019 Warrants is limited by restrictions imposed by federal law on foreign ownership and control of U.S. airlines. See “*Description of Capital Stock—Limited Ownership and Voting by Foreign Owners*”;
- does not reflect an additional shares of common stock reserved for future grant under our new equity incentive plan (the “Omnibus Incentive Plan”). See “*Executive Compensation—Equity Compensation Plans—2021 Omnibus Incentive Plan*”; and
- does not reflect shares of common stock that may be issued upon the exercise of stock options outstanding as of the consummation of this offering under the SCA Acquisition Holdings, LLC Equity Incentive Plan (the “SCA Acquisition Equity Plan”). The following table sets forth the outstanding stock options under the SCA Acquisition Equity Plan as of December 31, 2020 (giving effect to the Stock Split):

	Number of Options(1)	Weighted-Average Exercise Price Per Share
Vested stock options (time-based vesting)		\$
Unvested stock options (time-based vesting)		\$
Unvested stock options (performance-based vesting)		\$

(1) Upon a holder’s exercise of one option, we will issue to the holder one share of common stock.

Summary Consolidated Financial and Operating Information

The following tables present our summary consolidated financial and operating information for the periods indicated. We have derived our summary historical consolidated statement of operations data for the years ended December 31, 2020 and 2019 and for the periods January 1, 2018 through April 10, 2018 (Predecessor) and April 11, 2018 through December 31, 2018 (Successor) and our summary historical consolidated balance sheet data as of December 31, 2020 from our audited consolidated financial statements included elsewhere in this prospectus.

The significant differences in accounting for the Successor periods as compared to the Predecessor period, which were established as part of our acquisition by the Apollo Funds, are in (1) aircraft rent, due to the over-market liabilities related to unfavorable terms of our existing aircraft leases and maintenance reserve payments, which will be amortized on a straight-line basis as a reduction of aircraft rent over the remaining life of each lease, (2) maintenance expenses, due to recognizing a liability (or contra-asset) that will offset expenses for maintenance events incurred by the Successor but paid for by the Predecessor and (3) depreciation and amortization, due to the recognition of our property and equipment and other intangible assets at fair value at the time of the acquisition, which will be amortized through depreciation and amortization on a straight-line basis over their respective useful lives. Our historical results are not necessarily indicative of our results that may be expected for any future period. The following summary consolidated financial and operating information should be read in conjunction with the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and our audited consolidated financial statements and the related notes included elsewhere in this prospectus.

	Successor			Predecessor
	For the year ended December 31, 2020	For the year ended December 31, 2019	For the period April 11, 2018 through December 31, 2018	For the period January 1, 2018 through April 10, 2018
(in thousands, except per share data)				
Consolidated Statement of Operations Data:				
Operating Revenues:				
Passenger	\$ 359,232	\$ 688,833	\$ 335,824	\$ 172,897
Cargo	36,809	—	—	—
Other	5,445	12,551	49,107	24,555
Total Operating Revenue	401,486	701,384	384,931	197,452
Operating Expenses:				
Aircraft Fuel	\$ 83,392	\$ 165,666	\$ 119,553	\$ 45,790
Salaries, Wages, and Benefits	141,641	140,739	90,263	36,964
Aircraft Rent ⁽¹⁾	30,989	49,908	36,831	28,329
Maintenance ⁽²⁾	27,416	35,286	15,491	9,508
Sales and Marketing	16,570	35,388	17,180	10,854
Depreciation and Amortization ⁽³⁾	48,086	34,877	14,405	2,526
Ground Handling	20,596	41,719	23,828	8,619
Landing Fees and Airport Rent	31,256	44,400	25,977	10,481
Special Items, net ⁽⁴⁾	(64,563)	7,092	(6,706)	271
Other Operating, net	48,718	68,187	40,877	17,994
Total Operating Expenses	384,101	623,262	377,699	171,336
Operating Income	17,385	78,122	7,232	26,116

	Successor			Predecessor
	For the year ended December 31, 2020	For the year ended December 31, 2019	For the period April 11, 2018 through December 31, 2018	For the period January 1, 2018 through April 10, 2018
(in thousands, except per share data)				
Non-operating Income (Expense):				
Interest Income	\$ 377	\$ 937	\$ 258	\$ 96
Interest Expense	(22,073)	(17,170)	(6,060)	(339)
Other, net	(371)	(1,729)	(1,636)	37
Total Non-operating Expense	(22,067)	(17,962)	(7,438)	(206)
Income (Loss) before Income Tax	(4,682)	60,160	(206)	25,910
Income Tax Expense (Benefit)	(778)	14,088	161	—
Net Income (Loss)	\$ (3,904)	\$ 46,072	\$ (367)	\$ 25,910
Net Income (Loss) per share to common stockholders:				
Basic	\$ (1.58)	\$ 18.61	\$ (0.15)	\$ 0.26
Diluted	\$ (1.58)	\$ 18.17	\$ (0.15)	\$ 0.26
Weighted average shares outstanding:				
Basic	2,478	2,476	2,472	100,000
Diluted	2,478	2,536	2,472	100,000

- (1) Aircraft Rent expense for the Successor periods is reduced due to amortization of a liability representing lease rates and maintenance reserves which were higher than market terms of similar leases at the time of our acquisition by the Apollo Funds. This liability was recognized at the time of the acquisition and is being amortized into earnings through a reduction of Aircraft Rent on a straight-line basis over the remaining life of each lease. See Note 2 and Note 4 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.
- (2) Maintenance expense for the Successor periods is reduced due to recognizing a liability (or contra-asset) to represent the Successor's obligation to perform planned maintenance events paid for by the Predecessor on leased aircraft at the date of our acquisition by the Apollo Funds. The liability (or contra-asset) is recognized as a reduction to Maintenance expense as reimbursable maintenance events are performed and maintenance expense is incurred. See Note 2 and Note 4 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.
- (3) Depreciation and amortization expense increased in the Successor periods due to higher fair values for certain acquired assets and to the amortization of definite-lived intangible assets. See Note 2 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.
- (4) See Note 16 to our audited consolidated financial statements included elsewhere in this prospectus for additional information on the components of Special items, net.

	As of December 31, 2020	
	Actual(1)	As adjusted(2)
(in thousands)		
Consolidated Balance Sheet Data:		
Cash and equivalents	\$ 62,028	\$
Total assets	1,053,267	
Long-term debt and finance leases, including current portion	389,633	
Total stockholders' equity	283,817	

- (1) The actual consolidated balance sheet data reflects the Reorganization Transactions. Following this offering, 2019 Warrants to purchase an aggregate of _____ shares of common stock, approximately _____ % of which have vested, will remain outstanding. As is the case for investment in our company generally, the exercise of the 2019 Warrants is limited by restrictions imposed by federal law on foreign ownership and control of U.S. airlines. See "Description of Capital Stock—Limited Ownership and Voting by Foreign Owners."

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- (2) The as adjusted consolidated balance sheet data gives effect to this offering and the application of the net proceeds to us of this offering as of December 31, 2020 as described under "Use of Proceeds."

	Successor			Predecessor
	For the year ended December 31, 2020	For the year ended December 31, 2019	For the period April 11, 2018 through December 31, 2018	For the period January 1, 2018 through April 10, 2018
<i>(in thousands)</i>				
Non-GAAP Financial Data:				
Adjusted Net Income (Loss) ⁽¹⁾	\$ (47,916)	\$ 53,734	\$ (5,871)	\$ 26,181
Adjusted EBITDAR ⁽¹⁾	38,930	171,129	49,688	57,279

- (1) Adjusted Net Income is a non-GAAP measure included as supplemental disclosure because we believe it is a useful indicator of our operating performance. Derivations of net income are well recognized performance measurements in the airline industry that are frequently used by our management, as well as by investors, securities analysts and other interested parties in comparing the operating performance of companies in our industry. Adjusted EBITDAR is a non-GAAP measure included as supplemental disclosure because we believe it is a valuation measure commonly used by investors, securities analysts and other interested parties in the industry to compare airline companies and derive valuation estimates without consideration of airline capital structure or aircraft ownership methodology. We believe that while items excluded from Adjusted EBITDAR may be recurring in nature and should not be disregarded in evaluation of our earnings performance, Adjusted EBITDAR is useful because its calculation isolates the effects of financing in general, the accounting effects of capital spending and acquisitions (primarily aircraft, which may be acquired directly, directly subject to acquisition debt, by finance lease or by operating lease, each of which is presented differently for accounting purposes), and income taxes, which may vary significantly between periods and for different companies for reasons unrelated to overall operating performance. Adjusted EBITDAR should not be viewed as a measure of overall performance or considered in isolation or as an alternative to net income because it excludes aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. We have historically incurred substantial rent expense due to our legacy fleet of operating leased aircraft, which are currently being transitioned to owned and finance leased aircraft.

Adjusted Net Income and Adjusted EBITDAR have limitations as analytical tools. Some of the limitations applicable to these measures include: Adjusted Net Income and Adjusted EBITDAR do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; Adjusted EBITDAR does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; Adjusted EBITDAR does not reflect changes in, or cash requirements for, our working capital needs; Adjusted Net Income and Adjusted EBITDAR do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDAR does not reflect any cash requirements for such replacements; and other companies in our industry may calculate Adjusted Net Income and Adjusted EBITDAR differently than we do, limiting each measure's usefulness as a comparative measure. Because of these limitations Adjusted Net Income and Adjusted EBITDAR should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

As derivations of Adjusted Net Income and Adjusted EBITDAR are not determined in accordance with GAAP, such measures are susceptible to varying calculations and not all companies calculate the measures in the same manner. As a result, derivations of net income, including Adjusted Net Income and Adjusted EBITDAR, as presented may not be directly comparable to similarly titled measures presented by other companies. For the foregoing reasons, each of Adjusted Net Income and Adjusted EBITDAR has significant limitations which affect its use as an indicator of our profitability and valuation. Accordingly, you are cautioned not to place undue reliance on this information.

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The following table presents the reconciliation of Net Income (Loss) to Adjusted Net Income (Loss) for the periods presented below.

	Successor			Predecessor
	For the year ended December 31, 2020	For the year ended December 31, 2019	For the period April 11, 2018 through December 31, 2018	For the period January 1, 2018 through April 10, 2018
(in thousands)				
Adjusted Net Income (Loss) reconciliation:				
Net income (loss)	\$ (3,904)	\$ 46,072	\$ (367)	\$ 25,910
Special items, net(a)	(64,563)	7,092	(6,706)	271
Stock compensation expense	2,110	1,888	373	—
Loss (gain) on asset transactions, net	413	745	(811)	—
Other adjustments(b)	4,881	226	—	—
Income tax effect of adjusting items, net(c)	13,147	(2,289)	1,640	—
Adjusted Net Income (Loss)	\$ (47,916)	\$ 53,734	\$ (5,871)	\$ 26,181

- (a) See Note 16 to our audited consolidated financial statements included elsewhere in this prospectus for additional information on the components of Special items, net.
- (b) Other adjustments for the year ended December 31, 2020 include expenses related to a voluntary employee leave program in response to the COVID-19 pandemic, a portion of which is offset by the CARES Act Payroll Support Program as the benefit of this program is also adjusted as a component of special items. Other adjustments for the year ended December 31, 2019 include expenses incurred in terminating work on a planned new crew base.
- (c) The tax effect of adjusting items, net is calculated at the Company's statutory rate for the applicable period.

The following table presents the reconciliation of Net Income (Loss) to Adjusted EBITDAR for the periods presented below.

	Successor			Predecessor
	For the year ended December 31, 2020	For the year ended December 31, 2019	For the period April 11, 2018 through December 31, 2018	For the period January 1, 2018 through April 10, 2018
(in thousands)				
Adjusted EBITDAR reconciliation:				
Net income (loss)	\$ (3,904)	\$ 46,072	\$ (367)	\$ 25,910
Special items, net(a)	(64,563)	7,092	(6,706)	271
Interest expense	22,073	17,170	6,060	339
Stock compensation expense	2,110	1,888	373	—
Loss (gain) on asset transactions, net	413	745	(811)	—
Other adjustments(b)	4,881	226	—	—
Interest income	(377)	(937)	(258)	(96)
Provision for income taxes	(778)	14,088	161	—
Depreciation and amortization	48,086	34,877	14,405	2,526
Aircraft rent	30,989	49,908	36,831	28,329
Adjusted EBITDAR	\$ 38,930	\$ 171,129	\$ 49,688	\$ 57,279

- (a) See Note 16 to our audited consolidated financial statements included elsewhere in this prospectus for additional information on the components of Special items, net.
- (b) Other adjustments for the year ended December 31, 2020 include expenses related to a voluntary employee leave program in response to the COVID-19 pandemic, a portion of which is offset by the CARES Act Payroll Support Program as the benefit of this program is also adjusted as a component of special items. Other adjustments for the year ended December 31, 2019 include expenses incurred in terminating work on a planned new crew base.

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Key Operating Statistics and Metrics

	Fiscal Year 2020				Fiscal Year 2019			Fiscal Year 2018			Fiscal Year 2017		
	Scheduled Service	Charter	Cargo	Total	Scheduled Service	Charter	Total	Scheduled Service	Charter	Total	Scheduled Service	Charter	Total
Departures(1)	14,117	5,581	4,642	24,518	24,311	9,035	33,586	19,772	8,254	28,194	20,357	7,981	28,468
Block hours(1)	45,988	12,113	13,847	72,424	80,719	19,852	101,137	68,143	17,335	85,883	68,060	16,941	\$5,291
Aircraft miles(1)	18,685,265	4,539,429	5,666,642	29,030,711	32,217,934	7,356,628	39,738,483	27,584,857	6,369,866	34,095,663	27,723,331	6,358,418	34,181,888
ASMs (in thousands)(1)	3,466,240	819,855	*	4,311,142	5,747,391	1,288,725	7,064,563	4,433,110	1,007,391	5,463,229	4,255,233	979,756	5,250,478
TRASM (in cents)(2)	*	*	*	8.46	*	*	9.93	*	*	10.66	*	*	10.66
Average aircraft available for service(2)	*	*	*	27.4	*	*	25.4	*	*	21.2	*	*	21.2
Aircraft at end of period(2)	*	*	*	43.0	*	*	31.0	*	*	30.0	*	*	26.0
Average daily aircraft utilization (in hours)(2)	*	*	*	5.1	*	*	9.6	*	*	9.7	*	*	9.7
Average stage length	*	*	*	1,179	*	*	1,187	*	*	1,212	*	*	1,200
Passengers(3)	1,679,242	*	*	*	3,565,939	*	*	2,614,929	*	*	2,502,082	*	*
RPMs (in thousands)(3)	2,250,974	*	*	*	4,473,347	*	*	3,653,007	*	*	3,419,527	*	*
PRASM (in cents)(3)	5.57	*	*	*	6.89	*	*	8.05	*	*	8.74	*	*
Load factor(3)	64.9%	*	*	*	82.5%	*	*	82.4%	*	*	80.4%	*	*
Average fare(3) \$	114.96	*	*	\$	111.08	*	\$	136.42	*	\$	148.60	*	*
Ancillary revenue per passenger(3) \$	40.53	*	*	\$	33.14	*	\$	21.70	*	\$	13.34	*	*
Charter revenue per block hour	* \$	8,101	*	*	* \$	8,793	*	* \$	8,767	*	* \$	7,818	*
Fuel gallons consumed (in thousands)	34,769	9,075	*	43,844	63,240	14,802	78,042	52,303	12,678	64,981	52,104	12,551	64,655
Fuel cost per gallon, excl. derivatives	1.60	*	*	\$	2.26	*	\$	2.34	*	\$	1.85	*	*
Employees at end of period	1,699	*	*	*	1,532	*	*	1,549	*	*	1,889	*	*
CASM (in cents)(4)	8.91	*	*	*	8.82	*	*	10.05	*	*	10.09	*	*
Non-GAAP Operating Metric:													
Adjusted CASM (in cents)(4) (5)	7.57	*	*	*	6.31	*	*	7.05	*	*	7.80	*	*

* See "Glossary of Terms" for definitions of terms used in this table.
 * Certain operating statistics and metrics are not presented as they are not calculable or are not utilized by management.
 (1) Total System operating statistics for Departures, Block hours, Aircraft miles and ASMs include amounts related to flights operated for maintenance; therefore the Total System amounts are higher than the sum of Scheduled Service and Charter Service amounts.
 (2) Scheduled service and charter service utilize the same fleet of aircraft. Aircraft counts and utilization metrics are shown on a system basis only.
 (3) Passenger-related statistics and metrics are shown only for scheduled service. Charter service revenue is driven by flight statistics.
 (4) CASM is a key airline cost metric. CASM is defined as operating expenses divided by total available seat miles.

(5) Adjusted CASM is a non-GAAP measure derived from CASM by excluding fuel costs, costs related to our cargo operations (starting in 2020 when we launched our cargo operations), certain commissions and other costs of selling our vacations product from this measure as these costs are unrelated to our airline operations and improve comparability to our peers. Adjusted CASM is an important measure used by management and by our board of directors in assessing quarterly and annual cost performance. Adjusted CASM is also a measure commonly used by industry analysts and we believe it is an important metric by which they compare our airline to others in the industry, although other airlines may exclude certain other costs in their calculation of Adjusted CASM. The measure is also the subject of frequent questions from investors. Adjusted CASM excludes fuel costs. By excluding volatile fuel expenses that are outside of our control from our unit metrics, we believe that we have better visibility into the results of operations and our non-fuel cost initiatives. Our industry is highly competitive and is characterized by high fixed costs, so even a small reduction in non-fuel operating costs can lead to a significant improvement in operating results. In addition, we believe that all domestic carriers are similarly impacted by changes in jet fuel costs over the long run, so it is important for management and investors to understand the impact and trends in company-specific cost drivers, such as labor rates, aircraft costs and maintenance costs, and productivity, which are more controllable by management. Adjusted CASM also excludes special items and other adjustments, as defined in the relevant reporting period, that are not representative of the ongoing costs necessary to our airline operations and may improve comparability between periods. We also exclude stock compensation expense when computing Adjusted CASM. The Company's compensation strategy includes the use of stock-based compensation to attract and retain employees and executives and is principally aimed at aligning their interests with those of our stockholders and at long-term employee retention, rather than to motivate or reward operational performance for any particular period. Thus, stock-based compensation expense varies for reasons that are generally unrelated to operational decisions and performance in any particular period. As derivations of Adjusted CASM are not determined in accordance with GAAP, such measures are susceptible to varying calculations and not all companies calculate the measures in the same manner. As a result, derivations of Adjusted CASM as presented may not be directly comparable to similarly titled measures presented by other companies. Adjusted CASM should not be considered in isolation or as a replacement for CASM. For the foregoing reasons, Adjusted CASM has significant limitations which affect its use as an indicator of our profitability. Accordingly, you are cautioned not to place undue reliance on this information.

The following table presents the reconciliation of CASM to Adjusted CASM.

	For the year ended December 31,							
	2020		2019		2018		2017	
	(in thousands)	Per ASM (in cents)	(in thousands)	Per ASM (in cents)	(in thousands)	Per ASM (in cents)	(in thousands)	Per ASM (in cents)
CASM	\$ 384,101	8.91	\$ 623,262	8.82	\$ 549,035	10.05	\$ 530,008	10.09
Aircraft fuel	83,392	1.93	165,666	2.35	165,343	3.03	118,382	2.25
Cargo expenses	31,429	0.73	—	—	—	—	—	—
Sun Country Vacations	589	0.01	2,448	0.03	4,541	0.08	2,083	0.04
Special items, net	(64,563)	(1.50)	7,092	0.10	(6,435)	(0.12)	—	—
Stock compensation expense	2,110	0.05	1,888	0.03	373	0.01	—	—
Other adjustments	4,881	0.11	226	—	—	—	—	—
Adjusted CASM	<u>\$ 326,263</u>	<u>7.57</u>	<u>\$ 445,942</u>	<u>6.31</u>	<u>\$ 385,213</u>	<u>7.05</u>	<u>\$ 409,543</u>	<u>7.80</u>

RISK FACTORS

You should carefully consider the risks and uncertainties described below, as well as the other information contained in this prospectus, including our consolidated financial statements and the related notes thereto included elsewhere in this prospectus and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” before deciding to invest in our common stock. In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Any of the following risks could materially adversely affect our business, financial condition and results of operations, in which case the trading price of our common stock could decline and you could lose all or part of your investment.

Risks Related to Our Industry

The global pandemic resulting from the novel coronavirus has had an adverse impact that has been material to our business, operating results, financial condition and liquidity, and the duration and spread of the pandemic could result in additional adverse impacts. The outbreak of another disease or similar public health threat in the future could also have an adverse effect on our business, operating results, financial condition and liquidity.

COVID-19, which was first reported in December 2019, was declared a “Public Health Emergency of International Concern” by the World Health Organization (the “WHO”). On March 13, 2020, the U.S. government declared a national emergency and the U.S. Department of State subsequently issued a global Level 4 “do not travel” advisory advising U.S. citizens to avoid all international travel due to the global impact of COVID-19. The U.S. government, states, cities and other authorities have also implemented enhanced screenings, mandatory quarantine and testing requirements and other travel restrictions in connection with the COVID-19 pandemic, including restrictions on travel from certain international locations, and many foreign governments and jurisdictions instituted similar measures and declared states of emergency.

Additional governmental and other restrictions and regulations that may be implemented in the future in response to COVID-19 could include additional travel restrictions (including expanded restrictions on domestic air travel within the United States), quarantines of additional populations (including our personnel), testing requirements and restrictions on our ability to access our facilities or aircraft or requirements to collect additional passenger data. In addition, governments, non-governmental organizations and entities in the private sector have issued and may continue to issue non-binding advisories or recommendations regarding air travel or other physical distancing measures, including limitations on the number of persons that should be present at public gatherings, which may significantly reduce demand. These restrictions and regulations have had, and will continue to have, a material adverse impact on our business, operating results, financial condition and liquidity.

In the United States and other locations around the world, public events, such as conferences, sporting events and concerts, have been canceled, attractions, including theme parks and museums, have been closed, cruise lines have suspended operations, airlines have dramatically reduced their schedules and schools and businesses are operating with partial or full remote attendance, among other actions.

We began experiencing a significant decline in demand related to COVID-19 during the first quarter of 2020, and this reduction in demand has continued through the date of this prospectus and is expected to continue for the foreseeable future. The decline in demand caused a material deterioration in our revenues. Our results of operations for fiscal year 2020 have been materially and adversely impacted and future results of operations may also be materially and adversely impacted. In response to decreased demand, we reduced scheduled service capacity relative to 2019 by approximately 40% in 2020. We plan to proactively manage capacity for the foreseeable future, which has a negative impact on our revenue. We expect to continue our proactive management of costs, but decreased demand can lead to higher unit costs. In addition, actual or perceived risk of infection on our flights could have a material adverse effect on the public’s demand for and willingness to use air travel, which could harm our reputation and business. Demand for scheduled service business is negatively

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correlated to case counts in Minnesota and the destinations of our scheduled flights. For example, we experienced a decrease in demand in the fourth quarter of 2020 compared to the third quarter due to spikes in reported COVID-19 cases. Furthermore, historically, unfavorable U.S. economic conditions have driven changes in travel patterns, including significantly and materially reduced spending for both leisure and business travel. Unfavorable economic conditions, when low fares are often used to stimulate traffic, have also historically hampered the ability of airlines to raise fares to counteract any increases in fuel, labor and other costs. Any significant increases in unemployment in the United States would likely continue to have a negative impact on passenger bookings, especially when the customers we serve are paying with their own money, and these effects could exist for an extensive period of time. Even once the pandemic and fears of travel subside, demand for air travel may remain weak for a significant period of time. In addition to scheduled service demand, the U.S. Department of Defense has reduced normal personnel movements while most of our other passenger service customers suspended their operations and demand for commercial passenger charters significantly declined. In addition, some college conferences have canceled or reduced sports and related travel. The continued decline in demand, which is expected to continue for the foreseeable future, is expected to have a material adverse impact on our business, operating results, financial condition and liquidity. Apart from the decrease in demand, passenger bookings have been on average much closer to the date of service during pandemic than in prior periods, which has reduced our visibility into future revenue.

In addition to the schedule reductions discussed above, we have reduced our planned capital expenditures and reduced operating expenditures for 2020 (including by postponing projects deemed non-critical to our operations), entered into the Credit Agreement and temporarily grounded certain of our fleet. We continue to focus on reducing expenses and managing our liquidity and we expect to continue to modify our cost management structure, liquidity-raising efforts and capacity as the timing of demand recovery becomes more certain.

On April 20, 2020, we entered into a Payroll Support Program Agreement under the CARES Act with Treasury governing our participation in the Payroll Support Program and, on January 29, 2021, we entered into a second Payroll Support Program Agreement under the CARES Act. Under the Payroll Support Program, Treasury provided us with an aggregate of \$62.3 million in grants from April 21, 2020 to October 1, 2020 and an additional \$16.1 million in grants on February 2, 2021, and we expect to receive an additional \$16.1 million by the end of March 2021 (collectively, the “Payroll Support Payments”). In addition, on October 26, 2020, we entered into a loan and guarantee agreement (the “CARES Act Loan Agreement”) with Treasury under the aviation direct loan program of the CARES Act, pursuant to which Treasury agreed to extend loans to us in an aggregate principal amount of \$45.0 million, subject to specified terms, which is due to be repaid on the earlier of (i) October 24, 2025 or (ii) six months prior to the expiration date of any material loyalty program securing the loan. We intend to use a portion of the proceeds from this offering to repay in full all amounts outstanding under the CARES Act Loan. The substance and duration of restrictions to which we are subject under the grants and/or loans under the CARES Act, including, but not limited to, those outlined below could materially affect our operations, and we may not be successful in managing these impacts. Further, these restrictions could limit our ability to take actions that we otherwise might have determined to be in the best interest of our company and our stockholders. In particular, limitations on executive compensation may impact our ability to attract and retain senior management or attract other key employees during this critical time. Additionally, limitations on dividends and buybacks may diminish investor interest in our stock. See “—We are subject to certain restrictions on our business as a result of our participation in governmental programs under the CARES Act.”

Further, certain airport and air traffic personnel and ground handlers have tested positive for or been suspected of having COVID-19, which has resulted in facility closures, reduction in available staffing, including for our cargo business, and disruptions to our overall operations. Our operations may be further impacted in the event of additional instances of actual or perceived risk of infection among our employees, suppliers or business partners, and this impact may have a material adverse effect if we are unable to maintain a suitably skilled and sized workforce and address related employee matters. In addition, supply chain disruptions may impede our cargo customers’ ability to deliver freight to the airports we serve, which could reduce their need for our services and thus have a material adverse effect on our business, results of operations and financial condition.

The industry may also be subject to enhanced health and hygiene requirements in attempts to counteract future outbreaks, which requirements may be costly and take a significant amount of time to implement.

We may take additional actions to improve our financial position, including measures to improve liquidity, such as the issuance of unsecured and secured debt securities, equity securities and equity-linked securities, the sale of assets and/or the entry into additional bilateral and syndicated secured and/or unsecured credit facilities. There can be no assurance as to the timing of any such issuance, which may be in the near term, or that any such additional financing will be completed on favorable terms, or at all. Any such actions may be material in nature and could result in significant additional borrowing. Our reduction in expenditures, measures to improve liquidity or other strategic actions that we may take in the future in response to COVID-19 may not be effective in offsetting decreased demand, and we will not be permitted to take certain strategic actions as a result of the CARES Act, which could result in a material adverse effect on our business, operating results, liquidity and financial condition.

The full extent of the ongoing impact of COVID-19 on our longer-term operational and financial performance will depend on future developments, many of which are outside of our control, including the effectiveness of the mitigation strategies discussed above, the duration, spread, severity and recurrence of COVID-19 and any COVID-19 variants and related travel advisories and restrictions, the efficacy of COVID-19 vaccines, the impact of COVID-19 on overall long-term demand for air travel, including after the pandemic subsides, the impact of COVID-19 on the financial health and operations of our business partners, future governmental actions, including their duration and scope, and our access to capital, all of which are highly uncertain and cannot be predicted.

In addition, an outbreak of another disease or similar public health threat, or fear of such an event, that affects travel demand, travel behavior, travel restrictions or adversely affects supply chains, which would impact our cargo business, could have a material adverse impact on our business, operating results, liquidity and financial condition. Outbreaks of other diseases could also result in increased government restrictions and regulation, such as those actions described above or otherwise, which could adversely affect our business, operating results, financial condition and liquidity.

Even after the COVID-19 pandemic has moderated and the enhanced screenings, quarantine requirements, and travel restrictions have eased, we may continue to experience similar adverse effects to our business, operating results, financial condition and liquidity resulting from a recessionary or depressed economic environment that may persist, including increases in unemployment, and our business and operating results may not return to pre-COVID-19 pandemic levels on a timely basis or at all. The impact that the COVID-19 pandemic will have on our businesses, operating results, financial condition and liquidity could exacerbate the other risks identified in this prospectus.

We are depending upon a successful COVID-19 vaccine and significant uptake by the general public in order to normalize economic conditions, the airline industry and our business operations and to realize our planned financial and growth plans and business strategy. The failure of a vaccine, significant unplanned adverse reactions to the vaccine, politicization of the vaccine or general public distrust of the vaccine could have an adverse effect on our business, results of operations, financial condition and prospects.

Our financial and operating results and business operations for our scheduled service and charter businesses for the year ended December 31, 2020 have been materially and adversely impacted as a result of the COVID-19 pandemic, which impact is likely to continue during the duration of the COVID-19 pandemic. We are depending upon a successful COVID-19 vaccine, including an efficient distribution and sufficient supply, and significant uptake by the general public in order to normalize economic conditions, the airline industry and our business operations and to realize our financial and growth plans and business strategy. The potential efficacy and availability of a COVID-19 vaccine and the extent to which a vaccine is widely accepted is highly uncertain, and we cannot predict if or when we will be able to resume normal operations. The failure of a vaccine, including to

the extent it is not effective against any COVID-19 variants, significant unplanned adverse reactions to the vaccine, politicization of the vaccine or general public distrust of the vaccine could have an adverse effect on our business, results of operations, financial condition and prospects.

The demand for airline services is highly sensitive to changes in economic conditions, and another recession or similar or worse economic downturn in the United States would weaken demand for our services and have a material adverse effect on our business, results of operations and financial condition.

The demand for travel and cargo services is affected by U.S. and global economic conditions. Unfavorable economic conditions have historically reduced aviation spending. For most passengers visiting friends and relatives and cost-conscious leisure travelers (our primary market), travel is a discretionary expense, and during periods of unfavorable economic conditions as a result of such carriers' low base fares travelers have often elected to replace air travel at such times with car travel or other forms of ground transportation or have opted not to travel at all. Likewise, during periods of unfavorable economic conditions, businesses have deferred air travel or forgone it altogether. Additionally, retail and thus cargo demand can also decrease. Furthermore, most of our charter revenue is generated from ad hoc or short-term contracts with repeat customers, and these customers may cease using our services or seek to negotiate more aggressive pricing during periods of unfavorable economic conditions. Any reduction in charter or cargo revenue during such periods could also increase our unit costs and thus have a material adverse effect on our business, results of operations and financial condition. Travelers have also reduced spending by purchasing fewer ancillary services, which can result in a decrease in average revenue per seat. Because airlines typically have relatively high fixed costs as a percentage of total costs, much of which cannot be mitigated during periods of lower demand for air travel or cargo services, the airline business is particularly sensitive to changes in economic conditions. Furthermore, if the COVID-19 pandemic leads to a recession or depression, this could result in further reductions in demand for our services. A reduction in the demand for air travel or cargo services due to unfavorable economic conditions also limits our ability to raise fares or fees for cargo services to counteract increased fuel, labor and other costs. If U.S. or global economic conditions are unfavorable or uncertain for an extended period of time, it would have a material adverse effect on our business, results of operations and financial condition.

Our business has been and in the future may be materially adversely affected by the price and availability of aircraft fuel. Unexpected increases in the price of aircraft fuel or a shortage or disruption in the supply of aircraft fuel could have a material adverse effect on our business, results of operations and financial condition.

The cost of aircraft fuel is highly volatile and in recent years has been our largest individual operating expense, accounting for approximately 21.7%, 26.6% and 30.1% of our operating expenses for the years ended December 31, 2020, 2019 and 2018, respectively. High fuel prices or increases in fuel costs (or in the price of crude oil) could have a material adverse effect on our business, results of operations and financial condition, including as a result of legacy network airlines and LCCs adapting more rapidly or effectively to higher fuel prices through new-technology aircraft that is more fuel efficient than our aircraft. Over the past several years, the price of aircraft fuel has fluctuated substantially and prices continue to be highly volatile and could increase significantly at any time. In addition, prolonged low fuel prices could limit our ability to differentiate our product and low fares from those of the legacy network airlines and LCCs, as prolonged low fuel prices could enable such carriers to, among other things, substantially decrease their costs, fly longer stages or utilize older aircraft.

Our business is also dependent on the availability of aircraft fuel (or crude oil), which is not predictable. Weather-related events, natural disasters, terrorism, wars, political disruption or instability involving oil-producing countries, changes in governmental or cartel policy concerning crude oil or aircraft fuel production, labor strikes or other events affecting refinery production, transportation, taxes or marketing, environmental concerns, market manipulation, price speculation, changes in currency exchange rates and other unpredictable events may drive actual or perceived fuel supply shortages. Shortages in the availability of, or increases in demand for, crude oil in general, other crude oil-based fuel derivatives and aircraft fuel in particular could result

in increased fuel prices and could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to increase ticket prices sufficiently to cover increased fuel costs, particularly when fuel prices rise quickly. We sell a significant number of tickets to passengers well in advance of travel, and, as a result, fares sold for future travel may not reflect increased fuel costs. In addition, our ability to increase ticket prices to offset an increase in fuel costs is limited by the competitive nature of the airline industry and the price sensitivity associated with air travel, particularly leisure travel, and any increases in fares may reduce the general demand for air travel. Additionally, our cargo and charter customers may choose to refuse fuel pass-through contracts, which could drive down the profitability of those agreements.

From time to time, we may enter into fuel derivative contracts in order to mitigate the risk to our business from future volatility in fuel prices but such contracts may not fully protect us from all related risks. As of December 31, 2020, we had hedges in place for approximately 37% of our projected fuel requirements for scheduled service operations in 2021, with all of our then existing options expected to be exercised or expire by the end of 2021. Generally speaking, our charter and cargo operations have pass-through provisions for fuel costs, and as such we do not hedge our fuel requirements for that portion of our business. Our hedges in place at the end of 2020 consisted of collars and call options and the underlying commodities consisted of both Gulf Coast Jet Fuel contracts as well as West Texas Intermediate Crude Oil contracts.

Our hedging strategy to date has been designed to protect our liquidity position in the event of a rapid and/or sustained rise in fuel prices that does not allow for immediate response in ticket prices. We may enter into derivatives that do not qualify for hedge accounting, which can impact our results of operations and increase the volatility of our earnings due to recognizing the mark-to-market impact of our hedge portfolio as a result of changes in the forward markets for oil and/or jet fuel. We cannot assure you our fuel hedging program will be effective or that we will maintain a fuel hedging program. Even if we are able to hedge portions of our future fuel requirements, we cannot guarantee that our hedge contracts will provide an adequate level of protection against increased fuel costs or that the counterparties to our hedge contracts will be able to perform. Additionally, our ability to realize the benefit of declining fuel prices will be limited by the impact of any fuel hedges in place, we may incur additional expenses in connection with entering into derivative contracts and we may record significant losses on fuel hedges during periods of declining prices. A failure of our fuel hedging strategy, potential margin funding requirements, overpaying for fuel through the use of hedging arrangements or our failure to maintain a fuel hedging program could prevent us from adequately mitigating the risk of fuel price increases and could have a material adverse effect on our business, results of operations and financial condition.

Threatened or actual terrorist attacks or security concerns involving airlines could have a material adverse effect on our business, results of operations and financial condition.

Past terrorist attacks or attempted attacks, particularly those against airlines, have caused substantial revenue losses and increased security costs, and any actual or threatened terrorist attack or security breach, even if not directly against an airline, could have a material adverse effect on our business, results of operations and financial condition. Security concerns resulting in enhanced passenger screening, increased regulation governing carry-on baggage and cargo and other similar restrictions on passenger travel and cargo may further increase passenger inconvenience and reduce the demand for air travel or increase costs associated with providing cargo service. In addition, increased or enhanced security measures have tended to result in higher governmental fees imposed on airlines, resulting in higher operating costs for airlines, which we may not be able to pass on to customers in the form of higher prices. Terrorist attacks, or the fear of such attacks or other hostilities (including elevated national threat warnings or selective cancellation or redirection of flights due to terror threats), even if not made directly on or involving the airline industry, could have a negative impact on the airline industry and have a material adverse effect on our business, results of operations and financial condition.

The airline industry is exceedingly competitive, and we compete against new entrants, LCCs, ULCCs, legacy network airlines and cargo carriers; if we are not able to compete successfully in our markets, our business will be materially adversely affected.

We face significant competition with respect to routes, fares and services. Within the airline industry, we compete with new airlines, ULCCs, LCCs and legacy network airlines for airline passengers traveling on the routes we serve, particularly customers traveling in economy or similar classes of service. Competition on most of the routes we presently serve is intense, due to the large number of carriers in those markets. Furthermore, other airlines or new airlines may begin service or increase existing service on routes where we currently face no or little competition. In almost all instances, our competitors are larger than we are and possess significantly greater financial and other resources than we do.

The airline industry is particularly susceptible to price discounting because, once a flight is scheduled, airlines incur only nominal additional costs to provide service to passengers occupying otherwise unsold seats. Increased fare or other price competition could adversely affect our operations. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to increase revenue per available seat mile. The prevalence of discount fares can be particularly acute when a competitor has excess capacity to sell. Moreover, many other airlines have unbundled their services, at least in part, by charging separately for services such as baggage and advance seat selection, which previously were offered as a component of base fares. This unbundling and other cost-reducing measures could enable competitor airlines to reduce fares on routes that we serve. The availability of low-priced fares coupled with an increase in domestic capacity has led to dramatic changes in pricing behavior in many U.S. markets. Many domestic carriers began matching lower cost airline pricing, either with limited or unlimited inventory.

During economic downturns, including during a health crisis, our competitors may choose to take an aggressive posture toward market share growth on routes where we compete, which would flood a low demand market with additional capacity that drives down fares, which could have a material adverse effect on our business, results of operations and financial condition.

Our growth and the success of our high-growth, low-cost business model could stimulate competition in our markets through our competitors' development of their own LCC or ULCC strategies, new pricing policies designed to compete with LCCs, ULCCs or new market entrants. Airlines increase or decrease capacity in markets based on perceived profitability. If our competitors increase overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route that we serve, it could have a material adverse impact on our business. If a legacy network airline were to successfully develop a low-cost product or if we were to experience increased competition from LCCs, our business could be materially adversely affected. Regardless of cost structure, the domestic airline industry has often been the source of fare wars undertaken to grow market share or for other reasons. Additionally, each of American Airlines, Delta Air Lines and United Airlines has begun to offer a so-called "basic economy" offering with reduced amenities designed specifically to compete against LCCs and ULCCs, which presents a significant form of competition for us.

A competitor adopting an LCC or ULCC strategy may have greater financial resources and access to lower cost sources of capital than we do, which could enable them to operate their business with a lower cost structure, or enable them to operate with lower marginal revenues without substantial adverse effects, than we can. If these competitors adopt and successfully execute an LCC or ULCC business model, our business could be materially adversely affected.

Similarly, our competitors may choose to commence or expand their existing charter operations, which could adversely impact our ability to obtain or renew charter contracts, especially in periods of low demand. This could result in decreases in our charter services market share and reduced profitability for our charter operations, which would have a material adverse effect on our business, results of operations and financial condition.

Our competitors may also choose to commence, or expand their existing, cargo operations. In addition, our competitors could seek to provide cargo services to Amazon, which could adversely impact our ability to maintain or renew the ATSA. This could result in reduced frequencies for our cargo operations, which could have a material adverse effect on our business, results of operations and financial condition.

There has been significant consolidation within the airline industry, including, for example, the combinations of American Airlines and US Airways, Delta Air Lines and Northwest Airlines, United Airlines and Continental Airlines, Southwest Airlines and AirTran Airways, and Alaska Airlines and Virgin America. In the future, there may be additional consolidation in our industry. Business combinations could significantly alter industry conditions and competition within the airline industry and could permit our competitors to reduce their fares.

The extremely competitive nature of the airline industry could prevent us from attaining the level of passenger traffic or maintaining the level of fares or ancillary revenues required to sustain profitable operations in new and existing markets and could impede our growth strategy, which could harm our operating results. Due to our relatively small size, we are susceptible to a fare war or other competitive activities in one or more of the markets we serve, which could have a material adverse effect on our business, results of operations and financial condition.

Airlines are often affected by factors beyond their control including: air traffic congestion at airports; air traffic control inefficiencies; government shutdowns; FAA grounding of aircraft; major construction or improvements at airports; adverse weather conditions, such as hurricanes or blizzards; increased security measures; new travel-related taxes; or the outbreak of disease, any of which could have a material adverse effect on our business, results of operations and financial condition.

Like other airlines, our business is affected by factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, major construction or improvements at airports at which we operate, increased security measures, new travel-related taxes and fees, adverse weather conditions, natural disasters and the outbreak of disease. Factors that cause flight delays frustrate passengers and increase costs and decrease revenues, which in turn could adversely affect profitability. The federal government controls all U.S. airspace, and airlines are completely dependent on the FAA to operate that airspace in a safe, efficient and affordable manner. The air traffic control system, which is operated by the FAA, faces challenges in managing the growing demand for U.S. air travel. U.S. and foreign air traffic controllers often rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes resulting in delays. The federal government also controls airport security. In addition, there are proposals before Congress that would treat a wide range of consumer protection issues, which could increase the costs of doing business. Further, implementation of the Next Generation Air Transport System, or NextGen, by the FAA would result in changes to aircraft routings and flight paths that could lead to increased noise complaints and lawsuits, resulting in increased costs. In addition, federal government shutdowns can affect the availability of federal resources necessary to provide air traffic control and airport security. Furthermore, a federal government grounding of our aircraft type could result in flight cancellations and adversely affect our business.

Adverse weather conditions and natural disasters, such as hurricanes, thunderstorms, winter snowstorms or earthquakes, can cause flight cancellations or significant delays, and in the past have led to Congressional demands for investigations. Cancellations or delays due to adverse weather conditions or natural disasters, air traffic control problems or inefficiencies, breaches in security or other factors may affect us to a greater degree than other, larger airlines that may be able to recover more quickly from these events, and therefore could have a material adverse effect on our business, results of operations and financial condition to a greater degree than other air carriers. Because of our day of week, limited schedule and optimized utilization and point-to-point network, operational disruptions can have a disproportionate impact on our ability to recover. In addition, many airlines reaccommodate their disrupted passengers on other airlines at prearranged rates under flight interruption manifest agreements. We have been unsuccessful in procuring any of these agreements with our peers, which makes our recovery from disruption more challenging than for larger airlines that have these agreements in place.

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Similarly, outbreaks of pandemic or contagious diseases, such as ebola, measles, avian flu, severe acute respiratory syndrome (SARS), COVID-19, H1N1 (swine) flu, pertussis (whooping cough) and zika virus, or their respective variants, could result in significant decreases in passenger traffic and the imposition of government restrictions in service and could have a material adverse impact on the airline industry. Any increases in travel-related taxes could also result in decreases in passenger traffic. Any general reduction in airline passenger traffic could have a material adverse effect on our business, results of operations and financial condition. Moreover, U.S. federal government shutdowns may cause delays and cancellations or reductions in discretionary travel due to longer security lines, including as a result of furloughed government employees or reductions in staffing levels, including air traffic controllers. U.S. government shutdowns may also impact our ability to take delivery of aircraft and commence operations in new domestic stations. Another extended shutdown like the one in December 2018-January 2019 may have a negative impact on our operations and financial results.

Risks associated with our presence in international markets, including political or economic instability, and failure to adequately comply with existing and changing legal requirements, may materially adversely affect us.

Some of our target growth markets include countries with less developed economies, legal systems, financial markets and business and political environments that are vulnerable to economic and political disruptions, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets, trafficking and the imposition of taxes or other charges by governments, as well as health and safety concerns. The occurrence of any of these events in markets served by us now or in the future and the resulting instability may have a material adverse effect on our business, results of operations and financial condition.

We emphasize compliance with all applicable laws and regulations in all jurisdictions where we operate and have implemented and continue to implement and refresh policies, procedures and certain ongoing training of our employees, third-party providers and partners with regard to business ethics and key legal requirements; however, we cannot assure you that our employees, third-party providers or partners will adhere to our code of ethics, other policies or other legal requirements. If we fail to enforce our policies and procedures properly or maintain adequate recordkeeping and internal accounting practices to record our transactions accurately, we may be subject to sanctions. In the event we believe or have reason to believe our employees, third-party providers or partners have or may have violated applicable laws or regulations, we may incur investigation costs, potential penalties and other related costs, which in turn may materially adversely affect our reputation and could have a material adverse effect on our business, results of operations and financial condition.

Increases in insurance costs or reductions in insurance coverage may have a material adverse effect on our business, results of operations and financial condition.

If any of our aircraft were to be involved in a significant accident or if our property or operations were to be affected by a significant natural catastrophe or other event, we could be exposed to material liability or loss. If insurance markets harden due to other airline global incidents, general aviation incidents or other economic factors, we could be unable to obtain sufficient insurance (including aviation hull and liability insurance and property and business interruption coverage) to cover such liabilities or losses, our business could be materially adversely affected.

We currently obtain war risk insurance coverage (terrorism insurance) as part of our commercial aviation hull and liability policy, and additional excess third-party war risk insurance through the commercial aviation war risk market. Our current war risk insurance from commercial underwriters excludes nuclear, radiological and certain other events. The global insurance market for aviation-related risks has been faced with significant losses, resulting in substantial tightening in insurance markets with reduced capacity and increased prices. If we are unable to obtain adequate third-party hull and liability or third-party war risk (terrorism) insurance or if an event not covered by the insurance we maintain were to take place, our business could be materially adversely affected.

The airline industry is heavily taxed.

The airline industry is subject to extensive government fees and taxation that negatively impact our revenue and profitability. The U.S. airline industry is one of the most heavily taxed of all industries. These fees and taxes have grown significantly in the past decade for domestic flights, and various U.S. fees and taxes also are assessed on international flights. For example, as permitted by federal legislation, most major U.S. airports impose a passenger facility charge per passenger on us. In addition, the governments of foreign countries in which we operate impose on U.S. airlines, including us, various fees and taxes, and these assessments have been increasing in number and amount in recent years. Moreover, we are obligated to collect a federal excise tax, commonly referred to as the “ticket tax,” on domestic and international air transportation. We collect the excise tax, along with certain other U.S. and foreign taxes and user fees on air transportation (such as passenger security fees), and pass along the collected amounts to the appropriate governmental agencies. Although these taxes and fees are not our operating expenses, they represent an additional cost to our customers, which, because we operate in a highly elastic environment, drives down demand. There are continuing efforts in Congress and in other countries to raise different portions of the various taxes, fees, and charges imposed on airlines and their passengers, including the passenger facility charge, and we may not be able to recover all of these charges from our customers. Increases in such taxes, fees and charges could negatively impact our business, results of operations and financial condition.

Under regulations set forth by the Department of Transportation, or the DOT, all governmental taxes and fees must be included in the prices we quote or advertise to our customers. Due to the competitive revenue environment, many increases in these fees and taxes have been absorbed by the airline industry rather than being passed on to the customer. Further increases in fees and taxes may reduce demand for air travel, and thus our revenues.

Restrictions on or increased taxes applicable to charges for ancillary products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition.

For the years ended December 31, 2020, 2019 and 2018, we generated ancillary revenues of approximately \$68.1 million, \$118.2 million and \$56.7 million, respectively. Our ancillary revenue consists primarily of revenue generated from air travel-related services such as baggage fees, seat selection and upgrade fees, itinerary service fees, on-board sales and sales of trip insurance. The DOT has rules governing many facets of the airline-consumer relationship, including, for instance, consumer notice requirements, handling of consumer complaints, price advertising, lengthy tarmac delays, oversales and denied boarding process/compensation, ticket refunds, liability for loss, delay or damage to baggage, customer service commitments, contracts of carriage, consumer disclosures and the transportation of passengers with disabilities. The DOT periodically audits airlines to determine whether such airlines have violated any of the DOT rules. If the DOT determines that we are not, or have not been, in compliance with these rules or if we are unable to remain compliant, the DOT may subject us to fines or other enforcement action. The DOT may also impose additional consumer protection requirements, including adding requirements to modify our websites and computer reservations system, which could have a material adverse effect on our business, results of operations and financial condition. The U.S. Congress and the DOT have examined the increasingly common airline industry practice of unbundling the pricing of certain products and ancillary services, a practice that is a core component of our business strategy. If new laws or regulations are adopted that make unbundling of airline products and services impermissible, or more cumbersome or expensive, or if new taxes are imposed on ancillary revenues, our business, results of operations and financial condition could be negatively impacted. Congressional, Federal agency and other government scrutiny may also change industry practice or the public’s willingness to pay for ancillary services. See also “—We are subject to extensive regulation by the FAA, the DOT, the TSA, CBP and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition.”

We are subject to risks associated with climate change, including increased regulation to reduce emissions of greenhouse gases.

Concern about climate change and greenhouse gases has resulted, and is expected to continue to result, in additional regulation or taxation of aircraft emissions in the United States and abroad. In particular, on March 6, 2017, the International Civil Aviation Organization, or ICAO, an agency of the United Nations established to manage the administration and governance of the Convention on International Civil Aviation, adopted new carbon dioxide, or CO₂ certification standards for new aircraft beginning in 2020. The new CO₂ standards will apply to new aircraft type designs from 2020, and to aircraft type designs already in production as of 2023. In-production aircraft that do not meet the standard by 2028 will no longer be able to be produced unless their designs are modified to meet the new standards. In August 2016, the Environmental Protection Agency, or the EPA, made a final endangerment finding that aircraft engine greenhouse gas, or GHG, emissions cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare, which obligates the EPA under the Clean Air Act to set GHG emissions standards for aircraft. In August 2020, the EPA issued a proposed rule regulating GHG emissions from aircraft that largely conforms to the March 2017 ICAO standards. However, on January 20, 2021, the new presidential administration, which is expected to promote more aggressive policies with respect to climate change and carbon emissions, including in the aviation sector, announced a freeze with respect to all pending rulemaking. Accordingly, the outcome of this rulemaking may result in stricter GHG emissions standards than those contained in the proposed rule. In addition, federal climate legislation, including the “Green New Deal” resolution, has been introduced in Congress recently, although Congress has yet to pass a bill specifically addressing GHG regulation. Several states are also considering or have adopted initiatives to regulate emissions of GHGs, primarily through the planned development of GHG emissions inventories and/or regional cap-and-trade programs.

In addition, in October 2016, the ICAO adopted the Carbon Offsetting and Reduction Scheme for International Aviation, or CORSIA, which is a global, market-based emissions offset program designed to encourage carbon-neutral growth beyond 2020. Further, in June 2018 the ICAO adopted standards pertaining to the collection and sharing of information on international aviation emissions beginning in 2019. The CORSIA will increase operating costs for us and other U.S. airlines that operate internationally. The CORSIA is being implemented in phases, with information sharing beginning in 2019 and a pilot phase beginning in 2021. Certain details are still being developed and the impact cannot be fully predicted. The potential impact of the CORSIA or other emissions-related requirements on our costs will ultimately depend on a number of factors, including baseline emissions, the price of emission allowances or offsets that we would need to acquire, the efficiency of our fleet and the number of flights subject to these requirements. These costs have not been completely defined and could fluctuate.

In the event that legislation or regulation with respect to GHG emissions associated with aircraft or applicable to the fuel industry is enacted in the United States or other jurisdictions where we operate or where we may operate in the future, or as part of international conventions to which we are subject, it could result in significant costs for us and the airline industry. In addition to direct costs, such regulation may have a greater effect on the airline industry through increases in fuel costs that could result from fuel suppliers passing on increased costs that they incur under such a system.

We face competition from air travel substitutes.

In addition to airline competition from legacy network airlines, LCCs and ULCCs, we also face competition from air travel substitutes. Our business serves primarily leisure travelers, for whom travel is entirely discretionary. On our domestic routes, particularly those with shorter stage lengths, we face competition from some other transportation alternatives, such as bus, train or automobile. The new presidential administration and the new Secretary of the Department of Transportation have indicated strong support for trains. In addition, technology advancements may limit the demand for air travel. For example, video conferencing and other methods of electronic communication may reduce the need for in-person communication and add a new

dimension of competition to the industry as travelers seek lower-cost substitutes for air travel. The COVID-19 pandemic has accelerated adoption of such technology and customers may be more likely to think it is sufficient for their needs, which could reduce demand for air travel. If we are unable to stimulate demand for air travel with our low base fares or if we are unable to adjust rapidly in the event the basis of competition in our markets changes, it could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Our Business

If we fail to implement our business strategy successfully, our business will be materially adversely affected.

Our business strategy includes growth in our aircraft fleet, expansion of markets we serve by building out our MSP hub, growing our seat share at MSP and growing non-MSP point-to-point markets, increasing the seats in each aircraft, expanding our ancillary product offering and growing our charter service. When developing our route network, we focus on gaining market share on routes that have been underserved or are served primarily by higher cost airlines where we have a competitive cost advantage. Effectively implementing our growth strategy is critical for our business to achieve economies of scale and to sustain or increase our profitability. The COVID-19 pandemic adversely affected our growth plans and business strategy. We face numerous challenges in implementing our growth strategy, including our ability to:

- sustain our relatively low unit costs, continue to realize attractive revenue performance and maintain profitability; stimulate traffic with low fares;
- maintain an optimal level of aircraft utilization to execute our scheduled, cargo and charter operations;
- access airports located in our targeted geographic markets; and
- maintain operational performance necessary to complete all flights.

If we are unable to obtain and maintain access to a sufficient number of slots, gates or related ground facilities at desirable airports to accommodate our growing fleet, we may be unable to compete in desirable markets, our aircraft utilization rate could decrease, and we could suffer a material adverse effect on our business, results of operations and financial condition. There can be no assurances that we will be able to grow our business at MSP or in non-MSP markets as we anticipate, or at all.

Our growth is also dependent upon our ability to maintain a safe and secure operation and will require additional personnel, equipment and facilities as we induct new aircraft and continue to execute our growth plan. In addition, we will require additional third-party personnel for services we do not undertake ourselves. An inability to hire and retain personnel, especially in light of the CARES Act limitations, timely secure the required equipment and facilities in a cost-effective manner, efficiently operate our expanded facilities or obtain the necessary regulatory approvals may adversely affect our ability to achieve our growth strategy, which could harm our business. Furthermore, expansion to new markets may have other risks due to factors specific to those markets. We may be unable to foresee all of the existing risks upon entering certain new markets or respond adequately to these risks, and our growth strategy and our business may suffer as a result. In addition, our competitors may reduce their fares and/or offer special promotions following our entry into a new market and may also offer more attractive frequent flyer programs and/or access to marketing alliances with other airlines, which we do not currently offer. We cannot assure you that we will be able to profitably expand our existing markets or establish new markets.

The COVID-19 pandemic has materially disrupted our strategic operating and growth plans in the near-term, and there are risks to our business, operating results, liquidity and financial condition associated with executing our strategic operating and growth plans in the long-term.

The COVID-19 pandemic has materially disrupted our strategic operating and growth plans in the near-term, and there are risks to our business, operating results and financial condition associated with executing our

strategic operating and growth plans in the long-term. In developing our strategic operating and growth plans, we make certain assumptions, including, but not limited to, those related to customer demand, competition, market consolidation, the availability of aircraft and the global economy. Actual economic, market and other conditions have been and may continue to be different from our assumptions. In 2020, demand has been, and is expected to continue to be, significantly impacted by the COVID-19 pandemic, which has materially disrupted the timely execution of our strategic operating and growth plans, including plans to add capacity in 2020 and expand our routes, markets and number of aircraft. If we do not successfully execute or adjust our strategic operating and growth plans in the long-term, or if actual results continue to vary significantly from our prior assumptions or vary significantly from our future assumptions, our business, operating results and financial condition could be materially and adversely impacted.

The anticipated strategic and financial benefits of the ATSA may not be realized.

In December 2019, we entered into the ATSA with Amazon with the expectation that the transactions contemplated thereby would result in various benefits including, among others, growth in revenues, improved cash flows and operating efficiencies. Achieving the anticipated benefits from the ATSA is subject to a number of challenges and uncertainties, such as: unforeseen maintenance and other costs; our ability to hire pilots, crew and other personnel necessary to support our CMI services; interruptions in the operations under the ATSA as a result of unexpected or unforeseen events, whether as a result of factors within the Company's control or outside of the Company's control; and the level of operations and results of operations, including margins, under the ATSA being less than the Company's current expectations and projections. We have not historically had any significant cargo operations, nor have we had main deck cargo operations. Applying our existing business strategies to cargo operations may be costly, complex and time-consuming, and our management will have to devote substantial time and resources to such effort and it may not be successful. We may also experience difficulties or delays in securing ramp access and other airport services necessary to operate in the air cargo and express shipping sector. If we are unable to successfully implement our CMI services and achieve our objectives, the expected benefits may be only partially realized or not at all, or may take longer to realize than expected. There can be no assurances that the ATSA or our relationship with Amazon will benefit our financial condition or results of operations, and we will incur costs related to the relationship, including related to the 2019 Warrants, which could have a negative impact on our results of operations if not offset by benefits from the ATSA. In addition, if we fail to perform under the terms and conditions of the contract, we may be required to pay fees or penalties under the ATSA and, in certain cases, Amazon may have the right to terminate the agreement. Amazon may also terminate the ATSA for convenience, subject to certain notice requirements and payment of a termination fee. The ATSA is also subject to two, two-year extension options, which Amazon may choose not to exercise. Importantly, Amazon has not agreed to any minimum flying requirements under the ATSA and could choose not to fly significant volumes with us. If we do not achieve the benefits we expect from the ATSA, we could suffer from a material adverse effect on our financial condition and results of operations.

Our cargo business is concentrated with Amazon, and any decrease in volumes or increase in costs could have a material adverse effect on our business, operations, financial condition and brand.

Our cargo service is concentrated with Amazon and our business is impacted by economic and business preferences of Amazon and its customers. The ATSA does not require a minimum amount of flying and therefore our cargo business would decrease if Amazon's use of our cargo services decreases, which would materially adversely affect our business, results of operations, and prospects.

In addition, the profitability of the ATSA is dependent on our ability to manage costs. Our projections of operating costs, crew productivity and maintenance expenses contain key assumptions, including flight hours, aircraft reliability, crewmember productivity, compensation and benefits and maintenance costs. If actual costs are higher than projected or aircraft reliability is less than expected, or aircraft become damaged and are out of revenue service for repair, the profitability of the ATSA and future operating results may be negatively impacted. We rely on flight crews that are unionized. If collective bargaining agreements increase our costs and we cannot

recover such increases, our operating results would be negatively impacted. It may be necessary for us to terminate certain customer contracts or curtail planned growth.

The ATSA contains monthly incentive payments for reaching specific on-time arrival performance thresholds. Additionally, there are monetary penalties for on-time arrival performance below certain thresholds. As a result, our operating revenues may vary from period to period depending on the achievement of monthly incentives or the imposition of penalties. Further, we could be found in default of an agreement if it does not maintain minimum thresholds over an extended period of time. If we are placed in default due to the failure to maintain reliability thresholds, Amazon may elect to terminate all or part of the services we provide after a cure period and pursue those rights and remedies available to it at law or in equity, in which case the 2019 Warrants would remain outstanding.

Our low-cost structure is one of our primary competitive advantages, and many factors could affect our ability to control our costs.

Our low-cost structure is one of our primary competitive advantages. However, we have limited control over many of our costs. For example, we have limited control over the price and availability of aircraft fuel, aviation insurance, the acquisition and cost of aircraft, airport and related infrastructure costs, taxes, the cost of meeting changing regulatory requirements, the cost of capable talent at market wages and our cost to access capital or financing. In addition, the compensation and benefit costs applicable to a significant portion of our employees are established by the terms of collective bargaining agreements, substantially all of which are currently open and are being negotiated. See “—*Increased labor costs, union disputes, employee strikes and other labor-related disruption may adversely affect our business, results of operations and financial condition.*” We cannot guarantee we will be able to maintain our relatively low costs. If our cost structure increases and we are no longer able to maintain a competitive cost structure, it could have a material adverse effect on our business, results of operations and financial condition.

Our business is significantly tied to and consolidated in our main hub in Minneapolis-St. Paul, and any decrease in traffic in this hub could have a material adverse effect on our business, operations, financial condition and brand.

Our service is concentrated around our hub in MSP and our business is impacted by economic and geophysical factors of this region. We maintain a large presence in MSP with approximately 90.5% of 2020 capacity, as measured by ASMs, having MSP as either their origin or destination. Flight operations in Minneapolis can face extreme weather challenges in all seasons but especially in the winter which at times has resulted in severe disruptions in our operation and the incurrence of material costs as a consequence of such disruptions. Our business could be further harmed by an increase in the amount of direct competition we face in the Minneapolis market or by continued or increased congestion, delays or cancellations. For instance, MSP is also a significant hub for Delta Air Lines. If Delta Air Lines or another legacy network airline were to successfully develop low-cost or low-fare products or if we were to experience increased competition from LCCs or ULCCs in the Minneapolis market, our business, results of operations and prospects could be materially adversely affected.

Our business would also be negatively impacted by any circumstances causing a reduction in demand for air transportation in the Minneapolis area, such as adverse changes in local economic conditions, health concerns, adverse weather conditions, negative public perception of Minneapolis, riots, social unrest, terrorist attacks or significant price or tax increases linked to increases in airport access costs and fees imposed on passengers.

We have third-party vendors that support our MSP operations and we cannot guarantee that these vendors will operate to our expectations. We currently operate out of Terminal 2 at MSP. Our access to use our existing gates and other facilities in Terminal 2 is not guaranteed. We cannot assure you that our continued use of our facilities at MSP will occur on acceptable terms with respect to operations and cost of operations, or at all, or that our ongoing use of these facilities will not include additional or increased fees.

Our reputation and business could be adversely affected in the event of an accident or similar public incident involving our aircraft or personnel.

We are exposed to potential significant losses and adverse publicity in the event that any of our aircraft or personnel is involved in an accident, terrorist incident or other similar public incident, which could expose us to significant reputational harm and potential legal liability. In addition, we could face significant costs related to repairs or replacement of a damaged aircraft and its temporary or permanent loss from service. Furthermore, our customers, including Amazon, may choose not to use us for their needs following such an incident. We cannot assure you that we will not be affected by such events or that the amount of our insurance coverage will be adequate in the event such circumstances arise and any such event could cause a substantial increase in our insurance premiums. In addition, any future accident or similar incident involving our aircraft or personnel, even if fully covered by insurance or even if it does not involve our airline, may create an adverse public perception about our airline or that the equipment we fly is less safe or reliable than other transportation alternatives, or, in the case of our aircraft, could cause us to perform time-consuming and costly inspections on our aircraft or engines, any of which could have a material adverse effect on our business, results of operations and financial condition.

In addition, any accident involving the Boeing 737-NG or an aircraft similar to the Boeing 737-NG that we operate could result in the curtailment of such aircraft by aviation regulators, manufacturers and other airlines and could create a negative public perception about the safety of our aircraft, any of which could have a material adverse effect on our business, results of operations and financial condition. For example, in 2019, certain global aviation regulators and airlines grounded the Boeing 737 MAX in response to accidents involving aircraft flown by Lion Air and Ethiopian Airlines. In addition, following a 2018 accident involving the failure of a turbofan on a 737-700 aircraft, the National Transportation Safety Board, or NTSB, has recommended that regulators require Boeing to redesign the engine cowl on 737-NG aircraft and retrofit in service 737-NG aircraft with the redesigned cowl. We cannot predict when the FAA will respond to the NTSB recommendations and if it will require us to replace the engine cowls in our aircraft, which may be time-consuming and costly. The resolution of this matter or similar matters in the future could have an impact on our results of operations, financial condition, business and prospects.

Unauthorized breach of our information technology infrastructure could compromise the personally identifiable information of our passengers, prospective passengers or personnel and expose us to liability, damage our reputation and have a material adverse effect on our business, results of operations and financial condition.

In the processing of our customer transactions and as part of our ordinary business operations, we and certain of our third-party providers collect, process, transmit and store a large volume of personally identifiable information, including email addresses and home addresses and financial data such as credit and debit card information. This data is increasingly subject to legislation and regulation, such as the Fair Accurate Credit Transparency Act, Payment Card Industry legislation, the California Consumer Privacy Act and the European Union's General Data Protection Regulation typically intended to protect the privacy of personal data that is collected, processed, stored and transmitted. The security of the systems and network where we and our third-party providers store this data is a critical element of our business, and these systems and our network may be vulnerable to theft, loss, damage and interruption from a number of potential sources and events, including computer viruses, hackers, denial-of-service attacks, employee theft or misuse, natural or man-made disasters, telecommunications failures, power loss and other disruptive sources and events. As the cyber-threat landscape evolves, attacks are growing in frequency, sophistication and intensity, and are becoming increasingly difficult to detect. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber attacks. Attacks may be targeted at us, our customers (including the U.S. Department of Defense) and our providers, including air navigation service providers, or others who have entrusted us with information, including regulators such as the U.S. Department of Defense, FAA and DOT. In addition, attacks not targeted at us, but targeted solely at providers, may cause disruption to our computer systems or a breach of the data that we

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maintain on customers, employees, providers and others. Recently, several high profile consumer-oriented companies have experienced significant data breaches, which have caused those companies to suffer substantial financial and reputational harm. We cannot assure you that the precautions we have taken to avoid an unauthorized incursion of our computer systems are either adequate or implemented properly to prevent a data breach and its adverse financial and reputational consequences to our business. The compromise of our technology systems resulting in the loss, disclosure, misappropriation of or access to the personally identifiable information of our passengers, prospective passengers or personnel could result in governmental investigation, civil liability or regulatory penalties under laws protecting the privacy of personal information, and our reputation could be harmed, any or all of which could disrupt our operations and have a material adverse effect on our business, results of operations and financial condition.

Additionally, any material failure by us or our third-party providers to maintain compliance with the Payment Card Industry security requirements or to rectify a data security issue may result in fines and restrictions on our ability to accept credit and debit cards as a form of payment. Actual or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants, or costs incurred in connection with the notifications to customers, employees, providers or the general public as part of our notification obligations to the various governments that govern our business. In addition, data and security breaches can also occur as a result of non-technical issues, including breaches by us or by persons with whom we have commercial relationships that result in the unauthorized release of personal or confidential information.

We are subject to increasing legislative, regulatory and customer focus on privacy issues and data security in the United States and abroad. In addition, a number of our commercial partners, including credit card companies, have imposed data security standards on us, and these standards continue to evolve. We will continue our efforts to meet our privacy and data security obligations; however, it is possible that certain new obligations may be difficult to meet and could increase our costs. Additionally, we must manage evolving cybersecurity risks. The loss, disclosure, misappropriation of or access to the information of our customers, personnel or business partners or any failure by us to meet our obligations could result in legal claims or proceedings, liability or regulatory penalties.

We rely on third-party providers and other commercial partners to perform functions integral to our operations.

We have entered into agreements with third-party providers to furnish certain facilities and services required for our operations, including ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities as well as administrative and support services. We are likely to enter into similar service agreements in new markets we decide to enter, and we cannot assure you that we will be able to obtain the necessary services at acceptable rates.

Although we seek to monitor the performance of third parties that furnish certain facilities or provide us with our ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities, the efficiency, timeliness and quality of contract performance by third-party providers are often beyond our control, and any failure by our third-party providers to perform up to our expectations may have an adverse impact on our business, reputation with customers, our brand and our operations. These service agreements are generally subject to termination after notice by the third-party providers. In addition, we could experience a significant business disruption if we were to change vendors or if an existing provider ceased to be able to serve us. We expect to be dependent on such third-party arrangements for the foreseeable future.

We rely on third-party distribution channels to distribute a portion of our airline tickets.

We rely on third-party distribution channels, including those provided by or through global distribution systems, or GDSs, conventional travel agents and online travel agents, or OTAs, to distribute a significant

portion of our airline tickets, and we expect in the future to rely on these channels to also collect a portion of our ancillary revenues. These distribution channels are more expensive and at present have less functionality in respect of ancillary revenues than those we operate ourselves, such as our website. Certain of these distribution channels also effectively restrict the manner in which we distribute our products generally. To remain competitive, we will need to successfully manage our distribution costs and rights, and improve the functionality of third-party distribution channels, while maintaining an industry-competitive cost structure. Negotiations with key GDSs and OTAs designed to manage our costs, increase our distribution flexibility, and improve functionality could be contentious, could result in diminished or less favorable distribution of our tickets, and may not provide the functionality we require to maximize ancillary revenues. In addition, in the last several years there has been significant consolidation among GDSs and OTAs. This consolidation and any further consolidation could affect our ability to manage our distribution costs due to a reduction in competition or other industry factors. Any inability to manage such costs, rights and functionality at a competitive level or any material diminishment in the distribution of our tickets could have a material adverse effect on our competitive position and our results of operations. Moreover, our ability to compete in the markets we serve may be threatened by changes in technology or other factors that may make our existing third-party sales channels impractical, uncompetitive or obsolete.

We rely heavily on technology and automated systems to operate our business, and any disruptions or failure of these technologies or systems or any failure on our part to implement any new technologies or systems could materially adversely affect our business.

We are highly dependent on technology and computer systems and networks to operate our business. These technologies and systems include our computerized airline reservation system provided by *Navitaire*, a unit of Amadeus, flight operations systems, telecommunications systems, mobile phone application, airline website and maintenance systems. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information. Our reservations system, which is hosted and maintained under a long-term contract by a third-party provider, is critical to our ability to issue, track and accept electronic tickets, conduct check-in, board and manage our passengers through the airports we serve and provide us with access to GDSs, which enlarge our pool of potential passengers. There are many instances in the past where a reservations system malfunctioned, whether due to the fault of the system provider or the airline, with a highly adverse effect on the airline's operations, and such a malfunction has in the past and could in the future occur on our system, or in connection with any system upgrade or migration in the future. We also rely on third-party providers to maintain our flight operations systems, and if those systems are not functioning, we could experience service disruptions, which could result in the loss of important data, increase our expenses, decrease our operational performance and temporarily stall our operations.

Any failure of the technologies and systems we use could materially adversely affect our business. In particular, if our reservation system fails or experiences interruptions, and we are unable to book seats for a period of time, we could lose a significant amount of revenue as customers book seats on other airlines, and our reputation could be harmed. In addition, replacement technologies and systems for any service we currently utilize that experiences failures or interruptions may not be readily available on a timely basis, at competitive rates or at all. Furthermore, our current technologies and systems are heavily integrated with our day-to-day operations and any transition to a new technology or system could be complex and time-consuming. Our technologies and systems cannot be completely protected against events that are beyond our control, including natural disasters, cyber attacks or telecommunications failures. Substantial or sustained disruptions or system failures could cause service delays or failures and result in our customers purchasing tickets from other airlines. We cannot assure you that any of our security measures, change control procedures or disaster recovery plans that we have implemented are adequate to prevent disruptions or failures. In the event that one or more of our primary technology or systems vendors fails to perform and a replacement system is not available or if we fail to implement a replacement system in a timely and efficient manner, our business could be materially adversely affected.

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In addition, in the ordinary course of business, our systems will continue to require modification and refinements to address growth and changing business requirements and to enable us to comply with changing regulatory requirements. Modifications and refinements to our systems have been and are expected to continue to be expensive to implement and can divert management's attention from other matters. Furthermore, our operations could be adversely affected, or we could face impositions of regulatory penalties, if we were unable to timely or effectively modify our systems as necessary or appropriately balance the introduction of new capabilities with the management of existing systems.

We may not be able to grow or maintain our unit revenues or maintain our ancillary revenues.

A key component of our strategy was establishing Sun Country as a premier high-growth, low-cost carrier in the United States by attracting customers with low fares and garnering repeat business by delivering a high-quality customer experience with additional free amenities than traditionally provided on ULCCs in the United States. We intend to continue to differentiate our brand and product in order to expand our loyal customer base and grow or maintain our unit revenues and maintain our ancillary revenues. Differentiating our brand and product has required and will continue to require significant investment, and we cannot assure you that the initiatives we have implemented will continue to be successful or that the initiatives we intend to implement will be successful. If we are unable to maintain or further differentiate our brand and product from LCCs or ULCCs, our market share could decline, which could have a material adverse effect on our business, results of operations and financial condition. We may also not be successful in leveraging our brand and product to stimulate new demand with low base fares or gain market share from the legacy network airlines.

In addition, our business strategy includes maintaining our portfolio of desirable, value-oriented, ancillary products and services. However, we cannot assure you that passengers will continue to perceive value in the ancillary products and services we currently offer and regulatory initiatives could adversely affect ancillary revenue opportunities. Failure to maintain our ancillary revenues would have a material adverse effect on our business, results of operations and financial condition. Furthermore, if we are unable to maintain our ancillary revenues, we may not be able to execute our strategy to continue to lower base fares in order to stimulate demand for air travel.

We operate a single aircraft type.

A critical cost-saving element of our business strategy is to operate a single-family aircraft fleet; however, our dependence on the Boeing 737-NG aircraft and CFM56 engines for all of our aircraft makes us vulnerable to any design defects or mechanical problems associated with this aircraft type or these engines. In the event of any actual or suspected design defects or mechanical problems with these family aircraft or engines, whether involving our aircraft or that of another airline, we may choose or be required to suspend or restrict the use of our aircraft. For example, several Boeing 737-NG aircraft have recently been grounded by other airlines after inspections revealed cracks in the "pickle forks," a component of the structure connecting the wings to the fuselages. Our business could also be materially adversely affected if the public avoids flying on our aircraft due to an adverse perception of the Boeing 737-NG aircraft or CFM56 engines, whether because of safety concerns or other problems, real or perceived, or in the event of an accident involving such aircraft or engines.

Increased labor costs, union disputes, employee strikes and other labor-related disruption may adversely affect our business, results of operations and financial condition.

Our business is labor intensive, with labor costs representing approximately 36.9%, 22.6% and 23.2% of our total operating costs for the years ended December 31, 2020, 2019 and 2018, respectively. As of December 31, 2020, approximately 52% of our workforce was represented by labor unions. We cannot assure you that our labor costs going forward will remain competitive or that any new agreements into which we enter will not have terms with higher labor costs or that the negotiations of such labor agreements will not result in any work stoppages. In addition, one or more of our competitors may significantly reduce their labor costs, thereby providing them with

a competitive advantage over us. New entrants to the market may not have unionized workforces and therefore may have substantially lower costs or better labor efficiencies. Furthermore, our labor costs may increase in connection with our growth, especially if we needed to hire more pilots in order to grow our cargo business. We cannot guarantee that our cargo business will grow and that hiring of additional pilots will be required. We may also become subject to additional collective bargaining agreements in the future as non-unionized workers may unionize.

Relations between air carriers and labor unions in the United States are governed by the Railway Labor Act, or the RLA. Under the RLA, collective bargaining agreements generally contain “amendable dates” rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the National Mediation Board, or the NMB. This process continues until either the parties have reached agreement on a new collective bargaining agreement, or the parties have been released to “self-help” by the NMB. In most circumstances, the RLA prohibits strikes; however, after release by the NMB, carriers and unions are free to engage in self-help measures such as lockouts and strikes.

On December 3, 2019 our dispatchers approved a new contract. The amendable date of the collective bargaining agreement is November 14, 2024. Our collective bargaining agreement with our flight attendants is currently amendable. Negotiations with the union representing this group commenced in November of 2019. By mutual consent, the negotiations were paused in March 2020 due to the COVID-19 pandemic. Our collective bargaining agreement with our pilots was amendable on October 31, 2020. Neither party chose to serve notice to the other party to make changes by the amendable date, therefore, the new amendable date is October 31, 2021, although the collective bargaining agreement provides for an “early open” 180 days in advance of such date. See also “*Business—Employees.*” The outcome of our collective bargaining negotiations cannot presently be determined and the terms and conditions of our future collective bargaining agreements may be affected by the results of collective bargaining negotiations at other airlines that may have a greater ability, due to larger scale, greater efficiency or other factors, to bear higher costs than we can. In addition, if we are unable to reach agreement with any of our unionized work groups in current or future negotiations regarding the terms of their collective bargaining agreements, we may be subject to work interruptions, stoppages or shortages. Any such action or other labor dispute with unionized employees could disrupt our operations, reduce our profitability or interfere with the ability of our management to focus on executing our business strategies. As a result, our business, results of operations and financial condition may be materially adversely affected based on the outcome of our negotiations with the unions representing our employees.

Changes in law, regulation and government policy have affected, and may in the future have a material adverse effect on our business.

Changes in, and uncertainty with respect to, law, regulation and government policy at the local, state or federal level have affected, and may in the future significantly impact, our business and the airline industry. For example, the Tax Cuts and Jobs Act, enacted on December 22, 2017, limits deductions for borrowers for net interest expense on debt. Changes to law, regulations or government policy that could have a material impact on us in the future include, but are not limited to, infrastructure renewal programs; changes to operating and maintenance requirements; foreign and domestic changes in customs, immigration and security policy and requirements that impede travel into or out of the United States; modifications to international trade policy, including withdrawing from trade agreements and imposing tariffs; changes to consumer protection laws; changes to public health policy; changes to financial legislation, including the partial or full repeal of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or Dodd-Frank Act; public company reporting requirements; environmental regulation and antitrust enforcement. Any such changes could make it more difficult and/or more expensive for us to obtain new aircraft or engines and parts to maintain existing aircraft or engines or make it less profitable or prevent us from flying to or from some of the destinations we currently serve.

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To the extent that any such changes have a negative impact on us or the airline industry, including as a result of related uncertainty, these changes may materially and adversely impact our business, financial condition, results of operations and cash flows.

We rely on efficient daily aircraft utilization to address peak demand days of the week and months of the year, which makes us vulnerable to flight delays, flight cancellations or aircraft unavailability during peak demand periods.

We aim to optimize our daily aircraft utilization rate by tailoring service to customer demand patterns, which are seasonal and vary by day of the week. Our average daily aircraft utilization was 5.1 hours, 9.6 hours and 9.7 hours for the years ended December 31, 2020, 2019 and 2018, respectively. Aircraft utilization is block hours divided by number of days in the period divided by average aircraft. Part of our business strategy is to efficiently deploy our aircraft, which is achieved in part by higher utilization during the most profitable seasonal periods and days of the week and more limited usage of less expensive aircraft during weak demand periods. During peak demand periods, we may utilize all of our aircraft, and in the event we experience delays and cancellations from various factors, many of which are beyond our control, including air traffic congestion at airports or other air traffic control problems or outages, adverse weather conditions, increased security measures or breaches in security, international or domestic conflicts, terrorist activity, or other changes in business conditions, because we do not have reaccommodation arrangements with other airlines like legacy network airlines do and cannot reaccommodate passengers on our aircraft because of our limited schedule, we may incur additional costs in completing customer journeys. Due to the relatively small size of our fleet and the limited and changing nature of our scheduled service and our point-to-point network, the unexpected unavailability of one or more aircraft and resulting reduced capacity could have a material adverse effect on our business, results of operations and financial condition. Additionally, we frequently use all of our freighters in support of our cargo business. In the event we experience a series of aircraft out of service, we would experience a decline in revenue and potentially customer satisfaction. Furthermore, in the event we are unable to procure aircraft at the price-point necessary to allow for lower utilization during weak demand periods, our costs will be higher and could have a material adverse effect on our business, results of operations and financial condition.

The cost of aircraft repairs and unexpected delays in the time required to complete aircraft maintenance could negatively affect our operating results.

We provide flight services throughout the world and could be operating in remote regions. Our aircraft may experience maintenance events in locations that do not have the necessary repair capabilities or are difficult to reach. As a result, we may incur additional expenses and lose billable revenues that we would have otherwise earned. Under certain customer agreements, we are required to provide a spare aircraft while scheduled maintenance is completed. If delays occur in the completion of aircraft maintenance, we may incur additional expense to provide airlift capacity and forgo revenues.

If we are unable to attract and retain qualified personnel at reasonable costs or fail to maintain our company culture, our business could be harmed.

Our business is labor intensive. We require large numbers of pilots, flight attendants, maintenance technicians and other personnel. We compete against other U.S. airlines for pilots, mechanics and other skilled labor and certain U.S. airlines offer wage and benefit packages exceeding ours. The airline industry has from time to time experienced a shortage of qualified personnel. In particular, as more pilots in the industry approach mandatory retirement age, the U.S. airline industry may be affected by a pilot shortage. We and other airlines may also face shortages of qualified aircraft mechanics and dispatchers. As is common with most of our competitors, we have faced considerable turnover of our employees. As a result of the foregoing, we may not be able to attract or retain qualified personnel or may be required to increase wages and/or benefits in order to do so. In addition, we may lose employees due to the impact of COVID-19 on aviation or as a result of restrictions imposed under the CARES Act. If we are unable to hire, train and retain qualified employees, our business could be harmed and we may be unable to implement our growth plans.

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In addition, as we hire more people and grow, we believe it may be increasingly challenging to continue to hire people who will maintain our company culture. Our company culture, which we believe is one of our competitive strengths, is important to providing dependable customer service and having a productive, accountable workforce that helps keep our costs low. As we continue to grow, we may be unable to identify, hire or retain enough people who meet the above criteria, including those in management or other key positions. Our company culture could otherwise be adversely affected by our growing operations and geographic diversity. If we fail to maintain the strength of our company culture, our competitive ability and our business, results of operations and financial condition could be harmed.

Our inability to expand or operate reliably or efficiently out of airports where we operate could have a material adverse effect on our business, results of operations and financial condition and brand.

Our results of operations may be affected by actions taken by governmental or other agencies or authorities having jurisdiction over our operations at these airports, including, but not limited to:

- increases in airport rates and charges;
- limitations on take-off and landing slots, airport gate capacity or other use of airport facilities;
- termination of our airport use agreements, some of which can be terminated by airport authorities with little notice to us;
- increases in airport capacity that could facilitate increased competition;
- international travel regulations such as customs and immigration;
- increases in taxes;
- changes in law, regulations and government policies that affect the services that can be offered by airlines, in general, and in particular markets and at particular airports;
- restrictions on competitive practices;
- changes in law or ordinances that increase minimum wages beyond regional norms;
- the adoption of statutes or regulations that impact or impose additional customer service standards and requirements, including operating and security standards and requirements; and
- the adoption of more restrictive locally imposed noise regulations or curfews.

Our business is highly dependent on the availability and cost of airport services at the airports where we operate. Any changes in airport operations could have a material adverse effect on our business, results of operations and financial condition.

It has only been a limited period since our current business and operating strategy has been implemented.

Following the implementation of our current business and operating strategy in late 2017 and our acquisition by the Apollo Funds in 2018, we recorded a net loss of approximately \$3.9 million, net income of approximately \$46.1 million, a net loss of approximately \$367 thousand and net income of approximately \$25.9 million for the years ended December 31, 2020 and 2019, the Successor 2018 period and the Predecessor 2018 period, respectively. We cannot assure you that we will be able to achieve or sustain profitability on a quarterly or an annual basis. If we generate losses in the future or are cash flow negative, the market price of our common stock may decline.

We are subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition.

We are subject to increasingly stringent federal, state, local and foreign laws, regulations and ordinances relating to the protection of the environment and noise, including those relating to emissions to the air (including air emissions associated with the operation of our aircraft), discharges (including storm water discharges) to surface and subsurface waters, safe drinking water and the use, management, disposal and release of, and exposure to, hazardous substances, oils and waste materials. We are or may be subject to new or amended laws and regulations that may have a direct effect (or indirect effect through our third-party providers, including the petroleum industry, or airport facilities at which we operate) on our operations. In addition, U.S. airport authorities are exploring ways to limit de-icing fluid discharges. Any such existing, future, new or potential laws and regulations could have an adverse impact on our business, results of operations and financial condition.

Similarly, we are subject to environmental laws and regulations that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under certain laws current and former owners or operators of facilities, as well as generators of waste materials disposed of at such facilities, can be subject to liability for investigation and remediation costs at facilities that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or compliance with applicable law when the disposal occurred or the amount of wastes directly attributable to us.

In addition, the ICAO and jurisdictions around the world have adopted noise regulations that require all aircraft to comply with noise level standards, and governmental authorities in several U.S. and foreign cities are considering or have already implemented aircraft noise reduction programs, including the imposition of overnight curfews and limitations on daytime take-offs and landings. Compliance with existing and future environmental laws and regulations, including emissions limitations and more restrictive or widespread noise regulations, that may be applicable to us could require significant expenditures, increase our cost base and have a material adverse effect on our business, results of operations and financial condition, and violations thereof can lead to significant fines and penalties, among other sanctions.

We participate with other airlines in fuel consortia and fuel committees at our airports where economically beneficial, which agreements generally include cost-sharing provisions and environmental indemnities that are generally joint and several among the participating airlines. Any costs (including remediation and spill response costs) incurred by such fuel consortia could also have an adverse impact on our business, results of operations and financial condition.

Our intellectual property rights, particularly our branding rights, are valuable, and any inability to protect them may adversely affect our business and financial results.

We consider our intellectual property rights, particularly our branding rights such as our trademarks applicable to our airline and Sun Country Rewards program, to be a significant and valuable aspect of our business. We aim to protect our intellectual property rights through a combination of trademark, copyright and other forms of legal protection, contractual agreements and policing of third-party misuses of our intellectual property, but cannot guarantee that such efforts will be successful. Our failure to obtain or adequately protect our intellectual property or any change in law that lessens or removes the current legal protections of our intellectual property may diminish our competitiveness and adversely affect our business and financial results. Any litigation or disputes regarding intellectual property may be costly and time-consuming and may divert the attention of our management and key personnel from our business operations, either of which may adversely affect our business and financial results.

Negative publicity regarding our customer service could have a material adverse effect on our business, results of operations and financial condition.

Our business strategy includes the differentiation of our brand and product from the other U.S. airlines, including LCCs and ULCCs, in order to increase customer loyalty and drive future ticket sales. We intend to accomplish this by continuing to offer passengers dependable customer service. However, in the past, we have experienced customer complaints related to, among other things, product and pricing changes related to our business strategy and customer service. In particular, we have generally experienced a higher volume of complaints when we implemented changes to our unbundling policies, such as charging for seats and baggage. These complaints, together with reports of lost baggage, delayed and cancelled flights, and other service issues, are reported to the public by the DOT. In addition, we could become subject to complaints about our booking practices. Finally, we have experienced a significant number of complaints, including letters from lawmakers and attorneys general, concerning non-refundable tickets during the COVID-19 pandemic. If we do not meet our customers' expectations with respect to reliability and service, our brand and product could be negatively impacted, which could result in customers deciding not to fly with us and adversely affect our business and reputation. We recently entered into agreements for bus service to transport passengers to our MSP hub. If these operators suffer a service problem, safety failure or accident, our brand would be negatively impacted.

Our reputation and brand could be harmed if we were to experience significant negative publicity, including through social media.

We operate in a public-facing industry with significant exposure to social media. Negative publicity, whether or not justified, can spread rapidly through social media. To the extent that we are unable to respond timely and appropriately to negative publicity, our reputation and brand can be harmed. Damage to our overall reputation and brand could have a negative impact on our financial results.

We are highly dependent upon our cash balances, operating cash flows and availability under our Credit Facilities.

As of December 31, 2020, our principal sources of liquidity were cash and equivalents of approximately \$62.0 million and availability under our asset-based revolving credit facility (the "ABL Facility") of approximately \$25.0 million. In addition, we had restricted cash of approximately \$8.3 million as of December 31, 2020. Restricted cash includes cash received as prepayment for chartered flights that is maintained in separate escrow accounts, from which the restrictions are released once transportation is provided. On February 10, 2021, we entered into the Credit Agreement, which provides for a \$25.0 million Revolving Credit Facility and a \$90.0 million Delayed Draw Term Loan Facility, and repaid in full all borrowings outstanding under the ABL Facility. Our Delayed Draw Term Loan Facility is available only to finance the acquisition of aircraft and engines and is not available for working capital or other general corporate purposes. We are and will continue to be dependent on our operating cash flows and cash balances to fund our operations, provide capital reserves and make scheduled payments on our aircraft-related fixed obligations. If our operating cash flows become insufficient to cover the entirety of our cash outflows, the Revolving Credit Facility may not be adequate to finance our operations. If we fail to generate sufficient funds from operations to meet our operating cash requirements or do not have access to availability under the Revolving Credit Facility, or other sources of borrowings or equity financing, we could default on our operating leases and fixed obligations. Our inability to meet our obligations as they become due would have a material adverse effect on our business, results of operations and financial condition.

Our liquidity would be adversely impacted, potentially materially, in the event one or more of our credit card processors were to impose holdback restrictions for payments due to us from credit card transactions.

We currently have agreements with organizations that process credit card transactions arising from purchases of air travel tickets by our customers. Credit card processors may have financial risk associated with tickets purchased for travel which can occur several weeks or months after the purchase. As of December 31,

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2020, we were not subject to any credit card holdbacks under our credit card processing agreements, although if we fail to meet certain liquidity and other financial covenants, our credit card processors have the right to hold back credit card remittances to cover our obligations to them. If our credit card processors were to impose holdback restrictions on us, the negative impact on our liquidity could be significant which could have a material adverse effect on our business, results of operations and financial condition.

Our ability to obtain financing or access capital markets may be limited.

We have significant obligations related to leases and debt financing for our aircraft fleet and may incur additional obligations as we grow our operations, and our current strategy is to rely on lessors or access to capital markets to provide financing for our aircraft acquisition needs. There are a number of factors that may affect our ability to raise financing or access the capital markets in the future, including our liquidity and credit status, our operating cash flows, market conditions in the airline industry, U.S. and global economic conditions, the general state of the capital markets and the financial position of the major providers of commercial aircraft financing. We cannot assure you that we will be able to source external financing for our planned aircraft acquisitions or for other significant capital needs, and if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected. To the extent we finance our activities with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations.

Our maintenance costs will fluctuate over time, we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet and obligations to the lessors and we could incur significant maintenance expenses outside of such maintenance schedules in the future.

We have substantial maintenance expense obligations, including with respect to our aircraft operating leases. Prior to an aircraft being returned in connection with an operating lease, we will incur costs to restore these aircraft to the condition required by the terms of the underlying operating leases. The amount and timing of these so-called “return conditions” costs can prove unpredictable due to uncertainty regarding the maintenance status of each particular aircraft at the time it is to be returned and it is not unusual for disagreements to ensue between the airline and the leasing company as to the required redelivery conditions on a given aircraft or engine.

Outside of scheduled maintenance, we incur from time to time unscheduled maintenance which is not forecast in our operating plan or financial forecasts, and which can impose material unplanned costs and the loss of flight equipment from revenue service for a significant period of time. For example, a single unplanned engine event can require a shop visit costing several million dollars and cause the engine to be out of service for a number of weeks.

Furthermore, the terms of our lease agreements require us to pay maintenance reserves to the lessor in advance of the performance of major maintenance, resulting in our recording significant prepaid deposits on our balance sheet, and there are restrictions on the extent to which such maintenance reserves are available for reimbursement. In addition, the terms of any lease agreements that we enter into in the future could also require maintenance reserves in excess of our current requirements. Any significant increase in maintenance and repair expenses would have a material adverse effect on our business, results of operations and financial condition. Please see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Aircraft Maintenance.*”

We have a significant amount of aircraft and other fixed obligations that could impair our liquidity and thereby harm our business, results of operations and financial condition.

The airline business is capital intensive. As of December 31, 2020, our 31 passenger aircraft fleet consisted of 12 aircraft financed under operating leases, 5 aircraft financed under finance leases and 14 aircraft financed under secured debt arrangements. As of December 31, 2020, we had future aircraft operating lease obligations of

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approximately \$163.4 million, future debt principal obligations of \$285.8 million and future finance lease obligations of approximately \$139.1 million. In 2021, based on our current aircraft leases and debt structure, we expect to incur obligations of \$42.0 million related to operating leases, \$26.9 million related to debt principal obligations and \$17.6 million related to finance lease obligations. Additionally, we made payments for maintenance reserves of \$20.7 million for 2020 and expect to make significant payments for maintenance reserves in the future. Our ability to pay the fixed costs associated with our contractual obligations will depend on our operating performance, cash flow, availability under the Revolving Credit Facility and our ability to secure adequate future financing, which will in turn depend on, among other things, the success of our current business strategy and our future financial and operating performance, competitive conditions, fuel price volatility, any significant weakening or improving in the U.S. economy, availability and cost of financing, as well as general economic and political conditions and other factors that are, to some extent, beyond our control. The amount of our aircraft-related fixed obligations could have a material adverse effect on our business, results of operations and financial condition and could:

- require a substantial portion of cash flow from operations be used for operating lease and maintenance deposit payments and interest expense, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to obtain additional financing to support our expansion plans and for working capital and other purposes on acceptable terms or at all;
- make it more difficult for us to pay our other obligations as they become due during adverse general economic and market industry conditions because any related decrease in revenues could cause us to not have sufficient cash flows from operations to make our scheduled payments;
- reduce our flexibility in planning for, or reacting to, changes in our business and the airline industry and, consequently, place us at a competitive disadvantage to our competitors with lower fixed payment obligations; and
- cause us to lose access to one or more aircraft and forfeit our maintenance and other deposits if we are unable to make our required aircraft lease rental payments and our lessors exercise their remedies under the lease agreement, including cross-default provisions in certain of our leases.

There can be no assurance that we will be able to obtain sufficient funds to enable us to repay or refinance our debt obligations on commercially reasonable terms, or at all. A failure to pay our operating lease, debt and other fixed cost obligations or a breach of our contractual obligations, including the Credit Agreement, could result in a variety of adverse consequences, including the exercise of remedies by our creditors and lessors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease payments or otherwise cover our fixed costs and our secured lenders could foreclose against the assets securing the indebtedness owing to them, which would have a material adverse effect on our business, results of operations and financial condition.

We depend on a sole-source supplier for the majority of our aircraft parts and any supply disruption could have a material adverse effect on our business.

We have entered into a contract with Delta Air Lines, Inc., or Delta, one of our competitors that is also the largest airline operating at MSP, for the vast majority of our aircraft parts. We are vulnerable to any problems associated with the performance of Delta's obligations to supply our aircraft parts, including design defects, mechanical problems and regulatory issues associated with engines and other parts. If Delta experiences a significant business challenge, disruption or failure due to issues such as financial difficulties or bankruptcy, regulatory or quality compliance issues, or other financial, legal, regulatory or reputational issues, ceases to produce our aircraft parts, is unable to effectively deliver our aircraft parts on timelines and at the prices we have negotiated, or terminates the contract, we would incur substantial transition costs and we would lose the cost benefits from our current arrangement with Delta, which would have a material adverse effect on our business, results of operations and financial condition.

Reduction in demand for air transportation, or governmental reduction or limitation of operating capacity, in the domestic United States, Mexico or Caribbean markets, or a reduction in demand for our charter or cargo operations, could harm our business, results of operations and financial condition.

A significant portion of our operations are conducted to and from the domestic United States, Mexico or Caribbean markets. Our business, results of operations and financial condition could be harmed if we lose our authority to fly to these markets, by any circumstances causing a reduction in demand for air transportation, or by governmental reduction or limitation of operating capacity, in these markets, such as adverse changes in local economic or political conditions, public health restrictions, including testing or vaccination requirements associated with COVID-19, negative public perception of these destinations, unfavorable weather conditions, public health concerns, civil unrest, violence or terrorist-related activities. Furthermore, our business could be harmed if jurisdictions that currently limit competition allow additional airlines to compete on routes we serve. In addition, a reduction in demand from our charter customers, including as a result of decreased U.S. Department of Defense troop movements or fewer sports events and related travel, or from Amazon under the ATSA could have a material and adverse effect on our business, results of operations and financial condition.

We are subject to extensive regulation by the FAA, the DOT, the TSA, CBP and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business, results of operations and financial condition.

Airlines are subject to extensive regulatory and legal compliance requirements, both domestically and internationally, that impose significant costs. In the last several years, Congress has passed laws and the FAA, DOT and TSA have issued regulations, orders, rulings and guidance relating to consumer protections and to the operation, safety, and security of airlines that have required significant expenditures. We expect to continue to incur expenses in connection with complying with such laws and government regulations, orders, rulings and guidance. Additional laws, regulations, taxes and increased airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce the demand for air travel. For example, the FAA Reauthorization Act of 2018 directed the FAA to issue rules establishing minimum dimensions for passenger seats, including seat pitch, width and length. If adopted, these measures could have the effect of raising ticket prices, reducing revenue, and increasing costs.

For example, the DOT has broad authority over airlines and their consumer and competitive practices, and has used this authority to issue numerous regulations and pursue enforcement actions, including rules and fines relating to the handling of lengthy tarmac delays, consumer notice requirements, consumer complaints, price and airline advertising, distribution, oversales and involuntary denied boarding process and compensation, ticket refunds, liability for loss, delay or damage to baggage, customer service commitments, contracts of carriage and the transportation of passengers with disabilities. Among these is the series of Enhanced Airline Passenger Protection rules issued by the DOT. In addition, the adoption of FAR Part 117 in 2014 modified required pilot rest periods and work hours and Congress has enacted a law and the FAA issued regulations requiring U.S. airline pilots to have a minimum number of hours as a pilot in order to qualify for an Air Transport Pilot certificate which all pilots on U.S. airlines must obtain. Furthermore, in October 2018, Congress passed the FAA Reauthorization Act of 2018, which extends FAA funds through fiscal year 2023. The legislation contains provisions which could have effects on our results of operations and financial condition. Among other provisions, the new law requires the DOT to clarify that, with respect to a passenger who is involuntarily denied boarding as a result of an oversold flight, there is no maximum level of compensation an air carrier may pay to such passenger and the compensation levels set forth in the regulations are the minimum levels of compensation an air carrier must pay to such a passenger, and to create new requirements for the treatment of disabled passengers. In addition it provides that the maximum civil penalty amount for damage to wheelchairs and other mobility aids or for injuring a disabled passenger may be trebled. The FAA must issue rules establishing minimum dimensions for passenger seats, including seat pitch, width and length. The FAA Reauthorization Act of 2018 also establishes new rest requirements for flight attendants and requires, within one year, that the FAA issue an order requiring installation of a secondary cockpit barrier on each new aircraft. The FAA Reauthorization Act of 2018 also

provides for several other new requirements and rulemakings related to airlines, including but not limited to: (i) prohibition on voice communication cell phone use during certain flights, (ii) insecticide use disclosures, (iii) new training policy best practices for training regarding racial, ethnic, and religious non-discrimination, (iv) training on human trafficking for certain staff, (v) departure gate stroller check-in, (vi) the protection of pets on airplanes and service animal standards, (vii) requirements to refund promptly to passengers any ancillary fees paid for services not received, (viii) consumer complaint process improvements, (ix) pregnant passenger assistance, (x) restrictions on the ability to deny a revenue passenger permission to board or involuntarily remove such passenger from the aircraft, (xi) minimum customer service standards for large ticket agents, (xii) information publishing requirements for widespread disruptions and passenger rights, (xiii) submission of plans pertaining to employee and contractor training consistent with the Airline Passengers with Disabilities Bill of Rights, (xiv) ensuring assistance for passengers with disabilities, (xv) flight attendant duty period limitations and rest requirements, including submission of a fatigue risk management plan, (xvi) submission of policy concerning passenger sexual misconduct and (xvii) development of Employee Assault Prevention and Response Plan related to the customer service agents. Furthermore, in September 2019, the FAA published an Advance Notice of Proposed Rulemaking regarding flight attendant duty period limitations and rest requirements. The DOT also published a Notice of Proposed Rulemaking in January 2020 regarding, for example, the accessibility features of lavatories and onboard wheelchair requirements on certain single-aisle aircraft with an FAA certificated maximum capacity of 125 seats or more, training flight attendants to proficiency on an annual basis to provide assistance in transporting qualified individuals with disabilities to and from the lavatory from the aircraft seat, and providing certain information on request to qualified individuals with a disability or persons inquiring on their behalf, on the carrier's website, and in printed or electronic form on the aircraft concerning the accessibility of aircraft lavatories. The DOT also recently published Final Rules regarding traveling by air with service animals and defining unfair or deceptive practices. The DOT also recently published a Final Rule clarifying that the maximum amount of denied boarding compensation that a carrier may provide to a passenger denied boarding involuntarily is not limited, prohibiting airlines from involuntarily denying boarding to a passenger after the passenger's boarding pass has been collected or scanned and the passenger has boarded (subject to safety and security exceptions), raising the liability limits for denied boarding compensation, and raising the liability limit for mishandled baggage in domestic air transportation. Failure to remain in full compliance with these rules may subject us to fines or other enforcement action. FAR Part 117 and the minimum pilot hour requirements may also reduce our ability to meet flight crew staffing requirements.

We cannot assure you that compliance with these and other laws, regulations, orders, rulings and guidance will not have a material adverse effect on our business, results of operations and financial condition.

Compliance with the laws, regulations, orders, rulings and guidance applicable to the airline industry may increase our costs, which could have a material adverse effect on our business. For example, if our current standards do not meet the FAA's rules regarding minimum dimensions for passenger seats, the number of seats on our aircraft would be reduced and our operating costs would increase.

In addition, the TSA imposes security procedures and requirements on U.S. airports and airlines serving U.S. airports, some of which are funded by a security fee imposed on passengers and collected by airlines, which impedes our ability to stimulate demand through low fares. We cannot forecast what additional security and safety requirements may be imposed in the future or the costs or revenue impact that would be associated with complying with such requirements.

Our ability to operate as an airline is dependent on our obtaining and maintaining authorizations issued to us by the DOT and the FAA. The FAA has the authority to issue mandatory orders relating to, among other things, operating aircraft, the grounding of aircraft, maintenance and inspection of aircraft, installation of new safety-related items, and removal and replacement of aircraft parts that have failed or may fail in the future. A decision by the FAA to ground, or require time-consuming inspections of or maintenance on, our aircraft, for any reason, could negatively affect our business, results of operations and financial condition. Federal law requires that air carriers operating scheduled service be continuously "fit, willing and able" to provide the services for which they are

licensed. Our “fitness” is monitored by the DOT, which considers managerial competence, operations, finances, and compliance record. In addition, under federal law, we must be a U.S. citizen (as determined under applicable law). Please see “*Business—Foreign Ownership.*” While the DOT has seldom revoked a carrier’s certification for lack of fitness, such an occurrence would render it impossible for us to continue operating as an airline. The DOT may also institute investigations or administrative proceedings against airlines for violations of regulations.

International routes are regulated by air transport agreements and related agreements between the United States and foreign governments. Our ability to operate international routes is subject to change because the applicable agreements between the United States and foreign governments may be amended from time to time. Our access to new international markets may be limited by the applicable air transport agreements between the United States and foreign governments and our ability to obtain the necessary authority from the United States and foreign governments to fly the international routes. In addition, our operations in foreign countries are subject to regulation by foreign governments and our business may be affected by changes in law and future actions taken by such governments, including granting or withdrawal of government approvals and airport slots and restrictions on competitive practices. We are subject to numerous foreign regulations in the countries outside the United States where we currently provide service. If we are not able to comply with this complex regulatory regime, our business could be significantly harmed. Please see “*Business—Government Regulation.*”

Our business could be materially adversely affected if we lose the services of our key personnel.

Our success depends to a significant extent upon the efforts and abilities of our senior management team and key financial and operating personnel. In particular, we depend on the services of our senior management team, particularly Jude Bricker, our Chief Executive Officer, and Dave Davis, our President and Chief Financial Officer. The CARES Act places limitations on pay for these key positions. Competition for highly qualified personnel is intense, and the loss of any executive officer, senior manager, or other key employee without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect on our business, results of operations and financial condition. We do not maintain key-man life insurance on our management team.

The requirements of being a public company may strain our resources, divert management’s attention and affect our ability to attract and retain qualified board members or executive officers.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements and maintaining liability insurance for our directors and officers, which have increased in recent years. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, the Dodd-Frank Act, related rules implemented or to be implemented by the Securities and Exchange Commission, or the SEC, and Nasdaq’s listing rules. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations could also make it more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or our board committees or as our executive officers and may divert management’s attention. Furthermore, if we are unable to satisfy our obligations as a public company, our common stock could be delisted, and we could be subject to fines, sanctions and other regulatory action and potentially civil litigation.

Our quarterly results of operations fluctuate due to a number of factors, including seasonality.

We expect our quarterly results of operations to continue to fluctuate due to a number of factors, including our seasonal operations, competitive responses in key locations or routes, price changes in aircraft fuel and the

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timing and amount of maintenance expenses. As a result of these and other factors, quarter-to-quarter comparisons of our results of operations and month-to-month comparisons of our key operating statistics may not be reliable indicators of our future performance. Seasonality may cause our quarterly and monthly results to fluctuate since historically our passengers tend to fly more during the winter months and less in the summer and fall months. We cannot assure you that we will find profitable markets in which to operate during the off-peak season. Lower demand for air travel during the fall and other off-peak months could have a material adverse effect on our business, results of operations and financial condition.

We may not realize any or all of our estimated cost savings, which would have a negative effect on our results of operations.

As part of our business strategy, we expect to implement certain operational improvements and cost savings initiatives. Any cost savings that we realize from such efforts may differ materially from our estimates. The estimates contained herein are the current estimates of the Company, but they involve risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such estimates. In addition, any cost savings that we realize may be offset, in whole or in part, by reductions in revenues, or through increases in other expenses. Any one-time costs incurred to achieve our cost savings going forward may be more than we expect and, to achieve additional cost savings, we may need to incur additional one-time costs. Our operational improvements and cost savings plans are subject to numerous risks and uncertainties that may change at any time. We cannot assure you that our initiatives will be completed as anticipated or that the benefits we expect will be achieved on a timely basis or at all. The future performance of the Company may differ significantly from the anticipated performance of the Company set forth herein.

We may become involved in litigation that may materially adversely affect us.

From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including commercial, employment, class action, whistleblower, patent, product liability and other litigation and claims, and governmental and other regulatory investigations and proceedings. In particular, in recent years, there has been significant litigation in the United States and abroad involving airline consumer complaints. We have in the past faced, and may face in the future, claims by third parties that we have violated a passenger's rights. Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability and/or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Our Indebtedness

The Credit Agreement contains restrictions that limit our flexibility.

The Credit Agreement contains, and any future indebtedness of ours could also contain, a number of covenants that impose significant operating and financial restrictions on us, including restrictions on our and our subsidiaries' ability to, among other things:

- incur additional debt, guarantee indebtedness, or issue certain preferred equity interests;
- pay dividends on or make distributions in respect of, or repurchase or redeem, our capital stock, or make other restricted payments;
- prepay, redeem, or repurchase certain debt;
- make loans or certain investments;

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- sell certain assets;
- create liens on certain assets;
- consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates;
- alter the businesses we conduct;
- enter into agreements restricting our subsidiaries' ability to pay dividends; and
- designate our subsidiaries as unrestricted subsidiaries.

As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. These restrictive covenants may limit our ability to engage in activities that may be in our long-term best interest. The failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of a substantial amount of our indebtedness.

Our Delayed Draw Term Loan Facility is available solely to finance the acquisition of aircraft and engines and is not available for working capital or other general corporate purposes. As a result, only the \$25.0 million Revolving Credit Facility portion of the Credit Facilities may be available for general corporate purposes and as a general source of liquidity.

We are subject to certain restrictions on our business as a result of our participation in governmental programs under the CARES Act and we may be subject to similar or other restrictions pursuant to future governmental programs.

Under the Payroll Support Program, Treasury provided us an aggregate of \$62.3 million in Payroll Support Payments from April 21, 2020 to October 1, 2020 and an additional \$16.1 million Payroll Support Payment on February 2, 2021, and we expect to receive an additional \$16.1 million by the end of March 2021. Additionally, on October 26, 2020, we entered into the CARES Act Loan Agreement with Treasury under the aviation direct loan program of the CARES Act. Pursuant to the CARES Act Loan Agreement, Treasury agreed to extend loans to us in an aggregate principal amount of \$45.0 million, subject to specified terms, which is due to be repaid on the earlier of (i) October 24, 2025 or (ii) six months prior to the expiration date of any material loyalty program securing the loan. See Notes 3 and 8 to our audited consolidated financial statements included herein for more information.

In accordance with any grants and/or loans received under the CARES Act, we are required to comply with the relevant provisions of the CARES Act and the related implementing agreements which, among other things, include the following: the requirement to use the Payroll Support Payments exclusively for the continuation of payment of crewmember and employee wages, salaries and benefits; the requirement that certain levels of commercial air service be maintained until March 1, 2021, or if ordered by the DOT, March 1, 2022; the prohibitions on share repurchases of listed securities and the payment of common stock (or equivalent) dividends until the later of March 31, 2022 and one year following repayment of the CARES Act Loan; and restrictions on the payment of certain executive compensation until the later of October 1, 2022 and one year following repayment of the CARES Act Loan. We intend to use a portion of the proceeds from this offering to repay in full all amounts outstanding under the CARES Act Loan.

The substance and duration of restrictions to which we are subject under the grants and/or loans under the CARES Act, including, but not limited to, those outlined above, will materially affect our operations, and we may not be successful in managing these impacts. Further, these restrictions could limit our ability to take actions that we otherwise might have determined to be in the best interests of our company and our stockholders. In particular, limitations on executive compensation may impact our ability to retain senior management or other key employees during this critical time.

We cannot predict whether the assistance under any of these programs will be adequate to support our business for the duration of the COVID-19 pandemic or whether additional assistance will be required or available in the future. Future governmental programs in which we participate may include similar or other restrictions on the operation of our business. There can be no assurances that additional grants will be available or that we will qualify for future programs.

Risks Related to this Offering and Ownership of Our Common Stock

Our stock price may fluctuate significantly and purchasers of our common stock could incur substantial losses.

The market price of our common stock could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our common stock, you could lose a substantial part or all of your investment in our common stock. The following factors could affect our stock price:

- our operating and financial performance and prospects;
- quarterly variations in the rate of growth (if any) of our financial or operational indicators, such as earnings per share, net income, revenues, Adjusted Net Income, Adjusted EBITDAR and Adjusted CASM;
- the public reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by our competitors;
- changes in operating performance and the stock market valuations of other companies;
- announcements related to litigation;
- our failure to meet revenue or earnings estimates made by research analysts or other investors;
- changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- speculation in the press or investment community;
- sales of our common stock by us or our stockholders, or the perception that such sales may occur;
- changes in accounting principles, policies, guidance, interpretations, or standards;
- additions or departures of key management personnel;
- actions by our stockholders;
- general economic and market conditions;
- the COVID-19 pandemic and its effects;
- domestic and international economic, legal and regulatory factors unrelated to our performance;
- material weakness in our internal control over financial reporting; and
- the realization of any risks described under this “*Risk Factors*” section, or other risks that may materialize in the future.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company’s securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management’s attention and resources and harm our business, financial condition, and results of operations.

We are an “emerging growth company,” and will be able take advantage of reduced disclosure requirements applicable to “emerging growth companies,” which could make our common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act, and, for as long as we continue to be an “emerging growth company,” we intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies but not to “emerging growth companies.” These exemptions include not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an “emerging growth company” until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1.07 billion, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, (iii) the last day of our fiscal year following the fifth anniversary of the date of this offering, and (iv) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three-year period. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and our stock price may decline or become more volatile and it may be difficult for us to raise additional capital if and when we need it.

We will incur significant costs and devote substantial management time as a result of operating as a public company, particularly after we are no longer an “emerging growth company.”

As a public company, we will continue to incur significant legal, accounting and other expenses. For example, we will be required to comply with the requirements of Section 404(a) of the Sarbanes-Oxley Act and the Dodd-Frank Act, as well as rules and regulations subsequently implemented by the SEC and heightened auditing standards, and Nasdaq, our stock exchange, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. The rules governing management’s assessment of our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to continue incurring significant expenses and devote substantial management effort toward ensuring compliance with the requirements of the Sarbanes-Oxley Act. In that regard, we may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. Furthermore, if we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our consolidated financial statements and fail in meeting our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from Nasdaq, regulatory investigations, civil or criminal sanctions and litigation, any of which would have a material and adverse effect on our business, results of operations and financial condition.

However, for as long as we remain an “emerging growth company” as defined in the JOBS Act, we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

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Under the JOBS Act, “emerging growth companies” can delay adopting new or revised accounting standards until such time as those standards apply to private companies.

After we are no longer an “emerging growth company,” we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act.

We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing and materiality of such costs.

We are continuing to improve our internal control over financial reporting.

Our independent registered public accounting firm is not required to audit the effectiveness of our internal control over financial reporting until after we are no longer an “emerging growth company,” as defined in the JOBS Act, which at the latest would be the end of the fiscal year following the fifth anniversary of this offering. At such time, our internal control over financial reporting may be insufficiently documented, designed or operating, which may cause our independent registered public accounting firm to issue a report that is adverse.

Our certificate of incorporation and bylaws include provisions limiting ownership and voting by non-U.S. citizens.

To comply with restrictions imposed by federal law on foreign ownership and control of U.S. airlines, our certificate of incorporation and bylaws will restrict ownership and control of shares of our common stock by non-U.S. citizens. The restrictions imposed by federal law and DOT policy require that we be owned and controlled by U.S. citizens, that no more than 25% of our voting stock be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens, as defined in 49 U.S.C. § 40102(a)(15), that no more than 49% of our stock be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens and are from countries that have entered into “open skies” air transport agreements with the United States, that our president and at least two-thirds of the members of our board of directors and other managing officers be U.S. citizens and that we be under the actual control of U.S. citizens. Our certificate of incorporation and bylaws will provide that the failure of non-U.S. citizens to register their shares on a separate stock record, which we refer to as the “foreign stock record,” would result in a loss of their voting rights in the event and to the extent that the aggregate foreign ownership of the outstanding common stock exceeds the foreign ownership restrictions imposed by federal law. Our bylaws will further provide that no shares of our common stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. If it is determined that the amount registered in the foreign stock record exceeds the foreign ownership restrictions imposed by federal law, shares will be removed from the foreign stock record, resulting in the loss of voting rights, in reverse chronological order based on the date of registration therein, until the number of shares registered therein does not exceed the foreign ownership restrictions imposed by federal law.

In addition, only U.S. citizens may purchase shares in this offering. By participating in this offering, you will be deemed to represent that you are a citizen of the United States, as defined in 49 U.S.C. § 40102(a)(15). The restrictions on ownership and control of shares of our common stock could materially limit your ability to resell any shares you purchase in this offering and could adversely impact the price that investors might be willing to pay in the future for shares of our common stock.

We continue to be controlled by the Apollo Stockholder, and Apollo’s interests may conflict with our interests and the interests of other stockholders.

Following this offering, the Apollo Stockholder will beneficially own approximately % of the voting power of our outstanding common equity (or approximately % if the underwriters exercise their option to

purchase additional shares in full). As a result, the Apollo Stockholder will have the power to elect a majority of our directors. Therefore, individuals affiliated with Apollo will have effective control over the outcome of votes on all matters requiring approval by our stockholders, including the election of directors, entering into significant corporate transactions such as mergers, tender offers, and the sale of all or substantially all of our assets and issuance of additional debt or equity. The interests of Apollo and its affiliates, including the Apollo Funds and the Apollo Stockholder, could conflict with or differ from our interests or the interests of our other stockholders. For example, the concentration of ownership held by the Apollo Stockholder could delay, defer, or prevent a change in control of our company or impede a merger, takeover, or other business combination which may otherwise be favorable for us. Additionally, Apollo and its affiliates are in the business of making investments in companies and may, from time to time, acquire and hold interests in or provide advice to businesses that compete directly or indirectly with us, or are suppliers or customers of ours. Apollo and its affiliates may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. Any such investment may increase the potential for the conflicts of interest discussed in this risk factor. So long as the Apollo Stockholder continues to directly or indirectly beneficially own a significant amount of our equity, even if such amount is less than 50%, the Apollo Stockholder will continue to be able to substantially influence or effectively control our ability to enter into corporate transactions. The Apollo Stockholder also has a right to nominate a number of directors comprising a percentage of our board of directors in accordance with Apollo and its affiliates' beneficial ownership of the voting power of our outstanding common stock (rounded up to the nearest whole number), except that if Apollo and its affiliates, including the Apollo Stockholder, beneficially own more than 50% of the voting power of our outstanding common stock, the Apollo Stockholder will have the right to nominate a majority of the directors.

We are a “controlled company” within the meaning of Nasdaq’s rules and, as a result, qualify for and intend to rely on exemptions from certain corporate governance requirements.

Following this offering, the Apollo Stockholder will continue to control a majority of the voting power of our outstanding voting stock and, as a result, we will be a controlled company within the meaning of Nasdaq’s corporate governance standards. Under Nasdaq rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors;
- the nominating and corporate governance committee be composed entirely of independent directors;
- the compensation committee be composed entirely of independent directors; and
- there be an annual performance evaluation of the nominating and corporate governance and compensation committees.

We intend to utilize these exemptions as long as we remain a controlled company. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

Our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium on their shares.

Provisions of our certificate of incorporation and bylaws may make it more difficult for, or prevent a third-party from, acquiring control of us without the approval of our board of directors. These provisions include:

- providing that our board of directors will be divided into three classes, with each class of directors serving staggered three-year terms;
- prohibiting cumulative voting in the election of directors;
- providing for the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of the Company entitled

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to vote thereon, voting together as a single class, if less than 50.1% of the voting power of our outstanding common stock is beneficially owned by Apollo and its affiliates, including the Apollo Stockholder;

- empowering only the board of directors to fill any vacancy on our board of directors (other than in respect of an Apollo Director or an Amazon Director, if any (each as defined below)), whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- authorizing the issuance of “blank check” preferred stock without any need for action by stockholders;
- prohibiting stockholders from acting by written consent if less than 50.1% of the voting power of our outstanding common stock is beneficially owned by Apollo and its affiliates, including the Apollo Stockholder;
- to the extent permitted by law, prohibiting stockholders from calling a special meeting of stockholders if less than 50.1% of the voting power of our outstanding common stock is beneficially owned by Apollo and its affiliates, including the Apollo Stockholder; and
- establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

Additionally, our certificate of incorporation provides that we are not governed by Section 203 of the Delaware General Corporation Law (the “DGCL”), which, in the absence of such provisions, would have imposed additional requirements regarding mergers and other business combinations. However, our certificate of incorporation will include a provision that restricts us from engaging in any business combination with an interested stockholder for three years following the date that person becomes an interested stockholder, but such restrictions shall not apply to any business combination between Apollo and any affiliate thereof or their direct and indirect transferees, on the one hand, and us, on the other, or certain other situations as described below in “*Description of Capital Stock—Certain Corporate Anti-takeover Provisions—Delaware Takeover Statute*”.

Any issuance by us of preferred stock could delay or prevent a change in control of us. Our board of directors will have the authority to cause us to issue, without any further vote or action by the stockholders, shares of preferred stock, par value \$0.01 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges, and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices, and liquidation preferences of such series. The issuance of shares of our preferred stock may have the effect of delaying, deferring or preventing a change in control without further action by the stockholders, even where stockholders are offered a premium for their shares.

In addition, as long as the Apollo Stockholder beneficially owns a majority of the voting power of our outstanding common stock, the Apollo Stockholder will be able to control all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation and certain corporate transactions. Our Stockholders Agreement will also require the approval of the Apollo Stockholder for certain important matters, including material acquisitions and dispositions other than certain transactions in the ordinary course of business, certain issuances of equity securities and incurrence of debt, and mergers, consolidations and transfers of all or substantially all of our assets, until the first time that Apollo and its affiliates, including the Apollo Stockholder, cease to beneficially own at least 25% of our common stock. See “*Description of Capital Stock—Certain Corporate Anti-takeover Provisions—Certain Matters that Require Consent of Our Stockholders*”.

Together, the provisions in our certificate of incorporation, bylaws and Stockholders Agreement and statutory provisions could make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our common stock. Furthermore, the existence of the foregoing provisions, as well as the significant common stock beneficially owned by the Apollo Stockholder and its right to nominate a specified number of directors in certain circumstances, could limit the price that investors might be willing to pay in the future for shares of our common

stock. They could also deter potential acquirers of us, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition. For a further discussion of these and other such anti-takeover provisions, see “*Description of Capital Stock—Certain Corporate Anti-takeover Provisions.*”

Our certificate of incorporation will provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or of our certificate of incorporation or our bylaws, or (iv) any action asserting a claim related to or involving the Company that is governed by the internal affairs doctrine; provided that the exclusive forum provisions will not apply to suits brought to enforce any liability or duty created by the Securities Act of 1933, as amended, or the Securities Act, or the Securities Exchange Act of 1934, as amended, or the Exchange Act, or to any claim for which the federal district courts of the United States have exclusive jurisdiction. Our certificate of incorporation further provides that the federal district courts of the United States shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any action, suit or proceeding asserting a cause of action arising under the Securities Act. We recognize that the forum selection clause in our certificate of incorporation may impose additional litigation costs on stockholders in pursuing any such claims, particularly if the stockholders do not reside in or near the State of Delaware. Additionally, the forum selection clause in our certificate of incorporation may limit our stockholders’ ability to bring a claim in a forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and employees even though an action, if successful, might benefit our stockholders. The Court of Chancery of the State of Delaware and the federal district courts of the United States may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and, to the fullest extent permitted by law, to have consented to the provisions of our certificate of incorporation described above. The choice of forum provision may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. However, the enforceability of similar forum provisions in other companies’ certificates of incorporation has been challenged in legal proceedings. If a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations.

Our certificate of incorporation will contain a provision renouncing our interest and expectancy in certain corporate opportunities.

Under our certificate of incorporation, none of Apollo, its affiliated funds, the portfolio companies owned by such funds, the Apollo Stockholder, any other affiliates of Apollo, Amazon or any of their respective officers, directors, principals, partners, members, managers, employees, agents or other representatives, will have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities, or lines of business in which we operate. In addition, our certificate of incorporation provides that, to the fullest extent permitted by law, no officer or director of ours who is also an officer, director, principal, partner, member,

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manager, employee, agent or other representative of Apollo, Amazon or their respective affiliates will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to Apollo, Amazon or their respective affiliates, instead of us, or does not communicate information regarding a corporate opportunity to us that the officer, director, employee, managing director, or other affiliate has directed to Apollo, Amazon or their respective affiliates and representatives. For instance, a director of our company who also serves as a director, officer, principal, partner, member, manager, employee, agent or other representative of Apollo or any of its portfolio companies, funds or other affiliates may pursue certain acquisitions or other opportunities that may be complementary to our business and, as a result, such acquisition or other opportunities may not be available to us. Upon consummation of this offering, our board of directors will consist of six members, _____ of whom will be Apollo Directors. For so long as Amazon holds the 2019 Warrants or any shares of common stock issued upon exercise of the 2019 Warrants and the ATSA remains in effect, Amazon will have the right to nominate a member or an observer to our board of directors. As of the date of this prospectus, Amazon has not exercised its right to nominate a member or an observer to our board of directors. These potential conflicts of interest could have a material and adverse effect on our business, financial condition, results of operations, or prospects if attractive corporate opportunities are allocated by Apollo to itself or its affiliated funds, the portfolio companies owned by such funds, the Apollo Stockholder or any other affiliates of Apollo instead of to us or allocated by Amazon to itself instead of to us. A description of our obligations related to corporate opportunities under our certificate of incorporation are more fully described in “*Description of Capital Stock—Corporate Opportunity.*”

We are a holding company and rely on dividends, distributions, and other payments, advances, and transfers of funds from our subsidiaries to meet our obligations.

We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers, including for payments in respect of our indebtedness, from our subsidiaries to meet our obligations. The agreements governing the indebtedness of our subsidiaries, including the CARES Act and the Credit Agreement, impose restrictions on our subsidiaries’ ability to pay dividends or other distributions to us. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.*” Each of our subsidiaries is a distinct legal entity, and under certain circumstances legal and contractual restrictions may limit our ability to obtain cash from them and we may be limited in our ability to cause any future joint ventures to distribute their earnings to us. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could also limit or impair their ability to pay dividends or other distributions to us.

Investors in this offering will experience immediate and substantial dilution.

Based on our as adjusted net tangible book value per share as of December 31, 2020 and an initial public offering price of \$ _____ per share, we expect that purchasers of our common stock in this offering will experience an immediate and substantial dilution of \$ _____ per share, or \$ _____ per share if the underwriters exercise their option to purchase additional shares in full, representing the difference between our as adjusted net tangible book value per share and the initial public offering price. This dilution is due in large part to earlier investors having paid substantially less than the initial public offering price when they purchased their shares. See “*Dilution.*”

Our future earnings and earnings per share, as reported under GAAP, could be adversely impacted by the warrants granted to Amazon. If Amazon exercises its right to acquire shares of our common stock pursuant to the 2019 Warrants, this will dilute the ownership interests of our then-existing stockholders and could adversely affect the market price of our common stock.

The warrants granted to Amazon increase the number of diluted shares reported, which has an effect on our fully diluted earnings per share. Further, the 2019 Warrants are presented as liabilities in our consolidated balance sheet and are subject to fair value measurement adjustments during the periods that they are outstanding. Accordingly, future fluctuations in the fair value of the 2019 Warrants could have a material adverse effect on

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our results of operations. In addition, the majority of the 2019 Warrants will vest incrementally based on aggregate global payments by Amazon to the Company or its affiliates pursuant to the ATSA, or in certain circumstances, including upon a change of control (as defined in the 2019 Warrant) or certain transfers of 30% or more of the voting power in the Company to a new person or group (other than this offering or any follow-on equity offering by the Company or the Apollo Stockholder pursuant to an effective registration statement so long as no person or group (within the meaning of the Exchange Act) acquires more than 50% of the voting power of the Company in such offering), immediately. If additional 2019 Warrants vest and Amazon exercises its right to acquire shares of our common stock pursuant to the 2019 Warrants, it will dilute the ownership interests of our then-existing stockholders and reduce our earnings per share. In addition, to the extent the common stock issued upon exercise of the 2019 Warrants is transferred to non-U.S. citizens, it will further limit the amount of our common stock that may be owned or controlled by other non-U.S. citizens. Furthermore, any sales in the public market of any common stock issuable upon the exercise of the 2019 Warrants could adversely affect prevailing market prices of our common stock.

You may be diluted by the future issuance of additional common stock or convertible securities in connection with our incentive plans, acquisitions or otherwise, which could adversely affect our stock price.

After the completion of this offering, we will have _____ shares of common stock authorized but unissued (assuming no exercise of the underwriters' option to purchase additional shares). Our certificate of incorporation will authorize us to issue these shares of common stock and options, rights, warrants and appreciation rights relating to common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. At the closing of this offering, we will have approximately _____ options outstanding, which are exercisable into approximately _____ shares of common stock, and the 2019 Warrants outstanding, which are exercisable for approximately _____ shares of common stock, subject to vesting requirements. Of the 2019 Warrants, approximately _____ % have vested and the remainder will vest incrementally based on aggregate global payments by Amazon to the Company or its affiliates pursuant to the ATSA. We have reserved approximately _____ shares for future grant under our Omnibus Incentive Plan. See "*Executive Compensation—Equity Compensation Plans—2021 Omnibus Incentive Plan.*" Any common stock that we issue, including under our Omnibus Incentive Plan or other equity incentive plans that we may adopt in the future, as well as under outstanding options or warrants would dilute the percentage ownership held by the investors who purchase common stock in this offering.

From time to time in the future, we may also issue additional shares of our common stock or securities convertible into common stock pursuant to a variety of transactions, including acquisitions. Our issuance of additional shares of our common stock or securities convertible into our common stock would dilute your ownership of us and the sale of a significant amount of such shares in the public market could adversely affect prevailing market prices of our common stock.

Future sales of our common stock in the public market, or the perception in the public market that such sales may occur, could reduce our stock price.

After the completion of this offering and the use of proceeds therefrom (assuming no exercise of the underwriters' option to purchase additional shares), we will have _____ shares of common stock outstanding, warrants to purchase _____ shares of common stock outstanding and options to purchase _____ shares of common stock outstanding. The number of outstanding shares of common stock includes _____ shares beneficially owned by the Apollo Stockholder and certain of our employees, which are "restricted securities," as defined under Rule 144 under the Securities Act, and eligible for sale in the public market subject to the requirements of Rule 144. We, the Apollo Stockholder and all of our executive officers and directors, who collectively hold substantially all of our issued and outstanding common stock, have agreed that, for a period of 180 days after the date of this prospectus, we and they will not, without the prior written consent of Barclays Capital Inc. and Morgan Stanley & Co. LLC on behalf of the underwriters, dispose of any shares of common stock or any securities convertible into or exchangeable for our common stock, subject to certain exceptions. See "*Underwriting*

(Conflict of Interest).” Following the expiration of the applicable lock-up period, all of the issued and outstanding shares of our common stock will be eligible for future sale, subject to the applicable volume, manner of sale, holding periods, and other limitations of Rule 144. Barclays Capital Inc. and Morgan Stanley & Co. LLC on behalf of the underwriters may, in their sole discretion, release all or any portion of the shares subject to lock-up agreements at any time and for any reason. In addition, the Apollo Stockholder, certain of our existing stockholders and Amazon have certain rights to require us to register the sale of common stock held by them including in connection with underwritten offerings. Sales of significant amounts of stock in the public market upon expiration of lock-up agreements, the perception that such sales may occur, or early release of any lock-up agreements, could adversely affect prevailing market prices of our common stock or make it more difficult for you to sell your shares of common stock at a time and price that you deem appropriate. See “*Shares Eligible for Future Sale*” for a discussion of the shares of common stock that may be sold into the public market in the future.

We will have broad discretion in the use of the net proceeds to us from this offering and may not use them effectively.

We will have broad discretion in the application of the net proceeds to us from this offering, including for the purposes described in the section entitled “*Use of Proceeds*,” and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Our management may not apply the net proceeds in ways that increase the value of your investment in our common stock. Investors will need to rely upon the judgment of our management with respect to the use of proceeds. Pending use, we may invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities, such as money market accounts, certificates of deposit, commercial paper and guaranteed obligations of the U.S. government that may not generate a high yield for our stockholders. If we do not use the net proceeds that we receive in this offering effectively, our business, financial condition, results of operations and prospects could be harmed, and the market price of our common stock could decline.

There has been no prior public market for our common stock and there can be no assurances that a viable public market for our common stock will develop or be sustained.

Prior to this offering, our common stock was not traded on any market. An active, liquid and orderly trading market for our common stock may not develop or be maintained after this offering. Active, liquid and orderly trading markets usually result in less price volatility and more efficiency in carrying out investors’ purchase and sale orders. We cannot predict the extent to which investor interest in our common stock will lead to the development of an active trading market on Nasdaq or otherwise or how liquid that market might become. The initial public offering price for the common stock will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. See “*Underwriting (Conflict of Interest)*.” If an active public market for our common stock does not develop, or is not sustained, it may be difficult for you to sell your shares at a price that is attractive to you or at all.

The initial public offering price of our common stock may not be indicative of the market price of our common stock after this offering.

The initial public offering price was determined by negotiations between us and representatives of the underwriters, based on numerous factors which we discuss in “*Underwriting (Conflict of Interest)*,” and may not be indicative of the market price of our common stock after this offering. If you purchase our common stock, you may not be able to resell those shares at or above the initial public offering price.

We do not anticipate paying dividends on our common stock in the foreseeable future.

We do not anticipate paying any dividends in the foreseeable future on our common stock. We intend to retain all future earnings for the operation and expansion of our business and the repayment of outstanding debt. The CARES Act and the Credit Agreement contain, and any future indebtedness likely will contain, restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability

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to pay dividends and make other restricted payments. As a result, capital appreciation, if any, of our common stock may be your major source of gain for the foreseeable future. While we may change this policy at some point in the future, we cannot assure you that we will make such a change. See “Dividend Policy.”

If securities or industry analysts do not publish research or reports about our business or publish negative reports, our stock price could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrades our common stock, publishes unfavorable research about our business or if our operating results do not meet their expectations, our stock price could decline.

We may issue preferred securities, the terms of which could adversely affect the voting power or value of our common stock.

Our certificate of incorporation will authorize us to issue, without the approval of our stockholders, one or more classes or series of preferred securities having such designations, preferences, limitations, and relative rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred securities could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred securities the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred securities could affect the residual value of the common stock.

We will be required to pay our pre-IPO stockholders for certain tax benefits, and the amounts of such payments could be material.

We will enter into an income tax receivable agreement with our pre-IPO stockholders that will provide for the payment by us to our pre-IPO stockholders of 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income tax that we and our subsidiaries actually realize for periods starting at least 12 months after the closing date of this offering as a result of the utilization of tax attributes existing at the time of this offering. These tax attributes include net operating loss carryforwards, deductions, tax basis and certain other tax attributes, in each case that relate to periods (or portions thereof) ending on or prior to the closing date of this offering.

We expect that the payments we make under the income tax receivable agreement could be material. Assuming no material changes in the relevant tax law, and that we and our subsidiaries earn sufficient income to realize the full tax benefits subject to the income tax receivable agreement, we expect that future payments under the income tax receivable agreement will aggregate to between \$ million and \$ million. Payments in accordance with the terms of the income tax receivable agreement could have an adverse effect on our liquidity and financial condition.

In addition, under some circumstances, including certain mergers, asset sales and other transactions constituting a “change of control” under the income tax receivable agreement or if we breach our obligations thereunder, the income tax receivable agreement will terminate and we will be required to make a payment equal to the present value of future payments under the income tax receivable agreement, which payment will be calculated based on certain assumptions, including those relating to our and our subsidiaries’ future taxable income. In these situations, our obligations under the income tax receivable agreement could have a material and adverse impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales or other “change of control” transactions.

To the extent that we are unable to make payments under the tax receivable agreement for any reason, such payments will be deferred and will accrue interest until paid, which could adversely affect our results of operations and could also affect our liquidity in periods in which such payments are made.

For additional information related to the income tax receivable agreement, see “*Certain Relationships and Related Party Transactions—Income Tax Receivable Agreement.*”

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, which involve risks and uncertainties. These forward-looking statements are generally identified by the use of forward-looking terminology, including the terms “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “likely,” “may,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “target,” “will,” “would” and, in each case, their negative or other various or comparable terminology. All statements other than statements of historical facts contained in this prospectus, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, objectives of management, and expected market growth are forward-looking statements. The forward-looking statements are contained principally in the sections entitled “*Prospectus Summary*,” “*Risk Factors*,” “*Use of Proceeds*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” and “*Business*” and include, among other things, statements relating to:

- our strategy, outlook and growth prospects;
- our operational and financial targets and dividend policy;
- general economic trends and trends in the industry and markets; and
- the competitive environment in which we operate.

These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Important factors that could cause our results to vary from expectations include, but are not limited to:

- the COVID-19 pandemic and its effects including related travel restrictions, social distancing measures and decreased demand for air travel;
- the impact of worldwide economic conditions;
- changes in our fuel cost;
- threatened or actual terrorist attacks, global instability and potential U.S. military actions or activities;
- the competitive environment in our industry;
- factors beyond our control, including air traffic congestion, weather, security measures, travel-related taxes and outbreak of disease;
- our presence in international markets;
- insurance costs;
- changes in restrictions on, or increased taxes applicable to charges for, ancillary products and services;
- air travel substitutes;
- our ability to implement our business strategy successfully;
- our ability to keep costs low;
- our reliance on the Minneapolis/St. Paul market;
- our reputation and business being adversely affected in the event of an emergency, accident or similar public incident involving our aircraft or personnel;
- our reliance on third-party providers and other commercial partners to perform functions integral to our operations;
- operational disruptions;
- our ability to grow or maintain our unit revenues or maintain our ancillary revenues;
- increased labor costs, union disputes, employee strikes and other labor-related disruptions;

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- governmental regulation;
- our inability to maintain an optimal daily aircraft utilization rate;
- our ability to attract and retain qualified personnel;
- our inability to expand or operate reliably and efficiently out of airports where we maintain a large presence;
- environmental and noise laws and regulations;
- negative publicity regarding our customer service;
- our liquidity and dependence on cash balances and operating cash flows;
- our ability to maintain our liquidity in the event one or more of our credit card processors were to impose holdback restrictions;
- our ability to obtain financing or access capital markets;
- aircraft-related fixed obligations that could impair our liquidity;
- our maintenance obligations;
- our sole-source supplier for our aircraft and engines;
- loss of key personnel; and
- other risk factors included under “*Risk Factors*” in this prospectus.

These forward-looking statements reflect our views with respect to future events as of the date of this prospectus and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this prospectus and, except as required by law, we undertake no obligation to update or review publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this prospectus. We anticipate that subsequent events and developments will cause our views to change. You should read this prospectus and the documents filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. Our forward-looking statements do not reflect the potential impact of any future acquisitions, merger, dispositions, joint ventures, or investments we may undertake. We qualify all of our forward-looking statements by these cautionary statements.

USE OF PROCEEDS

We expect to receive approximately \$ _____ million of net proceeds (based upon the assumed initial public offering price of \$ _____ per share, the midpoint of the range set forth on the cover page of this prospectus, and assuming no exercise of the underwriters' option to purchase additional shares) from the sale of the common stock offered by us, after deducting underwriting discounts and commissions. Assuming no exercise of the underwriters' option to purchase additional shares, each \$1.00 increase (decrease) in the public offering would increase (decrease) our net proceeds by approximately \$ _____ million. We estimate that the net proceeds to us, if the underwriters exercise their option to purchase the maximum number of additional shares of common stock from us, will be approximately \$ _____ million, after deducting underwriting discounts and commissions (based upon the assumed initial public offering price of \$ _____ per share, the midpoint of the range set forth on the cover page of this prospectus). In such case, each \$1.00 increase (decrease) in the public offering would increase (decrease) our net proceeds by approximately \$ _____ million.

We currently expect to use approximately \$ _____ million of the net proceeds to us from this offering to repay in full all amounts outstanding under the CARES Act Loan and approximately \$ _____ million of such proceeds to pay fees and expenses in connection with this offering, which include legal and accounting fees, SEC and FINRA registration fees, printing expenses, and other similar fees and expenses. We intend to use any remaining proceeds for general corporate purposes, which may include working capital purposes and implementing our growth strategies, including to grow our passenger fleet and convert our fleet to an owned model. Our management team will retain broad discretion to allocate the net proceeds of this offering. The precise amounts and timing of our use of any remaining net proceeds will depend upon market conditions, among other factors. Pending use, we may invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities.

As of December 31, 2020, approximately \$45.4 million was outstanding under the CARES Act Loan. The CARES Act Loan bears interest at a rate per annum equal to the LIBO rate as adjusted under the CARES Act Loan Agreement plus 3.50% in cash and 3.00% paid-in-kind and matures on the earlier of (i) October 24, 2025 and (ii) six months prior to the expiration of any material loyalty program securing the loan. The proceeds of the CARES Act Loan were used to provide liquidity to continue our operations during the COVID-19 pandemic.

DIVIDEND POLICY

We currently do not intend to pay cash dividends on our common stock in the foreseeable future. However, we may, in the future, decide to pay dividends on our common stock. Any declaration and payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as earnings levels, cash flows, capital requirements, levels of indebtedness, restrictions imposed by applicable law, our overall financial condition, restrictions in our debt agreements and any other factors deemed relevant by our board of directors.

As a holding company, our ability to pay dividends also depends on our receipt of cash dividends from our operating subsidiaries. Our ability to pay dividends will therefore be restricted as a result of restrictions on their ability to pay dividends to us under the CARES Act and the Credit Agreement and may be restricted under future indebtedness that we or they may incur. See *“Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock”* and *“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”*

CAPITALIZATION

The following table sets forth our cash and equivalents and our capitalization as of December 31, 2020 on:

- an actual basis, giving effect to the Stock Split; and
- an as adjusted basis to give effect to this offering and the application of the net proceeds of this offering as described under “Use of Proceeds.”

You should read this table together with the information included elsewhere in this prospectus, including “Prospectus Summary—Summary Consolidated Financial and Operating Information,” “Selected Historical Consolidated Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our audited consolidated financial statements and the related notes thereto.

	As of December 31, 2020	
	Actual	As adjusted(1)
	(in thousands, except share data)	
Cash and equivalents	\$ 62,028	\$
Total debt	\$ 282,463	\$
Stockholders’ Equity:		
Common stock—\$0.01 par value; 5,000,000 shares authorized, 2,479,786 shares issued and outstanding (actual); shares authorized, shares issued and outstanding (as adjusted)(2)	239,162	
Preferred stock—\$0.01 par value; no shares authorized, no shares issued and outstanding (actual); shares authorized, no shares issued and outstanding (as adjusted)	—	—
Loan to Stockholders(3)	(3,500)	—
Additional paid-in capital	9,831	
Retained earnings	38,324	
Total stockholders’ equity	283,817	
Total capitalization	\$ 566,280	\$

- (1) Gives effect to (a) the receipt of \$ million of net proceeds from this offering (based upon the assumed initial public offering price of \$, the midpoint of the range set forth on the cover page of the prospectus), after deducting underwriting discounts and commissions and estimated offering expenses payable by us; (b) the repayment in full of all amounts outstanding under the CARES Act Loan; and (c) the income tax receivable agreement that will be entered into with our pre-IPO stockholders in connection with this offering.
- (2) Following this offering, 2019 Warrants to purchase an aggregate of shares of common stock, approximately % of which have vested, will remain outstanding. As is the case for investment in our company generally, the exercise of the 2019 Warrants is limited by restrictions imposed by federal law on foreign ownership and control of U.S. airlines. See “Description of Capital Stock—Limited Ownership and Voting by Foreign Owners.”
- (3) Loans to stockholders were outstanding as of December 31, 2020 but repaid in full in February 2021 prior to filing of the registration statement of which this prospectus forms a part.

DILUTION

Purchasers of the common stock in this offering will experience immediate and substantial dilution to the extent of the difference between the initial public offering price per share of our common stock and the as adjusted net tangible book value per share of our common stock after this offering.

Our historical net tangible book value as of December 31, 2020 was \$ _____, or \$ _____ per share of our common stock. Historical net tangible book value per share represents the amount of our total tangible assets (total assets less goodwill, certain intangible assets and deferred offering costs) less total liabilities divided by the number of shares of common stock issued and outstanding as of December 31, 2020.

Our as adjusted net tangible book value as of December 31, 2020 was \$ _____, or \$ _____ per share of our common stock. As adjusted net tangible book value per share represents our historical net tangible book value after giving effect to the sale of shares of common stock by us in this offering at the assumed initial public offering price of \$ _____ per share (the midpoint of the range set forth on the cover page of this prospectus) and the application of the net proceeds from this offering.

The following table illustrates the dilution per share of our common stock, assuming the underwriters do not exercise their option to purchase additional shares of our common stock:

Assumed initial public offering price per share	\$ _____
Historical net tangible book value per share as of December 31, 2020	
Increase in historical net tangible book value per share attributable to new investors purchasing shares in this offering	_____
As adjusted net tangible book value per share after this offering	
Dilution per share to new investors purchasing shares in this offering	\$ _____

Dilution per share to new investors purchasing shares in this offering is determined by subtracting as adjusted net tangible book value per share after this offering from the initial public offering price per share of common stock.

The dilution information discussed above is illustrative only and may change based on the actual initial public offering price and other terms of this offering. A \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share of common stock, the midpoint of the range set forth on the cover page of this prospectus, would increase (decrease) our as adjusted net tangible book value per share after this offering by \$ _____ per share and increase (decrease) the dilution to new investors by \$ _____ per share, in each case assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions. Similarly, each increase or decrease of 1,000,000 shares in the number of shares of common stock offered by us would increase (decrease) our as adjusted net tangible book value by approximately \$ _____ per share and decrease (increase) the dilution to new investors by approximately \$ _____ per share, in each case assuming the assumed initial public offering price of \$ _____ per share of common stock remains the same, and after deducting estimated underwriting discounts and commissions.

To the extent the underwriters' option to purchase additional shares is exercised, there will be further dilution to new investors. If the underwriters exercise their option to purchase additional shares of common stock in full, the as adjusted net tangible book value per share would be \$ _____ per share, and the dilution per share to new investors purchasing shares in this offering would be \$ _____ per share.

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The following table summarizes, as of December 31, 2020, on an as adjusted basis as described above, the total number of shares of common stock owned by existing stockholders and to be owned by new investors, the total consideration paid, and the average price per share paid by our existing stockholders and to be paid by new investors in this offering at the assumed initial public offering price of \$ per share, calculated before deduction of estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	\$	%	\$
Investors in the offering		%		%	
Total		100%	\$	100%	\$

A \$1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) total consideration paid by new investors, total consideration paid by all stockholders and average price per share paid by new investors by \$, \$ and \$ per share, respectively.

If the underwriters were to fully exercise their option to purchase additional shares of our common stock, the percentage of common stock held by existing investors would be %, and the percentage of shares of common stock held by new investors would be %.

The foregoing tables and calculations, except as otherwise indicated:

- reflect the Reorganization Transactions, including the Stock Split;
- reflect the entry into the income tax receivable agreement in connection with this offering;
- assume an initial public offering price of \$ per share of common stock, the midpoint of the range set forth on the cover of this prospectus;
- assume no exercise of the underwriters' option to purchase additional shares of common stock from us;
- assume no exercise of the 2019 Warrants to purchase an aggregate of shares of common stock, approximately % of which have vested. As is the case for investment in our company generally, the exercise of the 2019 Warrants is limited by restrictions imposed by federal law on foreign ownership and control of U.S. airlines. See "Description of Capital Stock—Limited Ownership and Voting by Foreign Owners";
- do not reflect an additional shares of our common stock reserved for future grant under the Omnibus Incentive Plan. See "Executive Compensation—Equity Compensation Plans—2021 Omnibus Incentive Plan"; and
- do not reflect shares of common stock that may be issued upon the exercise of stock options outstanding as of the consummation of this offering under the SCA Acquisition Equity Plan. The following table sets forth the outstanding stock options under the SCA Acquisition Equity Plan as of December 31, 2020 (after giving effect to the Stock Split):

	Number of Options(1)	Weighted-Average Exercise Price Per Share
Vested stock options (time-based vesting)		\$
Unvested stock options (time-based vesting)		\$
Unvested stock options (performance-based vesting)		\$

(1) Upon a holder's exercise of one option, we will issue to the holder one share of common stock.

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We may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities could result in further dilution to our stockholders. To the extent that any outstanding options or warrants to purchase our common stock are exercised, or new awards are granted under our equity compensation plans, there will be further dilution to investors participating in this offering.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables present our selected consolidated financial data for the periods indicated. We have derived our selected historical consolidated statement of operations data for the years ended December 31, 2020 and 2019 and for the periods January 1, 2018 through April 10, 2018 (Predecessor) and April 11, 2018 through December 31, 2018 (Successor) from our audited consolidated financial statements included elsewhere in this prospectus. We have derived our selected historical consolidated statement of operations data for the year ended December 31, 2017 from our consolidated financial statements not included in this prospectus. We have derived our selected historical consolidated balance sheet data as of December 31, 2020 and 2019 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived our selected historical consolidated balance sheet data as of December 31, 2018 and 2017 from our consolidated financial statements not included in this prospectus.

The significant differences in accounting for the Successor periods as compared to the Predecessor period, which were established as part of our acquisition by the Apollo Funds, are in (1) aircraft rent, due to the over-market liabilities related to unfavorable terms of our existing aircraft leases and maintenance reserve payments, which will be amortized on a straight-line basis as a reduction of aircraft rent over the remaining life of each lease, (2) maintenance expenses, due to recognizing a liability (or contra-asset) that will offset expenses for maintenance events incurred by the Successor but paid for by the Predecessor and (3) depreciation and amortization, due to the recognition of our property and equipment and other intangible assets at fair value at the time of the acquisition, which will be amortized through depreciation and amortization on a straight-line basis over their respective useful lives. Please see our audited consolidated financial statements and the related notes included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future. The following selected consolidated financial data should be read in conjunction with the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Successor			Predecessor	
	For the year ended December 31, 2020	For the year ended December 31, 2019	For the period April 11, 2018 through December 31, 2018	For the period January 1, 2018 through April 10, 2018	For the year ended December 31, 2017
(in thousands, except per share data)					
Consolidated Statement of Operations Data:					
Operating Revenues:					
Passenger	\$ 359,232	\$ 688,833	\$ 335,824	\$ 172,897	\$ 502,081
Cargo	36,809	—	—	—	—
Other	5,445	12,551	49,107	24,555	57,595
Total Operating Revenue	401,486	701,384	384,931	197,452	559,676
Operating Expenses:					
Aircraft Fuel	\$ 83,392	\$ 165,666	\$ 119,553	\$ 45,790	\$ 118,382
Salaries, Wages, and Benefits	141,641	140,739	90,263	36,964	124,446
Aircraft Rent ⁽¹⁾	30,989	49,908	36,831	28,329	81,141
Maintenance ⁽²⁾	27,416	35,286	15,491	9,508	35,371
Sales and Marketing	16,570	35,388	17,180	10,854	36,320
Depreciation and Amortization ⁽³⁾	48,086	34,877	14,405	2,526	10,301
Ground Handling	20,596	41,719	23,828	8,619	—
Landing Fees and Airport Rent	31,256	44,400	25,977	10,481	—
Special Items, net ⁽⁴⁾	(64,563)	7,092	(6,706)	271	—
Other Operating, net	48,718	68,187	40,877	17,994	124,047
Total Operating Expenses	384,101	623,262	377,699	171,336	530,008
Operating Income	17,385	78,122	7,232	26,116	29,668

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	Successor			Predecessor	
	For the year ended December 31, 2020	For the year ended December 31, 2019	For the period April 11, 2018 through December 31, 2018	For the period January 1, 2018 through April 10, 2018	For the year ended December 31, 2017
(in thousands, except per share data)					
Non-operating Income (Expense):					
Interest Income	\$ 377	\$ 937	\$ 258	\$ 96	\$ 418
Interest Expense	(22,073)	(17,170)	(6,060)	(339)	(1,134)
Other, net	(371)	(1,729)	(1,636)	37	(506)
Total Non-operating Expense	(22,067)	(17,962)	(7,438)	(206)	(1,222)
Income (Loss) before Income Tax	(4,682)	60,160	(206)	25,910	28,446
Income Tax Expense (Benefit)	(778)	14,088	161	—	—
Net Income (Loss)	\$ (3,904)	\$ 46,072	\$ (367)	\$ 25,910	\$ 28,446
Net Income (Loss) per share to common stockholders:					
Basic	\$ 1.58	\$ 18.61	\$ (0.15)	\$ 0.26	
Diluted	\$ 1.58	\$ 18.17	\$ (0.15)	\$ 0.26	
Weighted average shares outstanding:					
Basic	2,478	2,476	2,472	100,000	
Diluted	2,478	2,536	2,472	100,000	

- (1) Aircraft Rent expense for the Successor periods is reduced due to amortization of a liability representing lease rates and maintenance reserves which were higher than market terms of similar leases at the time of our acquisition by the Apollo Funds. This liability was recognized at the time of the acquisition and is being amortized into earnings through a reduction of Aircraft Rent on a straight-line basis over the remaining life of each lease. See Note 2 and Note 4 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.
- (2) Maintenance expense for the Successor periods is reduced due to recognizing a liability (or contra-asset) to represent the Successor's obligation to perform planned maintenance events paid for by the Predecessor on leased aircraft at the date of our acquisition by the Apollo Funds. The liability (or contra-asset) is recognized as a reduction to Maintenance expense as reimbursable maintenance events are performed and maintenance expense is incurred. See Note 2 and Note 4 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.
- (3) Depreciation and amortization expense increased in the Successor periods due to higher fair values for certain acquired assets and to the amortization of definite-lived intangible assets. See Note 2 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.
- (4) See Note 16 to our audited consolidated financial statements included elsewhere in this prospectus for additional information on the components of Special items, net.

	As of December 31,			
	2020	2019	2018	2017
(in thousands)				
Consolidated Balance Sheet Data:				
Cash and equivalents	\$ 62,028	\$ 51,006	\$ 29,600	\$ 4,276
Total assets	1,053,267	1,007,876	675,832	216,828
Long-term debt and finance lease obligations, including current portion ⁽¹⁾	389,633	284,272	150,246	11,271
Stockholders' equity	283,817	283,724	235,647	34,442

- (1) Finance lease obligations were formerly referred to as capital lease obligations prior to our adoption of Accounting Standards Codification 842: Lease Accounting ("ASC 842") on January 1, 2019. See Note 2 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risk, assumptions and uncertainties, such as statements of our plans, objectives, expectations, intentions and forecasts. Our actual results and the timing of selected events could differ materially from those discussed in these forward-looking statements as a result of several factors, including those set forth under the section of this prospectus titled "Risk Factors" and elsewhere in this prospectus. You should carefully read the "Risk Factors" to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see the section of this prospectus titled "Cautionary Note Regarding Forward-Looking Statements."

Overview

Sun Country Airlines is a new breed of hybrid low-cost air carrier that dynamically deploys shared resources across our synergistic scheduled service, charter and cargo businesses. By doing so, we believe we are able to generate high growth, high margins and strong cash flows with greater resilience than other passenger airlines. We focus on serving leisure and VFR passengers and charter customers and providing CMI services to Amazon, with flights throughout the United States and to destinations in Mexico, Central America and the Caribbean. Based in Minnesota, we operate an agile network that includes our scheduled service business and our synergistic charter and cargo businesses. We share resources, such as flight crews, across our scheduled service, charter and cargo business lines with the objective of generating higher returns and margins and mitigating the seasonality of our route network. We optimize capacity allocation by market, time of year, day of week and line of business by shifting flying to markets during periods of peak demand and away from markets during periods of low demand with far greater frequency than nearly all other large U.S. passenger airlines. We believe our flexible business model generates higher returns and margins while also providing greater resiliency to economic and industry downturns than a traditional scheduled service carrier. As a result of our diversified and resilient business model, we believe we have been the best performing mainline U.S. passenger airline in 2020 during the current COVID-19 induced industry downturn based on pre-tax and operating income margins for the year ended December 31, 2020.

Our scheduled service business combines low costs with a high quality product to generate higher TRASM than ULCCs while maintaining lower Adjusted CASM than LCCs, resulting in best-in-class unit profitability. Our business includes many cost characteristics of ULCCs (which include Allegiant Travel Company, Frontier Airlines and Spirit Airlines), such as an unbundled product (which means we offer a base fare and allow customers to purchase ancillary products and services for an additional fee), point-to-point service and a single-family fleet of Boeing 737-NG aircraft, which allow us to maintain a cost base comparable to these ULCCs. However, we offer a high quality product that we believe is superior to ULCCs and consistent with that of LCCs (which include Southwest Airlines and JetBlue Airways). For example, our product includes more legroom than ULCCs, complimentary beverages, in-flight entertainment and in-seat power, none of which are offered by ULCCs. The combination of our agile peak demand network with our elevated consumer product allows us to generate higher TRASM than ULCCs while maintaining lower Adjusted CASM than LCCs. In addition, as a low cost, leisure focused carrier, rather than a business travel focused carrier, we believe we are well-positioned to be one of the early beneficiaries of the industry rebound following the COVID-19 pandemic.

Our charter business, which is one of the largest narrow body charter operations in the United States, is a key component of our strategy both because it provides inherent diversification and downside protection (it is uncorrelated to our scheduled service and cargo businesses, as evidenced by the fact that it recovered faster than our scheduled service business during the COVID-19 pandemic) as well as because it is synergistic with our other businesses (for example, we can dynamically deploy aircraft and pilots to their most profitable uses whether they be charter or scheduled service). Our charter business has several favorable characteristics

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including large repeat customers, more stable demand than scheduled service flying and the ability to pass through certain costs, including fuel. Our diverse charter customer base includes casino operators, the U.S. Department of Defense, college sports teams and professional sports teams. We are the primary air carrier for the NCAA Division I National Basketball Tournament (known as “March Madness”), and we flew over 100 college sports teams during 2019. Our charter business includes ad hoc, repeat, short-term and long-term service contracts with pass through fuel arrangements and annual rate escalations. Most of our business is non-cyclical because the U.S. Department of Defense and sports teams still fly during normal economic downturns, and our casino contracts are long-term in nature. Our charter business has proven to be more resilient than our scheduled service business during the COVID-19 induced downturn, with charter revenue having declined less than scheduled service revenue on a percentage basis in 2020 as compared to 2019. Additionally, our charter business complements our seasonal and day-of-week focused scheduled passenger service by allowing us to optimally schedule our aircraft and crews to the most profitable flying opportunities. In general, charter available seat miles, or ASMs, are highest in fall months when scheduled service operations are less favorable. From 2017 through 2019, we grew our charter revenue by approximately 32% while providing charter services to 395 destinations in 27 countries across the world. While our charter revenues were down as a result of COVID-19, they have rebounded in the second half of 2020. In the fourth quarter of 2020, our charter revenues were 24% lower when compared to the fourth quarter of 2019. In comparison, combined U.S. passenger airline revenues were 63% lower during the fourth quarter of 2020 when compared to the fourth quarter of 2019.

On December 13, 2019, we signed the ATSA with Amazon to provide air cargo services. Flying under the ATSA began in May 2020 and, as of the date of this prospectus, we are flying 12 Boeing 737-800 cargo aircraft for Amazon (having been awarded two additional aircraft in October and November 2020 after the initial contract for 10 aircraft). Our CMI service is asset-light from a Sun Country perspective as Amazon supplies the aircraft and covers many of the operating expenses, including fuel, and provides all cargo loading and unloading services. We are responsible for flying the aircraft under our air carrier certificate, crew, aircraft line maintenance and insurance, all of which allow us to leverage our existing operational expertise from our scheduled service and charter businesses. The ATSA has generated consistent, positive cash flows through the COVID-19 induced downturn. During October, November and December 2020, our cargo business generated \$5.8 million, \$6.4 million and \$7.1 million in revenue, respectively. In October 2020, we had 10 aircraft in operation for the majority of the month and received our eleventh aircraft on October 29, 2020. In November 2020, we had 11 aircraft in operation for the majority of the month and received our twelfth aircraft on November 17, 2020. The ATSA has annual rate escalations, and the first rate increase occurred on December 13, 2020. The ATSA offers potential future growth opportunities by establishing a long-term partnership with Amazon. Our cargo business also enables us to leverage certain assets, capabilities and fixed costs to enhance profitability and promote growth across our company. For example, we believe that by deploying pilots across each of our business lines, we increase the efficiency of our operations.

Basis of Presentation

On April 11, 2018, Sun Country Airlines was acquired by the Apollo Funds. As a result of the change of control, the acquisition was accounted for as a business combination using the acquisition method of accounting, which requires, among other things, that our assets and liabilities be recognized on the consolidated balance sheet at their fair value as of the acquisition date. Accordingly, the financial information provided in this prospectus is presented as “Predecessor” or “Successor” to indicate whether they relate to the period preceding the acquisition or the period succeeding the acquisition, respectively. Additionally, in May 2019, we converted the operating entity of the airline from MN Airlines, LLC d/b/a Sun Country Airlines to Sun Country, Inc. d/b/a Sun Country Airlines.

Due to the change in the basis of accounting resulting from the acquisition, the financial information for the Predecessor and Successor periods are not necessarily comparable. The significant differences in accounting for the Successor periods as compared to the Predecessor period, which were established as part of our acquisition by the Apollo Funds, are in (1) aircraft rent, due to the over-market liabilities related to unfavorable terms of our existing aircraft leases and maintenance reserve payments, which will be amortized on a straight-line basis as a reduction of aircraft rent over the remaining life of each lease, (2) maintenance expenses, due to recognizing a

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liability (or contra-asset) that will offset expenses for maintenance events incurred by the Successor but paid for by the Predecessor and (3) depreciation and amortization, due to the recognition of our property and equipment and other intangible assets at fair value at the time of the acquisition, which will be amortized through depreciation and amortization on a straight-line basis over their respective useful lives. See Note 2 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.

The financial information, accounting policies and activities of the Successor and Predecessor are referred to as those of the Company. The Successor adopted the Predecessor's accounting policies. See Note 2 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.

For the years ended December 31, 2019 and 2018, we were managed as a single segment that provided scheduled service and charter air transportation to passengers. In May 2020, we began providing air cargo services under the ATSA and, during the fourth quarter of 2020, we determined that we have two reportable segments: passenger and cargo. To the extent material to the understanding of segment profitability, we more fully describe the segment expenses per financial statement line item. As air cargo operations commenced in May 2020, the cargo segment had no comparable operations for any other prior period presented.

Years in Review

We believe a key component of our success is establishing Sun Country as a high growth, low-cost carrier in the United States by attracting customers with low fares and garnering repeat business by delivering a high quality passenger experience, offering state-of-the-art interiors, free streaming in-flight entertainment to passenger devices, seat recline and seat-back power in all of our aircraft, none of which are offered by ULCCs.

From late 2017 through 2019, we transformed our business by implementing our strategy of providing a high quality travel experience at affordable fares. We redesigned our network to focus our flying on peak demand opportunities at both our MSP hub and our growing network of non-MSP point-to-point markets, which supported a 43% increase in passengers from 2017 to 2019. During those years, we invested significantly in mid-life Boeing 737-800 aircraft, new aircraft interiors and seat densification and other growth-oriented and cost-saving initiatives. During 2019, we reconfigured the seat density of substantially all our aircraft to 183 seats, and subsequently further increased the seat density of our fleet to 186 seats. At 186 seats, we offer two different seat categories: Best and Standard. The Best category includes preferred boarding, one complimentary alcoholic beverage, four inches of extra legroom and 150% extra recline. Additionally, we meaningfully expanded our ancillary product offerings by introducing carry-on and checked bag fees and increasing our buy-on-board options, stimulating passenger demand for our product through low base fares and enabling passengers to identify, select and pay for the products and services they want to use. Average ancillary revenue per scheduled service passenger increased by 148% from 2017 to 2019. These efforts were further complemented by the implementation of a robust and scalable reservation and distribution system and new website in 2019, the redesign of our loyalty program in 2018 to be simple and family friendly, and improved flexibility of our cancellation policy.

Our revenue grew from \$560 million in 2017 to \$701 million in 2019 primarily as a result of our increased capacity following the expansion of our network. Our ASMs increased from 5.3 billion in 2017 to 7.1 billion in 2019, driven primarily by an increase in average seat density of our aircraft and an increase in the number of flights and block hours. Our scheduled service revenue grew from \$372 million in 2017 to \$396 million in 2019. We have focused on the expansion of our network of point-to-point travel outside of MSP to leverage seasonal demand where other airlines are unable to respond effectively to the needs of the market. Since implementing our non-MSP route strategy in early 2018, we grew this service to 10% of scheduled service block hours in 2018 and further increased non-MSP service to 20% of scheduled service block hours in 2019. Our charter service revenue grew from \$132 million in 2017 to \$175 million in 2019 primarily due to an increase in the number of charter flights for our casino and sports customers and the U.S. Department of Defense.

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Our transformation reduced operating costs during this same time period, resulting in a decrease in CASM from 10.09 cents in 2017 to 8.82 cents in 2019 and Adjusted CASM from 7.80 cents in 2017 to 6.31 cents in 2019, which allowed us to offer highly competitive low-cost fares to our customers and reduce our average fare per scheduled service passenger from \$148.60 in 2017 to \$111.08 in 2019. The primary drivers of our cost savings were renegotiating our component maintenance agreement, fuel savings initiatives, catering cost reductions, renegotiation of distribution contracts and various other initiatives. In December 2019, we arranged for the financing or refinancing of 13 used aircraft in a EETC structure, which we completed in June 2020, further reducing costs in 2020 and beyond. Our cost structure has resulted in our ability to maintain low costs at lower utilizations, which enables us to tailor schedules to peak periods of demand. These efforts improved our operating margin from 5.3% in 2017 to 11.1% in 2019.

In May 2020, we began providing air cargo transportation services under the ATSA. In June 2020, we entered into an amendment to the ATSA that added two additional aircraft to the agreement, which were delivered in the fourth quarter of 2020, bringing the total number of aircraft we fly for Amazon to 12. In August 2020, we entered into a contract with Major League Soccer to provide charter flights for professional soccer teams.

The COVID-19 pandemic resulted in a dramatic decline in passenger demand across the U.S. airline industry. We have experienced a significant decline in demand related to the COVID-19 pandemic, which has caused a material decline in our 2020 revenues and negatively impacted our financial condition and operating results during the COVID-19 pandemic, which is likely to continue for the duration of the COVID-19 pandemic, and our business operations were adjusted in response to the pandemic. Actions we took during 2020 to mitigate the impact of the COVID-19 induced downturn include: capacity reductions; a company-wide hiring freeze; voluntary leave programs; reduced capital expenditures; and deferred vendor payments. In February 2021, we entered into the Credit Agreement. In connection with the COVID-19 pandemic, we received CARES Act grants of \$62.3 million during 2020 and a loan of \$45.0 million in October 2020. During the year-ended December 31, 2020, we generated higher operating income margins than any other mainline U.S. passenger airline. We believe this result was due to our diversified and flexible business model, which includes a cargo business and allows us to shift resources to our charter and cargo businesses and away from our scheduled service business during periods of low scheduled service passenger demand.

While the COVID-19 induced industry downturn has delayed our growth in 2020, we believe that these investments have positioned us to profitably grow our business in the long term following a rebound in the U.S. airline industry and that our period of heavy investment in transformative capital spending is behind us for the foreseeable future. While Adjusted CASM for all U.S. airlines increased in 2020 as a result of the COVID-19 induced downturn, we believe that our business model and strategy positions us well to maintain and improve our Adjusted CASM in the future, while maintaining lower utilization rates than most of our peers.

Fleet Plan

During 2019, we completed the transition of our fleet to substantially all mid-life Boeing 737-800s, a Boeing 737-NG variant, and as of the date of this prospectus, we operate a fleet of 43 aircraft, including 31 passenger and 12 cargo aircraft. The use of a single aircraft variant allows for additional cost efficiencies as a result of simplified scheduling, maintenance, flight operations and training. The transition to 737-800s also resulted in an increase in seat density on substantially all of our passenger aircraft to 183 seats in 2019, which will provide for greater fuel efficiency per ASM. We further increased the seat density of our fleet to 186 seats as a result of additional seat reconfiguration which was completed in 2020.

We currently have plans to grow our operating capacity as we take delivery of additional aircraft and make changes to our network:

- We took delivery of an additional two Boeing 737-800 aircraft provided by Amazon, and all 12 aircraft are in service as of the date of this prospectus.

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- We have identified commercial opportunities to add between three and five additional aircraft to our fleet in 2021.
- We then plan to grow the passenger fleet to an estimated 50 aircraft by the end of 2023.

We expect to finance all of our additional passenger aircraft through debt or finance leases, though we also may enter into new operating leases on an opportunistic basis. Additionally, we may buy out a certain portion of our existing aircraft currently financed under operating lease agreements over the next several years, using either mortgage based financings or enhanced equipment trust certificates (EETC). EETC structures are issued through pass-through trusts, which are structured to provide for certain credit enhancements that reduce the risks to the purchasers of the trust certificates and, as a result, reduce the cost of our aircraft financing. As of December 31, 2020, 13 of our aircraft were structured under the 2019-1 EETC. These aircraft consisted of a portion of previously leased aircraft (operating and finance leases), previously owned aircraft which were refinanced with favorable terms under the EETC, and aircraft new to the fleet. The EETC has and will continue to reduce our financing costs.

Our strategy is to target mid-life aircraft due to the lower ownership costs relative to new aircraft and the flexibility associated with a liquid market for mid-life aircraft. This allows us to adjust the composition of our fleet with limited forward commitments. The average age of the passenger aircraft in our fleet as of December 31, 2020 was approximately 15 years, and we do not expect this to change in the near future. We view aircraft ownership as preferable to leasing due to:

- Increased level of control to optimize and utilize maintenance value;
- Competitive financing costs at investment grade rates; and
- Flexibility to sell or retire aircraft at any time.

Trends and Uncertainties Affecting Our Business

COVID-19 Pandemic: The COVID-19 pandemic and shelter-in-place directives have greatly impacted our operating results for the year ended December 31, 2020 and will continue to do so into the future. Air traffic demand is down substantially, and base air fares are down as well. We cannot predict when air travel will return to customary levels or at what pace. In the meantime, our revenues will be adversely affected. We believe that demand in the foreseeable future will continue to fluctuate in response to fluctuations in COVID-19 cases, hospitalizations, deaths, treatment efficacy and the availability of a vaccine. The impacts of the COVID-19 pandemic have resulted in a reduction in our flight schedule. It is likely that reduced schedules will continue into the future. We currently allow customers to cancel their flights for travel credits that they are able to use within 12 months of the original booking date, and record as revenue when such credits expire unused or when passenger flights occur. A significant amount of outstanding passenger credits from reservations made in early 2020 are expiring within the next year, and as passengers use such credits to book flights, our cash receipts in 2021 are expected to be adversely impacted. We are closely monitoring bookings and making decisions on schedule changes as necessary based on demand. As the COVID-19 pandemic continues to evolve, our financial and operational outlook remains subject to change. We currently expect to incur near-term operating losses and negative cash flows as a result of the expected continued decline in passenger and charter bookings as compared to 2019. The extent of the impact of COVID-19 on our financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and traveler sentiment. The impact of COVID-19 on overall demand for air travel is highly uncertain and cannot be predicted at the present time. See “*Risk Factors,*” including “*Risk Factors—Risks Related to Our Industry—The global pandemic resulting from the novel coronavirus has had an adverse impact that has been material to our business, operating results, financial condition and liquidity, and the duration and spread of the pandemic could result in additional adverse impacts. The outbreak of another disease or similar public health threat in the future could also have an adverse effect on our business, operating results, financial condition and liquidity*” and “*Risk Factors—Risks Related to Our Business—The COVID-19 pandemic has materially disrupted our strategic*

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operating and growth plans in the near-term, and there are risks to our business, operating results, liquidity and financial condition associated with executing our strategic operating and growth plans in the long-term.”

Additional factors impacting our business: We believe our operating performance is driven by additional factors that typically affect airlines and their markets, including trends which affect the broader travel industry, as well as trends which affect the specific markets and customer base that we target. The following key factors may affect our future performance:

Competition. The airline industry is highly competitive. The principal competitive factors in the airline industry are the fare, flight schedules, number of routes served from a city, frequent flyer programs, product and passenger amenities, customer service, fleet type and reputation. Price competition occurs on a market-by-market basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flyer initiatives. The airline industry is particularly susceptible to price discounting because once a flight is scheduled, airlines incur only nominal incremental costs to provide service to passengers occupying otherwise unsold seats. Airlines typically use discounted fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to increase PRASM.

The availability of low-priced fares coupled with an increase in domestic capacity has led to dramatic changes in pricing behavior in many U.S. markets. Legacy network airlines have also begun matching LCC and ULCC pricing on portions of their marginal unsold capacity, which we expect to continue for the foreseeable future. Many domestic carriers have also begun matching lower cost airline pricing, either with limited or unlimited inventory. Moreover, many other airlines have unbundled their services, at least in part, by charging separately for services such as baggage and advance seat selection, which previously were offered as a component of their base fares. This unbundling and other cost-reducing measures could enable competitor airlines to reduce fares on routes that we serve, which could materially adversely affect our business. Refer to “*Risk Factors*” included elsewhere in this prospectus for additional information.

Additionally, as a result of COVID-19, we have experienced increased competition for domestic charters as competitors are now offering charter services with otherwise grounded aircraft due to a decline in their passenger service.

Aircraft Fuel. Fuel expense generally represents our single largest operating expense. Jet fuel prices and availability are subject to market fluctuations, refining capacity, periods of market surplus and shortage and demand for heating oil, gasoline and other petroleum products, as well as meteorological, economic and political factors and events occurring throughout the world, which we can neither control nor accurately predict. The future cost and availability of jet fuel cannot be predicted with any degree of certainty. For the years ended December 31, 2020 and 2019, approximately 57% and 58%, respectively, of our fuel was purchased from two vendors. This concentration is largely driven by our substantial operations in MSP. We currently participate in fuel consortia at multiple airports. These agreements generally include cost-sharing provisions and environmental indemnities that are generally joint and several among the participating airlines.

To hedge the economic risk associated with volatile aircraft fuel prices, we periodically enter into fuel collars, which allow us to reduce the overall cost of hedging, but may prevent us from participating in the benefit of downward price movements. In the past, we have also entered into fuel option and swap contracts. We have hedges in place for approximately 37% of our projected fuel requirements for scheduled service operations in 2021, with all of our existing options expected to be exercised or expire by the end of 2021. Generally, our charter operations have pass-through provisions for fuel costs, and therefore we do not hedge our fuel requirements for that component of our business.

Our fuel hedging strategy is dependent upon many factors, including our assessment of market conditions for fuel, our access to the capital necessary to support margin requirements, the pricing of hedges and other derivative products in the market and our overall appetite for risk. We believe our strategy economically hedges

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against unexpected price volatility. However, we cannot be assured that our hedging strategy will be effective or that we will continue our strategy in the future.

We do not apply hedge accounting on our fuel derivative contracts, and as a result, changes in the fair value of our fuel derivative contracts are recorded within the period as a component of aircraft fuel expense. See Note 12 to our audited consolidated financial statements included elsewhere in this prospectus for further discussion of our hedging activity.

Seasonality and Volatility. The airline industry is affected by economic cycles and trends, where unfavorable economic conditions have historically reduced airline travel spending. For most VFR travel, and cost-conscious leisure travelers, travel is a discretionary expense, and although we believe low-cost airlines are best suited to attract travelers during periods of unfavorable economic conditions as a result of such carriers' low base fares, travelers have often elected to replace air travel at such times with car travel or other forms of ground transportation or have opted not to travel at all.

Our operations are highly seasonal as we manage our route network and aircraft fleet to match demand. As a result, our results of operations for any interim period are not necessarily indicative of those for the entire year. We generally expect demand to be greater in the winter season due to our customers' propensity to travel to warm leisure destinations from MSP, and in the summer season due to increased demand for VFR and leisure travel. We continually work to meet the needs of both VFR and leisure travelers. Accordingly, our network of destinations includes those popular year-round, as well as those that are highly seasonal, and we adapt our flight schedule according to expected patterns of demand throughout the year. Understanding the purpose of our customers' travel and our ability to adjust capacity accordingly helps us optimize destinations, strengthen our network and increase unit revenues. We will look to incorporate new destinations with seasonality that complements our current mix of customers and destinations to mitigate the overall impact of seasonality on our business. Part of our network strategy includes expanding our presence outside of MSP to leverage seasonal demand peaks where other airlines are unable to effectively respond to the needs of the market. For example, we expect to continue to target cold-to-warm leisure markets in the upper Midwest, where we believe we have a competitive advantage due to our cold weather operational expertise and strong brand recognition, as well as other large, fragmented markets. Furthermore, our charter operations complement our network strategy by maintaining aircraft and crew utilization in periods when scheduled service would be less profitable.

Labor. The airline industry is heavily unionized and our business is labor intensive. The wages, benefits and work rules of unionized airline industry employees are determined by CBAs. Relations between air carriers and labor unions in the United States are governed by the RLA. Under the RLA, CBAs generally contain "amendable dates" rather than expiration dates and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the NMB. This process continues until either the parties have reached agreement on a new CBA or the parties have been released to "self-help" by the NMB. In most circumstances the RLA prohibits strikes, however, after the release by the NMB, carriers and unions are free to engage in self-help measures such as lockouts and strikes.

On December 3, 2019 our dispatchers approved a new contract. The amendable date of the collective bargaining agreement is November 14, 2024. Our collective bargaining agreement with our flight attendants is currently amendable. Negotiations with the union representing this group commenced in November 2019. By mutual consent, the negotiations were paused in March 2020 due to the COVID-19 pandemic. Our collective bargaining agreement with our pilots was amendable on October 31, 2020. Neither party chose to serve notice to the other party to make changes by the amendable date; therefore, the new amendable date is October 31, 2021, although the collective bargaining agreement provides for an "early open" 180 days in advance of such date. If we are unable to reach an agreement with the respective unions in current or future negotiations regarding the terms of their CBAs, we may be subject to operational slowdowns or stoppages, which is likely to adversely affect our ability to conduct business. Any agreement we do reach could increase our labor and related expenses.

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Aircraft Maintenance. The amount of total maintenance costs and related depreciation of significant maintenance expense is subject to variables such as estimated utilization rates, average stage length, the interval between significant maintenance events, the size, age and makeup of our fleet, maintenance holidays, government regulations and the level of unscheduled maintenance events and their actual costs.

Maintenance expense has increased mainly as a result of a growing fleet, a trend that we expect to continue for the next several years as we take delivery of additional aircraft.

The terms of our aircraft lease agreements generally provide that we pay maintenance reserves, also known as supplemental rent, monthly to our lessors to be held as collateral in advance of significant maintenance activities required to be performed by us, resulting in our recording significant lessor maintenance deposits on our consolidated balance sheet. Some portions of the maintenance reserve payments are fixed contractual amounts, while others are based on a utilization measure, such as actual flight hours or cycles, and vary by agreement. As a result, for leases requiring maintenance reserves, the cash costs of scheduled significant maintenance events are paid in advance of the recognition of the maintenance expense in our results of operations. For more information, refer to “*Critical Accounting Policies and Estimates—Aircraft Maintenance.*”

Components of Operations

Operating Revenues

Scheduled service. Scheduled service revenue consists of base fares, unused and expired passenger credits and expired travel credits.

Charter service. Charter service revenue consists of revenue earned from our charter operations, primarily generated through our service to the U.S. Department of Defense, collegiate and professional sports teams and casinos.

Ancillary. Ancillary revenue consists of revenue generated from air travel-related services such as baggage fees, seat selection and upgrade fees, itinerary service fees, on-board sales and sales of trip insurance.

Cargo. Cargo revenue consists of air cargo transportation services under the ATSA primarily related to e-commerce delivery services.

Other. Other revenue consists primarily of revenue from services in connection with our Sun Country Vacations products, including organizing ground services, such as hotel, car and transfers. Other revenue also includes services not directly related to providing passenger services such as the advertising, marketing and brand elements resulting from our co-branded credit card program. This component of our revenues also includes revenue from mail on regularly scheduled passenger aircraft.

Operating Expenses

Aircraft Fuel. Aircraft fuel expense includes jet fuel, federal and state taxes, other fees and the mark-to-market gains and losses associated with our fuel derivative contracts as we do not apply hedge accounting. Aircraft fuel expense can be volatile, even between quarters, due to price changes and mark-to-market gains and losses in the value of the underlying derivative instruments as crude oil prices and refining margins increase or decrease.

Salaries, Wages, and Benefits. Salaries, wages, and benefits expense includes salaries, hourly wages, bonuses, equity-based compensation and profit sharing paid to employees for their services, as well as related expenses associated with medical benefits, employee benefit plans, employer payroll taxes and other employee related costs.

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Aircraft Rent. Aircraft rent expense consists of monthly lease charges for aircraft and spare engines under the terms of the related operating leases and is recognized on a straight-line basis. Aircraft rent expense also includes supplemental rent, which consists of maintenance reserves paid to aircraft lessors in advance of the performance of significant maintenance activities that are not probable of being reimbursed to us by the lessor during the lease term, as well as lease return costs, which consist of all costs that would be incurred at the return of the aircraft, including costs incurred to return the airframe and engines to the condition required by the lease. Aircraft rent expense is partially offset by the amortization of over-market liabilities related to unfavorable terms of our operating leases and maintenance reserves which existed as of the date of our acquisition by the Apollo Funds, which were established as part of the acquisition. See Note 2 to our audited consolidated financial statements included elsewhere in this prospectus for further information on the over-market liabilities.

Maintenance. Maintenance expense includes the cost of all parts, materials and fees for repairs performed by us and our third-party vendors to maintain our fleet. It excludes direct labor cost related to our own mechanics, which are included in salaries, wages and benefits expense. It also excludes maintenance expenses, which are deferred based on the built-in overhaul method for owned aircraft and subsequently amortized as a component of depreciation and amortization expense. Our maintenance expense is reduced due to recognizing a liability (or contra-asset) that offsets expenses for maintenance events incurred by the Successor but paid for by the Predecessor, established as part of our acquisition by the Apollo Funds for aircraft in our fleet as of the date of the acquisition. For more information on these accounting methods, refer to “—Critical Accounting Policies and Estimates—Aircraft Maintenance.”

Sales and Marketing. Sales and marketing expense includes credit card processing fees, travel agent commissions and related global distribution systems fees, advertising, sponsorship and distribution costs, such as the costs of our call centers, and costs associated with our frequent flier program. It excludes related salary and wages of personnel, which are included in salaries, wages and benefits expense.

Depreciation and Amortization. Depreciation and amortization expense includes depreciation of fixed assets we own and leasehold improvements, amortization of finance leased assets, as well as the amortization of finite-lived intangible assets. It also includes the depreciation of significant maintenance expenses we deferred under the built-in overhaul method for owned aircraft.

Ground Handling. Ground handling includes ground activities including baggage handling, ticket counter and other ground services.

Landing Fees and Airport Rent. Landing fees and airport rent includes aircraft landing fees and charges for the use of airport facilities.

Special Items, net. Special items, net reflects expenses, or credits to expense, that are not representative of our ongoing costs for the period presented and may vary from period to period in nature, frequency and amount.

Other Operating. Other operating expenses include crew and other employee travel, interrupted trip expenses, information technology, property taxes and insurance, including hull-liability insurance, supplies, legal and other professional fees, facilities and all other administrative and operational overhead expenses.

Non-operating Income (Expense)

Interest Income. Interest income includes interest on our cash and equivalent and investment balances. Interest income is generally immaterial to our results of operations, reflecting the current low interest rate environment and our unrestricted cash balances.

Interest Expense. Interest expense includes interest related to our outstanding debt and our finance/capital leases, as well as the amortization of debt financing costs.

Other, net. Other expenses include activities not classified in any other area of the consolidated statements of operations, such as gain or loss on sale or retirement of assets and certain consulting expenses.

Income Taxes

During the Predecessor period, we were taxed as a limited liability company as our prior owners had elected to be treated as a partnership under the Internal Revenue Code of 1986, as amended (the “Code”), whereby our income or loss was reported by the partners on their individual tax returns. Therefore, no provision for income tax expense was included on the consolidated statements of operations during the Predecessor 2018 period.

At the acquisition date, we elected to be treated as a corporation for income tax purposes. Therefore, within the Successor periods we account for income taxes using the asset and liability method. We record a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. We record deferred taxes based on differences between the financial statement basis and tax basis of assets and liabilities and available tax loss and credit carryforwards. In assessing our ability to utilize our deferred tax assets, we consider whether it is more likely than not that some or all of the deferred tax assets will be realized. We consider all available evidence, both positive and negative, in determining future taxable income on a jurisdiction by jurisdiction basis.

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Results of Operations

For the years ended December 31, 2020 and 2019

(in thousands)	For the year ended December 31,			
	2020	2019	Change	
			\$	%
Operating revenues:				
Passenger	\$359,232	\$688,833	(329,601)	(48)%
Cargo	36,809	—	NM ⁽²⁾	NM ⁽²⁾
Other	5,445	12,551	(7,106)	(57)%
Total operating revenue	<u>401,486</u>	<u>701,384</u>	<u>(299,898)</u>	<u>(43)%</u>
Operating expenses:				
Aircraft fuel	83,392	165,666	(82,274)	(50)%
Salaries, wages, and benefits	141,641	140,739	902	1%
Aircraft rent	30,989	49,908	(18,919)	(38)%
Maintenance	27,416	35,286	(7,870)	(22)%
Sales and marketing	16,570	35,388	(18,818)	(53)%
Depreciation and amortization	48,086	34,877	13,209	38%
Ground handling	20,596	41,719	(21,123)	(51)%
Landing fees and airport rent	31,256	44,400	(13,144)	(30)%
Special items, net	(64,563)	7,092	(71,655)	NM ⁽²⁾
Other operating, net	48,718	68,187	(19,469)	(29)%
Total operating expenses	<u>384,101</u>	<u>623,262</u>	<u>(239,161)</u>	<u>(38)%</u>
Operating income	<u>17,385</u>	<u>78,122</u>	<u>(60,737)</u>	<u>(78)%</u>
Non-operating income/(expense):				
Interest income	377	937	(560)	(60)%
Interest expense	(22,073)	(17,170)	(4,903)	(29)%
Other, net	(371)	(1,729)	1,358	79%
Total non-operating expense, net	<u>(22,067)</u>	<u>(17,962)</u>	<u>(4,105)</u>	<u>(23)%</u>
Income/ (loss) before income tax	<u>(4,682)</u>	<u>60,160</u>	<u>(64,842)</u>	<u>(108)%</u>
Income tax expense/ (benefit)	<u>(778)</u>	<u>14,088</u>	<u>(14,866)</u>	<u>(106)%</u>
Net income/ (loss)	<u>\$ (3,904)</u>	<u>\$ 46,072</u>	<u>\$ (49,976)</u>	<u>(109)%</u>
Non-GAAP Financial Data:				
Adjusted Net Income (Loss) ⁽¹⁾	<u>\$ (47,916)</u>	<u>\$ 53,734</u>	<u>\$ (101,650)</u>	<u>\$ (189)%</u>
Adjusted EBITDAR ⁽¹⁾	<u>\$ 38,930</u>	<u>\$ 171,129</u>	<u>\$ (132,199)</u>	<u>\$ (77)%</u>

(1) See “—Non-GAAP Financial Measures” for definitions of these measures and reconciliations to the most comparable GAAP metric.

(2) “NM” stands for not meaningful.

Operating Revenues

(in thousands)	For the year ended December 31,			
	2020	2019	Change	
			\$	%
Scheduled service	\$193,047	\$396,113	\$(203,066)	(51)%
Charter service	98,130	174,562	(76,432)	(44)%
Ancillary	68,055	118,158	(50,103)	(42)%
Passenger	359,232	688,833	(329,601)	(48)%
Cargo	36,809	—	36,809	NM(1)
Other	5,445	12,551	(7,106)	(57)%
Total operating revenue	\$401,486	\$701,384	(299,898)	(43)%

(1) "NM" stands for not meaningful.

Total operating revenues decreased by \$299.9 million, or 43%, to \$401.5 million for the year ended December 31, 2020 from \$701.4 million for the year ended December 31, 2019.

Scheduled Service. Scheduled service revenue decreased by \$203.1 million, or 51%, to \$193.0 million for the year ended December 31, 2020 from \$396.1 million for the year ended December 31, 2019. The decrease in scheduled service revenue was driven by a dramatic decline in passenger demand due to government travel restrictions and quarantine requirements related to the COVID-19 pandemic. Specifically, the number of scheduled service passengers was 1.7 million in the year ended December 31, 2020, down from 3.6 million in the year ended December 31, 2019. This drove a 42% decrease in departures and a 18 percentage point decrease in load factor. The decrease in load factor resulted in a decrease in PRASM of 19% to \$5.57 from \$6.89. Further, our scheduled service capacity, as measured by ASMs, decreased by 40%.

Charter Service. Charter service revenue decreased by \$76.4 million, or 44%, to \$98.1 million for the year ended December 31, 2020 from \$174.6 million for the year ended December 31, 2019. The COVID-19 pandemic drove a decrease in our charter service revenue due to a decrease in the number of charter flights for our casino and sports customers and the U.S. Department of Defense, resulting in a 38% decrease in charter departures. Our charter service revenue began to rebound in the second half of 2020 as charter customers such as the U.S. Department of Defense and large university sports teams continued to fly throughout the year ended December 31, 2020, while our casino customers subject to long term contracts began flying again in June 2020. In addition, we entered into a contract with Major League Soccer to provide charter flights for professional soccer teams which commenced in August 2020.

Ancillary. Ancillary revenue decreased by \$50.1 million, or 42%, to \$68.1 million for the year ended December 31, 2020 from \$118.2 million for the year ended December 31, 2019. The decline in passenger demand due to the COVID-19 pandemic resulted in lower demand for air travel-related services such as baggage fees, seat selection and upgrade fees, and on-board sales. This decrease was partially offset by an increase in ancillary revenue on a per passenger basis which is largely related to increased itinerary service fees. Specifically, ancillary revenue was \$40.53 per passenger in the year ended December 31, 2020, up from \$33.14 per passenger in the year ended December 31, 2019.

Cargo. Revenue from cargo services was \$36.8 million for the year ended December 31, 2020, with no comparative revenue for the year ended December 31, 2019. All of our 2020 cargo service revenue related to the commencement of air cargo transportation services under the ATSA with Amazon in May 2020. In June 2020, we entered into an amendment to the ATSA with Amazon that added two additional aircraft to the agreement, which were delivered in the fourth quarter of 2020, bringing the total number of aircraft we fly for Amazon to 12.

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Other. Other revenue decreased by \$7.1 million, or 57%, to \$5.4 million for the year ended December 31, 2020 from \$12.6 million for the year ended December 31, 2019. The decrease in our other revenue was driven by lower bookings for our Sun Country Vacations products due to a decline in demand for leisure travel related to the COVID-19 pandemic.

Operating Expenses

(in thousands)	For the year ended December 31,			
	2020	2019	Change	
			\$	%
Operating expenses:				
Aircraft fuel	\$ 83,392	\$165,666	\$ (82,274)	(50)%
Salaries, wages and benefits	141,641	140,739	902	1%
Aircraft rent	30,989	49,908	(18,919)	(38)%
Maintenance	27,416	35,286	(7,870)	(22)%
Sales and marketing	16,570	35,388	(18,818)	(53)%
Depreciation and amortization	48,086	34,877	13,209	38%
Ground handling	20,596	41,719	(21,123)	(51)%
Landing fees and airport rent	31,256	44,400	(13,144)	(30)%
Special items, net	(64,563)	7,092	(71,655)	NM ⁽¹⁾
Other operating, net	48,718	68,187	(19,469)	(29)%
Total operating expenses	\$384,101	\$623,262	\$(239,161)	(38)%

(1) "NM" stands for not meaningful

Aircraft Fuel. Aircraft fuel expense decreased by \$82.3 million, or 50%, to \$83.4 million for the year ended December 31, 2020, as compared to \$165.7 million for the year ended December 31, 2019. The decrease was primarily driven by a 44% decrease in fuel gallons consumed due to our decreased level of operations as a result of reduced demand relating to the COVID-19 pandemic. Further contributing to the decrease in aircraft fuel expense was a 29% decline in average price per gallon of fuel which was driven by lower worldwide demand as a result of the COVID-19 pandemic. These decreases were partially offset by mark-to-market losses of \$12.2 million in the year ended December 31, 2020 compared to mark-to-market gains of \$10.8 million in the year ended December 31, 2019 from our fuel derivative contracts associated with our economic fuel hedges.

Salaries, Wages and Benefits. Salaries, wages and benefits expense increased by \$0.9 million, or 1%, to \$141.6 million for the year ended December 31, 2020, as compared to \$140.7 million for the year ended December 31, 2019. The increase was primarily due to increased headcount, primarily related to insourcing certain operations, and to increased pilot pay and per diems to support operations under the ATSA. The increase was partially offset by a decrease in expenses related to employee benefits, reduction in flight attendant headcount, and call center staffing due to lower volume of calls. Additionally, the grants under the Payroll Support Program received in the second and third quarters of 2020 restricted us from taking measures to reduce headcount through September 30, 2020 in response to the decline in operations. Our cargo segment was responsible for \$20.5 million of the consolidated salaries, wages, and benefits expense for the year ended December 31, 2020 and was driven by headcount to support the operations and aircraft under the ATSA.

Aircraft Rent. Aircraft rent expense decreased by \$18.9 million, or 38%, to \$31.0 million for the year ended December 31, 2020, as compared to \$49.9 million for the year ended December 31, 2019. Aircraft rent expense decreased primarily due to the composition of our aircraft fleet shifting from aircraft under operating leases (for which expense is recorded within aircraft rent) to owned aircraft and aircraft under finance leases (for which expense is recorded within depreciation and amortization). Specifically, in the year ended December 31, 2020 we purchased two aircraft previously under operating lease and leased two fewer seasonal aircraft. Additionally, a

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28% decrease in block hours resulted in a decrease in supplemental rent. The decrease in aircraft rent expense was partially offset by a reduction in the amortization of over-market liabilities on six aircraft recorded as a result of acquisition accounting for the acquisition by the Apollo Funds, of which three were returned at the end of their lease terms during 2019, and three were financed using the 2019-01 EETC following their lease maturity during the year ended December 31, 2020.

Maintenance. Maintenance materials and repair expense decreased by \$7.9 million, or 22%, to \$27.4 million for the year ended December 31, 2020, as compared to \$35.3 million for the year ended December 31, 2019. The decrease was driven primarily by the COVID-19 pandemic which caused reduced aircraft utilization, as measured by a 28% decrease in block hours and a 27% decrease in flight cycles. These factors ultimately resulted in fewer maintenance events and lower major and routine maintenance costs. The decrease in maintenance expense was partially offset by an increase in scheduled heavy maintenance for our passenger aircraft fleet and line maintenance on the additional aircraft under the ATSA related to our cargo operations. Our cargo segment was responsible for \$5.0 million of the consolidated maintenance expense for the year ended December 31, 2020, driven by expenses for line maintenance on aircraft operated under the ATSA.

Sales and Marketing. Sales and marketing expense decreased by \$18.8 million, or 53%, to \$16.6 million for the year ended December 31, 2020, as compared to \$35.4 million for the year ended December 31, 2019. The decrease was primarily due to an \$7.0 million reduction in credit card processing fees which is directly related to lower sales on our scheduled service. Additionally, there was a \$2.0 million decrease in advertising costs, a \$6.1 million decrease in global distribution systems fees associated with the decrease in scheduled service and a \$1.3 million decrease in travel against commissions, all due to the COVID-19 pandemic.

Depreciation and Amortization. Depreciation and amortization expense increased by \$13.2 million, or 38%, to \$48.1 million for the year ended December 31, 2020, as compared to \$34.9 million for the year ended December 31, 2019. The increase was primarily due to the impact of a change in the composition of our aircraft fleet to an increased number of owned aircraft in connection with our 2019-1 EETC and aircraft under finance leases (for which expense is recorded within depreciation and amortization). Specifically, the increase is due to the incremental depreciation related to one aircraft previously under an operating lease which was amended and converted into a finance lease in December 2019, one incremental aircraft obtained through a new finance lease, one aircraft we purchased in December 2019, two aircraft we purchased in the year ended December 31, 2020 which were previously under operating leases and two aircraft we purchased in the year ended December 31, 2020 which were new additions to the fleet.

Ground Handling. Ground handling expense decreased by \$21.1 million, or 51%, to \$20.6 million for the year ended December 31, 2020, as compared to \$41.7 million for the year ended December 31, 2019. The decrease was primarily due to the 27% decline in departures. Additionally, we insourced our MSP operations in April 2020, contributing to a reduction of \$4.3 million in ground handling expenses, but resulting in higher salaries, wages and benefits.

Landing Fees and Airport Rent. Landing fees and airport rent decreased by \$13.1 million, or 30%, to \$31.3 million for the year ended December 31, 2020, as compared to \$44.4 million for the year ended December 31, 2019. The decrease was driven by the 27% reduction in departures during the year ended December 31, 2020. Our cargo segment was responsible for \$0.3 million of the consolidated landing fees and airport rent for the year ended December 31, 2020, driven by allocated airport rent.

Special Items, net. Special items, net was an income of \$64.6 million for the year ended December 31, 2020 and an expense of \$7.1 million for the year ended December 31, 2019. For the year ended December 31, 2020, Special items, net included a \$62.3 million credit related to funds received under the CARES Act Payroll Support Program, to be used exclusively for the continuation of payments for salaries, wages, and benefits, and \$2.3 million in refundable tax credits related to employee retention under the CARES Act. For the year ended December 31, 2019, Special items, net included a charge of \$7.6 million related to contractual obligations for

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retired technology. In connection with implementing our new reservations systems, we incurred obligations under the contracts for our existing systems that were being phased out ahead of their scheduled contract terms, creating an expense that is not reflective of the normal operations of the company. We also incurred expense of \$0.7 million in connection with the write-off of assets in connection with the relocation of our headquarters in 2019. Special items, net for the year ended December 31, 2019 was partially offset by \$1.2 million of proceeds from the sale of unused airport slot rights. We are not in the business of buying and selling operating rights and we do not hold any other remaining airport slot rights, therefore this gain does not reflect our core business operations. Our cargo segment was responsible for \$10.7 million of the consolidated income from consolidated special items, net for the year ended December 31, 2020, driven by allocated amounts from the CARES Act, based on the respective segment salaries, wages and benefits.

Other Operating, net. Other operating, net expense decreased by \$19.5 million, or 29%, to \$48.7 million for the year ended December 31, 2020, as compared to \$68.2 million for the year ended December 31, 2019. This decrease was primarily driven by our lower level of operations related to the COVID-19 pandemic which resulted in reduced crew and other employee travel costs, interrupted trip expenses, catering expenses, and other operational overhead costs. Our cargo segment was responsible for \$6.7 million of our consolidated other operating, net expense for the year ended December 31, 2020, driven by \$4.2 million of allocated overhead expenses and \$2.5 million for crew and employee travel costs.

Non-operating Income (Expense)

(in thousands)	For the year ended December 31,			
	2020	2019	Change	
			\$	%
Non-operating income (expense):				
Interest income	\$ 377	\$ 937	(560)	(60)%
Interest expense	(22,073)	(17,170)	(4,903)	(29)%
Other, net	(371)	(1,729)	1,358	79%
Total non-operating expense, net	\$(22,067)	\$(17,962)	(4,105)	(23)%
Income (loss) before income tax	(4,682)	\$ 60,160	(64,842)	(108)%
Income tax expense (benefit)	(778)	14,088	(14,866)	NM(1)
Net income (loss)	\$ (3,904)	\$ 46,072	\$(49,976)	NM(1)

(1) "NM" stands for not meaningful

Interest Income. Interest income decreased in the year ended December 31, 2020 related to lower average cash balances.

Interest Expense. Interest expense increased by \$4.9 million, or 29%, to \$22.1 million for the year ended December 31, 2020, as compared to \$17.2 million for the year ended December 31, 2019. The increase was primarily due to debt issued for the acquisition of new aircraft and spare engines, including new debt incurred in connection with the 2019-1 EETC.

Other, net. Other, net expense decreased \$1.4 million, or 79%, to \$0.4 million for the year ended December 31, 2020, as compared to \$1.7 million for the year ended December 31, 2019. The decrease is mainly due to early-out payments and other expenses incurred in connection with outsourcing certain ground operations during the year ended December 31, 2019, which did not occur in the year ended December 31, 2020.

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Income Taxes. Our effective tax rate was 16.6% for the year ended December 31, 2020, as compared to 23.5% for the year ended December 31, 2019. Our tax rate can vary depending on the amount of income we earn in each state and the state tax rate applicable to such income.

Segment Information

	For the year ended December 31, 2020 ⁽¹⁾		
	Passenger	Cargo	Total
Operating revenues:	\$ 364,677	\$ 36,809	\$ 401,486
Operating expenses:			
Aircraft fuel	83,392	—	83,392
Salaries, wages and benefits	121,189	20,452	141,641
Aircraft rent	30,989	—	30,989
Maintenance	22,457	4,959	27,416
Sales and marketing	16,570	—	16,750
Depreciation and amortization	48,086	—	48,086
Ground handling	20,596	—	20,596
Landing fees and airport rent	30,975	281	31,256
Special items, net	(53,842)	(10,721)	(64,563)
Other operating, net	41,981	6,737	48,718
Total operating expenses	362,292	21,809	384,101
Operating income	\$ 2,385	\$ 15,000	\$ 17,385

(1) As air cargo operations commenced in May 2020, there is no comparable prior year information.

Passenger. Passenger operating income decreased by \$75.7 million, or 97%, to \$2.4 million for the year-ended December 31, 2020, as compared to \$78.1 million for the year ended December 31, 2019. For more information on the changes in the components of operating income for the passenger segment, refer to the consolidated results of operations discussion above.

Cargo. Cargo operating income was \$15.0 million as of the year-ended December 31, 2020. As air cargo operations commenced in May 2020, the cargo segment had no comparable operations for any other prior period presented. For more information on the components of operating income for the cargo segment, refer to the consolidated results of operations discussion above, we more fully describe the cargo expenses embedded within each financial statement line item.

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For the year ended December 31, 2019 and the Successor and Predecessor 2018 periods

	Successor		Predecessor
	For the year ended December 31, 2019	For the period April 11, 2018 through December 31, 2018	For the period January 1, 2018 through April 10, 2018
(in thousands)			
Operating revenues:			
Passenger	\$ 688,833	\$ 335,824	\$ 172,897
Other	12,551	49,107	24,555
Total operating revenue	<u>701,384</u>	<u>384,931</u>	<u>197,452</u>
Operating expenses:			
Aircraft fuel	165,666	119,553	45,790
Salaries, wages, and benefits	140,739	90,263	36,964
Aircraft rent ⁽¹⁾	49,908	36,831	28,329
Maintenance ⁽²⁾	35,286	15,491	9,508
Sales and marketing	35,388	17,180	10,854
Depreciation and amortization ⁽³⁾	34,877	14,405	2,526
Ground handling	41,719	23,828	8,619
Landing fees and airport rent	44,400	25,977	10,481
Special items, net	7,092	(6,706)	271
Other operating, net	68,187	40,877	17,994
Total operating expenses	<u>623,262</u>	<u>377,699</u>	<u>171,336</u>
Operating income	<u>78,122</u>	<u>7,232</u>	<u>26,116</u>
Non-operating income/(expense):			
Interest income	937	258	96
Interest expense	(17,170)	(6,060)	(339)
Other, net	(1,729)	(1,636)	37
Total non-operating expense, net	<u>(17,962)</u>	<u>(7,438)</u>	<u>(206)</u>
Income / (loss) before income tax	<u>60,160</u>	<u>(206)</u>	<u>25,910</u>
Income tax expense	14,088	161	—
Net income / (loss)	<u>\$ 46,072</u>	<u>\$ (367)</u>	<u>\$ 25,910</u>
Non-GAAP Financial Data:			
Adjusted Net Income (Loss) ⁽⁴⁾	<u>\$ 53,734</u>	<u>\$ (5,871)</u>	<u>\$ 26,181</u>
Adjusted EBITDAR ⁽⁴⁾	<u>\$ 171,129</u>	<u>\$ 49,688</u>	<u>\$ 57,279</u>

- (1) Aircraft Rent expense for the Successor periods is reduced due to amortization of a liability representing lease rates and maintenance reserves which were higher than market terms of similar leases at the time of our acquisition by the Apollo Funds. This liability was recognized at the time of the acquisition and is being amortized into earnings through a reduction of Aircraft Rent on a straight-line basis over the remaining life of each lease. See Note 2 and Note 4 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.
- (2) Maintenance expense for the Successor periods is reduced due to recognizing a liability (or contra-asset) to represent the Successor's obligation to perform planned maintenance events paid for by the Predecessor on leased aircraft at the date of our acquisition by the Apollo Funds. The liability (or contra-asset) is recognized as a reduction to Maintenance expense as reimbursable maintenance events are performed and maintenance expense is incurred. See Note 2 and Note 4 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.

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- (3) Depreciation and amortization expense increased in the Successor periods due to higher fair value for certain acquired assets and to the amortization of definite-lived intangible assets. See Note 2 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.
- (4) See “—Non-GAAP Financial Measures” for definitions of these measures and reconciliations to the most comparable GAAP metric.

Operating Revenues

(in thousands)	<u>Successor</u>		<u>Predecessor</u>
	<u>For the year ended December 31, 2019</u>	<u>For the period April 11, 2018 through December 31, 2018</u>	<u>For the period January 1, 2018 through April 10, 2018</u>
Operating revenues:			
Scheduled service	\$ 396,113	\$ 224,507	\$ 132,234
Charter service	174,562	111,317	40,663
Ancillary(1)	118,158	—	—
Passenger	688,833	335,824	172,897
Ancillary(1)	—	41,065	15,670
Other	12,551	8,042	8,885
Total operating revenues	\$ 701,384	\$ 384,931	\$ 197,452

- (1) The classification of Ancillary changed as a result of the adoption of Accounting Standards Codification: Revenue from Contracts with Customers (“ASC 606”). Certain ancillary revenue was included in Other revenue prior to the adoption of this standard, but is included in Passenger revenue with the adoption of this standard.

Total operating revenues were \$701.4 million for the year ended December 31, 2019, \$384.9 million for the Successor 2018 period and \$197.5 million for the Predecessor 2018 period.

Scheduled Service. Scheduled service revenue was \$396.1 million for the year ended December 31, 2019, \$224.5 million for the Successor 2018 period and \$132.2 million for the Predecessor 2018 period. The increase in scheduled service revenue was primarily related to increases in our capacity and departures along with a slight increase in load factor. Our scheduled service capacity, as measured by ASMs, increased by 29% as a result of additional aircraft in service and increases in the number of seats on board. In the year ended December 31, 2019, we completed the reconfiguration of substantially all of our fleet to a high-density seating configuration of 183 seats. The increase in capacity led to an increase in our number of scheduled service passengers to 3.6 million from 2.6 million. The increase in scheduled service revenue was partially offset by a 19% decrease in average scheduled passenger fare to \$111.08 from \$136.42 and a decrease in PRASM of 1.16 cents, or 14%, largely driven by our low-fare pricing strategy.

Charter Service. Charter service revenue was \$174.6 million for the year ended December 31, 2019, \$111.3 million for the Successor 2018 period and \$40.7 million for the Predecessor 2018 period. The increase in our charter service revenue was primarily due to an increase in the number of charter flights for our casino and sports customers and the U.S. Department of Defense.

Ancillary. Ancillary revenue was \$118.2 million for the year ended December 31, 2019, \$41.1 million for the Successor 2018 period and \$15.7 million for the Predecessor 2018 period. The increase in ancillary revenue was driven by the unbundling of our services to improve our product segmentation in January 2018, which previously were offered as a component of the base fares. Our focus on ancillary services has driven an increase in ancillary revenue on a per passenger basis of \$11.74, or 53%.

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Other. Other revenue was \$12.6 million for the year ended December 31, 2019, \$8.0 million for the Successor 2018 period and \$8.9 million for the Predecessor 2018 period. The decrease in our other revenue was primarily due to a temporary delay in implementing our Sun Country Vacations products in our new booking system in June 2019.

Operating Expenses

(in thousands)	Successor		Predecessor
	For the year ended December 31, 2019	For the period April 11, 2018 through December 31, 2018	For the period January 1, 2018 through April 10, 2018
Operating expenses:			
Aircraft fuel	\$ 165,666	\$ 119,553	\$ 45,790
Salaries, wages and benefits	140,739	90,263	36,964
Aircraft rent	49,908	36,831	28,329
Maintenance	35,286	15,491	9,508
Sales and marketing	35,388	17,180	10,854
Depreciation and amortization	34,877	14,405	2,526
Ground handling	41,719	23,828	8,619
Landing fees and airport rent	44,400	25,977	10,481
Special items, net	7,092	(6,706)	271
Other operating	68,187	40,877	17,994
Total operating expenses	\$ 623,262	\$ 377,699	\$ 171,336

Aircraft Fuel. Aircraft fuel expense was \$165.7 million for the year ended December 31, 2019, \$119.6 million for the Successor 2018 period and \$45.8 million for the Predecessor 2018 period. The change in aircraft fuel expense was primarily due to an increase in fuel gallons consumed of 20% due to our increased level of operations, as measured by an increase of 18% in block hours, partially offset by a decrease in average price per gallon of fuel of 3%. Aircraft fuel expense also includes mark-to-market gains or losses from fuel derivative contracts associated with our economic fuel hedges. We recognized a mark-to-market gain of \$10.8 million in the year ended December 31, 2019 compared to a loss of \$12.0 million in the Successor 2018 period, and none for the Predecessor 2018 period.

Salaries, Wages and Benefits. Salaries, wages and benefits expense was \$140.7 million for the year ended December 31, 2019, \$90.3 million for the Successor 2018 period and \$37.0 million for the Predecessor 2018 period. The increase was primarily due to higher costs and increased headcount for our pilots and flight attendants resulting from contractual rate increases and expanded operations, and higher general and administration staffing along with the full year impact of the management bonus and stock compensation plans introduced in November 2018. These increases were partially offset by a reduction in ground handling personnel as a result of the outsourcing of MSP ground operations in May 2018, which are reflected as an increase in ground handling expenses.

Aircraft Rent. Aircraft rent expense was \$50.0 million for the year ended December 31, 2019, \$36.8 million for the Successor 2018 period and \$28.3 million for the Predecessor 2018 period. Aircraft rent expense decreased primarily due to a change in the composition of our aircraft fleet between aircraft under operating lease (for which expense is recorded within aircraft rent) and owned aircraft and aircraft under finance lease (for which expense is recorded within depreciation and amortization). The decrease was primarily a result of purchasing one aircraft previously on an operating lease, returning three leased 737-700 aircraft during the year ended December 31, 2019, and reducing seasonal aircraft by one. Aircraft rent expense for the year ended December 31, 2019 and Successor 2018 period was further decreased by the amortization of over-market liabilities recorded as a result of acquisition accounting for the acquisition by the Apollo Funds.

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Maintenance. Maintenance materials and repair expense was \$35.3 million for the year ended December 31, 2019, \$15.5 million for the Successor 2018 period and \$9.5 million for the Predecessor 2018 period. The increase was primarily due to the timing and number of maintenance events, including two additional engine overhauls and four additional heavy checks in the year ended December 31, 2019. The overall increase in maintenance materials expense was partially offset by reduced expenses under our outsourced parts supply agreement and by top-off credits received from lessors for repairs performed by us but related to utilization by the prior lessee. The increase in maintenance expense was also partially offset in the year ended December 31, 2019 and the Successor 2018 period by the reduction of the maintenance liability (or contra-asset) that was recorded as a result of acquisition accounting for the acquisition by the Apollo Funds. The maintenance liability (or contra-asset) is reduced as reimbursable maintenance events are performed and maintenance expense is incurred.

Sales and Marketing. Sales and marketing expense was \$35.4 million for the year ended December 31, 2019, \$17.2 million for the Successor 2018 period and \$10.9 million for the Predecessor 2018 period. The increase was primarily due to higher sales that directly drove higher credit card fees, partially offset by a decrease in booking fees as a result of a higher proportion of bookings on our redesigned website, as our website is our lowest cost distribution channel, and more favorable terms in renegotiated contracts with third-party distribution channels.

Depreciation and Amortization. Depreciation and amortization expense was \$34.9 million for the year ended December 31, 2019, \$14.4 million for the Successor 2018 period and \$2.5 million for the Predecessor 2018 period. The increase was primarily due to the impact of a change in the composition of the fleet from primarily operating leased aircraft to an increased number of owned aircraft and aircraft under finance leases, and the impact of acquisition accounting and the resulting increase to the book value of our assets. We added four aircraft to our fleet under finance leases, purchased one aircraft previously on an operating lease, converted one operating lease to a finance lease and purchased one incremental aircraft and we returned three leased 737-700 aircraft during the year ended December 31, 2019. In addition, depreciation and amortization increased due to the recognition of a definite lived intangible asset recorded as a result of acquisition accounting for the acquisition by the Apollo Funds. The definite lived intangible asset is amortized on a straight-line basis over a useful life of 12 years.

Ground Handling. Ground handling expense was \$41.7 million for the year ended December 31, 2019, \$23.8 million for the Successor 2018 period and \$8.6 million for the Predecessor 2018 period. The increase was due to the increase in departures and additional airports in our route network for both our scheduled service and charter operations. We outsourced MSP ground handling services in May 2018, contributing to a reduction in salaries, wages and benefits but resulting in higher ground handling expenses.

Landing Fees and Airport Rent. Landing fees and airport rent was \$44.4 million for the year ended December 31, 2019, \$26.0 million for the Successor 2018 period and \$10.5 million for the Predecessor 2018 period. The increase was due to the increase in departures and additional airports in our route network.

Special Items, net. Special items, net was an expense of \$7.1 million for the year ended December 31, 2019, income of \$6.7 million for the Successor 2018 period and an expense of \$0.3 million for the Predecessor 2018 period. Special items, net for the year ended December 31, 2019 include a charge of \$7.6 million related to contractual obligations for retired technology. In connection with implementing our new reservations systems, we incurred obligations under the contracts for our existing systems that were being phased out ahead of their scheduled contract terms, creating an expense that is not reflective of the normal operations of the company. This expense was partially offset by \$1.2 million of proceeds from the sale of unused airport slot rights. We are not in the business of buying and selling operating rights and we do not hold any other remaining airport slot rights, therefore this gain does not reflect our core business operations. Special items, net recognized in the Successor 2018 period include the impact of changes to the terms of our rewards program implemented in the fourth quarter of 2018. The program changes included a net reduction in expenses of \$8.5 million due to the earlier expiration of outstanding points, partially offset by an increase in expense as a result of improved terms for members' redemption of points. We also recognized an expense of \$1.7 million for the Successor 2018 period and

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\$0.3 million for the Predecessor 2018 period related to early-out and employee separation expenses incurred in connection with outsourcing certain operations and other employee initiatives. These efforts were primarily related to airport station, flight attendants and ground handling employees.

Other Operating, net. Other operating, net expense was \$68.2 million for the year ended December 31, 2019, \$40.9 million for the Successor 2018 period and \$18.0 million for the Predecessor 2018 period. The increase was primarily due to our higher level of operations.

Non-operating Income (Expense)

(in thousands)	Successor		Predecessor
	For the year ended December 31, 2019	For the period April 11, 2018 through December 31, 2018	For the period January 1, 2018 through April 10, 2018
Non-operating income (expense):			
Interest income	\$ 937	\$ 258	\$ 96
Interest expense	(17,170)	(6,060)	(339)
Other, net	(1,729)	(1,636)	37
Total non-operating expense, net	(17,962)	(7,438)	(206)
Income (loss) before income tax	60,160	(206)	25,910
Income tax expense	14,088	161	—
Net income (loss)	\$ 46,072	\$ (367)	\$ 25,910

Interest Income. Interest income increased in the Successor 2018 period and the year ended December 31, 2019 related to higher average cash balances.

Interest Expense. Interest expense was \$17.2 million for the year ended December 31, 2019, \$6.1 million for the Successor 2018 period and \$0.3 million for the Predecessor 2018 period. The increase was primarily due to new finance leases and debt issued for the acquisition of new aircraft and spare engines during the year ended December 31, 2019 and the Successor 2018 period, including new debt incurred in connection with the 2019-1 EETC.

Other, net. Other, net was an expense of \$1.7 million for the year ended December 31, 2019, expense of \$1.6 million in the Successor 2018 period and income of \$37 thousand for the Predecessor 2018 period. For the year ended December 31, 2019, the expense was primarily related to professional fees related to our planned offering that cannot be capitalized. For the Successor 2018 period, the expense was primarily related to severance payments to various executives in connection with our transformation initiatives.

Income Taxes. In the year ended December 31, 2019, our effective tax rate was 23.5%. In the Successor 2018 period, our effective tax rate was (77.9%) due to the impact of certain nondeductible items. Our tax rate can vary depending on the amount of income we earn in each state and the state tax rate applicable to such income. We were taxed as a limited liability company during the 2018 Predecessor period, and therefore, no provision for income tax expense was included on the consolidated statements of operations for that period.

Non-GAAP Financial Measures

We sometimes use information that is derived from the consolidated financial statements, but that is not presented in accordance with GAAP. We believe these non-GAAP measures provide a meaningful comparison of our results to others in the airline industry and our prior year results. Investors should consider these non-GAAP

financial measures in addition to, and not as a substitute for, our financial performance measures prepared in accordance with GAAP. Further, our non-GAAP information may be different from the non-GAAP information provided by other companies. We believe certain charges included in our operating expenses on a GAAP basis make it difficult to compare our current period results to prior periods as well as future periods and guidance. The tables below show a reconciliation of non-GAAP financial measures used in this prospectus to the most directly comparable GAAP financial measures.

Adjusted Operating Income Margin, Adjusted Net Income and Adjusted EBITDAR

Adjusted Operating Income Margin and Adjusted Net Income are non-GAAP measures included as supplemental disclosure because we believe they are useful indicators of our operating performance. Derivations of operating income and net income are well recognized performance measurements in the airline industry that are frequently used by our management, as well as by investors, securities analysts and other interested parties in comparing the operating performance of companies in our industry. Adjusted EBITDAR is a non-GAAP measure included as supplemental disclosure because we believe it is a valuation measure commonly used by investors, securities analysts and other interested parties in the industry to compare airline companies and derive valuation estimates without consideration of airline capital structure or aircraft ownership methodology. We believe that while items excluded from Adjusted EBITDAR may be recurring in nature and should not be disregarded in evaluation of our earnings performance, Adjusted EBITDAR is useful because its calculation isolates the effects of financing in general, the accounting effects of capital spending and acquisitions (primarily aircraft, which may be acquired directly, directly subject to acquisition debt, by finance lease or by operating lease, each of which is presented differently for accounting purposes), and income taxes, which may vary significantly between periods and for different companies for reasons unrelated to overall operating performance. Adjusted EBITDAR should not be viewed as a measure of overall performance or considered in isolation or as an alternative to net income because it excludes aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. We have historically incurred substantial rent expense due to our legacy fleet of operating leased aircraft, which are currently being transitioned to owned and finance leased aircraft.

Adjusted Operating Income Margin, Adjusted Net Income and Adjusted EBITDAR have limitations as analytical tools. Some of the limitations applicable to these measures include: Adjusted Operating Income Margin, Adjusted Net Income and Adjusted EBITDAR do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; Adjusted EBITDAR does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; Adjusted EBITDAR does not reflect changes in, or cash requirements for, our working capital needs; they do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDAR does not reflect any cash requirements for such replacements; and other companies in our industry may calculate Adjusted Operating Income Margin, Adjusted Net Income and Adjusted EBITDAR differently than we do, limiting each measure's usefulness as a comparative measure. Because of these limitations, Adjusted Operating Income Margin, Adjusted Net Income and Adjusted EBITDAR should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

As derivations of Adjusted Operating Income Margin, Adjusted Net Income and Adjusted EBITDAR are not determined in accordance with GAAP, such measures are susceptible to varying calculations and not all companies calculate the measures in the same manner. As a result, derivations of net income, including Adjusted Operating Income Margin, Adjusted Net Income and Adjusted EBITDAR, as presented may not be directly comparable to similarly titled measures presented by other companies. For the foregoing reasons, each of Adjusted Operating Income Margin, Adjusted Net Income and Adjusted EBITDAR has significant limitations which affect its use as an indicator of our profitability and valuation. Accordingly, you are cautioned not to place undue reliance on this information.

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The following table presents the reconciliation of operating income to Adjusted Operating Income Margin for the period presented below.

	<u>Successor</u> <u>For the year</u> <u>ended</u> <u>December 31,</u> <u>2020</u>
(in thousands)	
Adjusted Operating Income Margin reconciliation:	
Operating revenues	\$ 401,486
Operating income	\$ 17,385
Stock compensation expense	2,110
Employee relocation costs and costs to exit Sun Country's prior headquarters building(a)	77
Adjusted Operating Income	<u>\$ 19,572</u>
Operating Income Margin	4.3%
Adjusted Operating Income Margin	4.9%

(a) Employee relocation costs and costs to exist Sun Country's prior headquarters building is within Special items, net within the Company's Consolidated Statement of Operations.

The following tables present the reconciliation of Net Income (Loss) to Adjusted Net Income (Loss) for the periods presented below.

	<u>Successor</u>			<u>Predecessor</u>
	<u>For the year</u> <u>ended</u> <u>December 31,</u> <u>2020</u>	<u>For the year</u> <u>ended</u> <u>December 31,</u> <u>2019</u>	<u>For the period</u> <u>April 11, 2018</u> <u>through</u> <u>December 31, 2018</u>	<u>For the period</u> <u>January 1, 2018</u> <u>through</u> <u>April 10, 2018</u>
(in thousands)				
Adjusted Net Income (Loss) reconciliation:				
Net income (loss)	\$ (3,904)	\$ 46,072	\$ (367)	\$ 25,910
Special items, net(a)	(64,563)	7,092	(6,706)	271
Stock compensation expense	2,110	1,888	373	—
Loss (gain) on asset transactions, net	413	745	(811)	—
Other adjustments(b)	4,881	226	—	—
Income tax effect of adjusting items, net(c)	13,147	(2,289)	1,640	—
Adjusted Net Income (Loss)	<u>\$ (47,916)</u>	<u>\$ 53,734</u>	<u>\$ (5,871)</u>	<u>\$ 26,181</u>

- (a) See Note 16 to our audited consolidated financial statements included elsewhere in this prospectus for additional information on the components of Special items, net.
- (b) Other adjustments for the year ended December 31, 2020 include expenses related to a voluntary employee leave program in response to the COVID-19 pandemic, a portion of which is offset by the CARES Act Payroll Support Program as the benefit of this program is also adjusted as a component of special items. Other adjustments for the year ended December 31, 2019 include expenses incurred in terminating work on a planned new crew base.
- (c) The tax effect of adjusting items, net is calculated at the Company's statutory rate for the applicable period.

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The following tables present the reconciliation of Net Income (Loss) to Adjusted EBITDAR for the periods presented below.

	Successor			Predecessor
	For the year ended December 31, 2020	For the year ended December 31, 2019	For the period April 11, 2018 through December 31, 2018	For the period January 1, 2018 through April 10, 2018
(in thousands)				
Adjusted EBITDAR reconciliation:				
Net income (loss)	\$ (3,904)	\$ 46,072	\$ (367)	\$ 25,910
Special items, net(a)	(64,563)	7,092	(6,706)	271
Interest expense	22,073	17,170	6,060	339
Stock compensation expense	2,110	1,888	373	—
Loss (gain) on asset transactions, net	413	745	(811)	—
Other adjustments(b)	4,881	226	—	—
Interest income	(377)	(937)	(258)	(96)
Provision for income taxes.	(778)	14,088	161	—
Depreciation and amortization	48,086	34,877	14,405	2,526
Aircraft rent	30,989	49,908	36,831	28,329
Adjusted EBITDAR	\$ 38,930	\$ 171,129	\$ 49,688	\$ 57,279

- (a) See Note 16 to our audited consolidated financial statements included elsewhere in this prospectus for additional information on the components of Special items, net.
- (b) Other adjustments for the year ended December 31, 2020 include expenses related to a voluntary employee leave program in response to the COVID-19 pandemic, a portion of which is offset by the CARES Act Payroll Support Program as the benefit of this program is also adjusted as a component of special items. Other adjustments for the year ended December 31, 2019 include expenses incurred in terminating work on a planned new crew base.

CASM and Adjusted CASM

CASM is a key airline cost metric defined as operating expenses divided by total available seat miles. Adjusted CASM is a non-GAAP measure derived from CASM by excluding fuel costs, costs related to our cargo operations (starting in 2020 when we launched our cargo operations), certain commissions and other costs of selling our vacations product from this measure as these costs are unrelated to our airline operations and improve comparability to our peers. Adjusted CASM is an important measure used by management and by our board of directors in assessing quarterly and annual cost performance. Adjusted CASM is commonly used by industry analysts and we believe it is an important metric by which they compare our airline to others in the industry, although other airlines may exclude certain other costs in their calculation of Adjusted CASM. The measure is also the subject of frequent questions from investors.

Adjusted CASM excludes fuel costs. By excluding volatile fuel expenses that are outside of our control from our unit metrics, we believe that we have better visibility into the results of operations and our non-fuel cost initiatives. Our industry is highly competitive and is characterized by high fixed costs, so even a small reduction in non-fuel operating costs can lead to a significant improvement in operating results. In addition, we believe that all domestic carriers are similarly impacted by changes in jet fuel costs over the long run, so it is important for management and investors to understand the impact and trends in company-specific cost drivers, such as labor rates, aircraft costs and maintenance costs, and productivity, which are more controllable by management.

Starting in 2020 when we launched our cargo operations, we have excluded costs related to the cargo operations as these operations do not create ASMs. The cargo expenses in the reconciliation below are different from the total operating expenses for our cargo segment in the “Segment Information” table presented above, due to several items that are included in the cargo segment but have been captured in other line items used in the

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Adjusted CASM calculation. We also exclude certain commissions and other costs of selling our vacations product from Adjusted CASM as these costs are unrelated to our airline operations and improve comparability to our peers. Adjusted CASM further excludes special items and other adjustments, as defined in the relevant reporting period, that are not representative of the ongoing costs necessary to our airline operations and may improve comparability between periods. We also exclude stock compensation expense when computing Adjusted CASM. The Company's compensation strategy includes the use of stock-based compensation to attract and retain employees and executives and is principally aimed at aligning their interests with those of our stockholders and at long-term employee retention, rather than to motivate or reward operational performance for any particular period. Thus, stock-based compensation expense varies for reasons that are generally unrelated to operational decisions and performance in any particular period. Adjusted CASM is one of the most important measures used by management and by our board of directors in assessing quarterly and annual cost performance.

As derivations of Adjusted CASM are not determined in accordance with GAAP, such measures are susceptible to varying calculations and not all companies calculate the measures in the same manner. As a result, derivations of Adjusted CASM as presented may not be directly comparable to similarly titled measures presented by other companies. Adjusted CASM should not be considered in isolation or as a replacement for CASM. For the foregoing reasons, Adjusted CASM has significant limitations which affect its use as an indicator of our profitability. Accordingly, you are cautioned not to place undue reliance on this information.

The following table presents the reconciliation of CASM to Adjusted CASM.

	For the year ended December 31,					
	2020		2019		2018	
	(in thousands)	Per ASM (in cents)	(in thousands)	Per ASM (in cents)	(in thousands)	Per ASM (in cents)
CASM	\$ 384,101	8.91	\$ 623,262	8.82	\$ 549,035	10.05
Aircraft fuel	83,392	1.93	165,666	2.35	165,343	3.03
Cargo expenses	31,429	0.73	—	—	—	—
Sun Country Vacations	589	0.01	2,448	0.03	4,541	0.08
Special items, net	(64,563)	(1.50)	7,092	0.10	(6,435)	(0.12)
Stock compensation expense	2,110	0.05	1,888	0.03	373	0.01
Other adjustments	4,881	0.11	226	—	—	—
Adjusted CASM	\$ 326,263	7.57	\$ 445,942	6.31	\$ 385,213	7.05

Liquidity and Capital Resources

The airline business is capital intensive and our ability to successfully execute our business strategy is largely dependent on the continued availability of capital on attractive terms and our ability to maintain sufficient liquidity. We have historically funded our operations and capital expenditures primarily through cash from operations, proceeds from equityholders' capital contributions, the issuance of promissory notes and our 2019-1 EETC financing.

Our primary sources of liquidity as of December 31, 2020 included our existing cash and equivalents of \$62.0 million and short-term investments of \$5.6 million, our expected cash generated from operations and our \$25.0 million ABL Facility, which had availability of \$25.0 million as of December 31, 2020. In addition, we had restricted cash of \$8.3 million as of December 31, 2020, which consists of cash received as prepayment for chartered flights that is maintained in separate escrow accounts in accordance with DOT regulations requiring that charter revenue receipts received prior to the date of transportation are maintained in a separate third-party escrow account. The restrictions are released once transportation is provided.

We received a total of \$62.3 million in assistance from Treasury in 2020 as part of the Payroll Support Program under the CARES Act in response to the extensive impact of the COVID-19 pandemic on the U.S. airline industry. In accordance with any grants and/or loans received under the CARES Act, we are required to

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comply with the relevant provisions of the CARES Act and the related implementing agreements which, among other things, include the following: the requirement to use the Payroll Support Payments exclusively for the continuation of payment of crewmember and employee wages, salaries and benefits; the requirement that certain levels of commercial air service be maintained until March 1, 2021, or if ordered by the DOT, March 1, 2022; the prohibitions on share repurchases of listed securities and the payment of common stock (or equivalent) dividends until the later of March 31, 2022 and one year following repayment of the CARES Act Loan; and restrictions on the payment of certain executive compensation until the later of October 1, 2022 and one year following repayment of the CARES Act Loan. We intend to use a portion of the proceeds from this offering to repay in full all amounts outstanding under the CARES Act Loan. We also recognized \$2.3 million in tax credits related to employee retention under the CARES Act in the year ended December 31, 2020. In addition, we have taken measures to reduce operating costs and improve our liquidity condition, including a temporary reduction of scheduled departures, deferring non-essential capital projects, placing a hiring freeze, negotiating the deferral of aircraft rent payments, and deferring payment of the employer portion of Social Security taxes as permitted under the CARES Act.

On January 22, 2021, we were informed by Treasury that we would receive a grant of \$32.2 million under the Payroll Support Program Extension under the Consolidated Appropriations Act, 2021. We received \$16.1 million on February 2, 2021 and expect to receive the remaining \$16.1 million prior to the end of March 2021. All funds provided by Treasury to Payroll Support Program Extension participants may only be used for the continuation of payment of employee wages, salaries, and benefits.

In October 2020, we were awarded a \$45.0 million loan from Treasury under the CARES Act Loan Agreement, which is secured by our loyalty program and certain cash deposits. The loan bears interest at a rate per annum equal to the LIBO rate as adjusted under the CARES Act Loan Agreement plus 3.50% in cash and 3.00% paid-in-kind and is to be repaid on the earlier of (i) October 24, 2025 or (ii) six months prior to the expiration of any material loyalty program securing the loan. As a result of the timing of the expiration of our loyalty program, we expect to begin making repayments approximately January 2023. During the term of the loan, we must maintain aggregate liquidity above \$10.0 million measured as of the close of each business day, and there are provisions that may accelerate payment if certain debt service coverage ratios are not met. Further, the CARES Act Loan Agreement includes affirmative and negative covenants that restrict our ability to, among other things, merge, consolidate, sell or otherwise dispose of certain assets, create liens on certain assets, make certain investments or pay certain dividends and make certain other restricted payments.

In the fourth quarter of 2020, we estimate that we used net cash of approximately \$83,000 per day, based on our cash from operations less non-aircraft capital expenditures and not including cash from grants and loans under the CARES Act and from purchases and settlements of our fuel hedge positions.

On February 10, 2021, Sun Country, Inc. (formerly known as MN Airlines, LLC), our wholly-owned subsidiary (the "Borrower"), entered into the Credit Agreement, which provides for a \$25.0 million Revolving Credit Facility and a \$90.0 million Delayed Draw Term Loan Facility, which we refer to collectively as the "Credit Facilities," and repaid in full all borrowings outstanding under the ABL Facility. The Revolving Credit Facility matures on the earlier of (i) February 10, 2026 and (ii) to the extent the sum of (x) the amount unused commitments under the Delayed Draw Term Loan Facility and (y) the amount of loans under the Delayed Draw Term Loan Facility exceeds \$25.0 million on such date, the date that is 180 days prior to February 10, 2026. The Delayed Draw Term Loan Facility matures on February 10, 2026.

Borrowings under the Credit Facilities bear interest, at the Borrower's option, at either (a) the LIBO Rate determined by reference to the costs of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs ("Adjusted LIBOR") with a floor of 1.00%, or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50% per annum, (ii) the prime rate published by The Wall Street Journal, (iii) one month Adjusted LIBOR plus 1.00% per annum and (iv) 2.00% ("ABR"), in each case, plus the applicable margin of (x) with respect to the Delayed Draw Term Loan Facility, 5.00% per annum for Adjusted LIBOR loans and 4.00% per annum for ABR loans and (y) with respect to the Revolving Credit Facility, 5.00% per annum for Adjusted LIBOR loans and 4.00% per annum for ABR loans.

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In addition, the Borrower is required to pay a commitment fee to the lenders in respect of the unutilized commitments under the Revolving Credit Facility at a rate equal to 0.50% per annum and in respect of the unutilized commitments under the Delayed Draw Term Loan Facility, (w) prior to the date that is 12 months after the closing date, 0.00% per annum, (x) beginning on the date that is 12 months after the closing date and prior to the date that is 16 months after the closing date, 2.50% per annum, (y) beginning on the date that is 16 months after the closing date and prior to the date that is 19 months after the closing date, 3.75% per annum, and (z) beginning on the date that is 19 months after the closing date and thereafter, 5.00% per annum, as well as customary letter of credit fees and customary agency fees. The obligations of the Borrower under the Credit Facilities are unconditionally guaranteed by SCA Acquisition, LLC on a limited-recourse basis.

The Borrower may only use borrowings under the Delayed Draw Term Facility to finance the acquisition of aircraft or engines and related fees and expenses. The Borrower may use borrowings under the Revolving Credit Facility for general corporate purposes.

The Credit Facilities require the Borrower to comply with financial maintenance covenants that require that the Borrower maintain (i) as of the last day of each fiscal quarter a minimum EBITDAR (as defined in the Credit Agreement) of at least \$62.1 million for the quarter ending September 31, 2021, \$78.1 million for the quarter ending December 31, 2021, and \$87.7 million for the quarter ending March 31, 2022 and each quarter thereafter and (ii) an aggregate amount of Liquidity (as defined in the Credit Agreement) at the close of any business day of at least \$30.0 million.

The Credit Agreement contains certain customary affirmative covenants and negative covenants, including a limitation on the Borrower's ability to pay dividends on or make distributions in respect of its capital stock or make other restricted payments.

The Credit Agreement contains certain customary events of default, including relating to a change of control. If an event of default occurs, the lenders under the Credit Facilities are entitled to take various actions, including the acceleration of amounts due under the Credit Facilities and all actions permitted to be taken by a secured creditor in respect of the collateral securing the Credit Facilities.

Our primary uses of liquidity are for operating expenses, capital expenditures, lease rentals and maintenance reserve deposits, debt repayments and working capital requirements. Our single largest capital expenditure requirement relates to the acquisition of aircraft, which we have historically acquired through operating and finance leases and debt.

In December 2019, we arranged for the issuance of Class A, Class B and Class C pass through trust certificates, Series 2019-1 (the "2019-1 EETC"), in an aggregate face amount of \$248.6 million (the "Certificates") for the purpose of financing or refinancing 13 used aircraft. In December of 2019, we purchased one aircraft new to our fleet under the 2019-1 EETC. In the first quarter of 2020, under the 2019-1 EETC, we purchased two additional aircraft new to our fleet, one previously under operating lease, and refinanced three aircraft previously owned and financed. The purchase of the remaining six aircraft previously under operating or finance leases occurred in June 2020. The total appraised value of the 13 aircraft is approximately \$292.5 million. The Certificates were issued to certain institutional investors, and the 2019-1 EETC face amount of the Certificates were funded by the purchase price paid by such investors for its Certificates on four funding dates from December 2019 to June 2020. On the first funding date in December 2019, \$102.7 million of the \$248.6 million face amount was funded from payment of the purchase price of the Certificates and placed in escrow. Subsequently in December 2019, we used \$28.3 million of such escrowed funds to finance the purchase of one of the 13 aircraft. In January and February of 2020, we used \$53.5 million of the escrowed funds and drew an additional \$55.3 million to complete the refinancing of three owned aircraft, the purchase of two additional aircraft for our fleet and to buy one aircraft previously under an operating lease. The Certificates bear interest at the following rates per annum: Class A, 4.13% relating to seven of the financed aircraft and 4.25% relating to six of the financed aircraft; Class B, 4.66% relating to seven of the financed aircraft and 4.78% relating to six of the financed aircraft; and Class C, 6.95%. The expected maturity date of the Class A is December 15, 2027, the Class B is December 15, 2025 and the Class C is December 15, 2023.

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Although we do not have any additional aircraft purchase or lease commitments in place, we plan to grow the passenger fleet to an estimated 50 aircraft by the end of 2023. We may finance additional aircraft through debt financing or finance leases based on market conditions, our prevailing level of liquidity and capital market availability. We may also enter into new operating leases on an opportunistic basis. For further information regarding our future expected capital expenditures, please refer to “—*Contractual Obligations and Commitments*” below.

In addition to funding the acquisition of aircraft, we are required by our aircraft lessors to fund reserves in cash in advance for scheduled maintenance to act as collateral for the benefit of lessors. Qualifying payments that are expected to be recovered from lessors are recorded as lessor maintenance deposits on our consolidated balance sheet. A portion of our deposits is therefore unavailable until after we have completed the scheduled maintenance in accordance with the terms of the aircraft leases.

In the years ended December 31, 2020 and December 31, 2019, the Successor 2018 period and the Predecessor 2018 period, we expensed \$8.7 million, \$18.6 million, \$12.8 million and \$6.0 million, respectively, of maintenance reserve payments to our lessors. As of December 31, 2020, we had \$25.7 million in recoverable aircraft maintenance deposits on our consolidated balance sheet, and \$2.2 million in accounts receivable as the eligible maintenance had been performed and reimbursement from the lessor is pending.

We believe that our unrestricted cash and equivalents, short-term investments and availability under our Revolving Credit Facility, combined with expected future cash flows from operations, will be sufficient to fund our operations and meet our debt payment obligations for at least the next 12 months. However, we cannot predict what the effect on our business and financial position might be from a change in the competitive environment in which we operate or from events beyond our control, such as volatile fuel prices, economic conditions, pandemics, weather-related disruptions, the impact of airline bankruptcies, restructurings or consolidations, U.S. military actions or acts of terrorism.

In our cash and equivalents and short-term investments portfolio, we invest only in securities that meet our primary investment strategy of maintaining and securing investment principal. The portfolio is managed by reputable firms that adhere to our investment policy that sets forth investment objectives, approved and prohibited investments, and duration and credit quality guidelines. Our policy, and the portfolio managers, are continually reviewed to ensure that the investments are aligned with our strategy.

The table below presents the major indicators of financial condition and liquidity:

(in thousands, except debt to capital amounts)	Successor		
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2018
Cash and equivalents	\$ 62,028	\$ 51,006	\$ 29,600
Investments	5,624	5,694	5,947
Long-term debt, net of current portion	256,345	73,720	49,823
Stockholders' equity	283,817	283,724	235,647
Debt-to-capital including aircraft operating and finance lease obligations ⁽¹⁾	0.62	0.53	0.56

(1) Calculated using the present value of remaining aircraft lease payments for aircraft that are in our operating fleet as of the balance sheet date. In 2019, following the adoption of ASC 842, this calculation will be performed utilizing the operating lease obligations as capitalized on our balance sheet. It is not expected to significantly change the ratio. Finance lease obligations were formerly referred to as capital lease obligations prior to our adoption of the new leasing standard on January 1, 2019.

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Cash Flows

For the years ended December 31, 2020 and 2019

The following table presents information regarding our cash flows the years ended December 31, 2020 and 2019:

(in thousands)	For the year ended December 31,	
	2020	2019
Net cash provided by operating activities	\$ 374	\$ 63,272
Net cash used in investing activities	(96,028)	(69,564)
Net cash provided by financing activities	101,539	27,329

Cash Provided By Operating Activities.

For the year ended December 31, 2020, net cash provided by operating activities was \$0.4 million, due to a net loss of \$3.9 million. Non-cash expenses included in net loss were depreciation and amortization of \$48.1 million related to additional owned and finance leased aircraft, reduction in operating lease right-of-use assets of \$25.9 million related to our aircraft under operating leases and mark-to-market losses on fuel derivatives of \$12.2 million due to our fuel price hedging activity. Non-cash income included in net loss was amortization of over-market liabilities of \$10.4 million related to acquisition accounting. These factors were largely offset by cash payments related to a decrease in our operating lease liabilities of \$28.4 million, a decrease in air traffic liabilities of \$15.6 million, a decrease in accrued transportation taxes of \$7.8 million, a decrease in accounts payable of \$7.2 million, an increase in lessor maintenance deposits of \$9.4 million, an increase in other assets of \$5.4 million and an increase in accounts receivable of \$6.3 million. Included in net loss was \$62.3 million of cash proceeds from a Treasury grant as part of the CARES Act under the Payroll Support Program, which are recognized as a contra-expense as the salaries, wages and benefit expenses the grant is intended to offset are incurred, and \$2.3 million in credit recognized under the CARES Act Employee Retention Credit. Furthermore, as a result of the COVID-19 pandemic, we negotiated rent payment deferrals of \$7.6 million with a majority of our aircraft lessors, which are expected to be paid by the second half of 2021.

For the year ended December 31, 2019, net cash provided by operating activities was \$63.3 million, primarily due to net income of \$46.1 million, depreciation and amortization of \$34.9 million related to additional owned and finance leased aircraft, deferred income taxes of \$14.0 million, an increase in air traffic liabilities of \$11.3 million, a decrease in prepaid expenses of \$2.3 million, and an increase in accounts payable of \$9.0 million, partially offset by mark-to-market gains on fuel derivatives of \$10.8 million due to our fuel price hedging activity, \$14.1 million in amortization of over-market liabilities related to acquisition accounting, an increase in accounts receivable of \$11.4 million, an increase in lessor maintenance deposits of \$17.5 million and a decrease in loyalty program liabilities of \$5.9 million.

Cash Used In Investing Activities.

For the year ended December 31, 2020, net cash used in investing activities was \$96.0 million, primarily due to purchases of property and equipment of \$96.3 million related to investments in our fleet, partially offset by proceeds from the sale of property and equipment of \$0.2 million and net proceeds of the sale of investments of \$0.1 million.

For the year ended December 31, 2019, net cash used in investing activities was \$69.6 million, primarily due to purchases of property and equipment of \$69.8 million related to investments in our fleet, partially offset by net proceeds from the sale of investments of \$0.2 million.

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Cash Provided By Financing Activities.

For the year ended December 31, 2020, net cash provided by financing activities was \$101.5 million, primarily due to \$220.3 million in proceeds from borrowings in connection with the 2019-1 EETC for the purchase of nine aircraft, including seven previously under operating or finance leases, and the refinance of three owned aircraft, \$45.0 million in borrowings related to the CARES Act Loan, partially offset by \$89.7 million of principal payments related to our finance leases, \$69.9 million in debt repayments related to the refinancing of three owned aircraft, and payment of debt issuance costs of \$4.2 million.

For the year ended December 31, 2019, net cash provided by financing activities was \$27.3 million, primarily due \$41.6 million in proceeds from borrowings in connection with the 2019-1 EETC and \$4.7 million of proceeds received for the vesting of warrants issued in connection with the ATSA, partially offset by \$8.3 million of principal payments related to our finance leases and \$10.2 million in debt repayments.

Year ended December 31, 2019 and Successor and Predecessor 2018 periods

The following table presents information regarding our cash flows for the year ended December 31, 2019 and the Successor 2018 and Predecessor 2018 periods:

	<u>Successor</u>		<u>Predecessor</u>
	<u>For the year ended December 31, 2019</u>	<u>For the period April 11, 2018 through December 31, 2018</u>	<u>For the period January 1, 2018 through April 10, 2018</u>
(in thousands)			
Net cash provided by operating activities	\$ 63,272	\$ 13,764	\$ 4,583
Net cash used in investing activities	(69,564)	(80,823)	(2,594)
Net cash provided by (used in) financing activities	27,329	102,193	(10,680)

Cash Provided By Operating Activities.

For the year ended December 31, 2019, net cash provided by operating activities was \$63.3 million, primarily due to net income of \$46.1 million, increased by depreciation and amortization of \$34.9 million related to additional owned and finance leased aircraft, deferred income taxes of \$14.0 million, an increase in air traffic liabilities of \$11.3 million, and an increase in accounts payable of \$9.0 million, partially offset by \$14.1 million in amortization of over-market liabilities related to acquisition accounting, an increase in accounts receivable of \$11.4 million, an increase in lessor maintenance deposits of \$17.5 million and mark-to-market losses on fuel derivatives of \$10.8 million due to our fuel price hedging activity.

For the Successor 2018 period, net cash provided by operating activities was \$13.8 million, due to a net loss of \$0.4 million, increased by depreciation and amortization of \$14.4 million related to additional owned and finance leased aircraft, mark-to-market losses on fuel derivatives of \$12.0 million due to our fuel price hedging activity, a decrease in accounts receivable of \$20.7 million driven by a one-time recovery of amounts held by our credit card processor, and an increase in air traffic liabilities of \$33.5 million due to increased operations and higher forward bookings, largely offset by \$17.3 million in amortization of over-market liabilities related to acquisition accounting, an increase in lessor maintenance deposits of \$14.2 million, a decrease in accounts payable of \$9.7 million, an increase in prepaid expenses of \$6.2 million and a decrease in other liabilities of \$5.5 million.

For the Predecessor 2018 period, net cash provided by operating activities was \$4.6 million, primarily due to net income of \$25.9 million, increased by \$2.5 million related to depreciation and amortization, an increase in accounts payable of \$21.7 million, a decrease in accounts receivable of \$8.1 million, and largely offset by a decrease in air traffic liabilities of \$34.0 million, an increase in receivable due from the predecessor parent of \$7.4 million, an increase in prepaid expenses of \$5.5 million and an increase in lessor maintenance deposits of \$3.1 million.

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Cash Used In Investing Activities.

For the year ended December 31, 2019, net cash used in investing activities was \$69.6 million, primarily due to purchases of property and equipment of \$69.8 million related to investments in our fleet, partially offset by net proceeds of the sale of investments of \$0.2 million due to funding of letters of credit and surety bonds associated with our operations at various airports.

For the Successor 2018 period, net cash used in investing activities was \$80.8 million, primarily due to purchases of property and equipment of \$78.7 million related to investments in our fleet and other assets during 2018 driven by our transformation plan, including the purchase of three aircraft, and net purchases of investments of \$2.1 million.

For the Predecessor 2018 period, net cash used in investing activities was \$2.6 million, primarily due to purchases of property and equipment of \$2.6 million.

Cash Provided By (Used In) Financing Activities.

For the year ended December 31, 2019, net cash provided by financing activities was \$27.3 million, primarily due to \$41.6 million in proceeds from borrowings in connection with the 2019-1 EETC and \$4.7 million of proceeds received for the vesting of warrants issued in connection with the ATSA, partially offset by \$8.3 million of principal payments related to our finance leases and \$10.2 million in debt repayments.

For the Successor 2018 period, net cash provided by financing activities was \$102.2 million, primarily due to SCA common stockholders' capital contributions of \$47.9 million and \$63.3 million in proceeds from borrowings, partially offset by \$3.2 million of principal repayments of capital lease liabilities and \$5.9 million in debt repayments.

For the Predecessor 2018 period, net cash used in financing activities was \$10.7 million, primarily due to cash distributions to SCA common stockholders of \$10.5 million.

Commitments and Contractual Obligations

We have contractual obligations comprised of aircraft leases and supplemental maintenance reserves, payment of debt and interest and other lease arrangements. The following table includes our contractual obligations as of December 31, 2020 for the periods in which payments are due:

(in thousands)	2021	2022 - 2023	2024 - 2025	Thereafter	Total
Current and long-term debt ⁽¹⁾	\$ 26,928	\$ 72,665	\$ 132,469	\$ 53,739	\$ 285,801
Interest obligations ⁽²⁾	14,678	25,651	12,737	3,146	56,212
Operating lease obligations ⁽³⁾	41,969	71,082	37,038	13,293	163,382
Finance lease obligations	17,572	30,920	37,666	52,949	139,107
Total	\$101,147	\$ 198,343	\$ 221,884	\$ 123,128	\$ 644,502

(1) Includes principal portion only, exclusive of deferred financing costs.

(2) Represents interest on current and long-term debt.

(3) Represents non-cancelable contractual payment commitments for aircraft and engines, and includes non-aircraft operating lease obligations.

In addition, our aircraft leases require that we make maintenance reserve payments to cover the cost of major scheduled maintenance for these aircraft. These payments are generally variable as they are based on utilization of the aircraft, including the number of flight hours flown and/or flight departures, and are not included as minimal rental obligations in the table above. As of the date of this prospectus, we estimate our obligation for maintenance reserve payments to be \$144 million in total, including \$20 million in 2021, \$43 million for 2022 and 2023, \$43 million for 2024 and 2025, and \$38 million thereafter.

Off Balance Sheet Arrangements

Indemnities. Our aircraft, equipment and other leases and certain operating agreements typically contain provisions requiring us, as the lessee, to indemnify the other parties to those agreements, including certain of those parties' related persons, against virtually any liabilities that might arise from the use or operation of the aircraft or such other equipment. We believe that our insurance would cover most of our exposure to liabilities and related indemnities associated with the leases described above.

Certain of our aircraft and other financing transactions also include provisions that require us to make payments to preserve an expected economic return to the lenders if that economic return is diminished due to certain changes in law or regulations. In certain of these financing transactions and other agreements, we also bear the risk of certain changes in tax laws that would subject payments to non-U.S. entities to withholding taxes.

Certain of these indemnities survive the length of the related lease. We cannot reasonably estimate our potential future payments under the indemnities and related provisions described above because we cannot predict when and under what circumstances these provisions may be triggered and the amount that would be payable if the provisions were triggered because the amounts would be based on facts and circumstances existing at such time.

Pass-Through Trusts. We have equipment notes outstanding issued under the 2019-1 EETC. Generally, the structure of the EETC financings consists of pass-through trusts created by us to issue pass-through certificates, which represent fractional undivided interests in the respective pass-through trusts and are not obligations of Sun Country. The proceeds of the issuance of the pass-through certificates are used to purchase equipment notes which are issued by us and secured by our aircraft. The payment obligations under the equipment notes are those of Sun Country. Proceeds received from the sale of pass-through certificates may be initially held by a depository in escrow for the benefit of the certificate holders until we issue equipment notes to the trust, which purchases such notes with a portion of the escrowed funds. These escrowed funds are not guaranteed by us and are not reported as debt on our consolidated balance sheets because the proceeds held by the depository are not our assets. We record the debt obligation upon issuance of the equipment notes rather than upon the initial issuance of the pass-through certificates.

Fuel Consortia. We currently participate in fuel consortia at Minneapolis-Saint Paul International Airport, Las Vegas International Airport, Dallas-Fort Worth International Airport, San Diego International Airport and Southwest Florida International Airport and we expect to expand our participation with other airlines in fuel consortia and fuel committees at our airports where economically beneficial. These agreements generally include cost-sharing provisions and environmental indemnities that are generally joint and several among the participating airlines. Any costs (including remediation and spill response costs) incurred by such fuel consortia above insured amounts, where applicable, could also have an adverse impact on our business, results of operations and financial condition. Consortia that are governed by interline agreements are either (i) not variable interest entities ("VIEs") because they are not legal entities or (ii) are variable interest entities but the Company is not deemed the primary beneficiary. Therefore, these agreements are not reflected on our consolidated balance sheets. Our participation generally represents a small percentage of the overall fuel consortia interests, so our exposure would be limited to our proportional share of the fuel consortia's overall costs; therefore, no liabilities related to any guarantees were recorded at the time the indirect guarantees were made. There are no assets or liabilities on our balance sheets related to these VIEs, since our participation is limited to purchasing aircraft fuel. Our maximum exposure to loss cannot be quantified but would be immaterial, given our minor proportional share of the fuel consortia's overall costs. Third parties have not made any guarantees, liquidity arrangements or other commitment that impact our interests in the fuel VIEs. Additionally, we may withdraw from the agreements at any time, subject to compliance with certain provisions of the agreements.

We have no other off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our financial position and results of operations are affected by significant judgments and estimates made by management in accordance with GAAP. These estimates are based on historical experience and varying

assumptions and conditions. Consequently, actual results could differ from estimates. Critical accounting policies and estimates are defined as those policies that reflect significant judgments or estimates about matters both inherently uncertain and material to our financial condition or results of operations. For a detailed discussion of our significant accounting policies, see Note 2 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.

Revenue Recognition

Scheduled Service and Ancillary Revenue. We generate the majority of our revenue from sales of passenger tickets and ancillary services along with charter sales. We initially defer ticket sales as an air traffic liability and recognize revenue when the passenger flight occurs. An unused nonrefundable ticket expires at the date of scheduled travel. Customers may elect to change their itinerary prior to departure. The amount remaining after deducting any applicable change fee is a credit that can currently be used towards the purchase of a new ticket for up to 12 months after the date of original purchase. The recorded value of the credit is calculated based on the original value less the change fee.

We estimate and record breakage for unused tickets (where the ticket is not used and not extended, the customer is deemed a “no show” and the ticket is no longer valid) and travel credits we expect will expire unused. Estimating the amount of breakage involves subjectivity and judgment. These estimates are based on our historical experience of no-show tickets and travel credits and consider other facts, such as recent aging trends, program changes and modifications that could affect the ultimate usage patterns of tickets and travel credits.

We estimate and record breakage for travel credits we expect will expire unused. Estimating the amount of breakage involves subjectivity and judgment. These estimates are based on our historical experience of unused travel credits and consider other factors, such as recent aging trends, program changes and modifications that could affect the ultimate usage patterns of travel credits.

Effective January 1, 2019, we adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The adoption of ASC 606 impacts the timing of recognition of certain fees and changes our accounting for outstanding loyalty points earned through travel by Sun Country Reward loyalty program members. There is no change in accounting for loyalty points transferred to our co-branded card partner as these have historically been reported in accordance with ASC 606. Through December 31, 2018, we used the incremental cost method to account for the portion of the loyalty program liability related to points earned through travel, which were valued based on the estimated incremental cost of carrying one additional passenger. ASC 606 required us to change to the deferred revenue method and apply a relative standalone selling price approach whereby a portion of each passenger ticket sale attributable to loyalty points earned is deferred and recognized in passenger revenue upon future redemption.

Upon adoption of ASC 606, we reclassified certain ancillary revenues from Other Revenue to Passenger Revenue. In addition, certain fees previously recognized when incurred by the customer are deferred and recognized as revenue when passenger travel is provided.

We recognize ancillary revenue for baggage fees, seat selection fees, and on-board sales when the associated flight occurs. Prior to adoption of ASC 606, we recognized change fees as the transactions occurred. Under ASC 606, change fees are deferred and recognized when the passenger travel is provided. Fees sold in advance of the flight date are initially recorded as an air traffic liability. Ancillary revenue also includes services not directly related to providing transportation, such as revenue from our Sun Country Rewards program, as described below in “—*Frequent Flyer Program.*”

Charter Service Revenue. Charter revenue is recognized at the time of departure when transportation is provided.

Cargo. Revenue for cargo services is typically recognized based on hours flown and the number of aircraft operated during a reporting period. Revenues for certain performance obligations that are reimbursed through

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airline service agreements, including consumption of aircraft fuel, are generally recognized net of the related costs incurred. Under the ATSA, \$5.6 million of start-up cost payments are being amortized on a pro rata basis into revenue over the term of the ATSA. The value of warrants issued to Amazon in December 2019 and expected to vest under this agreement are included in the transaction price of the ATSA and recognized as a reduction to gross revenue based on the pro-rata amortization of the estimated value.

Frequent Flyer Program. The Sun Country Rewards program provides frequent flyer rewards to program members based on accumulated loyalty points. Loyalty points are earned as a result of travel and purchases using our co-branded credit card. The program terms include expiration of loyalty points after 36 months from the date they were earned, except members who are holders of the Sun Country co-branded credit card are not subject to the expiration terms. For loyalty points earned under the Sun Country Rewards program, we have an obligation to provide future services when these loyalty points are redeemed.

With respect to loyalty points earned as a result of travel, prior to adoption of ASC 606 we recognized a loyalty program liability and a corresponding sales and marketing expense as the loyalty points were earned and redeemed by loyalty program members, representing the incremental cost associated with the obligation to provide travel in the future. The incremental cost for loyalty points to be redeemed on our flights was estimated based on historical costs, which include the cost of aircraft fuel, insurance, security, ticketing and reservation costs. We adjusted our liability for outstanding points to fair value in connection with acquisition accounting and in the Successor 2018 period. Upon adoption of ASC 606, we adjusted the liability to fair value as of the adoption date and we now account for the earning and redemption of loyalty points based on the deferred revenue method and the relative standalone selling price including expected breakage.

We estimate breakage for loyalty points that are not likely to be redeemed. A change in assumptions as to the period over which loyalty points are expected to be redeemed, the actual redemption activity or the estimated fair value of loyalty points expected to be redeemed could have an impact on revenues in the year in which the change occurs and in future years. Current and future changes to the loyalty points expiration policy or the program rules and program redemption opportunities may result in material changes to the loyalty program liability balance, as well as revenue recognized from the program.

Co-Brand Credit Card Program. Our co-branded credit card with First Bank, a division of First National Bank of Omaha, provides members with benefits which include a 50% discount on seat selection and bag fees (for the first checked bag), priority boarding, free premium drink during flight, and protection from their points expiring. We account for funds received for the advertising and marketing of the co-branded credit card and delivery of loyalty points as a multiple-deliverable arrangement. Funds received are allocated based on relative selling price. For the selling price of travel awards, we considered the terms for redemption under the Sun Country Rewards program that determine how loyalty points are applied to purchase Sun Country services.

Prior to adoption of ASC 606, we applied a multiple element approach, and, in connection with our adoption of ASC 606, we updated the relative standalone selling prices of the marketing, passenger benefits and future transportation elements. Consideration allocated to reward credits is deferred and recognized as passenger revenue as reward credit points are redeemed for travel. Consideration allocated to the marketing and advertising element is earned as the co-branded card is used and recorded in Other revenue.

Aircraft Maintenance

Under our aircraft operating lease agreements and FAA operating regulations, we are obligated to perform all required maintenance activities on our fleet, including component repairs, scheduled airframe checks and major engine restoration events. Significant maintenance events include periodic airframe checks, engine overhauls, limited life parts replacement and overhauls to major components. Certain maintenance functions are performed by third-party specialists under contracts that require payment based on a utilization measure such as flight hours.

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For owned aircraft and engines, we account for significant maintenance under the built-in overhaul method. Under this method, the cost of airframes and engines (upon which the planned significant maintenance activity is performed) is segregated into those costs that are to be depreciated over the expected useful life of the airframes and engines and those that represent the estimated cost of the next planned significant maintenance activity. Therefore, the estimated cost of the first planned significant maintenance activity is separated from the cost of the remainder of the airframes and engines and amortized to the date of the initial planned significant maintenance activity. The cost of that first planned major maintenance activity is then capitalized and amortized to the next occurrence of the planned major maintenance activity, at which time the process is repeated. The estimated period until the next planned significant maintenance event is estimated based on assumptions including estimated cycles, hours, and months, required maintenance intervals, and the age and condition of related parts.

These assumptions may change based on changes in the utilization of our aircraft, changes in government regulations and suggested manufacturer maintenance intervals. In addition, these assumptions can be affected by unplanned incidents that could damage an airframe, engine or major component to a level that would require a significant maintenance event prior to a scheduled maintenance event. To the extent the estimated timing of the next maintenance event is extended or shortened, the related depreciation period would be lengthened or shortened prospectively, resulting in lower depreciation expense over a longer period or higher depreciation expense over a shorter period, respectively.

For leased aircraft, we expense maintenance as incurred. Routine cost for maintaining the airframes and engines and line maintenance are charged to maintenance expense as performed.

Maintenance Reserves. Our aircraft lease agreements provide that we pay maintenance reserves to aircraft lessors to be held as collateral in advance of our required performance of significant maintenance events. Our lease agreements with maintenance reserve requirements provide that maintenance reserves are reimbursable to us upon completion of the maintenance event in an amount equal to the lesser of either (1) the amount of the maintenance reserve held by the lessor associated with the specific maintenance event or (2) the qualifying costs related to the specific maintenance event. Some portions of the maintenance reserve payments are fixed contractual amounts, while others are based on a utilization measure, such as actual flight hours or cycles.

At lease inception and at each annual balance sheet date, we assess whether the maintenance reserve payments required by the lease agreements are substantively and contractually related to the maintenance of the leased asset. Maintenance reserves expected to be recovered from lessors are reflected as lessor maintenance deposits on the consolidated balance sheets. When it is not probable that we will recover amounts paid, such amounts are expensed as a component of aircraft rent expense in our consolidated statements of operations.

We make various assumptions to determine the recoverability of maintenance reserves, such as the estimated time between the maintenance events, the date the aircraft is due to be returned to the lessor and the number of flight hours and cycles the aircraft is estimated to be utilized before it is returned to the lessor. Changes in estimates are accounted for on a prospective basis.

Goodwill and Indefinite-Lived Intangible Assets

We apply a fair value based impairment test to the carrying value of goodwill and indefinite-lived intangible assets at least annually, or more frequently if certain events or circumstances indicate that an impairment loss may have been incurred. We assess the value of goodwill and indefinite-lived assets under either a qualitative or, if necessary, a quantitative approach.

Under a qualitative approach, we consider various market factors, including applicable key assumptions listed below. These factors are analyzed to determine if events and circumstances have affected the fair value of goodwill and indefinite-lived intangible assets. Factors which could indicate an impairment include, but are not limited to, (1) negative trends in our market capitalization, (2) reduced profitability resulting from lower passenger mile yields or higher input costs (primarily related to fuel and employees), (3) lower passenger demand as a result of weakened U.S. and global economies, (4) interruption to our operations due to a prolonged

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employee strike, terrorist attack or other reasons, (5) changes to the regulatory environment (e.g., diminished slot access), (6) competitive changes by other airlines and (7) strategic changes to our operations leading to diminished utilization of the intangible assets.

If our qualitative assessment indicates that it is more likely than not that goodwill or indefinite-lived intangible assets are impaired, we must perform a quantitative test that compares the fair value of the asset with its carrying amount.

In the event that we need to apply a quantitative approach for evaluating goodwill for impairment, we estimate the fair value of the reporting unit by considering both market capitalization and projected discounted future cash flows (an income approach). Key assumptions and estimates made in estimating the fair value include: (i) a projection of revenues, expenses and cash flows; (ii) terminal period revenue growth and cash flows; (iii) an estimated weighted average cost of capital; (iv) an assumed discount rate depending on the asset; (v) a tax rate; and (vi) market prices for comparable assets. For either goodwill or indefinite-lived assets, if the carrying value of the asset exceeds its fair value calculated using the quantitative approach, an impairment charge is recorded for the difference in fair value and carrying value. In the event that we need to apply a quantitative approach for evaluating our indefinite-lived intangible assets for impairment, we estimate the fair value based on the relief from royalty method for the Sun Country trade name. The relief from royalty methodology values the asset based on the assumed royalty rate the business would pay to achieve the revenues associated with that asset if the asset was not owned.

We believe these assumptions are consistent with those a hypothetical market participant would use given circumstances that were present at the time the estimates were made.

Long-Lived Assets

In accounting for long-lived assets, we make estimates about the expected useful lives, projected residual values and the potential for impairment. In estimating the useful lives and residual values of our aircraft, we have relied upon actual industry experience with the same or similar aircraft types and our anticipated utilization of the aircraft. Changing market prices of new and used aircraft, government regulations and changes in our maintenance program or operations could result in changes to these estimates. Our long-lived assets are evaluated for impairment when events and circumstances indicate the assets may be impaired. Indicators may include operating or cash flow losses, significant decreases in market value, or changes in technology.

Equity Compensation Valuation

Subsequent to granting options to certain members of our management team and the issuance of warrants in connection with the ATSA, the fair values of the shares of SCA common stock underlying our options and warrants were determined on each grant date by our board of directors with input from management and with the assistance of a third-party valuation advisor. In order to determine the fair value, our board of directors considered, among other things, contemporaneous valuations of our SCA common stock prepared by the unrelated third-party valuation firm in accordance with the guidance provided by the American Institute of Certified Public Accountants 2013 Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, or the Practice Aid. Given the absence of a public trading market of our capital stock, the assumptions used to determine the estimated fair value of our SCA common stock was based on a number of objective and subjective factors, including:

- our stage of development and business strategy;
- our business, financial condition and results of operations, including related industry trends affecting our operations;
- the likelihood of achieving a liquidity event, such as an initial public offering or sale of our company, given prevailing market conditions;

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- the lack of marketability of our SCA common stock;
- the market performance of comparable publicly traded companies; and
- U.S. and global economic and capital market conditions and outlook.

Our enterprise value was estimated by using market multiples and a discounted cash flow analysis based on plans and estimates used by management to manage the business. We evaluated comparable publicly traded companies in the airline industry. We used market multiples after considering the risks associated with the strategic shift in our business, the availability of financing, labor relations and an intensely competitive industry. The estimated value was then discounted by a non-marketability factor due to the fact that stockholders of private companies do not have access to trading markets similar to those available to stockholders of public companies, which impacts liquidity.

The determination of the fair values of our non-public shares of SCA common stock and stock-based awards are based on estimates and forecasts described above that may not reflect actual market results. These estimates and forecasts require us to make judgments that are highly complex and subjective. Additionally, past valuations relied on reference to other companies for the determination of certain inputs. After completion of this offering, future stock-based grant values will be based on quoted market prices.

The fair value of the warrants issued in connection with the ATSA was determined using a Monte Carlo simulation which involves inputs such as expected volatility, the risk-free rate of return and the probability of achieving varying outcomes under the ATSA.

The fair value of the time-based stock options granted during 2018, 2019 and 2020 was estimated using the Black-Scholes option-pricing model with expected term based on vesting criteria and time to expiration. The expected volatility was based on historical volatility of stock prices and assets of a public company peer group. The risk-free interest rate was based on the implied risk-free rate using the expected term and yields of U.S Treasury stock and S&P bond yields.

The fair value of the performance-based stock options granted during 2018, 2019 and 2020 was estimated by simulating the future stock price using geometric brownian motion and risk-free rate of return at intervals specified in the grant agreement. The number of shares vested and future price at each interval were recorded for each simulation and then multiplied together and discounted to present value at the risk-free rate of return.

Quantitative and Qualitative Disclosure About Market Risk

We are subject to market risks in the ordinary course of our business. These risks include commodity price risk, specifically with respect to aircraft fuel, as well as interest rate risk. The adverse effects of changes in these markets could pose a potential loss as discussed below. The sensitivity analysis provided does not consider the effects that such adverse changes may have on overall economic activity, nor does it consider additional actions we may take to mitigate our exposure to such changes. Actual results may differ.

Aircraft Fuel. Unexpected pricing changes of aircraft fuel could have a material adverse effect on our business, results of operations and financial condition. To hedge the economic risk associated with volatile aircraft fuel prices, we periodically enter into fuel collars, which allows us to reduce the overall cost of hedging, but may prevent us from participating in the benefit of downward price movements. In the past, we have also entered into fuel option and swap contracts. We have hedges in place for approximately 37% of our projected fuel requirements for scheduled service operations in 2021, with all of our existing options expected to be exercised or expire by the end of 2021. We do not hold or issue option or swap contracts for trading purposes. We expect to continue to enter into these types of contracts prospectively, although significant changes in market conditions could affect our decisions. Based on our 2021 forecasted fuel consumption as of December 31, 2020, we estimate that a one cent per gallon increase in average aircraft fuel price would increase our 2021 annual aircraft fuel expense by \$0.6 million, excluding any impact associated with fuel derivative instruments held and reimbursed cargo fuel.

Interest Rates. We have exposure to market risk associated with changes in interest rates related to the interest expense from our variable-rate debt. A change in market interest rates would impact interest expense under the Credit Facilities. Assuming the Credit Facilities are fully drawn, a 100 basis point increase in interest rates would result in a corresponding increase in interest expense of approximately \$1.2 million annually.

JOBS Act Accounting Election

In April 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for an “emerging growth company.” We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our audited financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

We have chosen to rely on the other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an “emerging growth company” we are not required to, among other things, (i) provide an auditor’s attestation report on our system of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies, (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board (United States) regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the consolidated financial statements (auditor discussion and analysis) and (iv) disclose certain executive compensation-related items, such as the correlation between executive compensation and performance and comparisons of the chief executive officer’s compensation to median employee compensation. We may remain an “emerging growth company” until the last day of the fiscal year following the fifth anniversary of the completion of this offering. However, if certain events occur prior to the end of such five-year period, including if we become a “large accelerated filer,” our annual gross revenue equals or exceeds \$1.07 billion or we issue more than \$1.0 billion of non-convertible debt in any three-year period, we will cease to be an “emerging growth company” prior to the end of such five-year period.

Recent Accounting Pronouncements

See Note 2 to our audited consolidated financial statements included elsewhere in this prospectus for recently issued accounting pronouncements adopted in 2020 and 2019 or not yet adopted as of the date of this prospectus.

INDUSTRY

Scheduled Passenger

The U.S. passenger airline industry has consolidated significantly over the last two decades. In 2000, the four largest U.S. carriers controlled approximately 59% of the domestic market, based on number of available seats, and there were 11 additional airlines of significant size competing in a fragmented market. As a result of the consolidation in the sector, the four largest U.S. carriers controlled approximately 77% of the market as of 2019 and there are seven additional airlines of significant size competing in what is now a more consolidated market. This shift has been principally driven by a number of business combinations which have reshaped the domestic landscape: Delta Air Lines combined with Northwest Airlines in 2008, United Airlines combined with Continental Airlines in 2010, Southwest Airlines acquired AirTran Airlines in 2011, American Airlines (following its acquisition of Trans World Airlines in 2001) combined with US Airways in 2013 (following its combination with America West Airlines in 2005) and Alaska Airlines acquired Virgin America in 2016. Consolidation has benefitted the U.S. airline sector, which has seen TRASM increase from 11.12 cents in 2000 to 15.03 cents in 2019. As a result, the U.S. airline industry recorded nearly \$100 billion of cumulative net income from 2008 through 2019.

U.S. passenger airlines can broadly be divided into three categories: legacy network airlines; LCCs; and ULCCs. While each major airline based in the United States generally competes with each other for airline passengers traveling on the routes they serve, particularly customers traveling in economy or similar classes of service, these categories identify the operating strategies of these airlines.

The legacy network airlines, including United Airlines, Delta Air Lines and American Airlines, serve a large business travel customer base and offer scheduled flights to the largest cities within the United States and abroad (directly or through membership in one of the global airline alliances) and also serve numerous smaller cities. These airlines operate predominantly through a “hub-and-spoke” network route system. This system concentrates most of an airline’s operations in a limited number of hub cities, serving other destinations in the system by providing one-stop or connecting service through hub airports to end destinations on the spokes. Such an arrangement enables travelers to fly from a given point of origin to more destinations without switching airlines. While hub-and-spoke systems result in low marginal costs for each incremental passenger, they also result in high fixed costs. The unit costs incurred by legacy network airlines to provide the gates, airport ground operations and maintenance facilities needed to support a hub-and-spoke operation are generally higher than those of a point-to-point network, typically operated by LCCs and ULCCs. Aircraft schedules at legacy network airlines also tend to be inefficient to meet the requirements of connecting banks of flights in hubs, resulting in lower aircraft and crew utilization. Serving a large number of markets of different sizes requires the legacy network airlines to have multiple fleets with multiple aircraft types along with the related complexities and additional costs for crew scheduling, crew training and maintenance. As a result, legacy network airlines typically have higher cost structures than LCCs and ULCCs due to, among other things, higher labor costs, flight crew and aircraft scheduling inefficiencies, concentration of operations in higher cost airports, and the offering of multiple classes of services, including multiple premium classes of service. Legacy network airlines are mainly focused on business travel, which historically has generated higher unit revenues and yields. Business travel is closely tied to economic cycles and has been more volatile than leisure and VFR travel during industry downturns, including during the current COVID-19 induced downturn.

In contrast, the LCC model focuses on operating a more simplified operation, providing point-to-point service without the high fixed costs and inefficiencies required for a hub-and-spoke system. The lower cost structure of LCCs enables them to offer flights to and from many of the same markets as the major airlines at lower fares, though LCCs sometimes serve major markets through secondary, lower-cost airports in the same region. Many LCCs provide only a single class of service, thereby avoiding the incremental cost of offering premium-class services. Finally, LCCs tend to operate fleets with very few aircraft families in order to maximize the utilization of flight crews across the fleet, to improve aircraft scheduling flexibility and to minimize inventory and aircraft maintenance costs. The major U.S. based airlines that define themselves as LCCs include Southwest Airlines and JetBlue Airways.

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The ULCC model, which was pioneered by Ryanair in Europe and Spirit Airlines in the United States, was built on the LCC model, but combined with a focus on increased aircraft utilization, increased seat density and the unbundling of revenue sources aside from base ticket prices with multiple products and services offered for purchase by the customer at additional cost. ULCCs have lower unit costs than the legacy network airlines and the LCCs. In addition, ULCCs are capable of driving significant increases in passenger volumes as a result of their low base fares. The major U.S. based airlines that define themselves as ULCCs include Spirit Airlines, Allegiant Travel Company and Frontier Airlines.

The LCCs and ULCCs in the United States have grown faster than the legacy network airlines and typically have higher profit margins. Additionally, the high growth of LCCs and ULCCs has resulted in them taking market share from the legacy network airlines even as the industry has consolidated. The LCCs and ULCCs predominantly serve leisure and VFR travelers, who tend to be more price conscious than business travelers as they pay for the ticket at their own expense rather than through a corporate expense account. Leisure and VFR travel is more resilient than business travel, as proven during and following the 2008 financial crisis and more recently during the COVID-19 induced downturn where the rebound in air travel from the April 2020 trough has been largely driven by leisure and VFR travelers.

Charter

Within the broader U.S. charter market, which includes business jets, widebody and narrowbody charters, Sun Country exclusively focuses on the narrowbody segment. The narrowbody charter segment has experienced steady growth over the recent years posting an estimated 6.1% compound annual growth rate over the 2013-2018 period and reaching an approximately \$1.2 billion market size as of 2018, based on management estimates.

On the demand side, key customer segments within the U.S. narrowbody charter market include casinos and tour groups, sports teams (both professional and college teams), the U.S. Department of Defense and other government customers. As of 2018, we had strong market positions in the casinos and tours customer segments, the U.S. Department of Defense and college sports customer segments with an estimated market share of approximately 33%, 29% and 18%, respectively. These customer segments are primarily comprised of large, high-budget organizations with recurring (in some cases even long-term contracted) and resilient spend. The typical contract generally provides for the customer to pay a fixed charter fee, insurance, landing fees, navigation fees and most other operational fees and costs. Fuel costs are contractually passed through to the customer, enhancing margins and removing commodity risk from the operators.

On the supply side, the market is fragmented and primarily served by pure play charter operators that typically operate small fleets and serve relatively small networks across the country. The reduced fleet size and network scale of pure play charter operators results in limited reserve aircraft to react to unexpected problems and schedule changes. Larger, high-budget and enduring charter customers primarily seek operational reliability and aircraft and crew availability to serve their planned and on-demand needs. In light of these specific needs, the size, scale, and reach of the network are key strategic advantages to compete in the charter market.

Cargo

The global air cargo industry transports over \$6 trillion worth of goods per year, which accounts for approximately 35% of world trade by value. In 2019, global air cargo traffic was 264 billion revenue tonne-kilometers (“RTKs”), with North America making up 24% of that traffic. The highly fragmented industry is comprised of numerous players, including the large integrators such as UPS, FedEx and DHL, long- and medium-range carriers such as Air Transport Services Group, Inc. (“ATSG”) and Atlas Air, as well as a host of smaller regional operators.

The two options for air cargo transport are dedicated freighters and passenger aircraft lower holds, also referred to as passenger belly capacity. Freighters are particularly well suited for transporting high-value goods

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because they provide highly controlled transport, direct routing, reliability and unique capacity considerations. These distinct advantages allow freighter operators to offer a higher value of service and generate more than 90% of the total air cargo industry revenue. In 2019, estimated air cargo revenue globally was \$106 billion, and global air cargo traffic is forecasted by Boeing to grow at a 4.0% compound annual growth rate through 2039. The U.S. domestic air cargo market is more mature and expected by Boeing to grow at a 2.7% compound annual growth rate through 2039.

One of the main drivers of air cargo growth is e-commerce, which has continued to grow significantly and drive demand for delivery services. Since 2015, global e-commerce retail sales have grown at over a 20% compound annual growth rate and are expected by Boeing to grow at 15% per year from 2020 through 2023. In this context, Amazon formally launched Amazon Air in 2016 and expects to have a fleet of over 80 aircraft by the end of 2021. These aircraft are either owned or leased by Amazon and operated by select third-party partners, such as Sun Country.

Similar to Sun Country, ATSG and Atlas Air have contracts with Amazon to provide cargo services. ATSG and Atlas Air operate through numerous business lines including Aircraft Leasing, Aircraft, Crew, Maintenance and Insurance (“ACMI”) services, CMI services and other aviation support services, such as ground logistics. Under a typical ACMI agreement, the airline provides the aircraft, flight crews, aircraft maintenance and aircraft insurance while the customer typically covers most operating expenses, including fuel, landing fees, parking fees and ground and cargo handling expenses. Under a typical CMI agreement, the customer is responsible for providing the aircraft, in addition to covering the fuel and other operating expenses, and the airline provides the flight crews, aircraft insurance and line maintenance. The ATSA is a CMI agreement. The majority of aircraft that ATSG and Atlas Air operate on Amazon’s behalf under their respective ATSA’s are Boeing 767s. Since the beginning of their relationship with Amazon in 2016, both ATSG and Atlas Air have seen continued and substantial growth in their Amazon dedicated fleets. Unlike ATSG and Atlas Air, Sun Country only flies 737 aircraft for Amazon under our “asset-light” ATSA.

We believe that Sun Country represents a new breed of hybrid air carrier that shares certain characteristics with Allegiant Travel Company, Southwest Airlines and ATSG. Sun Country’s model includes many of the low cost structure characteristics of ULCCs, such as an unbundled product, point-to-point service and a single aircraft family fleet, which allow us to maintain a cost base comparable to ULCCs. However, our superior product is more consistent with the higher quality product of LCCs. Furthermore, we fly a flexible “peak demand” network, similar to Allegiant Travel Company. However, Allegiant flies to different markets than we do with a lesser product, smaller charter business and limited ticket distribution network through its website (closed distribution). Our CMI services arrangement under the ATSA with Amazon resembles ATSG’s. However, our ATSA is asset-light from a Sun Country perspective and does not require capital expenditures on aircraft for us to service and provides meaningful, stable and visible cash flows.

COVID-19 Impact on the Airline Industry

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and between March 1, 2020 and May 31, 2020, 42 U.S. states and territories, encompassing 73% of U.S. counties, issued mandatory stay at home orders, with most occurring during the month of April. As a result, U.S. domestic passenger enplanements declined 96% in April 2020 when compared to April 2019. While U.S. domestic passenger volumes have increased from a total of 2.9 million passengers in April 2020 to a monthly average of 24.6 million passengers for the period from July 1, 2020 to October 31, 2020, those levels are still down 65% when compared to the same time frame in 2019. The growth in the U.S. domestic air traffic since the trough in April 2020 has been led by leisure and VFR travelers as business travel remains more subdued with the majority of corporate workforces mandated to predominantly “work-from-home” and in-person meetings being replaced by videoconferencing and other virtual channels. Equity research analysts and other industry executives believe that the positive trends in leisure and VFR travel will continue as COVID-19 vaccines become widely distributed in 2021. The initial beneficiaries of the travel rebound are expected to be leisure and VFR focused LCCs and ULCCs, while the more international and business travel exposed legacy network airlines are expected to lag behind.

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As COVID-19 has spread globally, many countries imposed strict international travel restrictions and more recently enacted mandatory quarantines upon return from international travel to replace prior travel restrictions. As a result of these restrictive measures, U.S. international passenger enplanements declined by 99% in April 2020 when compared to April 2019, a more significant decline than U.S. domestic passenger enplanements. Given the continued international restrictions and quarantines across the world, U.S. international passenger volumes have recovered less than U.S. domestic passenger volumes since April 2020. For the period from July 1, 2020 to October 31, 2020, international capacity for U.S. airlines was down 73% compared to the same timeframe in 2019, whereas domestic capacity was down 46% for the same period.

U.S. passenger airlines have taken significant measures in response to the COVID-19 pandemic to maintain the health and safety of their employees and customers. Airlines have added new pre-boarding, boarding and in-flight procedures such as pre-flight health questionnaires and screenings, contactless check-in and luggage drop off, enhanced aircraft cleaning procedures, mandatory face masks for employees and passengers, restricted middle seat bookings and other limitations, in terms of maximum load factor per flight, to adhere to social distancing protocols while onboard. These measures have minimized the risk of infection while onboard and increased customer confidence in safely returning to fly. Pre- and post-flight COVID-19 rapid testing has recently been introduced as an additional tool to avoid mandatory quarantine periods for international and some domestic travel, and it is expected to, along with a viable and widely distributed vaccine, facilitate the recovery in air passenger traffic as travel restrictions are lifted across the globe.

Since the beginning of the COVID-19 pandemic, the air cargo market has experienced solid growth both in terms of volumes and yields. While the pandemic has caused a worldwide economic recession, e-commerce has thrived due to a variety of factors such as consumers being unable or unwilling to visit brick-and-mortar stores due to social distancing, which translated into an acceleration of secular growth in e-commerce. Air cargo operators have been in a unique position to meet e-commerce demands that require a high level of speed, reliability and security. Even when considering the reduction in available belly cargo space on commercial passenger flights, air cargo is expected to continue growing with e-commerce, which is expected to grow more than 15% per year for the next several years, and as the global economy rebounds from the COVID-19 induced downturn.

BUSINESS

Overview

Sun Country Airlines is a new breed of hybrid low-cost air carrier that dynamically deploys shared resources across our synergistic scheduled service, charter and cargo businesses. By doing so, we believe we are able to generate high growth, high margins and strong cash flows with greater resilience than other passenger airlines. We focus on serving leisure and visiting friends and relatives (“VFR”) passengers and charter customers and providing CMI service to Amazon, with flights throughout the United States and to destinations in Mexico, Central America and the Caribbean. Based in Minnesota, we operate an agile network that includes our scheduled service business and our synergistic charter and cargo businesses. We share resources, such as flight crews, across our scheduled service, charter and cargo business lines with the objective of generating higher returns and margins and mitigating the seasonality of our route network. We optimize capacity allocation by market, time of year, day of week and line of business by shifting flying to markets during periods of peak demand and away from markets during periods of low demand with far greater frequency than nearly all other large U.S. passenger airlines. We believe our flexible business model generates higher returns and margins while also providing greater resiliency to economic and industry downturns than a traditional scheduled service carrier. As a result of our diversified and resilient business model, we believe we have been the best performing mainline U.S. passenger airline in 2020 during the current COVID-19 induced industry downturn based on pre-tax and operating income margins for the year ended December 31, 2020.

Our Unique Business Model

Scheduled Service. Our scheduled service business combines low costs with a high quality product to generate higher TRASM than ULCCs while maintaining lower Adjusted CASM than LCCs, resulting in best-in-class unit profitability. Our scheduled service business includes many cost characteristics of ultra low-cost carriers, or ULCCs (which include Allegiant Travel Company, Frontier Airlines and Spirit Airlines), such as an unbundled product (which means we offer a base fare and allow customers to purchase ancillary products and services for an additional fee), point-to-point service and a single-family fleet of Boeing 737-NG aircraft, which allow us to maintain a cost base comparable to these ULCCs. However, we offer a high quality product that we believe is superior to ULCCs and consistent with that of low-cost carriers, or LCCs (which include Southwest Airlines and JetBlue Airways). For example, our product includes more legroom than ULCCs, complimentary beverages, in-flight entertainment and in-seat power, none of which are offered by ULCCs. The combination of our agile peak demand network with our elevated consumer product allows us to generate higher TRASM than ULCCs while maintaining lower Adjusted CASM than LCCs. In addition, as a low cost, leisure focused carrier, rather than a business travel focused carrier, we believe we are well-positioned to be one of the early beneficiaries of the industry rebound following the COVID-19 pandemic.

Charter. Our charter business, which is one of the largest narrow body charter operations in the United States, is a key component of our strategy both because it provides inherent diversification and downside protection (it is uncorrelated to our scheduled service and cargo businesses, as evidenced by the fact that it recovered faster than our scheduled service business during the COVID-19 pandemic) as well as because it is synergistic with our other businesses (for example, we can dynamically deploy aircraft and pilots to their most profitable uses whether they be charter or scheduled service). Our charter business has several favorable characteristics, including large repeat customers, more stable demand than scheduled service flying and the ability to pass through certain costs, including fuel. Our diverse charter customer base includes casino operators, the U.S. Department of Defense, college sports teams and professional sports teams. We are the primary air carrier for the NCAA Division I National Basketball Tournament (known as “March Madness”), and we flew over 100 college sports teams during 2019. Our charter business includes ad hoc, repeat, short-term and long-term service contracts with pass through fuel arrangements and annual rate escalations. Most of our business is non-cyclical because the U.S. Department of Defense and sports teams still fly during normal economic downturns, and our casino contracts are long-term in nature. Our charter business has proven to be more resilient than our scheduled service business during the COVID-19 induced downturn, with charter revenue having declined less than scheduled service revenue on a percentage basis in 2020 as compared to 2019. Additionally, our charter business complements our seasonal and day-of-week focused

scheduled passenger service by allowing us to optimally schedule our aircraft and crews to the most profitable flying opportunities. In general, charter available seat miles, or ASMs, are highest in fall months when scheduled service operations are less favorable. From 2017 through 2019, we grew our charter revenue by approximately 32% while providing charter services to 395 destinations in 27 countries across the world. While our charter revenues were down as a result of COVID-19, they have rebounded in the second half of 2020. In the fourth quarter of 2020, our charter revenues were 24% lower when compared to the fourth quarter of 2019. In comparison, combined U.S. passenger airline revenues were 63% lower during the fourth quarter of 2020 when compared to the fourth quarter of 2019.

Cargo. On December 13, 2019, we signed the ATSA with Amazon to provide air cargo services. Flying under the ATSA began in May 2020 and, as of the date of this prospectus, we are flying 12 Boeing 737-800 cargo aircraft for Amazon (having been awarded two additional aircraft in October and November 2020 after the initial contract for 10 aircraft). Our CMI service is asset-light from a Sun Country perspective, as Amazon supplies the aircraft and covers many of the operating expenses, including fuel, and provides all cargo loading and unloading services. We are responsible for flying the aircraft under our air carrier certificate, crew, aircraft line maintenance and insurance, all of which allow us to leverage our existing operational expertise from our scheduled service and charter businesses. The ATSA has generated consistent, positive cash flows through the COVID-19 induced downturn. The ATSA offers potential future growth opportunities by establishing a long-term partnership with Amazon. Our cargo business also enables us to leverage certain assets, capabilities and fixed costs to enhance profitability and promote growth across our company. For example, we believe that by deploying pilots across each of our business lines, we increase the efficiency of our operations.

Our Transformation

In April 2018, Sun Country Airlines was acquired by the Apollo Funds. Since the acquisition, our business has been transformed under a new management team of seasoned professionals who have a strong combination of low-cost and legacy network airline experience.

- We redesigned our network to focus our flying on peak demand opportunities by concentrating scheduled service trips during the highest yielding months of the year and days of the week and allocating aircraft to our charter service when it is more profitable to do so. This effectively shifted our focus toward leisure customers.
- We invested over \$200 million in capital projects that included modernizing the cabin experience with new seats, in-seat power and in-flight entertainment. Our investments also facilitated a transition to owning our fleet, rather than leasing, to reduce costs. We implemented a new booking engine, *Navitaire*, rebranded our product along with our website and invested in improving the customer support experience. We consolidated our corporate headquarters into an on-airport hangar.
- We greatly expanded our ancillary products and services, which consist of baggage fees, seat assignment fees and other fees, increasing average ancillary revenue per scheduled service passenger by 148% from 2017 to 2019.
- We launched and grew our asset light cargo business and fully integrated our pilot base across our scheduled service, charter and cargo businesses.
- We reduced unit costs by 19% from 2017 to 2019 with several initiatives, including: renegotiating certain key contracts and agreements; increasing the portion of bookings made directly through our website; reducing the cost of our fleet through more efficient aircraft sourcing and financing; staffing efficiencies; and other cost-saving initiatives.

While the COVID-19 induced industry downturn has impeded our growth in 2020, we believe that these investments have positioned us to profitably grow our business in the long term following a rebound in the U.S. airline industry and that our period of heavy investment in transformative capital spending is behind us for the foreseeable future.

COVID-19 Induced Downturn

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and between March 1, 2020 and May 31, 2020, 42 U.S. states and territories, encompassing 73% of U.S. counties, issued mandatory stay-at-home orders, with most occurring during the month of April 2020. All major U.S. passenger airlines were negatively impacted by the declining demand environment resulting from the COVID-19 pandemic. We have experienced a significant decline in demand related to the COVID-19 pandemic, which has caused a material decline in our revenues and negatively impacted our financial condition and operating results during the COVID-19 pandemic, which is likely to continue for the duration of the COVID-19 pandemic, and our business operations were adjusted in response to the pandemic as described below. However, we believe that our diversified and flexible business model allowed us to mitigate the impact of COVID-19 on our business better than any other large U.S. passenger airline (which we consider to be the largest 11 U.S. mainline passenger carriers based on 2019 ASMs), based on pre-tax and operating income margins for the year ended December 31, 2020. Actions we took during 2020 to mitigate the impact of the COVID-19 induced downturn preserved more than \$152.0 million in liquidity and included: capacity reductions; a company-wide hiring freeze; headcount reductions; voluntary leave programs; reduced advertising expenditures; reduced capital expenditures; and deferred vendor payments. In February 2021, we also entered into the Credit Agreement. Further, we have received grants from Treasury through the Payroll Support Program and accepted the CARES Act Loan from Treasury through the CARES Act Loan Program without issuing any warrants, unlike nearly all other carriers with whom we compete that received government assistance. During the year ended December 31, 2020, we generated higher operating income margins than any other mainline U.S. passenger airline. We believe this result was due to our diversified and flexible business model, which includes a cargo business and allows us to shift resources to our charter and cargo businesses and away from our scheduled service business during periods of low scheduled service passenger demand. We have also maintained our pre-COVID-19 corporate credit ratings throughout the downturn. With the expectation that recently authorized COVID-19 vaccines will be widely distributed in 2021, we believe the airline industry will rebound in the back half of 2021 and normalize in 2022. We believe we are well-positioned to benefit from this rebound. Given our focus on low-cost domestic leisure travel, we believe we are well-positioned to rebound faster than most other U.S. airlines.

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Our operating income margin for the year ended December 31, 2020 was 4.3%, based on operating income of \$17.4 million and revenue of \$401.5 million for such period. The following table presents adjusted operating income margin for us and certain other airlines for the year ended December 31, 2020, which includes the LCCs and ULCCs presented below as well as full service carriers that served MSP, our home market, at the onset of the COVID-19 downturn. We believe that it is important to compare our performance to different airline types to help highlight the financial impact of the differentiated attributes of our business. In addition to our diversified and flexible operating model, we believe our smaller infrastructure, focus on leisure point-to-point routes and our single hub at MSP, which provides us with cost benefits, contributed to our relative success against industry competitors in 2020. We used adjusted operating income margin as the measure of airline performance during the COVID-19 downturn because we thought it was the best measure of profitability and also excludes interest expense when comparing companies with different capital structures and outstanding indebtedness. For the year ended December 31, 2020, adjusted operating income margin is not reflective of our normal operating results due to the adverse financial impacts of the COVID-19 pandemic, and a comparison of adjusted operating income margin among airlines may not be reflective of the results of a similar comparison during normal industry conditions.



(1) Sun Country adjusted operating income margin is based on operating income of \$17.4 million, adjusted to remove \$2.1 million of non-cash employee stock compensation expense and \$77,000 of employee relocation costs and costs to exit Sun Country's prior headquarters building, and revenue of \$401.5 million. See Notes 10 and 16 to our audited consolidated financial statements included elsewhere in this prospectus for additional information. Other airline operating income margin results are based on publicly available information for each airline and adjusted, using a consistent methodology across the airlines, to remove identified one-time items such as asset sales, severance costs, impairment charges, restructuring charges and non-cash stock compensation expense. All carriers' results include benefits received under the CARES Act.

Our financial and operating results and business operations for our scheduled service and charter businesses for the year ended December 31, 2020 have been materially and adversely impacted as a result of the COVID-19 pandemic, which impact is likely to continue during the duration of the COVID-19 pandemic. We believe that our financial and operating results for the year ended December 31, 2019 are more useful indicators of our scheduled service and charter service operating performance during normal industry conditions. See "Risk Factors."

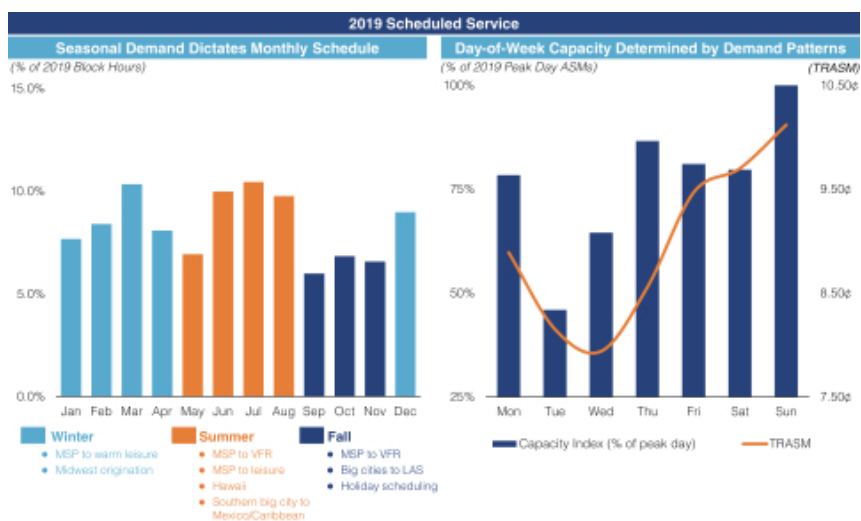
Our Competitive Strengths

We believe that the following key strengths allow us to compete successfully within the U.S. airline industry.

Diversified and Resilient Business Model. Our diversified business model, which includes significant leisure and VFR focused scheduled service, charter and e-commerce related cargo service, is unique in the airline

sector and mitigates the impact of economic and industry downturns on our business when compared with other large U.S. passenger airlines. Our charter business has rebounded quicker than our scheduled service business as customers such as the U.S. Department of Defense and large university sports teams have continued to fly in 2020, while our casino customers are subject to long-term contracts and began flying again in June 2020. Our cargo business exhibited steady growth in 2020 as flying ramped up and demand remained strong, driven by underlying secular growth in e-commerce. As a result of our diversified and resilient business model, we believe we have been the best performing mainline U.S. passenger airline in 2020 during the COVID-19 induced downturn, generating higher operating income margins than any other mainline U.S. passenger airline for the year ended December 31, 2020.

Agile Peak Demand Scheduling Strategy. We flex our capacity by day of the week, month of the year and line of business to capture what we believe are the most profitable flying opportunities available from both our MSP home market and our network of non-MSP markets. As a result, our route network varies widely throughout the year. For the year ended December 31, 2019, the most recent normalized full year before the COVID-19 pandemic, we flew approximately 38% of our ASMs during our top 100 peak demand days of the year as compared to 15% of our ASMs during our bottom 100 demand days of the year. For 2019, our average fare was approximately 29% higher on our top 100 peak demand days as compared to the remaining days of the year. In 2019, only 3% of our routes were daily year-round, compared to 67% for Southwest Airlines, 42% for Spirit Airlines, 8% for Frontier Airlines and 2% for Allegiant Travel Company. Our agile peak demand strategy allows us to generate higher TRASM by focusing on days with stronger demand. Our flexible network has also benefitted us in 2020 during the COVID-19 induced industry downturn where we have been able to quickly shift capacity from low demand markets to high demand markets within the United States as COVID-19 infection rates shifted across regions of the country. The following charts demonstrate that our schedule is highly variable by day of the week and month of the year.



In addition to shifting aircraft across our network by season and day of week, we also shift aircraft between our scheduled service and charter businesses to maximize the return on our assets. We regularly schedule our fleet using what we refer to as “Power Patterns,” which involves scheduling aircraft and crew on trips that combine scheduled service and charter legs, dynamically replacing what would be lower margin scheduled service flights with charter opportunities. Our agility is supported by our variable cost structure and the cross utilization of our people and assets between our lines of business. Our synergies from cross utilization have increased since we began providing CMI services because our pilots are interchangeably deployed between scheduled service, charter and cargo flights. For example, when demand in our scheduled service business

declined in 2020 as a result of the COVID-19 induced industry downturn, we allocated more pilot flying hours to our charter and cargo businesses.

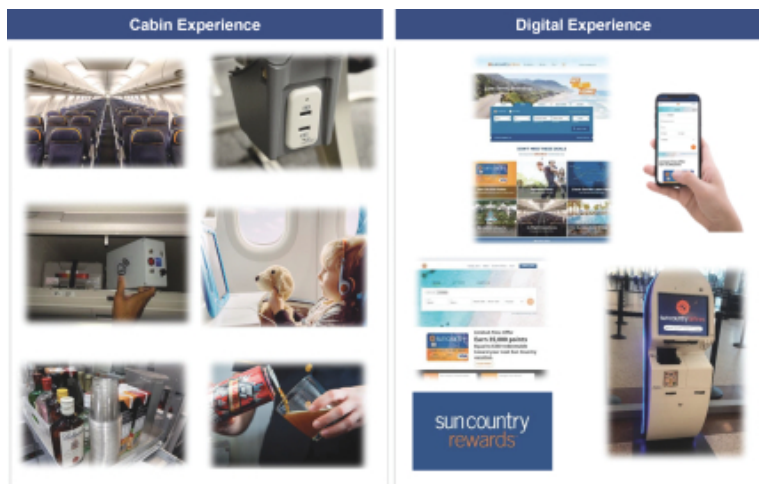
Tactical Mid-Life Fleet with Flexible Operations. We maintain low aircraft ownership costs by acquiring mid-life Boeing 737-800 aircraft, which have lower acquisition costs, when compared to new Boeing 737 aircraft, that more than offsets their higher ongoing maintenance and repair costs. Lower ownership costs allow us to maintain lower unit costs at lower levels of utilization. This allows us to concentrate our flying during periods of peak demand, which generates higher TRASM and also allows us to park aircraft during periods of low demand, such as in 2020, at a lower cost than other airlines. In 2019, we flew our aircraft an average of 9.6 hours per day, which is the lowest among major U.S. airlines, other than Allegiant Travel Company, which operates a similar low utilization model but serves smaller markets. In addition to the benefits of lower all-in ownership costs, we do not have an aircraft order book because we only purchase mid-life aircraft. As a result, unlike many other airlines, we are not locked into large future capital expenditures at above market aircraft prices. Rather, we have the ability to opportunistically take advantage of falling aircraft prices with purchases at the time of our choosing. Our single family aircraft fleet also has operational and cost advantages, such as allowing for optimization of crew scheduling and training and lower maintenance costs. Our fleet is highly reliable, and we have a demonstrated ability to maintain our high completion factor during harsh weather conditions. For the year ended December 31, 2019, we had a completion factor of 99.8% across our system.

Superior Low-Cost Product and Brand. We have invested in numerous projects to create a well-regarded product and brand that we believe is superior to ULCCs while maintaining lower fares than LCCs and larger full service carriers. Some of the reasons that we believe we have a superior brand to ULCCs include:

- **Our Cabin Experience.** All of our 737-800 aircraft have new state-of-the-art seats that comfortably recline and have full size tray tables. Our seats have an average pitch of approximately 31 inches, giving our customers comparable legroom to Southwest Airlines and greater legroom than all ULCCs in the United States. We also provide seat-back power, complimentary in-flight entertainment and free beverages to improve the overall flying experience for our customers. Such amenities are comparable to those offered by our LCC competitors and are not available on any ULCCs in the United States.

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- *Our Digital Experience.* We have significantly improved the buying experience for our customers. We overhauled our passenger service system in 2019 and transitioned to *Navitaire*, the premier passenger service system in the United States. *Navitaire* has decreased our overall website session length, decreased the percentage of failures to complete a transaction after accessing our website on a mobile device and increased the percentage of visits to our website that result in an airfare purchase. The transition to *Navitaire* has been one of the most important initiatives in improving the Sun Country customer experience, making our website booking more seamless, allowing us to create a large customer database and supporting ancillary revenue growth. Beyond *Navitaire*, we have improved the check-in experience for customers by providing access to web-check in across the system and access to kiosks in our main hub location of MSP. Since the *Navitaire* transition, 68% of our Minneapolis originating passengers have checked in either online or at a kiosk. System wide over 55% of our passengers have checked in electronically. These tools increase the chances that the passenger can skip the check in counter, which we believe improves our customers' experience while also reducing costs.



In addition to our product, we believe that our brand is well recognized and well regarded in the markets that we serve. In the fourth quarter of 2019, management conducted a study of individuals across a variety of ages, income levels, home regions and home airports (including both MSP and non-MSP travelers), each of whom had traveled for leisure within the prior 24 months. Individuals selected for the survey included Sun Country passengers and a consumer sample provided by a third-party survey panel provider. 468 individuals responded to the study, 275 of whom had flown Sun Country Airlines. Based on the study: 79% of the 29 respondents who expressed a preference between airlines and had flown on both Sun Country Airlines and Allegiant Travel Company said they would rather fly on Sun Country Airlines; 77% of the 71 respondents who expressed a preference between airlines and had flown on both Sun Country Airlines and Frontier Airlines said they would rather fly on Sun Country Airlines; and 81% of the 77 respondents who expressed a preference between airlines and had flown on both Sun Country Airlines and Spirit Airlines said they would rather fly on Sun Country Airlines.

Competitive Low Cost Structure. Our CASM declined from 10.09 cents for the year ended December 31, 2017 to 8.82 cents for the year ended December 31, 2019. Our Adjusted CASM declined from 7.80 cents for the year ended December 31, 2017 to 6.31 cents for the year ended December 31, 2019. Our completed and ongoing cost savings efforts include conversion to a focus on owning (versus leasing) aircraft, renegotiation of our component maintenance agreement, fuel savings initiatives, catering cost reductions, renegotiation of distribution contracts, consolidation of staff at headquarters on airport property and various other initiatives. Our CASM and Adjusted CASM for the year ended December 31, 2020 of 8.91 cents and 7.57 cents, respectively, were adversely impacted due to the COVID-19 pandemic. While Adjusted CASM for all U.S. airlines increased in 2020 as a

result of the COVID-19 induced downturn, we believe that our business model and strategy positions us well to maintain and improve our Adjusted CASM in the future, while maintaining lower utilization rates than many other U.S. passenger airlines.

Strong Position in Our Profitable MSP Home Market. We have been based in the Minneapolis-St. Paul area since our founding over 35 years ago, where our brand is well-known and well-liked. We are the largest low-cost carrier operating at MSP, which is our largest base, and the second largest airline based on ASMs at MSP after Delta Air Lines, which primarily serves business and connecting traffic customers, while we primarily serve leisure customers. Excluding Delta Air Lines, we have nearly twice the capacity, as measured by ASMs, of any other competitor operating at MSP. Spirit Airlines and Southwest Airlines scaled back from MSP during the COVID-19 induced downturn and focused on their core markets, demonstrating MSP is likely not a strategic market for either airline. However, our current seat share at MSP is still meaningfully lower than Spirit Airlines' seat share in Detroit and Frontier Airlines' seat share in Denver, and we believe there is significant room for us to grow in MSP through further market stimulation once the U.S. air travel market rebounds. We fly out of Terminal 2, which we believe is preferred by many flyers because of its smaller layout, shorter security wait times, close parking relative to check-in and full suite of retail shops. As of the date of this prospectus, we utilize 8 of the 14 gates in Terminal 2. As a result of our focus on flying during seasonal peak periods, our well regarded brand and product and our strong position in Minneapolis, we have historically enjoyed a TRASM premium at MSP. In 2019, the most recent normalized full year before the COVID-19 pandemic, we believe MSP was among the most profitable LCC bases in the United States and we believe we generated higher TRASM in MSP during 2019 than any ULCC in the United States in its primary base.

Seasoned Management Team. Our Chief Executive Officer, Jude Bricker, joined Sun Country Airlines in July 2017 and has over 16 years of experience in the aviation industry, including serving as the Chief Operating Officer of Allegiant Travel Company from 2016 to 2017. Our President and Chief Financial Officer, Dave Davis, joined Sun Country in April 2018 and has over 22 years of experience in the aviation industry, including previously serving as the Chief Financial Officer at Northwest Airlines and US Airways. Other members of our management team have worked at airlines such as Alaska Airlines, American Airlines, Delta Air Lines, Northwest Airlines, United Airlines and US Airways.

Our Growth Strategy

Since 2018, we have established the infrastructure to support our significant long-term profitable growth strategy that we plan to continue once the U.S. air travel market rebounds from the COVID-19 induced downturn.

- **Network.** We launched 64 new markets from 2018 through 2019 and developed a repeatable network growth strategy. Our network strategy is expected to support passenger fleet growth to approximately 50 aircraft by the end of 2023.
- **Fleet.** We restructured our fleet with a focus on ownership of Boeing 737-800s with no planned lease redeliveries prior to 2024, allowing us to focus on growth with low capital commitments. We believe the current dislocation in the aircraft market will enable us to access new aircraft at an attractive cost relative to our peers.
- **Customer.** We rebranded the airline around a leisure product with a significant ancillary revenue component which we believe will allow us to stimulate demand during the rebound from COVID-19 earlier than airlines focused on business travelers.
- **Culture.** We installed a new management team with a cost-conscious ethos, which included moving our headquarters into a hangar at MSP.
- **Operations.** We maintained high standards of operational performance, including a 99.8% completion factor for the year ended December 31, 2019.

We believe our initiatives have provided us with a platform to profitably grow our business. Key elements of our growth strategy include:

Leverage the Expected Rebound in Our Passenger Business. The number of domestic LCC and ULCC passenger enplanements grew at a compound annual growth rate of 7% from 2014 to 2019 due to long-term increasing demand for air travel in the United States. Following the spread of COVID-19 in the United States, passenger levels declined. While we believe we have outperformed other mainline U.S. passenger airlines during the COVID-19 pandemic based on pre-tax and operating income margins for the year ended December 31, 2020, we believe our scheduled service business is poised for a rapid rebound following the end of the COVID-19 pandemic. We believe we are positioned to be among the early beneficiaries of this rebound given our peak demand strategy and focus on leisure and VFR travelers, who are expected to be the first to fly at pre-COVID-19 levels. In previous economic downturns, leisure and VFR travelers have also been the first to return to flying at normalized levels.

Grow Our Cargo Business. In December 2019, we signed the ATSA with Amazon to provide air cargo transportation services flying 10 aircraft with agreed pricing. Since that time, Amazon requested, and we agreed to fly, two additional aircraft to bring the total number of aircraft we are flying for Amazon as of the date of this prospectus to 12. We believe we are well-positioned to continue growing our cargo business over time, while continuing to operate for Amazon and potentially new customers.

Expand our Peak Demand Flying in Minneapolis and Beyond. Following a rebound in U.S. air travel, we intend to continue growing our network profitably both from MSP and on new routes outside of MSP by focusing on seasonal markets and day-of-the-week flying during periods of peak demand. We expanded our network from 46 routes in 2017 to 98 as of the end of 2019, including expanding our routes that neither originate nor terminate in MSP from 5 routes in 2017 to 42 as of the end of 2019. We have identified over 250 new market opportunities as the long-term reduction in our unit costs has expanded the number of markets that we can profitably serve. We have a successful history of opening and closing stations quickly to meet seasonal demand, which we believe will benefit us in re-opening markets we closed during the COVID-19 downturn and in pursuing new market growth opportunities quickly. Our future network plans include growing our network at our hub in Minneapolis to full potential, including adding frequencies on routes we already serve and adding new routes to leverage our large, loyal customer base in the area. Our long-term strategic plans have identified growth opportunities at MSP that we believe represent approximately 40% of our scheduled service capacity growth opportunities.

We had also been rapidly growing outside of MSP prior to the COVID-19 pandemic, and we expect to do so again once the air travel market rebounds. Our customer-friendly low fares have been well received in the upper Midwest and in large, fragmented markets elsewhere that we can profitably serve on a seasonal and/or day-of-week basis. Our upper Midwest growth is focused on cold to warm weather leisure routes from markets similar to Minneapolis, such as Madison, Wisconsin. Additionally, we have added capacity on large leisure trunk routes on a seasonal basis during periods when demand is high. Examples of such routes include Los Angeles to Honolulu and Dallas to Mexican beach destinations during the summer months. Our business model is ideally suited to seasonally serve these routes, which are highly profitable in normal environments because fares are elevated during the months in which we fly them. Our long-term strategic plans have identified non-MSP growth opportunities that we believe represent approximately 60% of our scheduled service capacity growth opportunities.

Continue to Increase Our Margins and Free Cash Flow. From December 31, 2017 through December 31, 2019, we reduced our CASM from 10.09 cents to 8.82 cents and our Adjusted CASM from 7.80 cents to 6.31 cents, a level comparable to ULCCs. When combined with our TRASM, which remains comparable to LCCs and higher than ULCCs, we generate highly competitive margins. Our period of investment in fleet renewal and transformative capital expenditures is largely behind us, and our focus, following the end of the COVID-19 pandemic, will pivot to growth. We intend to continue to improve our leading margin and free cash flow profile through a variety of initiatives and measures. Key initiatives include further conversion to an owned (versus leased) model for aircraft ownership, leveraging our fixed cost base as we continue to grow our passenger aircraft

fleet to achieve economies of scale, continuous optimization of our maintenance operations and completion of other ongoing strategic initiatives. As a result, we expect improvements in profit margins and free cash flow, which we define as operating cash flow minus non-aircraft capital expenditures, following a rebound in the U.S. air travel market to support growth in the years ahead.

Our Scheduled Service Business

We provide low-fare passenger airline service primarily to leisure and VFR travelers. Our low fares are designed to stimulate demand from price-sensitive travelers seeking a superior product to ULCCs. For the years ended December 31, 2019 and 2018, our average base fare (which excludes applicable taxes and governmental fees) was approximately \$111.08 and \$136.42, respectively, and our number of scheduled service passengers were approximately 3.6 million and 2.6 million, respectively. For the year ended December 31, 2020, our average base fare was approximately \$114.96 and we served approximately 1.7 million passengers, which was impacted dramatically by the COVID-19 pandemic. We believe that the year ended 2019 is a more useful indicator of our average base fare and passenger statistics during normal industry conditions.

In addition to base fares, passengers can choose from a number of ancillary products for an additional cost. Sources of our ancillary revenue include baggage fees, seat selection fees, priority check-in and boarding fees, itinerary service fees, on-board sales and sales of trip insurance. Part of our strategy has been to reduce base fares to stimulate demand while increasing ancillary revenue per passenger, which we believe offers passengers more choice and correspondingly, more ancillary revenue. Our on-board sales are also designed to enhance the customer experience, including local passenger favorite brands of beer, wine and spirits. For the years ended December 31, 2019 and 2018, our average ancillary revenue per passenger was approximately \$33.14 and \$21.70, respectively. Our average ancillary revenue per passenger was \$13.34 for the year ended December 31, 2017 and grew 148% from 2017 through 2019. While our average ancillary revenue for the year ended December 31, 2020 increased to \$40.53 on a per passenger basis, overall ancillary revenues were impacted by the COVID-19 pandemic, which drove a decline in the number of passengers, and during which we ceased onboard sales, among other actions to reduce the spread of the virus. We believe that the year ended 2019 is a more useful indicator of our ancillary revenue per passenger during normal industry conditions.

We also earn revenue from our Sun Country Vacations products, including commissions from the sale of third-party hotel rooms and rental cars. Our SCV products facilitate booking a flight and land package at a discounted price for our customers. As with many other carriers, we offer vacation products to promote “one stop shopping,” and, while a revenue source, this aspect of our business is not a key contributor to our growth strategy. In 2019, our bookings for SCV were temporarily reduced in connection with a delay in the functionality for these services during the transition to our new booking system. Our other revenue also includes revenue from the transportation of mail and cargo and our co-branded credit card. During 2020, revenue from these other items decreased substantially as a result of the COVID-19 pandemic. Despite this, we continued to develop the necessary functionality in our new booking system and we believe that we are well-positioned to capture SCV and other revenue opportunities when the COVID-19 pandemic recedes.

We also offer interline connectivity with international and domestic airlines. In mid-2019, prior to our transition to *Navitaire*, we offered interline connectivity with seven carriers. We have reestablished interline connectivity in our new booking system and have identified additional opportunities to grow our interline connectivity.

Our Charter Business

Our charter business services a variety of customers. For the years ended December 31, 2020 and 2019, approximately 37% and 38% of our charter revenue was serviced under long-term contracts with casino operators. The remainder of our charter business consists largely of short-term or ad hoc arrangements with repeat customers with whom we have long-term relationships, including the U.S. Department of Defense and college and professional sports teams. Our charter business complements our scheduled service operations by filling in charter

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flying when scheduled service demand is lower, optimizing our aircraft utilization to the most profitable opportunities. Our strong customer relationships and flexibility in scheduling charter flying enables us to serve a variety of charter customers and we believe we are well-positioned to continue to grow our charter business.

Our charter business proved more resilient during the COVID-19 induced downturn by returning closer to pre-downturn levels more quickly than scheduled service. Our scheduled service revenue was down 59% in the fourth quarter of 2020, whereas our charter revenue was only down 24% for the same period.

In addition to service revenue, certain costs may be passed directly to the customer. Fuel expense is typically incurred by us; however, revenue rates under our charter contracts are often adjusted for final fuel prices incurred, effectively shifting fuel price risk from us. Our charter revenue was approximately \$152 million in 2018, \$175 million in 2019 and \$98 million in 2020. Our charter revenue in 2020 was impacted dramatically by the COVID-19 pandemic. We believe that the year ended 2019 is a more useful indicator of our charter revenue during normal industry conditions.

Our Cargo Business

On December 13, 2019, we signed the ATSA with Amazon to provide air cargo services. The ATSA is a six-year contract and includes two, two-year extensions exercisable at Amazon's option, providing for a total term of ten years if both extension options are exercised. The option to renew the ATSA for two additional two-year terms is at Amazon's sole discretion, subject to Amazon providing Sun Country with at least 180 days' prior written notice before the expiration of the then-current term. Flying under the ATSA began in May 2020 and, as of today, we are flying 12 Boeing 737-800 cargo aircraft for Amazon, which has already grown from our original agreement to fly 10 aircraft. The ATSA is asset-light from a Sun Country perspective, as Amazon supplies the aircraft and covers many of the flight expenses, including fuel, and is responsible for all cargo loading and unloading services. We are responsible for flying the aircraft under our air carrier operating certificate, crew, aircraft line maintenance and insurance, all of which allow us to leverage our existing operational expertise from our scheduled service and charter businesses. The ATSA has annual rate escalations, and the first rate increase occurred on December 13, 2020.

We believe the ATSA delivers consistent, positive cash flows year-round, allowing us to more efficiently deploy pilots and other assets to more profitable flying during weaker passenger demand periods than would be available without our cargo business. For example, our cargo business delivered consistent positive cash flows through the COVID-19 induced downturn, providing a baseline of operations and investment that we believe positions our other businesses to recapture demand following the COVID-19 downturn. While other airlines are furloughing pilots, we have restarted pilot hiring in order to support what we believe will be a robust rebound that will require additional pilots in order to ensure we can fly all of our aircraft during peak demand periods.

Route Network

Our network strategy is optimized between four key segments: MSP, non-MSP, charter services and cargo services. As Minnesota's hometown airline, a substantial portion of our business is serving markets originating or ending in MSP. Our MSP network has grown 14% since 2017, as measured by ASMs, and, in 2019, we served approximately 52 markets from MSP. We served 51 markets from MSP in 2020, in spite of the COVID-19 downturn. We believe that our TRASM in our MSP network for the year ended December 31, 2019 was higher than any ULCC in its hub. We have a leading position at Terminal 2 in MSP, which is preferred by many flyers because of its smaller layout, shorter security wait times, close parking relative to check-in and full suite of retail shops. We account for approximately 50% of the departures and operate out of eight or more of Terminal 2's 14 gates, as needed. We are the number two carrier at MSP by seat share. Moreover, we are the largest low-cost airline at MSP, with significant opportunity to continue to grow both seat share and destinations. If we successfully implement our strategy, we believe we can grow our seat share from 7.7% to 12.5%, which is roughly equivalent to what our competitors have in their primary hubs.

Non-MSP service is an increasingly significant portion of our business, having grown from eight non-MSP markets in 2017 to 52 in 2019. Non-MSP service was a source of significant growth from 2017 to 2019. During

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the COVID-19 pandemic, non-MSP growth plans were slowed. During normal industry conditions, we expect to continue to identify large demand markets where other airlines have been unable to respond to market needs during periods of seasonal demand. We have a successful history of opening and closing stations to meet seasonal demand. Since 2017, we have launched 64 new markets, 26 of which we have subsequently closed. As part of the on-going assessment of market opportunities, we continue to identify future growth opportunities, primarily from Midwest locations to warm weather leisure destinations and large markets with fragmented and seasonal demand peaks. Based on our break-even yield in 2020, we believe there are approximately 250 markets that we could address that would provide a profitable growth opportunity for us.

Below are maps of the routes we operated in 2017 and 2020 (including routes we operate on a seasonal basis):

2017 Scheduled Service Route Map



2020 Scheduled Service Route Map



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Our charter business is a core and integral piece of our network strategy that leverages our highly flexible operating certificate and flexible labor force to serve markets worldwide. Charter service revenue constituted approximately 24% and 25% of revenue for the years ended December 31, 2020 and 2019, respectively. Charter service capacity grew approximately 34% from 2017 to 2019. In 2020, capacity was down 57% due to the COVID-19 pandemic, but during normal industry conditions, we expect to continue to grow our charter service capacity. Our charter and scheduled service businesses complement each other as our integrated scheduling allows the most profitable use of the aircraft, either scheduled or charter, to be selected on a segment by segment basis. Aircraft and crew utilization can be maximized by filling in charter flying in periods when scheduled service flying is less profitable.

Our air carrier operating certificate, labor agreements and operating capabilities allow us to fly to numerous destinations worldwide, which we believe is a benefit to our charter service. We captured approximately 12.6% of approximately \$1.2 billion spent on domestic, narrow body charter service in 2018, making us the third largest narrow body charter provider. Despite the current breadth of our charter business, we believe there is still room to grow into this large and fragmented market. We have identified several growth opportunities across potential sports teams and leagues, third party charter brokers, VIP individuals, government, and leisure contracts. For example, we recently started regularly scheduled VIP charter service between LAX and KOA with an all first-class configuration. Additionally, we have longstanding relationships with our charter customers who continue to rely on us as their trusted charter provider.

Our cargo service performed under the ATSA serves destinations on Amazon's network. To the extent we can optimize flight crew on freighters with overlapping scheduled or charter service, we attempt to capture those synergies as well, though they are not core to that line of business. However, like the charter and scheduled service business, aircraft and crew utilization can be maximized by filling in cargo service in periods when scheduled service flying is less profitable.

Competition

The airline industry is highly competitive. The principal competitive factors in the airline industry are ticket prices, flight schedules, aircraft type, passenger amenities, customer service, reputation and frequent flyer programs. We have different competitive sets in our scheduled service business, charter business and cargo business.

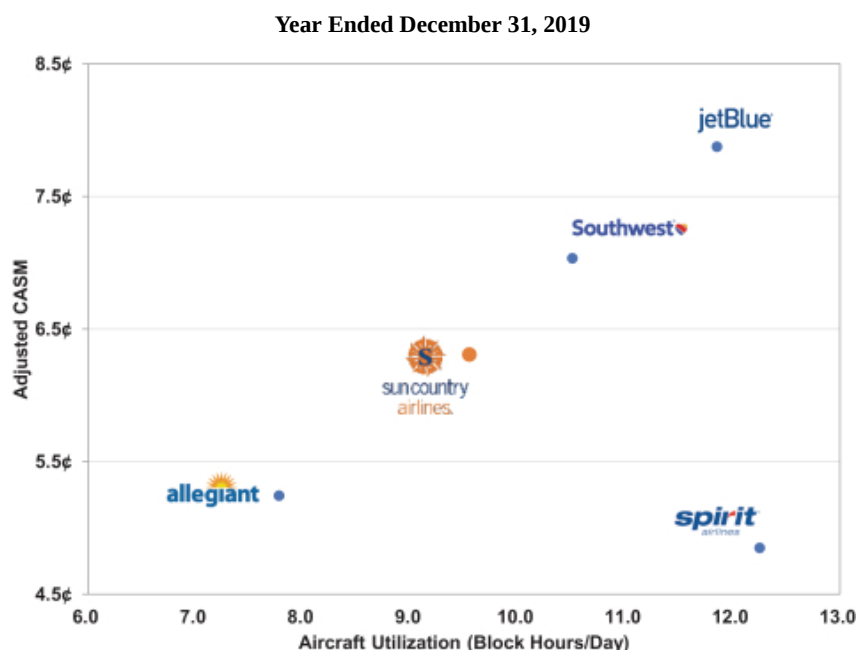
Our competitors and potential competitors in the scheduled service business include both legacy network airlines and low-cost airlines. Our key competitors on domestic routes include Alaska Airlines, Allegiant Travel Company, American Airlines, Delta Air Lines, Frontier Airlines, JetBlue Airways, Southwest Airlines, Spirit Airlines and United Airlines. Our charter business competitors include charter-only operators Swift/iAero Airways, as well as other scheduled passenger carriers who also operate charter flying, such as Delta Air Lines.

The principal competitors for our cargo business include ATSG and Southern Air. Our on-time arrival performance for our cargo business since starting operations in May 2020, together with our operational capabilities, give us a stable position with our customer, Amazon.

Our principal competitive advantages are our diversified and resilient business model, our agile peak demand scheduling strategy, our tactical mid-life fleet with flexible operations, our superior low-cost product and brand, our competitive low-cost structure, our strong position in our profitable MSP home market and our seasoned management team. We also believe the association of our brand with a high level of operational performance differentiates us from our competitors and enables us to generate greater customer loyalty. Our completion factor of 99.8% for the year ended December 31, 2019, the last normalized year before the onset of the COVID-19 pandemic, was higher than any ULCC.

Our cost initiatives have yielded significant improvements in CASM from 2017 to 2019. As a result of these improvements and our flexibility to serve seasonal and year-round markets, we believe we are better positioned

to offer a schedule tailored to properly serve periods of peak demand than our peers. The chart below compares our Adjusted CASM and utilization for the year ended December 31, 2019, the last normalized year before the onset of the COVID-19 pandemic, with our competitors and demonstrates our ability to maintain low unit costs at lower aircraft utilization. The majority of our competitors maintain higher utilization to keep their unit costs low which makes it difficult for them to serve markets on a highly seasonal or day-of-week basis. As such, we believe our low Adjusted CASM coupled with relatively low utilization is a competitive advantage. The only low-cost airline that is able to maintain a lower Adjusted CASM at lower utilization is Allegiant Travel Company, which traditionally has focused on secondary markets and airports.



Our ability to maintain low unit costs at low utilization provides us with a competitive advantage to execute our agile peak demand network planning structure. Our peak demand strategy allows us to move into new markets quickly during periods when demand is maximized and there is less competitive pricing pressure.

See also “Risk Factors—Risks Related to Our Industry—The airline industry is exceedingly competitive, and we compete against LCCs, ULCCs and legacy network airlines; if we are not able to compete successfully in our markets, our business will be materially adversely affected.”

Seasonality

The airline industry has significant seasonal fluctuation in demand. Our network strategy is designed to take advantage of the seasonal nature of the airline business by concentrating our flying in seasons when demand is strongest and flying significantly less in seasons when demand is lower. As a result, our passenger business is subject to significant seasonal fluctuations, especially our scheduled service. While our passenger business will remain highly seasonal, our freighter operations will have the effect of mitigating seasonal troughs. For example, when our scheduled flying demand is lower during the fall and early December, our cargo service remains consistent and grows until Christmas.

Traditionally, our business is geared towards north to south travel from MSP and the upper Midwest in the winter months, our strongest travel season. During the summer months, we focus on VFR traffic from MSP and

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leisure travelers originating in non-MSP markets. Although our actual results vary by season, we pride ourselves on the ability to adjust our route network and charter service to accommodate seasonality.

Distribution

We sell our scheduled service flights through direct and indirect distribution channels with the goal of selling in the most efficient way across our customer base. Our direct distribution channels include our website and our call center and our indirect distribution channels include third parties such as travel agents and OTAs (e.g., Priceline and websites owned by Expedia, including Orbitz and Travelocity).

Our direct distribution channels are our lowest cost methods of distributing our product. In addition, they provide more opportunities to sell ancillary products and services, such as baggage services, priority check-in and boarding and seat selections. With the introduction of our new *Navitaire*-based reservation system and website in June 2019, we have experienced a significant increase in the proportion of our bookings that are sold through direct channels. 2019 sales through direct channels accounted for 62% of our total passenger revenue, as compared to 59% in 2018. 2020 sales through direct channels accounted for 71.2% of our total passenger revenue.

Indirect distribution channels remain important outlets to sell our flights. Our movement in and out of markets where we may not have an established brand presence is facilitated by the availability of our inventory through GDS companies (e.g., Amadeus, Sabre and Travelport). We also generate sales through OTAs, which also broadens our ability to sell in highly seasonal markets. Sales through relatively higher cost indirect channels have fallen to 38% in 2019 from 42% in 2017. Sales through indirect channels accounted for 29% of our total passenger revenue in 2020.

We sell our charter services through an internal, dedicated sales team that is focused on long-term relationships with key customers, brokers, organizations, and college and professional sports teams. We believe that our internal dedicated sales team delivers better results than relying purely on brokers. While our CMI service is presently dedicated to Amazon and governed by the ATSA, not our passenger sales distribution processes, we may expand our cargo business by marketing to new potential customers.

Marketing

We are focused on direct-to-consumer marketing targeted at our core leisure and VFR travelers who pay for their own travel costs. Our marketing message is designed to convey our affordable and convenient flight options to leisure destinations. We often include our low base fares in marketing materials in order to stimulate demand.

Our marketing tools are our proprietary email distribution list consisting of over one million email addresses, our Sun Country Rewards program, as well as advertisements online, on television, radio, digital billboards and other channels. Our objective is to use our low prices, quality customer service, and differentiated in-flight product to stimulate demand and drive customer loyalty.

We have a team of business development professionals who utilize business-to-business methods to identify opportunities and develop and maintain relationships with potential charter customers. We do not presently market our cargo business.

We spent approximately 4.5%, 5.0% and 4.8% as a percentage of total revenues (excluding cargo) on marketing, brand and distribution for the years ended December 31, 2020, 2019 and 2018, respectively. In 2020, we substantially decreased marketing spending to save costs due to the COVID-19 pandemic. We believe that the year ended 2019 is a more useful indicator of our marketing spending during normal industry conditions.

Loyalty Program

Our Sun Country Rewards frequent flyer program rewards and encourages scheduled service customer loyalty and we believe it is well tailored to serving the leisure passenger. Points earned are treated like currency

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and can be applied towards the purchase of all or a portion of our tickets. This makes our program more valuable to leisure customers who travel less frequently and would have difficulty accumulating enough points to get discounted travel on other airlines. The Sun Country Airlines Visa Signature Card is the primary vehicle whereby customers earn points and our frequent flyer program is geared specifically towards supporting adoption and continued use of the credit card. Sun Country Rewards offers award travel on every flight without blackout dates. Points expire 36 months after the date they were earned, except that points held by Sun Country Visa cardholders do not expire so long as the holder maintains the card as active. Rewards are not available to charter or cargo customers.

Customers

We believe our customers are primarily leisure and VFR travelers who are paying for their own ticket and who make their purchase decision based largely on price. These customers respond well to demand stimulation based on low base fares. Our network is agile and is adjusted for seasonal demand shifts. In the winter months, we largely focus on taking customers to warm weather destinations in the southern United States, Mexico and the Caribbean. In the other times of the year, we focus on VFR travelers to major markets and also provide service in markets where leisure or price sensitive customer demand is strong.

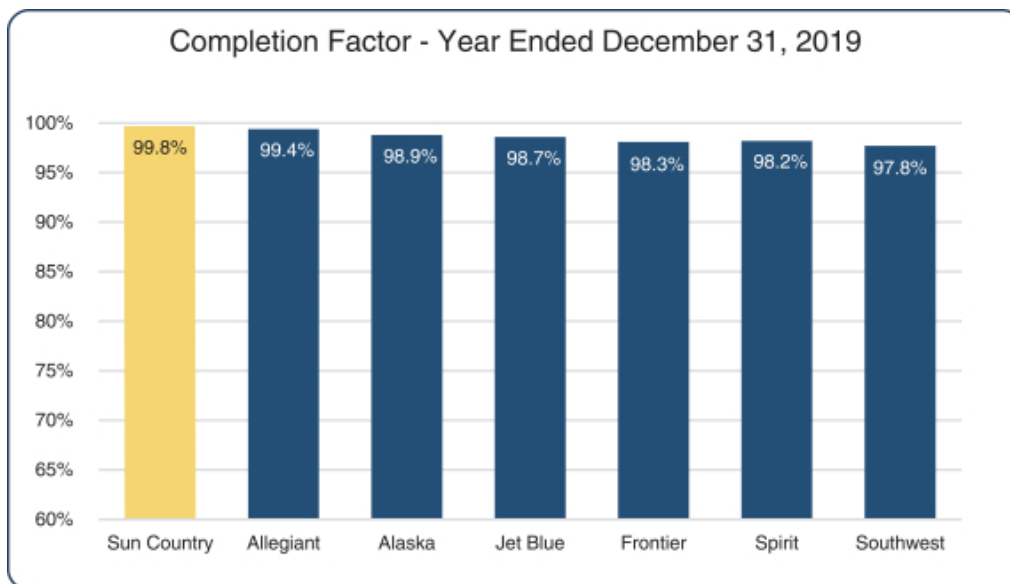
We believe our product appeals to price-sensitive customers because we give them the choice to pay only for the products and services they want. Overall, our business model is designed to deliver what we believe our customers want: low fares and a high quality flight experience.

We also complement our core business with charter operations. A significant portion of our charter business consists of repeat customers with whom we have long-term relationships, including several large casinos, college and professional sports teams. We have the ability to tailor our schedule to the specific needs of our charter customers, providing reliable operations, high completion factor and reasonable pricing for these customers.

Our cargo business is dedicated to our customer, Amazon. We believe we are well-positioned to continue growing our cargo business over time with Amazon, while continuing to leverage ourselves to Amazon and potentially new customers.

Operational Performance

We are committed to delivering excellent operational performance, even in extreme weather conditions, which we believe supports our “peak demand,” leisure-focused business model and will strengthen customer loyalty and attract new customers. This focus also strengthens our relationship with our cargo customer, Amazon, who has incentives and disincentives for performance in the ATSA. Our operational performance is enabled by our capable and dedicated workforce in maintenance, ground, flight, crew and system operations, as well as our highly capable fleet of 737-NG aircraft, which are equipped to operate in adverse weather conditions worldwide. Our primary operational metrics are completion factor and on-time arrival performance because most of our markets are operated less than daily. Our completion factor of 99.8% for the year ended December 31, 2019 was industry leading. These figures are inclusive of weather-driven cancellations, which our competitors often experience during extreme weather events in our home base of MSP. Our completion factor compares favorably to our competitors, with Sun Country leading among key competitor airlines as indicated below for the year ended December 31, 2019, the last normalized year before the onset of the COVID-19 pandemic.



Source: US DOT Bureau of Transportation Statistics, scheduled passenger service

During 2020, in order to appropriately respond to changing demand patterns and control costs, due to the COVID-19 pandemic, we canceled many flights within seven days of scheduled departure date, which would drive down our completion factor based on DOT definitions. However, we believe creative cost savings, such as operating a “triangle rotation” among multiple Florida cities as opposed to multiple flights from MSP, enabled us to outperform the industry financially. Notably, exclusive of COVID-19 related cancellations, we only cancelled one flight for controllable reasons from April 1, 2020 to December 31, 2020. We believe that our results for 2019 are a more useful indicator of our completion factor during normal industry conditions.

In addition to completion factor, we believe our improving on time performance metrics drive increased customer satisfaction. Our systemwide arrival performance within 14 minutes of schedule was 69.9% for the year ended December 31, 2019. During 2020, as a result of insourcing our ground operations at MSP in March 2020, we experienced markedly better performance. Our arrival performance was 92.8% for the period of April 1, 2020 through November 30, 2020, or an increase of 22.9 percentage points over 2019. Furthermore, this performance positioned second only to Southwest Airlines, among our competitors, for the same period. Significantly, we were only 2.7 percentage points behind Southwest and ahead of Alaska Airlines, Frontier Airlines, Spirit Airlines, JetBlue Airways and Allegiant Travel Company.

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Charter operations are an important part of our business. Our largest single customer is the U.S. Department of Defense. We consistently receive high marks for quality and schedule reliability. Our ratings from the Department of Defense for our charter flights for the year ended September 30, 2020 we achieved 100% for domestic quality, 100% for international quality, 99% for domestic schedule reliability and 97% for international schedule reliability. We are committed to serving not only our U.S. Department of Defense customers, but all of our charter customers, with the highest levels of safety, reliability, and performance.

In addition to improving our arrival performance, since starting freighter operations in May 2020, our operations team successfully conformed 12 freighters to our operations specifications, an increase to our total fleet of 39%. Additionally, our arrival performance for our cargo business has never fallen below the monetary penalty threshold under the ATSA.

Fleet

We fly only Boeing 737-NG aircraft, which we believe provides us significant operational and cost advantages compared to airlines that operate multiple fleet types. Flight crews are interchangeable across all of our aircraft, and maintenance, spare parts inventories and other operational support are highly simplified relative to more complex fleets. With the addition of CMI services, we expect that these efficiencies will remain intact.

As of December 31, 2020, we operate a fleet of Boeing 737-NG aircraft, consisting of 30 Boeing 737-800s and 1 Boeing 737-700, for a total of 31 passenger aircraft. We also operate 737-NG freighters dedicated to our cargo business. The average age of the passenger aircraft in our fleet was approximately 15 years as of December 31, 2020. Our freighters average 18 years as of December 31, 2020. Of the aircraft, 17 were financed under operating or finance leases as of December 31, 2020. Of the remaining passenger aircraft, 13 were owned and financed through an EETC financing structure and 1 is owned and financed with another debt structure. The 2019-1 EETC was used to convert a portion of our leased aircraft to owned aircraft, as well as refinance some of our previously owned passenger aircraft during the fourth quarter of 2019 and first half of 2020. Due to this, the EETC reduced our financing costs. There are no scheduled aircraft lease redeliveries prior to 2024. Our current fleet plan calls for growth to an estimated 50 passenger aircraft by the end of 2023.

Our fleet of 12 freighters is subleased directly from Amazon and we operate them pursuant to the ATSA. Based upon review of the ATSA, the sublease arrangement does not qualify as a lease under ASC 842, Leases, because we do not control the use of the aircraft. As such, no right-of-use asset and lease liability is recognized in our financial statements for the Amazon arrangement. We may expand our freighter fleet in order to serve additional cargo customers or provide additional service to Amazon.

Aircraft Fuel

Aircraft fuel is generally our largest expense representing approximately 21.7%, 26.6% and 30.1% of our total operating costs for the years ended December 31, 2020, 2019 and 2018, respectively. The price and availability of jet fuel are volatile due to global economic and geopolitical factors as well as domestic and local supply factors. Our historical fuel consumption and costs were as follows:

	Year Ended December 31,		
	2020	2019	2018
Gallons consumed (in thousands)	43,844	78,042	64,981
Average price per gallon	\$ 1.60	\$ 2.26	\$ 2.34

Gallons consumed includes scheduled service and charter operations but does not include cargo. Average price per gallon includes related fuel fees and taxes but excludes fuel-hedging gains and losses.

From time to time, we may enter into fuel derivative contracts in order to mitigate the risk to our business from future volatility in fuel prices, but such contracts may not fully protect us from all related risks. The

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intention of our fuel hedging program is not to manage earnings but rather to protect our liquidity. As of December 31, 2020, we had hedges in place for approximately 37% of our projected fuel requirements for scheduled service operations in 2021, with all of our then existing options expected to be exercised or expire by the end of 2021. Generally speaking, our charter operations and the ATSA have pass-through provisions for fuel costs, and as such we do not hedge our fuel requirements for that portion of our business. Our hedges in place at the end of 2020 consisted of collars and call options, and the underlying commodities consisted of both Gulf Coast Jet Fuel contracts as well as West Texas Intermediate Crude Oil contracts.

Technical Operations: Maintenance, Repairs and Overhaul

We have an FAA mandated and approved maintenance program, which is administered by an experienced group of Technical Operations leaders. All of our technicians are two-licensed Airframe and Powerplant and undergo extensive initial and recurrent training. Aircraft maintenance and repair consists of routine and non-routine maintenance, and work performed is divided into three general categories: line maintenance, heavy maintenance, and component maintenance.

Line maintenance work is handled by our employees and maintenance contractors and consists of work performed between flights or overnight. Performing effective line maintenance is critical to maintaining a reliable operation and represents the majority of and most extensive maintenance we perform. Line maintenance consists of routine daily and weekly scheduled maintenance checks on our aircraft. We maintain Sun Country technicians in Minneapolis, with limited line maintenance capabilities in Gulfport, Mississippi and Dallas-Fort Worth/Alliance Fort Worth, Texas. All other line maintenance is provided by third-party maintenance contractors as needed.

Heavy maintenance consists of engine, auxiliary power units, landing gear, and airframe overhauls, which some are quite extensive and can take several months to complete. We maintain an inventory of spare engines to provide for continued operations during engine maintenance events. Airframe heavy maintenance visits consist of a series of complex tasks that generally take from one to six weeks to accomplish and are performed on a set schedule with varying repeat intervals. Due to our relatively small fleet size and projected fleet growth, we believe outsourcing all of our heavy maintenance, engine restoration and major part repair is more economical. On our freighter aircraft, heavy maintenance is a pass-through expense to our customer, Amazon.

We also outsource component maintenance. Component maintenance consists of the ongoing and routine maintenance of aircraft components that are line replaceable units. These contracts cover the majority of our aircraft component inventory acquisition, replacement and repairs, thereby reducing the need to carry extensive spare parts inventory.

Employees

As of December 31, 2020, we had 1,699 employees.

FAA regulations require pilots to have commercial licenses with specific ratings for the aircraft to be flown and to be medically certified as physically fit to fly. FAA and medical certifications are subject to periodic renewal requirements including recurrent training and recent flying experience. Mechanics, quality-control inspectors and flight dispatchers must be certificated and qualified for specific aircraft. Flight attendants must have initial and periodic competency training and qualification. Training programs are subject to approval and monitoring by the FAA. Management personnel directly involved in the supervision of flight operations, training, maintenance and aircraft inspection must also meet experience standards prescribed by FAA regulations.

As of December 31, 2020, approximately 52% of our employees were represented by labor unions under collective-bargaining agreements as set forth in the table below. Our pilots are represented by the Air Line Pilots Association, our flight attendants are represented by the International Brotherhood of Teamsters and our dispatchers are represented by the Transport Workers Union. Our dispatchers approved a new contract in December 2019, which is amendable on November 14, 2024. Our collective bargaining agreement with our flight

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attendants became amendable on December 31, 2019. We entered into negotiations in November 2019. Negotiations were paused by mutual consent in March 2020 due to the COVID-19 pandemic. Our collective bargaining agreement with our pilots was amendable on October 31, 2020. Neither party chose to serve notice to the other party by the amendable date, therefore, the new amendable date is October 31, 2021, although the collective bargaining agreement provides for an “early open” 180 days in advance of such date.

<u>Employee Groups</u>	<u>Number of Employees</u>	<u>Representative</u>	<u>Status of Agreement/Amendable Date</u>
Pilots	395	Air Line Pilots Association (ALPA)	Amendable in October 2021
Flight Attendants	466	International Brotherhood of Teamsters (IBT)	Currently amendable (commenced as of December 2019)
Dispatchers	21	Transport Workers Union (TWU)	Amendable in November 2024

The RLA governs our relations with labor organizations. Under the RLA, the collective bargaining agreements generally do not expire, but instead become amendable as of a stated date. If either party wishes to modify the terms of any such agreement, they must notify the other party in the manner agreed to by the parties. Under the RLA, after receipt of such notice, the parties must meet for direct negotiations, and if no agreement is reached, either party may request the NMB to appoint a federal mediator. The RLA prescribes no set timetable for the direct negotiation and mediation process. It is not unusual for those processes to last for many months, and even for a few years. If no agreement is reached in mediation, the NMB in its discretion may declare at some time that an impasse exists, and if an impasse is declared, the NMB proffers binding arbitration to the parties. Either party may decline to submit to arbitration. If arbitration is rejected by either party, a 30-day “cooling off” period commences. During that period (or after), a Presidential Emergency Board (“PEB”) may be established, which examines the parties’ positions and recommends a solution. The PEB process lasts for 30 days and is followed by another “cooling off” period of 30 days. At the end of a “cooling off” period, unless an agreement is reached or action is taken by Congress, the labor organization may strike and the airline may resort to “self-help,” including the imposition of any or all of its proposed amendments and the hiring of new employees to replace any striking workers. Congress and the President have the authority to prevent “self-help” by enacting legislation that, among other things, imposes a settlement on the parties.

Safety and Security

Safety is the most important thing we do and we are committed to the safety and security of our passengers and employees. In addition to complying with federally regulated safety and security standards, we strive to create a culture of safety and security that achieves the highest possible industry standard.

We have invested in a safety management system platform (ProSafeT), which allows for anonymous reporting of safety concerns by employees and business partners and promotes active participation in the identification, reduction and elimination of hazards. We also use ProSafeT as a central repository for tracking all Safety Assurance information, as well as Safety Risk Mitigation activities, creating awareness and transparency for the leadership teams to actively monitor the health of our SMS and SeMS. Our ongoing focus on safety relies on training our employees to proper standards and providing them with the tools and equipment they require so they can perform their job functions in a safe and efficient manner. Safety in the workplace targets several areas of our operation including: flight operations, maintenance, in-flight, dispatch and station operations.

We participate in ASIAs (FAA Aviation Safety Information Analysis and Sharing System), which is a central conduit for the exchange of safety information among its stakeholders, and FOQA (Flight Operations Quality Assurance), a structured program to gather and aggregate electronically recorded flight operations data for the purpose of identifying areas where safety, efficiency and training can be improved. Furthermore, we

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voluntarily completed the IATA Operational Safety Audit in June 2019, which is the benchmark for global safety management in airlines. In September 2020, we completed the biennial Department of Defense Operational Safety Audit with no findings. We also have implemented a Security Management System (SeMS) to protect the company's assets and operations. Some of the other safety and security measures we have taken include: aircraft security and surveillance, positive bag matching procedures, enhanced passenger and baggage screening and search procedures and securing of cockpit doors.

Our ongoing focus on safety relies on transparency with our regulators, training our employees to proper standards and providing them with the tools and equipment they require so they can perform their job functions in a safe and efficient manner, and learning from industry best practices through a collaborative, inter-airline safety sharing program. Safety in the workplace targets several areas of our operation including: flight operations, maintenance, in-flight, dispatch and station operations. In addition, we recently conducted a safety culture survey, the results of which we have used to create action plans for areas of opportunity.

Facilities

In most of the airports we serve, we do not directly lease facilities, but rather operate under flexible common use agreements. This facilitates our strategy of entering and exiting markets to service periods of peak demand. Our terminal passenger service facilities, which include ticket counters, gate space, operational support space and baggage service offices, generally have month-to-month terms or are used on a per use basis. For any leased space we are typically responsible for maintenance, insurance and other facility-related expenses and services under these agreements. We also have entered into use agreements at many of the airports we serve that provide for the non-exclusive use of runways, taxiways and other facilities. Landing fees under these agreements are based on the number of landings and weight of the aircraft.

We primarily operate out of eight of 14 gates at Terminal 2 at MSP, five of which are assigned to us on a priority basis with common use access to the remaining gates. Our leases for our terminal passenger service facilities, which include operational support space and baggage service offices, are leased on a month-to-month basis. Gate space and ticket counter space is used and billed on a per operation (each arrival and departure) basis until an annual operating cap is met. Our operating lease also includes two hangars:

- 108,000 square foot maintenance hangar, which includes office space and is where we provide certain maintenance on our aircraft; and
- 90,000 square foot office and hangar facility which has been converted into our corporate headquarters.

For charter service with an origin or destination where we do not have ground handling capabilities, we arrange with airports, fixed base operators or military bases to provide ground services on an as needed basis.

Our principal executive offices and headquarters are presently located on MSP property at 2005 Cargo Road, Minneapolis, Minnesota 55450, consisting of approximately 90,000 square feet, under a lease which expires in February 2029.

Community Partnerships

As a Minnesota-based company, it is an important part of our culture to give back to the community in which we work and live. We have several key community partnership initiatives, some of which are:

- Everyday Heroes – a program where we recognize one hero every month with a \$500 Sun Country travel voucher, with recognition through TV and radio properties owned by our media partner.
- Make-A-Wish Minnesota – we have a three-year commitment with Make-A-Wish MN to provide travel to every Minnesota Wish Kid flying to a destination Sun Country serves.
- Hennepin Theatre Trust – we support the Trust's Spotlight Education program, focused on education for local performing arts students.

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- In order to assist our community as we all dealt with the dual crisis of pandemic and civil unrest, we organized a number of volunteer events throughout 2020. Through December 31, 2020, 175 Sun Country volunteers have spent over 415 hours volunteering in our community at organizations, including The Sheridan Story, The Food Group and Mississippi River Connection Cleanup.

Insurance

We maintain insurance policies we believe are of types customary in the airline industry and as required by the DOT, lessors and other financing parties. The policies principally provide liability coverage for public and passenger injury; damage to property; loss of or damage to flight equipment; fire; auto; directors' and officers' liability; advertiser and media liability; cyber risk liability; fiduciary; workers' compensation and employer's liability; and war risk (terrorism).

Foreign Ownership

Under federal law and DOT policy, we must be owned and controlled by U.S. citizens. The restrictions imposed by federal law and DOT policy currently require that at least 75% of our voting stock must be owned and controlled, directly and indirectly, by persons or entities who are citizens of the United States ("U.S. citizens"), as that term is defined in 49 U.S.C. §40102(a)(15), that our president and at least two-thirds of the members of our board of directors and other managing officers be U.S. citizens, and that we be under the actual control of U.S. citizens. In addition, at least 51% of our total outstanding stock must be owned and controlled by U.S. citizens and no more than 49% of our stock may be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens and are from countries that have entered into "open skies" air transport agreements with the United States which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. We are currently in compliance with these ownership provisions. For a discussion of the procedures we instituted to ensure compliance with these foreign ownership rules, please see "*Description of Capital Stock—Limited Ownership and Voting by Foreign Owners.*"

Government Regulation

Aviation Regulation

The airline industry is heavily regulated, especially by the federal government. Two of the primary regulatory authorities overseeing air transportation in the United States are the DOT and the FAA. The DOT has authority to issue certificates of public convenience and necessity, exemptions and other economic authority required for airlines to provide domestic and foreign air transportation. International routes and international code-sharing arrangements are regulated by the DOT and by the governments of the foreign countries involved. A U.S. airline's ability to operate flights to and from international destinations is subject to the air transport agreements between the United States and the foreign country and the carrier's ability to obtain the necessary authority from the DOT and the applicable foreign government.

The U.S. government has negotiated "open skies" agreements with many countries, which allow unrestricted access between the United States and the applicable foreign country and to points beyond the foreign country on flights serving the foreign country. With certain other countries, however, the United States has a restricted air transportation agreement. Our international flights to Mexico are governed by a liberalized bilateral air transport agreement which the DOT has determined has all of the attributes of an "open skies" agreement. Changes in the aviation policies of the United States, Mexico or other countries in which we operate could result in the alteration or termination of the corresponding air transport agreement, diminish the value of our international route authorities or otherwise affect our operations to/from these countries.

The FAA is responsible for regulating and overseeing matters relating to the safety of air carrier flight operations, including the control of navigable air space, the qualification of flight personnel, flight training

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practices, compliance with FAA airline operating certificate requirements, aircraft certification and maintenance requirements and other matters affecting air safety. The FAA requires each commercial airline to obtain and hold an FAA air carrier certificate. We currently hold an FAA air carrier certificate.

Airport Access

In the United States, the FAA currently regulates the allocation of take-off and landing authority, slots, slot exemptions, operating authorizations or similar capacity allocation mechanisms, which limit take-offs and landings, at certain airports. Level 1 is assigned where the capacity of airport infrastructure is generally adequate to meet the demands of airport users at all times and therefore there is no extensive pattern of delays. Level 2 is assigned where there is potential for congestion during some periods of the day, week or season, which can be resolved by schedule adjustments mutually agreed between the airlines and schedule facilitator. Level 3 is assigned where (i) demand for airport infrastructure significantly exceeds the airport's capacity during the relevant period; (ii) expansion of airport infrastructure to meet demand is not possible in the short term; (iii) attempts to resolve the problem through voluntary schedule adjustments have failed or are ineffective; and (iv) as a result, a process of slot allocation is required whereby it is necessary for all airlines and other aircraft operators to have a slot allocated by a coordinator in order to arrive or depart at the airport during the periods when slot allocation occurs. We do not currently operate in or out of any Level 3 airports. We currently operate, or plan to operate, in and out of San Francisco International Airport (SFO), Los Angeles International Airport (LAX), Chicago O'Hare International Airport (ORD) and Newark International Airport (EWR), which are Level 2 airports. We generally do not have any difficulty accessing these airports.

In addition, we plan to launch service to Vancouver, Canada during the second quarter of 2021. Terminal access for Vancouver is controlled by Vancouver Airport Authority due to facility constraints. We have obtained the access we need to accommodate our planned service.

Consumer Protection Regulation

The DOT also has jurisdiction over certain economic issues affecting air transportation and consumer protection matters, including unfair or deceptive practices and unfair methods of competition, lengthy tarmac delays, airline advertising, denied boarding compensation, ticket refunds, baggage liability, contracts of carriage, customer service commitments, consumer notices and disclosures, customer complaints and transportation of passengers with disabilities. The DOT frequently adopts new consumer protection regulations, such as rules to protect passengers addressing lengthy tarmac delays, chronically delayed flights, codeshare disclosure and undisclosed display bias. They also have adopted, and do adopt, new rules on airline advertising and marketing practices. The DOT also has authority to review certain joint venture agreements, marketing agreements, code-sharing agreements (where an airline places its designator code on a flight operated by another airline) and wet-leasing agreements (where one airline provides aircraft and crew to another airline) between carriers and regulates other economic matters such as slot transactions.

Security Regulation

The TSA and the CBP, each a division of the U.S. Department of Homeland Security, are responsible for certain civil aviation security matters, including passenger and baggage screening at U.S. airports, and international passenger prescreening prior to entry into or departure from the United States. International flights are subject to customs, border, immigration and similar requirements of equivalent foreign governmental agencies. We are currently in compliance with all directives issued by such agencies.

Environmental Regulation

We are subject to various federal, state, foreign and local laws and regulations relating to the protection of the environment and affecting matters such as air emissions (including GHG emissions), noise emissions, discharges to surface and subsurface waters, safe drinking water, and the use, management, release, discharge and disposal of, and exposure to, materials and chemicals.

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We are also subject to environmental laws and regulations that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under certain laws, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of wastes directly attributable to us.

GHG Emissions

Concern about climate change and greenhouse gases has resulted, and is expected to continue to result, in additional regulation or taxation of aircraft emissions in the United States and abroad. In particular, on March 6, 2017, the ICAO an agency of the United Nations established to manage the administration and governance of the Convention on International Civil Aviation, adopted new carbon dioxide, or CO₂ certification standards for new aircraft beginning in 2020. The new CO₂ standards will apply to new aircraft type designs from 2020, and to aircraft type designs already in production as of 2023. In-production aircraft that do not meet the standard by 2028 will no longer be able to be produced unless their designs are modified to meet the new standards. In August 2016, the EPA made a final endangerment finding that GHG emissions cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare, which obligates the EPA under the Clean Air Act to set GHG emissions standards for aircraft. In August 2020, the EPA issued a proposed rule regulating GHG emissions from aircraft that largely conforms to the March 2017 ICAO standards. However, on January 20, 2021, the new presidential administration, which is expected to promote more aggressive policies with respect to climate change and carbon emissions, including in the aviation sector, announced a freeze with respect to all pending rulemaking. Accordingly, the outcome of this rulemaking may result in stricter GHG emissions standards than those contained in the proposed rule.

In addition, in October 2016, the ICAO adopted the CORSIA, which is a global, market-based emissions offset program designed to encourage carbon-neutral growth beyond 2020. The CORSIA will increase operating costs for us and other U.S. airlines that operate internationally. The CORSIA is being implemented in phases, with information sharing beginning in 2019 and a pilot phase beginning in 2021. Certain details are still being developed and the impact cannot be fully predicted.

Noise

Federal law recognizes the right of airport operators with special noise problems to implement local noise abatement procedures so long as those procedures do not interfere unreasonably with interstate and foreign commerce and the national air transportation system, subject to FAA review under the Airport Noise and Control Act of 1990. These restrictions can include limiting nighttime operations, directing specific aircraft operational procedures during take-off and initial climb and limiting the overall number of flights at an airport. While we have had sufficient scheduling flexibility to accommodate local noise restrictions in the past, our operations could be adversely impacted if ICAO or locally imposed regulations become more restrictive or widespread.

Other Regulations

Airlines are also subject to various other federal, state, local and foreign laws and regulations. For example, the U.S. Department of Justice has jurisdiction over certain airline competition matters. The privacy and security of passenger and employee data is regulated by various domestic and foreign laws and regulations.

Legal Proceedings

We are subject to commercial litigation claims and to administrative and regulatory proceedings and reviews that may be asserted or maintained from time to time. We currently believe that the ultimate outcome of such lawsuits, proceedings and reviews will not, individually or in the aggregate, have a material adverse effect on our financial position, liquidity or results of operations.

MANAGEMENT

The following table sets forth the name, age and position of each of our executive officers and directors as of the date of this prospectus.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Jude Bricker	47	Chief Executive Officer; Director
Dave Davis	54	President and Chief Financial Officer; Director
Gregory Mays	52	Chief Operating Officer and Executive Vice President
Eric Levenhagen	39	Chief Administrative Officer, General Counsel and Secretary
Jeffrey Mader	60	Chief Information Officer and Executive Vice President
Brian Davis	41	Chief Marketing Officer and Senior Vice President
Grant Whitney	44	Chief Revenue Officer and Executive Vice President
John Gyurci	50	Vice President, Finance, and Chief Accounting Officer
Bill Trousdale	52	Vice President, Financial Planning & Analysis, and Treasurer
Antoine Munfakh	38	Director
Kerry Philipovitch	50	Director
David Siegel	59	Executive Chairman; Director
Juan Carlos Zuazua	41	Director

The following are brief biographies describing the backgrounds of the executive officers and directors of the Company.

Jude Bricker has served as our Chief Executive Officer since July 2017 and is a member of our board of directors. Mr. Bricker has 16 years of experience in the aviation industry. He previously served as the Chief Operating Officer of Allegiant Travel Company from January 2016 to June 2017, as well as various other leadership roles from 2006 to 2016. As Chief Operating Officer of Allegiant Travel Company, Mr. Bricker was the senior executive responsible for marketing, network, operations, treasury, fleet, scheduling, pricing, ancillary products, digital, distribution, charters, loyalty and investor relations. From July 2004 to May 2006, Mr. Bricker was a finance manager at American Airlines. Mr. Bricker holds a BS in Civil Engineering from Texas A&M University and an MBA from the University of Texas.

Dave Davis has served as our Chief Financial Officer since April 2018 and as our President since December 2019 and is a member of our board of directors. Prior thereto, from December 2017 to April 2018, Mr. Davis was an advisor to Sun Country. From July 2014 to February 2017, Mr. Davis served as Chief Executive Officer and a member of the board of directors, and from November 2012 to June 2014, served as Chief Financial Officer and Chief Operating Officer, of Global Eagle Entertainment, Inc., a leading global provider of media content and satellite-based connectivity systems for use in commercial aviation, maritime and remote land-based applications. Prior thereto, Mr. Davis was the Executive Vice President and Chief Financial Officer of Northwest Airlines, Inc., the world's fourth largest airline prior to its sale to Delta Air Lines in 2008. Additionally, Mr. Davis has held various finance leadership positions at US Airways, Perseus LLC and Budget Group, as well as served on the boards of directors of Globecom Systems, Inc., Lumexis Corporation and ARINC Corporation. Mr. Davis received a Bachelor of Aerospace Engineering and Mechanics degree and an MBA from the University of Minnesota.

Gregory Mays has served as our Chief Operating Officer since June 2019. Mr. Mays has 29 years of experience in the aviation industry. Prior to joining us, he served as a senior industry advisor with Boston Consulting Group beginning in February 2019. Prior thereto he served seven years at Alaska Airlines from 2011 to 2018, most recently in the role of Vice President of Labor Relations from December 2018 to September 2018. Prior to that Mr. Mays served as Vice President of Maintenance and Engineering. Prior thereto Mr. Mays served at Delta Air Lines, Inc. for 13 years from 1998 to 2011 and started his career at The Boeing company from 1992 to 1998. Over the period has served in various leadership capacities such as maintenance and engineering, airport

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operations, cargo operations, labor relations, and design/test engineering. Mr. Mays earned a BS in Aerospace Engineering from the University and Alabama and an MBA from Emory University.

Eric Levenhagen has served as our Chief Administrative Officer since April 2018 and has served as our Executive Vice President of Legal since April 2017 and as General Counsel since September 2016. Previously, Mr. Levenhagen served as Assistant General Counsel at Landmark Aviation, an aviation services company from September 2014 to August 2016. Prior thereto, Mr. Levenhagen was a practicing corporate attorney from September 2009 to September 2014 and Adjunct Professor of Business Law and Ethics at Belhaven University from January 2010 to July 2016. Before practicing law, Mr. Levenhagen served in marketing and finance roles in several companies, including Northwest Airlines. He received a BS from Texas Christian University and a JD from Mitchell Hamline School of Law in St. Paul, Minnesota.

Jeffrey Mader has served as our Chief Information Officer since April 2018. He previously served as Chief Information Officer at Imagine! Print Solutions from August 2015 to June 2017. From January 1991 to August 2014, Mr. Mader held various senior leadership positions on the technology team at Target. Since 2009, Mr. Mader has been on the board of United Through Reading, a nonprofit organization. He holds a BS in Computer Science, Finance and Management from Minnesota State University, Mankato and an MBA from the University of St. Thomas (St. Paul).

Brian Davis has served as our Chief Marketing Officer since January 2018. Mr. Davis previously served as Special Advisor on Business Strategy to Wingo, a subsidiary of Copa Airlines, from June 2017 to January 2018. From 2005 to 2017, Mr. Davis served in a number of leadership roles at Allegiant Travel Company, including as Vice President of Marketing and Sales from May 2014 to June 2017. Additionally, Mr. Davis was previously an Adjunct Professor of Marketing and PR at California State University, Los Angeles. He holds an MBA from the Wharton School of the University of Pennsylvania.

Grant Whitney has served as our Chief Revenue Officer since May 2019. Prior thereto, he spent nine years at United Airlines from 2010 to 2018, most recently in the role of Vice President of Domestic Network Planning and Aircraft Scheduling from August 2016 to March 2018. Prior to that, Mr. Whitney served as Director of International Planning at US Airways, and spent 8 years at Northwest Airlines in various commercial and network-planning functions. Mr. Whitney holds a BA in Economics from Carleton College and an MBA from the Carlson School of Management at the University of Minnesota.

John Gyurci has served as our Chief Accounting Officer since October 2018. Mr. Gyurci previously served as Corporate Controller at MTS Systems Corporation, a global manufacturing company, from October 2017 to October 2018. Prior thereto, Mr. Gyurci served as Vice President of Financial Accounting & Reporting at Merrill Corporation, a technology company, from July 2011 to October 2017. Prior to that, Mr. Gyurci served as Managing Director of Corporate Accounting & Reporting at Northwest Airlines. He received a BA in Accounting from the University of St. Thomas in St. Paul, Minnesota, and is also a CPA (inactive status) in the state of Minnesota.

Bill Trousdale has served as our Vice President of Financial Planning & Analysis and Treasurer since June 2018. Previously, he served as Vice President of Corporate Finance and Treasurer at Global Eagle Entertainment from May 2016 to October 2017. Prior thereto, Mr. Trousdale worked at Laureate Education from 2009 to 2016, most recently in the role of Vice President of Financial Transformation from October 2014 to March 2016. Prior thereto, he held senior finance positions at Northwest Airlines and US Airways. Mr. Trousdale received a BS in Mechanical Engineering from MIT and an MBA from Northwestern University.

Antoine Munfakh is a member of our board of directors. Mr. Munfakh is a Senior Partner at Apollo, having joined in 2008. Previously, Mr. Munfakh served as an Associate at the private equity firm Court Square Capital Partners, where he focused on investments into the Business & Industrial Services sectors. Prior thereto, he started his career as an Analyst in the Financial Sponsor Investment Banking group at JPMorgan, where he

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provided M&A and financing services in support of private equity transactions. Mr. Munfakh currently serves on the board of directors of Volotea Airlines, Direct ChassisLink Inc, Blume Global, Maxim Crane Works, Apollo Education Group and McGraw-Hill Education, Inc. He also serves on the Board of Governors of The Thirst Project, a charitable organization that builds freshwater wells in developing nations. He previously served on the board of directors of CH2M HILL Companies and Claire's Stores, Inc. Mr. Munfakh graduated summa cum laude from Duke University with a BS in Economics, where he was elected to Phi Beta Kappa. In 2018, Mr. Munfakh was selected by The M&A Advisor for their Ninth Annual Emerging Leaders Award, commonly referred to as the "40 Under 40" award.

Kerry Philipovitch is a member of our board of directors. Ms. Philipovitch most recently served as Senior Vice President – Customer Experience for American Airlines. She oversaw airline operations impacting critical measures of customer value, including worldwide airport customer service, ramp, and baggage operations; onboard flight service and catering; global call centers; cargo; customer planning; and service recovery. In addition to her operating responsibilities, Ms. Philipovitch worked with the NAACP and other important community partners to develop an inclusion and diversity strategy for the airline, and frequently served as a subject matter expert in educating government officials on important industry issues. Ms. Philipovitch serves on the board of The American Heart Association – Dallas Division, and previously held board positions for Junior Achievement and Homeward Bound in Arizona. Ms. Philipovitch was selected as an honoree for the Dallas Business Journal's 2019 Women in Business Awards, an award that recognizes business leaders for impressive professional achievements and proven track record. Profiles in Diversity Journal named her as a Woman Worth Watching, and the Phoenix Business Journal selected her as one of the most influential business leaders in the Phoenix area. She has offered expert testimony in two congressional hearings. Passionate about inspiring female leaders, she frequently speaks to groups, offering advice on how to deliver results and advance their careers. Ms. Philipovitch graduated with a bachelor of arts in economics from Tulane University and received her master of business administration from the University of Michigan.

David Siegel has served as our Executive Chairman since April 2018 and is also a member of our board of directors. Prior to joining Sun Country, Mr. Siegel served as the Chief Executive Officer of Ansett Worldwide Aviation Services, one of the world's 10 largest aircraft leasing companies, from April 2016 to September 2017. From January 2012 to May 2015, Mr. Siegel served as the Chief Executive Officer and President of Frontier Airlines, Inc. Prior thereto, Mr. Siegel served as Chairman and Chief Executive Officer of XOJET, Inc., a TPG Growth backed private aviation company, and as President, Chief Executive Officer and board member of US Airways Group, Inc. Mr. Siegel currently serves on the board of directors and as Chairman of Volotea, S.A. Mr. Siegel earned a MBA with honors from Harvard Business School and graduated magna cum laude from Brown University with an Sc.B. in Applied Mathematics – Economics.

Juan Carlos Zuazua is a member of our board of directors. Mr. Zuazua has 13 years of experience in the aviation industry serving as the Chief Commercial Officer and promoted to Chief Executive Officer since 2010. Mr. Zuazua holds a BS in Industrial Engineering from Tecnológico de Monterrey and a master degree in Public Policy from Tecnológico de Monterrey School of Government and Public Transformation.

Family Relationships

There are no family relationships among our directors and executive officers.

Controlled Company

We intend to apply to list the shares of our common stock offered in this offering on Nasdaq. As the Apollo Stockholder will continue to control more than 50% of our combined voting power upon the completion of this offering, we will be considered a "controlled company" for the purposes of Nasdaq's rules and corporate governance standards. As a "controlled company," we will be permitted to, and we intend to, elect not to comply with certain corporate governance requirements, including (1) those that would otherwise require our board of

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directors to have a majority of independent directors, (2) those that would require that we establish a compensation committee composed entirely of independent directors and (3) those that would require we have a nominating and corporate governance committee comprised entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of these corporate governance requirements. In the event that we cease to be a “controlled company” and our shares of common stock continue to be listed on Nasdaq, we will be required to comply with these provisions within the applicable transition periods.

Director Independence

While we are a “controlled company” we are not required to have a majority of independent directors. As allowed under the applicable rules and regulations of the SEC and Nasdaq, we intend to phase in compliance with the heightened independence requirements prior to the end of the one-year transition period after we cease to be a “controlled company.” Upon consummation of this offering, we expect our independent directors, as such term is defined by the applicable rules and regulations of Nasdaq, will be Juan Carlos Zuazua and Kerry Philipovitch.

Board Composition

Upon the consummation of this offering, our board of directors will consist of six members. We intend to avail ourselves of the “controlled company” exception under the Nasdaq rules, which eliminates the requirements that we have a majority of independent directors on our board of directors and that we have a compensation committee and a nominating/corporate governance committee composed entirely of independent directors. We will be required, however, to have an audit committee with one independent director during the 90-day period beginning on the date of effectiveness of the registration statement of which this prospectus is a part. After such 90-day period and until one year from the date of effectiveness of the registration statement, we will be required to have a majority of independent directors on our audit committee. Thereafter, we will be required to have an audit committee comprised entirely of independent directors.

If at any time we cease to be a “controlled company” under the Nasdaq rules, the board of directors will take all action necessary to comply with the applicable Nasdaq rules, including appointing a majority of independent directors to the board of directors and establishing certain committees composed entirely of independent directors, subject to a permitted “phase-in” period.

Upon the consummation of this offering, our board of directors will be divided into three classes. The members of each class will serve staggered, three-year terms (other than with respect to the initial terms of the Class I and Class II directors, which will be one and two years, respectively). Upon the expiration of the term of a class of directors, directors in that class will be elected for three-year terms at the annual meeting of stockholders in the year in which their term expires. Upon consummation of this offering:

- and will be Class I directors, whose initial terms will expire at the fiscal 2022 annual meeting of stockholders;
- and will be Class II directors, whose initial terms will expire at the fiscal 2023 annual meeting of stockholders; and
- and will be Class III directors, whose initial terms will expire at the fiscal 2024 annual meeting of stockholders.

Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors. This classification of our board of directors may have the effect of delaying or preventing changes in control. At each annual meeting, our stockholders will elect the successors to one class of our directors.

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The authorized number of directors may be increased or decreased by our board of directors in accordance with our certificate of incorporation. At any meeting of the board of directors, except as otherwise required by law, a majority of the total number of directors then in office will constitute a quorum for all purposes, except that if Apollo and its affiliates, including the Apollo Stockholder, own at least 5% of the voting power of our outstanding common stock and there is at least one member of our board of directors who is an Apollo Director, then that Apollo Director must be present for there to be a quorum unless each Apollo Director waives his or her right to be included in the quorum at such meeting.

The Apollo Stockholder has the right, at any time until Apollo and its affiliates, including the Apollo Stockholder, no longer beneficially own at least 5% of the voting power of our outstanding common stock, to nominate a number of directors (the “Apollo Directors”) comprising a percentage of our board of directors in accordance with their beneficial ownership of the voting power of our outstanding common stock (rounded up to the nearest whole number), except that if Apollo and its affiliates, including the Apollo Stockholder, beneficially own more than 50% of the voting power of our outstanding common stock, the Apollo Stockholder will have the right to nominate a majority of the directors.

For so long as Amazon holds the 2019 Warrants or any shares of common stock issued upon exercise of the 2019 Warrants and the ATSA remains in effect, Amazon will have the right to nominate a member or an observer to our board of directors.

Upon the consummation of this offering, _____ will be the Apollo Directors. As of the date of this prospectus, Amazon has not exercised its right to nominate a member or an observer to our board of directors.

The restrictions imposed by federal law and DOT policy currently require that our president and at least two-thirds of the members of our board of directors and other managing officers be citizens of the United States, as defined in 49 U.S.C. § 40102(a)(15).

Board Committees

Following the consummation of this offering, the board committees will include an executive committee, an audit committee, a compensation committee, a nominating and corporate governance committee and a safety committee. So long as Apollo and its affiliates, including the Apollo Stockholder, beneficially own at least 5% of the voting power of our outstanding common stock, a number of directors nominated by the Apollo Stockholder that is as proportionate (rounding up to the next whole director) to the number of members of such committee as is the number of directors that the Apollo Stockholder is entitled to nominate to the number of members of our board of directors will serve on each committee of our board, subject to compliance with applicable law and the rules and regulations of Nasdaq. At least two-thirds of the members of each of the executive committee, audit committee, compensation committee and nominating and corporate governance committee will be citizens of the United States, as defined in 49 U.S.C. §40102(a)(15).

Executive Committee

Following the consummation of this offering, our executive committee will consist of Jude Bricker, _____ and _____. Subject to certain exceptions, the executive committee generally may exercise all of the powers of the board of directors when the board of directors is not in session. The executive committee serves at the pleasure of our board of directors. This committee and any of its members may continue or be changed once the Apollo Stockholder no longer owns a controlling interest in us.

Audit Committee

Following the consummation of this offering, our audit committee will consist of Antoine Munfakh, Juan Carlos Zuazua and Kerry Philipovitch. We intend to avail ourselves of the “controlled company” exception under

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the Nasdaq rules, which allows us to phase in an independent audit committee. We will be required, however, to have an audit committee with one independent director during the 90-day period beginning on the date of effectiveness of the registration statement of which this prospectus is a part. After such 90-day period and until one year from the date of effectiveness of the registration statement, we will be required to have a majority of independent directors on our audit committee. Thereafter, we will be required to have an audit committee comprised entirely of independent directors. Our board of directors has determined that Mr. Munfakh qualifies as an “audit committee financial expert” as such term is defined in Item 407(d)(5) of Regulation S-K and that Mr. Zuazua and Ms. Philipovitch are independent as independence is defined in Rule 10A-3 of the Exchange Act and the Nasdaq’s listing standards. The principal duties and responsibilities of our audit committee will be as follows:

- to prepare the annual audit committee report to be included in our annual proxy statement;
- to oversee and monitor our accounting and financial reporting processes;
- to oversee and monitor the integrity of our financial statements and internal control system;
- to oversee and monitor the independence, retention, performance and compensation of our independent auditor;
- to oversee and monitor the performance, appointment and retention of our internal audit department;
- to discuss, oversee and monitor policies with respect to risk assessment and risk management, and
- to oversee and monitor our compliance with legal and regulatory matters.

The audit committee will also have the authority to retain counsel and advisors to fulfill its responsibilities and duties and to form and delegate authority to subcommittees.

Compensation Committee

Following the consummation of this offering, our compensation committee will consist of _____, _____ and _____. The principal duties and responsibilities of the compensation committee will be as follows:

- to review, evaluate and make recommendations to the full board of directors regarding our compensation policies and programs;
- to review and approve the compensation of our chief executive officer, other executive officers and key employees, including all material benefits, option or stock award grants and perquisites and all material employment agreements;
- to review and make recommendations to the board of directors with respect to our incentive compensation plans and equity-based compensation plans and pension plans;
- to administer incentive compensation and equity-related plans and pension plans;
- to review and make recommendations to the board of directors with respect to the financial and other performance targets that must be met; and
- to prepare an annual compensation committee report and take such other actions as are necessary and consistent with the governing law and our organizational documents.

We intend to avail ourselves of the “controlled company” exception under the Nasdaq rules which exempts us from the requirement that we have a compensation committee composed entirely of independent directors.

Nominating and Corporate Governance Committee

Following the consummation of this offering, our nominating and corporate governance committee will consist of _____, _____ and _____. The principal duties and responsibilities of the nominating and corporate governance committee will be as follows:

- to identify candidates qualified to become directors of the Company, consistent with criteria approved by our board of directors;
- to recommend to our board of directors nominees for election as directors at the next annual meeting of stockholders or a special meeting of stockholders at which directors are to be elected, as well as to recommend directors to serve on the other committees of the board;
- to recommend to our board of directors candidates to fill vacancies and newly created directorships on the board of directors;
- to identify best practices and recommend corporate governance principles, including giving proper attention and making effective responses to stockholder concerns regarding corporate governance;
- to set and review the compensation of the non-executive members of the board of directors;
- to develop and recommend to our board of directors guidelines setting forth corporate governance principles applicable to the Company; and
- to oversee the evaluation of our board of directors.

We intend to avail ourselves of the “controlled company” exception under the Nasdaq rules which exempts us from the requirement that we have a nominating and corporate governance committee composed entirely of independent directors.

Safety Committee

Following the consummation of this offering, our safety committee will consist of _____, _____ and _____. Our safety committee assists the board with overseeing the Company’s safety and security processes, procedures and reporting and is responsible for: (i) monitoring management’s efforts to ensure the safety of our passengers and employees; (ii) reviewing our policies, procedures and investments and monitoring our activities with respect to information security; (iii) monitoring and assisting management in creating a uniform safety culture that achieves the highest possible industry standards; and (iv) periodically reviewing all aspects of airline safety and security with management and outside experts as necessary.

Compensation Committee Interlocks and Insider Participation

During 2020, our compensation committee consisted of: Messrs. Joshua Black, Antoine Munfakh and David Siegel. Other than David Siegel, our Executive Chairman, none of these directors has ever served as an officer or employee of the Company. During 2020, none of the members of the compensation committee had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. None of our executive officers served as a member of the board of directors or compensation committee, or similar committee, of any other company whose executive officer(s) served as a member of our board of directors or our compensation committee.

Code of Business Conduct and Ethics

Upon the consummation of this offering, our board of directors will adopt an amended code of business conduct and ethics that will apply to all of our directors, officers and employees and is intended to comply with the relevant listing requirements for a code of conduct as well as qualify as a “code of ethics” as defined by the rules of the SEC. The code of business conduct and ethics will contain, as it does today, general guidelines for conducting

our business consistent with the highest standards of business ethics. We intend to disclose future amendments to certain provisions of our code of business conduct and ethics, or waivers of such provisions applicable to any principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, and our directors, on our website at <https://www.suncountry.com>. Following the consummation of this offering, the code of business conduct and ethics will be available on our website.

Board Leadership Structure and Board's Role in Risk Oversight

The board of directors has an oversight role, as a whole and also at the committee level, in overseeing management of its risks. The board of directors regularly reviews information regarding our credit, liquidity and operations, as well as the risks associated with each. Following the completion of this offering, the compensation committee of the board of directors will be responsible for overseeing the management of risks relating to employee compensation plans and arrangements and the audit committee of the board of directors will oversee the management of financial risks. While each committee will be responsible for evaluating certain risks and overseeing the management of such risks, the entire board of directors will be regularly informed through committee reports about such risks.

EXECUTIVE COMPENSATION

Executive Summary

The Company’s goal for its executive compensation program is to utilize a pay-for-performance compensation program that is directly related to achievement of the Company’s financial and strategic objectives. This program is designed to: (i) provide compensation opportunities that will allow the Company to attract and retain talented executive officers who are essential to the Company’s success; (ii) provide compensation that rewards both individual and corporate performance and motivates the executive officers to achieve corporate strategic objectives; (iii) reward superior financial and operational performance in a given year, over a sustained period and expectations for the future; (iv) place compensation at risk if performance goals are not achieved; and (v) align the interests of executive officers with the long-term interests of stockholders through stock-based awards.

Summary Compensation Table

The following table sets forth the compensation paid or awarded to our named executive officers, or NEOs, by the Company and its affiliates for services rendered in all capacities to the Company and its affiliates in fiscal years 2019 and 2020:

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(2)	Option Awards (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
Jude Bricker	2020	\$ 200,000	\$ 260,000	\$ —	\$ —	\$ 23,777	\$ 483,777
Chief Executive Officer	2019	\$ 200,000	\$ 338,300	\$ —	\$ —	\$ 28,970	\$ 567,270
Dave Davis	2020	\$ 360,000	\$ 270,000	\$ —	\$ —	\$ 14,456	\$ 644,456
President and Chief Financial Officer	2019	\$ 360,000	\$ 187,275	\$ —	\$ 549,098	\$ 17,662	\$ 1,114,035
Gregory Mays(1)	2020	\$ 300,000	\$ 56,250	\$ 56,194	\$ —	\$ 14,663	\$ 427,107
Chief Operating Officer	2019	\$ 162,500	\$ 91,300	\$ —	\$ 988,950	\$ 90,038	\$ 1,332,788

- (1) Mr. Mays was hired in June 2019.
- (2) The amounts reported reflect the aggregate grant date fair value of an award of fully vested stock.
- (3) The amounts reported reflect the aggregate grant date fair value of each stock option computed in accordance with Accounting Standards Codification 718 Compensation – Stock Compensation (“ASC 718”). See Note 11 to our audited consolidated financial statements included elsewhere in this prospectus for the assumptions used in calculating this amount. These options were originally granted as options to purchase SCA common stock and were converted into options to purchase common stock in connection with the Reorganization Transactions. Upon the consummation of the Stock Split, the exercise prices for each of the outstanding options will be appropriately adjusted.
- (4) For each of our NEOs, the amounts under “All Other Compensation” for fiscal year 2019 represent the Company’s contributions in respect of life insurance and our 401(k) Plan (\$11,258 for Mr. Bricker, \$12,306 for Mr. Davis and \$5,534 for Mr. Mays), annual cell phone allowance (\$720 for Mr. Bricker, \$720 for Mr. Davis and \$360 for Mr. Mays), payment for relocation expenses for Mr. Mays (\$81,123) and flight benefits under our Air Travel Plan (“ATP”). For fiscal year 2020, the amounts reflect the Company’s contributions in respect of life insurance and our 401(k) Plan (\$11,258 for Mr. Bricker, \$11,458 for Mr. Davis and \$11,210 for Mr. Mays), annual cell phone allowance (\$720 for Messrs. Bricker, Davis and

Mays) and flight benefits under our ATP. Under the ATP, certain executives, including our NEOs, receive an annual dollar value that they may use for personal travel on our flights for themselves and certain qualifying friends and family. Each one-way flight taken is valued at \$75, which is the average cost to us of a one-way flight. For fiscal 2019, each NEO received a travel bank under the ATP (\$15,000 for Mr. Bricker and \$12,500 for Messrs. Davis and Mays). As the ATP benefit utilized by the executive is taxable income to the NEOs and the Company pays such taxes on a grossed up basis, the amounts reflected under “All Other Compensation” in respect of the ATP benefit utilized were adjusted to \$16,993, \$5,684 and \$3,021 for Messrs. Bricker, Davis and Mays, respectively. For fiscal 2020, each NEO also received a travel bank under the ATP (\$15,000 for Mr. Bricker and \$12,500 for Messrs. Davis and Mays). The amounts reflected in respect of the ATP benefit utilized for fiscal 2020 were adjusted to \$11,799, \$2,278 and \$2,733 for Messrs. Bricker, Davis and Mays, respectively.

Employment Agreements with Named Executive Officers

Jude Bricker Employment Agreement

We entered into a second amended and restated employment agreement with Jude Bricker to serve as Chief Executive Officer of the Company, dated as of November 7, 2018. The agreement extends for an initial term of five years from April 11, 2018 until April 11, 2023, and shall thereafter be automatically extended for successive one-year periods, unless either party provides written notice of non-renewal at least 90 days prior to the expiration of the initial term or any extended term. Pursuant to the employment agreement, Mr. Bricker’s annual base salary shall be no less than \$200,000 and Mr. Bricker shall be eligible to receive a non-discretionary annual bonus equal to \$60,000, and a discretionary performance-based annual bonus with a target equal to 200% of his annual base salary.

In connection with Mr. Bricker’s agreement, Mr. Bricker received an option to purchase shares of SCA common stock equal to 3% of the fully diluted total outstanding shares of SCA common stock, subject to the terms and conditions set forth in the SCA Acquisition Equity Plan and a nonqualified stock option agreement thereunder. Additionally, Mr. Bricker purchased \$6,500,000 in shares of SCA common stock at the same indicative price per share paid by the Apollo Funds, a portion of which was paid through a Company loan to Mr. Bricker in exchange for a promissory note, with a principal amount equal to \$2,500,000, which loan was repaid in full prior to the filing of the registration statement of which this prospectus is a part.

Mr. Bricker is also entitled to travel benefits, including an annual credit of \$15,000 in his ATP account for personal travel on Company scheduled flights for him and certain qualifying friends and family. Mr. Bricker may also travel on scheduled Company flights in accordance with the Company’s general employee travel policy, the cost of which is not deducted from Mr. Bricker’s ATP account. Upon the earlier of April 11, 2023 or a Change in Control (as defined in the SCA Acquisition Equity Plan), Mr. Bricker’s travel benefits will vest for his lifetime and be useable by Mr. Bricker for the remainder of his life.

In addition to the compensation and benefits described herein, Mr. Bricker’s employment agreement also provides for compensation and benefits under specified circumstances in connection with the termination of his employment, as described below under “—*Potential Payments upon Termination.*”

Mr. Bricker is subject to restrictive covenants, including non-competition during employment and for 18 months thereafter, non-solicitation of employees (including no-hire), consultants, customers and suppliers during employment and for 18 months thereafter, non-disclosure of confidential information for a perpetual period of time and non-disparagement by Mr. Bricker for a perpetual period of time.

Dave Davis Employment Agreement

Sun Country, Inc. entered into an employment agreement with Dave Davis to serve as Chief Financial Officer, effective as of April 11, 2018. Mr. Davis was thereafter promoted to President and Chief Financial

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Officer effective November 5, 2019. The agreement extends for a term of five years, until April 11, 2023. Pursuant to the employment agreement, Mr. Davis' annual base salary shall be no less than \$420,000 until March 31, 2019 and, beginning April 1, 2019, shall be no less than \$360,000. Mr. Davis was eligible to receive a bonus of \$168,666 for the calendar year ending December 31, 2018 and, for calendar years 2019 and thereafter, a discretionary annual bonus with a target equal to 75% of his base salary; provided, however, that for calendar year 2019, one-half of the target amount (\$135,000) shall be guaranteed and paid to Mr. Davis during the calendar year in equal installments, and during each successive year of the employment term, Mr. Davis may request, subject to approval by the chief executive officer and the board of directors, a portion of his discretionary annual bonus to become guaranteed and payable.

In connection with Mr. Davis' agreement, Mr. Davis received an option to purchase SCA common stock equal to 1.45% of the fully diluted total outstanding SCA common stock, subject to the terms and conditions set forth in the SCA Acquisition Equity Plan and a nonqualified stock option agreement thereunder. Additionally, Mr. Davis had the opportunity to purchase SCA common stock at the same indicative price per share paid by the Apollo Funds.

Mr. Davis is also entitled to travel benefits, including an annual credit of \$12,500 in his ATP account for personal travel on Company scheduled flights for him and certain qualifying friends and family. Mr. Davis may also travel on scheduled Company flights in accordance with the Company's general employee travel policy, the cost of which is not deducted from Mr. Davis' ATP account. Upon the earlier of April 11, 2023 or a Change in Control (as defined in the SCA Acquisition Equity Plan), Mr. Davis' travel benefits will vest for his lifetime and be useable by Mr. Davis for the remainder of his life.

In addition to the compensation and benefits described herein, Mr. Davis' employment agreement also provides for compensation and benefits under specified circumstances in connection with the termination of his employment, as described below under "*Potential Payments upon Termination.*"

Mr. Davis is subject to restrictive covenants, including non-competition during employment and for 12 months thereafter, non-solicitation of employees (including no-hire), consultants, customers and suppliers during employment and for 12 months thereafter, non-disclosure of confidential information for a perpetual period of time and non-disparagement by Mr. Davis for a perpetual period of time.

Gregory Mays Employment Agreement

Sun Country, Inc. entered into an employment agreement with Gregory Mays to serve as Chief Operating Officer, effective as of June 3, 2019. The agreement extends for an initial term of five years until June 3, 2024 and provides that it would thereafter be automatically extended for successive one-year periods, unless either party provides written notice of non-renewal at least 90 days prior to the expiration of the initial term or any extended term. Pursuant to the employment agreement, Mr. Mays' annual base salary shall be no less than \$300,000. Mr. Mays shall also be eligible to receive a discretionary annual bonus with a target equal to 75% of his annual base salary. Mr. Mays also received a relocation bonus of \$52,000 for his relocation to the Minneapolis, Minnesota area; however, if Mr. Mays resigns from employment for any reason prior to June 3, 2021, he must repay to the Company within 30 days of his termination a prorated portion of the relocation bonus.

In connection with Mr. Mays' agreement, Mr. Mays received an option to purchase SCA common stock equal to 1.0% of the fully diluted total outstanding SCA common stock, subject to the terms and conditions set forth in the SCA Acquisition Equity Plan and a nonqualified stock option agreement thereunder.

Mr. Mays is also entitled to travel benefits, including an annual credit of \$12,500 in his ATP account for personal travel on Company scheduled flights for him and certain qualifying friends and family. Mr. Mays may also travel on scheduled Company flights in accordance with the Company's general employee travel policy, the cost of which is not deducted from Mr. Mays' ATP account. Upon the earlier of June 3, 2024 or a Change in

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Control (as defined in the SCA Acquisition Equity Plan), Mr. Mays' travel benefits will vest for his lifetime and be useable by Mr. Mays for the remainder of his life.

In addition to the compensation and benefits described herein, Mr. Mays' employment agreement also provides for compensation and benefits under specified circumstances in connection with the termination of his employment, as described below under "*Potential Payments upon Termination.*"

In connection with his employment agreement, Mr. Mays is subject to restrictive covenants, including non-competition during employment and for 12 months thereafter, non-solicitation of employees (including no-hire), consultants, customers and suppliers during employment and for 12 months thereafter, non-disclosure of confidential information for a perpetual period of time and non-disparagement by Mr. Mays for a perpetual period of time.

2020 Outstanding Equity Awards at Fiscal Year-End Table

The following table lists each NEO's outstanding equity awards at the end of fiscal 2020.

Outstanding Equity Awards At Fiscal 2020 Year-End

Executive	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (2) (3)	Equity Incentive Plan Awards:	Option Exercise Price (\$)	Option Expiration Date
			Number of Securities Underlying Unexercised Options (#) (2) (4)		
Jude Bricker	16,430	16,429	52,487	\$ 100	11/21/2028
Dave Davis(1)	6,572	6,571	20,995	\$ 100	4/17/2028
	685	2,054	4,374	\$ 286.46	11/19/2029
Gregory Mays	2,738	8,215	17,496	\$ 100	7/1/2029

- (1) On November 19, 2019, Mr. Davis was granted additional options with an exercise price of \$286.46 in connection with his promotion to President and Chief Financial Officer.
- (2) Options were originally granted as options to purchase SCA common stock and were converted into options to purchase common stock in connection with the Reorganization Transactions. Upon the consummation of the Stock Split, the exercise prices for each of the outstanding options will be appropriately adjusted.
- (3) For Messrs. Bricker and Davis, the time-based component of options granted in 2018 vest and become exercisable ratably on each of the first four anniversaries of April 11, 2018, subject to the holder continuing to provide services to the Company through each such vesting date. For Mr. Davis, the time-based component of options granted in 2019 vest and become exercisable ratably on each of the first four anniversaries of November 5, 2019, subject to the holder continuing to provide services to the Company through each such vesting date. For Mr. Mays, the time-based component of options vest and become exercisable ratably on each of the first four anniversaries of June 3, 2019, subject to the holder continuing to provide services to the Company through each such vesting date. All time-based options will accelerate and vest in full upon a Change in Control (as defined in the SCA Acquisition Equity Plan).
- (4) Performance-based options vest and become exercisable upon a Change in Control (as defined in the SCA Acquisition Equity Plan) subject to the satisfaction of performance-based criteria. Specifically, 33% of the performance-based options will vest and become exercisable upon a Change in Control if the Company's private equity investors achieve a MOIC of at least 3.0x and 100% of the performance-based options will vest and become exercisable upon a Change in Control if the Company's private equity investors achieve a MOIC of at least 5.0x. Vesting in respect of achievement between a MOIC of 3.0x and a MOIC of 5.0x is linearly interpolated. In the event that 100% of the performance-based options have not vested prior to or at the time of the effectiveness of this offering, on certain "MOIC Test Dates" (i.e., months following this offering), unvested performance-based options will vest according to the following schedule based on achievement of a multiple equal to the ratio of (i) the sum of (A) the amount of all cash consideration, plus (B) the then-current value of the shares held by the Company's private equity investors based on the volume weighted average price for the trailing ninety consecutive trading days immediately preceding the applicable MOIC Test Date to (ii) the amount of the Company's private equity investors' invested capital, provided that the amount of such invested capital shall not be reduced by distributions (the "TRMOIC"):

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Months Post-IPO (“MOIC Test Date”)	% of Performance-Based Options Eligible to Vest	Vested Amount Based on 3.0x TRMOIC	Vested Amount Based on 5.0x TRMOIC
12	25%	7.5%	25%
18	37.5%	11.25%	37.5%
24	50%	15.0%	50%
30	62.5%	18.75%	62.5%
36	75%	22.5%	75%

Vesting in respect of achievement between a TRMOIC of 3.0x and a TRMOIC of 5.0x will be linearly interpolated. On each MOIC Test Date, the percentage of the performance-based options that will vest on that date will be added to the percentage of the performance-based options that vested prior to the applicable MOIC Test Date, provided, however, that on any given MOIC Test Date, the total percentage of the performance-based options that may vest will not exceed the percentage shown for the applicable MOIC Test Date under the column heading “Vested Amount Based on 5.0x TRMOIC.”

Potential Payments Upon Termination

Upon a termination of employment for any reason, each NEO would be entitled to (i) any amount of annual base salary earned, but not yet paid, through the termination date, (ii) any annual bonus for the year prior to the year of termination that was earned, but not yet paid, (iii) any expenses owed to the NEO and (iv) any amount arising from the NEO’s participation in, or benefits under, any employee benefit plans, programs or arrangements (including, where applicable, any death and disability benefits) (the “Accrued Obligations”). Pursuant to the terms of each NEO’s option award agreement, all unvested options would automatically terminate without consideration upon a termination of employment for any reason.

Upon a termination of employment by the Company or its subsidiary without Cause (including, for Messrs. Bricker and Davis, a non-renewal by the Company or its subsidiary), or in the case of Mr. Bricker, a resignation by Mr. Bricker for Good Reason (each, a “Qualifying Termination”), each NEO would be entitled to: (i) his Accrued Obligations and (ii) continued payment of his base salary until the earlier of the 12-month (for Mr. Bricker, 18-month) anniversary of the termination date and the first date that the NEO violates any of his restrictive covenants after receipt of notice thereof and expiration of a 10-business day cure period (the “Severance Benefits”). The Severance Benefits are conditioned upon the NEO’s execution of a general release of claims.

For purposes of each NEO’s employment agreement, Cause shall mean: (i) the NEO’s indictment for, conviction of, or plea of guilty or nolo contendere to, any (x) felony, (y) misdemeanor involving moral turpitude, or (z) other crime involving either fraud or a breach of the NEO’s duty of loyalty with respect to the Company or any affiliates thereof, or any of its customers or suppliers, (ii) the NEO’s failure to perform duties as reasonably directed by the board of directors (other than as a consequence of disability) after written notice thereof and failure to cure within ten business days of receipt of the written notice, (iii) the NEO’s fraud, misappropriation, embezzlement (whether or not in connection with employment), or material misuse of funds or property belonging to the Company or any of its affiliates, (iv) the NEO’s willful violation of the policies of the Company or any of its subsidiaries, or gross negligence in connection with the performance of his duties, after written notice thereof and failure to cure within ten business days of receipt of written notice, (v) the NEO’s use of alcohol that interferes with the performance of the NEO’s duties or use of illegal drugs, if either (A) the NEO fails to obtain treatment within ten business days after receipt of written notice thereof or (B) the NEO obtains treatment and, following NEO’s return to work, the NEO’s use of alcohol again interferes with the performance of the NEO’s duties or the NEO again uses illegal drugs, (vi) the NEO’s material breach of his employment agreement, and failure to cure such breach within ten business days after receipt of written notice or (vii) the NEO’s breach of the confidentiality or non-disparagement provisions (excluding unintentional breaches that are cured within ten days after the NEO becomes aware of such breaches, to the extent curable) or the non-competition and non-solicitation provisions to which the NEO is subject. If, within 30 days subsequent to the NEO’s termination of employment for any reason other than by the Company or its subsidiary for Cause, the Company or its subsidiary discovers facts such that the NEO’s termination of employment could have been for

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Cause, the NEO's termination of employment will be deemed to have been for Cause for all purposes, and the NEO will be required to disgorge to the Company or its subsidiary all amounts received under his employment agreement, all equity awards or otherwise that would not have been payable to the NEO had such termination of employment been by the Company or its subsidiary for Cause.

For purposes of Mr. Bricker's employment agreement, Good Reason shall mean any of the following actions are taken by the Company without his express written consent: (i) a material reduction of Mr. Bricker's duties and responsibilities in his capacity as an employee of the Company, (ii) the relocation of Mr. Bricker's principal office location by more than 50 miles from the Minneapolis, Minnesota area (provided that the same materially increases his commute), (iii) any material breach by the Company of any material term or provision of Mr. Bricker's employment agreement or (iv) a material reduction in Mr. Bricker's annual base salary; provided, that any such event shall not constitute Good Reason unless and until Mr. Bricker shall have provided the Company with written notice thereof no later than thirty days following the initial occurrence of such event and the Company shall have failed to fully remedy such event within thirty days of receipt of such notice, and Mr. Bricker shall have terminated his employment with the Company within ten days following the expiration of such remedial period.

In the event that the payment of the severance benefits described above (together with any other payments or benefits) will result in a NEO being subject to the excise tax imposed on certain "golden parachute" arrangements under Sections 280G and 4999 of the Code, the NEOs' employment agreements provide that such payments and benefits will be reduced to the largest amount which can be paid to the NEO without the imposition of such excise tax, but only if such reduction would result in the NEO retaining a larger after-tax benefit than if he had received all payments and been subject to the excise tax.

Equity Compensation Plans

We currently maintain the SCA Acquisition Equity Plan. In connection with the Reorganization Transactions, all outstanding options to purchase SCA common stock were converted into options to purchase common stock. Upon the consummation of the Stock Split, the exercise prices for each of the outstanding options will be appropriately adjusted.

2021 Omnibus Incentive Plan

In connection with this offering, our board of directors expects to adopt, and we expect our stockholders to approve, our 2021 Omnibus Incentive Plan (the "Omnibus Incentive Plan") to become effective in connection with the consummation of this offering. Following the adoption of the Omnibus Incentive Plan, we do not expect to issue additional options under the SCA Acquisition Equity Plan. This summary is qualified in its entirety by reference to the Omnibus Incentive Plan that is ultimately adopted by our board of directors.

Administration. The compensation committee of our board of directors will administer the Omnibus Incentive Plan. The compensation committee will have the authority to determine the terms and conditions of any agreements evidencing any awards granted under the Omnibus Incentive Plan and to adopt, alter and repeal rules, guidelines and practices relating to the Omnibus Incentive Plan. The compensation committee will have full discretion to administer and interpret the Omnibus Incentive Plan and to adopt such rules, regulations and procedures as it deems necessary or advisable and to determine, among other things, the time or times at which the awards may be exercised and whether and under what circumstances an award may be exercised.

Eligibility. Any current or prospective employees, directors, officers, consultants or advisors of the Company or its affiliates who are selected by the compensation committee will be eligible for awards under the Omnibus Incentive Plan. The compensation committee will have the sole and complete authority to determine who will be granted an award under the Omnibus Incentive Plan.

Number of Shares Authorized. Pursuant to the Omnibus Incentive Plan, we have reserved an aggregate of shares of our common stock for issuance of awards to be granted thereunder. No more than _____ shares of our common stock may be issued with respect to incentive stock options under the Omnibus Incentive Plan. The maximum grant date fair value of cash and equity awards that may be awarded to a non-employee director under the Omnibus Incentive Plan during any one fiscal year, taken together with any cash fees paid to such non-employee director during such fiscal year, will be \$ _____, provided that the foregoing limitation will not apply to any awards issued to a non-employee director in respect of any one-time initial equity grant upon a non-employee director's appointment to the board of directors. If any award granted under the Omnibus Incentive Plan expires, terminates, or is canceled or forfeited without being settled, vested or exercised, shares of our common stock subject to such award will again be made available for future grants. Any shares that are surrendered or tendered to pay the exercise price of an award or to satisfy withholding taxes owed, or any shares reserved for issuance, but not issued, with respect to settlement of a stock appreciation right, will not again be available for grants under the Omnibus Incentive Plan. Shares of common stock withheld by, or otherwise remitted to the Company to satisfy a participant's tax withholding obligations upon the lapse of restrictions on, or settlement of, an award, other than a stock option or SAR, will again be available for awards under the share pool.

Change in Capitalization. If there is a change in our capitalization in the event of a stock or extraordinary cash dividend, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of our common stock or other relevant change in capitalization or applicable law or circumstances, such that the compensation committee determines that an adjustment to the terms of the Omnibus Incentive Plan (or awards thereunder) is necessary or appropriate, then the compensation committee shall (other than with respect to other cash-based awards) make adjustments in a manner that it deems equitable. Such adjustments may be to the number of shares reserved for issuance under the Omnibus Incentive Plan, the number of shares covered by awards then outstanding under the Omnibus Incentive Plan, the limitations on awards under the Omnibus Incentive Plan, the exercise price of outstanding options, or any applicable performance measures (including, without limitation, performance conditions and performance periods), or such other equitable substitution or adjustments as the compensation committee may determine appropriate.

Awards Available for Grant. The compensation committee may grant awards of non-qualified stock options, incentive (qualified) stock options, stock appreciation rights ("SARs"), restricted stock awards, restricted stock units, other stock-based awards, other cash-based awards or any combination of the foregoing. Awards may be granted under the Omnibus Incentive Plan in assumption of, or in substitution for, outstanding awards previously granted by an entity acquired by the Company or with which the Company combines, which are referred to herein as "Substitute Awards." All awards granted under the Omnibus Incentive Plan will vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the compensation committee.

Stock Options. The compensation committee will be authorized to grant options to purchase shares of our common stock that are either "qualified," meaning they are intended to satisfy the requirements of Section 422 of the Code for incentive stock options, or "non-qualified," meaning they are not intended to satisfy the requirements of Section 422 of the Code. All options granted under the Omnibus Incentive Plan shall be non-qualified unless the applicable award agreement expressly states that the option is intended to be an incentive stock option. Options granted under the Omnibus Incentive Plan will be subject to the terms and conditions established by the compensation committee. Under the terms of the Omnibus Incentive Plan, the exercise price of the options will not be less than the fair market value (or 110% of the fair market value in the case of a qualified option granted to a 10% stockholder) of our common stock at the time of grant (except with respect to Substitute Awards). Options granted under the Omnibus Incentive Plan will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the compensation committee and specified in the applicable award agreement. The maximum term of an option granted under the Omnibus Incentive Plan will be ten years from the date of grant (or five years in the case of a qualified option granted to a 10% stockholder), provided that if the term of a non-qualified option would expire

at a time when trading in the shares of our common stock is prohibited by the Company's insider trading policy, the option's term shall be extended automatically (other than with respect to options with an exercise price as of the end of the option period (prior to any such extension) that is not less than the fair market value of a share of common stock at such time) until the 30th day following the expiration of such prohibition (as long as such extension shall not violate Section 409A of the Code). Payment in respect of the exercise of an option may be made in cash, by check, by cash equivalent and/or by delivery of shares of our common stock valued at the fair market value at the time the option is exercised, or any combination of the foregoing, provided that such shares are not subject to any pledge or other security interest, or by such other method as the compensation committee may permit in its sole discretion, including (i) by delivery of other property having a fair market value equal to the exercise price and all applicable required withholding taxes, (ii) if there is a public market for the shares of our common stock at such time, by means of a broker-assisted cashless exercise mechanism or (iii) by means of a "net exercise" procedure effected by withholding the minimum number of shares otherwise deliverable in respect of an option that are needed to pay the exercise price and all applicable required withholding taxes. No fractional shares of common stock shall be issued or delivered pursuant to the Omnibus Incentive Plan or any award, and the compensation committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional shares of common stock or whether such fractional shares of common stock or any rights thereto shall be canceled, terminated or otherwise eliminated.

Stock Appreciation Rights. The compensation committee will be authorized to award SARs under the Omnibus Incentive Plan. SARs will be subject to the terms and conditions established by the compensation committee. A SAR is a contractual right that allows a participant to receive, in the form of either cash, shares or any combination of cash and shares, the appreciation, if any, in the value of a share over a certain period of time. An option granted under the Omnibus Incentive Plan may include SARs, and SARs may also be awarded to a participant independent of the grant of an option. SARs granted in connection with an option shall be subject to terms similar to the option corresponding to such SARs, including with respect to vesting and expiration. Except as otherwise provided by the compensation committee (in the case of Substitute Awards or SARs granted in tandem with previously granted options), the strike price per share of our common stock underlying each SAR shall not be less than 100% of the fair market value of such share, determined as of the date of grant and the maximum term of a SAR granted under the Omnibus Incentive Plan will be ten years from the date of grant.

Restricted Stock. The compensation committee will be authorized to grant restricted stock under the Omnibus Incentive Plan, which will be subject to the terms and conditions established by the compensation committee. Restricted stock is common stock that is generally non-transferable and is subject to other restrictions determined by the compensation committee for a specified period. Any accumulated dividends will be payable at the same time that the underlying restricted stock vests.

Restricted Stock Unit Awards. The compensation committee will be authorized to grant restricted stock unit awards, which will be subject to the terms and conditions established by the compensation committee. A restricted stock unit award, once vested, may be settled in a number of shares of our common stock equal to the number of units earned, in cash equal to the fair market value of the number of shares of our common stock earned in respect of such restricted stock unit award or in a combination of the foregoing, at the election of the compensation committee. Restricted stock units may be settled at the expiration of the period over which the units are to be earned or at a later date selected by the compensation committee. To the extent provided in an award agreement, the holder of outstanding restricted stock units shall be entitled to be credited with dividend equivalent payments upon the payment by us of dividends on shares of our common stock, either in cash or, at the sole discretion of the compensation committee, in shares of our common stock having a fair market value equal to the amount of such dividends (or a combination of cash and shares), and interest may, at the sole discretion of the compensation committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the compensation committee, which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable at the same time that the underlying restricted stock units are settled.

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Other Stock-Based Awards and Other Cash-Based Awards. The compensation committee will be authorized to grant awards of unrestricted shares of our common stock, rights to receive grants of awards at a future date, other awards denominated in shares of our common stock, or awards that provide for cash payments based in whole or in part on the value of our common stock and other cash-based awards under such terms and conditions as the compensation committee may determine and as set forth in the applicable award agreement.

Effect of Termination of Service a Change in Control. To the extent permitted under Section 409A of the Code, the compensation committee may provide, by rule or regulation or in any applicable award agreement, or may determine in any individual case, the circumstances in which, and to the extent which, an award may be exercised, settled, vested, paid or forfeited in the event of a participant's termination of service prior to the end of a performance period or vesting, exercise or settlement of such award. In the event of a change in control, notwithstanding any provision of the Omnibus Incentive Plan to the contrary, the compensation committee may provide for: (i) continuation or assumption of outstanding awards under the Omnibus Incentive Plan by the Company (if it is the surviving corporation) or by the surviving corporation or its parent; (ii) substitution by the surviving corporation or its parent of awards with substantially the same terms and value for such outstanding awards (in the case of an option or SAR, the intrinsic value (i.e., the excess, if any, of the price or implied price per share in a change in control or other event over the exercise or hurdle price of such award, multiplied by the number of shares covered by such award at grant of such substitute award); (iii) acceleration of the vesting (including the lapse of any restrictions, with any performance criteria or other performance conditions deemed met at target) or right to exercise such outstanding awards immediately prior to or as of the date of the change in control, and the expiration of such outstanding awards to the extent not timely exercised by the date of the change in control or other date thereafter designated by the compensation committee; or (iv) in the case of an option or SAR, cancellation in consideration of a payment in cash or other consideration to the participant who holds such award in an amount equal to the intrinsic value of such award (which may be equal to but not less than zero), which, if in excess of zero, shall be payable upon the effective date of such change in control. For the avoidance of doubt, in the event of a change in control, the compensation committee may, in its sole discretion, terminate any option or SARs for which the exercise or strike price is equal to or exceeds the per share value of the consideration to be paid in the change in control transaction without payment of consideration therefor.

Nontransferability. Each award may be exercised during the participant's lifetime by the participant or, if permissible under applicable law, by the participant's guardian or legal representative. No award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a participant other than by will or by the laws of descent and distribution unless the compensation committee permits the award to be transferred to a permitted transferee (as defined in the Omnibus Incentive Plan).

Amendment. The Omnibus Incentive Plan will have a term of ten years. The board of directors may amend, suspend or terminate the Omnibus Incentive Plan at any time, subject to stockholder approval if necessary to comply with any tax, exchange rules, or other applicable regulatory requirement. No amendment, suspension or termination will materially and adversely affect the rights of any participant or recipient of any award without the consent of the participant or recipient.

The compensation committee may, to the extent consistent with the terms of any applicable award agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any award theretofore granted or the associated award agreement, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any participant with respect to any award theretofore granted will not to that extent be effective without the consent of the affected participant; and provided further that, without stockholder approval, (i) no amendment or modification may reduce the exercise price of any option or the strike price of any SAR, (ii) the compensation committee may not cancel any outstanding option and replace it with a new option (with a lower exercise price) or cancel any SAR and replace it with a new SAR (with a lower strike price) or, in each case, with another award or cash in a manner that would be treated as a repricing (for compensation disclosure or accounting purposes), (iii) the compensation committee may not take any other

action considered a repricing for purposes of the stockholder approval rules of the applicable securities exchange on which our common shares are listed and (iv) the compensation committee may not cancel any outstanding option or SAR that has a per-share exercise price or strike price (as applicable) at or above the fair market value of a share of our common stock on the date of cancellation and pay any consideration to the holder thereof. However, stockholder approval is not required with respect to clauses (i), (ii), (iii) and (iv) above with respect to certain adjustments on changes in capitalization.

Clawback/Forfeiture. Awards may be subject to clawback or forfeiture to the extent required by applicable law (including, without limitation, Section 304 of the Sarbanes-Oxley Act and Section 954 of the Dodd-Frank Act) and/or the rules and regulations of Nasdaq or other applicable securities exchange, or if so required pursuant to a written policy adopted by the Company or the provisions of an award agreement.

Whistleblower Acknowledgments. Nothing in the Omnibus Incentive Plan or award agreement will (i) prohibit a participant from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Exchange Act or Section 806 of the Sarbanes-Oxley Act, or of any other whistleblower protection provisions of federal law or regulation, or (ii) require prior approval by the Company or any of its affiliates of any reporting described in clause (i).

U.S. Federal Income Tax Consequences

The following is a general summary of the material U.S. federal income tax consequences of the grant, exercise and vesting of awards under the Omnibus Incentive Plan and the disposition of shares acquired pursuant to the exercise or settlement of such awards and is intended to reflect the current provisions of the Code and the regulations thereunder. This summary is not intended to be a complete statement of applicable law, nor does it address foreign, state, local or payroll tax considerations. This summary assumes that all awards described in the summary are exempt from, or comply with, the requirement of Section 409A of the Code. Moreover, the U.S. federal income tax consequences to any particular participant may differ from those described herein by reason of, among other things, the particular circumstances of such participant.

Stock Options. Holders of incentive stock options will generally incur no federal income tax liability at the time of grant or upon vesting or exercise of those options. However, the spread at exercise will be an “item of tax preference,” which may give rise to “alternative minimum tax” liability for the taxable year in which the exercise occurs. If the holder does not dispose of the shares before the later of two years following the date of grant and one year following the date of exercise, the difference between the exercise price and the amount realized upon disposition of the shares will constitute long-term capital gain or loss, as the case may be. Assuming the holding period is satisfied, no deduction will be allowed to us for federal income tax purposes in connection with the grant or exercise of the incentive stock option. If, within two years following the date of grant or within one year following the date of exercise, the holder of shares acquired through the exercise of an incentive stock option disposes of those shares, the participant will generally realize taxable compensation at the time of such disposition equal to the difference between the exercise price and the lesser of the fair market value of the share on the date of exercise or the amount realized on the subsequent disposition of the shares, and that amount will generally be deductible by us for federal income tax purposes, subject to the possible limitations on deductibility under Sections 280G and 162(m) of the Code for compensation paid to executives designated in those Sections. Finally, if an incentive stock option becomes first exercisable in any one year for shares having an aggregate value in excess of \$100,000 (based on the grant date value), the portion of the incentive stock option in respect of those excess shares will be treated as a non-qualified stock option for federal income tax purposes.

No income will be realized by a participant upon grant or vesting of an option that does not qualify as an incentive stock option (“a non-qualified stock option”). Upon the exercise of a non-qualified stock option, the participant will recognize ordinary compensation income in an amount equal to the excess, if any, of the fair market value of the underlying exercised shares over the option exercise price paid at the time of exercise, and the participant’s tax basis will equal the sum of the compensation income recognized and the exercise price. We

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will be able to deduct this same excess amount for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections. In the event of a sale of shares received upon the exercise of a non-qualified stock option, any appreciation or depreciation after the exercise date generally will be taxed as capital gain or loss and will be long-term gain or loss if the holding period for such shares is more than one year.

SARs. No income will be realized by a participant upon grant or vesting of a SAR. Upon the exercise of a SAR, the participant will recognize ordinary compensation income in an amount equal to the fair market value of the payment received in respect of the SAR. We will be able to deduct this same amount for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Restricted Stock. A participant will not be subject to tax upon the grant of an award of restricted stock unless the participant otherwise elects to be taxed at the time of grant pursuant to Section 83(b) of the Code. On the date an award of restricted stock becomes transferable or is no longer subject to a substantial risk of forfeiture (i.e., the vesting date), the participant will have taxable compensation equal to the difference between the fair market value of the shares on that date over the amount the participant paid for such shares, if any, unless the participant made an election under Section 83(b) of the Code to be taxed at the time of grant. If the participant made an election under Section 83(b), the participant will have taxable compensation at the time of grant equal to the difference between the fair market value of the shares on the date of grant over the amount the participant paid for such shares, if any. If the election is made, the participant will not be allowed a deduction for amounts subsequently required to be returned to us. (Special rules apply to the receipt and disposition of restricted shares received by officers and directors who are subject to Section 16(b) of the Exchange Act). We will be able to deduct, at the same time as it is recognized by the participant, the amount of taxable compensation to the participant for U.S. federal income tax purposes, but such deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Restricted Stock Units. A participant will not be subject to tax upon the grant or vesting of a restricted stock unit award. Rather, upon the delivery of shares or cash pursuant to a restricted stock unit award, the participant will have taxable compensation equal to the fair market value of the number of shares (or the amount of cash) the participant actually receives with respect to the award. We will be able to deduct the amount of taxable compensation to the participant for U.S. federal income tax purposes, but the deduction may be limited under Sections 280G and 162(m) of the Code for compensation paid to certain executives designated in those Sections.

Section 162(m). In general, Section 162(m) of the Code denies a publicly held corporation a deduction for U.S. federal income tax purposes for compensation in excess of \$1,000,000 per year per person to the executives designated in Section 162(m) of the Code, including, but not limited to, its chief executive officer, chief financial officer and the next three highly compensated executives of such corporation whose compensation is required to be disclosed in its proxy statement. The existing regulations under Section 162(m) may provide us, as a new publicly traded company, transition relief from the \$1,000,000 deduction limitation until our first stockholders meeting at which directors are elected in the year that is three years following the closing of this offering. However, the IRS has requested comments from interested stakeholders on the application of Section 162(m) to new publicly traded companies in light of the Tax Cuts and Jobs Act, which was passed at the end of 2017, and which made significant changes to Section 162(m). It is possible that the IRS might narrow or eliminate the transition relief. In addition, we reserve the right to award compensation as to which a deduction may be limited under Section 162(m) where we believe it is appropriate to do so.

[Table of Contents](#)**Director Compensation****2020 Director Compensation**

During 2020, none of the members of our board of directors received any compensation from the Company for their services on the board, except as set forth below.

Name	Fees earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)	Option Awards(2)	All Other Compensation (\$)(3)	Total (\$)
David Siegel	\$ 60,000	\$ —	\$ —	\$ 2,458	\$62,458
Juan Carlos ZuaZua	\$ 50,000	\$ —	\$ 38,743	\$ —	\$88,743
Kerry Philipovitch	\$ —	\$49,987	\$ —	\$ —	\$49,987

- (1) This reflects an annual cash retainer amount. Ms. Philipovitch joined our board of directors in December 2020 and beginning fiscal year 2021, her annual cash retainer amount will be \$50,000.
- (2) The amounts reported reflect the aggregate grant date fair value of each award granted in 2020. In 2020, Mr. ZuaZua was granted an option award to purchase 250 shares of common stock which was fully vested on the date of grant and Ms. Philipovitch was granted a fully vested award of 153 shares of common stock. In addition, in 2019, Mr. Siegel was granted a one-time fully vested award of 3,000 shares of SCA common stock as compensation for certain diligence services in connection with our acquisition by the Apollo Funds and Mr. ZuaZua was granted an award of options to purchase 250 shares of SCA common stock, which fully vested on April 17, 2020.
- (3) The amounts under "All Other Compensation" represent the Company's contributions in respect of life insurance and our 401(k) Plan. The value of this benefit is reported as taxable income with taxes on such income paid for by the Company.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation arrangements for our executive officers and directors (see “*Executive Compensation*” for a discussion of compensation arrangements for our named executive officers and directors) and the transactions discussed below, there were no transactions, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed \$120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest.

Policies and Procedures for Related Party Transactions

Upon the consummation of this offering, we will adopt a written Related Person Transaction Policy (the “policy”), which will set forth our policy with respect to the review, approval, ratification and disclosure of all related person transactions by our audit committee. In accordance with the policy, our audit committee will have overall responsibility for implementation of and compliance with the policy.

For purposes of the policy, a “related person transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we were, are or will be a participant and the amount involved exceeded, exceeds or will exceed \$120,000 and in which any related person (as defined in the policy) had, has or will have a direct or indirect material interest. A “related person transaction” does not include any employment relationship or transaction involving an executive officer and any related compensation resulting solely from that employment relationship that has been reviewed and approved by our board of directors or audit committee.

The policy will require that notice of a proposed related person transaction be provided to our legal department prior to entry into such transaction. If our legal department determines that such transaction is a related person transaction, the proposed transaction will be submitted to our audit committee for consideration. Under the policy, our audit committee may approve only those related person transactions that are in, or not inconsistent with, our best interests and the best interests of our stockholders. In the event that we become aware of a related person transaction that has not been previously reviewed, approved or ratified under the policy and that is ongoing or is completed, the transaction will be submitted to the audit committee so that it may determine whether to ratify, rescind or terminate the related person transaction.

The policy will also provide that the audit committee review certain previously approved or ratified related person transactions that are ongoing to determine whether the related person transaction remains in our best interests and the best interests of our stockholders. Additionally, we will make periodic inquiries of directors and executive officers with respect to any potential related person transaction of which they may be a party or of which they may be aware.

The Reorganization Transactions

Prior to this offering, the Apollo Funds engaged in a series of transactions to form a new holding company, which is the Apollo Stockholder, that acquired all of the outstanding shares of SCA common stock held by one of the Apollo Funds and acquired and immediately exercised all of the warrants to purchase SCA common stock that were held by another Apollo Fund. As a result, the Apollo Stockholder owned 2,400,000 shares of SCA common stock, which represented approximately 96.9% of the outstanding SCA common stock.

On January 31, 2020, SCA Acquisition Holdings, LLC was converted into a Delaware corporation pursuant to a statutory conversion and changed its name to Sun Country Airlines Holdings, Inc. In connection with our conversion to a corporation, all of the outstanding shares of SCA common stock were converted into shares of our common stock, the outstanding warrants held by Amazon to purchase shares of SCA common stock were

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converted into warrants to purchase shares of our common stock and all of the outstanding options to purchase shares of SCA common stock were converted into options to purchase shares of our common stock. As a result of the conversion, Sun Country Airlines Holdings, Inc. continued to hold all property and assets of SCA Acquisition Holdings, LLC and assumed all of the debts and obligations of SCA Acquisition Holdings, LLC, the members of the board of directors of SCA Acquisition Holdings, LLC became the members of the board of directors of Sun Country Airlines Holdings, Inc. and the officers of SCA Acquisition Holdings, LLC became the officers of Sun Country Airlines Holdings, Inc.

Prior to the completion of this offering, we will effect a _____ for 1 stock split of our common stock (the “Stock Split”), with exercise prices for our outstanding warrants and options appropriately adjusted. Following the Stock Split but before the completion of this offering, we will have an aggregate of _____ shares of our common stock outstanding, warrants to purchase an aggregate of _____ shares of our common stock outstanding at an exercise price of \$ _____ per share, approximately _____ % of which have vested, and options to purchase an aggregate of _____ shares of our common stock outstanding at a weighted average exercise price of \$ _____ per share.

In this prospectus, we refer to the transactions described above as the “Reorganization Transactions.”

Transactions with Executive Officers and Directors

On April 11, 2018, Jude Bricker, our Chief Executive Officer and a director, purchased 65,000 shares of SCA common stock at a purchase price of \$100 per share. In addition, Mr. Bricker borrowed \$2,500,000 from SCA Acquisition Holdings, LLC pursuant to a promissory note issued on April 20, 2018. The loan was repaid in full prior to the filing of the registration statement of which this prospectus is a part.

On April 11, 2018, David Siegel, our Executive Chairman and a director, purchased 10,000 shares of SCA common stock at a purchase price of \$100 per share. In addition, Mr. Siegel borrowed \$1,000,000 from SCA Acquisition Holdings, LLC pursuant to a promissory note issued on April 20, 2018. The loan was repaid in full prior to the filing of the registration statement of which this prospectus is a part. On August 1, 2019, SCA Acquisition Holdings, LLC issued 3,000 shares of SCA common stock to Mr. Siegel as compensation for certain diligence services in connection with our acquisition by the Apollo Funds.

EETC Financing

An affiliate of Apollo, Apollo Global Securities, LLC, acted as co-manager in connection with the 2019-1 EETC financing and received customary placement agent fees of approximately \$198,870.

This Offering

As more fully discussed in “*Underwriting (Conflict of Interest)—Conflict of Interest*,” because affiliates of Apollo own in excess of 10% of our outstanding shares prior to the consummation of this offering, Apollo Global Securities, LLC is deemed to have a “conflict of interest” under FINRA Rule 5121. Accordingly, this offering is being made in compliance with the applicable provisions of FINRA Rule 5121.

Apollo Global Securities, LLC, an affiliate of Apollo, is an underwriter in this offering and will receive a portion of the underwriting discounts and commissions in connection with this offering. See “*Underwriting (Conflict of Interest)*.”

Stockholders Agreement

On May 16, 2018, SCA Acquisition Holdings, LLC entered into the Amended and Restated Stockholders’ Agreement (as amended or modified from time to time, the “Stockholders Agreement”) with AP VIII (SCA

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Stock AIV), LLC (“Stock AIV”) and the co-investors and other stockholders party thereto, which imposes certain transfer restrictions and provides for the Company’s right to repurchase any common stock proposed to be sold by the holders party thereto and the Company’s right to repurchase any common stock held by such holders in the event they are terminated from their employment or consultancy with the Company. The Stockholders Agreement also provides Stock AIV with certain drag-along rights and the other holders party thereto with certain tag-along rights in the event of a disposition of the shares of common stock held by them. On January 31, 2020, in connection with the Reorganization Transactions, the Stockholders Agreement was amended and restated to reflect the Apollo Stockholder’s acquisition of SCA common stock from Stock AIV and our conversion to a corporation.

We intend to further amend and restate the Stockholders Agreement in connection with this offering to eliminate certain transfer restrictions and the repurchase, drag-along and tag-along rights and to provide that the Apollo Stockholder has the right, at any time until Apollo and its affiliates, including the Apollo Stockholder, no longer beneficially own at least 5% of the voting power of our outstanding common stock, to nominate a number of directors comprising a percentage of the board in accordance with its beneficial ownership of our outstanding common stock (rounded up to the nearest whole number), except that if Apollo and its affiliates, including the Apollo Stockholder, beneficially own more than 50% of the voting power of our outstanding common stock, the Apollo Stockholder will have the right to nominate a majority of the directors. See “*Management—Board Composition.*”

Additionally, the Stockholders Agreement will also specify that Amazon will have the right to nominate a member or an observer to our board of directors for so long as Amazon holds the 2019 Warrants or any shares of common stock issued upon exercise of the 2019 Warrants and the ATSA remains in effect. Further, the Stockholders Agreement will set forth certain information rights granted to the Apollo Stockholder.

The Stockholders Agreement will also provide that until Apollo and its affiliates, including the Apollo Stockholder, no longer beneficially own at least 25% of our issued and outstanding common stock, we will not take certain significant actions specified therein without the prior consent of the Apollo Stockholder, including:

- amending, modifying or repealing (whether by merger, consolidation or otherwise) any provision of our certificate of incorporation, our bylaws or equivalent organizational documents of our subsidiaries in a manner that adversely affects the Apollo Stockholder and its affiliates;
- issuing additional shares of our or our subsidiaries’ equity securities other than any award issued pursuant to an equity compensation plan approved by the stockholders or a majority of the Apollo Directors, or intracompany issuance among the Company and our wholly-owned subsidiaries;
- merging or consolidating with or into any other entity, or transferring (by lease, assignment, sale or otherwise) all or substantially all of the Company’s and our subsidiaries’ assets, taken as a whole, to another entity, or enter into or agree to undertake any other transaction that would constitute a “change of control” as defined in the Stockholders Agreement (other than, in each case, transactions among the Company and our wholly-owned subsidiaries);
- any material acquisition of equity interests or assets of any other entity, or any business, properties, assets or entities, other than acquisitions of aircraft or engines in the ordinary course of business and other ordinary course acquisitions with vendors, customers and suppliers;
- any material disposition of any of our or our subsidiaries’ assets or equity interests, other than dispositions of aircraft or engines in the ordinary course of business;
- undertaking any liquidation, dissolution or winding up of the Company, Sun Country, Inc. or any other material subsidiary of the Company;
- the incurrence of indebtedness for borrowed money, in a single transaction or a series of related transactions, aggregating to more than \$25.0 million, except for (i) debt under a revolving credit facility that has previously been approved or is in existence on the date of closing of this offering,

(ii) intercompany indebtedness or (iii) financing arrangements for aircraft and engines permitted to be acquired under the Stockholders Agreement;

- hiring or terminating any executive officer of our Company or designating any new executive officer of the Company;
- effecting any material change in the nature of the business of the Company and its subsidiaries, taken as a whole; or
- a change in the size of our board of directors.

Registration Rights Agreement

Prior to the consummation of this offering, we intend to enter into a registration rights agreement (the “Registration Rights Agreement”) with the Apollo Stockholder, Amazon and certain of our existing holders of our common stock prior to this offering (collectively, the “Holders”). Subject to several exceptions, including our right to defer a demand registration, shelf registration or underwritten offering under certain circumstances, the Apollo Stockholder and, under certain circumstances, Amazon, may require that we register for public resale under the Securities Act all shares of common stock that it requests to be registered at any time following this offering, subject to the restrictions in the lock-up agreements entered into in connection with this offering, so long as the securities being registered in each registration statement or sold in any underwritten offering are reasonably expected to produce aggregate proceeds of at least \$50.0 million.

If we become eligible to register the sale of our securities on Form S-3 under the Securities Act, which will not be until at least twelve calendar months after the date of this prospectus, the Apollo Stockholder and, under certain circumstances, Amazon, have the right to require us to register the sale of the common stock held by them on Form S-3, subject to offering size and other restrictions. The Apollo Stockholder also has the right to request marketed and non-marketed underwritten offerings using a shelf registration statement, and all Holders have the right to participate in these underwritten offerings.

If we propose to file certain types of registration statements under the Securities Act with respect to an offering of equity securities (including for sale by us or at the request of the Apollo Stockholder), we will be required to use our reasonable best efforts to offer the parties to the Registration Rights Agreement the opportunity to register the sale of all or part of their shares on the terms and conditions set forth in the Registration Rights Agreement (customarily known as “piggyback rights”).

All expenses of registration under the Registration Rights Agreement, including the legal fees of counsel chosen by stockholders participating in a registration, will be paid by us.

The registration rights granted in the Registration Rights Agreement are subject to customary restrictions including blackout periods and, if a registration is underwritten, any limitations on the number of shares to be included in the underwritten offering as reasonably advised by the managing underwriter or underwriters. The Registration Rights Agreement also contains customary indemnification and contribution provisions. The Registration Rights Agreement is governed by Delaware law.

Any sales in the public market of any common stock registrable pursuant to the Registration Rights Agreement could adversely affect prevailing market prices of our common stock. See “*Risk Factors—Risks Related to this Offering and Ownership of our Common Stock—Future sales of our common stock in the public market, or the perception in the public market that such sales may occur, could reduce our stock price*” and “*Shares Eligible for Future Sale.*”

Income Tax Receivable Agreement

In connection with this offering, we will enter into an income tax receivable agreement pursuant to which our pre-IPO stockholders will have the right to receive payment by us of 85% of the amount of cash savings, if

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any, in U.S. federal, state, local, and foreign income tax that we and our subsidiaries actually realize (or are deemed to realize in the case of a change of control and certain subsidiary dispositions, as discussed below) for periods starting at least 12 months after the closing date of this offering as a result of the utilization of our and our subsidiaries' tax attributes existing at the time of this offering. These tax attributes, which we refer to as the "Pre-IPO Tax Attributes," include net operating loss carryforwards, deductions, tax basis and certain other tax attributes, in each case that relate to periods (or portions thereof) ending on or prior to the closing date of this offering.

Following this offering, we expect to be able to utilize the Pre-IPO Tax Attributes. We expect that the Pre-IPO Tax Attributes will reduce the amount of tax that we and our subsidiaries would otherwise be required to pay in the future.

For purposes of the income tax receivable agreement, cash savings in income tax will be computed by reference to the reduction in the liability for income taxes resulting from the utilization of the tax benefits subject to the income tax receivable agreement. The term of the income tax receivable agreement will commence upon consummation of this offering and will continue until all relevant tax benefits have been utilized or expired.

Our counterparties under the income tax receivable agreement will not reimburse us for any payments previously made if such tax benefits are subsequently disallowed (although future payments would be adjusted to the extent possible to reflect the result of such disallowance). As a result, in such circumstances we could make payments under the income tax receivable agreement that are greater than our and our subsidiaries' actual cash tax savings.

Any future changes in the realizability of our Pre-IPO Tax Attributes in each case, attributable to periods prior to this offering, will impact the amount of the liability that will be paid to our pre-IPO stockholders. Assuming no material changes in the relevant tax law, that we and our subsidiaries earn sufficient taxable income to realize the full tax benefits subject to the income tax receivable agreement and our current taxable income estimates, we would expect that future payments under the income tax receivable agreement will aggregate to approximately \$ million to \$ million. We plan to use cash flow from operations and availability under the Revolving Credit Facility to fund our obligations under the income tax receivable agreement.

If we undergo certain mergers, stock and asset sales, other forms of business combinations or other transactions constituting a "changes of control" as defined in the income tax receivable agreement, the income tax receivable agreement will terminate and we will be required to make a payment equal to the present value of future payments under the income tax receivable agreement, which payment would be based on certain assumptions, including the assumption that we and our subsidiaries have sufficient taxable income to fully utilize the Pre-IPO Tax Attributes. Additionally, if we sell or otherwise dispose of any of our subsidiaries in a transaction that is not a change of control, we will be required to make a payment equal to the present value of future payments under the income tax receivable agreement attributable to the tax benefits of such subsidiary that is sold or disposed of, applying the assumptions described above.

The income tax receivable agreement provides that in the event that we breach any of our material obligations under it, whether as a result of our failure to make any payment when due (subject to a specified cure period), failure to honor any other material obligation under it or by operation of law as a result of the rejection of it in a case commenced under the United States Bankruptcy Code or otherwise, then all our payment and other obligations under the income tax receivable agreement will be accelerated and will become due and payable applying the same assumptions described above. Such payments could be substantial and could exceed our actual cash tax savings under the income tax receivable agreement.

Payments obligations under the income tax receivable agreement are our obligations and not obligations of any of our subsidiaries. Because we are a holding company with no operations of our own, our ability to make payments under the income tax receivable agreement is dependent on the ability of our subsidiaries to make

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distributions to us. Our existing and future debt agreement, as well as restrictions in government programs, may restrict the ability of our subsidiaries to make distributions to us, which could affect our ability to make payments under the tax receivable agreement. The actual utilization of the Pre-IPO Tax Attributes as well as the timing of any payments under the income tax receivable agreement will vary depending upon a number of factors, including the amount, character and timing of our and our subsidiaries' taxable income in the future.

To the extent that we are unable to make payments under the income tax receivable agreement for any reason, other than due to restrictions under our or our subsidiaries' indebtedness, such payments will be deferred and will accrue interest at a rate of LIBOR plus _____ % per annum until paid. To the extent that we are unable to make payments under the income tax receivable agreement due to restrictions under our and our subsidiaries' indebtedness, such payments will be deferred and will accrue interest at a rate of LIBOR plus _____ % per annum until paid.

Based on our current income projections, we anticipate that payments under the income tax receivable agreement will be made when, and in amounts equal to 85% of, the cash tax saving we actually realize as a result of utilization of Pre-IPO Tax Attributes. However, due to the manner in which payments under the income tax receivable agreement are calculated, such payments may be greater than, and made in advance of, our actual cash tax savings attributable to the Pre-IPO Tax Attributes.

No payments under the income tax receivable agreement will be required until at least 12 months after the closing date of this offering. Our first obligations to pay amounts owed to our pre-IPO stockholders under the income tax receivable agreement will not arise until 2023 at the earliest. In addition, if we are prohibited from making payments under the income tax receivable agreement for tax benefits utilized during any periods pursuant to the CARES Act or other governmental programs, we will not be required to make such payments to Pre-IPO stockholders for tax benefits utilized during such periods. Further, if the Company enters into indebtedness with a government entity of the United States that prohibits payments and will not allow such payments to be deferred, then such payments will not need to be made.

PRINCIPAL STOCKHOLDERS

The following table sets forth the beneficial ownership of our common stock as of _____, 2021, after giving effect to the Stock Split, by:

- each person, or group of affiliated persons, who we know to beneficially own more than 5% of either class of our common stock;
- each of our named executive officers for fiscal year 2020;
- each of our current directors; and
- all of our current directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to such securities. Except as otherwise indicated, all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws. Unless otherwise indicated, the address of each person or entity named in the table below is 2005 Cargo Road, Minneapolis, MN 55450.

	Shares of Common Stock Beneficially Owned Before the Offering		Shares of Common Stock Beneficially Owned After the Offering Assuming Underwriters' Option is Not Exercised		Shares of Common Stock Beneficially Owned After the Offering Assuming Underwriters' Option is Exercised	
	Number	Percent	Number	Percent	Number	Percent
5% Stockholders						
SCA Horus Holdings, LLC(1)						
Named Executive Officers and Directors						
Jude Bricker(2)						
Dave Davis(3)						
Gregory Mays(4)						
Antoine Munfakh(1)(5)						
Kerry Philipovitch(6)						
David Siegel						
Juan Carlos Zuazua						
All current directors and executive officers as a group (13 persons)						

* Less than 1%.

- (1) SCA Horus Holdings, LLC (the "Apollo Stockholder") is managed by a board of directors consisting of Laurie Medley, Patrick Kearney and Antoine Munfakh. Ms. Medley and Messrs. Kearney and Munfakh each disclaim any beneficial ownership of the shares of common stock held by the Apollo Stockholder except to the extent of their pecuniary interest therein. The address for the Apollo Stockholder is 9 West 57th Street, 43rd Floor, New York, New York 10019.
- (2) Number of shares of common stock beneficially owned includes shares of common stock issuable upon the exercise of options within 60 days.
- (3) Number of shares of common stock beneficially owned includes shares of common stock issuable upon the exercise of options within 60 days.
- (4) Number of shares of common stock beneficially owned includes shares of common stock issuable upon the exercise of options within 60 days.
- (5) Antoine Munfakh is affiliated with Apollo Management, L.P. and its affiliated investment managers and advisors. Mr. Munfakh disclaims beneficial ownership of the shares of common stock held by the Apollo Stockholder except to the extent of his pecuniary interest therein. The address of Mr. Munfakh is 9 West 57th Street, 43rd Floor, New York, New York 10019.
- (6) Number of shares of common stock beneficially owned includes shares of common stock issuable upon the exercise of options within 60 days.

DESCRIPTION OF CAPITAL STOCK

The following is a description of the material terms of our amended and restated certificate of incorporation and amended and restated bylaws, each of which will become effective prior to the consummation of this offering, and of specific provisions of Delaware law. The following description is intended as a summary only and is qualified in its entirety by reference to our certificate of incorporation, our bylaws and the DGCL.

General

Upon the closing of this offering and the filing of our amended and restated certificate of incorporation that will become effective prior to the closing of this offering, our capital stock will consist of _____ authorized shares, of which _____ shares, par value \$0.01 per share, will be designated as “common stock” and _____ shares, par value \$0.01 per share, will be designated as “preferred stock.” As of December 31, 2020, after giving effect to the Stock Split, there would have been _____ shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock

Voting Rights. The holders of our common stock are entitled to one vote per share on all matters submitted for action by the stockholders generally.

Dividend Rights. Subject to any preferential rights of any then outstanding preferred stock, all shares of our common stock are entitled to share equally in any dividends our board of directors may declare from legally available sources.

Liquidation Rights. Upon our liquidation, dissolution or winding up, whether voluntary or involuntary, after payment in full of the amounts required to be paid to holders of any the outstanding preferred stock, all shares of our common stock are entitled to share equally in the assets available for distribution to stockholders after payment of all of our prior obligations.

Other Matters. Holders of our common stock have no preemptive or conversion rights, and our common stock is not subject to further calls or assessments by us. There are no redemption or sinking fund provisions applicable to our common stock. The rights, powers, preferences and privileges of holders of our common stock will be subject to those of the holders of any shares of our preferred stock that we may designate and issue in the future.

Preferred Stock

Pursuant to our certificate of incorporation, shares of preferred stock are issuable from time to time, in one or more series, with the designations, voting rights (full, limited or no voting rights), powers, preferences, participating, optional or other special rights (if any), and any qualifications, limitations or restrictions thereof, of each series as our board of directors from time to time may adopt by resolution (and without further stockholder approval). Each series of preferred stock will consist of an authorized number of shares as will be stated and expressed in the certificate of designations providing for the creation of the series.

Warrants

In connection with the ATSA, we issued warrants (the “2019 Warrants”) to purchase an aggregate of 502,028 shares of SCA common stock at an exercise price of \$286.46 per share to Amazon. In connection with the Reorganization Transactions, the 2019 Warrants were converted into warrants to purchase an aggregate of 502,028 shares of our common stock and the exercise price remained unchanged. 1.0% of the 2019 Warrants vested upon issuance of the warrants and incremental tranches vest upon certain milestones of aggregate global payments by Amazon to the Company or its affiliates pursuant to the ATSA up to a total of \$1.12 billion of aggregate payments. As of December 31, 2020, 1.4% of the 2019 Warrants were vested. Any unvested 2019

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Warrants will become vested upon a change of control (as defined in the 2019 Warrant) or certain transfers of 30% or more of the voting power in the Company to a new person or group (other than this offering or any follow-on equity offering by the Company or the Apollo Stockholder pursuant to an effective registration statement so long as no person or group (within the meaning of the Exchange Act) acquires more than 50% of the voting power of the Company in such offering). Vested 2019 Warrants may be exercised until the eighth anniversary of the issue date.

In the event we or our equityholders propose to initiate a process to explore, enter into negotiations or accept any offer with respect to a change of control of the Company, we are required to provide Amazon at least 30 days' written notice prior to entering into any definitive agreement or binding letter of intent. In addition, Amazon will have the right to enter into non-exclusive, good faith negotiations with us and our equityholders with respect to such proposed change of control and we will not be permitted to enter into any definitive or binding agreement before the expiration of the 30-day period, which period may be extended under certain circumstances.

Composition of Board of Directors; Election and Removal

In accordance with our certificate of incorporation and our bylaws, the number of directors comprising our board of directors is determined from time to time exclusively by our board of directors; provided that the number of directors shall not be less than three and shall not exceed 15. Our certificate of incorporation will provide for a board of directors divided into three classes (each as nearly as equal as possible and with directors in each class serving staggered three-year terms), initially consisting of two directors in each of Class I, Class II and Class III. See "*Description of Capital Stock—Certain Corporate Anti-takeover Provisions—Classified Board of Directors.*"

Under our Stockholders Agreement, the Apollo Stockholder has the right, but not the obligation, at any time until Apollo and its affiliates, including the Apollo Stockholder, no longer beneficially own at least 5% of our issued and outstanding common stock, to nominate a number of directors comprising a percentage of our board of directors in accordance with their beneficial ownership of our outstanding common stock (rounded up to the nearest whole number), except that if Apollo and its affiliates, including the Apollo Stockholder, beneficially own more than 50% of the voting power of our outstanding common stock, the Apollo Stockholder will have the right to nominate a majority of the directors. We refer to the directors nominated by the Apollo Stockholder based on such percentage ownership as the "Apollo Directors." See "*Certain Relationships and Related Party Transactions—Stockholders Agreement.*"

For so long as Amazon holds the 2019 Warrants or any shares of common stock issued upon exercise of the 2019 Warrants and the ATSA remains in effect, Amazon will have the right to nominate a member or an observer to our board of directors. We refer to the director nominated by Amazon, if any, as the "Amazon Director." As of the date of this prospectus, Amazon has not exercised its right to nominate a member or an observer to our board of directors.

Each director is to hold office for a three year term and until the annual meeting of stockholders for the election of the class of directors to which such director has been elected and until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. Any vacancy on our board of directors (other than in respect of an Apollo Director or an Amazon Director) will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum. Any vacancy on our board of directors in respect of an Apollo Director will be filled only by individuals designated by the Apollo Stockholder, for so long as Apollo and its affiliates, including the Apollo Stockholder, beneficially own at least 5% of our issued and outstanding common stock, and any vacancy in respect of an Amazon Director shall only be filled by Amazon. See "*Certain Relationships and Related Party Transactions—Stockholders Agreement.*"

At any meeting of our board of directors, except as otherwise required by law, a majority of the total number of directors then in office will constitute a quorum for all purposes, except that if Apollo and its affiliates,

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including the Apollo Stockholder, beneficially own at least 5% of our issued and outstanding common stock and there is at least one member of our board of directors who is an Apollo Director, then at least one director that is an Apollo Director must be present for there to be a quorum unless each Apollo Director waives his or her right to be included in the quorum at such meeting.

Certain Corporate Anti-takeover Provisions

Certain provisions in our certificate of incorporation, bylaws and Stockholders Agreement summarized below may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders.

Preferred Stock

Our certificate of incorporation contains provisions that permit our board of directors to issue, without any further vote or action by stockholders, shares of preferred stock in one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the voting rights (if any) of the shares of the series, the powers, preference, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions, of the shares of such series.

Classified Board of Directors

Our certificate of incorporation provides that our board of directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible, and with the directors in each class serving staggered three-year terms. As a result, approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board of directors. Our certificate of incorporation provides that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by our board of directors, as described above in “—*Composition of Board of Directors; Election and Removal.*”

Removal of Directors; Vacancies

Under the DGCL, unless otherwise provided in our certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause. Our certificate of incorporation provides that directors may be removed with or without cause upon the affirmative vote of a majority in voting power of all outstanding shares of stock entitled to vote thereon, voting together as a single class; provided, however, that (i) from and after the time Apollo and its affiliates, including the Apollo Stockholder, cease to beneficially own, in the aggregate, at least 50.1% of the voting power of our outstanding common stock, directors may only be removed for cause, and only by the affirmative vote of holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class and (ii) Amazon must consent to the removal of any Amazon Director. Any vacancy on our board of directors in respect of an Apollo Director shall only be filled by the Apollo Stockholder and any vacancy on our board of directors in respect of an Amazon Director shall only be filled by Amazon. Any other vacancy on our board of directors will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum, as described above in “—*Composition of Board of Directors; Election and Removal.*”

No Cumulative Voting

Under our certificate of incorporation, stockholders do not have the right to cumulative votes in the election of directors.

Special Meetings of Stockholders

Our certificate of incorporation provides that if less than 50.1% of the voting power of our outstanding common stock is beneficially owned by Apollo and its affiliates, including the Apollo Stockholder, special meetings of the stockholders may be called only by the chairman of the board of directors or by the secretary at the direction of a majority of the directors then in office. For so long as at least 50.1% of the voting power of our outstanding common stock is beneficially owned by Apollo and its affiliates, including the Apollo Stockholder, special meetings may also be called by the secretary at the written request of the holders of a majority of the voting power of the then outstanding common stock. The business transacted at any special meeting will be limited to the proposal or proposals included in the notice of the meeting.

Stockholder Action by Written Consent

Subject to the rights of the holders of one or more series of our preferred stock then outstanding, any action required or permitted to be taken by stockholders must be effected at a duly called annual or special meeting of our stockholders; provided, that prior to the time at which Apollo and its affiliates, including the Apollo Stockholder, cease to beneficially own at least 50.1% of the voting power our outstanding common stock, any action required or permitted to be taken at any annual or special meeting of our stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, is signed by or on behalf of the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and are delivered in accordance with applicable Delaware law.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

Our bylaws provide that stockholders who are seeking to bring business before an annual meeting of stockholders and stockholders who are seeking to nominate candidates for election as directors at an annual meeting of stockholders, other than any nomination for an Amazon Director or an Apollo Director, must provide timely notice thereof in writing. To be timely, a stockholder's notice generally must be delivered to and received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided, that in the event that the date of such meeting is advanced by more than 30 days prior to, or delayed by more than 60 days after, the anniversary of the preceding year's annual meeting of our stockholders, a stockholder's notice to be timely must be so delivered not earlier than the close of business on the 120th day prior to such meeting and not later than the close of business on the 90th day prior to such meeting or, if the first public announcement of the date of such meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made. Our bylaws specify certain requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders.

All of the foregoing provisions of our certificate of incorporation and bylaws could discourage potential acquisition proposals and could delay or prevent a change in control. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and in the policies formulated by the board of directors and to discourage certain types of transactions that may involve an actual or threatened change in control. These same provisions may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interest. In addition, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management.

Delaware Takeover Statute

Our certificate of incorporation provides that we are not governed by Section 203 of the DGCL which, in the absence of such provisions, would have imposed additional requirements regarding mergers and other business combinations.

However, our certificate of incorporation will include a provision that restricts us from engaging in any business combination with an interested stockholder for three years following the date that person becomes an interested stockholder. Such restrictions shall not apply to any business combination between Apollo and any affiliate thereof, including the Apollo Funds and the Apollo Stockholder, or their direct and indirect transferees, on the one hand, and us, on the other. In addition, such restrictions will not apply if:

- a stockholder becomes an interested stockholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares so that it ceases to be an interested stockholder and (ii) within the three-year period immediately prior to the business combination between the Company and such stockholder, would not have been an interested stockholder but for the inadvertent acquisition of ownership; or
- the business combination is proposed prior to the consummation or abandonment of, and subsequent to the earlier of the public announcement or the notice required under the certificate of incorporation of, a proposed transaction that (i) constitutes one of the transactions described in the proviso of this sentence, (ii) is with or by a person who either was not an interested stockholder during the previous three years or who became an interested stockholder with the approval of our board of directors and (iii) is approved or not opposed by a majority of the directors then in office (but not less than one) who were directors prior to any person becoming an interested stockholder during the previous three years or were recommended for election or elected to succeed such directors by a majority of such directors; provided that the proposed transactions are limited to (x) a merger or consolidation of the Company (except for a merger in respect of which, pursuant to Section 251(f) of the DGCL, no vote of the stockholders of the Company is required), (y) a sale, lease, exchange, mortgage, whether as part of a dissolution or otherwise, of assets of the Company or of any direct or indirect majority-owned subsidiary of the Company (other than to any wholly owned subsidiary or to the Company) having an aggregate market value equal to 50% or more of either that aggregate market value of all the assets of the Company determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Company or (z) a proposed tender or exchange offer for 50% or more of the outstanding voting stock of the Company; provided further that the Company will give not less than 20 days' notice to all interested stockholders prior to the consummation of any of the transactions described in clause (x) or (y) above.

Additionally, we would be able to enter into a business combination with an interested stockholder if:

- before that person became an interested stockholder, our board of directors approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination;
- upon consummation of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) stock held by directors who are also officers of our Company and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held under the plan will be tendered in a tender or exchange offer; or
- following the transaction in which that person became an interested stockholder, the business combination is approved by our board of directors and authorized at a meeting of stockholders by the affirmative vote of the holders of at least 66 2/3% of the voting power of our outstanding voting stock not owned by the interested stockholder.

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In general, a “business combination” is defined to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder and an “interested stockholder” is any person who, together with affiliates and associates, is the owner of 15% or more of our outstanding voting stock or is our affiliate or associate and was the owner of 15% or more of our outstanding voting stock at any time within the three-year period immediately before the date of determination. Under our certificate of incorporation, an “interested stockholder” generally does not include Apollo and any affiliate thereof or their direct and indirect transferees.

This provision of our certificate of incorporation could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

Amendment of Our Certificate of Incorporation

Under Delaware law, our certificate of incorporation may be amended only with the affirmative vote of holders of at least a majority of the outstanding stock entitled to vote thereon.

Notwithstanding the foregoing, our certificate of incorporation provides that, from and after the time Apollo and its affiliates, including the Apollo Stockholder, cease to beneficially own at least 50.1% of the voting power of our outstanding common stock, in addition to any vote required by applicable law, our certificate of incorporation or bylaws, the affirmative vote of holders of at least 66 2/3% of the voting power of our outstanding shares of our capital stock entitled to vote thereon, voting together as a single class, is required to alter, amend or repeal the following provisions of our certificate of incorporation:

- the provision authorizing the board of directors to designate one or more series of preferred stock and, by resolution, to provide the rights, powers and preferences, and the qualifications, limitations and restrictions thereof, of any series of preferred stock;
- the provisions providing for a classified board of directors and the number of the directors, establishing the term of office of directors, setting forth the quorum of any meeting of the board of directors, relating to the removal of directors, specifying the manner in which vacancies on the board of directors and newly created directorships may be filled and relating to any voting rights of preferred stock;
- the provisions authorizing our board of directors to make, alter, amend or repeal our bylaws;
- the provisions regarding the calling of special meetings and stockholder action by written consent in lieu of a meeting;
- the provisions eliminating monetary damages for breaches of fiduciary duty by a director;
- the provisions providing for indemnification and advance of expenses of our directors and officers;
- the provisions regarding competition and corporate opportunities;
- the provision specifying that, unless we consent in writing to the selection of an alternative forum, the Chancery Court of the State of Delaware will be the sole and exclusive forum for intra-corporate disputes and the federal district courts of the United States will be the exclusive forum for causes of actions arising under the Securities Act;
- the provisions regarding entering into business combinations with interested stockholders;
- the provision requiring that, from and after the time Apollo and its affiliates, including the Apollo Stockholder, cease to beneficially own at least 50.1% of the voting power of our outstanding common stock, amendments to specified provisions of our certificate of incorporation require the affirmative vote of 66 2/3% in voting power of our outstanding stock, voting as a single class; and
- the provision requiring that, from and after the time Apollo and its affiliates, including the Apollo Stockholder, cease to beneficially own at least 50.1% of the voting power of our outstanding common stock, amendments by the stockholders to our bylaws require the affirmative vote of 66 2/3% in voting power of our outstanding stock, voting as a single class.

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Amendment of Our Bylaws

Our bylaws provide that they can be amended by the vote of the holders of shares constituting a majority of the voting power or by the vote of a majority of the board of directors. However, our certificate of incorporation provides that, from and after the time Apollo and its affiliates, including the Apollo Stockholder, cease to beneficially own at least 50.1% of the voting power of our outstanding common stock, in addition to any vote required under our certificate of incorporation, the affirmative vote of the holders of at least 66 2/3% of the voting power of the outstanding shares of stock entitled to vote thereon, voting as a single class, is required for the stockholders to alter, amend or repeal any provision of our bylaws or to adopt any provision inconsistent therewith.

Certain Matters that Require Consent of our Stockholders

The Stockholders Agreement provides that until Apollo and its affiliates, including the Apollo Stockholder, no longer beneficially own at least 25% of our issued and outstanding common stock, we will not take certain significant actions specified therein without the prior consent of the Apollo Stockholder, including, but not limited to:

- any material acquisition of equity interests or assets of any other entity, or any business, properties, assets or entities, other than acquisitions of aircraft or engines in the ordinary course of business and other ordinary course acquisitions with vendors, customers and suppliers;
- any material disposition of any of our or our subsidiaries' assets or equity interests, other than dispositions of aircraft or engines in the ordinary course of business; or
- merging or consolidating with or into any other entity, or transferring (by lease, assignment, sale or otherwise) all or substantially all of the Company's and our subsidiaries' assets, taken as a whole, to another entity, or enter into or agree to undertake any other transaction that would constitute a "change of control" as defined in the Stockholders Agreement (other than, in each case, transactions among the Company and our wholly-owned subsidiaries). See "*Certain Relationships and Related Party Transactions—Stockholders Agreement.*"

The provisions of the DGCL, our certificate of incorporation, our bylaws and our Stockholders Agreement could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Corporate Opportunity

Under Delaware law, officers and directors generally have an obligation to present to the corporation they serve business opportunities which the corporation is financially able to undertake and which falls within the corporation's business line and are of practical advantage to the corporation, or in which the corporation has an actual or expectant interest. A corollary of this general rule is that when a business opportunity comes to an officer or director that is not one in which the corporation has an actual or expectant interest, the officer is generally not obligated to present it to the corporation. Certain of our officers and directors may serve as officers, directors or fiduciaries of other entities and, therefore, may have legal obligations relating to presenting available business opportunities to us and to other entities. Potential conflicts of interest may arise when our officers and directors learn of business opportunities (e.g., the opportunity to acquire an asset or portfolio of assets, to make a specific investment, to effect a sale transaction, etc.) that would be of material advantage to us and to one or more other entities of which they serve as officers, directors or other fiduciaries.

Section 122(17) of the DGCL permits a corporation to renounce, in advance, in its certificate of incorporation or by action of its board of directors, any interest or expectancy of a corporation in certain classes

or categories of business opportunities. Where business opportunities are so renounced, certain of our officers and directors will not be obligated to present any such business opportunities to us. Our certificate of incorporation provides that, to the fullest extent permitted by law, no officer or director of ours who is also an officer, director, principal, partner, member, manager, employee, agent or other representative of Apollo, Amazon or their respective affiliates will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to Apollo, Amazon or their respective affiliates and representatives, as applicable, instead of us, or does not communicate information regarding a corporate opportunity to us that the officer, director, employee, managing director or other affiliate has directed to Apollo or Amazon, as applicable.

Limited Ownership and Voting by Foreign Owners

To comply with restrictions imposed by federal law on foreign ownership and control of U.S. airlines, our certificate of incorporation and bylaws to be in effect immediately prior to the consummation of this offering restrict ownership and control of shares of our common stock by non-U.S. citizens. The restrictions imposed by federal law and DOT policy require that we be owned and controlled by U.S. citizens, that no more than 25% of our voting stock be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens, as defined in 49 U.S.C. § 40102(a)(15), that no more than 49% of our stock be owned or controlled, directly or indirectly, by persons or entities who are not U.S. citizens and are from countries that have entered into “open skies” air transport agreements with the United States, that our president and at least two-thirds of the members of our board of directors and other managing officers be U.S. citizens and that we be under the actual control of U.S. citizens. Our certificate of incorporation and bylaws to be in effect immediately prior to the consummation of this offering provide that the failure of non-U.S. citizens to register their shares on a separate stock record, which we refer to as the “foreign stock record,” would result in a loss of their voting rights in the event and to the extent that the aggregate foreign ownership of the outstanding common stock exceeds the foreign ownership restrictions imposed by federal law. Our bylaws further provide that no shares of our common stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. If it is determined that the amount registered in the foreign stock record exceeds the foreign ownership restrictions imposed by federal law, shares will be removed from the foreign stock record, resulting in the loss of voting rights, in reverse chronological order based on the date of registration therein, until the number of shares registered therein does not exceed the foreign ownership restrictions imposed by federal law. We are currently in compliance with these ownership restrictions.

By participating in this offering, you are representing that you are a citizen of the United States, as defined in 49 U.S.C. § 40102(a)(15). For purposes of the restrictions on foreign ownership and control of U.S. airlines, under federal law and DOT policy, “citizen of the United States” means (A) an individual who is a citizen of the United States; (B) a partnership each of whose partners is an individual who is a citizen of the United States; or (C) a corporation or association organized under the laws of the United States or a State, the District of Columbia, or a territory or possession of the United States, of which the president and at least two-thirds of the board of directors and other managing officers are citizens of the United States, which is under the actual control of citizens of the United States, and in which at least 75% of the voting interest is owned and controlled by persons that are citizens of the United States.

Exclusive Forum Selection

Unless we consent in writing to the selection of an alternative forum, the Chancery Court of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders;

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- any action asserting a claim arising pursuant to any provision of the DGCL or of our certificate of incorporation or our bylaws; or
- any action asserting a claim against us or any of our directors or officers governed by the internal affairs doctrine,

in each such case subject to the Delaware Court of Chancery having personal jurisdiction over the indispensable parties named as defendants.

Notwithstanding the foregoing, the provisions of the foregoing paragraph will not apply to suits brought to enforce any liability or duty created by the Securities Act, the Exchange Act or any other claim for which the federal district courts of the United States have exclusive jurisdiction. For instance, the provision would not apply to actions arising under federal securities laws, including suits brought to enforce any liability or duty created by the Securities Act, Exchange Act or the rules and regulations thereunder. Our certificate of incorporation further provides that the federal district courts of the United States shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any action, suit or proceeding asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in any shares of our capital stock will be deemed to have notice of and, to the fullest extent permitted by law, to have consented to the foregoing forum selection provisions. However, the enforceability of similar forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be unenforceable.

We recognize that the forum selection clause in our certificate of incorporation may impose additional litigation costs on stockholders in pursuing any such claims, particularly if the stockholders do not reside in or near the State of Delaware. Additionally, the forum selection clause in our certificate of incorporation may limit our stockholders' ability to bring a claim in a forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and employees even though an action, if successful, might benefit our stockholders. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. The Court of Chancery of the State of Delaware and the federal district courts of the United States may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

Limitation of Liability and Indemnification

Our certificate of incorporation limits the liability of our directors to the maximum extent permitted by the DGCL. The DGCL provides that directors will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability:

- for any breach of their duty of loyalty to the corporation or its stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of laws;
- under Section 174 of the DGCL (governing distributions to stockholders); or
- for any transaction from which the director derived an improper personal benefit.

However, if the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of our directors will be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. The modification or repeal of this provision of our certificate of incorporation will not adversely affect any right or protection of a director existing at the time of such modification or repeal.

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Our certificate of incorporation provides that we will, to the fullest extent from time to time permitted by law, indemnify our directors and officers against all liabilities and expenses in any suit or proceeding, arising out of their status as an officer or director or their activities in these capacities. We will also indemnify any person who, at our request, is or was serving as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise. We may, by action of our board of directors, provide indemnification to our employees and agents within the same scope and effect as the foregoing indemnification of directors and officers.

The right to be indemnified will include the right of an officer or a director to be paid expenses in advance of the final disposition of any proceeding, provided that, if required by law, we receive an undertaking to repay such amount if it will be determined that he or she is not entitled to be indemnified.

Our board of directors may take such action as it deems necessary to carry out these indemnification provisions, including adopting procedures for determining and enforcing indemnification rights and purchasing insurance policies. Our board of directors may also adopt bylaws, resolutions or contracts implementing indemnification arrangements as may be permitted by law. Neither the amendment nor the repeal of these indemnification provisions, nor any provision of our certificate of incorporation that is inconsistent with these indemnification provisions, will eliminate or reduce any rights to indemnification relating to their status or any activities prior to such amendment, repeal or adoption.

We believe these provisions will assist in attracting and retaining qualified individuals to serve as directors.

Listing

We intend to apply to list our shares of common stock on Nasdaq under the symbol "SNCY."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Broadridge Corporate Issuer Solutions.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of a substantial number of shares of our common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our common stock at such time and our ability to raise equity-related capital at a time and price we deem appropriate. See “*Risk Factors—Risks Related to this Offering and Ownership of our Common Stock—Future sales of our common stock in the public market, or the perception in the public market that such sales may occur, could reduce our stock price.*”

Sales of Restricted Shares

Upon the completion of this offering, we will have outstanding an aggregate of _____ shares of common stock (or _____ shares if the underwriters exercise their option to purchase additional shares in full). Additionally, we will have _____ options outstanding, which are exercisable into _____ shares of common stock, and _____ warrants outstanding, which are exercisable for _____ shares of common stock, subject to their vesting terms and limitations imposed by federal law on foreign ownership and control of U.S. airlines. See “*Description of Capital Stock—Limited Ownership and Voting by Foreign Owners.*” Of these shares, all of the _____ shares of common stock to be sold in this offering (or _____ shares assuming the underwriters exercise their option to purchase additional shares in full) will be freely tradable without restriction unless the shares are held by any of our “affiliates” as such term is defined in Rule 144 under the Securities Act, and without further registration under the Securities Act. All remaining shares of common stock will be deemed “restricted securities” as such term is defined under Rule 144.

Restricted securities may be sold in the public market only if they qualify for an exemption from registration under Rule 144 under the Securities Act, which is summarized below, or any other applicable exemption under the Securities Act, or pursuant to a registration statement that is effective under the Securities Act. Immediately following the consummation of this offering, the holders of approximately _____ shares of our common stock will be entitled to dispose of their shares following the expiration of an initial 180-day underwriter “lock-up” period, subject to the holding period, volume and other restrictions of Rule 144. Barclays Capital Inc. and Morgan Stanley & Co. LLC are entitled to waive these lock-up provisions in their discretion prior to the expiration date of such lock-up agreements.

Lock-up Agreements

We, the Apollo Stockholder and all of our directors and executive officers, who collectively hold substantially all of our issued and outstanding common stock, have agreed not to sell any common stock or securities convertible into or exercisable or exchangeable for shares of common stock for a period of 180 days from the date of this prospectus, subject to certain exceptions. Please see “*Underwriting (Conflict of Interest)*” for a description of these lock-up provisions. Barclays Capital Inc. and Morgan Stanley & Co. LLC in their sole discretion, may at any time release all or any portion of the shares from the restrictions in such agreements, subject to applicable notice requirements.

Rule 144

In general, under Rule 144 under the Securities Act as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the six months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

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A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of our common stock or the average weekly trading volume of our common stock reported by Nasdaq during the four calendar weeks preceding the filing of notice of the sale. Such sales are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

Rule 701

In general, under Rule 701 under the Securities Act, any of our employees, directors, officers, consultants or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to sell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirement of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, volume limitation or notice filing provisions of Rule 144. The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus.

Warrants

As of December 31, 2020, and after giving effect to the Stock Split, we will have warrants to purchase an aggregate of _____ shares of our common stock outstanding, the exercise of which is subject to limitations imposed by federal law on foreign ownership and control of U.S. airlines, of which warrants to purchase shares will have vested. During the period the warrants are outstanding, we will reserve from our authorized and unissued common stock a sufficient number of shares to provide for the issuance of shares of common stock underlying the warrants upon the exercise of the warrants. See “*Description of Capital Stock—Warrants.*”

Stock Options

As of December 31, 2020, and after giving effect to the Stock Split, we will have options to purchase an aggregate of _____ shares of our common stock outstanding, the exercise of which is subject to limitations imposed by federal law on foreign ownership and control of U.S. airlines, of which options to purchase _____ shares will have met the time-based requirements of the applicable vesting schedule. During the period the options are outstanding, we will reserve from our authorized and unissued common stock a sufficient number of shares to provide for the issuance of shares of common stock underlying the options upon the exercise of the options.

Stock Issued Under Employee Plans

We intend to file a registration statement on Form S-8 under the Securities Act to register our common stock issuable under the SCA Acquisition Equity Plan and the Omnibus Incentive Plan. This registration statement on Form S-8 is expected to be filed following the effective date of the registration statement of which this prospectus is a part and will be effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market following the effective date, unless such shares are subject to vesting restrictions with us, Rule 144 restrictions applicable to our affiliates or the lock-up restrictions described above.

Registration Rights

Following this offering and subject to the lock-up agreements, certain of our stockholders will be entitled to certain rights with respect to the registration of the sale of their shares of common stock under the Securities Act. For more information, see “*Certain Relationships and Related Party Transactions—Registration Rights Agreement.*” After such registration, these shares of common stock will become freely tradable without restriction under the Securities Act except for shares purchased by affiliates.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of the material U.S. federal income tax considerations applicable to Non-U.S. Holders (as defined herein) with respect to the ownership and disposition of our common stock issued pursuant to this offering. The following discussion is based upon current provisions of the Code, U.S. judicial decisions, administrative pronouncements and existing and proposed Treasury regulations, all as in effect as of the date hereof. All of the preceding authorities are subject to change at any time, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. We have not requested, and will not request, a ruling from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions we have reached and describe herein.

This discussion only addresses beneficial owners of our common stock that hold such common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be important to a Non-U.S. Holder in light of such Non-U.S. Holder’s particular circumstances or that may be applicable to Non-U.S. Holders subject to special treatment under U.S. federal income tax law (including, for example, financial institutions, regulated investment companies, real estate investment trusts, dealers in securities, traders in securities that elect mark-to-market treatment, insurance companies, tax-exempt entities, Non-U.S. Holders who acquire our common stock pursuant to the exercise of employee stock options or otherwise as compensation for their services, Non-U.S. Holders liable for the alternative minimum tax, controlled foreign corporations, passive foreign investment companies, former citizens or former long-term residents of the United States, and Non-U.S. Holders that hold our common stock as part of a hedge, straddle, constructive sale or conversion transaction). In addition, this discussion does not address U.S. federal tax laws other than those pertaining to U.S. federal income tax (such as U.S. federal estate or gift tax or the Medicare contribution tax on certain net investment income), nor does it address any aspects of U.S. state, local or non-U.S. taxes. Non-U.S. Holders are urged to consult with their own tax advisors regarding the possible application of these taxes.

For purposes of this discussion, the term “Non-U.S. Holder” means a beneficial owner of our common stock that is an individual, corporation, estate or trust, other than:

- an individual who is a citizen or resident of the United States, as determined for U.S. federal income tax purposes;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if: (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a domestic trust.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds shares of our common stock, the tax treatment of a person treated as a partner of such partnership generally will depend on the status of the partner and the activities of the partnership. Persons that, for U.S. federal income tax purposes, are treated as partners in a partnership holding shares of our common stock are urged to consult their own tax advisors.

Prospective purchasers are urged to consult their tax advisors as to the particular consequences to them under U.S. federal, state and local, and applicable foreign tax laws of the acquisition, ownership and disposition of our common stock.

Distributions

Distributions of cash or property that we pay in respect of our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Subject to the discussions below under “—U.S. Trade or Business Income,” “—Information Reporting and Backup Withholding” and “—FATCA,” you generally will be subject to U.S. federal withholding tax at a 30% rate, or at a reduced rate prescribed by an applicable income tax treaty, on any dividends received in respect of our common stock. If the amount of the distribution exceeds our current and accumulated earnings and profits, such excess first will be treated as a return of capital to the extent of your tax basis in our common stock, and thereafter will be treated as capital gain. However, except to the extent that we elect (or the paying agent or other intermediary through which you hold your common stock elects) otherwise, we (or the intermediary) must generally withhold at the applicable rate on the entire distribution, in which case you would be entitled to a refund from the IRS for the withholding tax on the portion, if any, of the distribution that exceeded our current and accumulated earnings and profits.

In order to obtain a reduced rate of U.S. federal withholding tax under an applicable income tax treaty, you will be required to provide a properly executed IRS Form W-8BEN or Form W-8BEN-E (or, in each case, a successor form) certifying your entitlement to benefits under the treaty. Special certifications and other requirements apply to certain Non-U.S. Holders that are pass-through entities rather than corporations or individuals for U.S. federal income tax purposes. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty, you may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS. You are urged to consult your own tax advisor regarding your possible entitlement to benefits under an applicable income tax treaty.

Sale, Exchange or Other Taxable Disposition of Common Stock

Subject to the discussions below under “—U.S. Trade or Business Income,” “—Information Reporting and Backup Withholding” and “—FATCA,” you generally will not be subject to U.S. federal income or withholding tax in respect of any gain on a sale, exchange or other taxable disposition of our common stock unless:

- the gain is U.S. trade or business income, in which case, such gain will be taxed as described in “—U.S. Trade or Business Income” below;
- you are an individual who is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, in which case you will be subject to U.S. federal income tax at a rate of 30% (or a reduced rate under an applicable income tax treaty) on the amount by which certain capital gains allocable to U.S. sources exceed certain capital losses allocable to U.S. sources; or
- we are or have been a “United States real property holding corporation” (a “USRPHC”) under Section 897 of the Code at any time during the shorter of the five-year period ending on the date of the disposition and your holding period for the common stock, in which case, subject to the exception set forth in the second sentence of the next paragraph, such gain will be subject to U.S. federal income tax as described in “—U.S. Trade or Business Income” below.

In general, a corporation is a USRPHC if the fair market value of its “United States real property interests” equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. In the event that we are determined to be a USRPHC, gain will, nonetheless, not be subject to tax as U.S. trade or business income if your holdings (direct and indirect, taking into account certain constructive ownership rules) at all times during the applicable period described in the third bullet point above constituted 5% or less of our common stock, provided that our common stock was regularly traded on an established securities market during such period. We believe that we are not currently, and we do not anticipate becoming in the future, a “United States real property holding corporation” for U.S. federal income tax purposes.

U.S. Trade or Business Income

For purposes of this discussion, dividend income and gain on the sale, exchange or other taxable disposition of our common stock will be considered to be “U.S. trade or business income” if (A)(i) such income or gain is effectively connected with your conduct of a trade or business within the United States and (ii) if you are eligible for the benefits of an income tax treaty with the United States and such treaty requires, such gain is attributable to a permanent establishment (or, if you are an individual, a fixed base) that you maintain in the United States or (B) with respect to gain, we are or have been a USRPHC at any time during the shorter of the five-year period ending on the date of the disposition of our common stock and your holding period for our common stock (subject to the exception set forth above in the second paragraph of “—*Sale, Exchange or Other Taxable Disposition of Common Stock*”). Generally, U.S. trade or business income is not subject to U.S. federal withholding tax (provided that you comply with applicable certification and disclosure requirements, including providing a properly executed IRS Form W-8ECI (or successor form)); instead, you are subject to U.S. federal income tax on a net basis at regular U.S. federal income tax rates (generally in the same manner as a U.S. person) on your U.S. trade or business income. If you are a corporation, any U.S. trade or business income that you receive may also be subject to a “branch profits tax” at a 30% rate, or at a lower rate prescribed by an applicable income tax treaty.

Information Reporting and Backup Withholding

We must annually report to the IRS and to each Non-U.S. Holder any dividend income that is subject to U.S. federal withholding tax or that is exempt from such withholding pursuant to an income tax treaty. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which a Non-U.S. Holder resides. Under certain circumstances, the Code imposes a backup withholding obligation on certain reportable payments. Dividends paid to you will generally be exempt from backup withholding if you provide a properly executed IRS Form W-8BEN or Form W-8BEN-E (or, in each case, a successor form) or otherwise establish an exemption and the applicable withholding agent does not have actual knowledge or reason to know that you are a U.S. person or that the conditions of such other exemption are not, in fact, satisfied.

The payment of the proceeds from the disposition of our common stock to or through the U.S. office of any broker (U.S. or non-U.S.) will be subject to information reporting and possible backup withholding unless you certify as to your non-U.S. status under penalties of perjury or otherwise establish an exemption and the broker does not have actual knowledge or reason to know that you are a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of proceeds from the disposition of our common stock to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (a “U.S. related financial intermediary”). In the case of the payment of proceeds from the disposition of our common stock to or through a non-U.S. office of a broker that is either a U.S. person or a U.S. related financial intermediary, Treasury regulations require information reporting (but not backup withholding) on the payment unless the broker has documentary evidence in its files that the owner is not a U.S. person and the broker has no knowledge to the contrary. You are urged to consult your tax advisor on the application of information reporting and backup withholding in light of your particular circumstances.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to you will be refunded or credited against your U.S. federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

FATCA

Pursuant to Section 1471 through 1474 of the Code, commonly referred to as the Foreign Account Tax Compliance Act (“FATCA”), foreign financial institutions (which include most foreign hedge funds, private

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equity funds, mutual funds, securitization vehicles and any other investment vehicles) and certain other foreign entities that do not otherwise qualify for an exemption must comply with information reporting rules with respect to their U.S. account holders and investors or be subject to a withholding tax on U.S. source payments made to them (whether received as a beneficial owner or as an intermediary for another party).

More specifically, a foreign financial institution or other foreign entity that does not comply with the FATCA reporting requirements or otherwise qualify for an exemption will generally be subject to a 30% withholding tax with respect to any “withholdable payments.” For this purpose, withholdable payments generally include U.S.-source payments otherwise subject to nonresident withholding tax (e.g., U.S.-source dividends). The FATCA withholding tax will apply even if the payment would otherwise not be subject to U.S. nonresident withholding tax (e.g., because it is capital gain). Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

FATCA currently applies to dividends made in respect of our common stock. Proposed Treasury regulations, the preamble to which state that they can be relied upon until final regulations are issued, exempt from FATCA proceeds on dispositions of stock. To avoid withholding on dividends, Non-U.S. Holders may be required to provide the Company (or its withholding agents) with applicable tax forms or other information. Non-U.S. Holders are urged to consult with their own tax advisors regarding the effect, if any, of the FATCA provisions to them based on their particular circumstances.

UNDERWRITING (CONFLICT OF INTEREST)

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Barclays Capital Inc. and Morgan Stanley & Co. LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

<u>Name</u>	<u>Number of Shares</u>
Barclays Capital Inc.	
Morgan Stanley & Co. LLC	
Deutsche Bank Securities Inc.	
Goldman Sachs & Co. LLC	
Nomura Securities International, Inc.	
Apollo Global Securities, LLC	
Total:	

The underwriters and the representatives are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters may offer and sell the shares through certain of their affiliates or other registered broker-dealers or selling agents. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters’ over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at the public offering price less a concession not to exceed \$ _____ per share. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters’ right to reject any order in whole or in part.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to _____ additional shares of common stock from us at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter’s name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of our common stock offered by them.

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Commissions and Discounts

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional _____ shares of common stock from us.

	Per Share	Total	
		No Exercise	Full Exercise
Public offering price	\$	\$	\$
Underwriting discounts and commissions to be paid by us:	\$	\$	\$
Proceeds, before expenses, to us	\$	\$	\$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately \$ _____. We have agreed to reimburse the underwriters for expense relating to clearance of this offering with the Financial Industry Regulatory Authority, Inc. ("FINRA") up to \$ _____. The underwriters have also agreed to reimburse us for certain expenses incurred by us with respect to this offering.

Listing

We intend to apply to list our common stock on Nasdaq under the trading symbol "SNCY."

Lock-Up Agreements

We, the Apollo Stockholder and all of our directors and executive officers, who collectively hold substantially all of our outstanding stock, have agreed that, without the prior written consent of Barclays Capital Inc. and Morgan Stanley & Co. LLC on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus (the "restricted period"):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock;
- file any registration statement with the SEC relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock,

or publicly disclose the intention to do any of the foregoing, whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise.

The lock-up agreement applicable to the Company is subject to certain specified exceptions, including: (i) shares of common stock to be sold in this offering; (ii) any issuance of common stock, options to purchase shares of common stock, restricted stock units and other equity incentive compensation pursuant to equity plans or similar plans described herein, common stock issued upon exercise of currently outstanding options, warrants or rights, whether or not issued under one of those plans, and common stock issued upon the exercise of options or the settlement of restricted stock units granted under such plans or under equity plans or similar plans of companies acquired by the Company in effect on the date of acquisition; (iii) any issuances of common stock upon the conversion or exchange of convertible or exchangeable securities outstanding as of the date hereof, including common stock issued upon the exercise of any warrants and any transfer of common stock to the Company upon a "net" or "cashless" exercise of any warrants; and (iv) issuances by the Company of common stock or securities convertible into shares of common stock in connection with an acquisition or business

combination, provided that the aggregate number of shares of common stock issued pursuant to this clause (iv) during the lock-up period shall not exceed 5% of the total number of shares of common stock issued and outstanding on the closing date of this offering provided that, in the case of any issuance pursuant to (iv), the transferee or distributee agrees in writing to be bound by the lock-up restrictions.

The lock-up agreements applicable to the Apollo Stockholder and all of our directors and executive officers are subject to specified exceptions, including: (i) bona fide gifts; (ii) transfers to any trust for the direct or indirect benefit of the lock-up party or the immediate family of the lock-up party; (iii) transfers by will or intestacy; (iv) transfers to a partnership, limited liability company or other entity in which the lock-up party and the immediate family of the lock-up party are the legal and beneficial owner of all the outstanding equity securities or similar interests; (v) transfers by operation of law, such as pursuant to a qualified domestic order or in connection with a divorce settlement; (vi) open market transactions after the completion of the offering or transfers to the underwriters of this offering; (vii) (A) the exercise of warrants issued by the Company and transfer to the Company upon the “net” or “cashless” exercise of warrants issued by the Company; (B) the exercise of stock options solely with cash granted pursuant to equity incentive plans described herein, and the receipt by the lock-up signatory from the Company of shares of common stock upon such exercise; (C) transfers to the Company upon the “net” or “cashless” exercise of stock options or other equity awards granted pursuant to equity incentive plans; (D) transfers for the primary purpose of satisfying any tax or other governmental withholding obligation with respect to any award of equity-based compensation granted pursuant to our equity incentive plans described herein; or (E) forfeitures to the Company to satisfy tax withholding requirements of the lock-up party or the Company upon the vesting, during the restricted period, of equity based awards granted under equity incentive plans or pursuant to other stock purchase arrangements, in each case described herein; (viii) a bona fide third-party tender offer, merger, consolidation or other similar transaction made to all holders of our common stock; (ix) transfers to the Company in connection with the repurchase by the Company of shares of common stock or other securities pursuant to a repurchase right arising upon the termination of a lock-up signatory’s employment with the Company; (x) the establishment of a trading plan pursuant to Rule 10b5-1 of the Exchange Act; (xi) if the holder is a corporation, partnership or limited liability company, (A) distributions to partners, limited liability company members, stockholders or holders of similar interests or (B) transfers to affiliates (as defined in Rule 405 of the Securities Act); (xii) transfers to any third-party pledgee in a bona fide transaction as collateral to secure obligations pursuant to lending or other similar arrangement relating to a financing arrangement between such third parties (or their affiliates or designees) and the lock-up party and/or its affiliates; (xiii) transfers pursuant to a bona fide loan or pledge and as a grant or maintenance of a bona fide lien, security interest, pledge or other similar encumbrance in connection with a loan to the lock-up party, including those that are in effect on the date of such agreement and has been disclosed to Barclays Capital Inc. and Morgan Stanley & Co. LLC, subject to certain restrictions; and (xiv) transfers to the lock-up party’s employer or any affiliate of the lock-up party’s employer as compensation in his or her capacity as a member of the Company’s board of directors; *provided* that, in the case of any transfer or distribution pursuant to (i) through (v), (vii), (xi) and (xiv), the transferee or distributee agrees in writing to be bound by the lock-up restrictions.

Barclays Capital Inc. and Morgan Stanley & Co. LLC, in their sole discretion, may release our common stock and other securities subject to the lock-up agreements described above in whole or in part at any time, subject to applicable notice requirements.

Price Stabilization, Short Positions and Penalty Bids

In order to facilitate the offering of our common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares

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compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of our common stock in the open market to stabilize the price of our common stock. These activities may raise or maintain the market price of our common stock above independent market levels or prevent or retard a decline in the market price of our common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

Electronic Distribution

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us and Apollo, for which they received or will receive customary fees and expenses. Barclays Bank PLC, the administrative agent, the collateral agent, a lender and a joint lead arranger under the Credit Facilities, is an affiliate of Barclays Capital Inc., one of the underwriters in this offering. In addition, affiliates of Morgan Stanley & Co. LLC and Deutsche Bank Securities Inc., underwriters in this offering, are lenders and joint lead arrangers under the Credit Facilities.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Conflict of Interest

Apollo Global Securities, LLC, an affiliate of Apollo, is an underwriter in this offering and will receive a portion of the underwriting discounts and commissions in connection with this offering. Affiliates of Apollo beneficially own in excess of 10% of our issued and outstanding common stock. As a result, Apollo Global Securities, LLC is deemed to have a “conflict of interest” under FINRA Rule 5121, and this offering will be conducted in compliance with the requirements of Rule 5121. Pursuant to that rule, the appointment of a “qualified independent underwriter” is not required in connection with this offering as the members primarily responsible for managing the public offering do not have a conflict of interest, are not affiliates of any member that has a conflict of interest and meet the requirements of paragraph (f)(12)(E) of Rule 5121. Apollo Global Securities, LLC will not confirm sales of the securities to any account over which it exercises discretionary authority without the specific written approval of the account holder.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Directed Share Program

At our request, the underwriters have reserved up to 5% of the shares of common stock to be issued by the Company and offered by this prospectus for sale, at the initial public offering price, to directors, officers, employees, business associates and related persons of the Company. All shares purchased pursuant to the directed share program will be subject to lock-up agreements with the underwriters. The number of shares of common stock available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus.

Selling Restrictions

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

European Economic Area

In relation to each EEA Member State (each a “Relevant Member State”), no shares have been offered or will be offered pursuant to the offering to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Regulation, except that the shares may be offered to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares shall require the Company and or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the

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terms of the offer and any shares to be offered so as to enable an investor to decide to purchase any shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any shares under the offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the underwriters and their affiliates and the Company that it is a qualified investor within the meaning of the Prospectus Regulation

The Company, the underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the representatives of such fact in writing may, with the prior consent of the representatives, be permitted to acquire shares in the offering.

United Kingdom

This prospectus and any other material in relation to the shares described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with persons who are (i) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the FPO; or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the FPO; (iii) outside the UK; or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any shares may otherwise lawfully be communicated or caused to be communicated, (all such persons together being referred to as “Relevant Persons”). The shares are only available in the UK to, and any invitation, offer or agreement to purchase or otherwise acquire the shares will be engaged in only with, the Relevant Persons. This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the UK. Any person in the UK that is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

No shares have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares which has been approved by the Financial Conduct Authority, except that the shares may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA.

provided that no such offer of shares shall require the Company and/or any Underwriters or any of their affiliates to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to the shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Each person in the UK who acquires any shares in hereby or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the underwriters and their affiliates that it meets the criteria outlined in this section.

Canada

The shares of common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares of common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

Shares of our common stock may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation, or document relating to shares of our common stock may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares of our common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares of our common stock may not be circulated or distributed, nor may the shares of our common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where shares of our common stock are subscribed or purchased under Section 275 by a relevant person which is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

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- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

securities or securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable within six months after that corporation or that trust has acquired shares of our common stock under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA;
- (2) where no consideration is given for the transfer; or
- (3) where the transfer is by operation of law.

Solely for purposes of the notification requirements under Section 309B(1)(c) of the SFA, we have determined, and hereby notify all relevant persons, that the shares are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "FIEL") has been made or will be made with respect to the solicitation of the application for the acquisition of the shares of common stock.

Accordingly, the shares of common stock have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors ("QII")

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of common stock constitutes either a "QII only private placement" or a "QII only secondary distribution" (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of common stock. The shares of common stock may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of common stock constitutes either a "small number private placement" or a "small number private secondary distribution" (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of common stock. The shares of common stock may only be transferred en bloc without subdivision to a single investor.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York, New York. The validity of the shares of common stock offered hereby will be passed upon for the underwriters by Davis Polk & Wardwell LLP, New York, New York.

EXPERTS

The consolidated financial statements of Sun Country Airlines Holdings, Inc. as of December 31, 2020 and 2019, for the years ended December 31, 2020 and 2019 and for the periods from January 1, 2018 to April 10, 2018 and April 11, 2018 to December 31, 2018 have been included herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing. The audit report covering the December 31, 2020 consolidated financial statements refers to the Company's change in its method of accounting for revenue recognition and leases as of January 1, 2019 due to the adoption of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* and Accounting Standards Update 2016-02, *Leases*.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 with respect to the common stock being sold in this offering. This prospectus constitutes a part of that registration statement. This prospectus does not contain all the information set forth in the registration statement and the exhibits and schedules to the registration statement, because some parts have been omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and our common stock being sold in this offering, you should refer to the registration statement and the exhibits and schedules filed as part of the registration statement. Statements contained in this prospectus regarding the contents of any agreement, contract or other document referred to herein are not necessarily complete; reference is made in each instance to the copy of the contract or document filed as an exhibit to the registration statement. Each statement is qualified by reference to the exhibit.

The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The SEC's website address is www.sec.gov.

After we have completed this offering, we will file annual, quarterly and current reports, proxy statements and other information with the SEC. We intend to make these filings available on our website (www.suncountry.com) once this offering is completed. You can also request copies of these documents, for a copying fee, by writing to the SEC, or you can review these documents on the SEC's website, as described above. In addition, we will provide electronic or paper copies of our filings free of charge upon request.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Sun Country Airlines Holdings, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Sun Country Airlines Holdings, Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years ended December 31, 2020 and 2019, and for the periods from January 1, 2018 to April 10, 2018 and April 11, 2018 to December 31, 2018, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years ended December 31, 2020 and 2019, and for the periods from January 1, 2018 to April 10, 2018 and April 11, 2018 to December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for revenue recognition and leases as of January 1, 2019 due to the adoption of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* and Accounting Standards Update 2016-02, *Leases*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2018.

Minneapolis, Minnesota
February 23, 2021

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SUN COUNTRY AIRLINES HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share amounts)

	December 31,	
	2020	2019
ASSETS		
Current Assets:		
Cash and Equivalents	\$ 62,028	\$ 51,006
Restricted Cash	8,335	13,472
Investments	5,624	5,694
Accounts Receivable, net of an allowance for credit losses of \$224 and \$630, respectively	28,690	22,408
Short-term Lessor Maintenance Deposits	3,101	1,970
Inventory, net of a reserve for obsolescence of \$996 and \$550, respectively	5,407	5,273
Prepaid Expenses	8,002	7,717
Derivative Assets	—	2,233
Other Current Assets	5,553	2,752
Total Current Assets	126,740	112,525
Property & Equipment, net:		
Aircraft and Flight Equipment	331,685	142,100
Leasehold Improvements and Ground Equipment	13,526	12,701
Computer Hardware and Software	7,845	8,702
Finance Lease Assets	117,833	201,026
Rotable Parts	8,691	8,276
Property & Equipment	479,580	372,805
Accumulated Depreciation & Amortization	(65,065)	(27,728)
Total Property & Equipment, net	414,515	345,077
Other Assets:		
Goodwill	222,223	222,223
Other Intangible Assets, net	93,110	97,110
Operating Lease Right-of-use Assets	121,269	147,148
Aircraft Lease Deposits	10,253	17,970
Long-term Lessor Maintenance Deposits	22,584	28,266
Deferred Tax Asset	36,216	35,428
Other Assets	6,357	2,129
Total Other Assets	512,012	550,274
Total Assets	<u>\$ 1,053,267</u>	<u>\$ 1,007,876</u>

See accompanying Notes to Consolidated Financial Statements

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SUN COUNTRY AIRLINES HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share amounts)

	December 31,	
	2020	2019
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 34,035	\$ 43,900
Accrued Salaries, Wages, and Benefits	16,368	16,621
Accrued Transportation Taxes	5,883	13,729
Air Traffic Liabilities	101,075	116,660
Derivative Liabilities	1,174	—
Over-market Liabilities	9,281	10,421
Finance Lease Obligations	11,460	92,318
Loyalty Program Liabilities	7,016	14,092
Operating Lease Obligations	34,492	30,611
Current Maturities of Long-term Debt	26,118	13,197
Other Current Liabilities	6,841	2,002
Total Current Liabilities	253,743	353,551
Long-term Liabilities:		
Over-market Liabilities	28,128	37,409
Finance Lease Obligations	95,710	105,037
Loyalty Program Liabilities	15,053	8,800
Operating Lease Obligations	112,707	141,879
Long-term Debt	256,345	73,720
Other Long-term Liabilities	7,764	3,756
Total Long-term Liabilities	515,707	370,601
Total Liabilities	769,450	724,152
Commitments and Contingencies (Note 17)		
Stockholders' Equity:		
Common Stock	239,162	239,141
At December 31, 2020, common stock \$0.01 par value, 5,000,000 shares authorized, 2,479,786 issued. At December 31, 2019, common stock with no par value, 5,000,000 shares authorized, 360,009 issued, and warrants to acquire common stock at an exercise price of \$0.01 of 2,117,991.		
Loans to Stockholders	(3,500)	(3,500)
Additional Paid In Capital	9,831	5,855
Retained Earnings	38,324	42,228
Total Stockholders' Equity	283,817	283,724
Total Liabilities and Stockholders' Equity	\$ 1,053,267	\$ 1,007,876

See accompanying Notes to Consolidated Financial Statements

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SUN COUNTRY AIRLINES HOLDINGS, INC
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share amounts)

	Successor			Predecessor
	Year Ended December 31,		For the Period April 11, 2018 to December 31, 2018	For the Period January 1, 2018 to April 10, 2018
	2020	2019		
Operating Revenues:				
Passenger	\$359,232	\$688,833	\$ 335,824	\$ 172,897
Cargo	36,809	—	—	—
Other	5,445	12,551	49,107	24,555
Total Operating Revenue	<u>401,486</u>	<u>701,384</u>	<u>384,931</u>	<u>197,452</u>
Operating Expenses:				
Aircraft Fuel	83,392	165,666	119,553	45,790
Salaries, Wages, and Benefits	141,641	140,739	90,263	36,964
Aircraft Rent	30,989	49,908	36,831	28,329
Maintenance	27,416	35,286	15,491	9,508
Sales and Marketing	16,570	35,388	17,180	10,854
Depreciation and Amortization	48,086	34,877	14,405	2,526
Ground Handling	20,596	41,719	23,828	8,619
Landing Fees and Airport Rent	31,256	44,400	25,977	10,481
Special Items, net	(64,563)	7,092	(6,706)	271
Other Operating, net	48,718	68,187	40,877	17,994
Total Operating Expenses	<u>384,101</u>	<u>623,262</u>	<u>377,699</u>	<u>171,336</u>
Operating Income	<u>17,385</u>	<u>78,122</u>	<u>7,232</u>	<u>26,116</u>
Non-operating Income (Expense):				
Interest Income	377	937	258	96
Interest Expense	(22,073)	(17,170)	(6,060)	(339)
Other, net	(371)	(1,729)	(1,636)	37
Total Non-operating Expense, net	<u>(22,067)</u>	<u>(17,962)</u>	<u>(7,438)</u>	<u>(206)</u>
Income / (Loss) before Income Tax	<u>(4,682)</u>	<u>60,160</u>	<u>(206)</u>	<u>25,910</u>
Income Tax Expense / (Benefit)	<u>(778)</u>	<u>14,088</u>	<u>161</u>	<u>—</u>
Net Income / (Loss)	<u>\$ (3,904)</u>	<u>\$ 46,072</u>	<u>\$ (367)</u>	<u>\$ 25,910</u>
Net Income / (Loss) per share to common stockholders:				
Basic	<u>\$ (1.58)</u>	<u>\$ 18.61</u>	<u>\$ (0.15)</u>	<u>\$ 0.26</u>
Diluted	<u>\$ (1.58)</u>	<u>\$ 18.17</u>	<u>\$ (0.15)</u>	<u>\$ 0.26</u>
Shares used for computation:				
Basic	2,478	2,476	2,472	100,000
Diluted	2,478	2,536	2,472	100,000
Pro Forma Income Tax Expense				\$ 6,036
Pro Forma Net Income				\$ 19,874
Pro Forma Net Income per share—Basic and diluted				\$ 0.20
Pro Forma shares used for computation—Basic and diluted				100,000

See accompanying Notes to Consolidated Financial Statements

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SUN COUNTRY AIRLINES HOLDINGS, INC

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Dollars in thousands)

		Year Ended December 31, 2018						
<u>Predecessor</u>		<u>Shares</u>	<u>Total</u>					
January 1, 2018		100,000,000	\$ 34,422					
Net Income		—	25,910					
Distributions to Stockholder		—	(10,549)					
April 10, 2018		<u>100,000,000</u>	<u>\$ 49,783</u>					
<hr/>								
<u>Successor</u>		<u>Warrants</u>	<u>Shares</u>	<u>Capital Contribution</u>	<u>Loans to Stockholders</u>	<u>APIC</u>	<u>Retained Earnings</u>	<u>Total</u>
Capital at Purchase on April 11, 2018—Warrants		2,117,991	—	\$ 165,711	\$ —	\$ —	\$ —	\$ 165,711
Capital at Purchase on April 11, 2018—Shares		—	282,009	22,064	—	—	—	\$ 22,064
Additional Capital Contribution		—	—	43,866	—	—	—	\$ 43,866
Stockholders Capital Contribution		—	75,000	7,500	(3,500)	—	—	\$ 4,000
Net Loss		—	—	—	—	—	(367)	\$ (367)
Stock-based Compensation		—	—	—	—	373	—	\$ 373
December 31, 2018		<u>2,117,991</u>	<u>357,009</u>	<u>\$ 239,141</u>	<u>\$ (3,500)</u>	<u>\$ 373</u>	<u>\$ (367)</u>	<u>\$ 235,647</u>
2019								
		<u>Warrants</u>	<u>Shares</u>	<u>Capital Contribution</u>	<u>Loans to Stockholders</u>	<u>APIC</u>	<u>Retained Earnings</u>	<u>Total</u>
December 31, 2018		2,117,991	357,009	\$ 239,141	\$ (3,500)	\$ 373	\$ (367)	\$ 235,647
Cumulative Effect of New Revenue Standard		—	—	—	—	—	(3,477)	(3,477)
Shares Granted to Stockholders		—	3,000	—	—	—	—	—
Net Income		—	—	—	—	—	46,072	46,072
Amazon Warrants		—	—	—	—	3,594	—	3,594
Stock-based Compensation		—	—	—	—	1,888	—	1,888
December 31, 2019		<u>2,117,991</u>	<u>360,009</u>	<u>\$ 239,141</u>	<u>\$ (3,500)</u>	<u>\$ 5,855</u>	<u>\$ 42,228</u>	<u>\$ 283,724</u>
2020								
		<u>Warrants</u>	<u>Shares</u>	<u>Capital Contribution</u>	<u>Loans to Stockholders</u>	<u>APIC</u>	<u>Retained Earnings</u>	<u>Total</u>
December 31, 2019		2,117,991	360,009	\$ 239,141	\$ (3,500)	\$ 5,855	\$ 42,228	\$ 283,724
Exercise of Apollo Warrants		(2,117,991)	2,117,991	21	—	—	—	21
Net Income (Loss)		—	—	—	—	—	(3,904)	(3,904)
Amazon Warrants		—	—	—	—	1,866	—	1,866
Stock-based Compensation		—	1,786	—	—	2,110	—	2,110
December 31, 2020		<u>—</u>	<u>2,479,786</u>	<u>\$ 239,162</u>	<u>\$ (3,500)</u>	<u>\$ 9,831</u>	<u>\$ 38,324</u>	<u>\$ 283,817</u>

See accompanying Notes to Consolidated Financial Statements

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SUN COUNTRY AIRLINES HOLDINGS, INC

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

	Successor			Predecessor
	Year Ended December 31,		For the Period	For the Period
	2020	2019	April 11, 2018 to December 31, 2018	January 1, 2018 to April 10, 2018
Net Income / (Loss)	\$ (3,904)	\$ 46,072	\$ (367)	\$ 25,910
Adjustments to reconcile Net Income / (Loss) to Cash from Operating Activities:				
Depreciation and Amortization	48,086	34,877	14,405	2,526
Reduction in Operating Lease Right-of-use Assets	25,880	33,541	—	—
Loss on Asset Transactions, net	413	1,249	(811)	—
Unrealized Loss (Gain) on Fuel Derivatives	12,206	(10,791)	12,006	—
Amortization of Over-market Liabilities	(10,421)	(14,064)	(17,275)	—
Deferred Income Taxes	(789)	14,022	147	—
Amazon Warrants Vested	1,866	—	—	—
Stock-based Compensation Expense	2,110	1,888	373	—
Amortization of Debt Issuance Costs	1,523	481	252	—
Changes in Operating Assets and Liabilities:				
Accounts Receivable	(6,282)	(11,353)	20,732	8,148
Due From Predecessor Parent	—	—	—	(7,370)
Inventory	(614)	(869)	156	(293)
Prepaid Expenses	15	2,278	(6,171)	(5,519)
Lessor Maintenance Deposits	(9,415)	(17,466)	(14,193)	(3,148)
Aircraft Lease Deposits	1,290	(1,179)	133	(1,151)
Other Assets	(5,447)	(566)	(718)	—
Accounts Payable	(7,174)	9,037	(9,710)	21,690
Accrued Transportation Taxes	(7,845)	3,359	(1,868)	1,287
Air Traffic Liabilities	(15,584)	11,309	33,470	(33,983)
Loyalty Program Liabilities	(823)	(5,925)	(13,216)	71
Reduction in Operating Lease Obligations	(28,352)	(34,365)	—	—
Other Liabilities	3,635	1,737	(3,580)	(3,585)
Net Cash Provided by Operating Activities	374	63,272	13,764	4,583
Cash Flows from Investing Activities:				
Purchases of Property & Equipment	(96,298)	(69,816)	(78,687)	(2,577)
Proceeds from the sale of Property & Equipment	200	—	—	—
Purchase of Investments	(927)	(3,394)	(5,372)	(118)
Proceeds from the Sale of Investments	997	3,646	3,236	101
Net Cash Used in Investing Activities	(96,028)	(69,564)	(80,823)	(2,594)
Cash Flows from Financing Activities:				
Cash Contributions from Stockholders	—	—	47,866	—
Cash Distributions to Stockholder	—	—	—	(10,549)
Proceeds Received from Exercise of Apollo Warrants	21	—	—	—
Proceeds from Borrowings	265,307	41,630	63,341	—
Proceeds received for Amazon Warrants	—	4,667	—	—
Repayment of Finance Lease Obligations	(89,697)	(8,258)	(3,160)	(49)
Repayment of Borrowings	(69,906)	(10,153)	(5,854)	(82)
Debt Issuance Costs	(4,186)	(557)	—	—
Net Cash Provided by (Used in) Financing Activities	101,539	27,329	102,193	(10,680)
Net Increase / (Decrease) in Cash, Cash Equivalents and Restricted Cash	5,885	21,037	35,133	(8,691)
Cash, Cash Equivalents and Restricted Cash—Beginning of the Period	64,478	43,441	8,308	16,999
Cash, Cash Equivalents and Restricted Cash—End of the Period	\$ 70,363	\$ 64,478	\$ 43,441	\$ 8,308
Supplemental information:				
Cash Payments for Interest	\$ 20,304	\$ 16,424	\$ 4,364	\$ 402
Cash Payments for Income Taxes, net	\$ 47	\$ 385	\$ 11	\$ —
Non-cash transactions:				
Lease Deposits Applied Against the Purchase of Aircraft.	\$ 19,976	\$ —	\$ —	\$ —
Aircraft and Flight Equipment Acquired through Finance Leases	\$ —	\$ 108,978	\$ 84,773	\$ —
Right-of-use Assets Acquired through Operating Leases	\$ —	\$ 5,470	\$ —	\$ —
Purchases of Property & Equipment in Accounts Payable	\$ 734	\$ 991	\$ —	\$ —
Loans to Stockholders	\$ —	\$ —	\$ 3,500	\$ —

The following provides a reconciliation of Cash, Cash Equivalents and Restricted Cash to the amounts reported on the Consolidated Balance Sheets:

	Successor			Predecessor
	December 31, 2020	December 31, 2019	December 31, 2018	April 10, 2018
Cash and Equivalents	\$ 62,028	\$ 51,006	\$ 29,600	\$ —
Restricted Cash	8,335	13,472	13,841	8,308
Total Cash, Cash Equivalents and Restricted Cash	\$ 70,363	\$ 64,478	\$ 43,441	\$ 8,308

See accompanying Notes to Consolidated Financial Statements

SUN COUNTRY AIRLINES HOLDINGS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

1. COMPANY BACKGROUND

Sun Country Airlines Holdings, Inc. f/k/a SCA Acquisition Holdings, LLC (the “Successor”) was formed on December 8, 2017 by funds managed by affiliates of Apollo Global Management (“Apollo”) for the purpose of purchasing (the “Acquisition”) Sun Country, Inc. d/b/a Sun Country Airlines (the “Predecessor”). Sun Country, Inc. f/k/a MN Airlines, LLC is a privately-owned certified air carrier providing scheduled passenger service, air cargo service, charter air transportation and related services. Except as otherwise stated, the financial information, accounting policies, and activities of Sun Country Airlines are referred to as those of the Company (the “Company”, “SCA” or “Sun Country”).

On April 11, 2018 (the “Acquisition Date”), SCA Acquisition Holdings, LLC acquired 100 percent of MN Airlines’ stockholder equity. The Acquisition was accounted for as a business combination using the purchase method of accounting, which requires, among other things, that assets acquired and liabilities assumed be recognized on the balance sheet at their fair value as of the Acquisition Date.

Reorganization Transactions

On January 31, 2020, all 2,117,991 outstanding Apollo Warrants were exercised to purchase common stock of SCA Acquisition Holdings, LLC. Also on January 31, 2020, SCA Acquisition Holdings, LLC was converted into a Delaware corporation pursuant to a statutory conversion and changed its name to Sun Country Airlines Holdings, Inc. In connection with the conversion to a corporation, all of the outstanding shares of SCA Acquisition Holdings, LLC common stock with a \$0.01 par value were converted into shares of Sun Country Airlines Holdings, Inc. common stock. The outstanding warrants held by Amazon to purchase shares of SCA Acquisition Holdings, LLC common stock were converted into warrants to purchase shares of Sun Country Airlines Holdings, Inc. common stock and all of the outstanding options to purchase shares of SCA Acquisition Holdings, LLC common stock were converted into options to purchase shares of Sun Country Airlines Holdings, Inc. common stock.

Amazon Agreement

On December 13, 2019, the Company signed a six-year contract (with two, two-year extension options, for a maximum term of 10 years) with Amazon.com Services, Inc. (together with its affiliates, “Amazon”) to provide air cargo services (“Amazon Agreement”). The option to renew the Amazon Agreement for two additional two-year terms is at Amazon’s sole discretion, subject to Amazon providing Sun Country with at least 180 days’ prior written notice before the expiration of the then-current term. Sun Country began flying for Amazon in the second quarter of 2020. On June 27, 2020, Amazon and the Company signed an amendment to the December 13, 2019 agreement that added two aircraft. As of December 31, 2020, Sun Country operates 12 Boeing 737-800 cargo aircraft for Amazon.

Amazon supplies the aircraft and reimburses the Company for certain operating expenses, including fuel and heavy maintenance. The aircraft fly under the Company’s air carrier operating certificate and the Company supplies the crew, non-heavy maintenance and insurance for the aircraft. Amazon pays a fixed monthly fee per aircraft as well as a set rate per flight cycle and block hour flown.

In December 2019, in connection with the Amazon Agreement, the Company issued warrants to Amazon to purchase an aggregate of up to 502,028 shares of common stock at an exercise price of \$286.46 per share, which represented approximately 15% of the Company’s common stock on that date. The exercise period of these warrants is through the eighth anniversary of the issue date. The Amazon warrants were valued at \$139.43 per share. The fair value of the warrants was determined using a Monte Carlo simulation which involves inputs such

SUN COUNTRY AIRLINES HOLDINGS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

as expected volatility, the risk-free rate of return and the probability of achieving varying outcomes under the Amazon Agreement. The fair value of warrants that are expected to vest in the future will be recorded as contra-revenue over the vesting term of the warrants on a pro-rata basis as the flights occur. For so long as Amazon holds these warrants or any shares of common stock issued upon exercise of the warrants and the Amazon Agreement remains in effect, Amazon will have the right to nominate a member or an observer to SCA's board of directors.

Of the 502,028 total Amazon warrants issued, 33,469 vested upon execution of the Amazon Agreement on December 13, 2019. Thereafter, an additional 3,346.85 warrants will vest for each milestone of \$8 million in payments made by Amazon to the Company, excluding reimbursable and direct pass-through expenses. During the year ended December 31, 2020, 13,387.4 warrants vested.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—The consolidated financial statements include the accounts of Sun Country Airlines Holdings, Inc. and its subsidiaries and have been prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”). All material intercompany balances and transactions have been eliminated in consolidation.

The Company operates its fiscal year on a calendar year basis.

Use of Estimates—Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 periods. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of acquired fixed assets and acquired intangibles, maintenance deposits, loyalty program liabilities, passenger revenue breakage, valuation of derivative positions, valuation of warrants issued to Amazon, and income taxes.

Change in Presentation—The Company changed the prior year presentations within the Consolidated Statements of Cash Flows to present the change in Accrued Transportation Taxes on its own line, which was previously included in the change in Other Liabilities.

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

Cash and Equivalents—The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains cash balances at several financial institutions; at times, such balances may be in excess of insurance limits. The Company has not experienced any losses on these balances.

Restricted Cash—Charter revenue receipts received prior to the date of transportation are recorded as Restricted Cash and as a component of the Air Traffic Liabilities. Department of Transportation (“DOT”) regulations require that charter revenue receipts received prior to the date of transportation are maintained in a separate third-party escrow account and the restrictions are released once transportation is provided, which is typically within 12 months of booking.

SUN COUNTRY AIRLINES HOLDINGS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

Investments—Investments consist of certificates of deposit and are recorded at cost, plus accrued interest. The certificates of deposit serve as collateral for letters of credit required by various airports and other vendors. All of the certificates have original maturities greater than 90 days.

Accounts Receivable—Accounts receivable are recorded at the amount due from customers and do not bear interest. They consist primarily of amounts due from Amazon, credit card companies associated with ticket sales and charter service customers. The balances at December 31, 2020 and 2019 also included \$2,178 and \$5,862, respectively, due from aircraft lessors related to maintenance deposits. Accounts outstanding longer than the contractual payment terms are considered past due. SCA determines its allowances for credit losses by considering a number of factors, including the length of time accounts receivable are past due, SCA's previous loss history, the customer's current ability to pay its obligation to SCA, and the condition of the general economy and the industry as a whole. During the years ended December 31, 2020 and 2019, \$982 and \$343 in accounts receivable were written off, respectively. No accounts were written off during the periods from April 11, 2018 to December 31, 2018 or from January 1, 2018 to April 10, 2018.

Lessor Maintenance Deposits—SCA's aircraft lease agreements provide that SCA pay maintenance reserves monthly to aircraft lessors to be held as collateral in advance of major maintenance activities required to be performed by SCA. Maintenance reserve payments are variable based on actual flight hours or cycles. These lease agreements provide that maintenance reserves are reimbursable to SCA upon completion of the maintenance event in an amount equal to the lesser of (1) the amount of the maintenance reserve held by the lessor associated with the specific maintenance event or (2) the qualifying costs related to the specific maintenance event.

Maintenance reserve payments that are expected to be recoverable via reimbursable expenses are reflected as Lessor Maintenance Deposits on the accompanying Consolidated Balance Sheets. These deposits are expected to be reimbursed to SCA upon performance of maintenance activities. Upon completion of the maintenance event, the lessor is billed and the amount due is recorded in Account Receivable. Amounts not deemed probable of recovery are expensed as incurred.

At the Acquisition Date, the Company established a contra-asset to represent the Company's obligation to perform planned maintenance events on leased aircraft held as of the Acquisition Date. As reimbursable maintenance events are performed and maintenance expense is incurred, the contra-asset is recognized as a reduction to Maintenance expense.

The Company's lease agreements entered into subsequent to the Acquisition Date are structured to allow SCA to access and recover the unused maintenance reserve payments. As such, maintenance reserve payments related to these lease agreements are expected to be recovered in full and are reflected as Lessor Maintenance Deposits on the accompanying Consolidated Balance Sheets. Maintenance reserve payments related to seasonal aircraft are expensed when incurred.

Inventory—Parts related to flight equipment, which cannot be economically repaired, reconditioned or reused after removal from the aircraft, are carried at average cost and charged to operations as consumed. An allowance for obsolescence is provided over the remaining useful life of the related fleet for spare parts expected to be on hand at the date that aircraft type is retired from service. SCA also provides an allowance for parts identified as excess to reduce the carrying costs to the lower of cost or net realizable value. These parts are assumed to have an estimated residual value of 10% of the original cost. Depreciation Expense was \$481 and \$426 for the years ended December 31, 2020 and 2019, respectively and \$308 and \$92 for the period April 11, 2018 through December 31, 2018 and the period January 1, 2018 through April 10, 2018, respectively.

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Property & Equipment—Property and equipment are recorded at cost or fair value at the Acquisition Date and depreciated on a straight-line basis to an estimated residual value over their estimated useful lives or lease term, whichever is shorter, as follows:

Airframes	10-25 years (depending on age)
Engines—Core	7 or 12 years (based on remaining cycles)
Engines—Initial Greentime (time remaining until the first scheduled major maintenance event)	1st scheduled maintenance event
Leasehold Improvements, Aircraft, other	3-25 years (or life of lease, if shorter)
Office and Ground Equipment	5-7 years
Computer Hardware and Software	3-5 years
Property and Equipment under Finance Leases	3-25 years (or life of lease, if shorter)
Rotable Parts	6-16 years (average remaining life of aircraft fleet)

Modifications that enhance the operating performance or extend the useful lives of leased airframes are considered leasehold improvements and are capitalized and depreciated over the economic life of the asset or the term of the lease, whichever is shorter. Similar modifications made to owned aircraft are capitalized and depreciated consistent with the Company's policy.

The Company capitalizes certain internal and external costs associated with the acquisition and development of internal-use software for new products, and enhancements to existing products, that have reached the application development stage and meet recoverability tests. Capitalized costs include external direct costs of materials and services utilized in developing or obtaining internal-use software, and labor cost for employees who are directly associated with, and devote time, to internal-use software projects.

Finance leases are recorded at net present value of future minimum lease payments.

The Company depreciates Rotable Parts to an estimated residual value using the pooling life method. Depreciation under the pooling life method is calculated over the estimated average useful life of the related aircraft.

Evaluation of Long-Lived Assets—Long-lived assets, such as Property & Equipment and finite-lived Intangible Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized during the years ended December 31, 2020 or 2019 or for the periods April 11, 2018 to December 31, 2018 and January 1, 2018 to April 10, 2018. See Note 3 – Impact of the COVID-19 Pandemic.

Equity Incentive Plan—The Company recognizes all employee equity-based compensation as expense in the Consolidated Financial Statements over the requisite service period. The Company has elected to account for

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forfeitures as they occur, rather than forecasting the future forfeitures. See Note 11 for further information on the Equity Incentive Plan.

Stockholders' Equity—As of the Acquisition Date, the Company issued 282,009 shares of Common Stock with no par value. Also on the Acquisition Date, the Company issued 2,117,991 warrants to Apollo allowing them to acquire shares of Common Stock of the Company at the exercise price of \$0.01 per share. On January 31, 2020, all 2,117,991 outstanding Apollo warrants were exercised to purchase common stock of SCA Acquisition Holdings, LLC.

In conjunction with the issuance of 75,000 shares of Common Stock in 2018 to two stockholders, the Company issued, recourse promissory notes of \$3,500 which are included as Loans to Stockholders on the Consolidated Statements of Changes in Stockholders' Equity. In February of 2021, the promissory notes were repaid in full with equivalent shares of stock.

As of December 31, 2020, Amazon held 46,856 vested warrants to acquire common stock of the Company at an exercise price of \$286.46 per share.

Deferred Offering Costs—These consist of legal, accounting and other fees and costs relating to the Company's planned Initial Public Offering ("IPO"), and are capitalized and recorded in Other Current Assets on the Consolidated Balance Sheets. The deferred offering costs will be offset against the proceeds received upon the closing of the planned IPO. In the event that the Company's plans for an IPO are terminated, all of the deferred offering costs will be written off within operating expenses in the Company's Consolidated Statements of Operations. As of December 31, 2020 and 2019, respectively, \$4,552 and \$2,268 of deferred offering costs were capitalized.

Goodwill and Other Intangible Assets—Goodwill represents the excess purchase price over the estimated fair value of net assets acquired in a business combination. Indefinite-Lived Intangible Assets represents a tradename acquired in a business combination. Goodwill and Other Indefinite-Lived Intangible Assets must be tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Goodwill is tested at the reporting unit level. SCA has two reporting units: Passenger Services and Cargo Services. Cargo Services was identified as a separate reporting unit in the fourth quarter of 2020, when all 12 cargo aircraft were in service and SCA's Chief Operating Decision Maker began to regularly review financial information at the cargo operations level.

The value of Goodwill and Other Indefinite-lived Intangible Assets is assessed under either a qualitative or quantitative approach. Under a qualitative approach, SCA considers various market factors, including certain key assumptions, such as the market value of other airlines, fuel prices, the overall economy, passenger yields and changes to the regulatory environment. SCA analyzes these factors to determine if events and circumstances have affected the fair value of Goodwill and Other Indefinite-lived Intangible Assets. If it is determined that it is more likely than not that the asset may be impaired, the Company uses a quantitative approach to determine the reporting unit or intangible asset's fair value incorporating the key assumptions listed below. An impairment charge is recorded for the amount of carrying value that exceeds the determined fair value as of the testing date.

When the Company evaluates Goodwill for impairment using a quantitative approach, the Company estimates the fair value of the consolidated reporting unit by considering both comparable public company multiples (a market approach) and projected discounted future cash flows (an income approach). When the Company performs a quantitative impairment assessment of indefinite-lived intangible assets, fair value is estimated based

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on (1) recent market transactions, where available, (2) the royalty method for the Sun Country tradename (which assumes hypothetical royalties generated from using SCA's tradename) or (3) projected discounted future cash flows (an income approach).

The Company performed its most recent annual Goodwill and Other Indefinite-Lived Intangible Assets impairment analysis as of October 1, 2020 and did not recognize any impairment losses for the years ended December 31, 2020 or 2019 or for the periods April 11, 2018 to December 31, 2018 and January 1, 2018 to April 10, 2018. See Note 3—Impact of the COVID-19 Pandemic.

Long-term Debt—Debt finance costs are capitalized and amortized over the term of the respective agreement.

Revenue Recognition—Scheduled passenger service, charter service, and most ancillary revenues are recognized when the passenger flight occurs. Revenues exclude amounts collected on behalf of other parties including, transportation taxes.

The Company initially defers ticket sales as an air traffic liability and recognizes revenue when the passenger flight occurs. Unused non-refundable tickets expire at the date of scheduled travel and are recorded as revenue unless the customer notifies the Company in advance of such date that the customer will not travel. If notification is made, a travel credit is created for the face value less applicable change fees. Travel credits can be redeemed toward future travel for up to 12 months after the date of the original booking. A portion of travel credits will expire unused. The Company records an estimate for travel credits that will expire unused in passenger revenue. These estimates are based on historical experience of travel credit activity and consider other facts, such as recent program changes and modifications that could affect the ultimate usage patterns of tickets and travel credits. Due to inherent uncertainty of the current operating environment as a result of COVID-19, adjustments to these estimates could be material in the future.

Ancillary revenue for baggage fees, seat selection fees, and on-board sales is recognized when the associated flight occurs. Prior to adoption of the new revenue recognition model effective January 1, 2019, the Company recognized revenue for change fees as the transactions occurred. Under the new standard, revenue for change fees is deferred and recognized when the passenger travel is provided. Fees received in advance of the flight date are initially recorded as an air traffic liability.

Charter revenue is recognized at the time of departure when transportation is provided.

Cargo revenue is typically recognized based on hours flown, number of flights, and the amount of aircraft resources provided during a reporting period. Pursuant to ASC 606, Revenue from Contracts with Customers, the Amazon Agreement contains three performance obligations: Flight Services, Heavy Maintenance and Fuel. As Sun Country is the principal in providing Flight Services, revenue and related costs are recognized gross on the Statement of Operations. Sun Country acts as the agent in providing the Heavy Maintenance and Fuel performance obligations, which are reimbursed by Amazon based on the actual costs incurred. Consumption of aircraft fuel and heavy maintenance are recognized in revenue, net of the associated costs incurred to fulfill the performance obligations. The transaction price is allocated to the performance obligations based on their relative standalone selling price. The transaction price for flight services, which includes an upfront payment for startup costs, is reduced by the estimated value of warrants to be issued to Amazon based on expected performance under the Amazon Agreement.

Loyalty Program—The Company records a liability for points earned by passengers under its Sun Country Rewards program using two methods: (1) a liability for points that are earned by passengers on purchases of the

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Company's services is established by deferring revenue based on the redemption value net of breakage; and (2) a liability for points attributed to loyalty points issued to the Company's Visa card holders is established by deferring a portion of payments received from the Company's co-branded agreement. The Company's Sun Country Rewards program allows for the redemption of points to include payment towards air travel, land travel, taxes, and other ancillary purchases. The Company estimates breakage for loyalty points that are not likely to be redeemed. These estimates are based on historical experience of loyalty point redemption activity and consider other facts, such as program changes and modifications that could affect the ultimate usage pattern of loyalty points.

Co-branded Credit Card Program—Under the Company's co-branded credit card program, funds received for the marketing of a co-branded credit card and delivery of loyalty points are accounted for as a multiple-deliverable arrangement. At the inception of the arrangement, the Company evaluated all deliverables in the arrangement to determine whether they represent distinct performance obligations. The Company determined the arrangement has two distinct performance obligations: loyalty points to be awarded, and brand and marketing. Funds received are allocated based on relative standalone selling price. Revenue for the brand and marketing performance obligation is recognized as revenue when earned and recorded in Other Revenue. Consideration allocated to loyalty points is deferred and recognized as Passenger Revenue upon future redemption of the points.

Airframe and Engine Maintenance—For leased aircraft, the Company applies the expense as incurred method for maintenance events, where routine maintenance, airframe, and engine overhauls are charged to expense as incurred, except certain costs covered by third-party maintenance agreements, which are charged to expense based on an hourly fee, as defined by the contract.

The Company applies the Built-in Overhaul method for significant maintenance costs of owned airframe and engines. Under this method, the value of time remaining until the first scheduled major maintenance event ("greentime") is capitalized and amortized until that first major maintenance event, assuming no residual value. In addition, the value in excess of the greentime is capitalized and amortized over the useful life. These expenses are reported as a component of Depreciation and Amortization on the accompanying Consolidated Statements of Operations. The estimated period until the next scheduled major maintenance event is estimated based on assumptions including estimated cycles, hours, and months, required maintenance intervals, and the age/condition of related parts.

Certain SCA aircraft lease agreements contain provisions that require SCA to return aircraft to the lessor in a certain maintenance condition. A liability associated with returning leased aircraft is accrued when incurrence of lease return costs becomes probable. The amount of these costs typically can be estimated near the end of the lease term, after the aircraft has completed its last maintenance cycle prior to being returned.

Income Taxes—Deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce Deferred Tax Assets to the amount expected to be realized. All Deferred Tax Assets and Liabilities, along with any related valuation allowance, are classified as noncurrent on the Consolidated Balance Sheets. Interest and penalties on uncertain tax positions, to the extent they exist, are included in the Company's provision for income taxes. The provision for income taxes represents the current tax expense for the period and the change during the period in Deferred Tax Assets and Liabilities.

Concentration Risk—Approximately 41% of the Company's Accounts Receivable balance as of December 31, 2020 was due from Amazon. In addition, approximately 8% and 19% of the Company's Accounts Receivable

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balances as of December 31, 2020 and 2019, respectively, were from major financial institutions for tickets purchased via credit cards. One financial institution accounted for approximately 5% and 16% of the Company's Accounts Receivable balance as of December 31, 2020 and 2019, respectively.

Approximately 57%, 58% and 48% of the Company's fuel purchases were made from two vendors for the years ended December 31, 2020, 2019 and 2018, respectively.

Approximately 52% of the Company's workforce were under union contracts as of December 31, 2020 with three different unions: Air Line Pilots Association ("ALPA"), International Brotherhood of Teamsters ("IBT") and Transport Workers Union ("TWU"). Approximately 98% of the Company's union workforce are under contracts that have expired or will be expiring within a year.

The following table shows the Company's airline employee groups represented by unions:

<u>Employee Group</u>	<u>Number of Active Employees Represented</u>	<u>Union</u>	<u>Date on which Collective Bargaining Agreement Becomes Amendable</u>
Sun Country Pilots	395	ALPA	October 31, 2020
Sun Country Flight Attendants	466	IBT	December 31, 2019
Sun Country Dispatchers	22	TWU	November 30, 2024

Recently Adopted Accounting Standards

Revenue from Contracts with Customers—In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("New Revenue Standard") (Topic 606). This update is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted the standard using the modified retrospective method effective January 1, 2019.

The adoption of the New Revenue Standard impacts the Company's accounting for outstanding loyalty points earned through travel by SCA loyalty program members. There is no change in accounting for issuances of loyalty points to SCA's co-branded card partner as those are currently reported in accordance with the New Revenue Standard. Through December 31, 2018, the Company used the incremental cost method to account for the portion of the loyalty program liabilities related to points earned through travel, which were valued based on the estimated incremental cost of carrying one additional passenger. The New Revenue Standard required the Company to change to the deferred revenue method and apply a relative standalone selling price approach whereby a portion of each passenger ticket sale attributable to loyalty points earned is deferred and recognized in passenger revenue upon future redemption.

Upon adoption of the New Revenue Standard, the Company reclassified certain ancillary revenues from Other Revenue to Passenger Revenue. In addition, certain fees previously recognized when incurred by the customer are deferred and recognized as revenue when passenger travel is provided.

Upon adoption of the standard on January 1, 2019 the Company made an adjustment to reduce Retained Earnings by \$3,477.

Leases—In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) ("ASC 842"). Under the new guidance, lessees are required to recognize the following for all leases (with the exception of short-term leases) at

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the commencement date: (1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The Company elected to early adopt the standard effective January 1, 2019 using the modified retrospective adoption method.

Upon adoption of the standard on January 1, 2019 the Company recorded an Operating Lease Right-of-use ("ROU") Asset of \$178,577 (net of balance sheet reclassifications) and Operating Lease Liabilities of \$204,790 on the Consolidated Balance Sheet. This ROU Asset was net of \$27,004 reclassified from Over-market Liabilities and \$791 reclassified from Prepaid Rent.

Capitalized Software Costs—In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The update addresses when costs should be capitalized rather than expensed, the term to use when amortizing capitalized costs, and how to evaluate the unamortized portion of these capitalized implementation costs for impairment. The ASU also includes guidance on how to present implementation costs in the financial statements and creates additional disclosure requirements. ASU 2018-15 is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. The Company early adopted the requirements of ASU 2018-15 on January 1, 2019 using the prospective transition method. The adoption resulted in the capitalization of certain costs incurred in SCA's hosting arrangement of \$2,167 in 2019.

Non-employee Share-based Payment Accounting—In June 2018, the FASB issued ASU 2018-07 *Improvements to Non-employee Share-based Payment Accounting*. ASU 2018-07 expands the scope of ASC 718, *Compensation—Stock Compensation*, to share-based payments granted to non-employees for goods and services. Additionally, in November 2019, the FASB issued ASU 2019-08, *Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606)*, which requires entities to measure and classify share based payments to a customer, in accordance with the guidance in ASC 718. The Company has elected to early adopt these ASU's effective January 1, 2019. Warrants granted in 2019 under the Amazon Agreement are accounted for under the updated standards. The adoption of ASU 2018-07 did not have a material impact on the Company's Consolidated Financial Statements.

Changes to the Disclosure Requirements for Fair Value Measurement—In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update eliminates, adds, and modifies certain disclosure requirements for fair value measurements. The Company adopted the requirements of ASU 2018-13 prospectively on January 1, 2020. The adoption of ASU 2018-13 did not have a material impact on the Company's Consolidated Financial Statements.

Financial Instruments—Credit Losses—In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The update requires the use of an expected loss model on certain types of financial instruments and requires consideration of a broader range of reasonable and supportable information to calculate credit loss estimates. For trade receivables, loans and held-to-maturity debt securities, entities are required to estimate lifetime expected credit losses. This accounting standard was adopted prospectively on April 1, 2020, and it did not have a material impact on the Company's Consolidated Financial Statements.

Simplifying the Test for Goodwill Impairment—In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*. The new standard eliminates Step 2 from the goodwill impairment test. An

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entity should recognize a goodwill impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The standard was adopted and applied prospectively by the Company on April 1, 2020, and it did not have an impact on the Company's Consolidated Financial Statements.

Recently Issued Accounting Standards

Income Taxes—Simplifying the Accounting for Income Taxes—In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which removes certain exceptions related to the approach for intraperiod tax allocation, recognizing deferred tax liabilities for outside basis differences, and calculating income taxes in interim periods. The guidance also reduces complexity in certain areas, including franchise taxes that are partially based on income and accounting for tax law changes in interim periods. The standard was adopted prospectively effective January 1, 2021 and is not expected to have a material impact on the Company's Consolidated Financial Statements.

3. IMPACT OF THE COVID-19 PANDEMIC

In December 2019, a novel strain of COVID-19 was reported in Wuhan, China. COVID-19 has since spread to almost every country in the world, including the United States. On March 11, 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern" and the U.S. federal government declared COVID-19 a "National Emergency." All major U.S. passenger airlines were negatively impacted by the declining demand environment resulting from the COVID-19 pandemic. The U.S. Department of State has issued international travel advisories and restrictions and the U.S. federal government has also implemented enhanced screenings and quarantine requirements in connection with the outbreak. In addition, the U.S. Centers for Disease Control has issued travel advisories for domestic travel within the United States. Certain Latin American countries where the Company operates scheduled passenger service have also restricted travel to residents only. Accordingly, the Company experienced a decline in flight bookings and an increase in cancellations beginning in March 2020, as a result of the outbreak. In addition, the federal government has encouraged social distancing efforts and limits on gathering size. Many popular tourist destinations have been closed, or operations are being curtailed, reducing the demand for leisure air travel. Although flight bookings for the second half of 2020 improved compared to the first half of 2020, they remain significantly below the prior year.

The timing and pace of the recovery are uncertain as certain markets have reopened, some of which have since experienced a resurgence of COVID-19 cases, while others, particularly international markets, remain closed or are enforcing extended quarantines for most U.S. residents. Additionally, some states have instituted travel restrictions or advisories for travelers from other states. As of December 31, 2020, there were restrictions in several international countries that did not allow planes from the United States to travel to these countries. Federal, state, and local authorities have at various times instituted measures such as imposing self-quarantine requirements, issuing directives forcing businesses to temporarily close, restricting international air travel, and issuing shelter-in-place and similar orders limiting the movement of individuals. Additionally, certain businesses had restricted non-essential travel for their employees.

It is evident that passenger air traffic demand in the foreseeable future will continue to fluctuate in response to fluctuations in COVID-19 reported cases, hospitalizations, deaths, treatment efficacy and the availability of vaccines.

The Company's charter air transportation services have also been impacted due to a decline in international military charter service, the suspension or cancellation of major U.S. professional and college sports, and the

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voluntary or mandated closing of casinos. In addition, the Company has experienced increased competition for domestic charters as competitors are now offering charter services with otherwise grounded aircraft due to a decline in their passenger service.

In response to COVID-19 and the reduced consumer demand, the Company has significantly reduced planned capacity for scheduled and charter services.

As the COVID-19 pandemic continues to evolve, the Company's financial and operational outlook remains subject to change. Despite the pandemic's impact on the Company's passenger segment, the Company began providing air cargo service and generating cargo revenues under the Amazon Agreement in the second quarter of 2020 as planned.

Liquidity assessment as a result of COVID-19 impacts

At the onset of the pandemic, the Company identified measures to reduce its operating costs and improve its liquidity position and implemented a temporary reduction of scheduled departures, deferred non-essential capital projects, placed a hiring freeze, and negotiated the deferral of aircraft rent payments. Further, on October 8, 2020, the Company announced the elimination of certain management positions.

Based on the foregoing measures that the Company has taken to improve its liquidity position, along with the \$62,312 grant received from the United States Department of the Treasury under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), and the \$45.0 million CARES Act Loan both received in 2020 the Company currently believes that it has sufficient liquidity to meet its near-term obligations.

The extent of the impact of COVID-19 on the Company's financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and traveler sentiment. The impact of COVID-19 on overall demand for air travel is highly uncertain and cannot be predicted at the present time.

Impairment Consideration

The Company identified the impact of the COVID-19 pandemic on the Company's operation as an indicator of potential impairment of its long-lived assets, and, as a result, performed an impairment test on its long-lived assets during each quarter of 2020. No impairment charges were recorded during 2020.

Also during each quarter of 2020, the Company considered whether the projected financial impact of COVID-19 indicated that the fair value of goodwill and tradename asset may be lower than their carrying values. The Company's considerations included future operating cash flows, changes in the market capitalization of competitors within the airline industry, and changes in the regulatory environment. Based on the assessments performed, the Company concluded that the assets were recoverable, and no impairment charges were recorded during 2020.

CARES Act

On March 27, 2020, the CARES Act was passed by the U.S. Government. The provisions in the act provide for economic relief to eligible individuals and businesses affected by COVID-19. As a provider of scheduled passenger service, air cargo service, charter air transportation and related services, the Company is eligible for certain benefits outlined in the CARES Act including but not limited to payroll tax breaks, government grants and government loans.

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On April 15, 2020, the Company was informed by the United States Department of the Treasury that it would receive a grant of \$60,559 under the CARES Act Payroll Support Program. The Company received \$20,187 in April 2020, and \$10,093 in June, July, August and September 2020. In September 2020, the Company was awarded an additional CARES Act grant of \$1,753. The amount recognized under the CARES Act grant for the year ended December 31, 2020 was \$62,312, and is included within Special Items, net on the Consolidated Statements of Operations. Grant dollars were recognized as qualifying expenses were incurred from April 1, 2020 through September 30, 2020, up to the CARES Act grant amount.

In connection with the Payroll Support Program, the Company is required to comply with the relevant provisions of the CARES Act, including the requirement that the grant is used exclusively for the continued payment of employee salaries, wages, and benefits, and that the Company refrain from involuntary furloughs of employees or reducing pay rates or benefits through September 30, 2020. The Company must also comply with the provisions prohibiting the repurchase of common stock and the payment of common stock dividends until September 30, 2021, as well as those restricting the payment of certain executive compensation until March 24, 2022. Finally, until March 1, 2022, the Company is required to continue to provide air service to markets served prior to March 1, 2020, to the extent determined reasonable and practicable by the DOT subject to exemptions granted by the DOT to the Company. As of December 31, 2020 and through the date of this report, the Company believes it has complied with the provisions of the Payroll Support Program.

The CARES Act provides an employee retention credit (“CARES Employee Retention Credit”) which is a refundable tax credit against certain employment taxes of up to five thousand dollars per employee. The credit is equal to 50% of qualified wages paid to employees during a quarter, capped at ten thousand dollars of qualified annual wages through December 31, 2020. The Company qualified for the credit beginning on April 1, 2020. During the year ended December 31, 2020, the Company recorded \$2,328 related to the CARES Employee Retention Credit within Special Items, net on the Company’s Consolidated Statements of Operations.

The CARES Act also provides for the deferred payment of the employer portion of social security taxes through the end of 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. The amount deferred as of December 31, 2020 was \$4,138, of which \$2,069 is recorded in Accrued Salaries, Wages, and Benefits and \$2,069 is recorded in Other Long-term Liabilities on the Company’s Consolidated Balance Sheets.

Under the CARES Act Loan Program, the Company received a \$45,000 loan from the U.S. Department of the Treasury on October 26, 2020. See Note 9 —Debt.

On January 22, 2021, the Company was informed by the United States Department of the Treasury that it would receive a grant of \$32,208 under the Payroll Support Program Extension (PSP2) under the Consolidated Appropriations Act, 2021 (PSP Extension Law). The Company received \$16,104 on February 2, 2021, and anticipates receiving the remaining \$16,104 prior to the end of March 2021. All funds provided by the Treasury Department to PSP2 participants may only be used for the continuation of payment of employee salaries, wages, and benefits.

4. BUSINESS COMBINATION

On the Acquisition Date, SCA Acquisition Holdings, LLC acquired 100 percent of MN Airlines’ stockholder equity. The final purchase price, determined in accordance with the definitions and target amounts specified in the sale agreement, was \$187,775. The Company did not incur any material expenses related to the Acquisition prior to the Acquisition Date.

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The Acquisition was accounted for as a business combination using the purchase method of accounting, which requires, among other things, that assets acquired and liabilities assumed be recognized on the balance sheet at their fair value as of the Acquisition Date. The fair value of the assets acquired and liabilities assumed were determined using market, income and cost approaches, as described further below. This resulted in a new basis for the assets acquired and liabilities assumed of MN Airlines, LLC as of the Acquisition Date. The Company established a contra-asset after considering the fair value of Lessor Maintenance Reserve Deposits at the time of the sale and concluded that a market participant would not place any value on this asset, as they would need to incur maintenance expense on a dollar for dollar basis to obtain reimbursement from the lessor. The contra-asset represents the Successor's obligation to perform planned maintenance events on leased aircraft held as of the Acquisition Date. As reimbursable maintenance events are performed and maintenance expense is incurred, the contra-asset is recognized as a reduction to Maintenance expense.

Although the Successor continued with the same core operations after the Acquisition Date, the accompanying consolidated financial statements are presented for two 2018 periods: Successor, which relates to the 2018 period subsequent to the Acquisition Date, and Predecessor, relating to the period from January 1, 2018 through April 10, 2018. These separate periods are presented to reflect the new basis of accounting as of and subsequent to the Acquisition Date, and have been separated by a vertical line on the face of the Consolidated Financial Statements to highlight the fact that the financial information for such periods has been prepared under a different historical-cost basis of accounting. The Successor's Consolidated Financial Statements also reflect the funding and recapitalization of the Successor, which occurred at the Acquisition Date.

Successor—The accompanying Consolidated Financial Statements include the Successor's assets, liabilities, and stockholders' equity and the related income and expenses and cash flows. SCA Acquisition Holdings, LLC had no other operating activities since its formation other than the activities presented of its acquired wholly owned subsidiary, Sun Country, Inc., f/k/a MN Airlines, LLC.

Predecessor—The accompanying Predecessor Consolidated Financial Statements include the assets, liabilities, and equity and the related income and expenses and cash flows of Sun Country, Inc., f/k/a MN Airlines, LLC, which occurred prior to the Acquisition Date and are reported under its historical basis that existed prior to the Acquisition Date.

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Fair value of the assets acquired and the liabilities assumed as of the Acquisition Date are as follows:

Assets:	
Restricted Cash	\$ 8,308
Investments	3,810
Accounts Receivable	31,796
Inventory	5,295
Prepaid Expenses	7,617
Property and Equipment	38,511
Goodwill	222,223
Other Intangible Assets	104,000
Aircraft Lease Deposits	17,923
Deferred Tax Asset	49,634
Other Assets	1,071
Total Assets	490,188
Liabilities:	
Accounts Payable	50,016
Accrued Salaries, Wages, and Benefits	9,006
Accrued Transportation Taxes	12,237
Air Traffic Liabilities	72,235
Over-market Liabilities	108,017
Finance Lease Obligations	10,038
Loyalty Program Liabilities	37,165
Long-term Debt	941
Other Liabilities	2,758
Total Liabilities	302,413
Total Purchase Price	\$ 187,775

Property and Equipment—The Company acquired Property and Equipment which were valued based on a combination of the cost and market approaches. The cost approach was applied based on inflationary trends to historical costs, considering the age of the asset, its physical condition, operational status and economic utility. The market approach was applied based on market prices for similar assets. The useful lives assigned were based on their expected remaining useful lives consistent with the Company's capitalization policy.

Sun Country Airlines Tradename—The Company acquired an intangible asset of \$56,000 assigned to the Sun Country Airlines Tradename. Sun Country has operated under this name and brand since 1983, and has high brand recognition and brand loyalty, particularly in its home market of Minneapolis/St. Paul, MN. This intangible asset was valued using a discounted cash flow analysis based on the relief from royalty method, a variation of the income approach. The relief from royalty approach utilizes certain market information by reference to the amount of after-tax cash flows the Company could generate if the trade names were licensed in an arm's length transaction to a third party. Significant assumptions used in the discounted cash flow analysis include the projected revenue of the Company, the royalty rate, the discount rate and the terminal value. The Company expects to continue to use the brand and associated trademarks for the indefinite future.

Customer Relationships—The Company acquired an intangible asset of \$48,000 representing the fair value of its customer relationships arising from Sun Country's extensive charter business, including several large

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customers with long-term commitments for charter flights. This intangible asset was valued using the multi-period excess earnings method, a variation of the income approach, based on the present value of the expected incremental after-tax cash flows (or “excess earnings”) attributable to certain charter customer relationships. Significant assumptions used in the discounted cash flow analysis include the projected earnings of the customer relationships, customer retention rates and the discount rate. The customer relationship intangible asset has been assigned a useful life of 12 years and will be amortized on a straight-line basis over this life.

Goodwill—Goodwill, of which \$132,606 was tax deductible, represents the excess of the purchase price over the fair value of the underlying net assets acquired and largely results from expected growth and improved financial results for the Company as well as an assembled workforce, which does not qualify for separate recognition.

Deferred Tax Asset—The acquisition of MN Airlines, LLC was treated as an asset acquisition for U.S. federal income tax purposes in which, the Company generally received stepped-up tax basis in assets and liabilities acquired. As a result of fair value adjustments recorded in purchase accounting, the Company recorded a Deferred Tax Asset of \$49,634 related to Air Traffic and Loyalty Program Liabilities deferred revenue and Over-market Liabilities. The Deferred Tax Asset has been calculated based on the expected federal and state tax rates applicable to the Company.

Over-market Liabilities—The Company acquired liabilities related to its over-market lease rates and over-market maintenance reserve payments. Aircraft leases were evaluated using an income approach, based on the present value of the expected differential cash flows between the existing aircraft lease terms as compared to current market lease terms for similar aircraft and market participants. Significant assumptions used in the discounted cash flow analysis include the discount rate and the estimated market lease rates for similar aircraft based on terms commensurate with the Company’s credit rating. The Company recognized a liability of \$32,779 representing lease terms which are unfavorable compared with market terms of similar leases and will be amortized into earnings through a reduction of Aircraft Rent on a straight-line basis over the remaining life of each lease. With the adoption of ASC 842 the Company reclassified this liability to be included in the Operating Lease Right-of-use Assets.

As of the Acquisition Date, Sun Country’s existing leases include payments for maintenance reserves in addition to the stated aircraft lease payments. For a substantial portion of these maintenance reserve payments, the Company does not expect to be reimbursed by the lessor. The maintenance reserve payments were evaluated using an income approach, based on the expected differential cash flows between the existing contractual maintenance payments as compared to market terms for similar aircraft under current market assumptions. Significant assumptions used in the discounted cash flow analysis include the discount rate, expected aircraft utilization (impacting the nature and timing of maintenance events) and the estimated market terms for similar aircraft based on terms commensurate with the Company’s credit rating. These maintenance reserve payments were deemed unfavorable as a market participant would expect reimbursement based on more favorable terms, indicating that the balance expected not to be reimbursed is unfavorable to the Company. The Company recognized a liability of \$75,238 representing over-market maintenance reserve lease terms compared to market terms of similar leases and will amortize this liability into earnings as a reduction to Aircraft Rent on a straight-line basis over the remaining life of each lease.

Loyalty Program Liabilities—The Company acquired liabilities related to loyalty program obligations. These liabilities were adjusted to their fair value based on stated redemption rates as of the Acquisition Date, less estimated breakage.

SUN COUNTRY AIRLINES HOLDINGS, INC

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5. REVENUE

Sun Country is a certified air carrier generating Operating Revenues from Scheduled service, Charter service, Ancillary, Cargo and Other revenue. Scheduled service revenue mainly consists of base fares. Charter service revenue is primarily generated through service provided to the U.S. Department of Defense, collegiate and professional sports teams and casinos. Ancillary revenues consist of revenue earned from air travel-related services such as baggage fees, seat selection fees and on-board sales. Cargo consists of revenue earned from flying cargo aircraft under the Amazon Agreement. Other revenue consists primarily of revenue from services in connection with Sun Country Vacation products.

The significant categories comprising Operating Revenues are as follows:

	Successor			Predecessor
	Year Ended December 31,		For the Period April 11, 2018 to December 31, 2018	For the Period January 1, 2018 to April 10, 2018
	2020	2019		
Scheduled service	\$193,047	\$396,113	\$ 224,507	\$ 132,234
Charter service	98,130	174,562	111,317	40,663
Ancillary ⁽¹⁾	68,055	118,158	—	—
Passenger	359,232	688,833	335,824	172,897
Cargo	36,809	—	—	—
Ancillary ⁽¹⁾	—	—	41,065	15,670
Other	5,445	12,551	8,042	8,885
Total Operating Revenue	<u>\$401,486</u>	<u>\$701,384</u>	<u>\$ 384,931</u>	<u>\$ 197,452</u>

(1) The classification of Ancillary changed as a result of the adoption of ASC 606.

The Company attributes and measures its Operating Revenue by geographic region as defined by the DOT for airline reporting based upon the origin of each passenger and cargo flight segment.

The Company's operations are highly concentrated in the U.S. but include service to many international locations, primarily based on scheduled service to Latin America during the winter season and on military charter services.

Total Operating Revenue by geographic region are as follows:

	Successor			Predecessor
	Year Ended December 31,		For the Period April 11, 2018 to December 31, 2018	For the Period January 1, 2018 to April 10, 2018
	2020	2019		
Domestic	\$382,463	\$666,332	\$ 368,456	\$ 173,995
Latin America	18,515	33,716	15,628	23,003
Other	508	1,336	847	454
Total Operating Revenue	<u>\$401,486</u>	<u>\$701,384</u>	<u>\$ 384,931</u>	<u>\$ 197,452</u>

Contract Balances

The Company's contract assets primarily relate to costs incurred to get the 12 Amazon cargo aircraft ready for service. The balances are included in Other Current Assets and Other Assets on the Consolidated Balance Sheets. The amount expensed during 2020 was \$271 and is included in Maintenance expense.

SUN COUNTRY AIRLINES HOLDINGS, INC**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Dollars in thousands, except per share amounts)**

The Company's significant contract liabilities are comprised of 1) ticket sales for transportation that has not yet been provided (reported as Air Traffic Liabilities on the Consolidated Balance Sheets), 2) outstanding loyalty points that may be redeemed for future travel and other non-air travel awards (reported as Loyalty Program Liabilities on the Consolidated Balance Sheets) and 3) Amazon start-up cost payments received (reported within Other Liabilities on the Consolidated Balance Sheets).

Contract Assets and Liabilities are as follows:

	December 31,	
	2020	2019
Contract Assets		
Costs to fulfill contract with Amazon	\$ 3,614	\$ —
Air Traffic Liabilities	\$101,075	\$ 116,660
Loyalty Program Liabilities	22,069	22,892
Amazon Deferred Start-up Costs Payments Received	5,240	1,633
Total Contract Liabilities	<u>\$128,384</u>	<u>\$ 141,185</u>

The balance in the Air Traffic Liabilities fluctuates with seasonal travel patterns. Most tickets can be purchased no more than twelve months in advance, therefore any revenue associated with tickets sold for future travel will be recognized within that timeframe. For the year ended December 31, 2020, \$110,868 of revenue was recognized in Passenger Revenue that was included in the Air Traffic Liabilities as of December 31, 2019 and \$4,502 in cash refunded to customers, mainly due to COVID-19 related flight cancellations. Of the December 31, 2019 Air Traffic Liabilities remaining as of December 31, 2020, \$1,045 relates to COVID-19 extensions and \$245 relates to gift certificates.

As part of the Amazon Agreement executed in December 2019, Amazon paid the Company \$10,300 toward start-up costs, of which \$6,300 was received as of December 31, 2019 and the remainder was received in February 2020. Upon signing this agreement, Amazon received 33,469 fully vested warrants to purchase the Company's common stock, with a fair value of \$4,667. This fair value was assigned to a portion of the \$10,300 cash received from Amazon and the remaining \$5,633 is being amortized into Cargo revenue on a pro-rata basis over the initial six years of the Amazon Agreement. For the year ended December 31, 2020, \$393 has been amortized into Cargo revenue.

Loyalty Program

The Sun Country Rewards program provides loyalty awards to program members based on accumulated loyalty points. Loyalty points are earned as a result of travel and purchases using the Company's co-branded credit card. The balance of the Loyalty Program Liabilities fluctuates based on seasonal patterns, which impact the volume of loyalty points awarded through travel or issued to co-branded credit card and other partners (deferral of revenue) and loyalty points redeemed (recognition of revenue).

SUN COUNTRY AIRLINES HOLDINGS, INC

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Changes in the Loyalty Program Liabilities are as follows:

	<u>2020</u>	<u>2019</u>
Balance—December 31, 2018		\$ 23,950
ASC 606 adoption adjustment (January 1, 2019)		4,867
Balance—January 1	\$22,892	\$ 28,817
Loyalty Points Earned	4,015	6,483
Loyalty Points Redeemed ⁽¹⁾	(4,838)	(12,408)
Balance—December 31	<u>\$22,069</u>	<u>\$ 22,892</u>

(1) Principally relates to revenue recognized from the redemption of loyalty points for both air and non-air travel awards. Loyalty points are combined in one homogenous pool and are not separately identifiable. As such, the redemptions are comprised of points that were part of the Loyalty Program Liabilities balance at the beginning of the period, as well as loyalty points that were earned during the period.

The timing of loyalty point redemptions can vary significantly, however most new points, that are not left to expire, are redeemed within two years. Given the inherent uncertainty of the current operating environment due to COVID-19, the Company will continue to monitor redemption patterns and will adjust estimates in the future, which could be material.

6. EARNINGS PER SHARE

Basic earnings per share, which excludes dilution, is computed by dividing Net Income available to common stockholders by the weighted average number of common shares outstanding for the period.

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. The number of incremental shares from the assumed issuance of shares relating to share based awards is calculated by applying the treasury stock method.

The following table shows the computation of basic and diluted earnings per share:

	<u>Successor</u>			<u>Predecessor</u>
	<u>Year Ended December 31,</u>		<u>For the Period</u>	<u>For the Period</u>
	<u>2020</u>	<u>2019</u>	<u>April 11, 2018 to</u>	<u>January 1, 2018 to</u>
			<u>December 31, 2018</u>	<u>April 10, 2018</u>
Numerator:				
Net Income / (Loss)	\$ (3,904)	\$ 46,072	\$ (367)	\$ 25,910
Denominator (Shares in thousands):				
Weighted Average Common Shares Outstanding—Basic	2,478	2,476	2,472	100,000
Dilutive effect of Stock Options and Warrants ⁽¹⁾	—	60	—	—
Weighted Average Common Shares Outstanding—Diluted	2,478	2,536	2,472	100,000
Basic earnings / (loss) per share	\$ (1.58)	\$ 18.61	\$ (0.15)	\$ 0.26
Diluted earnings / (loss) per share	\$ (1.58)	\$ 18.17	\$ (0.15)	\$ 0.26

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- (1) There were 189,388, 185,453 and 189,740 performance-based stock options outstanding as of December 31, 2020, 2019 and 2018, respectively, that were excluded from the calculation of diluted EPS. Additionally, in loss periods, the inclusion of unvested options would have an anti-dilutive effect.

Prior to their exercise on January 31, 2020, all 2,117,991 warrants held by Apollo were included in basic and diluted weighted average shares outstanding as they were equity classified, had an exercise price of \$0.01, and all necessary conditions for issuance were met.

Warrants held by Amazon are included in diluted weighted average shares outstanding as of the date the warrants vested. The unvested warrants held by Amazon have not been included in diluted shares as their performance condition had not yet been satisfied.

7. PROPERTY & EQUIPMENT

During the year ended December 31, 2020, the Company purchased nine aircraft and a spare engine. See Note 10 for further information on leased aircraft.

Aircraft Fleet

The following tables summarize the Company's aircraft fleet activity for the years ended December 31, 2020 and 2019, respectively:

	<u>December 31, 2019</u>	<u>Additions</u>	<u>Removals</u>	<u>December 31, 2020</u>
Passenger:				
Owned	5	9	—	14
Finance leases	10	—	(5)	5
Operating leases	14	—	(2)	12
Seasonal leases	2	—	(2)	—
Sun Country Airlines' Fleet	<u>31</u>	<u>9</u>	<u>(9)</u>	<u>31</u>
Cargo Aircraft Operated for Amazon	<u>—</u>	<u>12</u>	<u>—</u>	<u>12</u>
Total Aircraft Operated	<u><u>31</u></u>	<u><u>21</u></u>	<u><u>(9)</u></u>	<u><u>43</u></u>

The nine passenger aircraft purchased during the year ended December 31, 2020 were financed through equipment trust certificates (see Note 9). Two of these aircraft were previously under operating leases, five were previously under finance leases, and the other two aircraft were new to the Company's fleet.

In addition to the nine purchases discussed above, the Company refinanced three previously owned aircraft in January 2020 utilizing equipment trust certificates (see Note 9).

The 12 cargo aircraft added during 2020 relate to the Amazon Agreement (see Note 1).

	<u>December 31, 2018</u>	<u>Additions</u>	<u>Removals</u>	<u>December 31, 2019</u>
Owned	3	2	—	5
Finance leases	5	5	—	10
Operating leases	19	—	(5)	14
Seasonal leases	3	2	(3)	2
Sun Country Airlines' Fleet	<u>30</u>	<u>9</u>	<u>(8)</u>	<u>31</u>

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In December 2019, the Company purchased its first aircraft utilizing equipment trust certificates. The Company purchased one of its aircraft previously under an operating lease agreement in February 2019. In addition, the Company entered into a new finance lease for an aircraft in each of March, April, May and December 2019. Also, in December 2019, the Company amended an operating lease, which converted it to a finance lease. Lastly, one of the Company's operating leases expired in August 2019 and two in December 2019.

The Accumulated Depreciation on owned assets was \$52,048 and \$21,030 as of December 31, 2020 and 2019, respectively. Depreciation expense was \$31,657 and \$17,347 for the years ended December 31, 2020 and 2019, respectively, and was \$6,731 and \$2,315 for the period from April 11, 2018 through December 31, 2018 and the period January 1, 2018 through April 10, 2018, respectively.

The Accumulated Amortization on Finance Lease Assets was \$13,018 and \$6,698 as of December 31, 2020 and 2019, respectively. Amortization Expense was \$11,948 and \$13,104 for the years ended December 31, 2020 and 2019, respectively, and was \$4,476 and \$119 for the period from April 11, 2018 through December 31, 2018 and the period January 1, 2018 through April 10, 2018, respectively.

Depreciation expense on Owned Assets and amortization expense on Finance Lease Assets are classified in Depreciation and Amortization on the Consolidated Statements of Operations.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Components of Goodwill and Other Intangible Assets were as follows:

	December 31, 2020		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>
Goodwill	\$ 222,223	\$ —	\$ 222,223
Intangible Assets with Finite Lives:			
Customer Relationships	48,000	(10,890)	37,110
Intangible Assets with Indefinite Lives:			
Tradename	56,000	—	56,000
Total Other Intangible Assets	<u>104,000</u>	<u>(10,890)</u>	<u>93,110</u>
Total Goodwill and Other Intangible Assets	<u>\$ 326,223</u>	<u>\$ (10,890)</u>	<u>\$ 315,333</u>

	December 31, 2019		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>
Goodwill	\$ 222,223	\$ —	\$ 222,223
Intangible Assets with Finite Lives:			
Customer Relationships	48,000	(6,890)	41,110
Intangible Assets with Indefinite Lives:			
Tradename	56,000	—	56,000
Total Other Intangible Assets	<u>104,000</u>	<u>(6,890)</u>	<u>97,110</u>
Total Goodwill and Other Intangible Assets	<u>\$ 326,223</u>	<u>\$ (6,890)</u>	<u>\$ 319,333</u>

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Finite-Lived Intangible Assets are amortized over an estimated useful life based on several factors, including the effects of demand, competition, contractual relationship and other business factors. The Company concluded that the Customer Relationships Finite-Lived Intangible Assets has an estimated life of 12 years and is being amortized over this period on a straight-line basis.

SCA recognized \$4,000 of amortization expense on intangible assets with finite-lives during each of the years ended December 31, 2020 and 2019. For the period April 11, 2018 to December 31, 2018, SCA recognized \$2,890 of amortization expense. Amortization is classified in Depreciation and Amortization on the Consolidated Statements of Operations. As of December 31, 2020, estimated annual amortization expense for each of the next five fiscal years is \$4,000 and \$17,110 thereafter.

9. DEBT

Lines of Credit—In 2018, the Company entered into a revolving credit agreement with a financial institution which provides available credit based upon defined thresholds to a maximum amount of \$20,000. On May 15, 2020, the revolving credit agreement maturity date was extended by one year to April 11, 2022 and the maximum credit amount was increased from \$20,000 to \$25,000. Available credit under this agreement as of December 31, 2020 and 2019 was \$25,000 and \$19,650, respectively, since 2020 had no outstanding letters of credit and the 2019 available credit was reduced due to outstanding letters of credit. Outstanding balances bear interest at the greatest of a) the Prime Rate or b) the Federal Funds Effective Rate plus 0.5% or c) the Adjusted London Interbank Offered Rate for an interest period of one-month plus 1.00%. SCA pays a 0.5% commitment fee on the average daily unused balance. The revolving credit agreement is secured by certain assets of SCA and contains a financial covenant and guarantees. SCA was in compliance with the covenant as of December 31, 2020 and 2019. As of December 31, 2020 and 2019, there were no outstanding balances on the revolving credit agreement.

On February 10, 2021, the Company executed a new five-year credit agreement with a group of lenders that replaces the Company's May 15, 2020 \$25,000 revolving credit agreement. The new agreement provides for a \$25,000 Revolving Credit Facility and a \$90,000 Delayed Draw Term Loan Facility, which are collectively referred to as the "Credit Facilities." The interest rate on borrowings is based on the greatest of various alternative base rates, with a minimum of 2%, plus an applicable margin of 4% to 5%. There is a commitment fee on the unused Revolving Credit Facility of 0.5%. The proceeds from the Revolving Credit Facility can be used for general corporate purposes. The proceeds from Delayed Draw Term Loans are to be used solely to finance the acquisition of aircraft or engines to be registered in the U.S. The Credit Facilities have financial covenants that require a minimum EBITDAR (ranging from \$62,100 to \$87,700) and a minimum liquidity of \$30,000 at the close of any business day.

Long-term Debt—In December 2019, the Company arranged for the issuance of Class A, Class B and Class C pass-through trust certificates Series 2019-1 (the "2019-1 EETC"), in an aggregate face amount of \$248,587 (the "Certificates") for the purpose of financing or refinancing 13 used aircraft. To facilitate the arrangement, the Company created three pass-through trusts that will sell the Certificates to institutional investors. The proceeds from the sale of Certificates are held in escrow until such time that the Company provides the trust with an aircraft financing closing notice, which will cause the trusts to use the proceeds from the sale of Certificates to purchase equipment notes from the Company. The equipment notes are secured by the aircraft. Debt issuance costs of \$2,988 were incurred in 2019 related to this financing and is being amortized into interest expense over the lives of the Certificates.

In December of 2019, the Company purchased one aircraft under the 2019-1 EETC. In the first quarter of 2020, under the 2019-1 EETC, SCA purchased two additional aircraft, purchased one previously under operating lease, and refinanced three aircraft previously owned and financed. The purchase of the remaining six aircraft

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previously under operating or finance leases occurred in the second quarter of 2020. The total appraised value of the 13 aircraft is approximately \$292,450. The Certificates bear interest at the following rates per annum: Class A, 4.13% relating to a tranche of seven of the financed aircraft and 4.25% relating to a tranche of six of the financed aircraft; Class B, 4.66% relating to a tranche of seven of the financed aircraft and 4.78% related to a tranche of six of the financed aircraft; and Class C, 6.95%. The expected maturity date of Class A is December 15, 2027, the Class B is December 15, 2025 and the Class C is December 15, 2023.

These trusts meet the definition of a variable interest entity (“VIE”) and must be considered for consolidation in the Company’s Consolidated Financial Statements. This assessment considers both quantitative and qualitative factors including the purpose for which these trusts were established and the nature of the risks. The main purpose of the trust structure is to enhance the credit worthiness of the debt obligation and lower the total borrowing cost. The Company concluded that it is not the primary beneficiary in these trusts because the Company’s involvement is limited to principal and interest payments on the related notes. Therefore, these trusts have not been consolidated in the Company’s Consolidated Financial Statements.

Under the CARES Act Loan Program, on October 26, 2020, the Company was awarded a forty-five million dollar loan, which is secured by SCA’s loyalty program and certain cash deposit accounts. The loan bears interest at a rate per annum equal to the Adjusted LIBO Rate plus 6.50% and is due to be repaid on the earlier of (i) October 24, 2025 or (ii) six months prior to the expiration date of any material loyalty program securing the loan. During the term of the loan, the Company must maintain aggregate liquidity of not less than ten million dollars, measured at the close of every business day. There are also provisions that may accelerate payments under the loan if certain collateral and debt service coverage ratios are not met. Additionally, because of the timing of the expiration of the Company’s loyalty program agreement, early loan repayments shall be made based on cash flows from the loyalty program, beginning approximately January 2023. The loan program allows for the Payment-In-Kind (“PIK”) of certain interest amounts throughout the debt term. The Company elected to PIK \$419 of accrued interest in the fourth quarter of 2020 and it was added to the principal balance.

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Long-term Debt included the following:

	December 31, 2020	December 31, 2019
Notes payable under the Company's 2019-1 EETC agreement dated December 2019, with original loan amounts of \$248,587 payable in bi-annual installments through December 2027. These notes bear interest at an annual rate of between 4.13% and 6.95% and are secured by the equipment for which the loan was used.	\$ 227,347	\$ 28,280
U. S. Department of the Treasury CARES Act Loan (see terms and conditions above)	45,419	—
Notes payable to Wilmington Trust Company dated October and November 2018, with original loan amounts totaling \$55,671 payable in monthly installments through November 2023. These notes bore interest at an annual rate of 8.45%. They were refinanced in January 2020 through 2019-1 EETC notes.	—	46,617
Note payable to Wilmington Trust Company dated February 2019, with an original loan amount of \$12,750 payable in monthly installments of \$151 through January 2024, and then final lump sum payment of \$2,825 in February 2024. This note bears interest at an annual rate of 8.45% and is secured by the equipment for which the loan was used.	9,813	11,237
Note payable to Wilmington Trust Company dated November 2018, with an original loan amount of \$3,671 payable in monthly installments of \$44 through October 2023, and then final lump sum payment of \$1,101 in November 2023. This note bears interest at an annual rate of 8.45% and is secured by the equipment for which the loan was used.	2,693	3,105
Note payable to Alliance Bank dated February 2019, with an original loan amount of \$600 payable in monthly installments of \$5 through March 2029. This note bears interest at an annual rate of 5.0%.	519	569
Notes payable to Riverland Bank dated between April 2015 and May 2016, with original loan amounts totaling \$734 payable in monthly installments with expirations between April 2020 and April 2021. The notes bear interest at an annual rate of 5.15% and are secured by the equipment for which the loan was used.	10	97
Total Debt	<u>285,801</u>	<u>89,905</u>
Less: Unamortized debt issuance costs	(3,338)	(2,988)
Less: Current Maturities of Long-term Debt	(26,118)	(13,197)
Total Long-term Debt	<u>\$ 256,345</u>	<u>\$ 73,720</u>

SUN COUNTRY AIRLINES HOLDINGS, INC**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Dollars in thousands, except per share amounts)**

Future maturities of the outstanding Debt are as follows:

Year Ending December 31	Debt Principal Payments	Amortization of Debt Issuance Costs	Net Debt
2021	\$ 26,928	\$ (810)	\$ 26,118
2022	28,846	(752)	28,094
2023	43,819	(678)	43,141
2024	67,659	(554)	67,105
2025	64,810	(342)	64,468
Thereafter	53,739	(202)	53,537
Total	\$ 285,801	\$ (3,338)	\$282,463

The table below presents the Company's debt measured at fair value:

	December 31, 2020	December 31, 2019
Carrying Amount	\$ 285,801	\$ 89,905
Fair Value	\$ 279,119	\$ 96,342

The fair value of the Company's debt was based on the discounted amount of future cash flows using the Company's end-of-year incremental borrowing rate for similar obligations. The estimates were primarily based on Level 3 inputs.

10. LEASES

The Company adopted ASC 842 using the modified retrospective transition approach with an effective date of January 1, 2019. The Company elected the package of practical expedients, which allows the Company to carryforward the historical assessment of the following: (1) whether the Company's contracts are or contain leases, (2) lease classification, and (3) initial direct costs. The Company also elected to combine lease and non-lease components. Leases with an initial term of 12 months or less will be recognized in the Consolidated Statements of Operations on a straight-line basis over the lease term. These leases primarily relate to seasonal aircraft rentals.

The Company classifies its Operating Leases into three categories: Aircraft, Real Estate, and Other. Aircraft leases consist of aircrafts and aircraft equipment under operating lease agreements. As of December 31, 2020, the Company had 17 leases for aircraft, of which five were under finance leases and 12 were Right-of-use operating leases. Real Estate leases consist of leased hangar and administration facilities and Other leases consist of non-aircraft equipment under operating lease agreements. Real Estate and Other leases have initial terms of up to ten years.

Our fleet of 12 freighters is subleased directly from Amazon and we operate them pursuant to the Air Transportation Services Agreement ("ATSA"). Based upon review of the ATSA, the sublease arrangement does not qualify as a lease under ASC 842, Leases, because we do not control the use of the aircraft. As such, no right-of-use asset and lease liability is recognized in our financial statements for the Amazon arrangement.

SUN COUNTRY AIRLINES HOLDINGS, INC**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Dollars in thousands, except per share amounts)**

The Company also has various airport terminal agreements which include provisions for variable lease payments which are based on several factors, including, but not limited to, number of carriers, enplaned passengers, and airports' annual operating budgets. Due to the variable nature of the rates, these leases are not recorded on the Company's Consolidated Balance Sheets as a right-of-use asset and lease liability.

The following table summarizes the lease-related assets and liabilities recorded on the Company's Consolidated Balance Sheets:

	Classification	December 31, 2020	December 31, 2019
Assets			
Finance lease assets, net	Property and Equipment, net	\$ 104,815	\$ 194,328
Operating lease assets	Operating Lease Right-of-use Assets	121,269	147,148
Total lease assets		<u>\$ 226,084</u>	<u>\$ 341,476</u>
Liabilities			
Current:			
Finance lease liabilities	Short-term Finance Lease Obligations	\$ 11,460	\$ 92,318
Operating lease liabilities	Short-term Operating Lease Obligations	34,492	30,611
Long-term:			
Finance lease liabilities	Long-term Finance Lease Obligations	95,710	105,037
Operating lease liabilities	Long-term Operating Lease Obligations	112,707	141,879
Total lease liabilities		<u>\$ 254,369</u>	<u>\$ 369,845</u>

The Company uses the rate implicit in the lease to discount lease payments to present value, however, the leases generally do not provide a readily determinable implicit rate. Therefore, the Company estimates the incremental borrowing rate to discount lease payments based on information available initially at adoption and at lease commencement going forward, taking into consideration recent debt issuances as well as publicly available data for instruments with similar characteristics.

The Company's lease agreements do not contain any residual value guarantees. SCA reviewed its operating leases for extension options that may be reasonably certain to be exercised and then would become part of the right-of-use assets and lease liabilities. As of December 31, 2020, the Company did not have any material operating leases with extension or termination options which are reasonably certain to be exercised.

During the year ended December 31, 2020 the Company negotiated rent payment deferrals with a majority of its aircraft lessors. The amount deferred as of December 31, 2020 was \$7,569, consisting of \$2,133 under finance leases and \$5,436 under operating leases. These deferrals are classified within the current portion of the respective lease liabilities on the Consolidated Balance Sheet.

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The following table provides details of the Company's obligations under finance and operating leases as of December 31, 2020:

	Finance Leases	Operating Leases			Total
		Aircraft	Real Estate	Other	
2021	\$ 17,572	\$ 38,076	\$ 2,218	\$ 1,675	\$ 41,969
2022	15,460	32,842	1,962	1,561	36,365
2023	15,460	32,592	1,466	659	34,717
2024	25,177	24,476	1,466	—	25,942
2025	12,489	9,630	1,466	—	11,096
Thereafter	52,949	8,222	5,071	—	13,293
Total Minimum Lease Payments	139,107	145,838	13,649	3,895	163,382
Less: Amount Representing Interest	(31,937)	(18,034)	(2,662)	(265)	(20,961)
Present Value of Minimum Lease Payments	107,170	127,804	10,987	3,630	142,421
Plus: Tenant Improvements	—	—	4,778	—	4,778
Less: Short-term Obligations	(11,460)	(30,880)	(2,105)	(1,507)	(34,492)
Long-term Lease Obligations	\$ 95,710	\$ 96,924	\$ 13,660	\$ 2,123	\$ 112,707

The following table presents lease costs related to the Company's Finance and Operating Leases:

Classification	Successor			Predecessor For the Period January 1, 2018 to April 10, 2018	
	Year Ended December 31,		For the Period April 11, 2018 to December 31, 2018		
	2020	2019			
Finance lease cost					
Amortization of leased assets	Depreciation and Amortization	\$11,948	\$13,104	\$ 4,475	\$ 119
Interest on lease liabilities	Interest Expense	8,659	10,741	4,754	293
Operating lease cost					
Included in ROU asset—Aircraft	Aircraft Rent ⁽¹⁾	30,717	40,043	33,315	16,177
Included in ROU asset—Other	Ground Handling, Landing Fees and Airport Rent & Other Operating	4,872	5,415	3,832	1,648
Short-term	Aircraft Rent	1,813	5,345	2,622	6,148
Variable—Aircraft	Aircraft Rent ⁽¹⁾	(1,541)	4,520	894	6,004
Variable—Other	Landing Fees & Airport Rentals	1,049	1,345	702	440
Total Lease cost		\$57,517	\$80,513	\$ 50,594	\$ 30,829

(1) The years ended December 31, 2020 and 2019, include credits of \$14,110 and \$20,386, respectively, for the amortization of Over-market Liabilities established at the Acquisition Date. For the 2018 Successor and Predecessor periods, the credits were \$17,275 and none, respectively.

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The following table presents Supplemental cash flow information related to leases, included in the Consolidated Statements of Cash Flows:

	For the Year Ended December 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating Cash Flows for Operating Leases	\$ 34,576	\$ 50,081
Operating Cash Flows for Finance Leases	\$ 8,659	\$ 10,741
Financing Cash Flows for Finance Leases	\$ 89,697	\$ 8,258

The table below presents lease-related terms and discount rates related to the Company's Finance and Operating Leases:

	December 31, 2020	December 31, 2019
Weighted-average remaining lease term		
Operating Leases	4.8 years	6.0 years
Finance Leases	8.6 years	6.0 years
Weighted-average discount rates		
Operating Leases	6.0%	5.8%
Finance Leases	6.1%	6.0%

During the years ended December 31, 2020 and 2019, the Company expensed \$8,691 and \$18,584 of maintenance reserve payments, respectively. The Company expensed \$12,781 and \$6,003 of maintenance reserve payments during the period April 11, 2018 to December 31, 2018 and from January 1, 2018 to April 10, 2018, respectively. These expenses are reflected in Aircraft Rent on the accompanying Consolidated Statements of Operations.

At the Acquisition Date, the Company established a contra-asset to represent the Company's obligation to perform planned maintenance events on leased aircraft held as of the Acquisition Date. As of December 31, 2020 and 2019, the remaining balance of the contra-asset was \$36,729 and \$43,844, respectively. Of the \$7,115 reduction in the contra-asset during 2020, \$5,624 related to the purchase of two aircrafts previously leased. For the years ended December 31, 2020 and 2019, the Company recognized \$1,402 and \$12,263, respectively, of the contra-asset as a reduction to Maintenance expense on the accompanying Consolidated Statements of Operations. For the period of April 11, 2018 to December 31, 2018, the Company recognized \$6,516 as a reduction to Maintenance expense.

11. STOCK-BASED COMPENSATION

In October of 2018, the Company adopted an equity incentive plan (the "Plan") pursuant to which the Company may grant stock options, restricted stock, and restricted stock units to employees, consultants, and non-employee directors. Shares related to awards granted under the Plan that expire, are forfeited, or for any other reason are not issued or delivered will be available for subsequent awards under the Plan. The Plan authorizes issuance of up to 369,828 shares. As of December 31, 2020, there were 52,327 shares available for future grants.

On November 7, 2018, the Company granted 308,520 stock options to certain employees, with 38.5% (118,780) of the options vesting upon the passage of time, and 61.5% (189,740) of the options vesting based on

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performance conditions. Additional stock options were awarded in 2019 and 2020 with the same time-vesting and performance ratios (see tables below). The 2018 time-based options vest proportionally (25% per year) on each of the first four anniversaries of the Acquisition Date. The 2019 and 2020 time-based options vest proportionally (25% per year) on each of the first four anniversaries of the grant date. The performance-based options vest when there is a Change in Control. All unexercised options awarded under the Plan expire on the tenth anniversary of the grant date. The stock option exercise prices range from \$100.00 to \$340.36 per share.

Compensation expense related to time-based stock options is recognized in an amount equal to the fair value on the date of the grant and is recognized on a straight-line basis over the employee's requisite service period, generally the vesting period of the award. Compensation expense related to performance-based stock options is recognized only if the performance condition becomes probable of occurring.

A summary of stock option activity:

	Number of shares	Weighted average exercise price per share	Weighted average grant date fair value	Weighted average remaining contractual term (years)
Outstanding as of December 31, 2018	118,780	\$ 100.00	\$ 45.12	9.8
Granted	25,002	149.83	59.35	
Forfeited	(23,005)	100.00	45.12	
Outstanding as of December 31, 2019	120,777	\$ 110.31	\$ 48.07	9.0
Granted	11,750	339.78	132.52	
Forfeited	(9,200)	276.78	107.58	
Outstanding as of December 31, 2020	123,327	\$ 120.11	\$ 51.76	7.6
Exercisable as of December 31, 2020	55,805	\$ 106.60	\$ 47.21	
Vested or expected to vest, December 31, 2020	123,327	\$ 120.11	\$ 51.76	

Performance-Based Stock Options				
	Number of shares	Weighted average exercise price per share	Weighted average grant date fair value	Weighted average remaining contractual term (years)
Outstanding as of December 31, 2018	189,740	\$ 100.00	\$ 28.28	9.8
Granted	39,539	150.33	37.91	
Forfeited	(43,826)	100.00	28.28	
Outstanding as of December 31, 2019	185,453	\$ 110.73	\$ 30.33	9.0
Granted	18,370	339.78	82.33	
Forfeited	(14,435)	276.78	67.78	
Outstanding as of December 31, 2020	189,388	\$ 120.44	\$ 32.58	7.6
Exercisable as of December 31, 2020	—	\$ —	\$ —	
Vested or expected to vest, December 31, 2020	—	\$ —	\$ —	

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Stock compensation expense was \$2,110 and \$1,888 during the years ended December 31, 2020 and 2019, respectively, and was \$373 during the period April 11, 2018 through December 31, 2018. Expense recorded in 2020 includes 1,633 shares of SCA's common stock which was awarded to employees as part of their annual bonus compensation. As of December 31, 2020, there was \$2,760 of total unrecognized compensation expense related to time-based stock options, which is expected to be fully recognized over a weighted average period of approximately 1.5 years.

A third-party valuation advisor was utilized to assist management in determining the fair value of options granted using the Black-Scholes option-pricing model based on the grant price and assumptions regarding the expected term, expected volatility, dividends, and risk-free interest rates. The grant price was determined based on the fair value of the Company's stock on the grant date.

The fair value of the time-based stock options granted was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants:

	<u>2020</u>	<u>2019</u>
Expected Term	5.59 years	5.67 years
Expected Volatility	38.8%	33.9%
Risk-free Interest Rate	1.7%	1.7%
Expected Dividend Yield	—	—

The expected term was based on vesting criteria and time to expiration. The expected volatility was based on historical volatility of stock prices and assets of a public company peer group. The risk-free interest rate was based on the implied risk-free rate using the expected term and yields of U.S Treasury stock and S&P bond yields.

The fair value of performance-based stock options granted was estimated by simulating the future stock price using geometric brownian motion and risk-free rate of return at intervals specified in the grant agreement. The number of shares vested and future price at each interval were recorded for each simulation and then multiplied together and discounted to present value at the risk-free rate of return.

12. FUEL DERIVATIVES AND RISK MANAGEMENT

The Company's operations are inherently dependent upon the price of aircraft fuel. To manage economic risks associated with fluctuations in aircraft fuel prices, the Company periodically enters into fuel option and swap contracts. The Company does not apply hedge accounting to its fuel derivative contracts, nor does it hold or issue them for trading purposes.

Fuel derivative contracts are recognized at fair value on the Consolidated Balance Sheets as Derivative Assets, if the fair value is in an asset position, or as Derivative Liabilities, if the fair value is in a liability position. The Company did not have any collateral held by counterparties to these agreements as of December 31, 2020 and 2019. Derivatives where the payment due date is greater than one year from the balance sheet date are classified as long-term.

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Changes in Derivative Assets (Liabilities) were as follows:

	<u>Year Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Balance—January 1	\$ 2,233	\$ (12,006)
Non-cash gains (losses)	(12,206)	10,791
Contract settlements	8,800	3,448
Balance—December 31	<u>\$ (1,173)</u>	<u>\$ 2,233</u>

Fuel Derivative Gains (Losses) consisted of the following:

	<u>Year Ended December 31,</u>		<u>For the Period</u>
	<u>2020</u>	<u>2019</u>	<u>April 11, 2018 to</u>
			<u>December 31, 2018</u>
Non-cash gains (losses)	\$ (12,206)	\$ 10,791	\$ (12,006)
Cash Premiums Paid	(2,053)	(665)	(2,280)
Total Fuel Derivative gains (losses)	<u>\$ (14,259)</u>	<u>\$ 10,126</u>	<u>\$ (14,286)</u>

There were fuel derivative gains in the second, third and fourth quarters of 2020, primarily due to the partial recovery of oil prices following the decline during the first quarter of 2020. There were no fuel derivatives outstanding during the period January 1, 2018 through April 10, 2018. Fuel derivative gains and losses are recognized in Aircraft Fuel expense on the Consolidated Statements of Operations.

As of December 31, 2020, the Company had outstanding fuel derivative contracts covering 21.0 million gallons of crude oil and jet fuel that will settle between January 2021 and September 2021.

Fuel Consortia

The Company currently participates in fuel consortia at multiple airports. These agreements generally include cost-sharing provisions and environmental indemnities that are generally joint and several among the participating airlines. To the extent the consortium are legal entities, they meet the definition of a VIE and must be considered for consolidation in the Company's Consolidated Financial Statements. The company concluded that it is not the primary beneficiary of any fuel consortia as SCA's participation generally represents a small percentage of the overall fuel consortia interests and SCA does not have the ability to direct the activities of the consortia.

13. FAIR VALUE MEASUREMENTS

Accounting standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standards also establish a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Under GAAP, there are three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices for identical assets or liabilities in active markets.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company uses the following valuation methodologies for financial instruments measured at fair value on a recurring basis.

Derivative Instruments—Derivative instruments are accounted for as either assets or liabilities and are carried at fair value. The fair value for fuel derivative options and swaps is determined utilizing an option pricing model that uses inputs that are readily available in active markets or can be derived from information available in active markets and are classified within Level 2.

The following table summarizes the assets and liabilities measured at fair value on a recurring basis:

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
Liabilities				
Fuel Derivative Contracts	\$ —	\$1,173	\$ —	\$1,173
Total Liabilities measured at fair value on a recurring basis	<u>\$ —</u>	<u>\$1,173</u>	<u>\$ —</u>	<u>\$1,173</u>
	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Assets				
Fuel Derivative Contracts	\$ —	\$2,233	\$ —	\$2,233
Total Assets measured at fair value on a recurring basis	<u>\$ —</u>	<u>\$2,233</u>	<u>\$ —</u>	<u>\$2,233</u>

Certain assets are measured at fair value on a nonrecurring basis. The Company's non-financial assets, which primarily consist of property and equipment, goodwill and other intangible assets are not required to be measured at fair value on a recurring basis and are reported at carrying value. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying may not be recoverable, non-financial assets are assessed for impairment and, if applicable, written down to fair value using significant unobservable inputs, classified as Level 3.

The Company's debt portfolio consists of EETC certificates and notes payable. See Note 9 for debt fair values.

14. INCOME TAXES

The Company's effective tax rate for the years ended December 31, 2020 and 2019 were 16.6% and 23.5%, respectively, and for the period from April 11, 2018 to December 31, 2018 it was (77.9)%. The effective tax rate represents a blend of federal and state taxes and includes the impact of certain nondeductible items.

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The following table summarizes the significant components of the provision for income taxes from continuing operations:

	Successor		
	Year Ended December 31,		For the period April 11, 2018 to December 31, 2018
	2020	2019	
Current:			
Federal	\$ —	\$ —	\$ —
State and Local	10	66	—
Total Current Tax Expense	<u>10</u>	<u>66</u>	<u>—</u>
Deferred:			
Federal	(597)	12,509	129
State and Local	(191)	1,513	32
Total Deferred Tax Expense / (Benefit)	<u>(788)</u>	<u>14,022</u>	<u>161</u>
Total Income Tax Expense / (Benefit)	<u>\$ (778)</u>	<u>\$ 14,088</u>	<u>\$ 161</u>

The income tax provision differs from that computed at the federal statutory corporate tax rate as follows:

	Successor		
	Year Ended December 31,		For the period April 11, 2018 to December 31, 2018
	2020	2019	
Expected Provision at Federal Statutory Tax Rate	21.0%	21.0%	21.0%
State Tax, net of Federal Impact	3.1%	2.1%	(12.0%)
Employee Parking	(3.3%)	0.2%	(40.4%)
Meals and Entertainment	(2.2%)	0.2%	(42.9%)
Other Permanent Adjustments	<u>(2.0%)</u>	<u>0.0%</u>	<u>(3.6%)</u>
Effective Tax Rate	<u>16.6%</u>	<u>23.5%</u>	<u>(77.9%)</u>

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The following table summarizes the significant components of the Company's deferred taxes:

	December 31,	
	2020	2019
Deferred Tax Assets:		
Net Operating Loss	\$ 75,389	\$ 24,680
Operating Lease Obligations	32,942	38,629
Finance Lease Obligations	20,095	45,392
Goodwill and Other Intangible Assets	12,586	15,325
Loyalty Program Liabilities	4,911	5,064
Accrued Maintenance	4,434	7,481
Other	4,318	2,769
Total Deferred Tax Assets	154,675	139,340
Deferred Tax Liabilities:		
Accelerated Depreciation	(67,105)	(24,858)
Operating Lease Right-of-use Assets	(27,892)	(33,844)
Finance Lease Assets	(23,462)	(44,696)
Unrealized Gain on Fuel Derivatives	—	(514)
Total Deferred Tax Liabilities	(118,459)	(103,912)
Total Net Deferred Tax Assets	\$ 36,216	\$ 35,428

As of December 31, 2020, the Company has \$73,116 of federal net operating loss and \$2,273 of state net operating loss, net of tax effect, available that may be applied against future tax liabilities. There is no expiration of federal net operating losses. The state net operating losses begin to expire in 2025.

In assessing the realizability of Deferred Tax Assets, management considers whether it is more likely than not that some portion or all the Deferred Tax Assets will not be realized. The ultimate realization of the Deferred Tax Assets is dependent upon the generation of future taxable income during periods in which the temporary differences become deductible. Management considers the scheduled reversal of the liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. As of December 31, 2020, management believes that it is more likely than not that the future results of the operations will generate sufficient taxable income to realize the tax benefits related to its Deferred Tax Assets.

The Company recognizes the consolidated financial statement effect of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. If applicable, the Company reports both accrued interest and penalties related to unrecognized tax benefits as a component of Income Tax Expense in the Consolidated Statements of Operations.

As of December 31, 2020 and 2019, the Company had no liability for unrecognized tax benefits recorded in its Consolidated Balance Sheets.

The Company files income tax returns in the United States and various states. In the normal course of business, the Company is subject to potential income tax examination by the federal and state tax authorities in these jurisdictions for tax years that are open under local statute. For U.S. federal and state income tax purposes, the Company's 2018 and 2019 tax returns remain open to examination.

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15. DEFINED CONTRIBUTION 401(K) PLAN

The Company has a 401(k) profit-sharing retirement plan covering substantially all employees. The plan allows employee contributions up to 50% of a participant's eligible compensation, subject to limits established under the 401(k) plan and annual IRS elective deferral limits. SCA currently matches 100% of participants contribution up to a maximum of 4% for non-pilot participants' and 6% for pilot participants' eligible compensation. SCA is also required to make a non-discretionary 2% Company contribution for pilots based on gross earnings.

The Company made 401(k) contributions as follows:

	Successor		For the Period April 11, 2018 to December 31, 2018	Predecessor
	Year Ended December 31, 2020	2019		For the Period January 1, 2018 to April 10, 2018
Non-Discretionary	\$1,040	\$ 908	\$ 592	\$ 308
Discretionary	4,263	4,246	2,436	1,026
Total 401(k) Contributions	<u>\$5,303</u>	<u>\$5,154</u>	<u>\$ 3,028</u>	<u>\$ 1,334</u>

Contributions are classified in Salaries, Wages, and Benefits on the Consolidated Statements of Operations.

16. SPECIAL ITEMS, NET

Special Items, net on the Consolidated Statements of Operations consisted of the following:

	Successor		For the Period April 11, 2018 to December 31, 2018	Predecessor
	Year Ended December 31, 2020	2019		For the Period January 1, 2018 to April 10, 2018
CARES Act grant recognition ⁽¹⁾	\$(62,312)	\$ —	\$ —	\$ —
CARES Act employee retention credit ⁽²⁾	(2,328)	—	—	—
Contractual obligations for retired technology ⁽³⁾	—	7,578	—	—
Sale of airport slot rights ⁽⁴⁾	—	(1,200)	—	—
Sun Country Rewards program modifications ⁽⁵⁾	—	—	(8,463)	—
Early-out payments and other outsourcing expenses ⁽⁶⁾	—	—	1,757	271
Other ⁽⁷⁾	77	714	—	—
Total Special Items, net	<u>\$(64,563)</u>	<u>\$ 7,092</u>	<u>\$ (6,706)</u>	<u>\$ 271</u>

(1) Relates to the credit recognized under the CARES Act Payroll Support Program through December 31, 2020. Under the Payroll Support Program, the United States Department of the Treasury provided the Company with a Payroll Support grant, which was to be used exclusively for the continuation of payments for salaries, wages, and benefits. (see Note 3 for more information).

(2) Relates to the credit recognized under the CARES Act Employee Retention credit which is a refundable tax credit against certain employment taxes (see Note 3 for more information).

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- (3) This was a charge related to contractual obligations for retired technology. In connection with implementing SCA's new reservations systems, the Company incurred obligations under the contracts for existing systems that were being phased out ahead of their scheduled contract terms.
- (4) Represents proceeds from the sale of unused airport slot rights. SCA does not hold any other remaining airport slot rights; therefore this gain does not reflect the Company's continuing operations.
- (5) This reduction to expense is associated with changes to the terms of the Sun Country Rewards program. As of November 3, 2018, the Company modified policies within the program which accelerated loyalty point expiration, while making points more valuable for its members.
- (6) Related to early-out payments and other expenses incurred in connection with outsourcing certain operations personnel and other employee initiatives. These efforts were primarily related to airport station, flight attendants and ground handling employees.
- (7) Consists of employee relocation costs due to closing flight attendant bases and costs to exit the Company's prior headquarters building.

17. COMMITMENTS AND CONTINGENCIES

The Company has contractual obligations and commitments primarily with regard to lease arrangements (see Note 10) and repayment of debt (see Note 9).

The Company is subject to various legal proceedings in the normal course of business and records legal costs as incurred. Management believes these proceedings will not have a materially adverse effect on the Company.

18. OPERATING SEGMENTS

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker and is used in resource allocation and performance assessments. The Company's chief operating decision maker is considered to be the Company's Chief Executive Officer. The Company's chief operating decision maker makes resource allocation decisions to maximize the Company's consolidated financial results. Substantially all the Company's tangible assets are located in the U.S. or relate to flight equipment, which is mobile across geographic markets.

For the years ended December 31, 2019 and 2018, the Company was managed as a single business unit that provided air transportation for passengers. The Company has two internal passenger groups (Scheduled and Charter), but since they share resources and expenses are combined, they are considered one Passenger operating segment. The Company's Passenger operations are highly concentrated in the U.S. but include service to many international locations, primarily based on scheduled service to Latin America during the winter season and on military charter services.

In May 2020, the Company began providing air cargo services under the Amazon Agreement. Beginning in the fourth quarter of 2020, in conjunction with the full deployment of all 12 cargo aircraft under the Amazon Agreement and when our Chief Operating Decision Maker began to regularly review financial information for Cargo operations, Cargo services was identified as a separate operating segment. Certain operating expenses are directly attributable to this operating segment and certain operating expenses are allocated between the operating segments. Fuel consumed in Cargo operations is directly reimbursed by Amazon and therefore presented net on the Consolidated Statements of Operations. Non-Fuel operating expenses are allocated based on metrics such as block hours, fleet count and departures, which best align with the nature of the respective expense. The Special Items relate to CARES Act credits and are allocated based on the respective segment salaries, wages, and benefits.

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SUN COUNTRY AIRLINES HOLDINGS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

The following table presents financial information for the Company's two operating segments: Passenger and Cargo.

	Year Ended December 31, 2020		
	Passenger	Cargo	Consolidated
Operating Revenues	\$364,677	\$ 36,809	\$ 401,486
Non-Fuel Operating Expenses	332,742	32,530	365,272
Aircraft Fuel	83,392	—	83,392
Special Items. net	(53,842)	(10,721)	(64,563)
Total Operating Expenses	362,292	21,809	384,101
Operating Income	\$ 2,385	\$ 15,000	\$ 17,385

19. CONDENSED PARENT COMPANY FINANCIAL INFORMATION

The following condensed parent company financial information is presented to show only the parent company, Sun Country Airlines Holdings, Inc.

Condensed Balance Sheets

	December 31,	
	2020	2019
ASSETS		
Current Assets:		
Cash and Equivalents	\$ —	\$ 7
Total Current Assets	—	7
Other Assets:		
Investment in Subsidiary	282,569	284,185
Other Assets	1,429	—
Total Other Assets	283,998	284,185
Total Assets	\$283,998	\$284,192
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Other Current Liabilities	\$ 181	\$ 468
Total Current Liabilities	181	468
Total Liabilities	181	468
Stockholders' Equity:		
Common Stock	239,162	239,141
Loans to Stockholders	(3,500)	(3,500)
Additional Paid In Capital	9,831	5,855
Retained Earnings	38,324	42,228
Total Stockholders' Equity	283,817	283,724
Total Liabilities and Stockholders' Equity	\$283,998	\$284,192

SUN COUNTRY AIRLINES HOLDINGS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

Condensed Statements of Operations

	<u>Year Ended December 31,</u>		<u>For the Period</u>
	<u>2020</u>	<u>2019</u>	<u>April 11, 2018 to</u> <u>December 31, 2018</u>
Operating Expenses:			
Other Operating, net	\$ 179	\$ 439	\$ 564
Total Operating Expenses	179	439	564
Operating Income / (Loss)	(179)	(439)	(564)
Non-operating Income (Expense):			
Equity in Income / (Loss) of Subsidiaries	(3,725)	46,283	197
Other, net	—	228	—
Total Non-operating Income/ (Expense), net	(3,725)	46,511	197
Income / (Loss) before Income Tax	(3,904)	46,072	(367)
Income Tax Expense / (Benefit)	—	—	—
Net Income / (Loss)	<u>\$ (3,904)</u>	<u>\$ 46,072</u>	<u>\$ (367)</u>

Condensed Statements of Cash Flows

	<u>Year Ended December 31,</u>		<u>For the Period</u>
	<u>2020</u>	<u>2019</u>	<u>April 11, 2018 to</u> <u>December 31, 2018</u>
Cash Flows from Operating Activities:			
Net Cash Provided by Operating Activities	\$ —	\$ —	\$ —
Cash Flows from Investing Activities:			
Net Payments to Subsidiary	(28)	—	(47,866)
Net Cash Used in Investing Activities	(28)	—	(47,866)
Cash Flows from Financing Activities:			
Cash Contributions from Stockholders	—	—	47,866
Net Payments from Subsidiary	—	7	—
Proceeds Received from Exercise of Apollo Warrants	21	—	—
Net Cash Provided by Financing Activities	21	7	47,866
Net Increase / (Decrease) in Cash, Cash Equivalents and Restricted Cash	(7)	7	—
Cash, Cash Equivalents and Restricted Cash—Beginning of the Period	7	—	—
Cash, Cash Equivalents and Restricted Cash—End of the Period	<u>\$ —</u>	<u>\$ 7</u>	<u>\$ —</u>

Basis of Presentation

These condensed Parent company-only financial statements are not general-purpose financial statements and should be read in conjunction with the consolidated financial statements. The Parent's significant accounting policies are consistent with those described in the consolidated financial statements, except that all subsidiaries are accounted for as equity method investments.

SUN COUNTRY AIRLINES HOLDINGS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

Restrictions and Covenants

In accordance with any grants and/or loans received under the CARES Act, we are required to comply with the relevant provisions of the CARES Act and the related implementing agreements which, among other things, include the following: the requirement to use the Payroll Support Payments exclusively for the continuation of payment of crewmember and employee wages, salaries and benefits; the requirement that certain levels of commercial air service be maintained until March 1, 2021, or if ordered by the DOT, March 1, 2022; the prohibitions on share repurchases of listed securities and the payment of common stock (or equivalent) dividends until the later of March 31, 2022 and one year following repayment of the CARES Act Loan; and restrictions on the payment of certain executive compensation until the later of October 1, 2022 and one year following repayment of the CARES Act Loan.

20. SUBSEQUENT EVENTS

The Company evaluated subsequent events for the period from the Balance Sheet date through February 23, 2021, the date that the Consolidated Financial Statements were available to be issued.

No subsequent events were identified that require recognition in the Consolidated Financial Statements or disclosure in the Notes to the Consolidated Financial Statements, with the exception of the January 2021 grant from the United States Department of the Treasury as discussed in Note 3, the February 2021 credit agreement as disclosed in Note 9, and the repayment of stockholder promissory notes in February 2021 as discussed in the "Stockholders' Equity" section of Note 2.

21. QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly results of operations for the years ended December 31, 2020 and 2019 are summarized below:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2020				
Operating Revenues	\$ 180,330	\$ 35,376	\$ 77,973	\$ 107,807
Operating Income / (Loss)	15,230	(2,234)	8,817	(4,428)
Net Income / (Loss)	7,251	(6,040)	2,927	(8,042)
Earnings / (Loss) Per Share:				
Basic	\$ 2.93	\$ (2.44)	\$ 1.18	\$ (3.25)
Diluted	2.84	(2.44)	1.14	(3.25)
2019				
Operating Revenues	\$ 196,669	\$ 169,373	\$ 171,478	\$ 163,864
Operating Income	46,502	9,541	10,475	11,604
Net Income	33,368	3,713	3,973	5,018
Earnings Per Share:				
Basic	\$ 13.48	\$ 1.50	\$ 1.60	\$ 2.03
Diluted	13.34	1.47	1.56	1.96

The sum of the quarterly net income (loss) per common stock share amounts does not equal the annual amount reported since per share amounts are computed independently for each quarter and for the full year based on respective weighted-average common shares outstanding and other dilutive potential common shares.

Shares



Sun Country Airlines Holdings, Inc.

Common Stock

PROSPECTUS

Joint Bookrunners

**Barclays
Goldman Sachs & Co. LLC**

Morgan Stanley

**Deutsche Bank Securities
Nomura**

Co-Manager

Apollo Global Securities

PART II**INFORMATION NOT REQUIRED IN PROSPECTUS****Item 13. Other Expenses of Issuance and Distribution**

Set forth below is a table of the registration fee for the Securities and Exchange Commission (the “SEC”) and estimates of all other expenses to be paid by the registrant in connection with the issuance and distribution of the securities described in the registration statement:

SEC registration fee	\$ 10,910
Stock exchange listing fee	*
Financial Industry Regulatory Authority filing fee	\$ 15,500
Printing expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous	*
Total	\$ *

* To be completed by amendment.

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law (the “DGCL”) provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys’ fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending, or completed actions, suits, or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee or agent to the registrant. The DGCL provides that Section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders, or disinterested directors or otherwise. The registrant’s bylaws provide for indemnification by the registrant of its directors, officers, and employees to the fullest extent permitted by the DGCL.

Section 102(b)(7) of the DGCL permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director’s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases, redemptions, or other distributions, or (iv) for any transaction from which the director derived an improper personal benefit. The registrant’s certificate of incorporation provides for such limitation of liability.

The registrant maintains standard policies of insurance under which coverage is provided (a) to its directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (b) to the registrant with respect to payments which may be made by the registrant to such officers and directors pursuant to the above indemnification provision or otherwise as a matter of law.

The proposed form of underwriting agreement we enter into in connection with the sale of common stock being registered will provide for indemnification of directors and officers of the registrant by the underwriters against certain liabilities.

We expect to enter into customary indemnification agreements with our executive officers and directors that provide them, in general, with customary indemnification in connection with their service to us or on our behalf.

Item 15. Recent Sales of Unregistered Securities

Set forth below is information regarding securities sold or granted by us within the past three years that were not registered under the Securities Act of 1933, as amended (the “Securities Act”). Also included is the consideration, if any, received by us for such securities and information relating to the section of the Securities Act, or rule of the SEC, under which exemption from registration was claimed for such sales and grants. Such information is rounded to the nearest whole number.

On April 11, 2018, SCA Acquisition Holdings, LLC issued 282,009 equity interests, which are denominated as shares of common stock (“SCA common stock”), to AP VIII (SCA Stock AIV), LLC, and warrants to purchase 2,117,991 shares of SCA common stock to AP VIII (SCA Warrant AIV), LLC.

On April 20, 2018, SCA Acquisition Holdings, LLC issued 65,000 shares of SCA common stock to an employee at a purchase price of \$100 per share.

On April 20, 2018, SCA Acquisition Holdings, LLC issued 10,000 shares of SCA common stock to an employee at a purchase price of \$100 per share.

On November 21, 2018, SCA Acquisition Holdings, LLC issued an aggregate of 316,628 options to purchase shares of SCA common stock to certain employees.

On February 6, 2019, SCA Acquisition Holdings, LLC issued an aggregate of 1,707 options to purchase shares of SCA common stock to certain employees.

On April 17, 2019, SCA Acquisition Holdings, LLC issued an aggregate of 1,956 options to purchase shares of SCA common stock to certain employees.

On May 20, 2019, SCA Acquisition Holdings, LLC issued an aggregate of 14,224 options to purchase shares of SCA common stock to certain employees.

On June 3, 2019, SCA Acquisition Holdings, LLC issued an aggregate of 28,448 options to purchase shares of SCA common stock to certain employees.

On July 31, 2019, SCA Acquisition Holdings, LLC issued an aggregate of 426 options to purchase shares of SCA common stock to certain employees.

On August 1, 2019, SCA Acquisition Holdings, LLC issued 3,000 shares of SCA common stock to an employee.

On November 19, 2019, SCA Acquisition Holdings, LLC issued 7,112 options to purchase shares of SCA common stock to an employee.

On December 13, 2019, SCA Acquisition Holdings, LLC issued warrants to purchase 502,028 shares of SCA common stock to Amazon.com NV Investment Holdings LLC.

On January 28, 2020, SCA Acquisition Holdings, LLC issued 10,241 options to purchase shares of SCA common stock to certain employees.

On January 31, 2020, SCA Acquisition Holdings, LLC issued 2,117,991 shares of SCA common stock to SCA Horus Holdings, LLC upon the exercise of the warrant to purchase 2,117,991 shares at an exercise price of \$0.01 per share.

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On January 31, 2020, upon the conversion of SCA Acquisition Holdings, LLC to Sun Country Airlines Holdings, Inc., all of the outstanding shares of SCA common stock were converted into 2,478,000 shares of common stock of Sun Country Airlines Holdings, Inc., all outstanding options to purchase shares of SCA common stock were converted into options to purchase shares of common stock and all outstanding warrants to purchase common stock were converted into warrants to purchase shares of common stock.

On August 11, 2020, Sun Country Airlines Holdings, Inc. issued 28,590 options to purchase shares of common stock of Sun Country Airlines Holdings, Inc. to certain employees.

On December 31, 2020, Sun Country Airlines Holdings, Inc. issued an aggregate of 1,633 shares of common stock of Sun Country Airlines Holdings, Inc. and 1,280 options to purchase shares of common stock of Sun Country Airlines Holdings, Inc. to certain employees and an aggregate of 153 shares of common stock of Sun Country Airlines Holdings, Inc. and 250 options to purchase shares of common stock of Sun Country Airlines Holdings, Inc. to certain directors.

Except as otherwise noted above, these transactions were exempt from registration pursuant to Section 4(a)(2) of the Securities Act, as they were transactions by an issuer that did not involve a public offering of securities.

In connection with the Stock Split, Sun Country Airlines Holdings, Inc. will issue _____ shares of common stock.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits

Exhibit Number	Exhibit Description
1.1**	Form of Underwriting Agreement
2.1*	Membership Interest Purchase Agreement, dated December 13, 2017, by and among Minnesota Aviation, LLC, SCA Acquisition Holdings, LLC and SCA Acquisition, LLC
2.2*	Certificate of Conversion
3.1*	Form of Amended and Restated Certificate of Incorporation of Sun Country Airlines Holdings, Inc., to become effective immediately prior to the completion of this offering
3.2*	Form of Amended and Restated Bylaws of Sun Country Airlines Holdings, Inc., to become effective immediately prior to the completion of this offering
4.1*	Pass Through Trust Agreement, dated as of December 9, 2019, between Sun Country Inc. and Wilmington Trust, National Association, as trustee
4.2*	Form of Pass Through Trust Certificate, Series 2019-1A
4.3*	Form of Pass Through Trust Certificate, Series 2019-1B
4.4*	Form of Pass Through Trust Certificate, Series 2019-1C
4.5*	Intercreditor Agreement, dated as of December 9, 2019, among Wilmington Trust, National Association, as trustee of the Sun Country Pass Through Trusts, Series 2019-1, and as subordination agent
5.1**	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP as to the validity of the securities being offered
10.1*	Asset-based Revolving Credit Agreement, dated December 13, 2017, by and among SCA Acquisition, LLC, MN Airlines, LLC, the lenders party thereto and Barclays Bank PLC
10.2*	Amendment No. 1 to the Asset-based Revolving Credit Agreement, dated January 7, 2019, by and among SCA Acquisition, LLC, MN Airlines, LLC, the lenders party thereto and Barclays Bank PLC
10.3*	Amendment No. 2 to the Asset-based Revolving Credit Agreement, dated May 15, 2020, by and among SCA Acquisition, LLC, MN Airlines, LLC, the lenders party thereto and Barclays Bank PLC

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<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.4*	Amendment No. 3 to the Asset-based Revolving Credit Agreement, dated September 14, 2020, by and among SCA Acquisition, LLC, MN Airlines, LLC, the lenders party thereto and Barclays Bank PLC
10.5*	Loan and Guarantee Agreement, dated as of October 26, 2020, among Sun Country, Inc., as Borrower, the Guarantors party thereto from time to time, the United States Department of the Treasury, and The Bank of New York Mellon, as Administrative Agent and Collateral Agent
10.6*	Pledge and Security Agreement, dated as of October 26, 2020, between each of the Grantors party thereto and The Bank of New York Mellon, as Collateral Agent
10.7*	Payroll Support Program Agreement, dated as of April 16, 2020, by and between Sun Country, Inc. and the Department of the Treasury
10.8*	Payroll Support Program Extension Agreement, dated as of January 29, 2021, by and between Sun Country, Inc. and the Department of the Treasury
10.9*	Amended and Restated Airline Operating Agreement and Terminal Building Lease, Minneapolis-St. Paul International Airport, between Metropolitan Airports Commission and MN Airlines, LLC d/b/a Sun Country Airlines, effective January 1, 2019
10.10#*	Air Transportation Services Agreement, dated as of December 13, 2019, by and between Sun Country, Inc. and Amazon.com Services, Inc.
10.11#*	Amendment No. 1 to Air Transportation Services Agreement, dated as of June 30, 2020, by and between Sun Country, Inc. and Amazon.com Services, Inc.
10.12#*	Warrant, dated as of December 13, 2019, issued by SCA Acquisition Holdings, LLC to Amazon.com NV Investment Holdings LLC
10.13*	Headquarters Facility Lease Agreement, dated as of February 19, 2019, by and between the Metropolitan Airports Commission and MN Airlines, LLC dba Sun Country Airlines
10.14*	Amended and Restated Co-Brand Marketing Agreement, dated as of October 17, 2018, between First National Bank of Omaha and MN Airlines, LLC dba Sun Country Airlines
10.15*	Amendment No. 1 to Amended and Restated Co-Brand Marketing Agreement, dated as of November 1, 2018, by and between First National Bank of Omaha and MN Airlines, LLC dba Sun Country Airlines
10.16*	Inventory Support and Services Agreement, dated as of October 27, 2003, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.17*	Amendment No. 1 to Inventory Support and Services Agreement, dated as of November 8, 2004, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.18*	Amendment No. 2 to Inventory Support and Services Agreement, dated as of March 18, 2005, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.19*	Amendment No. 3 to Inventory Support and Services Agreement, dated as of July 15, 2007, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.20*	Amendment No. 4 to Inventory Support and Services Agreement, dated as of May 23, 2008, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.21*	Amendment No. 5 to Inventory Support and Services Agreement, dated as of June 4, 2008, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.22*	Amendment No. 6 to Inventory Support and Services Agreement, dated as of April 1, 2009, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.23*	Amendment No. 7 to Inventory Support and Services Agreement, dated as of April 7, 2009, by and between Delta Airlines, Inc. and MN Airlines, LLC

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<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.24*	Amendment No. 8 to Inventory Support and Services Agreement, dated as of May 1, 2009, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.25*	Amendment No. 9 to Inventory Support and Services Agreement, dated as of August 1, 2009, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.26*	Amendment No. 10 to Inventory Support and Services Agreement, dated as of January 1, 2010, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.27*	Amendment No. 11 to Inventory Support and Services Agreement, dated as of May 1, 2010, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.28*	Amendment No. 13 to Inventory Support and Services Agreement, dated as of November 1, 2011, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.29*	Amendment No. 14 to Inventory Support and Services Agreement, dated as of May 28, 2013, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.30*	Amendment No. 15 to Inventory Support and Services Agreement, dated as of July 23, 2014, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.31*	Amendment No. 16 to Inventory Support and Services Agreement, dated as of March 20, 2015, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.32*	Amendment No. 17 to Inventory Support and Services Agreement, dated as of April 1, 2018, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.33*	Amendment No. 18 to Inventory Support and Services Agreement, dated as of May 15, 2019, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.34*	2002 Master Agreement, dated as of May 1, 2019 between J. Aron & Company LLC and MN Airlines, LLC
10.35*	2002 Master Agreement, dated as of April 12, 2018 between Morgan Stanley Capital Services LLC and MN Airlines, LLC
10.36*	Trust Agreement of SCA-1 Intermediate Aircraft Holding Trust, dated as of September 25, 2018, by and among SCA-1 Intermediate Charitable Trust and Wilmington Trust Company
10.37*	Form of Third Amended and Restated Stockholders' Agreement by and among Sun Country Airlines Holdings, Inc. and the stockholders party thereto
10.38*	Form of Registration Rights Agreement by and between Sun Country Airlines Holdings, Inc. and the Holders party thereto
10.39†*	Form of Indemnification Agreement by and between the Registrant and each of its directors and executive officers
10.40†*	SCA Acquisition Holdings, LLC Amended and Restated Equity Incentive Plan, dated as of July 1, 2019
10.41†*	Form of Sun Country Airlines Holdings, Inc. 2021 Omnibus Incentive Plan
10.42†*	Form of Option Award Agreement
10.43†*	Second Amended and Restated Employment Agreement, dated as of November 7, 2018, by and between Jude Bricker and SCA Acquisition Holdings, LLC.
10.44†*	Employment Agreement, dated as of April 17, 2019, by and between David Davis and MN Airlines, LLC
10.45†*	Employment Agreement, dated as of July 1, 2019, by and between Gregory A. Mays and Sun Country, Inc.

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<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.46	Form of Income Tax Receivable Agreement, by and among Sun Country Airlines, Inc., Sun Country Airlines Holdings, Inc. and the other parties thereto
10.47	Credit Agreement, dated as of February 10, 2021, among SCA Acquisition, LLC, Sun Country, Inc., the lenders and issuing banks party thereto and Barclays Bank PLC, as administrative agent
21.1*	Subsidiaries of the registrant
23.1	Consent of KPMG LLP, independent registered public accounting firm
23.2**	Consent of Paul, Weiss, Rifkind, Wharton & Garrison LLP (included in Exhibit 5.1)
24.1*	Powers of Attorney (included in signature page)

* Previously filed.

** To be filed by amendment.

† Indicates management contract or compensatory plan.

Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

(b) Financial Statement Schedule

See the Index to the consolidated financial statements included on page F-1 for a list of the financial statements included in this registration statement. All schedules not identified above have been omitted because they are not required, are inapplicable, or the information is included in the consolidated financial statements or notes contained in this registration statement.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

Exhibit Number	Exhibit Description
1.1**	Form of Underwriting Agreement
2.1*	Membership Interest Purchase Agreement, dated December 13, 2017, by and among Minnesota Aviation, LLC, SCA Acquisition Holdings, LLC and SCA Acquisition, LLC
2.2*	Certificate of Conversion
3.1*	Form of Amended and Restated Certificate of Incorporation of Sun Country Airlines Holdings, Inc., to become effective immediately prior to the completion of this offering
3.2*	Form of Amended and Restated Bylaws of Sun Country Airlines Holdings, Inc., to become effective immediately prior to the completion of this offering
4.1*	Pass Through Trust Agreement, dated as of December 9, 2019, between Sun Country Inc. and Wilmington Trust, National Association, as trustee
4.2*	Form of Pass Through Trust Certificate, Series 2019-1A
4.3*	Form of Pass Through Trust Certificate, Series 2019-1B
4.4*	Form of Pass Through Trust Certificate, Series 2019-1C
4.5*	Intercreditor Agreement, dated as of December 9, 2019, among Wilmington Trust, National Association, as trustee of the Sun Country Pass Through Trusts, Series 2019-1, and as subordination agent
5.1**	Opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP as to the validity of the securities being offered
10.1*	Asset-based Revolving Credit Agreement, dated December 13, 2017, by and among SCA Acquisition, LLC, MN Airlines, LLC, the lenders party thereto and Barclays Bank PLC
10.2*	Amendment No. 1 to the Asset-based Revolving Credit Agreement, dated January 7, 2019, by and among SCA Acquisition, LLC, MN Airlines, LLC, the lenders party thereto and Barclays Bank PLC
10.3*	Amendment No. 2 to the Asset-based Revolving Credit Agreement, dated May 15, 2020, by and among SCA Acquisition, LLC, MN Airlines, LLC, the lenders party thereto and Barclays Bank PLC
10.4*	Amendment No. 3 to the Asset-based Revolving Credit Agreement, dated September 14, 2020, by and among SCA Acquisition, LLC, MN Airlines, LLC, the lenders party thereto and Barclays Bank PLC
10.5*	Loan and Guarantee Agreement, dated as of October 26, 2020, among Sun Country, Inc., as Borrower, the Guarantors party thereto from time to time, the United States Department of the Treasury, and The Bank of New York Mellon, as Administrative Agent and Collateral Agent
10.6*	Pledge and Security Agreement, dated as of October 26, 2020, between each of the Grantors party thereto and The Bank of New York Mellon, as Collateral Agent
10.7*	Payroll Support Program Agreement, dated as of April 16, 2020, by and between Sun Country, Inc. and the Department of the Treasury
10.8*	Payroll Support Program Extension Agreement, dated as of January 29, 2021, by and between Sun Country, Inc. and the Department of the Treasury
10.9*	Amended and Restated Airline Operating Agreement and Terminal Building Lease, Minneapolis-St. Paul International Airport, between Metropolitan Airports Commission and MN Airlines, LLC d/b/a Sun Country Airlines, effective January 1, 2019
10.10#*	Air Transportation Services Agreement, dated as of December 13, 2019, by and between Sun Country, Inc. and Amazon.com Services, Inc.

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<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.11#*	<u>Amendment No. 1 to Air Transportation Services Agreement, dated as of June 30, 2020, by and between Sun Country, Inc. and Amazon.com Services, Inc.</u>
10.12#*	<u>Warrant, dated as of December 13, 2019, issued by SCA Acquisition Holdings, LLC to Amazon.com NV Investment Holdings LLC</u>
10.13*	<u>Headquarters Facility Lease Agreement, dated as of February 19, 2019, by and between the Metropolitan Airports Commission and MN Airlines, LLC dba Sun Country Airlines</u>
10.14*	<u>Amended and Restated Co-Brand Marketing Agreement, dated as of October 17, 2018, between First National Bank of Omaha and MN Airlines, LLC dba Sun Country Airlines</u>
10.15*	<u>Amendment No. 1 to Amended and Restated Co-Brand Marketing Agreement, dated as of November 1, 2018, by and between First National Bank of Omaha and MN Airlines, LLC dba Sun Country Airlines</u>
10.16*	<u>Inventory Support and Services Agreement, dated as of October 27, 2003, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.17*	<u>Amendment No. 1 to Inventory Support and Services Agreement, dated as of November 8, 2004, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.18*	<u>Amendment No. 2 to Inventory Support and Services Agreement, dated as of March 18, 2005, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.19*	<u>Amendment No. 3 to Inventory Support and Services Agreement, dated as of July 15, 2007, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.20*	<u>Amendment No. 4 to Inventory Support and Services Agreement, dated as of May 23, 2008, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.21*	<u>Amendment No. 5 to Inventory Support and Services Agreement, dated as of June 4, 2008, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.22*	<u>Amendment No. 6 to Inventory Support and Services Agreement, dated as of April 1, 2009, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.23*	<u>Amendment No. 7 to Inventory Support and Services Agreement, dated as of April 7, 2009, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.24*	<u>Amendment No. 8 to Inventory Support and Services Agreement, dated as of May 1, 2009, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.25*	<u>Amendment No. 9 to Inventory Support and Services Agreement, dated as of August 1, 2009, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.26*	<u>Amendment No. 10 to Inventory Support and Services Agreement, dated as of January 1, 2010, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.27*	<u>Amendment No. 11 to Inventory Support and Services Agreement, dated as of May 1, 2010, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.28*	<u>Amendment No. 13 to Inventory Support and Services Agreement, dated as of November 1, 2011, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.29*	<u>Amendment No. 14 to Inventory Support and Services Agreement, dated as of May 28, 2013, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>
10.30*	<u>Amendment No. 15 to Inventory Support and Services Agreement, dated as of July 23, 2014, by and between Delta Airlines, Inc. and MN Airlines, LLC</u>

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<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.31*	Amendment No. 16 to Inventory Support and Services Agreement, dated as of March 20, 2015, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.32*	Amendment No. 17 to Inventory Support and Services Agreement, dated as of April 1, 2018, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.33*	Amendment No. 18 to Inventory Support and Services Agreement, dated as of May 15, 2019, by and between Delta Airlines, Inc. and MN Airlines, LLC
10.34*	2002 Master Agreement, dated as of May 1, 2019 between J. Aron & Company LLC and MN Airlines, LLC
10.35*	2002 Master Agreement, dated as of April 12, 2018 between Morgan Stanley Capital Services LLC and MN Airlines, LLC
10.36*	Trust Agreement of SCA-1 Intermediate Aircraft Holding Trust, dated as of September 25, 2018, by and among SCA-1 Intermediate Charitable Trust and Wilmington Trust Company
10.37*	Form of Third Amended and Restated Stockholders' Agreement by and among Sun Country Airlines Holdings, Inc. and the stockholders party thereto
10.38*	Form of Registration Rights Agreement by and between Sun Country Airlines Holdings, Inc. and the Holders party thereto
10.39†*	Form of Indemnification Agreement by and between the Registrant and each of its directors and executive officers
10.40†*	SCA Acquisition Holdings, LLC Amended and Restated Equity Incentive Plan, dated as of July 1, 2019
10.41†*	Form of Sun Country Airlines Holdings, Inc. 2021 Omnibus Incentive Plan
10.42†*	Form of Option Award Agreement
10.43†*	Second Amended and Restated Employment Agreement, dated as of November 7, 2018, by and between Jude Bricker and SCA Acquisition Holdings, LLC.
10.44†*	Employment Agreement, dated as of April 17, 2019, by and between David Davis and MN Airlines, LLC
10.45†*	Employment Agreement, dated as of July 1, 2019, by and between Gregory A. Mays and Sun Country, Inc.
10.46	Form of Income Tax Receivable Agreement, by and among Sun Country Airlines, Inc., Sun Country Airlines Holdings, Inc. and the other parties thereto
10.47	Credit Agreement, dated as of February 10, 2021, among SCA Acquisition, LLC, Sun Country, Inc., the lenders and issuing banks party thereto and Barclays Bank PLC, as administrative agent
21.1*	Subsidiaries of the registrant
23.1	Consent of KPMG LLP, independent registered public accounting firm
23.2**	Consent of Paul, Weiss, Rifkind, Wharton & Garrison LLP (included in Exhibit 5.1)
24.1*	Powers of Attorney (included in signature page)

* Previously filed.

** To be filed by amendment.

† Indicates management contract or compensatory plan.

Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Minneapolis, Minnesota, on the 23rd day of February, 2021.

Sun Country Airlines Holdings, Inc.

By: /s/ Dave Davis

Name: Dave Davis

Title: President and Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Jude Bricker</u> Jude Bricker	Chief Executive Officer; Director (Principal Executive Officer)	February 23, 2021
<u>/s/ Dave Davis</u> Dave Davis	President and Chief Financial Officer; Director (Principal Financial and Accounting Officer)	February 23, 2021
<u>*</u> Antoine Munfakh	Director	February 23, 2021
<u>*</u> Kerry Philipovitch	Director	February 23, 2021
<u>*</u> David Siegel	Director	February 23, 2021
<u>*</u> Juan Carlos Zuazua	Director	February 23, 2021

*By: /s/ Dave Davis
Dave Davis
Attorney-in-Fact

FORM OF
INCOME TAX RECEIVABLE AGREEMENT

dated as of

[•]

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This INCOME TAX RECEIVABLE AGREEMENT (as amended from time to time, this “**Agreement**”), dated as of [•], is hereby entered into by and among Sun Country Airlines Holdings, Inc., a Delaware corporation (the “**Corporation**”) and [•] (the “**Existing Stockholders Representative**”).

RECITALS

WHEREAS, the Existing Stockholders (as defined below), in the aggregate, hold 100% of the capital stock of the Corporation, directly or indirectly;

WHEREAS, the Corporation will become a public company pursuant to the IPO (as defined below);

WHEREAS, after the IPO, the Corporation and its Subsidiaries (the “**Taxable Entities**” and each a “**Taxable Entity**”) will have net operating loss carryforwards (“**NOLs**”), tax basis in fixed assets and amortizable intangibles, tax amortization associated with tax basis in warrants issued by the Corporation pursuant to Treasury Regulations Section 1.263(a)-4(d)(6)(i)(B), and tax deductions that relate to expenses incurred in the 2018 acquisition of the Corporation by certain of the Existing Stockholders, in completing the IPO, and in entering into indebtedness of the Corporation or its Subsidiaries, in each case that relate to periods (or portions thereof) ending on or prior to the date of the IPO, determined in accordance with Section 3.3 (the “**Pre-IPO Tax Attributes**”);

WHEREAS, the Pre-IPO Tax Attributes may reduce the reported liability for Taxes (as defined below) that the Taxable Entities might otherwise be required to pay;

WHEREAS, the income, gain, loss, expense and other Tax (as defined below) items of the Taxable Entities may be affected by Imputed Interest (as defined below), if any;

WHEREAS, the parties to this Agreement desire to make certain arrangements with respect to the effect of the Pre-IPO Tax Attributes and Imputed Interest (as defined below) on the reported liability for Taxes of the Taxable Entities;

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 **Definitions**. As used in this Agreement, the terms set forth in this Article I shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

“**Acquired Tax Attributes**” means any NOL, deduction, tax basis or other tax attribute of any corporation or other entity acquired by the Corporation or any of its Subsidiaries by purchase, merger, or otherwise (in each case, from a Person or Persons other than the Corporation and its Subsidiaries and, in each case, whether or not such corporation or other entity survives) after the IPO that relate to periods (or portions thereof) ending on or prior to the date of such acquisition.

“**Advisory Firm**” means (i) []or (ii) any other law or accounting firm that is (A) nationally recognized as being expert in Tax matters and (B) that is agreed to by the Corporation and the Existing Stockholders Representative.

“**Advisory Firm Report**” shall mean (a) an attestation report from the Advisory Firm expressing an opinion on management’s assertion as to whether the Tax Benefit Schedule and/or the Early Termination Schedule has been prepared, in all material respects, in accordance with the Agreement, or (b) another type of report or letter from the Advisory Firm related to whether the information in the Tax Benefit Schedule and/or the Early Termination Schedule has been prepared in a manner consistent with the terms of the Agreement.

“**Affiliate**” means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person.

“**Agreed Rate**” means LIBOR plus [300] basis points.

“**Agreement**” is defined in the preamble of this Agreement.

“**Amended Schedule**” is defined in Section 2.3(b) of this Agreement.

“**Annual Tax Payment**” is defined in Section 3.1(a) of this Agreement

“**Assumed State Tax Rate**” means [two point four (2.4)] percent.

A “**Beneficial Owner**” of a security is a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, such security and/or (ii) investment power, which includes the power to dispose of, or to direct the disposition of, such security. The terms “**Beneficially Own**” and “**Beneficial Ownership**” shall have correlative meanings.

“**Board**” means the board of directors of the Corporation.

“**Business Day**” means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the State of New York shall not be regarded as a Business Day.

“**Calculation Date**” means the day that is twelve (12) months after the date on which all loans made to Sun Country, Inc., a corporation organized under the laws of Minnesota, pursuant to the Loan and Guarantee Agreement are no longer outstanding.

“Change of Control” means:

- (i) a merger, reorganization, consolidation or similar form of business transaction directly involving the Corporation or indirectly involving the Corporation through one or more intermediaries unless, immediately following such transaction, more than 50% of the voting power of the then outstanding voting stock or other equities of the Corporation resulting from consummation of such transaction (including, without limitation, any parent or ultimate parent corporation of such Person that as a result of such transaction owns directly or indirectly the Corporation and all or substantially all of the Corporation’s assets) is held by the Existing Stockholders or their Affiliates (determined immediately prior to such transaction and related transactions); or
- (ii) a transaction in which the Corporation, directly or indirectly, sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to another Person other than an Affiliate; or
- (iii) a transaction in which there is an acquisition of control of the Corporation by a Person or group of Persons (other than Existing Stockholders and their Affiliates). For purposes of this definition, the term “control” shall mean the possession, directly or indirectly, of the power to either (i) vote more than 50% of the securities having ordinary voting power for the election of directors (or comparable positions in the case of partnerships and limited liability companies), or (ii) direct or cause the direction of the management and policies of such Person whether by contract or otherwise (for the avoidance of doubt, consent rights do not constitute control for the purpose of this definition); or
- (iv) a transaction in which individuals who constitute the Board as of the date of this agreement (the “**Incumbent Directors**”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the effective date of this Agreement, whose election or nomination for election is either (A) contemplated by a written agreement among equityholders of the Corporation on the effective date of this Agreement or (B) was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Corporation in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Corporation as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall be deemed to be an Incumbent Director; or
- (v) the liquidation or dissolution of the Corporation.

“Code” means the Internal Revenue Code of 1986, as amended.

“**Combined Taxation Group**” means any consolidated, combined or unitary group or any profit and/or loss sharing, affiliated group relief, group payment or similar group or fiscal unity for Tax purposes (by election or otherwise).

“**Control**” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“**Corporation**” is defined in the preamble of this Agreement.

“**Default Rate**” means LIBOR plus [500] basis points.

“**Determination**” shall have the meaning ascribed to such term in Section 1313(a) of the Code, or any other event (including the execution of a Form 870-AD) that finally and conclusively establishes the amount of any liability for Tax.

“**Divestiture**” means the sale of any Taxable Entity, other than any such sale that is, or is part of, a Change of Control.

“**Divestiture Acceleration Payment**” is defined in Section 4.3(b) of this Agreement.

“**Early Complete Termination**” is defined in Section 4.1(f) of this Agreement.

“**Early Termination Date**” means (i) in the event of a breach of this Agreement to which Section 4.1(b) applies, the date of such breach, (ii) in the event of a Change of Control, the effective date of such Change of Control, (iii) in the event of a Divestiture, the effective date of such Divestiture and (iv) in the event of an Early Complete Termination the date of the Early Termination Notice.

“**Early Termination Event**” means (i) a breach of this Agreement to which Section 4.1(b) applies, (ii) a Change of Control or (iii) an Early Complete Termination.

“**Early Termination Notice**” is defined in Section 4.1(f) of this Agreement.

“**Early Termination Payment**” is defined in Section 4.3(b) of this Agreement.

“**Early Termination Rate**” means the lesser of [6.50% per annum, compounded annually, or LIBOR plus 100 basis points.]

“**Early Termination Schedule**” is defined in Section 4.2 of this Agreement.

“**Expert**” is defined in Section 7.9(a) of this Agreement.

“**Existing Stockholders**” means stockholders of record of the Corporation immediately prior to the IPO.

“**Existing Stockholders Representative**” is defined in the Preamble of this Agreement.

“**Imputed Interest**” shall mean any interest imputed under Section 1272, 1274 or 483 or other provision of the Code with respect to the Corporation’s payment obligations under this Agreement.

“**Individual Stockholder**” means any Existing Stockholder that is an individual.

“**Interest Amount**” is defined in Section 3.1(a) of this Agreement.

“**IPO**” shall mean the initial public offering of Common Stock of the Corporation pursuant to the Registration Statement.

“**ITR Payment**” means any Annual Tax Payment, Early Termination Payment, Divestiture Acceleration Payment or Individual Termination Payment required to be made by the Corporation to the Existing Stockholders under this Agreement.

“**LIBOR**” means for each month (or portion thereof) during any period, an interest rate per annum equal to the rate per annum reported, on the date two days prior to the first day of such month, on the Reuters Screen which displays the London interbank offered rate administered by the ICE Benchmark Administration Limited (such page currently being the LIBOR01 page) or by any other publicly available source of such market rate) for London interbank offered rates for U.S. dollar deposits for such month (or portion thereof); provided, if the Corporation or the Existing Stockholders Representative has made the determination (such determination to be conclusive absent manifest error) that (i) LIBOR is no longer a widely recognized benchmark rate for newly originated loans in the U.S. loan market in U.S. dollars or (ii) that adequate and reasonable means do not exist for ascertaining LIBOR for such month pursuant to this definition, then LIBOR shall be replaced for all purposes under this Agreement by the rate that replaces the “Adjusted LIBOR Rate” with respect to borrowings under the Corporation and its Subsidiaries’ main credit agreement in effect as of the date of such determination, as it may be amended from time to time; provided, further that if no such replacement has been agreed or determined for purposes of such credit agreement the Corporation and the Existing Stockholders Representative shall, within one month of any such determination by either the Corporation or the Existing Stockholders Representative, mutually agree, acting in good faith, on a replacement interest rate (the “**Replacement Rate**”), in which case, the Replacement Rate shall replace LIBOR for all purposes under this Agreement. If the Corporation and the Existing Stockholders Representative are unable to mutually agree on the Replacement Rate, the Corporation and the Existing Stockholders Representative shall employ the reconciliation procedures described in Section 7.9 of this Agreement.

“Loan and Guarantee Agreement” means the Loan and Guarantee Agreement dated as of October 26, 2020 among Sun Country, Inc., a corporation organized under the laws of Minnesota, the Corporation, SCA Acquisition Intermediate, LLC, a limited liability company organized under the laws of Delaware, SCA Acquisition, LLC, a limited liability company organized under the laws of Delaware, the Guarantors party hereto from time to time, the United States Department of the Treasury and the Bank of New York Mellon.

“Material Objection Notice” has the meaning set forth in Section 4.2.

“NOLs” is defined in the preamble of this Agreement.

“Objection Notice” has the meaning set forth in Section 2.3(a).

“Other Tax Attributes” means any Post-IPO Tax Attributes and any Acquired Tax Attributes.

“Ownership Percentage” means, in the case of any Existing Stockholder, a fraction, the numerator of which is the number of shares in the Corporation owned by such Existing Stockholder as of immediately prior to the IPO, and the denominator of which is the number of shares in the Corporation outstanding as of immediately prior to the IPO.

“Payment Date” means any date on which a payment is required to be made pursuant to this Agreement.

“Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

“Post-IPO Tax Attributes” means any NOL, deduction, tax basis or other tax attribute arising in a Taxable Year or portion thereof beginning after the date of the IPO, determined in accordance with Section 3.3.

“Pre-IPO Tax Attributes” is defined in the preamble of this Agreement.

“Realized Tax Benefit” means, for a Taxable Year, the reduction in the liability for federal and state Taxes of each Taxable Entity for such Taxable Year resulting from the Pre-IPO Tax Attributes and any deduction attributable to Imputed Interest, under the Agreement (giving effect to the principles of Section 3.2) assuming, for purposes of state Taxes, that each Taxable Entity pays a single state Tax on its taxable income calculated under federal income Tax purposes, for such Taxable Year at the Assumed State Tax Rate. If all or a portion of the liability for Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, any reduction in such liability shall not be included in determining the Realized Tax Benefit unless and until there has been a Determination.

“**Reconciliation Dispute**” has the meaning set forth in Section 7.9(a) of this Agreement.

“**Reconciliation Procedures**” shall mean those procedures set forth in Section 7.9(a) of this Agreement.

“**Registration Statement**” means the registration statement on Form S-1 (File No. 333-[•]) of the Corporation.

“**Schedule**” means any Tax Benefit Schedule and any Early Termination Schedule.

“**Straddle Year**” means a Taxable Year that includes the Calculation Date.

“**Subsidiaries**” means, with respect to any Person, as of any date of determination, any other Person as to which such Person, owns, directly or indirectly, or otherwise controls more than 50% of the voting power or other similar interests or the sole general partner interest or managing member or similar interest of such Person.

“**Tax Benefit**” is defined in Section 3.1(b) of this Agreement.

“**Tax Benefit Schedule**” is defined in Section 2.2 of this Agreement.

“**Tax Return**” means any return, declaration, report or similar statement filed or required to be filed with respect to Taxes (including any attached schedules), including, without limitation, any information return, claim for refund, amended return and declaration of estimated Tax.

“**Taxable Entity**” is defined in the Preamble to this Agreement.

“**Taxable Entity Return**” means the federal Tax Return, as applicable, of a Taxable Entity filed with respect to Taxes of any Taxable Year.

“**Taxable Year**” means a taxable year as defined in Section 441(b) of the Code (and, therefore, for the avoidance of doubt, may include a period of less than 12 months for which a Tax Return is made) ending on or after the date hereof.

“**Taxes**” means any and all U.S. federal, state, local and foreign taxes, assessments or similar charges measured with respect to net income, gross receipts or profits and any interest related to such Tax.

“**Taxing Authority**” shall mean any domestic, foreign, federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

“**Transferred Tax Attributes**” means, in the event of a Divestiture, the Pre-IPO Tax Attributes attributable to the Taxable Entity that is sold in such Divestiture to the extent such Pre-IPO Tax Attributes are transferred with such Taxable Entity under applicable Tax law following the Divestiture (disregarding any limitation on the use of such Pre-IPO Tax Attributes as a result of the Divestiture) and do not remain under applicable Tax law with the Corporation or any of its Subsidiaries (other than the Taxable Entity that is sold in such Divestiture).

“**Treasury Regulations**” means the final, temporary and proposed regulations under the Code promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant taxable period.

“**Valuation Assumptions**” shall mean, as of an Early Termination Date, the assumptions that (i) the Taxable Entities will have taxable income sufficient to fully utilize (a) the deductions arising from the Pre-IPO Tax Attributes during each Taxable Year ending on or after such Early Termination Date in which such deductions would become available and (b) any loss or credit carryovers that are Pre-IPO Tax Attributes available as of such Early Termination Date, (ii) any non-amortizable assets will be disposed of on the fifteenth anniversary of the IPO in a fully taxable transaction for income tax purposes, provided, that in the event of a Change of Control, such non-amortizable assets shall be deemed disposed of at the time of sale of the relevant asset if earlier than such fifteenth anniversary, (iii) the utilization of the Pre-IPO Tax Attributes and Imputed Interest for each Taxable Year ending on or after such Early Termination Date will be determined based on the Tax laws in effect on the Early Termination Date and (iv) the federal income tax rates that will be in effect for each such Taxable Year will be those specified for each such Taxable Year by the Code in effect on the Early Termination Date, and the Assumed State Tax Rate will be applied (or, with respect to any Taxable Year for which such federal income tax rates are not specified by the Code as in effect on the Early Termination Date, such federal income tax rates that are in effect on the Early Termination Date). For the avoidance of doubt, in the event of a Change of Control or Divestiture, such assumptions shall not take into account any changes in the relevant Taxable Entities’ stand alone tax position that might result from the transaction giving rise to the Change of Control or Divestiture.

ARTICLE II

DETERMINATION OF REALIZED TAX BENEFIT

Section 2.1 Pre-IPO Tax Attribute Utilization. The Corporation, on the one hand, and the Existing Stockholders, on the other hand, acknowledge that the Taxable Entities may utilize the Pre-IPO Tax Attributes to reduce the amount of Taxes that the Taxable Entities would otherwise be required to pay after the Calculation Date.

Section 2.2 Tax Benefit Schedule. No later than [thirty (30)] calendar days after the earlier of (i) the filing of the U.S. federal income tax return of the Corporation for any federal Taxable Year ending after the Calculation Date or (ii) the due date (taking into account extensions) of such tax return for any such federal Taxable Year (each such federal Taxable Year, a “**Subject Taxable Year**,” and such thirtieth day the “**Schedule**”

Delivery Date”), the Corporation shall provide to the Existing Stockholders Representative a schedule showing, for the Corporation and for each Taxable Entity, in the case of any relevant Tax Return for a Subject Taxable Year and prior to the Schedule Delivery Date and has not previously been the subject of this Section 2.2, in reasonable detail, (i) the calculation of the Realized Tax Benefit for the Subject Taxable Year, (ii) the calculation of any payment to be made to the Existing Stockholders pursuant to Article III with respect to the Subject Taxable Year, and (iii) for the first Taxable Year following the IPO, a statement of the initial Pre-IPO Tax Attributes, and for each Taxable Year thereafter, a statement of the remaining Pre-IPO Tax Attributes as updated to the extent necessary to reflect utilization, depreciation and amortization, and any other events subsequent to the IPO that would impact the Pre-IPO Tax Attributes (collectively a “**Tax Benefit Schedule**”). Concurrently the Corporation shall also deliver to the Existing Stockholders Representative all supporting information (including work papers and valuation reports) reasonably necessary to support the calculation of such payment. The Schedule will become final as provided in Section 2.3(a) and may be amended as provided in Section 2.3(b) (subject to the procedures set forth in Section 2.3(a)).

Section 2.3 Procedures, Amendments.

(a) Procedure. Whenever the Corporation delivers to the Existing Stockholders Representative an applicable Schedule under this Agreement, including any Amended Schedule delivered pursuant to Section 2.3(b), and including any Early Termination Schedule or amended Early Termination Schedule, the Corporation shall also (x) deliver to the Existing Stockholders Representative schedules, valuation reports, if any, and work papers providing reasonable detail regarding the preparation of the Schedule and an Advisory Firm Report related to such Schedule (the cost and expense of which shall be paid by the Corporation) and (y) allow the Existing Stockholders Representative reasonable access at no cost to the appropriate representatives at each of the Corporation and the Advisory Firm in connection with a review of such Schedule. The applicable Schedule shall become final and binding on all parties unless the Existing Stockholders Representative, within thirty calendar days after receiving any Schedule or amendment thereto, provides the Corporation with notice of a material objection to such Schedule (“**Objection Notice**”) made in good faith or such earlier date as the Stockholders Representative provides written notice to the Corporation that it has no material objection to such Schedule. If the parties, for any reason, are unable to successfully resolve the issues raised in any notice within thirty calendar days of receipt by the Corporation of such notice, the Corporation and the Existing Stockholders Representative shall employ the reconciliation procedures described in Section 7.9 of this Agreement (the “**Reconciliation Procedures**”).

(b) Amended Schedule. The applicable Schedule for any Taxable Year may be amended from time to time by the Corporation (i) in connection with a Determination affecting such Schedule, (ii) to correct inaccuracies in the Schedule identified as a result of the receipt of additional factual information relating to a Taxable Year after the date the Schedule was provided to the Existing Stockholders Representative, (iii) to comply with the Expert’s determination under the Reconciliation Procedures, or (iv) to reflect a material change (relative to the amounts in the original

Schedule) in the Realized Tax Benefit for such Taxable Year attributable to an amended Tax Return filed for such Taxable Year, in each case with respect to any Taxable Entity (such amended Schedule, an “**Amended Schedule**”); provided, however, that such a change under clause (i) attributable to an audit of a Tax Return by an applicable Taxing Authority shall not be taken into account on an Amended Schedule unless and until there has been a Determination with respect to such change. The Corporation shall provide any Amended Schedule to the Existing Stockholders Representative within thirty calendar days of the occurrence of an event referred to in clauses (i) through (iv) of the preceding sentence, and any such Amended Schedule shall be subject to the approval procedures described in Section 2.3(a).

ARTICLE III TAX BENEFIT PAYMENTS

Section 3.1 Payments.

(a) (i) Except as provided in Section 5.2, no later than ninety (90) days after the end of any U.S. federal Subject Taxable Year, the Corporation (on its own behalf and on behalf of any other Taxable Entity) shall pay to each Existing Stockholder its share (based on such Existing Stockholder’s Ownership Percentage) of the Interest Amount and of the Annual Tax Payment for the Subject Taxable Year provided that no payment shall be made pursuant to this Section 3.1 to any Individual Stockholder who received at any time prior to the date of such payment an Individual Termination Payment pursuant to Section 4.1(e). The “**Annual Tax Payment**” for a Subject Taxable Year means an amount, not less than zero, equal to (i) the Estimated Tax Benefit determined pursuant to Section 3.1(c) for such Subject Taxable Year, plus (ii) the excess, if any, of the Tax Benefit for a Subject Taxable Year prior to the current Subject Taxable Year over the Estimated Tax Benefit for such prior Taxable Year, to the extent any such excess amount was not previously taken into account pursuant to this Section 3.1(a)(ii) to increase the Annual Tax Payment for a Taxable Year prior to the Subject Taxable Year, minus (iii) the excess, if any, of the Estimated Tax Benefit for a Taxable Year prior to the Subject Taxable Year over the Tax Benefit for such prior Taxable Year, to the extent any such excess amount was not previously taken into account pursuant to this Section 3.1(a)(iii) to reduce the Annual Tax Payment for a Taxable Year prior to the Subject Taxable Year, plus (iv) 85% of the excess of the Realized Tax Benefit required to be reflected on an Amended Schedule for a Taxable Year prior to the Subject Taxable Year over the Realized Tax Benefit required to be reflected on the Tax Benefit Schedule for such prior Taxable Year, to the extent any such excess amount was not previously taken into account pursuant to this Section 3.1(a)(iv) to increase the Annual Tax Payment for a Taxable Year prior to the Subject Taxable Year, minus (v) 85% of the excess of the Realized Tax Benefit required to be reflected on a Tax Benefit Schedule for a Taxable Year prior to the Subject Taxable Year over the Realized Tax Benefit required to be reflected on an Amended Schedule for such prior Taxable Year, to the extent any such excess amount was not previously taken into account pursuant to this Section 3.1(a)(v) to reduce the Annual Tax Payment for a Taxable Year prior to the Subject Taxable Year. For the avoidance of doubt, no amount shall be included in the Estimated Tax Benefit if it is attributable to the period prior to the Calculation Date, taking into account Section 3.3 and Section 3.4 of this Agreement.

(ii) For the avoidance of doubt, no Annual Tax Payment shall be made, nor Tax Benefit determined, in respect of estimated tax payments, including, without limitation, estimated federal income tax payments. For the further avoidance of doubt, the Existing Stockholders shall not be required to return any portion of any previously made Annual Tax Payment or other ITR Payment. The “**Interest Amount**” shall equal the interest on any excess amount described in Section 3.1(a)(ii) calculated at the Agreed Rate from the Payment Date for the Annual Tax Payment in which the relevant Estimated Tax Benefit is taken into account until the Payment Date for the Annual Tax Payment in which the relevant Tax Benefit is taken into account. Each payment pursuant to this Section 3.1(a) shall be made by wire transfer of immediately available funds to a bank account of the applicable Existing Stockholder previously designated by the Existing Stockholder to the Corporation or as otherwise agreed by the Corporation and the Existing Stockholder.

(b) A “**Tax Benefit**” for a Subject Taxable Year means an amount, not less than zero, equal to 85% of the Taxable Entities’ Realized Tax Benefit, if any, required to be reflected on the Tax Benefit Schedule for the Subject Taxable Year.

(c) The “**Estimated Tax Benefit**” for a Subject Taxable Year means an amount, not less than zero, equal to 85% of the Company’s reasonable good faith estimate of the Taxable Entities’ Realized Tax Benefit, if any, for the Subject Taxable Year.

Section 3.2 **No Duplicative Payments**. It is intended that the provisions of this Agreement will not result in duplicative payment of any amount (including interest) required under this Agreement. It is also intended that the provisions of this Agreement provide that 85% of the Taxable Entities’ Realized Tax Benefit for all Subject Taxable Years be paid to the Existing Stockholders pursuant to this Agreement. Carryovers or carrybacks of any NOL or other tax item shall be considered to be subject to the rules of the Code and the Treasury Regulations or the appropriate provisions of Tax law, as applicable, governing the use, limitation and expiration of carryovers or carrybacks of the relevant type; provided, however, that Pre-IPO Tax Attributes treated as resulting in a Realized Tax Benefit for one Taxable Year shall not be treated as resulting in a Realized Tax Benefit for any other Taxable Year, and, for purposes of determining the Realized Tax Benefit for any Taxable Year, each Taxable Entity shall be assumed (a) to utilize any item of loss, deduction or credit arising in such Taxable Year (and permitted to be utilized in such Taxable Year) before carrying back or carrying forward to such Taxable Year any NOL that is permitted to be so carried back or carried forward, (b) subject to clause (a), to utilize any available Pre-IPO Tax Attribute that is permitted (or, for the absence of doubt, that would be so permitted but for such Other Tax Attribute) to be utilized in or carried back or carried forward to such Taxable Year before utilizing any Other Tax Attribute that may be utilized in or carried back or carried forward to such Taxable Year, and (c) to utilize any Pre-IPO Tax Attribute in the first Subject Taxable

Year in which such Pre-IPO Tax Attribute is permitted to be utilized; provided, further, however, that, notwithstanding any other provision, the Chief Executive Officer of the Corporation, the Board and the Existing Stockholders Representative shall, acting reasonably, together determine the extent to which a Pre-IPO Tax Attribute can be carried back or carried forward to a Straddle Year or any portion thereof. If a carryover or carryback of any Tax item includes a portion that is attributable to the Pre-IPO Tax Attributes and another portion that is not, the Corporation shall be assumed to utilize the portion attributable to the Pre-IPO Tax Attributes before utilizing such other portion. In addition, for purposes of calculating a Divestiture Acceleration Payment, Transferred Tax Attributes shall be deemed to be utilized before any other Pre-IPO Tax Attributes that would otherwise be taken into account in accordance with the principles described in the preceding sentence. The provisions of this Agreement shall be construed in the appropriate manner so that such intentions are realized.

Section 3.3 Apportionment of Tax Attributes. In order to determine whether any NOL, deduction, or other tax attribute is a Pre-IPO Tax Attribute or a Post-IPO Tax Attribute, the Taxable Year of the relevant Taxable Entity that includes the effective date of the IPO (the "**IPO Year**") shall be deemed to end as of the close of such effective date; provided, however, that, for the avoidance of doubt, any Transferred Tax Attributes taken into account in calculating a Divestiture Acceleration Payment shall not thereafter be considered Pre-IPO Tax Attributes.

Section 3.4 Straddle Years. For purposes of calculating the Realized Tax Benefit with respect to a Straddle Year, Taxes of such Straddle Year which arose prior to the Calculation Date (such taxes "**Pre-Calculation Taxes**") shall not be reduced by the Pre-IPO Tax Attributes or any deduction attributable to Imputed Interest. Taxes that constitute Pre-Calculation Taxes shall be deemed to be the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding taxable period) multiplied by a fraction the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Calculation Date and the denominator of which is the number of calendar days in the entire Straddle Period. In the case of any Tax based upon or measured by capital (including net worth or long-term debt) or intangibles, any amount thereof shall be computed by reference to the level of such items on the Calculation Date.

ARTICLE IV TERMINATION

Section 4.1 Termination, Breach of Agreement, Change of Control.

(a) This Agreement shall terminate at the time that all Annual Tax Payments have been made to the Existing Stockholders under this Agreement.

(b) In the event that the Corporation breaches any of its material obligations under this Agreement, whether as a result of failure to make any payment when due (as described below), failure to honor any other material obligation required hereunder or by operation of law as a result of the rejection of this Agreement in a case commenced under the Bankruptcy Code or otherwise, then all obligations hereunder shall be accelerated and the Corporation shall pay to the Existing Stockholders (1) the Early Termination Payment, (2) any Annual Tax Payment agreed to by the Corporation and the Existing Stockholders as due and payable but unpaid as of the Early Termination Date and (3) any Annual Tax Payment due for the Taxable Year ending prior to, with or including the date of a breach. Notwithstanding the foregoing, in the event that the Corporation breaches this Agreement, the Existing Stockholders shall be entitled to elect to receive the amounts set forth in (1), (2) and (3) above or to seek specific performance of the terms hereof. In the event of a breach of a material obligation under this Agreement by the Corporation, the Early Termination Payment shall be calculated utilizing the Valuation Assumptions. Subject to Section 5.2, the parties agree that the failure to make any payment due pursuant to this Agreement within three months of the date such payment is due shall be deemed to be a breach of a material obligation under this Agreement for all purposes of this Agreement, and that it will not be considered to be a breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within three months of the date such payment is due, provided that in the event that payment is not made within three months of the date such payment is due, the Existing Stockholders (through the Existing Stockholders Representative) shall be required to give written notice to the Corporation that the Corporation has breached its material obligations and so long as such payment is made within five Business Days of the delivery of such notice to the Corporation, the Corporation shall no longer be deemed to be in material breach of its obligations under this Agreement.

(c) Change of Control. In the event of a Change of Control, then all obligations hereunder shall be accelerated and the Corporation shall pay to the Existing Stockholders (1) the Early Termination Payment, (2) any Annual Tax Payment agreed to by the Corporation and the Existing Stockholders as due and payable but unpaid as of the Early Termination Date and (3) any Annual Tax Payment due for any Taxable Year ending prior to, with or including the effective date of a Change of Control. In the event of a Change of Control, the Early Termination Payment shall be calculated utilizing the Valuation Assumptions.

(d) Divestiture Acceleration Payment. In the event of a Divestiture, the Corporation shall pay to the Existing Stockholders the Divestiture Acceleration Payment in respect of such Divestiture, which shall be calculated utilizing the Valuation Assumptions.

(e) Elective Individual Termination. Except as provided in Section 5.2, the Corporation may, as determined by the Chief Executive Officer of the Corporation, elect to terminate the rights of any Individual Stockholder under this Agreement by paying to such Individual Stockholder a termination payment (the "**Individual Termination Payment**") as reasonably determined by the Chief Executive Officer of the Corporation, provided that such election and the amount of such Individual Termination Payment shall be subject to the consent of the Board and the Existing Stockholders Representative and shall, as reasonably practical, use the Valuation Assumptions (substituting references to the date of such Individual Termination Payment for references to the Early Termination Date in the definition of Valuation Assumptions). Following an Individual Termination Payment, the applicable Individual Shareholder shall have no further right or entitlement to receive payments pursuant to this Agreement and the portion of any such payments attributable to such Individual Shareholder (based on his or her Ownership Percentage) shall be retained by the Corporation.

(f) **Early Complete Termination.** The Corporation may elect to terminate this Agreement, with the consent of the Existing Stockholders Representative (an “**Early Complete Termination**”) by (i) delivering to the Existing Stockholders Representative notice of its intention to exercise such right (“**Early Termination Notice**”) and (ii) paying to the Existing Stockholders (1) the Early Termination Payment, (2) any Annual Tax Payment agreed to by the Corporation and the Existing Stockholders as due and payable but unpaid as of the Early Termination Date and (3) any Annual Tax Payment due for the Taxable Year ending prior to, with or including the date of the Early Termination Notice. In the event of an Early Complete Termination, the Early Termination Payment shall be calculated utilizing the Valuation Assumptions (substituting references to the date of such Early Termination Notice for references to the Early Termination Date in the definition of Valuation Assumptions).

Section 4.2 **Early Termination Schedule.** In the event of a Change of Control or a Divestiture, the Corporation shall deliver to the Existing Stockholders Representative no later than sixty calendar days prior to such Change of Control or Divestiture, as applicable a schedule (the “**Early Termination Schedule**”) showing in reasonable detail the information required pursuant to the penultimate sentence of Section 2.2 and the calculation of the Early Termination Payment or the Divestiture Acceleration Payment, respectively (including the projections of the Taxable Entities’ taxable income under clause (i) of the Valuation Assumptions). The Early Termination Schedule shall become final and binding on all parties unless the Existing Stockholders Representative, within fifteen calendar days after receiving the Early Termination Schedule provides the Corporation with notice of a material objection to such Schedule made in good faith (“**Material Objection Notice**”). If the parties for any reason are unable to successfully resolve the issues raised in such notice within fifteen calendar days after receipt by the Corporation of the Material Objection Notice, the Corporation and the Existing Stockholders Representative shall employ the Reconciliation Procedures as described in Section 7.9 of this Agreement.

Section 4.3 **Payment upon Early Termination.** (a) Except as provided in Section 5.2, no later than the Early Termination Date, the Corporation shall pay to each Existing Stockholder, other than any Individual Stockholder that has already been terminated in accordance with Section 4.1(e), its share (based on such Existing Stockholder’s Ownership Percentage) of an amount equal to the Early Termination Payment or Divestiture Acceleration Payment and any other payment required to be made pursuant to Sections 4.1(b) and (c). Such payment shall be made by wire transfer of immediately available funds to a bank account designated by the applicable Existing Stockholders or as otherwise agreed by the Corporation and the Existing Stockholder.

(a) The “**Early Termination Payment**” as of the Early Termination Date (other than an Early Termination Date arising under clause (iii) of the definition thereof) shall equal with respect to the Existing Stockholders the present value, discounted at the Early Termination Rate as of such date, of all Annual Tax Payments that would be required to be paid by the Corporation to the Existing Stockholders beginning from the Early Termination Date assuming the Valuation Assumptions are applied, provided that in the event of a Change of Control, the Early Termination Payment shall be calculated without giving effect to any limitation on the use of the Pre-IPO Tax Attributes resulting from the Change of Control. For purposes of calculating the present value pursuant to this Section 4.3(b) of all Annual Tax Payments that would be required to be paid, it shall be assumed that absent the Early Termination Event all Annual Tax Payments would be paid on the latest date permitted under Section 3.1(a). The computation of the Early Termination Payment is subject to the Reconciliation Procedures as described in Section 7.9(b) of this Agreement.

(b) The “**Divestiture Acceleration Payment**” as of the date of any Divestiture shall equal with respect to the Existing Stockholders the present value, discounted at the Early Termination Rate as of such date, of the Annual Tax Payments resulting solely from the Transferred Tax Attributes that would be required to be paid by the Corporation to the Existing Stockholders beginning from the date of such Divestiture assuming the Valuation Assumptions are applied, provided that the Divestiture Acceleration Payment shall be calculated without giving effect to any limitation on the use of the Transferred Tax Attributes resulting from the Divestiture. For purposes of calculating the present value pursuant to this Section 4.3(c) of all Annual Tax Payments that would be required to be paid, it shall be assumed that absent the Divestiture all Annual Tax Payments would be paid on the latest date permitted under Section 3.1(a). The computation of the Divestiture Acceleration Payment is subject to the Reconciliation Procedures as described in Section 7.9(b) of this Agreement.

ARTICLE V LATE PAYMENTS, ETC.

Section 5.1 Late Payments by the Corporation. The amount of all or any portion of any ITR Payment not made to the Existing Stockholders when due under the terms of this Agreement shall be payable together with any interest thereon, computed at the Default Rate and commencing from the date on which such ITR Payment was due and payable.

Section 5.2 Compliance with Indebtedness. Notwithstanding anything to the contrary provided herein, if, at the time any amounts becomes due and payable hereunder, (a) the Corporation is not permitted, pursuant to the terms its or its Subsidiaries’ outstanding indebtedness, to pay such amounts, (b) in the good faith determination of the Corporation, the payment of such amounts would be reasonably likely to result in a breach of any covenant set forth in any agreement governing indebtedness of the Corporation or its subsidiaries or (c) (i) the Corporation does not have the cash on hand to pay such amounts, and (ii) no Subsidiary of the Corporation is permitted, pursuant to the terms of its outstanding indebtedness, to pay dividends to the Company to allow it to pay such amounts, then, in each case, the Corporation shall, by notice to the Existing Stockholders Representative, be permitted to defer the payment of

such amounts until the condition described in clause (a), (b) or (c) is no longer applicable, in which case such amounts (together with accrued and unpaid interest thereon as described in the immediately following sentence) shall become due and payable immediately. If the Corporation defers the payment of any such amounts pursuant to the foregoing sentence, such amounts shall accrue interest at the Agreed Rate per annum, from the date that such amounts originally became due and owing pursuant to the terms hereof to the date that such amounts were paid. Notwithstanding anything to the contrary provided herein, if the Corporation enters into indebtedness with a government entity of the United States after the IPO Date and such indebtedness, in the reasonable determination of the Board in consultation with the Existing Stockholders Representative, does not allow for a payment or portion of a payment under this Agreement to be deferred as described in the first sentence of this [Section 5.2](#), then the Existing Stockholders shall not be entitled to receive such payment or such portion of a payment, as applicable, and the Existing Stockholders shall have no further right to such payment or such portion of a payment, as applicable. To the extent the Corporation or its Subsidiaries incur, create, assume or permit to exist any indebtedness after the date hereof, the Corporation shall, and shall cause its Subsidiaries to, make commercially reasonable efforts to ensure that such indebtedness permits any amounts payable hereunder to be paid. For the avoidance of doubt, nothing in the previous sentence shall prevent the Corporation from deferring payments or determining that the holders are not entitled to payments pursuant to this [Section 5.2](#).

[Section 5.3 Compliance with CARES Act](#). It is the express intention of the parties hereto and of the Existing Stockholders that this Agreement shall comply fully with the letter and spirit of those provisions of the Coronavirus Aid, Relief and Economic Security (CARES) Act, and the related agreements between the Corporation and the United States Department of the Treasury, in each case applicable hereto, including, without limitation, as provided in the last sentence of [Section 3.1\(a\)\(i\)](#) and in [Section 5.2](#). The parties hereto and the Existing Stockholders intend that the foregoing be given full effect in any construing or interpreting of this Agreement.

ARTICLE VI CONSISTENCY; COOPERATION

[Section 6.1 The Existing Stockholders Representative's Participation in Corporation Tax Matters](#). Except as otherwise provided herein, the Corporation shall have full responsibility for, and sole discretion over, all Tax matters concerning the Corporation and each Taxable Entity including without limitation the preparation, filing or amending of any Tax Return and defending, contesting or settling any issue pertaining to Taxes, subject to a requirement that the Corporation act in good faith in connection with its control of any matter which is reasonably expected to affect any Existing Stockholder's rights and obligations under this Agreement. Notwithstanding the foregoing, the Corporation shall notify the Existing Stockholders Representative of, and keep the Existing Stockholders Representative reasonably informed with respect to, the portion of any audit of the Corporation or any Taxable Entity by a Taxing Authority the outcome of which is reasonably expected to affect any Existing Stockholder's rights and obligations under this Agreement, and shall give the Existing Stockholders Representative reasonable opportunity to provide information and participate in the applicable portion of such audit.

Section 6.2 Consistency. Except upon the written advice of an Advisory Firm, the Corporation and the Existing Stockholders Representative agree to report and cause to be reported for all purposes, including federal, state, local and foreign Tax purposes and financial reporting purposes, all Tax-related items (including without limitation the Annual Tax Payment) in a manner consistent with that specified by the Corporation in any Schedule required to be provided by or on behalf of the Corporation or any Taxable Entity under this Agreement and agreed by the Existing Stockholders Representative. Any dispute concerning such advice shall be subject to the terms of Section 7.9. In the event that an Advisory Firm is replaced with another firm acceptable to the Corporation and the Existing Stockholders Representative pursuant to the definition of Advisory Firm, such replacement Advisory Firm shall be required to perform its services under this Agreement using procedures and methodologies consistent with those used by the previous Advisory Firm, unless otherwise required by law or the Corporation and the Existing Stockholders Representative agree to the use of other procedures and methodologies.

Section 6.3 Cooperation. Each of the Corporation and the Existing Stockholders (through the Existing Stockholders Representative) shall (a) furnish to the other party in a timely manner such information, documents and other materials as the other party may reasonably request for purposes of making or approving any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return or contesting or defending any audit, examination or controversy with any Taxing Authority, (b) make itself available to the other party and its representatives to provide explanations of documents and materials and such other information as the requesting party or its representatives may reasonably request in connection with any of the matters described in clause (a) above, and (c) reasonably cooperate in connection with any such matter, and the requesting party shall reimburse the other party for any reasonable third-party costs and expenses incurred pursuant to this Section; provided that, the Existing Stockholders shall not be required to provide any confidential or proprietary information (as determined in the sole and absolute discretion of each such Existing Stockholder) to the Corporation.

ARTICLE VII MISCELLANEOUS

Section 7.1 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed duly given and received (a) on the date of delivery if delivered personally, or by facsimile upon confirmation of transmission by the sender's fax machine if sent on a Business Day (or otherwise on the next Business Day) or (b) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

If to the Corporation, to:

[•]

Attention:

with a copy to (which shall not constitute notice):

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attention: [•]

If to the Existing Stockholders Representative, to:

[Fund VIII/Horus Holdings]

Attention:

with a copy to (which shall not constitute notice):

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attention: [•]

Any party may change its address or fax number by giving the other party written notice of its new address or fax number in the manner set forth above.

Section 7.2 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

Section 7.3 Entire Agreement; Third Party Beneficiaries. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns. The parties to this Agreement agree that the Existing Stockholders are expressly made third party beneficiaries to this Agreement. Other than as provided in the preceding sentence, nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.4 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

Section 7.5 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 7.6 Successors; Assignment; Amendments; Waivers. (a) The Existing Stockholders Representative may freely assign or transfer its rights under this Agreement without the prior written consent of the Corporation, as long as such transferee has executed and delivered, or, in connection with such transfer, executes and delivers, a joinder to this Agreement, in form and substance reasonably satisfactory to the Corporation agreeing to be bound by all provisions of this Agreement and acknowledging specifically the last sentence of the next paragraph.

(b) No Existing Stockholder may assign its rights under this Agreement without the prior written consent of the Existing Stockholders Representative. Any assignment of an Existing Stockholder's rights meeting the requirements of this paragraph shall be referred to herein to as a "Permitted Assignment".

(c) No provision of this Agreement may be amended unless such amendment is approved in writing by the Corporation and the Existing Stockholders (through the Existing Stockholders Representative). No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective.

(d) All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Corporation shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place.

Section 7.7 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

Section 7.8 Resolution of Disputes.

(a) Any and all disputes which cannot be settled amicably, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this arbitration provision) shall be finally settled by arbitration conducted by a single arbitrator in New York in accordance with the then-existing Rules of Arbitration of the International Institute for Conflict Prevention and Resolution. If the parties to the dispute fail to agree on the selection of an arbitrator within thirty calendar days of the receipt of the request for arbitration, the International Institute for Conflict Prevention and Resolution shall make the appointment. The arbitrator shall be a lawyer and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of paragraph (a), the Corporation may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), each Existing Stockholder (through the Existing Stockholders Representative) (i) expressly consents to the application of paragraph (c) of this Section 7.8 to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (iii) irrevocably appoints the Corporation as its agent for service of process in connection with any such action or proceeding and agrees that service of process upon such agent, who shall promptly advise the Existing Stockholders Representative of any such service of process, shall be deemed in every respect effective service of process upon such Existing Stockholder in any such action or proceeding.

(c) (i) EACH EXISTING STOCKHOLDER (THROUGH THE EXISTING STOCKHOLDERS REPRESENTATIVE) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN NEW YORK, NEW YORK FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH (B) OF THIS SECTION 7.8, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the fora designated by this paragraph (c) have a reasonable relation to this Agreement, and to the parties' relationship with one another.

(ii) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in paragraph (c) (i) of this Section 7.8 and such parties agree not to plead or claim the same.

Section 7.9 Reconciliation. In the event that the Corporation and the Existing Stockholders Representative are unable to resolve a disagreement with respect to any tax matter or calculation required under this Agreement, including the matters governed by Sections 2.3, 4.2 and 6.2, within the relevant period designated in this Agreement (or the amount of an Early Termination Payment in the case of a breach to which Section 4.1(b) applies) ("**Reconciliation Dispute**"), the Reconciliation Dispute shall be submitted for determination to a nationally recognized expert (the "**Expert**") in the particular area of disagreement mutually acceptable to both parties. The Expert shall be a partner in a nationally recognized accounting firm or a law firm (other than the Advisory Firm), and the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with the Corporation or any of the Existing Stockholders or other actual or potential conflict of interest. If the parties are unable to agree on an Expert within fifteen (15) days of receipt by the respondent(s) of written notice of a Reconciliation Dispute, the Expert shall be appointed by the International Institute for Conflict Prevention and Resolution. The Expert shall resolve any matter relating to the Early Termination Schedule or an amendment thereto within thirty calendar days and shall resolve any matter relating to a Tax Benefit Schedule or an amendment thereto within fifteen calendar days or as soon thereafter as is reasonably practicable, in each case after the matter has been submitted to the Expert for resolution. Notwithstanding the preceding sentence, if the matter is not resolved before any payment that is the subject of a disagreement is due or any Tax Return reflecting the subject of a disagreement is due, such payment shall be made on the date prescribed by this Agreement and such Tax Return may be filed as prepared by the Corporation or the relevant Taxable Entity, subject to adjustment or amendment upon resolution. The costs and expenses relating to the engagement of such Expert or amending any Tax Return shall be borne by the Corporation, except as provided in the next sentence. Each of the Corporation and the Existing Stockholders shall bear their own costs and expenses of such proceeding. Any dispute as to whether a dispute is a Reconciliation Dispute within the meaning of this Section 7.9 shall be decided by the Expert. The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.9 shall be binding on the Corporation and the Existing Stockholders and may be entered and enforced in any court having jurisdiction.

Section 7.10 Withholding. The Corporation shall be entitled to deduct and withhold from any payment payable pursuant to this Agreement such amounts as the Corporation is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of state, local or foreign tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by the Corporation, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Existing Stockholders. The Corporation shall provide evidence of such payment to the Existing Stockholders (through the Existing Stockholders Representative) to the extent that such evidence is available.

Section 7.11 Affiliated Corporations; Admission of the Corporation into a Consolidated Group; Transfers of Corporate Assets.

(a) If the Corporation is or becomes a member of an affiliated or consolidated group of corporations that files a consolidated income tax return pursuant to Sections 1501 et seq. of the Code (other than if the Corporation becomes a member of such a group as a result of a Change of Control, in which case the provisions of Article IV shall control), then: (i) the provisions of this Agreement shall be applied with respect to the group as a whole; and (ii) Annual Tax Payments shall be computed with reference to the consolidated taxable income of the group as a whole.

(b) If any Person the income of which is included in the income of any Taxable Entity's Combined Taxation Group transfers one or more assets to a corporation or any Person treated as such for Tax purposes the income of which is not included in such Combined Taxation Group, for purposes of calculating the amount of any Annual Tax Payment (e.g., calculating the gross income of a Taxable Entity's Combined Taxation Group and determining the Realized Tax Benefit) due hereunder, such Person shall be treated as having disposed of such asset in a fully taxable transaction on the date of such transfer. The consideration deemed to be received by such entity shall be equal to the fair market value of the transferred asset, plus (i) the amount of debt to which such asset is subject, in the case of a transfer of an encumbered asset or (ii) the amount of debt allocated to such asset, in the case of a transfer of a partnership interest.

Section 7.12 Confidentiality. (a) Each Existing Stockholder (through the Existing Stockholders Representative) and each of its assignees acknowledges and agrees that the information of the Corporation is confidential and, except in the course of performing any duties as necessary for the Corporation and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, shall keep and retain in the strictest confidence and not disclose to any Person all confidential matters of the Corporation or the Existing Stockholders acquired pursuant to this Agreement. This Section 7.12 shall not apply to (i) any information that has been made publicly available by the Corporation or any of its Affiliates, becomes public knowledge (except as a result of an act of any Existing Stockholder in violation of this Agreement) or is generally known to the business community; and (ii) the disclosure of information to the extent necessary for any Existing Stockholder to prepare and file its Tax returns, to respond to any inquiries regarding the same from any Taxing Authority or to prosecute or defend any action, proceeding or audit by any taxing authority with respect to such returns. Notwithstanding anything to the contrary herein, each Existing Stockholder (and each employee, representative or other agent of such Existing Stockholder) may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of (x) the Corporation and (y) any of its transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to such Existing Stockholder relating to such tax treatment and tax structure.

(b) If the Existing Stockholders Representative or any of its assignees commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.12, the Corporation shall have the right and remedy to have the provisions of this Section 7.12 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to the Corporation or any of its Subsidiaries and the accounts and funds managed by the Corporation and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

Section 7.13 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 7.14 Appointment of Existing Stockholders Representative.

(a) Appointment. Without further action of any of the Corporation, the Existing Stockholders Representative or any Existing Stockholder, and as partial consideration of the benefits conferred by this Agreement, the Existing Stockholders Representative is hereby irrevocably constituted and appointed, with full power of substitution, to act in the name, place and stead of each Existing Stockholder with respect to the taking by the Existing Stockholders Representative of any and all actions and the making of any decisions required or permitted to be taken by the Existing Stockholders Representatives under this Agreement (and any potential agreement with the Corporation to terminate this Agreement earlier than such time as is provided in Section 4.1 provided that (for the absence of doubt, except in the case of a termination covered by Section 4.1(e)) any payment made by the Corporation upon such an early termination shall be paid to each Existing Stockholder based on such Existing Stockholder's Ownership Percentage). The power of attorney granted herein is coupled with an interest and is irrevocable and may be delegated by the Existing Stockholders Representatives. No bond shall be required of the Existing Stockholders Representatives, and the Existing Stockholders Representatives shall receive no compensation for its services.

(b) Expenses. If at any time the Existing Stockholders Representative shall incur out of pocket expenses in connection with the exercise of its duties hereunder, upon written notice to the Corporation from the Existing Stockholders Representative of documented costs and expenses (including fees and disbursements of counsel and accountants) incurred by the Existing Stockholders Representative in connection with the performance of its rights or obligations under this Agreement and the taking of any and all actions in connection therewith, the Corporation shall reduce any future payments (if any) due to the Existing Stockholders hereunder pro rata (based on their respective ownership percentages in the Corporation) by the amount of such expenses which it shall instead remit directly to the Existing Stockholders Representative. In connection with the performance of its rights and obligations under this Agreement and the taking of any and all actions in connection therewith, the Existing Stockholders Representative shall not be required to expend any of its own funds (though, for the avoidance of doubt, it may do so at any time and from time to time in its sole discretion).

(c) Limitation on Liability. The Existing Stockholders Representative shall not be liable to any Existing Stockholder for any act of the Existing Stockholders Representative arising out of or in connection with the acceptance or administration of its duties under this Agreement, except to the extent any liability, loss, damage, penalty, fine, cost or expense is actually incurred by such Existing Stockholder as a proximate result of the gross negligence, bad faith or willful misconduct of the Existing Stockholders Representative (it being understood that any act done or omitted pursuant to

the advice of legal counsel shall be conclusive evidence of such good faith and reasonable judgment). The Existing Stockholders Representative shall not be liable for, and shall be indemnified by the Existing Stockholders (on a several but not joint basis) for, any liability, loss, damage, penalty or fine incurred by the Existing Stockholders Representative (and any cost or expense incurred by the Existing Stockholders Representative in connection therewith and herewith and not previously reimbursed pursuant to subsection (b) above) arising out of or in connection with the acceptance or administration of its duties under this Agreement, except to the extent that any such liability, loss, damage, penalty, fine, cost or expense is the proximate result of the gross negligence, bad faith or willful misconduct of the Existing Stockholders Representative (it being understood that any act done or omitted pursuant to the advice of legal counsel shall be conclusive evidence of such good faith and reasonable judgment); provided, however, in no event shall any Existing Stockholder be obligated to indemnify the Existing Stockholders Representative hereunder for any liability, loss, damage, penalty, fine, cost or expense to the extent (and only to the extent) that the aggregate amount of all liabilities, losses, damages, penalties, fines, costs and expenses indemnified by such Existing Stockholder hereunder is or would be in excess of the aggregate payments under this Agreement actually remitted to such Existing Stockholder. Each Existing Stockholder's receipt of any and all benefits to which such Existing Stockholder is entitled under this Agreement, if any, is conditioned upon and subject to such Existing Stockholder's acceptance of all obligations, including the obligations of this Section 7.14(c), applicable to such Existing Stockholder under this Agreement.

(d) Actions of the Existing Stockholders Representative. Any decision, act, consent or instruction of the Existing Stockholders Representative shall constitute a decision of all Existing Stockholders and shall be final, binding and conclusive upon each Existing Stockholder, and the Corporation may rely upon any decision, act, consent or instruction of the Existing Stockholders Representative as being the decision, act, consent or instruction of each Existing Stockholder. The Corporation is hereby relieved from any liability to any person for any acts done by the Corporation in accordance with any such decision, act, consent or instruction of the Existing Stockholders Representative.

[Signatures pages follow]

IN WITNESS WHEREOF, the Corporation and the Existing Stockholders Representative have duly executed this Agreement as of the date first written above.

SUN COUNTRY AIRLINES HOLDINGS, INC.

By: _____
Name:
Title:

[•], as Existing Stockholders Representative

By:

CREDIT AGREEMENT

dated as of February 10, 2021

among

SCA ACQUISITION, LLC,
as Holdings,

SUN COUNTRY, INC.,
as Borrower,

THE LENDERS AND ISSUING BANKS PARTY HERETO,

BARCLAYS BANK PLC,
as Administrative Agent and Collateral Agent,

BARCLAYS BANK PLC,

DEUTSCHE BANK SECURITIES INC., and

MORGAN STANLEY SENIOR FUNDING, INC.,

as Joint Lead Arrangers

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CREDIT AGREEMENT, dated as of February 10, 2021 (this "Agreement"), among SCA ACQUISITION, LLC, a Delaware limited liability company ("Holdings"), SUN COUNTRY, INC., a Minnesota corporation (the "Borrower"), the LENDERS and ISSUING BANKS party hereto from time to time, and BARCLAYS BANK PLC, as Administrative Agent (in such capacity, the "Administrative Agent") for the Lenders and Collateral Agent for the Secured Parties.

WHEREAS, the Borrower desires to refinance in full the existing credit facilities under the Existing Credit Agreement (as defined below); and

WHEREAS, the Borrower has requested the Lenders to extend credit as set forth herein;

NOW, THEREFORE, the Lenders and the Issuing Banks are willing to extend such credit to the Borrower on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

"ABR" shall mean, for any day, a fluctuating rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50%, (c) the Adjusted LIBO Rate for an Interest Period of one-month beginning on such day (or if such day is not a Business Day, on the immediately preceding Business Day) (determined as if the relevant ABR Loan were a Eurocurrency Loan) plus 1.00%, and (d) 2.00%. If the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate or the Adjusted LIBO Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the ABR shall be determined without regard to clause (b) or (c) above, as the case may be, of the immediately preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the ABR due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective on the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, respectively.

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any ABR Term Loan, ABR Revolving Loan or Swingline Loan.

"ABR Revolving Facility Borrowing" shall mean a Borrowing comprised of ABR Revolving Loans.

"ABR Revolving Loan" shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

"ABR Term Loan" shall mean any Term Loan bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

"Account Control Agreement" shall have the meaning assigned to such term in Section 5.11(a).

“Adjusted LIBO Rate” shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum equal to (a) the LIBO Rate in effect for such Interest Period divided by (b) one minus the Statutory Reserves applicable to such Eurocurrency Borrowing, if any; provided that if the Adjusted LIBO Rate shall be less than 1.00%, such interest rate shall be deemed to be 1.00%.

“Administrative Agent” shall have the meaning assigned to such term in the introductory paragraph of this Agreement, together with its successors and assigns.

“Administrative Agent Fee Letter” shall mean that certain Administrative Agent Fee Letter dated as of February 10, 2021 by and among Borrower and Barclays Bank PLC, as Administrative Agent.

“Administrative Agent Fees” shall have the meaning assigned to such term in Section 2.12(c).

“Administrative Questionnaire” shall mean an Administrative Questionnaire in the form of Exhibit B or such other form supplied by the Administrative Agent.

“Affected Financial Institution” shall mean (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

“Affiliate Lender” shall have the meaning assigned to such term in Section 9.21(a).

“Agents” shall mean the Administrative Agent and the Collateral Agent.

“Agreement” shall have the meaning assigned to such term in the introductory paragraph of this Agreement, as may be amended, restated, supplemented or otherwise modified from time to time.

“Agreement Currency” shall have the meaning assigned to such term in Section 9.19.

“All-in Yield” shall mean, as to any Loans (or Pari Term Loans, if applicable), the yield thereon payable to all Lenders (or other lenders, as applicable) providing such Loans (or Pari Term Loans, if applicable) in the primary syndication thereof, as reasonably determined by the Administrative Agent in consultation with the Borrower, whether in the form of interest rate, margin, original issue discount, up-front fees, rate floors or otherwise; provided, that original issue discount and up-front fees shall be equated to interest rate assuming a 4-year life to maturity (or, if less, the life of such Loans (or Pari Term Loans, if applicable)); and provided, further, that “All-in Yield” shall not include arrangement, commitment, underwriting, structuring or similar fees and customary consent fees for an amendment paid generally to consenting lenders.

“Alternate Currency” shall mean (i) with respect to any Letter of Credit, Canadian Dollars, Euros and any other currency other than Dollars as may be acceptable to the Administrative Agent and the Issuing Bank with respect thereto in their sole discretion and (ii) with respect to any Eurocurrency Revolving Loan, any currency other than Dollars that is approved in accordance with Section 1.05.

“Alternate Currency Equivalent” shall mean, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in the applicable Alternate Currency as determined by the Administrative Agent or the applicable Issuing Bank, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Alternate Currency with Dollars.

“Alternate Currency Letter of Credit” shall mean any Letter of Credit denominated in an Alternate Currency.

“Alternate Currency Loan” shall mean any Loan denominated in an Alternate Currency.

“Amazon Cash Flow” shall mean the funds that are deposited into the Amazon Collection Account by Amazon.com Services, Inc. or its Affiliates or directly by a Loan Party, in each case, which funds were paid to a Loan Party (or to its direction) pursuant to the Amazon Contract.

“Amazon Collateral” shall mean the Amazon Cash Flow and the Amazon Collection Account and the proceeds of the foregoing.

“Amazon Collection Account” shall mean a deposit account in the name of the Borrower, and any replacement account, which, in each case, must (a) be maintained at a depository institution reasonably satisfactory to the Collateral Agent, (b) be a segregated deposit account, and (c) from and after the date that is 45 days after the Closing Date (or such later day as the Administrative Agent may agree in its sole discretion) be subject at all times to the Account Control Agreement in favor of the Collateral Agent (for the benefit of the Secured Parties) in form and substance reasonably satisfactory to the Collateral Agent.

“Amazon Contract” shall mean, collectively, (x) that certain Air Transportation Services Agreement, dated as of December 13, 2019, by and between the Borrower and Amazon.com Services, Inc., as amended, restated, supplemented, waived, replaced, or otherwise modified from time to time and (y) any similar contract or agreement between the Borrower or any of its Subsidiaries, on the one hand, and Amazon.com Services, Inc. or its Affiliates, on the other hand, in each case, as amended, restated, supplemented, waived, replaced or otherwise modified from time to time.

“Anti-Corruption Laws” shall have the meaning assigned to such term in Section 3.26(a).

“Applicable Commitment Fee” shall mean for any day (i) with respect to any Initial Revolving Commitments, 0.50% per annum; (ii) with respect to any Delayed Draw Term Loan Commitments, (w) prior to the date that is 12 months after the Closing Date, 0.00% per annum, (x) beginning on the date that is 12 months after the Closing Date and prior to the date that is 16 months after the Closing Date, 2.50% per annum, (y) beginning on the date that is 16 months after the Closing Date and prior to the date that is 19 months after the Closing Date, 3.75% per annum and (z) beginning on the date that is 19 months after the Closing Date and thereafter, 5.00% per annum; or (iii) with respect to any Other Revolving Facility Commitments or Incremental Term Loan Commitments, the “Applicable Commitment Fee” set forth in the applicable Incremental Assumption Agreement.

“Applicable Date” shall have the meaning assigned to such term in Section 9.08(f).

“Applicable Margin” shall mean for any day (i) with respect to any Delayed Draw Term Loan, 5.00% per annum in the case of any Eurocurrency Loan and 4.00% per annum in the case of any ABR Loan; (ii) with respect to any Initial Revolving Loan, 5.00% per annum in the case of any Eurocurrency Loan and 4.00% per annum in the case of any ABR Loan. and (iii) with respect to any Other Term Loan or Other Revolving Loan, the “Applicable Margin” set forth in the Incremental Assumption Agreement relating thereto.

“Approved Fund” shall have the meaning assigned to such term in Section 9.04(b)(ii).

“Arrangers” shall mean, collectively, Barclays Bank PLC, Deutsche Bank Securities Inc. and Morgan Stanley Senior Funding, Inc.

“Arranger Fee Letter” shall mean shall mean that certain Arranger Fee Letter dated as of February 10, 2021 by and among Borrower, Barclays Bank PLC, Deutsche Bank Securities Inc., and Morgan Stanley Senior Funding, Inc.

“Asset Sale” shall mean any loss, damage, destruction or condemnation of, or any Disposition (including any sale and leaseback of assets and any mortgage or lease of Real Property) to any person of, any asset or assets of the Borrower or any Subsidiary.

“Assignee” shall have the meaning assigned to such term in Section 9.04(b)(i).

“Assignment and Acceptance” shall mean an assignment and acceptance entered into by a Lender and an Assignee, and accepted by the Administrative Agent and the Borrower (if required by Section 9.04), in the form of Exhibit A or such other form (including electronic documentation generated by use of an electronic platform) as shall be approved by the Administrative Agent and reasonably satisfactory to the Borrower.

“Assignor” shall have the meaning assigned to such term in Section 9.04(i).

“Availability Period” shall mean the period from and including the Closing Date (or, if later, the effective date for such Class of Revolving Facility Commitments) to but excluding the earlier of the Revolving Facility Maturity Date of such Class and the date of termination of the Revolving Facility Commitments of such Class.

“Available Unused Commitment” shall mean, with respect to (i) a Revolving Facility Lender under any Class of Revolving Facility Commitments at any time, an amount equal to the Dollar Equivalent of the amount by which (a) the applicable Revolving Facility Commitment of such Revolving Facility Lender at such time exceeds (b) the applicable Revolving Facility Credit Exposure of such Revolving Facility Lender at such time and (ii) a Delayed Draw Term Loan Lender at any time, an amount equal to the applicable undrawn Delayed Draw Term Loan Commitment of such Delayed Draw Term Loan Lender at such time.

“Bail-In Action” shall mean the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of any Affected Financial Institution.

“Bail-In Legislation” shall mean (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Beneficial Ownership Certification” means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Board” shall mean the Board of Governors of the Federal Reserve System of the United States of America.

“Board of Directors” shall mean, as to any person, the board of directors or other governing body of such person, or if such person is owned or managed by a single entity, the board of directors or other governing body of such entity.

“Borrower” shall have the meaning assigned to such term in the introductory paragraph of this Agreement together with its permitted successors and assigns.

“Borrower Materials” shall have the meaning assigned to such term in Section 9.17(a).

“Borrowing” shall mean a group of Loans of a single Type under a single Facility, and made on a single date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

“Borrowing Minimum” shall mean (a) in the case of Eurocurrency Loans, \$1,000,000, (b) in the case of ABR Loans, \$1,000,000 and (c) in the case of Swingline Loans, \$500,000.

“Borrowing Multiple” shall mean (a) in the case of Eurocurrency Loans, \$500,000, (b) in the case of ABR Loans, \$250,000 and (c) in the case of Swingline Loans, \$100,000.

“Borrowing Request” shall mean a request by the Borrower in accordance with the terms of Section 2.03 and substantially in the form of Exhibit D-1 or another form approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent).

“Budget” shall have the meaning assigned to such term in Section 5.04(e).

“Business Day” shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided, that when used in connection with a Eurocurrency Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in deposits in Dollars in the London interbank market.

“Cape Town Convention” shall mean the official English language texts of the Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment which were signed in Cape Town, South Africa on November 16, 2001.

“Capital Expenditures” shall mean, for any person in respect of any period, the aggregate of all expenditures incurred by such person during such period that, in accordance with GAAP, are or should be included in “additions to property, plant or equipment” or similar items reflected in the statement of cash flows of such person.

“Capitalized Lease Obligations” shall mean, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP; provided that obligations of the Borrower or its Subsidiaries, or of a special purpose or other entity not consolidated with the Borrower and its Subsidiaries, either existing on the Closing Date or created thereafter that (a) initially were not included on the consolidated balance sheet of the Borrower as capital lease obligations and were subsequently recharacterized as capital lease obligations or, in the case of such a special purpose or other entity becoming consolidated with the Borrower and its Subsidiaries were required to be characterized as capital lease obligations upon such consolidation, in either case, due to a change in accounting treatment or otherwise, or (b) did not exist on the Closing Date and were required to be characterized as capital lease obligations but would not have been required to be treated as capital lease obligations on the Closing Date had they existed at that time, shall for all purposes not be treated as Capitalized Lease Obligations or Indebtedness.

“Capitalized Software Expenditures” shall mean, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a person during such period in respect of licensed or purchased software or internally developed software and software enhancements that, in accordance with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of such person and its subsidiaries.

“CARES Act Deposit Account” shall mean, from and after the CARES Act Loan Effective Date, (x) the “Collection Account”, the “Payment Account”, the “Blocked Account” and the “Collateral Proceeds Account” (each as defined in the CARES Act Loan Agreement as in effect on the CARES Act Loan Effective Date) and (y) any other segregated deposit account that is subject to a control agreement in favor of the Appropriate Party (under and as defined in the CARES Act Loan Agreement as in effect on the CARES Act Loan Effective Date) solely holding the proceeds of the CARES Act Loans and/or the identifiable proceeds of Permitted CARES Act Collateral; provided, however, that all of the foregoing accounts shall cease to constitute a CARES Act Deposit Account on the CARES Act Loan Termination Date; provided, further, however, that the Amazon Collection Account shall at no time be a CARES Act Deposit Account.

“CARES Act Loan Effective Date” shall mean October 26, 2020.

“CARES Act Loan Agreement” shall mean that certain Loan and Guarantee Agreement, dated as of October 26, 2020, by and among the Borrower, the United States Department of the Treasury, as lender, and The Bank of New York Mellon, as administrative agent and collateral agent, as amended or modified from time to time.

“CARES Act Loan Termination Date” shall have the meaning set forth in Section 5.10(i).

“CARES Act Loans” shall mean the loans incurred by the Borrower under the CARES Act Loan Agreement.

“CARES Act Pledge and Security Agreement” shall mean that certain Pledge and Security Agreement, among the Borrower, Holdings, certain Affiliates of the Borrower, and Bank of New York Mellon, as Collateral Agent, dated and as in effect as of October 26, 2020.

“Cash Collateralize” shall mean to pledge and deposit with or deliver to the Collateral Agent, for the benefit of one or more of the Issuing Banks or Revolving Facility Lenders, as collateral for Revolving L/C Exposure or obligations of the Revolving Facility Lenders to fund participations in respect of Revolving L/C Exposure, cash or deposit account balances or, if the Administrative Agent and each

applicable Issuing Bank shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and each applicable Issuing Bank. “Cash Collateral” and “Cash Collateralization” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Cash Interest Expense” shall mean, with respect to the Borrower and the Subsidiaries on a consolidated basis for any period, Interest Expense for such period to the extent such amounts are paid in cash for such period, excluding, without duplication, in any event (a) pay-in-kind Interest Expense or other non-cash Interest Expense (including as a result of the effects of purchase accounting), (b) to the extent included in Interest Expense, the amortization of any financing fees paid by, or on behalf of, the Borrower or any Subsidiary, including such fees paid in connection with the Transactions or upon entering into a Permitted Securitization Financing, and (c) the amortization of debt discounts, if any, or fees in respect of Hedging Agreements; provided, that Cash Interest Expense shall exclude any one time financing fees, including those paid in connection with the Transactions or upon entering into a Permitted Securitization Financing or any amendment of this Agreement.

“Cash Management Agreement” shall mean any agreement to provide to Holdings, the Borrower or any Subsidiary cash management services for collections, treasury management services (including controlled disbursement, overdraft, automated clearing house fund transfer services, return items and interstate depository network services), any demand deposit, payroll, trust or operating account relationships, commercial credit cards, merchant card, purchase or debit cards, non-card e-payables services, and other cash management services, including electronic funds transfer services, lockbox services, stop payment services and wire transfer services.

“Cash Management Bank” shall mean any person that, at the time it enters into a Cash Management Agreement (or on the Closing Date), is an Agent, an Arranger, a Lender or an Affiliate of any such person, in each case, in its capacity as a party to such Cash Management Agreement. For the avoidance of doubt, any Cash Management Bank shall continue to be a Cash Management Bank with respect to the applicable Cash Management Agreement even if it ceases to be an Agent, Arranger, Lender or Affiliate thereof after the Closing Date.

“CFC” shall mean a “controlled foreign corporation” within the meaning of Section 957(a) of the Code.

A “Change in Control” shall be deemed to occur if:

(a) (i) at any time prior to a Qualified IPO, (x) the Permitted Holders in the aggregate shall at any time cease to have, directly or indirectly, the power to vote or direct the voting of at least 35% of the Voting Stock of the Borrower or (y) any person, entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act, but excluding any employee benefit plan of such person, entity or “group” and its subsidiaries and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), other than the Permitted Holders, shall at any time have acquired direct or indirect beneficial ownership (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act) of a percentage of the voting power of the outstanding Voting Stock of the Borrower that is greater than the percentage of such voting power of such Voting Stock in the aggregate, directly or indirectly, beneficially owned by the Permitted Holders or (ii) at any time on and after a Qualified IPO, any person, entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act, but excluding any employee benefit plan of such person, entity or “group” and its subsidiaries and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), other than the Permitted Holders (or any holding company parent of the Borrower owned directly or indirectly by the Permitted

Holders), shall at any time have acquired direct or indirect beneficial ownership (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act) of voting power of the outstanding Voting Stock of the Borrower having more than 50% of the ordinary voting power for the election of directors of the Borrower, unless in the case of either clause (i) or (ii) of this clause (a), the Permitted Holders have, at such time, the right or the ability by voting power, contract or otherwise to elect or designate for election at least a majority of the members of the Board of Directors of the Borrower; or

(b) a “Change of Control” or analogous term (as defined in any indenture or credit agreement in respect of the CARES Act Loan Agreement or any Junior Financing constituting Material Indebtedness) shall have occurred; or

(c) Holdings shall fail to beneficially own, directly or indirectly, 100% of the issued and outstanding Equity Interests of the Borrower (other than in connection with or after a Qualified IPO of the Borrower).

In addition, notwithstanding the foregoing, a transaction in which the Borrower or a Parent Entity of the Borrower becomes a subsidiary of another person (such person, the “New Parent”) shall not constitute a Change in Control if (a) the equityholders of the Borrower or such Parent Entity immediately prior to such transaction beneficially own, directly or indirectly through one or more intermediaries, at least a majority of the total voting power of the Voting Stock of the Borrower or such New Parent immediately following the consummation of such transaction, substantially in proportion to their holdings of the equity of the Borrower or such Parent Entity prior to such transaction or (b) at any time on and after a Qualified IPO, immediately following the consummation of such transaction, no person, other than a Permitted Holder, the New Parent or any subsidiary of the New Parent, beneficially owns, directly or indirectly through one or more intermediaries, more than 50% of the voting power of the Voting Stock of the Borrower or the New Parent.

“Change in Law” shall mean (a) the adoption of any law, rule or regulation after the Closing Date, (b) any change in law, treaty, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender (or, for purposes of Section 2.15(b), by any Lending Office of such Lender or by such Lender’s holding company, if any) with any written request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date; provided, however, that notwithstanding anything herein to the contrary, (x) all requests, rules, guidelines or directives under or issued in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act, all interpretations and applications thereof and any compliance by a Lender with any request or directive relating thereto and (y) all requests, rules, guidelines or directives promulgated under or in connection with, all interpretations and applications of, or any compliance by a Lender with any request or directive relating to International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case under clauses (x) and (y) be deemed to be a “Change in Law” but only to the extent a Lender is imposing applicable increased costs or costs in connection with capital adequacy requirements similar to those described in clauses (a) and (b) of Section 2.15 generally on other borrowers of loans under United States of America cash flow term loan credit facilities.

“Charges” shall have the meaning assigned to such term in Section 9.09.

“Class” shall mean, (a) when used in respect of any Loan or Borrowing, whether such Loan or the Loans comprising such Borrowing are Delayed Draw Term Loans, Other Term Loans, Initial Revolving Loans, Extended Revolving Loans or Other Revolving Loans; and (b) when used in respect of any Commitment, whether such Commitment is in respect of a commitment to make Delayed Draw Term Loans, Other Term Loans, Initial Revolving Loans, Extended Revolving Loans or Other Revolving Loans. Other Term Loans, Extended Revolving Loans or Other Revolving Loans that have different terms and conditions (together with the Commitments in respect thereof) from the Delayed Draw Term Loans or the Initial Revolving Loans, respectively, or from other Other Term Loans or other Extended Revolving Loans or other Other Revolving Loans, as applicable, shall each be construed to be in separate and distinct Classes.

“Class Loans” shall have the meaning assigned to such term in Section 9.08(f).

“Closing Date” shall mean February 10, 2021.

“Closing Date Spare Engines” shall mean (i) that certain CFM International, Inc. model CFM56-7B20, also shown on the FAA records as CFM56-7B22, aircraft engine bearing manufacturer’s serial no. 889728 and (ii) that certain CFM International, Inc. model CFM56-7B24, also shown on the FAA records as CFM56-7B22, aircraft engine bearing manufacturer’s serial no. 888694.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Co-Investors” shall mean (a) the Fund and Fund Affiliates (excluding any of their portfolio companies), (b) the Management Group and (c) Amazon.com Services, Inc. and its Affiliates.

“Collateral” shall mean all the “Collateral” as defined in any Security Document and shall also include the Mortgaged Properties, the FAA Assets and all other property that is subject to any Lien in favor of the Administrative Agent, the Collateral Agent or any Subagent for the benefit of the Secured Parties pursuant to any Security Document.

“Collateral Agent” shall mean the Administrative Agent acting as collateral agent for the Secured Parties, together with its successors and permitted assigns in such capacity.

“Collateral Agent Account” shall have the meaning assigned to such term in Section 5.11(c).

“Collateral Agreement” shall mean the Collateral Agreement, dated as of the Closing Date, as may be amended, restated, supplemented or otherwise modified from time to time, among the Borrower, each Subsidiary Loan Party and the Collateral Agent.

“Collateral and Guarantee Requirement” shall mean the requirement that (in each case subject to Sections 5.10(d), (e) and (g) and Schedule 5.12):

(a) on the Closing Date, the Collateral Agent shall have received (i) from the Borrower and each Subsidiary Loan Party, a counterpart of the Collateral Agreement, (ii) from each Subsidiary Loan Party, a counterpart of the Subsidiary Guarantee Agreement and (iii) from Holdings, a counterpart of the Holdings Guarantee and Pledge Agreement, in each case duly executed and delivered on behalf of such person;

(b) on the Closing Date, (i)(x) all outstanding Equity Interests of the Borrower and all other outstanding Equity Interests, in each case, directly owned by the Loan Parties, other than Excluded Securities, and (y) all Indebtedness owing to any Loan Party, other than Excluded Securities, shall have been pledged pursuant to the Collateral Agreement or the Holdings Guarantee and Pledge Agreement, as applicable, and (ii) the Collateral Agent shall have received certificates or other instruments (if any) representing such Equity Interests and any notes or other instruments

(if any) required to be delivered pursuant to the applicable Security Documents, together with stock powers, note powers or other instruments of transfer with respect thereto endorsed in blank;

(c) in the case of any person that becomes a Subsidiary Loan Party after the Closing Date, the Collateral Agent shall have received (i) the Subsidiary Guarantee Agreement or a supplement thereto and a supplement to the Collateral Agreement and (ii) supplements to the other Security Documents, if applicable, in the form specified therefor or otherwise reasonably acceptable to the Administrative Agent, in each case, duly executed and delivered on behalf of such Subsidiary Loan Party;

(d) after the Closing Date, (x) all outstanding Equity Interests of any person that becomes a Subsidiary Loan Party after the Closing Date and (y) subject to Section 5.10(g), all Equity Interests directly acquired by a Loan Party after the Closing Date, other than Excluded Securities, shall have been pledged pursuant to the Collateral Agreement (or the Holdings Guarantee and Pledge Agreement, as applicable), and the Collateral Agent shall have received certificates or other instruments (if any) representing such Equity Interests, together with stock powers or other instruments of transfer with respect thereto endorsed in blank;

(e) except as otherwise contemplated by this Agreement or any Security Document, all documents and instruments, including Uniform Commercial Code financing statements, FAA Mortgages with respect to FAA Assets and New York Law Aircraft Mortgages with respect to Specified Aircraft, International Interests with the International Registry with respect to Spare Engines and Specified Aircraft, and filings with the United States Copyright Office and the United States Patent and Trademark Office, and all other actions required by Requirement of Law or reasonably requested by the Collateral Agent to be delivered, filed, registered or recorded to create the Liens intended to be created by the Security Documents (in each case, including any supplements thereto) and perfect such Liens to the extent required by, and with the priority required by, the Security Documents, shall have been delivered, filed, registered or recorded or delivered to the Collateral Agent or, if applicable, the Collateral Agent's title insurer, for filing, registration or the recording concurrently with, or promptly following, (x) the execution and delivery of each such Security Document or supplement thereto or (y) such request of the Collateral Agent in respect thereof, as applicable;

(f) within the time periods set forth in Section 5.10 with respect to Mortgaged Properties encumbered pursuant to said Section 5.10, the Collateral Agent shall have received (i) counterparts of each Mortgage to be entered into with respect to each such Mortgaged Property duly executed and delivered by the record owner of such Mortgaged Property and suitable for recording or filing in all filing or recording offices that the Collateral Agent may reasonably deem necessary or desirable in order to create a valid and enforceable Lien subject to no other Liens except Permitted Liens, at the time of recordation thereof, (ii) with respect to the Mortgage encumbering each such Mortgaged Property, opinions of counsel regarding the enforceability, due authorization, execution and delivery of the Mortgages and such other matters customarily covered in real estate counsel opinions as the Collateral Agent may reasonably request, in form and substance reasonably acceptable to the Collateral Agent, (iii) with respect to each such Mortgaged Property, the Flood Documentation and (iv) such other documents as the Collateral Agent may reasonably request with respect to any such Mortgage or Mortgaged Property;

(g) within the time periods set forth in Section 5.10 with respect to Mortgaged Properties encumbered pursuant to said Section 5.10, the Collateral Agent shall have received (i) a policy or policies or marked up unconditional binder of title insurance with respect to each such Mortgaged Property located in the United States of America, or a date-down and modification

endorsement, if available, in an amount reasonably acceptable to the Collateral Agent with respect to such Mortgaged Property (not to exceed the fair market value of the applicable Mortgaged Property, as determined in good faith by the Borrower), paid for by the Borrower, issued by a nationally recognized title insurance company, insuring the Lien of each Mortgage as a valid Lien on the Mortgaged Property described therein, free of any other Liens except Permitted Liens, together with such customary endorsements, coinsurance and reinsurance as the Collateral Agent may reasonably request and which are available at commercially reasonable rates in the jurisdiction where the applicable Mortgaged Property is located, (ii) a survey or "express map" (or other aerial map) of each Mortgaged Property (including all improvements, easements and other customary matters thereon reasonably required by the Collateral Agent), as applicable, for which all necessary fees (where applicable) have been paid with respect to each such Mortgaged Property located in the United States of America, which is (A) in the case of a survey, complying in all material respects with the minimum detail requirements of the American Land Title Association and American Congress of Surveying and Mapping as such requirements are in effect on the date of preparation of such survey and (B) in each case, sufficient for such title insurance company to remove all standard survey exceptions from the title insurance policy relating to such Mortgaged Property and issue the customary survey related endorsements or otherwise reasonably acceptable to the Collateral Agent and (iii) appraisals with respect to each such Mortgaged Property complying in all material respects with FIRREA and USPAP, in each case, to the extent required by applicable law

(h) the Administrative Agent shall have received FAA, International Registry and UCC searches indicating that each FAA Asset is (or will be upon acquisition thereof by the Borrower or any Subsidiary Loan Party) owned by the Borrower or any Subsidiary Loan Party free and clear of all security interests or liens in favor of any person other than the Collateral Agent except for any Permitted Lien and the actions and deliveries required by Section 5.10 and/or Schedule 5.12, as applicable, with respect to each FAA Asset shall be satisfied at or prior to the required times set forth therein;

(i) the Collateral Agent shall have received evidence of the insurance required by the terms of Section 5.02 hereof; and

(j) after the Closing Date, the Collateral Agent shall have received (i) such other Security Documents as may be required to be delivered pursuant to Section 5.10 or the Collateral Agreement, and (ii) upon reasonable request by the Collateral Agent, evidence of compliance with any other requirements of Section 5.10.

"Collections" shall mean Amazon Cash Flow received during the relevant quarter that has been deposited into the Amazon Collection Account (and for the avoidance of doubt, excluding any amounts on deposit in the Amazon Collection Account in respect of prior periods).

"Commitment Fee" shall have the meaning assigned to such term in Section 2.12(a).

"Commitments" shall mean (a) with respect to any Lender, such Lender's Revolving Facility Commitment and Delayed Draw Term Loan Commitment and (b) with respect to any Swingline Lender, its Swingline Commitment (it being understood that a Swingline Commitment does not increase the applicable Swingline Lender's Revolving Facility Commitment).

"Commodity Exchange Act" shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“Conduit Lender” shall mean any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender; provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Sections 2.15, 2.16, 2.17 or 9.05 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender unless the designation of such Conduit Lender is made with the prior written consent of the Borrower (not to be unreasonably withheld or delayed), which consent shall specify that it is being made pursuant to the proviso in the definition of “Conduit Lender” and provided that the designating Lender provides such information as the Borrower reasonably requests in order for the Borrower to determine whether to provide its consent or (b) be deemed to have any Commitment.

“Consolidated Debt” at any date shall mean the sum of (without duplication) all Indebtedness (other than letters of credit or bank guarantees, to the extent undrawn) consisting of Indebtedness for borrowed money and Disqualified Stock of the Borrower and the Subsidiaries determined on a consolidated basis on such date in accordance with GAAP.

“Consolidated Net Income” shall mean, with respect to any person for any period, the aggregate of the Net Income of such person and its subsidiaries for such period, on a consolidated basis; provided, however, that, without duplication,

(i) any net after-tax extraordinary, nonrecurring or unusual gains or losses or income or expense or charge (less all fees and expenses relating thereto), any severance, relocation or other restructuring expenses, any expenses related to any New Project or any reconstruction, decommissioning, recommissioning or reconfiguration of fixed assets for alternative uses, fees, expenses or charges relating to facilities closing costs, curtailments or modifications to pension and post-retirement employee benefit plans, excess pension charges, acquisition integration costs, facilities opening and integration costs, signing, retention or completion bonuses, and expenses or charges related to any offering of Equity Interests or debt securities of the Borrower, Holdings or any Parent Entity, any Investment, acquisition, Disposition, recapitalization or issuance, repayment, refinancing, amendment or modification of Indebtedness (in each case, whether or not successful), and any fees, expenses, charges or change in control payments related to the Transactions (including any costs relating to auditing prior periods, any transition or startup-related expenses, and Transaction Expenses incurred before, on or after the Closing Date), in each case, shall be excluded,

(ii) any net after-tax income or loss from Disposed of, abandoned, closed or discontinued operations or fixed assets and any net after-tax gain or loss on the Dispositions of Disposed of, abandoned, closed or discontinued operations or fixed assets shall be excluded,

(iii) any net after-tax gain or loss (less all fees and expenses or charges relating thereto) attributable to business Dispositions or asset Dispositions other than in the ordinary course of business (as determined in good faith by the management of the Borrower) shall be excluded,

(iv) any net after-tax income or loss (less all fees and expenses or charges relating thereto) attributable to the early extinguishment of indebtedness, Hedging Agreements or other derivative instruments shall be excluded,

(v) (A) the Net Income for such period of any person that is not a subsidiary of such person, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be included only to the extent of the amount of dividends or distributions or other payments paid in cash (or to the extent converted into cash) to the referent person or a subsidiary thereof (other than an Unrestricted Subsidiary of such referent person) in respect of such period and (B) the Net Income for such period shall include any dividend, distribution or other payment in cash (or to the extent converted into cash) received by the referent person or a subsidiary thereof (other than an Unrestricted Subsidiary of such referent person) from any person in excess of, but without duplication of, the amounts included in subclause (A),

(vi) the cumulative effect of a change in accounting principles during such period shall be excluded,

(vii) effects of purchase accounting adjustments (including the effects of such adjustments pushed down to such person) in component amounts required or permitted by GAAP, resulting from the application of purchase accounting or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded,

(viii) any impairment charges or asset write-offs, in each case pursuant to GAAP, and the amortization of intangibles and other fair value adjustments arising pursuant to GAAP, shall be excluded,

(ix) any non-cash compensation charge or expenses realized or resulting from stock option plans, employee benefit plans or post-employment benefit plans, or grants or sales of stock, stock appreciation or similar rights, stock options, restricted stock, preferred stock or other rights shall be excluded,

(x) accruals and reserves that are established or adjusted within twelve months after the Closing Date and that are so required to be established or adjusted in accordance with GAAP or as a result of adoption or modification of accounting policies shall be excluded,

(xi) non-cash gains, losses, income and expenses resulting from fair value accounting required by the applicable standard under GAAP and related interpretation shall be excluded,

(xii) any gain, loss, income, expense or charge resulting from the application of any LIFO method shall be excluded,

(xiii) any non-cash charges for deferred tax asset valuation allowances and deferred tax liabilities shall be excluded,

(xiv) any currency translation gains and losses related to currency remeasurements of Indebtedness, and any net loss or gain resulting from Hedging Agreements for currency exchange risk, shall be excluded,

(xv) any deductions attributable to minority interests shall be excluded,

(xvi) (A) the non-cash portion of "straight-line" rent expense shall be excluded and (B) the cash portion of "straight-line" rent expense which exceeds the amount expensed in respect of such rent expense shall be included,

(xvii) (A) to the extent covered by insurance and actually reimbursed, or, so long as such person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (x) not denied by the applicable carrier in writing within 180 days and (y) in fact reimbursed within 365 days following the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within such 365 days), expenses with respect to liability or casualty events or business interruption shall be excluded; and (B) amounts estimated in good faith to be received from insurance in respect of lost revenues or earnings in respect of liability or casualty events or business interruption shall be included (with a deduction for amounts actually received up to such estimated amount to the extent included in Net Income in a future period), and

(xviii) without duplication, an amount equal to the amount of distributions actually made to any parent or equity holder of such person in respect of such period in accordance with Section 6.06(b)(v) shall be included as though such amounts had been paid as income taxes directly by such person for such period.

“Consolidated Total Assets” shall mean, as of any date of determination, the total assets of the Borrower and the consolidated Subsidiaries without giving effect to any amortization of the amount of intangible assets since the Closing Date, determined on a consolidated basis in accordance with GAAP, as set forth on the consolidated balance sheet of the Borrower as of the last day of the fiscal quarter most recently ended for which financial statements have been (or were required to be) delivered pursuant to Section 5.04(a) or 5.04(b), as applicable, calculated on a Pro Forma Basis after giving effect to any acquisition or Disposition of a person or assets that may have occurred on or after the last day of such fiscal quarter.

“Continuing Letter of Credit” shall have the meaning assigned to such term in Section 2.05(k).

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and “Controlling” and “Controlled” shall have meanings correlative thereto.

“Credit Event” shall have the meaning assigned to such term in Article IV.

“Cumulative Credit” shall mean, at any date, an amount, not less than zero in the aggregate, determined on a cumulative basis equal to, without duplication:

(a) the greater of \$10,000,000 and 0.100 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period, plus

(b) 50.0% of the Consolidated Net Income accrued during the period (treated as one accounting period) beginning on January 1, 2021 to the end of the most recent fiscal quarter of the Borrower ending prior to the date of such use of the Cumulative Credit for which for which financial statements have been delivered pursuant to Section 5.04(a) or 5.04(b) or, in the case such Consolidated Net Income shall be a negative number, the amount available pursuant to this clause (b) shall be deemed to be zero), plus

(c) [reserved], plus

(d) the aggregate amount of any Declined Proceeds, plus

(e) (i) the cumulative amount of proceeds (including cash and the fair market value (as determined in good faith by the Borrower) of property other than cash) from the sale of Equity Interests of the Borrower, Holdings or any Parent Entity after the Closing Date and on or prior to such time (including upon exercise of warrants or options), which proceeds have been contributed as common equity to the capital of the Borrower, and (ii) common Equity Interests of Holdings, the Borrower or any Parent Entity issued upon conversion of Indebtedness (other than Indebtedness that is contractually subordinated to the Loan Obligations in right of payment) of the Borrower or any Subsidiary owed to a person other than the Borrower or a Subsidiary; provided, that this clause (e) shall exclude Permitted Cure Securities, sales of Equity Interests financed as contemplated by Section 6.04(e) or used as described in clause (ix) of the definition of "EBITDAR" and any amounts used to finance the payments or distributions in respect of any Junior Financing pursuant to Section 6.09(b), plus

(f) 100% of the aggregate amount of contributions as common equity to the capital of the Borrower received in cash (and the fair market value (as determined in good faith by the Borrower) of property other than cash) after the Closing Date (subject to the same exclusions as are applicable to clause (e) above); plus

(g) 100% of the aggregate principal amount of any Indebtedness (including the liquidation preference or maximum fixed repurchase price, as the case may be, of any Disqualified Stock) of the Borrower or any Subsidiary thereof issued after the Closing Date (other than Indebtedness issued to a Subsidiary), which has been converted into or exchanged for Equity Interests (other than Disqualified Stock) in the Borrower, Holdings or any Parent Entity, plus

(h) 100% of the aggregate amount received by the Borrower or any Subsidiary in cash (and the fair market value (as determined in good faith by the Borrower) of property other than cash received by the Borrower or any Subsidiary) after the Closing Date from:

(A) the issuance or sale (other than to the Borrower or any Subsidiary) of the Equity Interests of an Unrestricted Subsidiary, or

(B) any dividend or other distribution by an Unrestricted Subsidiary, plus

(i) in the event any Unrestricted Subsidiary has been redesignated as a Subsidiary or has been merged, consolidated or amalgamated with or into, or transfers or conveys its assets to, or is liquidated into, Holdings, the Borrower or any Subsidiary, the fair market value (as determined in good faith by the Borrower) of the Investments of Holdings, the Borrower or any Subsidiary in such Unrestricted Subsidiary at the time of such redesignation, combination or transfer (or of the assets transferred or conveyed, as applicable), plus

(j) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale or other disposition, repayments, repurchases, redemptions, income and similar amounts) actually received by the Borrower or any Subsidiary in respect of any Investments made pursuant to Section 6.04(j)(Y), solely to the extent not included in the determination of clause (b) above, minus

(k) any amounts thereof used to make Investments pursuant to Section 6.04(j)(Y) after the Closing Date prior to such time, minus

(l) the cumulative amount of Restricted Payments made pursuant to Section 6.06(e) prior to such time, minus

(m) any amount thereof used to make payments or distributions in respect of Junior Financings pursuant to Section 6.09(b)(i)(E) (other than payments made with proceeds from the issuance of Equity Interests that were excluded from the calculation of the Cumulative Credit pursuant to clause (e) above).

“Cure Amount” shall have the meaning assigned to such term in Section 7.03.

“Cure Right” shall have the meaning assigned to such term in Section 7.03.

“DDTL Termination Date” shall mean the date on which (a) all Delayed Draw Term Loan Commitments shall have been terminated, and (b) the principal of and interest on each Delayed Draw Term Loan, all Fees and all other expenses or amounts payable under any Loan Document and all other Loan Obligations, in each case, in respect of the Delayed Draw Term Loans, shall have been paid in full (other than in respect of contingent indemnification and expense reimbursement claims not then due).

“Debt Fund Affiliate Lender” shall mean entities managed by the Fund or funds advised by its affiliated management companies that are primarily engaged in, or advises funds or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit or securities in the ordinary course and for which no personnel making investment decisions in respect of any equity fund which has a direct or indirect equity investment in Holdings, the Borrower or the Subsidiaries has the right to make any investment decisions.

“Debt Service” shall mean, with respect to the Borrower and the Subsidiaries on a consolidated basis for any period, Cash Interest Expense for such period, plus scheduled principal amortization of Consolidated Debt for such period.

“Debt Service Coverage Ratio” means, as of any DSCR Reference Date or any other date of determination, the ratio of (a) the aggregate amount of Collections to (b) Quarterly Debt Service, in each case for the relevant quarter.

“Debtor Relief Laws” shall mean the U.S. Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States of America or other applicable jurisdictions from time to time in effect.

“Declined Proceeds” shall have the meaning assigned to such term in Section 2.10(c)(i).

“Declining Lender” shall have the meaning assigned to such term in Section 2.10(c)(i).

“Deemed Date” shall have the meaning assigned to such term in Section 6.01.

“Default” shall mean any event or condition that upon notice, lapse of time or both would constitute an Event of Default.

“Defaulting Lender” shall mean, subject to Section 2.22, any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any Issuing Bank, the Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in

respect of its participation in Letters of Credit or Swingline Loans) within two Business Days of the date when due, (b) has notified the Borrower, the Swingline Lender, the Administrative Agent or any Issuing Bank in writing that it does not intend or expect to comply with its funding obligations hereunder or generally under other agreements in which it commits to extend credit, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided, that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower) or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-In Action; provided, that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.22) upon delivery of written notice of such determination to the Borrower, each Issuing Bank, the Swingline Lender and each Lender.

"Delayed Draw Facility Installment Date" shall have the meaning assigned to such term in Section 2.10(a)(i).

"Delayed Draw Term Facility Maturity Date" shall mean February 10, 2026.

"Delayed Draw Term Loan" shall mean the loans made by the Lenders to the Borrower pursuant to Section 2.01(d).

"Delayed Draw Term Loan Commitments" shall mean, with respect to each Lender, the commitment of such Lender to make a Delayed Draw Term Loan pursuant to Section 2.01(d). The amount of each Lender's Delayed Draw Term Loan Commitment as of the Closing Date is set forth on Schedule 2.01. The aggregate amount of the Delayed Draw Term Loan Commitments as of the Closing Date is \$90,000,000.

"Delayed Draw Term Loan Commitment Expiration Date" means the earliest of (i) the date on which all Delayed Draw Term Loan Commitments are reduced to zero, (ii) the two year anniversary of the Closing Date and (iii) the Termination Date.

"Designated Non-Cash Consideration" shall mean the fair market value (as determined in good faith by the Borrower) of non-cash consideration received by the Borrower or one of its Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to a certificate of a Responsible Officer of the Borrower, setting forth such valuation, less the amount of cash equivalents received in connection with a subsequent disposition of, or other receipt of cash equivalents in respect of, such Designated Non-Cash Consideration.

“Disinterested Director” shall mean, with respect to any person and transaction, a member of the Board of Directors of such person who does not have any material direct or indirect financial interest in or with respect to such transaction.

“Dispose” or “Disposed of” shall mean to convey, sell, lease, sell and leaseback, assign, farm-out, transfer or otherwise dispose of any property, business or asset. The term “Disposition” shall have a correlative meaning to the foregoing.

“Disqualified Stock” shall mean, with respect to any person, any Equity Interests of such person that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Loan Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests), in whole or in part, (c) provides for the scheduled payment of dividends in cash or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in each case, prior to the date that is ninety-one (91) days after the Latest Maturity Date in effect at the time of issuance thereof (provided, that only the portion of the Equity Interests that so mature or are mandatorily redeemable, are so convertible or exchangeable or are so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock). Notwithstanding the foregoing: (i) any Equity Interests issued to any employee or to any plan for the benefit of employees of the Borrower or the Subsidiaries or by any such plan to such employees shall not constitute Disqualified Stock solely because they may be required to be repurchased by the Borrower in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability and (ii) any class of Equity Interests of such person that by its terms authorizes such person to satisfy its obligations thereunder by delivery of Equity Interests that are not Disqualified Stock shall not be deemed to be Disqualified Stock.

“Dollar Equivalent” shall mean, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any currency other than Dollars, the equivalent amount thereof in Dollars as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date or other applicable date of determination) for the purchase of Dollars with such currency.

“Dollars” or “\$” shall mean lawful money of the United States of America.

“Domestic Subsidiary” shall mean any Subsidiary that is not a Foreign Subsidiary.

“DSCR Determination Date” means the fifth Business Day following the last day of each March, June, September and December (beginning with June 30, 2021).

“DSCR Reference Date” shall have the meaning assigned to such term in Section 5.11(a).

“DSCR Trigger Event” shall mean the period commencing on a DSCR Reference Date for which the Debt Service Coverage Ratio is less than 2.50 to 1.00 and continuing until the first succeeding DSCR Determination Date on which the Debt Service Coverage Ratio is 2.50 to 1.00 or more as of the immediately preceding DSCR Reference Date.

“**EBITDAR**” shall mean, with respect to the Borrower and the Subsidiaries on a consolidated basis for any period, the Consolidated Net Income of the Borrower and the Subsidiaries for such period plus (a) the sum of (in each case without duplication and to the extent the respective amounts described in subclauses (i) through (xiii) of this clause (a) reduced such Consolidated Net Income (and were not excluded therefrom) for the respective period for which EBITDAR is being determined):

(i) provision for Taxes based on income, profits or capital of the Borrower and the Subsidiaries for such period, including, without limitation, state franchise and similar taxes and foreign withholding taxes (including penalties and interest related to taxes or arising from tax examinations) and the amount of any distributions pursuant to Section 6.06(b)(iii) or Section 6.06(b)(v) in respect of such period,

(ii) Interest Expense (and to the extent not included in Interest Expense, (x) all cash dividend payments (excluding items eliminated in consolidation) on any series of preferred stock or Disqualified Stock and (y) costs of surety bonds in connection with financing activities) of the Borrower and the Subsidiaries for such period, together with items excluded from the definition of “Interest Expense” pursuant to clause (a) thereof, net of interest income of the Borrower and the Subsidiaries for such period,

(iii) depreciation and amortization expenses of the Borrower and the Subsidiaries for such period including the amortization of intangible assets, deferred financing fees and Capitalized Software Expenditures, amortization of unrecognized prior service costs and actuarial gains and losses related to pensions and other post-employment benefits,

(iv) business optimization expenses and other restructuring charges or reserves (which, for the avoidance of doubt, shall include the effect of inventory, marketing or sales optimization programs, facility closure, facility consolidations, retention, severance, systems establishment costs, contract termination costs, future lease commitments and excess pension charges),

(v) any other non-cash charges; provided, that for purposes of this subclause (v) of this clause (a), any non-cash charges or losses shall be treated as cash charges or losses in any subsequent period during which cash disbursements attributable thereto are made (but excluding, for the avoidance of doubt, amortization of a prepaid cash item that was paid in a prior period),

(vi) the amount of management, consulting, monitoring, transaction, advisory and similar fees and related expenses paid to the Co-Investors (or any accruals related to such fees and related expenses) during such period not in contravention of this Agreement,

(vii) any expenses or charges (other than depreciation or amortization expense as described in the preceding subclause (iii)) related to any issuance of Equity Interests, Investment, acquisition, New Project, Disposition, recapitalization or the incurrence, modification or repayment of Indebtedness permitted to be incurred by this Agreement (including a refinancing thereof) (whether or not successful), including (x) such fees, expenses or charges related to this Agreement, (y) any amendment or other modification of the Obligations or other Indebtedness and (z) commissions, discounts, yield and other fees and charges (including any interest expense) related to any Permitted Securitization Financing,

(viii) the amount of loss or discount in connection with a Permitted Securitization Financing, including amortization of loan origination costs and amortization of portfolio discounts,

(ix) any costs or expense incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of the Borrower or a Subsidiary Loan Party (other than contributions received from the Borrower or another Subsidiary Loan Party) or net cash proceeds of an issuance of Equity Interests of the Borrower (other than Disqualified Stock),

(x) non-operating expenses,

(xi) the amount of any loss attributable to a New Project, until the date that is 12 months after the date of completing the construction, acquisition, assembling or creation of such New Project, as the case may be; provided, that (A) such losses are reasonably identifiable and factually supportable and certified by a Responsible Officer of the Borrower and (B) losses attributable to such New Project after 12 months from the date of completing such construction, acquisition, assembling or creation, as the case may be, shall not be included in this subclause (xi),

(xii) with respect to any joint venture that is not a Subsidiary and solely to the extent relating to any net income referred to in clause (v) of the definition of "Consolidated Net Income," an amount equal to the proportion of those items described in subclauses (i) and (ii) above relating to such joint venture corresponding to the Borrower's and the Subsidiaries' proportionate share of such joint venture's Consolidated Net Income (determined as if such joint venture were a Subsidiary),

(xiii) one-time costs associated with commencing Public Company Compliance; and

(xiv) all rent expense, which for the avoidance of doubt shall include engine rent expense otherwise reported as a component of maintenance expense,

minus (b) the sum of (without duplication and to the extent the amounts described in this clause (b) increased such Consolidated Net Income for the respective period for which EBITDAR is being determined) non-cash items increasing Consolidated Net Income of the Borrower and the Subsidiaries for such period (but excluding any such items (A) in respect of which cash was received in a prior period or will be received in a future period or (B) which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges that reduced EBITDAR in any prior period).

"EEA Financial Institution" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country," shall mean any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority," shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Election Date” shall have the meaning assigned to such term in Section 1.10.

“EMU Legislation” shall mean the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

“Environment” shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources such as flora and fauna, the workplace or as otherwise defined in any Environmental Law.

“Environmental Laws” shall mean all applicable laws (including common law), rules, regulations, codes, ordinances, orders, binding agreements, decrees or judgments, promulgated or entered into by or with any Governmental Authority, relating in any way to the Environment, preservation or reclamation of natural resources, the generation, use, transport, management, Release or threatened Release of, or exposure to, any Hazardous Material or to public or employee health and safety matters (to the extent relating to the Environment or Hazardous Materials).

“Environmental Permits” shall have the meaning assigned to such term in Section 3.16.

“Equipment” shall mean, as to each Loan Party, all of such Loan Party’s now owned and hereafter acquired equipment, wherever located, including machinery, data processing and computer equipment (whether owned or leased and including embedded software that is licensed as part of such computer equipment), telephones, vehicles, Ground Service Equipment, Flight Simulators, inflight equipment, office equipment, rolling stock, tools, furniture, maintenance equipment, kitchen equipment, fixtures, all attachments, accessions and property now or hereafter affixed thereto or used in connection therewith, and substitutions and replacements thereof, wherever located (including Spare Engines and Specified Aircraft but excluding Spare Parts and, for the avoidance of doubt, excluding aircraft engines other than Spare Engines and excluding aircraft other than Specified Aircraft).

“Equity Interests” of any person shall mean any and all shares, interests, rights to purchase or otherwise acquire, warrants, options, participations or other equivalents of or interests in (however designated) equity or ownership of such person, including any preferred stock, any limited or general partnership interest and any limited liability company membership interest, and any securities or other rights or interests convertible into or exchangeable for any of the foregoing.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time and any final regulations promulgated and the rulings issued thereunder.

“ERISA Affiliate” shall mean any trade or business (whether or not incorporated) that, together with Holdings, the Borrower or a Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” shall mean (a) any Reportable Event or the requirements of Section 4043(b) of ERISA apply with respect to a Plan; (b) with respect to any Plan, the failure to satisfy the minimum funding standard under Section 412 of the Code or Section 302 of ERISA, whether or not waived; (c) a determination that any Plan is, or is expected to be, in “at-risk” status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code); (d) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (e) the incurrence by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any liability under

Title IV of ERISA with respect to the termination of any Plan or Multiemployer Plan; (f) the receipt by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan under Section 4042 of ERISA; (g) the incurrence by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (h) the receipt by Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Holdings, the Borrower, a Subsidiary or any ERISA Affiliate of any notice, concerning the impending imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA, or in “endangered” or “critical” status, within the meaning of Section 432 of the Code or Section 305 of ERISA; (i) the conditions for imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any Plan; or (j) the withdrawal of any of Holdings, the Borrower, a Subsidiary or any ERISA Affiliate from a Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA.

“EU Bail-In Legislation Schedule” shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Euro” shall mean the lawful currency of the Participating Member States introduced in accordance with the EMU Legislation.

“Eurocurrency Borrowing” shall mean a Borrowing comprised of Eurocurrency Loans.

“Eurocurrency Loan” shall mean any Eurocurrency Term Loan or Eurocurrency Revolving Loan.

“Eurocurrency Revolving Facility Borrowing” shall mean a Borrowing comprised of Eurocurrency Revolving Loans.

“Eurocurrency Revolving Loan” shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

“Eurocurrency Term Loan” shall mean any Term Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

“Event of Default” shall have the meaning assigned to such term in Section 7.01.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Excluded Contributions” shall mean the cash and the fair market value of assets other than cash (as determined by the Borrower in good faith) received by the Borrower after the Closing Date from: (a) contributions to its common Equity Interests, and (b) the sale or issuance (other than to a Subsidiary of the Borrower or to any Subsidiary management equity plan or stock option plan or any other management or employee benefit plan or agreement) of Qualified Equity Interests of the Borrower, in each case designated as Excluded Contributions pursuant to a certificate of a Responsible Officer of Holdings or the Borrower on or promptly after the date such capital contributions are made or the date such Equity Interest is sold or issued, as the case may be.

“Excluded Indebtedness” shall mean all Indebtedness not incurred in violation of Section 6.01, other than any Permitted Refinancing Indebtedness incurred to Refinance any Loan Obligations.

“Excluded Property” shall have the meaning assigned to such term in Section 5.10(g).

“Excluded Securities” shall mean any of the following:

(a) any Equity Interests or Indebtedness with respect to which the Collateral Agent and the Borrower reasonably agree that the cost or other consequences of pledging such Equity Interests or Indebtedness in favor of the Secured Parties under the Security Documents are likely to be excessive in relation to the value to be afforded thereby;

(b) in the case of any pledge of voting Equity Interests of any Foreign Subsidiary (in each case, that is owned directly by the Borrower or a Subsidiary Loan Party) to secure the Obligations, any voting Equity Interest of such Foreign Subsidiary in excess of 65% of the outstanding voting Equity Interests of such class;

(c) in the case of any pledge of voting Equity Interests of any FSHCO (in each case, that is owned directly by the Borrower or a Subsidiary Loan Party) to secure the Obligations, any voting Equity Interest of such FSHCO in excess of 65% of the outstanding voting Equity Interests of such class;

(d) any Equity Interests or Indebtedness to the extent the pledge thereof would be prohibited by any Requirement of Law after giving effect to the anti-assignment provisions of the Uniform Commercial Code of any applicable jurisdiction;

(e) any Equity Interests of any person that is not the Borrower or a Wholly Owned Subsidiary of a Loan Party to the extent (A) that a pledge thereof to secure the Obligations is prohibited by (i) any applicable organizational documents, joint venture agreement or shareholder agreement or (ii) any other contractual obligation with an unaffiliated third party not in violation of Section 6.09(c) binding on such Equity Interests to the extent in existence on the Closing Date or on the date of acquisition thereof and not entered into in contemplation thereof (other than in connection with the incurrence of Indebtedness of the type contemplated by Section 6.01(i)) (other than, in this subclause (A)(ii), customary non-assignment provisions which are ineffective under Article 9 of the Uniform Commercial Code or other applicable Requirement of Law), (B) any organizational documents, joint venture agreement or shareholder agreement of such person (or other contractual obligation referred to in subclause (A)(ii) above) of such person prohibits such a pledge without the consent of any other party; provided, that this clause (B) shall not apply if (1) such other party is a Loan Party or a Wholly Owned Subsidiary of a Loan Party or (2) consent has been obtained to consummate such pledge (it being understood that the foregoing shall not be deemed to obligate the Borrower or any Subsidiary to obtain any such consent) and this clause (e) shall only apply for so long as such organizational documents, joint venture agreement or shareholder agreement or replacement or renewal thereof is in effect, or (C) a pledge thereof to secure the Obligations would give any other party (other than a Loan Party or a Wholly Owned Subsidiary of a Loan Party) to any organizational documents, joint venture agreement or shareholder agreement governing such Equity Interests (or other contractual obligation referred to in subclause (A)(ii) above) the right to terminate its obligations thereunder (other than, in the case of other contractual obligations referred to in subclause (A)(ii), customary non-assignment provisions which are ineffective under Article 9 of the Uniform Commercial Code or other applicable Requirement of Law);

(f) any Equity Interests of any Immaterial Subsidiary, any Unrestricted Subsidiary or any Special Purpose Securitization Subsidiary;

(g) [reserved];

(h) any Equity Interests of any Subsidiary to the extent that the pledge of such Equity Interests could reasonably be expected to result in material adverse tax consequences to the Borrower or any Subsidiary as determined in good faith by the Borrower;

(i) any Equity Interests or Indebtedness that are set forth on Schedule 1.01(A) to this Agreement or that have been identified on or prior to the Closing Date in writing to the Agent by a Responsible Officer of the Borrower and agreed to by the Administrative Agent;

(j) (x) any Equity Interests owned by Holdings, other than Equity Interests of the Borrower, and (y) any Indebtedness owned by or owing to Holdings; and

(k) any Margin Stock.

“Excluded Subsidiary” shall mean any of the following (except as otherwise provided in clause (b) of the definition of “Subsidiary Loan Party”):

(a) each Immaterial Subsidiary,

(b) each Domestic Subsidiary that is not a Wholly Owned Subsidiary (for so long as such Subsidiary remains a non-Wholly Owned Subsidiary),

(c) each Domestic Subsidiary that is prohibited from Guaranteeing or granting Liens to secure the Obligations by any Requirement of Law or that would require consent, approval, license or authorization of a Governmental Authority to Guarantee or grant Liens to secure the Obligations (unless such consent, approval, license or authorization has been received),

(d) each Domestic Subsidiary that is prohibited by any applicable contractual requirement from Guaranteeing or granting Liens to secure the Obligations on the Closing Date or at the time such Subsidiary becomes a Subsidiary not in violation of Section 6.09(c) and not entered into in contemplation thereof (and for so long as such restriction or any replacement or renewal thereof is in effect),

(e) any Special Purpose Securitization Subsidiary,

(f) any Foreign Subsidiary,

(g) any Domestic Subsidiary (i) that is an FSHCO or (ii) that is a Subsidiary of a Foreign Subsidiary that is a CFC,

(h) any other Domestic Subsidiary with respect to which, (x) the Administrative Agent and the Borrower reasonably agree that the cost or other consequences of providing a Guarantee of or granting Liens to secure the Obligations are likely to be excessive in relation to the value to be afforded thereby or (y) in the case of any person that becomes a Domestic Subsidiary after the Closing Date, providing such a Guarantee or granting such Liens could reasonably be expected to result in material adverse tax consequences as determined in good faith by the Borrower,

(i) each Unrestricted Subsidiary, and

(j) with respect to any Swap Obligation, any Subsidiary that is not an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder.

“Excluded Swap Obligation” shall mean, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation, unless otherwise agreed between the Administrative Agent and the Borrower. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

“Excluded Taxes” shall mean, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder or under any other Loan Document, (i) Taxes imposed on or measured by its overall net income or branch profits (however denominated, and including (for the avoidance of doubt) any backup withholding in respect thereof under Section 3406 of the Code or any similar provision of state, local or foreign law), and franchise (and similar) Taxes imposed on it (in lieu of net income Taxes), in each case by a jurisdiction (including any political subdivision thereof) as a result of such recipient being organized in, having its principal office in, or in the case of any Lender, having its applicable Lending Office in, such jurisdiction, or as a result of any other present or former connection with such jurisdiction (other than any such connection arising solely from this Agreement or any other Loan Documents or any transactions contemplated thereunder), (ii) U.S. federal withholding Tax imposed on any payment by or on account of any obligation of any Loan Party hereunder or under any other Loan Document that is required to be imposed on amounts payable to a Lender (other than to the extent such Lender is an assignee pursuant to a request by the Borrower under Section 2.19(b) or 2.19(c)) pursuant to laws in force at the time such Lender becomes a party hereto (or designates a new Lending Office), except to the extent that such Lender (or its assignor, if any) was entitled, immediately prior to the designation of a new Lending Office (or assignment), to receive additional amounts or indemnification payments from any Loan Party with respect to such withholding Tax pursuant to Section 2.17, (iii) any withholding Tax that is attributable to such recipient’s failure to comply with Section 2.17(d) or (e) or (iv) any Tax imposed under FATCA.

“Existing Class Loans” shall have the meaning assigned to such term in Section 9.08(f).

“Existing Credit Agreement” shall mean the Asset-Based Revolving Credit Agreement, dated as of December 13, 2017 (as amended by Amendment No. 1, dated as of January 7, 2019, as further amended by Amendment No. 2, dated as of May 15, 2020, and as further amended by Amendment No. 3, dated as of September 14, 2020, among the Borrower, Holdings, the lenders party thereto and the Administrative Agent.

“Existing Roll-Over Letters of Credit” shall mean those letters of credit or bank guarantees issued and outstanding as of the Closing Date and set forth on Schedule 1.01(C), which shall each be deemed to constitute a Letter of Credit issued hereunder on the Closing Date.

“Extended Revolving Facility Commitment” shall have the meaning assigned to such term in Section 2.21(e).

“Extended Revolving Loan” shall have the meaning assigned to such term in Section 2.21(e).

“Extended Term Loan” shall have the meaning assigned to such term in Section 2.21(e).

“Extending Lender” shall have the meaning assigned to such term in Section 2.21(e).

“Extension” shall have the meaning assigned to such term in Section 2.21(e).

“FAA” shall mean the Federal Aviation Administration of the United States of America and any successor thereto.

“FAA Assets” shall mean the Spare Engines and the Specified Aircraft.

“FAA Mortgage” shall mean any New York law governed mortgage with the FAA with respect to a Spare Engine or any Specified Aircraft (including any amendments or supplements to any of the foregoing), in each case, that is reasonably satisfactory in form and substance to the Collateral Agent.

“Facility” shall mean the respective facility and commitments utilized in making Loans and credit extensions hereunder, it being understood that, as of the Closing Date there are two Facilities (*i.e.*, the Delayed Draw Term Loan Facility and the Revolving Facility Commitments established on the Closing Date and the extensions of credit thereunder) and thereafter, the term “Facility” may include any other Class of Commitments and the extensions of credit thereunder.

“FATCA” shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any Treasury Regulations promulgated thereunder or official administrative interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code as of the date of this Agreement (or any amended or successor version described above) and any intergovernmental agreements (or related rules, legislation or official administrative guidance) implementing the foregoing.

“Federal Funds Effective Rate” shall mean, for any day, the rate calculated by the Federal Reserve Bank of New York based on such day’s federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate.

“Fees” shall mean the Commitment Fees, the L/C Participation Fees, the Issuing Bank Fees and the Administrative Agent Fees.

“Financial Covenants” shall mean the covenants of the Borrower set forth in Section 6.11.

“Financial Officer” of any person shall mean the Chief Financial Officer or the equivalent financial officer, principal accounting officer, Treasurer, Assistant Treasurer or Controller of such person.

“FIRREA” shall mean the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

“Fitch” means Fitch, Inc. and any affiliate thereof and any successor thereto that is a nationally-recognized rating agency.

“Fixed Charge Coverage Ratio” shall mean on any date the ratio of (a) (i) EBITDAR for the Test Period most recently ended as of such date minus (ii) non-financed Capital Expenditures of the Borrower and its Subsidiaries paid in cash during such period (including such expenditures financed with proceeds of the Revolving Facility Loans) minus (iii) cash income taxes paid by the Borrower and its Subsidiaries during such period to (b) the sum of (i) scheduled principal payments required to be made during such period in respect of Indebtedness for borrowed money by the Borrower and its Subsidiaries plus (ii) the Cash Interest Expense for such period plus (iii) Restricted Payments pursuant to Section 6.06(c) or (h), in each case to the extent paid by the Borrower in cash for such period (excluding items eliminated in consolidation) plus (iv) all rent expense, which for the avoidance of doubt shall include engine rent expense otherwise reported as a component of maintenance expense, for such period; provided, that the Fixed Charge Coverage Ratio shall be determined for the relevant Test Period on a Pro Forma Basis.

“Flight Simulators” shall mean the flight simulators and flight training devices owned by any Loan Party.

“Flood Documentation” shall mean, with respect to each Mortgaged Property located in the United States of America or any territory thereof, (i) a completed “life-of-loan” Federal Emergency Management Agency standard flood hazard determination (and to the extent a Mortgaged Property is located in a Special Flood Hazard Area, a notice about Special Flood Hazard Area status and flood disaster assistance duly executed by the Borrower and the applicable Loan Party relating thereto) and (ii) evidence of flood insurance as required by Section 5.02(c) hereof and the applicable provisions of the Security Documents, each of which shall (A) be endorsed or otherwise amended to include a “standard” or “New York” lender’s loss payable or mortgagee endorsement (as applicable), (B) name the Collateral Agent, on behalf of the Secured Parties, as additional insured and loss payee/mortgagee, (C) identify the address of each property located in a Special Flood Hazard Area, the applicable flood zone designation and the flood insurance coverage and deductible relating thereto and (D) be otherwise in form and substance reasonably satisfactory to the Collateral Agent.

“Flood Insurance Laws” shall mean, collectively, (i) the National Flood Insurance Reform Act of 1994 (which comprehensively revised the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973) as now or hereafter in effect or any successor statute thereto, (ii) the Flood Insurance Reform Act of 2004 as now or hereafter in effect or any successor statute thereto and (iii) the Biggert-Waters Flood Insurance Reform Act of 2012 as now or hereafter in effect or any successor statute thereto.

“Foreign Lender” shall mean any Lender (a) that is not disregarded as separate from its owner for U.S. federal income tax purposes and that is not a “United States person” as defined by Section 7701(a)(30) of the Code or (b) that is disregarded as separate from its owner for U.S. federal income tax purposes and whose regarded owner is not a “United States person” as defined in Section 7701(a)(30) of the Code.

“Foreign Subsidiary” shall mean any Subsidiary that is incorporated or organized under the laws of any jurisdiction other than the United States of America, any state thereof or the District of Columbia.

“Fronting Exposure” shall mean, at any time there is a Defaulting Lender, (a) with respect to any Issuing Bank, such Defaulting Lender’s Revolving Facility Percentage of Revolving L/C Exposure with respect to Letters of Credit issued by such Issuing Bank other than such Revolving L/C Exposure as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof and (b) with respect to the Swingline Lender, such Defaulting Lender’s Swingline Exposure other than Swingline Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders.

“FSHCO” shall mean any Subsidiary that owns no material assets other than the Equity Interests of one or more Foreign Subsidiaries that are CFCs and/or of one or more FSHCOs.

“Fund” shall mean, collectively, investment funds managed by Affiliates of Apollo Global Management, Inc.

“Fund Affiliate” shall mean (i) each Affiliate of the Fund that is neither a “portfolio company” (which means a company actively engaged in providing goods or services to unaffiliated customers), whether or not controlled, nor a company controlled by a “portfolio company” and (ii) any individual who is a partner or employee of Apollo Management, L.P. or Apollo Management VIII, L.P.

“GAAP” shall mean generally accepted accounting principles in effect from time to time in the United States of America, applied on a consistent basis, subject to the provisions of Section 1.02; provided, that any reference to the application of GAAP in Sections 3.13(b), 3.20, 5.03, 5.07 and 6.02(e) to a Foreign Subsidiary (and not as a consolidated Subsidiary of the Borrower) shall mean generally accepted accounting principles in effect from time to time in the jurisdiction of organization of such Foreign Subsidiary.

“Governmental Authority” shall mean any federal, state, local or foreign (including any supranational bodies such as the European Union or the European Central Bank) court or governmental agency, authority, instrumentality or regulatory or legislative body.

“Ground Service Equipment” shall mean the ground service equipment, de-icers, ground support equipment, aircraft cleaning devices, materials handling equipment, passenger walkways and other similar equipment owned by any Loan Party.

“Guarantee” of or by any person (the “guarantor”) shall mean (a) any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other monetary obligation payable or performable by another person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the holders of such Indebtedness or other obligation of the payment thereof or to protect such holders against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of the guarantor securing any Indebtedness or other obligation (or any existing right, contingent or otherwise, of the holder of Indebtedness or other obligation to be secured by such a Lien) of any other person, whether or not such Indebtedness or other obligation is assumed by the guarantor; provided, however, that the term “Guarantee” shall not include endorsements of instruments for deposit or collection in the ordinary course of business or customary and reasonable indemnity obligations in effect on the Closing Date or entered into in connection with any acquisition or Disposition of assets permitted by this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such person in good faith.

“guarantor” shall have the meaning assigned to such term in the definition of the term “Guarantee.”

“Guarantors” shall mean the Loan Parties other than the Borrower.

“Hazardous Materials” shall mean all pollutants, contaminants, wastes, chemicals, materials, substances and constituents, including, without limitation, explosive or radioactive substances or petroleum by products or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas or pesticides, fungicides, fertilizers or other agricultural chemicals, of any nature subject to regulation or which can give rise to liability under any Environmental Law.

“Hedge Bank” shall mean any person that is (or an Affiliate thereof is) an Agent, an Arranger or a Lender on the Closing Date (or any person that becomes an Agent, Arranger or Lender or Affiliate thereof after the Closing Date) and that enters into a Hedging Agreement, in each case, in its capacity as a party to such Hedging Agreement. For the avoidance of doubt, any Hedge Bank shall continue to be a Hedge Bank with respect to the applicable Hedging Agreement even if it ceases to be an Agent, Arranger, Lender or Affiliate thereof after the Closing Date.

“Hedging Agreement” shall mean any agreement with respect to any swap, forward, future or derivative transaction, or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value, or credit spread transaction, repurchase transaction, reserve repurchase transaction, securities lending transaction, weather index transaction, spot contracts, fixed price physical delivery contracts, or any similar transaction or any combination of these transactions, in each case of the foregoing, whether or not exchange traded; provided, that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of Holdings, the Borrower or any of the Subsidiaries shall be a Hedging Agreement.

“Holdings” shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

“Holdings Guarantee and Pledge Agreement” shall mean the Holdings Guarantee and Pledge Agreement, dated as of the Closing Date, as may be amended, restated, supplemented or otherwise modified from time to time, between Holdings and the Collateral Agent.

“Immaterial Subsidiary” shall mean any Subsidiary that (a) did not, as of the last day of the fiscal quarter of the Borrower most recently ended for which financial statements have been (or were required to be) delivered pursuant to Section 5.04(a) or 5.04(b), have assets with a value in excess of 5.0% of the Consolidated Total Assets or revenues representing in excess of 5.0% of total revenues of the Borrower and the Subsidiaries on a consolidated basis as of such date, and (b) taken together with all Immaterial Subsidiaries as of such date, did not have assets with a value in excess of 10% of Consolidated Total Assets or revenues representing in excess of 10% of total revenues of the Borrower and the Subsidiaries on a consolidated basis as of such date; provided, that the Borrower may elect in its sole discretion to exclude as an Immaterial Subsidiary any Subsidiary that would otherwise meet the definition thereof.

“Increased Amount” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount or deferred financing fees, the payment of interest or dividends in the form of additional Indebtedness or in the form of Equity Interests, as applicable, the accretion of original issue discount, deferred financing fees or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies.

“Incremental Amount” shall mean, at the time of the establishment of the commitments in respect of the Indebtedness to be incurred utilizing this definition (or, at the option of the Borrower, at the time of incurrence of such Indebtedness), the sum of:

(i) the excess (if any) of (a) the greater of \$35,000,000 and 0.350 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period over (b) the sum of the aggregate outstanding principal amount of all Incremental Term Loans and Incremental Revolving Facility Commitments, in each case incurred or established after the Closing Date and outstanding at such time pursuant to Section 2.21 utilizing this clause (i) (other than Incremental Term Loans and Incremental Revolving Facility Commitments in respect of Refinancing Term Loans, Extended Term Loans, Extended Revolving Facility Commitments or Replacement Revolving Facility Commitments, respectively); plus

(ii) the aggregate amount of all voluntary prepayments of any Delayed Draw Term Loans funded in respect of the Delayed Draw Term Loan Commitments in effect as of the Closing Date and Revolving Facility Loans pursuant to Section 2.11(a) (and accompanied by a reduction of Revolving Facility Commitments pursuant to Section 2.08(b) in the case of a prepayment of Revolving Facility Loans) made prior to such time except to the extent funded with the proceeds of long-term Indebtedness (other than revolving Indebtedness);

“Incremental Assumption Agreement” shall mean an Incremental Assumption Agreement in form and substance reasonably satisfactory to the Administrative Agent, among the Borrower, the Administrative Agent and, if applicable, one or more Incremental Term Lenders and/or Incremental Revolving Facility Lenders.

“Incremental Commitment” shall mean an Incremental Term Loan Commitment or an Incremental Revolving Facility Commitment.

“Incremental Loan” shall mean an Incremental Term Loan or an Incremental Revolving Loan.

“Incremental Revolving Borrowing” shall mean a Borrowing comprised of Incremental Revolving Loans.

“Incremental Revolving Facility Commitment” shall mean the commitment of any Lender, established pursuant to Section 2.21, to make Incremental Revolving Loans to the Borrower.

“Incremental Revolving Facility Lender” shall mean a Lender with an Incremental Revolving Facility Commitment or an outstanding Incremental Revolving Loan.

“Incremental Revolving Loan” shall mean (i) Revolving Facility Loans made by one or more Revolving Facility Lenders to the Borrower pursuant to an Incremental Revolving Facility Commitment to make additional Initial Revolving Loans and (ii) to the extent permitted by Section 2.21 and provided for in the relevant Incremental Assumption Agreement, Other Revolving Loans (including in the form of Extended Revolving Loans or Replacement Revolving Loans, as applicable), or (iii) any of the foregoing.

“Incremental Term Borrowing” shall mean a Borrowing comprised of Incremental Term Loans.

“Incremental Term Facility” shall mean any Class of Incremental Term Loan Commitments and the Incremental Term Loans made thereunder.

“Incremental Term Lender” shall mean a Lender with an Incremental Term Loan Commitment or an outstanding Incremental Term Loan.

“Incremental Term Loan Commitment” shall mean the commitment of any Lender, established pursuant to Section 2.21, to make Incremental Term Loans to the Borrower.

“Incremental Term Loan Installment Date” shall have, with respect to any Class of Incremental Term Loans established pursuant to an Incremental Assumption Agreement, the meaning assigned to such term in Section 2.10(a)(ii).

“Incremental Term Loans” shall mean (i) Term Loans made by one or more Lenders to the Borrower pursuant to Section 2.01(c), which may consist of additional Delayed Draw Term Loans and (ii) to the extent permitted by Section 2.21 and provided for in the relevant Incremental Assumption Agreement, Other Term Loans (including in the form of Extended Term Loans or Refinancing Term Loans, as applicable), or (iii) any of the foregoing.

“Indebtedness” of any person shall mean, if and to the extent (other than with respect to clause (i)) the same would constitute indebtedness or a liability on a balance sheet prepared in accordance with GAAP, without duplication, (a) all obligations of such person for borrowed money, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person, (d) all obligations of such person issued or assumed as the deferred purchase price of property or services (other than such obligations accrued in the ordinary course of business), to the extent that the same would be required to be shown as a long term liability on a balance sheet prepared in accordance with GAAP, (e) all Capitalized Lease Obligations of such person, (f) all net payments that such person would have to make in the event of an early termination, on the date Indebtedness of such person is being determined, in respect of outstanding Hedging Agreements, (g) the principal component of all obligations, contingent or otherwise, of such person as an account party in respect of letters of credit, (h) the principal component of all obligations of such person in respect of bankers’ acceptances, (i) all Guarantees by such person of Indebtedness described in clauses (a) to (h) above and (j) the amount of all obligations of such person with respect to the redemption, repayment or other repurchase of any Disqualified Stock (excluding accrued dividends that have not increased the liquidation preference of such Disqualified Stock); provided, that Indebtedness shall not include (A) trade and other ordinary-course payables, accrued expenses, and intercompany liabilities arising in the ordinary course of business or consistent with past practice or industry norm, (B) prepaid or deferred revenue, (C) purchase price holdbacks arising in the ordinary course of business in respect of a portion of the purchase prices of an asset to satisfy unperformed obligations of the seller of such asset, (D) Obligations under or in respect of Permitted Securitization Financings, (E) earn-out obligations until such obligations become a liability on the balance sheet of such person in accordance with GAAP, (F) obligations in respect of Third Party Funds or (G) in the case of the Borrower and its Subsidiaries, (I) all intercompany Indebtedness having a term not exceeding 364 days (inclusive of any roll-over or extensions of terms) and made in the ordinary course of business and (II) intercompany liabilities in connection with the cash management, tax and accounting operations of the Borrower and the Subsidiaries. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness limits the liability of such person in respect thereof.

“Indemnified Taxes” shall mean all Taxes imposed on or with respect to or measured by any payment by or on account of any obligation of any Loan Party hereunder or under any other Loan Document other than (a) Excluded Taxes and (b) Other Taxes.

“Indemnitee” shall have the meaning assigned to such term in Section 9.05(b).

“Ineligible Institution” shall mean (i) the persons identified as “Disqualified Lenders” in writing to the Arrangers by Holdings or the Borrower on or prior to the Closing Date, and (ii) the persons as may be identified in writing to the Administrative Agent by the Borrower from time to time thereafter (in the case of this clause (ii)) in respect of bona fide business competitors of the Borrower (in the good faith determination of the Borrower), by delivery of a notice thereof to the Administrative Agent setting forth such person or persons (or the person or persons previously identified to the Administrative Agent that are to be no longer considered “Ineligible Institutions”); provided, that no such updates pursuant to clause (ii) shall be deemed to retroactively disqualify any parties that have previously acquired an assignment or participation interest in respect of the Loans from continuing to hold or vote such previously acquired assignments and participations on the terms set forth herein for Lenders that are not Ineligible Institutions.

“Information” shall have the meaning assigned to such term in Section 3.14(a).

“Initial Delayed Draw Term Loan Facility” shall mean any Delayed Draw Term Loans made pursuant to the Delayed Draw Term Loan Commitments as of the Closing Date or any increase (on the same terms) thereof.

“Initial Facilities” shall mean the Initial Revolving Commitments and the Initial Delayed Draw Term Loan Facility.

“Initial Revolving Commitments” shall mean the Revolving Facility Commitments in effect on the Closing Date (as the same may be amended from time to time in accordance with this Agreement).

“Initial Revolving Loan” shall mean a Revolving Facility Loan made (i) pursuant to the Initial Revolving Commitments or (ii) pursuant to any Incremental Revolving Facility Commitment on the same terms as the Revolving Facility Loans referred to in clause (i) of this definition.

“Intellectual Property” shall have the meaning assigned to such term in the Collateral Agreement.

“Intercreditor Agreement” shall have the meaning assigned to such term in Section 8.11.

“Interest Election Request” shall mean a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.07 and substantially in the form of Exhibit E or another form approved by the Administrative Agent.

“Interest Expense” shall mean, with respect to any person for any period, the sum of (a) gross interest expense of such person for such period on a consolidated basis, including the portion of any payments or accruals with respect to Capitalized Lease Obligations allocable to interest expense and excluding amortization of deferred financing fees and original issue discount, debt issuance costs, commissions, fees and expenses, expensing of any bridge, commitment or other financing fees and non-cash interest expense attributable to movement in mark to market of obligations in respect of Hedging Agreements or other derivatives (in each case permitted hereunder) under GAAP and (b) capitalized interest

of such person, minus interest income for such period. For purposes of the foregoing, gross interest expense shall be determined after giving effect to any net payments made or received and costs incurred by the Borrower and the Subsidiaries with respect to Hedging Agreements, and interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by the Borrower to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

“Interest Payment Date” shall mean, (a) with respect to any Eurocurrency Loan, (i) the last day of the Interest Period applicable to the Borrowing of which such Loan is a part, (ii) in the case of a Eurocurrency Borrowing with an Interest Period of more than three months’ duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months’ duration been applicable to such Borrowing and (iii) in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type or, as applicable, the date of repayment or prepayment in accordance with Section 2.10 or 2.11, (b) with respect to any ABR Loan, the last Business Day of each calendar quarter and (c) with respect to any Swingline Loan, the day that such Swingline Loan is required to be repaid pursuant to Section 2.09(a).

“Interest Period” shall mean, as to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as applicable, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter (or 12 months, if at the time of the relevant Borrowing, all Lenders make interest periods of such length available or, if agreed to by the Administrative Agent, any shorter period), as the Borrower may elect; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

“Intermediate Holdings” shall have the meaning assigned to such term in Section 1.09.

“International Interest” shall have the meaning given to “international interest” in the Cape Town Convention.

“International Registry” shall have the meaning given to “international registry” in the Cape Town Convention.

“Interpolated Rate” means, in relation to LIBOR, the rate which results from interpolating on a linear basis between:

- (a) the applicable LIBOR for the longest period (for which that LIBOR is available) which is less than the Interest Period of that Loan; and
- (b) the applicable LIBOR for the shortest period (for which that LIBOR is available) which exceeds the Interest Period of that Loan,

each as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period of that Loan.

“Investment” shall have the meaning assigned to such term in Section 6.04.

“Investment Incurrence Clauses” shall have the meaning assigned to such term in the last paragraph of Section 6.04.

“IPO Entity” shall have the meaning assigned to such term in the definition of “Qualified IPO”.

“IRS” shall mean the U.S. Internal Revenue Service.

“Issuing Bank” shall mean (i) each of Barclays Bank PLC, Deutsche Bank AG New York Branch and Morgan Stanley Senior Funding, Inc., (ii) for purposes of the Existing Roll-Over Letters of Credit, the Issuing Bank set forth on Schedule 1.01(C) and (iii) each other Issuing Bank designated pursuant to Section 2.05(l), in each case in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity. An Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by any domestic or foreign branch or Affiliate of such Issuing Bank, in which case the term “Issuing Bank” shall include any such branch or Affiliate with respect to Letters of Credit issued by such branch or Affiliate. For the avoidance of doubt, no Issuing Bank nor any of its branches, Affiliates or subsidiaries shall be required to issue any bank guarantees or any trade or commercial Letters of Credit.

“Issuing Bank Fees” shall have the meaning assigned to such term in Section 2.12(b).

“Judgment Currency” shall have the meaning assigned to such term in Section 9.19.

“Junior Financing” shall mean any Indebtedness (other than intercompany Indebtedness) that is subordinated in right of payment to the Loan Obligations.

“Junior Liens” shall mean Liens on the Collateral that are junior to the Liens thereon securing the Initial Facilities (and other Loan Obligations that are secured by Liens on the Collateral that rank pari passu with the Liens thereon securing the Initial Facilities) pursuant to a Permitted Junior Intercreditor Agreement (it being understood that Junior Liens are not required to be pari passu with other Junior Liens, and that Indebtedness secured by Junior Liens may have Liens that are senior in priority to, or pari passu with, or junior in priority to, other Liens constituting Junior Liens).

“L/C Disbursement” shall mean a payment or disbursement made by an Issuing Bank pursuant to a Letter of Credit.

“L/C Participation Fee” shall have the meaning assigned to such term in Section 2.12(b).

“Latest Maturity Date” shall mean, at any date of determination, the latest of the latest Revolving Facility Maturity Date and the latest Term Facility Maturity Date, in each case then in effect on such date of determination.

“Lender” shall mean each financial institution listed on Schedule 2.01 (other than any such person that has ceased to be a party hereto pursuant to an Assignment and Acceptance in accordance with Section 9.04), as well as any person that becomes a “Lender” hereunder pursuant to Section 9.04 or Section 2.21. Unless the context clearly indicates otherwise, the term “Lenders” shall include any Swingline Lender.

“Lending Office” shall mean, as to any Lender, the applicable branch, office or Affiliate of such Lender designated by such Lender to make Loans.

“Letter of Credit” shall mean any letter of credit or bank guarantee issued pursuant to Section 2.05, including any Alternate Currency Letter of Credit. Each Existing Roll-Over Letter of Credit shall be deemed to constitute a Letter of Credit issued hereunder on the Closing Date for all purposes of the Loan Documents.

“Letter of Credit Commitment” shall mean, with respect to each Issuing Bank, the commitment of such Issuing Bank to issue Letters of Credit pursuant to Section 2.05.

“Letter of Credit Sublimit” shall mean the aggregate Letter of Credit Commitments of the Issuing Banks, in an aggregate amount not to exceed \$10,000,000 (calculated, in the case of Alternate Currency Letters of Credit, based on the Dollar Equivalent thereof) or such larger amount not to exceed the Revolving Facility Commitment as the Administrative Agent and the applicable Issuing Bank may agree.

“LIBO Rate” shall mean, for any Interest Period as to any Eurocurrency Loan, (i) the rate per annum determined by the Administrative Agent to be the offered rate which appears on the page of the Reuters Screen which displays the London interbank offered rate administered by ICE Benchmark Administration Limited (such page currently being the LIBOR01 page) (“LIBOR”) for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time), two Business Days prior to the commencement of such Interest Period, or (ii) in the event the rate referenced in the preceding clause (i) does not appear on such page or service or if such page or service shall cease to be available, the rate determined by the Administrative Agent to be the offered rate on such other page or other service which displays LIBOR for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period; provided that if LIBOR is quoted under either of the preceding clauses (i) or (ii), but there is no such quotation for the Interest Period elected, LIBOR shall be equal to the Interpolated Rate.

“Lien” shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, charge, security interest or similar monetary encumbrance in or on such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset; provided, that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.

“Liquidity” means the sum of, without duplication, (i) all Unrestricted Cash and unrestricted Permitted Investments of the Borrower and its Subsidiaries, (ii) cash or cash equivalents of the Borrower and its Subsidiaries restricted in favor of the Obligations, (iii) the aggregate principal amount committed and available to be drawn by the Borrower and its Subsidiaries under all credit facilities of the Borrower and its Subsidiaries, (iv) any remaining aggregate principal amount committed and available to be drawn (taking into account any applicable restrictions) by the Borrower and its Subsidiaries in respect of the Loans and (v) the scheduled net proceeds (after giving effect to any expected repayment of existing Indebtedness using such proceeds) of any capital markets offering of the Borrower or any of its Subsidiaries that has priced but has not yet closed (until the earliest of the closing thereof, the termination thereof without closing or the date that falls five (5) Business Days after the initial scheduled closing date thereof).

“Loan Documents” shall mean (i) this Agreement, (ii) the Subsidiary Guarantee Agreement, (iii) the Security Documents, (iv) each Incremental Assumption Agreement, (v) any Intercreditor Agreement, (vi) any Note issued under Section 2.09(e), (vii) the Letters of Credit and (viii) solely for the purposes of Sections 4.02 and 7.01 hereof, the Administrative Agent Fee Letter and the Arranger Fee Letter.

“Loan Obligations” shall mean (a) the due and punctual payment by the Borrower of (i) the unpaid principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans made to the Borrower under this Agreement, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrower under this Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) and obligations to provide Cash Collateral and (iii) all other monetary obligations of the Borrower owed under or pursuant to this Agreement and each other Loan Document, including obligations to pay fees, expense reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), and (b) the due and punctual payment of all obligations of each other Loan Party under or pursuant to each of the Loan Documents.

“Loan Parties” shall mean Holdings (prior to a Qualified IPO of the Borrower), the Borrower and the Subsidiary Loan Parties.

“Loans” shall mean the Term Loans, the Revolving Facility Loans and the Swingline Loans.

“Local Time” shall mean New York City time (daylight or standard, as applicable); provided that, with respect to any Alternate Currency Loan, “Local Time” shall mean the local time of the applicable Lending Office.

“Loyalty Program Account Debtors” means First National Bank of Omaha and Visa U.S.A. Inc.

“Majority Lenders” of any Facility shall mean, at any time, Lenders under such Facility having Loans and unused Commitments representing more than 50% of the sum of all Loans outstanding under such Facility and unused Commitments under such Facility at such time (subject to the last paragraph of Section 9.08(b)).

“Management Group” shall mean the group consisting of the directors, executive officers and other management personnel of the Borrower, Holdings or any Parent Entity, as the case may be, on the Closing Date together with (a) any new directors whose election by such boards of directors or whose nomination for election by the equityholders of the Borrower, Holdings or any Parent Entity, as the case may be, was approved by a vote of a majority of the directors of the Borrower, Holdings or any Parent Entity, as the case may be, then still in office who were either directors on the Closing Date or whose election or nomination was previously so approved and (b) executive officers and other management personnel of the Borrower, Holdings or any Parent Entity, as the case may be, hired at a time when the directors on the Closing Date together with the directors so approved constituted a majority of the directors of the Borrower or Holdings, as the case may be.

“Margin Stock” shall have the meaning assigned to such term in Regulation U.

“Market Capitalization” shall mean an amount equal to (i) the total number of issued and outstanding shares of common (or common equivalent) Equity Interests of the IPO Entity on the date of the declaration or making of the relevant Restricted Payment multiplied by (ii) the arithmetic mean of the closing prices per share of the common (or common equivalent) Equity Interests for the 30 consecutive trading days immediately preceding the date of declaration or making of such Restricted Payment.

“Material Adverse Effect” shall mean (a) a material adverse effect on the business, property, operations or financial condition of the Borrower and the Subsidiaries, taken as a whole; provided that, for purposes of determining the existence of a Material Adverse Effect under this subclause (a) at any time and from time to time during the period beginning on the Closing Date and ending on the one year anniversary of the Closing Date, any actual or potential impact, direct or indirect, arising as a result of or related to (or that could reasonably be expected to arise out of or result from) the COVID-19 pandemic, which such impact has been disclosed in writing to the Lenders prior to the Closing Date (any such impact, a “COVID Impact”), shall be excluded and shall not constitute, result in or otherwise have (or reasonably be expected to constitute, result or otherwise have) a Material Adverse Effect; provided, further, that the immediately preceding proviso shall not apply to the extent that the business, property, operations or financial condition of the Borrower and the Subsidiaries, taken as a whole, are disproportionately adversely affected by such COVID Impacts, as compared to other participants in the industries or markets in which the Borrower and the Subsidiaries operate or (b) the validity or enforceability of any of the Loan Documents or (c) the rights and remedies of the Administrative Agent and the Lenders thereunder.

“Material Indebtedness” shall mean Indebtedness (other than intercompany Indebtedness, Loans and Letters of Credit) of any one or more of the Borrower or any Subsidiary in an aggregate principal amount exceeding \$10,000,000; provided that in no event shall any Permitted Securitization Financing be considered Material Indebtedness.

“Material Real Property” shall mean any parcel or parcels of Real Property located in the United States now or hereafter owned in fee by the Borrower or any Subsidiary Loan Party and having a fair market value (on a per-property basis) of at least \$5,000,000 as of (x) the Closing Date, for Real Property owned on the Closing Date or (y) the date of acquisition, for Real Property acquired after the Closing Date, in each case as determined by the Borrower in good faith; provided, that “Material Real Property” shall not include any Real Property in respect of which the Borrower or a Subsidiary Loan Party does not own the land in fee simple.

“Material Subsidiary” shall mean any Subsidiary other than an Immaterial Subsidiary.

“Maximum Quarterly Debt Service” shall mean the Debt Service to be required in respect of Indebtedness under this Agreement for the fiscal quarter then commencing, assuming that all Commitments hereunder are fully-drawn for the entirety of such fiscal quarter and are borrowed as Eurocurrency Loans with the applicable Floor in effect; provided, however, that (i) no more than one quarter of scheduled annual principal amortization shall ever be included in Debt Service for any fiscal quarter and (ii) the then unpaid principal amount of Term Loans outstanding at the Term Facility Maturity Date shall never be included in the calculation of Debt Service.

“Maximum Rate” shall have the meaning assigned to such term in Section 9.09.

“Minimum L/C Collateral Amount” shall mean, at any time, in connection with any Letter of Credit, (i) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 103% of the Revolving L/C Exposure with respect to such Letter of Credit at such time and (ii) otherwise, an amount sufficient to provide credit support with respect to such Revolving L/C Exposure as determined by the Administrative Agent and the Issuing Banks in their sole discretion.

“Moody’s” shall mean Moody’s Investors Service, Inc. and its successors and assigns.

“Mortgaged Properties” shall mean, collectively, any Material Real Property encumbered by a Mortgage after the Closing Date pursuant to Section 5.10.

“Mortgages” shall mean, collectively, the mortgages, trust deeds, deeds of trust, deeds to secure debt, assignments of leases and rents, and other security documents (including amendments to any of the foregoing) delivered with respect to the Mortgaged Properties, each in form and substance reasonably acceptable to the Borrower and the Collateral Agent, as amended, supplemented or otherwise modified from time to time.

“Multiemployer Plan” shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower, Holdings or any Subsidiary or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

“Net Income” shall mean, with respect to any person, the net income (loss) of such person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

“Net Proceeds” shall mean:

(a) 100% of the cash proceeds actually received by the Borrower or any Subsidiary (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise and including casualty insurance settlements and condemnation awards, but only as and when received) from any Asset Sale under Section 6.05(g) or any Asset Sale of any FAA Asset, net of (i) attorneys’ fees, accountants’ fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer taxes, deed or mortgage recording taxes, required debt payments and required payments of other obligations relating to the applicable asset to the extent such debt or obligations are secured by a Lien permitted hereunder (other than pursuant to the Loan Documents) on such asset, other customary expenses and brokerage, consultant and other customary fees actually incurred in connection therewith, (ii) Taxes paid or payable (in the good faith determination of the Borrower) as a result thereof (including the amount of any distributions in respect thereof pursuant to Section 6.06(b)(iii) or Section 6.06(b)(v)), (iii) the amount of any reasonable reserve established in accordance with GAAP against any adjustment to the sale price or any liabilities (other than any taxes deducted pursuant to clause (i) or (ii) above) (x) related to any of the applicable assets and (y) retained by the Borrower or any of the Subsidiaries including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction (however, the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be cash proceeds of such Asset Sale occurring on the date of such reduction) and (iv) payments made on a ratable basis (or less than ratable basis) to holders of non-controlling interests in non-Wholly Owned Subsidiaries as a result of such Asset Sale; provided, that, other than with respect to any Asset Sale of any FAA Asset, if Holdings or the Borrower shall deliver a certificate of a Responsible Officer of Holdings or the Borrower to the Administrative Agent promptly following receipt of any such proceeds setting forth Holdings’ or the Borrower’s intention to use any portion of such proceeds, within 15 months of such receipt, to acquire, maintain, develop, construct, improve, upgrade or repair assets used or useful in the business of the Borrower and the Subsidiaries or to make Permitted Business Acquisitions and other Investments permitted hereunder (excluding Permitted Investments or intercompany Investments in Subsidiaries) or to reimburse the cost of any of the foregoing incurred on or after the date on which the Asset Sale giving rise to such proceeds was contractually

committed, such portion of such proceeds shall not constitute Net Proceeds under this clause (a) except to the extent not, within 15 months of such receipt, so used or contractually committed to be so used (it being understood that if any portion of such proceeds are not so used within such 15 month period but within such 15 month period are contractually committed to be used, then such remaining portion if not so used within six months following the end of such 15 month period shall constitute under this clause (a) as of such date without giving effect to this proviso); provided, further, that other than with respect to any Asset Sale of any FAA Asset (x) no net cash proceeds calculated in accordance with the foregoing realized in a single transaction or series of related transactions shall constitute Net Proceeds under this clause (a) unless such net cash proceeds shall exceed \$250,000 (and thereafter only net cash proceeds in excess of such amount shall constitute Net Proceeds under this clause (a)) and (y) no net cash proceeds calculated in accordance with the foregoing shall constitute Net Proceeds under this clause (a) in any fiscal year until the aggregate amount of all such net cash proceeds otherwise constituting Net Proceeds pursuant to the foregoing clause (x) in such fiscal year shall exceed \$1,000,000 (and thereafter only net cash proceeds in excess of such amount shall constitute Net Proceeds under this clause (a));

(b) 100% of the cash proceeds from the incurrence, issuance or sale by the Borrower or any Subsidiary Loan Party of any Indebtedness (other than Excluded Indebtedness), net of all taxes and fees (including investment banking fees), commissions, costs and other expenses, in each case incurred in connection with such incurrence, issuance or sale; and

(c) 100% of the cash amount received by any Loan Party in the form of any termination or “make-whole” or similar fee, in each case, paid to such Loan Party pursuant to the Amazon Contract in connection with any full or partial termination or cancellation thereof.

“New Class Loans” shall have the meaning assigned to such term in Section 9.08(f).

“New Parent” shall have the meaning assigned to such term in the definition of the term “Change in Control”.

“New Project” shall mean (x) each facility which is either a new facility or an expansion, relocation, remodeling, refurbishment or substantial modernization of an existing facility owned by the Borrower or the Subsidiaries which in fact commences operations and (y) each creation (in one or a series of related transactions) of a business unit, product line or service offering to the extent such business unit commences operations or such product line or service is offered or each expansion (in one or a series of related transactions) of business into a new market or through a new distribution method or channel.

“New York Law Aircraft Mortgage” shall mean any New York law governed aircraft mortgage with respect to any Specified Aircraft (including any amendments or supplements to any of the foregoing), in each case, that is reasonably satisfactory in form and substance to the Collateral Agent.

“Non-Bank Tax Certificate” shall have the meaning assigned to such term in Section 2.17(e)(i).

“Non-CARES Act Records” shall have the meaning assigned to such term in Section 5.07(b).

“Non-Consenting Lender” shall have the meaning assigned to such term in Section 2.19(c).

“Non-Defaulting Lender” shall mean, at any time, each Lender that is not a Defaulting Lender at such time.

“Note” shall have the meaning assigned to such term in Section 2.09(e).

“Notice of Prepayment” shall mean a notice of prepayment of any Loan under any Facility hereunder by the Borrower in accordance with the terms of Section 2.10 and substantially in the form of Exhibit J or another form approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent).

“Obligations” shall mean, collectively, (a) the Loan Obligations, (b) obligations in respect of any Secured Cash Management Agreement and (c) obligations (other than Excluded Swap Obligations) in respect of any Secured Hedge Agreement.

“OFAC” shall have the meaning provided in Section 3.25(b).

“Other First Lien Debt” shall mean obligations secured by Other First Liens.

“Other First Liens” shall mean Liens on the Collateral that are pari passu with the Liens thereon securing the Initial Facilities (and other Loan Obligations that are secured by Liens on the Collateral that are pari passu with the Liens thereon securing the Initial Facilities) pursuant to a Permitted Pari Passu Intercreditor Agreement.

“Other Revolving Facility Commitments” shall mean Incremental Revolving Facility Commitments to make Other Revolving Loans.

“Other Revolving Loans” shall have the meaning assigned to such term in Section 2.21.

“Other Taxes” shall mean all present or future stamp or documentary Taxes or any other excise, transfer, sales, property, intangible, mortgage recording or similar Taxes arising from any payment made hereunder or under any other Loan Document or from the execution, registration, delivery or enforcement of, consummation or administration of, from the receipt or perfection of security interest under, or otherwise with respect to, the Loan Documents (but excluding any Excluded Taxes).

“Other Term Loans” shall have the meaning assigned to such term in Section 2.21 (including in the form of Extended Term Loans or Refinancing Term Loans, as applicable).

“Parent Entity” shall mean any direct or indirect parent of the Borrower.

“Participant” shall have the meaning assigned to such term in Section 9.04(d)(i).

“Participant Register” shall have the meaning assigned to such term in Section 9.04(d)(ii).

“Participating Member State” shall mean each state so described in any EMU Legislation.

“Parts” means, with respect to a Spare Engine, any and all appliances, parts, instruments, appurtenances, accessories, rotables, avionics and other equipment of whatever nature that may from time to time be incorporated or installed in or attached to such Spare Engine or which have been removed therefrom.

“PBGC” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“Perfection Certificate” shall mean the Perfection Certificate with respect to the Borrower and the other Loan Parties in a form reasonably satisfactory to the Administrative Agent, as the same may be supplemented from time to time to the extent required by Section 5.04(f).

“Permitted Aircraft” shall mean any aircraft (x) for which the Borrower or any Subsidiary Loan Party has a 100% ownership interest, free and clear of all security interests or liens in favor of any person other than the Collateral Agent except for any Permitted Lien the holder of which has entered into a Recognition of Rights Agreement on or prior to the date that is twenty (20) days after any Spare Engines are installed on any such aircraft (or such later date as the Collateral Agent may agree in its sole discretion) or (y) (A) owned by a third party lessor and leased to the Borrower or any Subsidiary Loan Party, where such third party lessor has entered into a Recognition of Rights Agreement on or prior to the date that is twenty (20) days after any Spare Engines are installed on any such aircraft (or such later date as the Collateral Agent may agree in its sole discretion) and (B) registered in the United States or in another jurisdiction that is acceptable to the Collateral Agent (in its sole discretion).

“Permitted Business Acquisition” shall mean any acquisition of all or substantially all the assets of, or all or substantially all the Equity Interests (other than directors’ qualifying shares) not previously held by the Borrower and its Subsidiaries in, or merger, consolidation or amalgamation with, a person or division or line of business of a person (or any subsequent investment made in a person or division or line of business previously acquired in a Permitted Business Acquisition), in each case, that is engaged in a Similar Business, if immediately after giving effect thereto: (i) no Event of Default under clause (b), (c), (h) or (i) of Section 7.01 shall have occurred and be continuing or would result therefrom, provided, however, that with respect to a proposed acquisition pursuant to an executed acquisition agreement, at the option of the Borrower, the determination of whether such an Event of Default shall exist shall be made solely at the time of the execution of the acquisition agreement related to such Permitted Business Acquisition; (ii) with respect to any such acquisition or investment with cash consideration in excess of \$50,000,000, the Borrower shall be in Pro Forma Compliance immediately after giving effect to such acquisition or investment and any related transaction; (iii) any acquired or newly formed Subsidiary shall not be liable for any Indebtedness except for Indebtedness permitted by Section 6.01; (iv) to the extent required by Section 5.10, any person acquired in such acquisition, if acquired by the Borrower or a Domestic Subsidiary, shall be merged into the Borrower or a Subsidiary Loan Party or become upon consummation of such acquisition a Subsidiary Loan Party; and (v) the aggregate cash consideration in respect of such acquisitions and investments by the Borrower or a Subsidiary Loan Party in assets that are not owned by the Borrower or Subsidiary Loan Parties or in Equity Interests of persons that are not Subsidiary Loan Parties or do not become Subsidiary Loan Parties, in each case upon consummation of such acquisition or as a result of such investment, shall not exceed the greater of (x) \$5,000,000 and (y) 0.050 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period.

“Permitted CARES Act Collateral” shall mean each Loan Party’s right, title and interest in, to and under the Collateral (as defined in the CARES Act Pledge and Security Agreement as in effect on the CARES Act Loan Effective Date); provided, for the avoidance of doubt, that (x) no Excluded Assets (as defined in the CARES Act Pledge and Security Agreement as in effect on the CARES Act Loan Effective Date) shall constitute Permitted CARES Act Collateral, (y) the Amazon Collateral shall not constitute Permitted CARES Act Collateral and (z) the FAA Assets shall not constitute Permitted CARES Act Collateral.

“Permitted CARES Act Indebtedness” shall mean Indebtedness incurred under, or pursuant to, the CARES Act Loan Agreement to the extent that such Indebtedness (i) is in an aggregate principal amount not to exceed \$46,000,000 (it being understood that interest may be capitalized under the CARES Act Loan Agreement such that the principal thereunder may exceed \$46,000,000 to the extent of such capitalized interest), and (ii) does not provide for or require any amortization or other payments (other than payments as specified in the CARES Act Loan Agreement as in effect on the CARES Act Loan Effective Date) in respect of principal, in each case, prior to the Latest Maturity Date in effect at the time of incurrence.

“Permitted Cure Securities” shall mean any Equity Interests of the Borrower, Holdings or any Parent Entity issued pursuant to the Cure Right other than Disqualified Stock.

“Permitted Holder Group” shall have the meaning assigned to such term in the definition of “Permitted Holders.”

“Permitted Holders” shall mean (i) the Co-Investors (and each other person that owns Equity Interests of the Borrower, Holdings or any Parent Entity on the Closing Date), (ii) any person that has no material assets other than the Equity Interests of the Borrower, Holdings or any Parent Entity and that, directly or indirectly, holds or acquires beneficial ownership of 100% on a fully diluted basis of the voting Equity Interests of the Borrower, and of which no other person or “group” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date), other than any of the other Permitted Holders, beneficially owns more than 50% on a fully diluted basis of the voting Equity Interests thereof, and any New Parent and its subsidiaries, (iii) any person who is acting solely as an underwriter in connection with a public or private offering of Equity Interests of the Borrower or any Parent Entity, acting in such capacity and (iv) any “group” (within the meaning of Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date) the members of which include any of the other Permitted Holders and that, directly or indirectly, hold or acquire beneficial ownership of the voting Equity Interests of the Borrower (a “Permitted Holder Group”), so long as (1) each member of the Permitted Holder Group has voting rights proportional to the percentage of ownership interests held or acquired by such member (or more favorable voting rights, in the case of any Permitted Holders specified in clause (i), (ii) or (iii)) and (2) no person or other “group” (other than the other Permitted Holders) beneficially owns more than 50% on a fully diluted basis of the voting Equity Interests held by the Permitted Holder Group.

“Permitted Investments” shall mean:

(a) direct obligations of the United States of America or any member of the European Union or any agency thereof or obligations guaranteed by the United States of America or any member of the European Union or any agency thereof, in each case with maturities not exceeding two years from the date of acquisition thereof;

(b) time deposit accounts, certificates of deposit, money market deposits, banker’s acceptances and other bank deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital, surplus and undivided profits in excess of \$250,000,000 and whose long-term debt, or whose parent holding company’s long-term debt, is rated A (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act));

(c) repurchase obligations with a term of not more than 180 days for underlying securities of the types described in clause (a) above entered into with a bank meeting the qualifications described in clause (b) above;

(d) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate of the Borrower) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of P 1 (or higher) according to Moody's, F 1 (or higher) according to Fitch, or A 1 (or higher) according to S&P (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act));

(e) securities with maturities of two years or less from the date of acquisition, issued or fully guaranteed by any State, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least A by S&P, A by Moody's or A by Fitch (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act));

(f) shares of mutual funds whose investment guidelines restrict 95% of such funds' investments to those satisfying the provisions of clauses (a) through (e) above;

(g) money market funds that (i) comply with the criteria set forth in Rule 2a 7 under the Investment Company Act of 1940, (ii) are rated by any two of (1) AAA by S&P, (2) Aaa by Moody's or (3) AAA by Fitch and (iii) have portfolio assets of at least \$5,000,000,000;

(h) time deposit accounts, certificates of deposit, money market deposits, banker's acceptances and other bank deposits in an aggregate face amount not in excess of 0.5% of the total assets of the Borrower and the Subsidiaries, on a consolidated basis, as of the end of the Borrower's most recently completed fiscal year;

(i) credit card receivables to the extent included in cash or cash equivalents on the consolidated balance sheet of such person; and

(j) instruments equivalent to those referred to in clauses (a) through (i) above denominated in any foreign currency comparable in credit quality and tenor to those referred to above and commonly used by corporations for cash management purposes in any jurisdiction outside the United States of America to the extent reasonably required in connection with any business conducted by any Subsidiary organized in such jurisdiction.

"Permitted Junior Intercreditor Agreement" shall mean, with respect to any Liens on Collateral that are intended to be junior to the Liens on the Collateral securing the Initial Facilities (and other Loan Obligations that are secured by Liens on the Collateral that are pari passu with the Liens thereon securing the Initial Facilities) (including, for the avoidance of doubt, junior Liens pursuant to Section 2.21(b)(ii) or (v)), an intercreditor agreement the terms of which are consistent with market terms governing security arrangements for the sharing of liens on a junior basis at the time such intercreditor agreement is proposed to be established in light of the type of Indebtedness to be secured by such liens, as determined by the Administrative Agent and the Borrower in the exercise of reasonable judgment.

"Permitted Liens" shall have the meaning assigned to such term in Section 6.02.

"Permitted Loan Purchase" shall have the meaning assigned to such term in Section 9.04(i).

"Permitted Loan Purchase Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender as an Assignor and Holdings, the Borrower or any of the Subsidiaries as an Assignee, as accepted by the Administrative Agent (if required by Section 9.04) in the form of Exhibit F or such other form as shall be approved by the Administrative Agent and the Borrower (such approval not to be unreasonably withheld or delayed).

“Permitted Pari Passu Intercreditor Agreement” shall mean, with respect to any Liens on Collateral that are intended to be pari passu with the Liens on the Collateral securing the Initial Facilities (and other Loan Obligations that are secured by Liens on the Collateral that are pari passu with the Liens thereon securing the Initial Facilities), an intercreditor agreement the terms of which are consistent with market terms governing security arrangements for the sharing of liens on a pari passu basis at the time such intercreditor agreement is proposed to be established in light of the type of Indebtedness to be secured by such liens, as determined by the Administrative Agent and the Borrower in the exercise of reasonable judgment.

“Permitted Refinancing Indebtedness” shall mean any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to “Refinance”), the Indebtedness (or unutilized commitments in respect of Indebtedness (only to the extent the committed amount (i) could have been incurred on the date of the initial incurrence and was deemed incurred at such time for purposes of this definition or (ii) could have been incurred other than as Permitted Refinancing Indebtedness on the date of such Refinancing)) being Refinanced (or previous refinancings thereof constituting Permitted Refinancing Indebtedness); provided, that (a) the principal amount (or accreted value, if applicable) or, if greater, committed amount (only to the extent the committed amount (i) could have been incurred on the date of the initial incurrence and was deemed incurred at such time for purposes of this definition or (ii) could have been incurred other than as Permitted Refinancing Indebtedness on the date of such Refinancing) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) or, if greater, committed amount of the Indebtedness so Refinanced (plus unpaid accrued interest and premium (including tender premiums) thereon and underwriting discounts, defeasance costs, fees, commissions, expenses (including mortgage and similar taxes), plus an amount equal to any existing commitment unutilized thereunder and letters of credit undrawn thereunder), (b) except with respect to Section 6.01(i), (i) the final maturity date of such Permitted Refinancing Indebtedness is on or after the earlier of (x) the final maturity date of the Indebtedness being Refinanced and (y) the Latest Maturity Date in effect at the time of incurrence thereof and (ii) the Weighted Average Life to Maturity of such Permitted Refinancing Indebtedness is greater than or equal to the lesser of (i) the remaining Weighted Average Life to Maturity of the Indebtedness being Refinanced and (ii) the Weighted Average Life to Maturity of the Class of Loans then outstanding with the greatest remaining Weighted Average Life to Maturity, (c) if the Indebtedness being Refinanced is subordinated in right of payment to the Loan Obligations under this Agreement, such Permitted Refinancing Indebtedness shall be subordinated in right of payment to such Loan Obligations on terms in the aggregate not materially less favorable to the Lenders as those contained in the documentation governing the Indebtedness being Refinanced, (d) no Permitted Refinancing Indebtedness shall have obligors that are not (or would not have been) obligated with respect to the Indebtedness being so Refinanced (except that a Loan Party may be added as an additional obligor) and (e) if the Indebtedness being Refinanced is secured by Liens on any Collateral (whether senior to, equally and ratably with, or junior to the Liens on such Collateral securing the Loan Obligations or otherwise), such Permitted Refinancing Indebtedness may be secured by such Collateral (including any Collateral pursuant to after-acquired property clauses to the extent any such Collateral secured (or would have secured) the Indebtedness being Refinanced) on terms in the aggregate that are substantially similar to, or not materially less favorable to the Secured Parties than, and with no greater lien priority than, the Indebtedness being Refinanced or on terms otherwise permitted by Section 6.02.

“Permitted Securitization Documents” shall mean all documents and agreements evidencing, relating to or otherwise governing a Permitted Securitization Financing.

“Permitted Securitization Financing” shall mean one or more transactions pursuant to which (i) Securitization Assets or interests therein are sold or transferred to or financed by one or more Special Purpose Securitization Subsidiaries, and (ii) such Special Purpose Securitization Subsidiaries finance (or refinance) their acquisition of such Securitization Assets or interests therein, or the financing

thereof, by selling or borrowing against Securitization Assets (including conduit and warehouse financings) and any Hedging Agreements entered into in connection with such Securitization Assets; provided, that recourse to the Borrower or any Subsidiary (other than the Special Purpose Securitization Subsidiaries) in connection with such transactions shall be limited to the extent customary (as determined by the Borrower in good faith) for similar transactions in the applicable jurisdictions (including, to the extent applicable, in a manner consistent with the delivery of a “true sale”/“absolute transfer” opinion with respect to any transfer by the Borrower or any Subsidiary (other than a Special Purpose Securitization Subsidiary).

“person” shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, individual or family trusts, or any agency or political subdivision thereof.

“Plan” shall mean any employee pension benefit plan (other than a Multiemployer Plan) that is (i) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, (ii) sponsored or maintained (at the time of determination or at any time within the five years prior thereto) by Holdings, the Borrower, any Subsidiary or any ERISA Affiliate, and (iii) in respect of which Holdings, the Borrower, any Subsidiary or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Platform” shall have the meaning assigned to such term in Section 9.17(a).

“Pledged Collateral” shall have the meaning assigned to such term in the Collateral Agreement.

“Pre-Trigger Amount” shall have the meaning assigned to such term in Section 5.11(a).

“primary obligor” shall have the meaning assigned to such term in the definition of the term “Guarantee.”

“Prime Rate” shall mean the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Board (as determined by the Administrative Agent).

“Pro Forma Basis” shall mean, as to any person, for any events as described below that occur subsequent to the commencement of a period for which the financial effect of such events is being calculated, and giving effect to the events for which such calculation is being made, such calculation as will give pro forma effect to such events as if such events occurred on the first day of the four consecutive fiscal quarter period ended on or before the occurrence of such event (the “Reference Period”): (i) pro forma effect shall be given to any Disposition, any acquisition, Investment, capital expenditure, construction, repair, replacement, improvement, development, disposition, merger, amalgamation, consolidation (including the Transactions) (or any similar transaction or transactions whether or not otherwise permitted under Section 6.04 or 6.05 or that require a waiver or consent of the Required Lenders, but if so required, solely to the extent such waiver or consent has been obtained), any dividend, distribution or other similar payment, any designation of any Subsidiary as an Unrestricted Subsidiary and any Subsidiary Redesignation, New Project, and any restructurings of the business of the Borrower or any of its Subsidiaries that the Borrower or any of the Subsidiaries has determined to make and/or made and in the good faith determination of a Responsible Officer of the Borrower are expected to have a continuing impact and are factually supportable, which would include cost savings resulting from head count reduction,

closure of facilities and similar operational and other cost savings, which adjustments the Borrower determines are reasonable as set forth in a certificate of a Financial Officer of the Borrower (the foregoing, together with any transactions related thereto or in connection therewith, the “relevant transactions”), in each case that occurred during the Reference Period (or, in the case of determinations made pursuant to Section 2.21 or Article VI (other than Section 6.11), occurring during the Reference Period or thereafter and through and including the date upon which the relevant transaction is consummated), (ii) in making any determination on a Pro Forma Basis, (x) all Indebtedness (including Indebtedness issued, incurred or assumed as a result of, or to finance, any relevant transactions and for which the financial effect is being calculated, whether incurred under this Agreement or otherwise, but excluding normal fluctuations in revolving Indebtedness incurred for working capital purposes and amounts outstanding under any Permitted Securitization Financing, in each case not to finance any acquisition) issued, incurred, assumed or permanently repaid during the Reference Period (or, in the case of determinations made pursuant to Section 2.21 or Article VI (other than Section 6.11), occurring during the Reference Period or thereafter and through and including the date upon which the relevant transaction is consummated) shall be deemed to have been issued, incurred, assumed or permanently repaid at the beginning of such period, (y) Interest Expense of such person attributable to interest on any Indebtedness, for which pro forma effect is being given as provided in the preceding clause (x), bearing floating interest rates shall be computed on a pro forma basis as if the rates that would have been in effect during the period for which pro forma effect is being given had been actually in effect during such periods, and (z) in giving effect to clause (i) above with respect to each New Project which commences operations and records not less than one full fiscal quarter’s operations during the Reference Period, the operating results of such New Project shall be annualized on a straight line basis during such period, taking into account any seasonality adjustments determined by the Borrower in good faith, and (iii) (A) for any Subsidiary Redesignation then being designated, effect shall be given to such Subsidiary Redesignation and all other Subsidiary Redesignations after the first day of the relevant Reference Period and on or prior to the date of the respective Subsidiary Redesignation then being designated, collectively, and (B) for any designation of a Subsidiary as an Unrestricted Subsidiary, effect shall be given to such designation and all other designations of Subsidiaries as Unrestricted Subsidiaries after the first day of the relevant Reference Period and on or prior to the date of the then applicable designation of a Subsidiary as an Unrestricted Subsidiary, collectively.

In the event that EBITDAR or any financial ratio is being calculated for purposes of determining whether Indebtedness or any Lien relating thereto may be incurred or whether any Investment may be made, the Borrower may elect pursuant to a certificate of a Responsible Officer delivered to the Administrative Agent to treat all or any portion of the commitment relating thereto as being incurred at the time of such commitment, in which case any subsequent incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an incurrence at such subsequent time.

Pro forma calculations made pursuant to the definition of the term “Pro Forma Basis” shall be determined in good faith by a Responsible Officer of the Borrower and may include adjustments to reflect operating expense reductions and other operating improvements, synergies or cost savings reasonably expected to result from any relevant pro forma event (including, to the extent applicable, the Transactions), which adjustments pursuant to this clause (x) shall not exceed 25% of EBITDAR for the Reference Period (calculated prior to giving effect to such capped adjustments (but, for the avoidance of doubt, after giving effect to other uncapped pro forma adjustments)) and (y) shall only be included to the extent that the actions resulting in such operating expense reductions and other operating improvements, synergies or costs savings are taken or commenced or expected to be taken or commenced (in the good faith determination of the Borrower) within 18 months after the date any such calculation is performed. The Borrower shall deliver to the Administrative Agent a certificate of a Financial Officer of the Borrower setting forth such operating expense reductions, other operating improvements or synergies and adjustments pursuant to this clause, and information and calculations supporting them in reasonable detail.

For purposes of this definition, any amount in a currency other than Dollars will be converted to Dollars based on the average exchange rate for such currency for the most recent twelve month period immediately prior to the date of determination in a manner consistent with that used in calculating EBITDAR for the applicable period.

“Pro Forma Compliance” shall mean, at any date of determination, that the Borrower and its Subsidiaries shall be in compliance, on a Pro Forma Basis after giving effect on a Pro Forma Basis to the relevant transactions (including the assumption, the issuance, incurrence and permanent repayment of Indebtedness), with the Financial Covenants recomputed as at the last day of the most recently ended fiscal quarter of the Borrower and its Subsidiaries for which the financial statements and certificates required pursuant to Section 5.04 have been, or were required to be, delivered. For the avoidance of doubt, Pro Forma Compliance shall be tested without regard to whether or not the Financial Covenants were or were required to be tested on the applicable quarter end date.

“Pro Rata Extension Offers” shall have the meaning assigned to such term in Section 2.21(e).

“Pro Rata Share” shall have the meaning assigned to such term in Section 9.08(f).

“Projections” shall mean any projections and any forward-looking statements (including statements with respect to booked business) of the Borrower and the Subsidiaries furnished to the Lenders or the Administrative Agent by or on behalf of the Borrower or any of the Subsidiaries prior to the Closing Date.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“Public Company Compliance” shall mean compliance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith, the provisions of the Securities Act and the Exchange Act, and the rules of national securities exchange listed companies (in each case, as applicable to companies with equity or debt securities held by the public), including procuring directors’ and officers’ insurance, legal and other professional fees, and listing fees.

“Public Lender” shall have the meaning assigned to such term in Section 9.17(b).

“Qualified Equity Interests” shall mean any Equity Interest other than Disqualified Stock.

“Qualified IPO” shall mean an underwritten public offering of the Equity Interests of the Borrower, Holdings or any Parent Entity (any such entity, the “IPO Entity”) which generates (individually or in the aggregate together with any prior underwritten public offering) gross cash proceeds of at least \$75,000,000.

“Quarterly Debt Service” shall mean the sum of (x) Debt Service in respect of Indebtedness under this Agreement for the relevant fiscal quarter and (y) the Commitment Fees payable in respect of such fiscal quarter. .

“Rate” shall have the meaning assigned to such term in the definition of the term “Type.”

“Real Property” shall mean, collectively, all right, title and interest (including any leasehold estate) in and to any and all parcels of or interests in real property owned in fee or leased by any Loan Party, whether by lease, license, or other means, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all improvements and appurtenant fixtures and equipment incidental to the ownership, lease or operation thereof.

“Receivables Assets” shall mean accounts receivable (including any bills of exchange) and related assets and property from time to time originated, acquired or otherwise owned by the Borrower or any Subsidiary.

“Recognition of Rights Agreement” shall mean an agreement in writing in a form reasonably satisfactory to the Collateral Agent that the secured party or lessor (as applicable) of a Permitted Aircraft (1) recognizes the right, title and interest of the Borrower or its applicable Subsidiaries (or the Collateral Agent as assignee of the rights of the Borrower or any of its Subsidiaries under such agreement) in any Spare Engine and the Parts thereof installed on such Permitted Aircraft and (2) will not acquire or claim, as against the Borrower or any of its Subsidiaries (or the Collateral Agent as assignee of the rights of the Borrower or any of its Subsidiaries under such agreement), any right, title or interest in or any adverse right, title or interest to such Spare Engine or any Part thereof as the result of such Spare Engine being installed on such Permitted Aircraft.

“Reference Period” shall have the meaning assigned to such term in the definition of the term “Pro Forma Basis.”

“Refinance” shall have the meaning assigned to such term in the definition of the term “Permitted Refinancing Indebtedness,” and “Refinanced” and “Refinancings” shall have a meaning correlative thereto.

“Refinancing Effective Date” shall have the meaning assigned to such term in Section 2.21(j).

“Refinancing Term Loans” shall have the meaning assigned to such term in Section 2.21(j).

“Register” shall have the meaning assigned to such term in Section 9.04(b)(iv).

“Regulation T” shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation U” shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation X” shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Related Fund” shall mean, with respect to any Lender that is a fund that invests in bank or commercial loans and similar extensions of credit, any other fund that invests in bank or commercial loans and similar extensions of credit and is advised or managed by (a) such Lender, (b) an Affiliate of such Lender or (c) an entity (or an Affiliate of such entity) that administers, advises or manages such Lender.

“Related Parties” shall mean, with respect to any specified person, such person’s Affiliates and the respective directors, trustees, officers, employees, agents and advisors of such person and such person’s Affiliates.

“Related Sections” shall have the meaning assigned to such term in Section 6.04.

“Release” shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the Environment.

“Replacement Revolving Facilities” shall have the meaning assigned to such term in Section 2.20(l).

“Replacement Revolving Facility Commitments” shall have the meaning assigned to such term in Section 2.21(l).

“Replacement Revolving Facility Effective Date” shall have the meaning assigned to such term in Section 2.21(l).

“Replacement Revolving Loans” shall have the meaning assigned to such term in Section 2.21(l).

“Reportable Event” shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

“Required Amount of Loans” shall have the meaning assigned to such term in the definition of the term “Required Lenders.”

“Required Lenders” shall mean, at any time, Lenders having (a) Loans (other than Swingline Loans) outstanding, (b) Revolving L/C Exposures, (c) Swingline Exposures and (d) Available Unused Commitments that, taken together, represent more than 50% of the sum of (w) all Loans (other than Swingline Loans) outstanding, (x) all Revolving L/C Exposures, (y) all Swingline Exposure and (z) the total Available Unused Commitments at such time; provided, that (i) the Loans, Revolving L/C Exposures, Swingline Exposures and Available Unused Commitment of any Defaulting Lender shall be disregarded in determining Required Lenders at any time and (ii) the portion of any Term Loans held by Debt Fund Affiliate Lenders in the aggregate in excess of 49.9% of the Required Amount of Loans shall be disregarded in determining Required Lenders at any time. For purposes of the foregoing, “Required Amount of Loans” shall mean, at any time, the amount of Loans required to be held by Lenders in order for such Lenders to constitute “Required Lenders” (without giving effect to the foregoing clause (ii)).

“Required Prepayment Lenders” shall mean, at any time, the holders of more than 50% of the aggregate unpaid principal amount of the Term Loans at such time (subject to the last paragraph of Section 9.08(b)).

“Required Revolving Facility Lenders” shall mean, at any time, Revolving Facility Lenders having (a) Revolving Facility Loans (other than Swingline Loans) outstanding, (b) Revolving L/C Exposures, (c) Swingline Exposures and (d) Available Unused Commitments that, taken together, represent more than 50% of the sum of (w) all Revolving Facility Loans (other than Swingline Loans) outstanding, (x) all Revolving L/C Exposures, (y) all Swingline Exposures and (z) the total Available Unused Commitments at such time; provided, that the Revolving Facility Loans, Revolving L/C Exposures, Swingline Exposures and Available Unused Commitment of any Defaulting Lender shall be disregarded in determining Required Revolving Facility Lenders at any time.

“Requirement of Law” shall mean, as to any person, any law, treaty, rule, regulation, statute, order, official administrative pronouncement, ordinance, decree, judgment, consent decree, writ, injunction, settlement agreement or governmental requirement enacted, promulgated or imposed or entered into or agreed by any Governmental Authority, in each case applicable to or binding upon such person or any of its property or assets or to which such person or any of its property or assets is subject.

“Resolution Authority” shall mean an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” of any person shall mean any executive officer or Financial Officer of such person and any other officer or similar official thereof responsible for the administration of the obligations of such person in respect of this Agreement, or any other duly authorized employee or signatory of such person.

“Restricted Payments” shall have the meaning assigned to such term in Section 6.06. The amount of any Restricted Payment made other than in the form of cash or cash equivalents shall be the fair market value thereof (as determined by the Borrower in good faith).

“Revaluation Date” shall mean (a) with respect to any Alternate Currency Letter of Credit, each of the following: (i) each date of issuance, extension or renewal of an Alternate Currency Letter of Credit, (ii) each date of an amendment of any Alternate Currency Letter of Credit having the effect of increasing the amount thereof, (iii) each date of any payment by the applicable Issuing Bank under any Alternate Currency Letter of Credit, and (iv) such additional dates as the Administrative Agent or the applicable Issuing Bank shall determine or the Required Lenders shall require and (b) with respect to any Alternate Currency Loans, each of the following: (i) each date of a Borrowing of Eurocurrency Revolving Loans denominated in an Alternate Currency, (ii) each date of a continuation of a Eurocurrency Revolving Loan denominated in an Alternate Currency pursuant to Section 2.07, and (iii) such additional dates as the Administrative Agent shall determine or the Majority Lenders under the Revolving Facility shall require.

“Revolving Facility” shall mean the Revolving Facility Commitments of any Class and the extensions of credit made hereunder by the Revolving Facility Lenders of such Class and, for purposes of Section 9.08(b), shall refer to all such Revolving Facility Commitments as a single Class.

“Revolving Facility Borrowing” shall mean a Borrowing comprised of Revolving Facility Loans of the same Class.

“Revolving Facility Commitment” shall mean, with respect to each Revolving Facility Lender, the commitment of such Revolving Facility Lender to make Revolving Facility Loans pursuant to Section 2.01(b), expressed as an amount representing the maximum aggregate permitted amount of such Revolving Facility Lender’s Revolving Facility Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08, (b) reduced or increased from time to time pursuant to assignments by or to such Lender under Section 9.04, and (c) increased (or replaced) as provided under Section 2.21. The initial amount of each Lender’s Revolving Facility Commitment is set forth on Schedule 2.01 or in the Assignment and Acceptance or Incremental Assumption Agreement pursuant to which such Lender shall have assumed its Revolving Facility Commitment (or Incremental Revolving Facility Commitment), as applicable. The aggregate amount of the Lenders’ Revolving Facility Commitments on the Closing Date is \$25,000,000. On the Closing Date, there is only one Class of Revolving Facility Commitments. After the Closing Date, additional Classes of Revolving Facility Commitments may be added or created pursuant to Incremental Assumption Agreements.

“Revolving Facility Credit Exposure” shall mean, at any time with respect to any Class of Revolving Facility Commitments, the sum of (a) the aggregate principal amount of the Revolving Facility Loans of such Class outstanding at such time (calculated, in the case of Alternate Currency Loans, based on the Dollar Equivalent thereof), (b) the Swingline Exposure applicable to such Class at such time and (c) the Revolving L/C Exposure applicable to such Class at such time minus, for the purpose of Sections 6.11 and 7.03, the amount of Letters of Credit that have been Cash Collateralized in an amount equal to the Minimum L/C Collateral Amount at such time. The Revolving Facility Credit Exposure of any Revolving Facility Lender at any time shall be the product of (x) such Revolving Facility Lender’s Revolving Facility Percentage of the applicable Class and (y) the aggregate Revolving Facility Credit Exposure of such Class of all Revolving Facility Lenders, collectively, at such time.

“Revolving Facility Lender” shall mean a Lender (including an Incremental Revolving Facility Lender) with a Revolving Facility Commitment or with outstanding Revolving Facility Loans.

“Revolving Facility Loan” shall mean a Loan made by a Revolving Facility Lender pursuant to Section 2.01(b). Unless the context otherwise requires, the term “Revolving Facility Loans” shall include the Other Revolving Loans.

“Revolving Facility Maturity Date” shall mean, as the context may require, (a) with respect to the Revolving Facility in effect on the Closing Date, the earlier of (i) February 10, 2026 and (ii) to the extent the sum of (x) the amount of Delayed Draw Term Loan Commitments and (y) the amount of Delayed Draw Term Loans exceeds \$25,000,000 on such date, the date that is 180 days prior to the Delayed Draw Term Facility Maturity Date (as amended pursuant to this Agreement) and, (b) with respect to any other Classes of Revolving Facility Commitments, the maturity dates specified therefor in the applicable Incremental Assumption Agreement.

“Revolving Facility Percentage” shall mean, with respect to any Revolving Facility Lender of any Class, the percentage of the total Revolving Facility Commitments of such Class represented by such Lender’s Revolving Facility Commitment of such Class. If the Revolving Facility Commitments of such Class have terminated or expired, the Revolving Facility Percentages of such Class shall be determined based upon the Revolving Facility Commitments of such Class most recently in effect, giving effect to any assignments pursuant to Section 9.04.

“Revolving Facility Termination Event” shall have the meaning assigned to such term in Section 2.05(k).

“Revolving L/C Exposure” of any Class shall mean at any time the sum of (a) the aggregate undrawn amount of all Letters of Credit applicable to such Class outstanding at such time (calculated, in the case of Alternate Currency Letters of Credit, based on the Dollar Equivalent thereof) and (b) the aggregate principal amount of all L/C Disbursements applicable to such Class that have not yet been reimbursed at such time (calculated, in the case of Alternate Currency Letters of Credit, based on the Dollar Equivalent thereof). The Revolving L/C Exposure of any Class of any Revolving Facility Lender at any time shall mean its applicable Revolving Facility Percentage of the aggregate Revolving L/C Exposure applicable to such Class at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the International Standby Practices, International Chamber of Commerce No. 590, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, that with respect to any Letter of Credit that, by its terms or the terms of any document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

“S&P” shall mean Standard & Poor’s Ratings Group, Inc. and its successors and assigns.

“Sale and Lease-Back Transaction” shall have the meaning assigned to such term in Section 6.03.

“Sanctions” shall have the meaning assigned to such term in Section 3.25(b).

“Sanctions Laws” shall have the meaning assigned to such term in Section 3.25(c).

“SEC” shall mean the Securities and Exchange Commission or any successor thereto.

“Secured Cash Management Agreement” shall mean any Cash Management Agreement that is entered into by and between any Loan Party and any Cash Management Bank, in each case to the extent that such Cash Management Agreement is designated in writing by the Borrower and such Cash Management Bank to the Administrative Agent as a Secured Cash Management Agreement.

“Secured Hedge Agreement” shall mean any Hedging Agreement that is entered into by and between any Loan Party and any Hedge Bank, in each case to the extent that such Hedging Agreement is designated in writing by the Borrower and such Hedge Bank to the Administrative Agent as a Secured Hedge Agreement. Notwithstanding the foregoing, for all purposes of the Loan Documents, any Guarantee of, or grant of any Lien to secure, any obligations in respect of a Secured Hedge Agreement by a Loan Party shall not include any Excluded Swap Obligations.

“Secured Parties” shall mean, collectively, the Administrative Agent, the Collateral Agent, each Lender, each Issuing Bank, each Hedge Bank that is party to any Secured Hedge Agreement, each Cash Management Bank that is party to any Secured Cash Management Agreement and each sub-agent appointed pursuant to Section 8.02 by the Administrative Agent with respect to matters relating to the Loan Documents or by the Collateral Agent with respect to matters relating to any Security Document.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Securitization Assets” shall mean any of the following assets (or interests therein) from time to time originated, acquired or otherwise owned by the Borrower or any Subsidiary or in which the Borrower or any Subsidiary has any rights or interests, in each case, without regard to where such assets or interests are located: (a) Receivables Assets, (b) franchise fees, royalties and other similar payments made related to the use of trade names and other Intellectual Property, business support, training and other services, (c) revenues related to distribution and merchandising of the products of the Borrower and its Subsidiaries, (d) rents, real estate taxes and other non-royalty amounts due from franchisees, (e) Intellectual Property rights relating to the generation of any of the types of assets listed in this definition, (f) parcels of or interests in real property, together with all easements, hereditaments and appurtenances thereto, all improvements and appurtenant fixtures and equipment incidental to the ownership, lease or operation thereof, (g) any Equity Interests of any Special Purpose Securitization Subsidiary or any Subsidiary of a Special Purpose Securitization Subsidiary and any rights under any limited liability company agreement, trust agreement, shareholders agreement, organization or formation documents or other agreement entered into in furtherance of the organization of such entity, (h) any equipment, contractual rights with unaffiliated third parties, website domains and associated property and rights necessary for a Special Purpose Securitization Subsidiary to operate in accordance with its stated purposes, (i) any rights and obligations associated with gift card or similar programs, and (j) other assets and property (or proceeds of such assets or property) to the extent customarily included in securitization transactions of the relevant type in the applicable jurisdictions (as determined by the Borrower in good faith).

“Security Documents” shall mean the Mortgages (if any), the FAA Mortgages, New York Law Aircraft Mortgages, the Collateral Agreement, the Holdings Guarantee and Pledge Agreement, the Account Control Agreement, the IP Security Agreements (as defined in the Collateral Agreement), and each of the security agreements, pledge agreements and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 5.10.

“Similar Business” shall mean any business, the majority of whose revenues are derived from (i) business or activities conducted by the Borrower and its Subsidiaries on the Closing Date, (ii) any business that is a natural outgrowth or reasonable extension, development or expansion of any such business or any business similar, reasonably related, incidental, complementary or ancillary to any of the foregoing or (iii) any business that in the Borrower’s good faith business judgment constitutes a reasonable diversification of businesses conducted by the Borrower and its Subsidiaries.

“Spare Engines” shall mean (i) any and all aircraft engines the purchase of which is financed in whole or in part with the proceeds of any Loans and (ii) the Closing Date Spare Engines.

“Spare Parts” shall mean any and all appliances, parts, instruments, appurtenances, accessories, avionics, furnishings, seats and other equipment of whatever nature which are of the type of aircraft spare parts, excluding any such spare parts to the extent installed on any aircraft or engine from time to time.

“Special Flood Hazard Area” shall have the meaning assigned to such term in Section 5.02(c).

“Special Purpose Securitization Subsidiary” shall mean (i) a direct or indirect Subsidiary of the Borrower established in connection with a Permitted Securitization Financing for the acquisition of Securitization Assets or interests therein, and which is organized in a manner (as determined by the Borrower in good faith) intended to reduce the likelihood that it would be substantively consolidated with Holdings (prior to a Qualified IPO), the Borrower or any of the Subsidiaries (other than Special Purpose Securitization Subsidiaries) in the event Holdings (prior to a Qualified IPO), the Borrower or any such Subsidiary becomes subject to a proceeding under the U.S. Bankruptcy Code (or other insolvency law) and (ii) any subsidiary of a Special Purpose Securitization Subsidiary.

“Specified Aircraft” shall mean any aircraft the purchase of which is financed in whole or in part with the proceeds of any Loans (and shall include engines associated with such aircraft).

“Specified Assets” shall mean each Loan Party’s right, title and interest in, to and under the following personal property of such Loan Party, in each case, whether now owned or existing or hereafter acquired, developed, created or arising and wherever located (each term used in this definition but not defined in this Agreement having the meaning set forth in the CARES Act Pledge and Security Agreement or the CARES Act Loan Agreement, as applicable, in each case, as in effect on the CARES Act Loan Effective Date):

(A) the Loyalty Program Agreements set forth on Schedule A, including all Loyalty Program Revenues paid or payable thereunder from a Loyalty Program Account Debtor and all:

- a. Accounts owing from a Loyalty Program Account Debtor under a Loyalty Program Agreement set forth on Schedule A;

b. Instruments; and

c. Receivables and Receivable Records

in the case of each of the foregoing clauses a., b. and c., representing such Loan Party's rights and claims arising under or in connection with any Loyalty Program Agreements set forth on Schedule A and the Loyalty Program Revenues paid or payable thereunder from a Loyalty Program Account Debtor;

(B) all Loyalty Program Data;

(C) all books, records, information and data with respect to any of the foregoing, and all tangible embodiments and fixations thereof (including all databases, files and media in which any of the foregoing is recorded or stored);

(D) all CARES Act Deposit Accounts;

(E) all Documents relating to assets described in the foregoing;

(F) to the extent not otherwise included above, all Supporting Obligations relating to any of the foregoing; and

(G) to the extent not otherwise included above, all Proceeds, products, accessions, rents and profits of or with respect to any of the foregoing.

"Specified L/C Sublimit" shall mean, with respect to any Issuing Bank, the amounts set forth beside such Issuing Bank's name on Schedule 1.01(F) hereto or, in each case, such other amount as specified in the agreement pursuant to which such person becomes an Issuing Bank hereunder or, in each case, such larger amount not to exceed the Revolving Facility Commitment as the Administrative Agent and the applicable Issuing Bank may agree or, with respect to the Issuing Bank under an Existing Roll-Over Letter of Credit, the additional amount of such Existing Roll-Over Letter of Credit.

"Spot Rate" shall mean, with respect to any currency, the rate determined by the Administrative Agent or the applicable Issuing Bank, as applicable, to be the rate quoted by the person acting in such capacity as the spot rate for the purchase by such person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m., Local Time on the date three Business Days prior to the date as of which the foreign exchange computation is made or if such rate cannot be computed as of such date such other date as the Administrative Agent or such Issuing Bank shall reasonably determine is appropriate under the circumstances; provided, that the Administrative Agent or such Issuing Bank may obtain such spot rate from another financial institution designated by the Administrative Agent or such Issuing Bank if the person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

"Standby Letters of Credit" shall have the meaning assigned to such term in Section 2.05(a).

"Statutory Reserves" shall mean the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority, domestic or foreign, to which the Administrative Agent or any Lender (including any branch, Affiliate or other fronting office making or holding a Loan) is subject for Eurocurrency Liabilities (as defined in Regulation D of the Board). Eurocurrency Loans shall be

deemed to constitute Eurocurrency Liabilities (as defined in Regulation D of the Board) and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subagent” shall have the meaning assigned to such term in Section 8.02.

“subsidiary” shall mean, with respect to any person (herein referred to as the “parent”), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Subsidiary” shall mean, unless the context otherwise requires, a subsidiary of the Borrower. Notwithstanding the foregoing (and except for purposes of the definition of “Unrestricted Subsidiary” contained herein) an Unrestricted Subsidiary shall be deemed not to be a Subsidiary of the Borrower or any of its Subsidiaries for purposes of this Agreement.

“Subsidiary Guarantee Agreement” shall mean the Subsidiary Guarantee Agreement, substantially in the form of Exhibit I, as may be amended, restated, supplemented or otherwise modified from time to time, between each Subsidiary Loan Party (if any) and the Collateral Agent.

“Subsidiary Loan Party” shall mean (a) each Wholly Owned Domestic Subsidiary of the Borrower that is not an Excluded Subsidiary and (b) any other Subsidiary of the Borrower that may be designated by the Borrower (by way of delivering to the Collateral Agent a supplement to the Collateral Agreement and the Subsidiary Guarantee Agreement or a supplement thereto, in each case, duly executed by such Subsidiary) in its sole discretion from time to time to be a guarantor in respect of the Obligations and the obligations in respect of the Loan Documents, whereupon such Subsidiary shall be obligated to comply with the other requirements of Section 5.10(d) as if it were newly acquired; provided that the designation pursuant to this clause (b) of any Subsidiary that is a Foreign Subsidiary shall be subject to the prior written consent of the Administrative Agent and, notwithstanding anything in this Agreement or the other Loan Documents to the contrary, such designation shall be subject to foreign security arrangements to be mutually agreed by the Collateral Agent and the Borrower.

“Subsidiary Redesignation” shall have the meaning provided in the definition of “Unrestricted Subsidiary” contained in this Section 1.01.

“Successor Borrower” shall have the meaning assigned to such term in Section 6.05(o).

“Super-Majority Lenders” shall mean, at any time, Lenders having (a) Loans (other than Swingline Loans) outstanding, (b) Revolving L/C Exposures, (c) Swingline Exposures and (d) Available Unused Commitments that, taken together, represent more than 66 2/3% of the sum of (w) all Loans (other than Swingline Loans) outstanding, (x) all Revolving L/C Exposures, (y) all Swingline Exposure and (z) the total Available Unused Commitments at such time; provided, that (i) the Loans, Revolving L/C Exposures, Swingline Exposures and Available Unused Commitment of any Defaulting Lender shall be disregarded in determining Super-Majority Lenders at any time and (ii) the portion of any Term Loans held by Debt Fund Affiliate Lenders in the aggregate in excess of 49.9% of the Super-Majority Amount of Loans shall be disregarded in determining Super-Majority Lenders at any time. For purposes of the foregoing, “Super-Majority Amount of Loans” shall mean, at any time, the amount of Loans required to be held by Lenders in order for such Lenders to constitute “Super-Majority Lenders” (without giving effect to the foregoing clause (ii)).

“Swap Obligation” shall mean, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“Swingline Borrowing” shall mean a Borrowing comprised of Swingline Loans.

“Swingline Borrowing Request” shall mean a request by the Borrower substantially in the form of Exhibit D-2 or such other form as shall be approved by the Swingline Lender.

“Swingline Commitment” shall mean, with respect to each Swingline Lender, the commitment of such Swingline Lender to make Swingline Loans pursuant to Section 2.04. The aggregate amount of the Swingline Commitments on the Closing Date is \$10,000,000. The Swingline Commitment is part of, and not in addition to, the Revolving Facility Commitments.

“Swingline Exposure” shall mean at any time the aggregate principal amount of all outstanding Swingline Borrowings at such time (calculated, in the case of Alternate Currency Loans, based on the Dollar Equivalent thereof). The Swingline Exposure of any Revolving Facility Lender at any time shall mean its applicable Revolving Facility Percentage of the aggregate Swingline Exposure at such time.

“Swingline Lender” shall mean (a) the Administrative Agent, in its capacity as a lender of Swingline Loans, and (b) each Revolving Facility Lender that shall have become a Swingline Lender hereunder as provided in Section 2.04(d), each in its capacity as a lender of Swingline Loans hereunder.

“Swingline Loans” shall mean the swingline loans made to the Borrower pursuant to Section 2.04.

“Tax Receivable Agreement” shall mean the agreement entered into in connection with a Qualified IPO among a Parent Entity and one or more of the Permitted Holders relating to the treatment of certain tax assets of such Parent Entity and its subsidiaries, in the form of Exhibit K, with any changes thereto, if any, that are not adverse to the Lenders in any material respect.

“Taxes” shall mean any and all present or future taxes, duties, levies, imposts, assessments, deductions, withholdings or other similar charges imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis and any interest, fines, penalties or additions to tax with respect to the foregoing.

“Term Borrowing” shall mean any Borrowing of Delayed Draw Term Loans or any Incremental Term Borrowing.

“Term Facility” shall mean the Delayed Draw Term Loans made by the Lenders to the Borrower pursuant to Section 2.01(d) and/or any or all of the Incremental Term Facilities.

“Term Facility Maturity Date” shall mean, as the context may require, (a) with respect to the Delayed Draw Term Loan Facility in effect on the Closing Date, the Delayed Draw Term Loan Facility Maturity Date and (b) with respect to any other Class of Term Loans, the maturity dates specified therefor in the applicable Incremental Assumption Agreement.

“Term Facility Commitment” shall mean the commitment of a Lender to make Term Loans, including Delayed Draw Term Loans, Incremental Term Loans and/or Other Term Loans.

“Term Loan Installment Date” shall mean any Delayed Draw Facility Installment Date or any Incremental Term Loan Installment Date.

“Term Loans” shall mean the Delayed Draw Term Loans and/or the Incremental Term Loans.

“Term Yield Differential” shall have the meaning assigned to such term in Section 2.21(b)(vii).

“Termination Date” shall mean the date on which (a) all Commitments shall have been terminated, (b) the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document and all other Loan Obligations shall have been paid in full (other than in respect of contingent indemnification and expense reimbursement claims not then due) and (c) all Letters of Credit (other than those that have been Cash Collateralized) have been cancelled or have expired and all amounts drawn or paid thereunder have been reimbursed in full.

“Test Period” shall mean, on any date of determination, the period of four consecutive fiscal quarters of the Borrower then most recently ended (taken as one accounting period) for which financial statements have been (or were required to be) delivered pursuant to Section 5.04(a) or 5.04(b), or, if financial statements under such Sections have yet to be required, the period of four consecutive fiscal quarters of the Borrower ended September 30, 2020.

“Third Party Funds” shall mean any segregated accounts or funds, or any portion thereof, received by Borrower or any of its Subsidiaries as agent on behalf of third parties (other than any Loan Parties) in accordance with a written agreement that imposes a duty upon Borrower or one or more of its Subsidiaries to collect and remit those funds to such third parties; provided, however, that Amazon Collateral shall not constitute Third Party Funds.

“Titled Equipment” shall mean any and all Equipment (other than Spare Engines and Specified Aircraft) represented by a certificate of title issued under the laws of a State in the United States of America.

“Trade Letters of Credit” shall have the meaning assigned to such term in Section 2.05(a).

“Transaction Documents” shall mean the Loan Documents.

“Transaction Expenses” shall mean any fees or expenses incurred or paid by the Borrower or any of its Subsidiaries or any of their Affiliates in connection with (i) the Transactions, this Agreement and the other Loan Documents and (ii) the transactions contemplated hereby and thereby.

“Transactions” shall mean, collectively, the transactions to occur pursuant to the Transaction Documents, including (a) the execution, delivery and performance of the Loan Documents, the creation of the Liens pursuant to the Security Documents, and the initial borrowings hereunder and the use of proceeds thereof; (b) the repayment in full of the Existing Credit Agreement, and the termination of all obligations and commitments thereunder, and the release and termination of any security interests and guarantees in connection therewith; and (c) the payment of all fees and expenses to be paid and owing in connection with the foregoing.

“Type” shall mean, when used in respect of any Loan or Borrowing, the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term “Rate” shall include the Adjusted LIBO Rate and the ABR.

“UK Financial Institution” shall mean any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” shall mean the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Uniform Commercial Code” shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of New York or the Uniform Commercial Code (or similar code or statute) of another jurisdiction, to the extent it may be required to apply to any item or items of Collateral.

“Unreimbursed Amount” shall have the meaning assigned to such term in Section 2.05(e).

“Unrestricted Cash” shall mean cash or cash equivalents of the Borrower or any of its Subsidiaries that would not appear as “restricted” on a consolidated balance sheet of the Borrower or any of its Subsidiaries.

“Unrestricted Subsidiary” shall mean (1) any Subsidiary of the Borrower identified on Schedule 1.01(D), (2) any other Subsidiary of the Borrower, whether now owned or acquired or created after the Closing Date, that is designated by the Borrower as an Unrestricted Subsidiary hereunder by written notice to the Administrative Agent; provided, that the Borrower shall only be permitted to so designate a new Unrestricted Subsidiary after the Closing Date so long as (a) no Event of Default has occurred and is continuing or would result therefrom, (b) such Unrestricted Subsidiary shall be capitalized (to the extent capitalized by the Borrower or any of its Subsidiaries) through Investments as permitted by, and in compliance with, Section 6.04, and any prior or concurrent Investments in such Subsidiary by the Borrower or any of its Subsidiaries shall be deemed to have been made under Section 6.04, (c) without duplication of clause (b), any net assets owned by such Unrestricted Subsidiary at the time of the initial designation thereof shall be treated as Investments pursuant to Section 6.04 and (d) such Unrestricted Subsidiary and its subsidiaries do not, at the time of such designation, own any Intellectual Property that is material to the operations of Borrower and its Subsidiaries, taken as a whole; and (3) any subsidiary of an Unrestricted Subsidiary. The Borrower may designate any Unrestricted Subsidiary to be a Subsidiary for purposes of this Agreement (each, a “Subsidiary Redesignation”); provided, that (i) no Event of Default has occurred and is continuing or would result therefrom and (ii) the Borrower shall have delivered to the Administrative Agent an officer’s certificate executed by a Responsible Officer of the Borrower, certifying to the best of such officer’s knowledge, compliance with the requirements of preceding clause (i).

“U.S. Bankruptcy Code” shall mean Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

“U.S. Lender” shall mean any Lender other than a Foreign Lender.

“USPAP” shall mean the Uniform Standards of Professional Appraisal Practice, as amended.

“USA PATRIOT Act” shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107 56 (signed into law October 26, 2001)).

“Voting Stock” shall mean, with respect to any person, such person’s Equity Interests having the right to vote for the election of directors of such person under ordinary circumstances.

“Weighted Average Life to Maturity” shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

“Wholly Owned Domestic Subsidiary” shall mean a Wholly Owned Subsidiary that is also a Domestic Subsidiary.

“Wholly Owned Subsidiary” of any person shall mean a subsidiary of such person, all of the Equity Interests of which (other than directors’ qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person. Unless the context otherwise requires, “Wholly Owned Subsidiary” shall mean a Subsidiary of the Borrower that is a Wholly Owned Subsidiary of the Borrower.

“Withdrawal Liability” shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Write-Down and Conversion Powers” shall mean, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section 1.02 Terms Generally. The definitions set forth or referred to in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, any reference in this Agreement to any Loan Document shall mean such document as amended, restated, supplemented or otherwise modified from time to time. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders

request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding anything herein to the contrary and notwithstanding any changes in GAAP after the Closing Date, any lease of the Borrower or the Subsidiaries, or of a special purpose or other entity not consolidated with the Borrower and its Subsidiaries at the time of its incurrence of such lease, that would be characterized as an operating lease under GAAP in effect on the Closing Date (whether such lease is entered into before or after the Closing Date) shall not constitute Indebtedness or a Capitalized Lease Obligation of the Borrower or any Subsidiary under this Agreement or any other Loan Document on the Closing Date or as a result of such changes in GAAP.

Section 1.03 [Reserved].

Section 1.04 Exchange Rates; Currency Equivalents. (a) The Administrative Agent shall determine the Spot Rate as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of Alternate Currency Letters of Credit and Alternate Currency Loans. Such Spot Rate shall become effective as of such Revaluation Date and shall be the Spot Rate employed in converting any amounts between the Dollars and each Alternate Currency until the next Revaluation Date to occur. Except for purposes of financial statements delivered by Loan Parties hereunder or calculating financial ratios hereunder or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as determined by the Administrative Agent in accordance with this Agreement. No Default or Event of Default shall arise as a result of any limitation or threshold set forth in Dollars in Article VI or clause (f) or (j) of Section 7.01 being exceeded solely as a result of changes in currency exchange rates from those rates applicable on the first day of the fiscal quarter in which such determination occurs or in respect of which such determination is being made.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of a Eurocurrency Loan or the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing, Eurocurrency Loan or Letter of Credit is denominated in an Alternate Currency, such amount shall be the Alternate Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Alternate Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent or the applicable Issuing Bank, as applicable.

Section 1.05 Additional Alternate Currencies for Loans.

(a) The Borrower may from time to time request that Eurocurrency Revolving Loans be made in a currency other than Dollars; provided that such requested currency is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars. Such request shall be subject to the approval of the Administrative Agent.

(b) Any such request shall be made to the Administrative Agent not later than 11:00 a.m., 20 Business Days prior to the date of the desired Credit Event (or such other time or date as may be agreed by the Administrative Agent, in its sole discretion). The Administrative Agent shall promptly notify each Revolving Facility Lender thereof. Each Revolving Facility Lender shall notify the Administrative Agent, not later than 11:00 a.m., 10 Business Days after receipt of such request whether it consents, in its sole discretion, to the making of Eurocurrency Revolving Loans in such requested currency.

(c) Any failure by a Revolving Facility Lender to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by such Revolving Facility Lender to permit Eurocurrency Revolving Loans to be made in such requested currency. If the Administrative Agent and all the Revolving Facility Lenders consent to making Eurocurrency Revolving Loans in such requested currency, the Administrative Agent shall so notify the Borrower and such currency shall thereupon be deemed for all purposes to be an Alternate Currency hereunder for purposes of any Borrowings of Eurocurrency Revolving Loans. If the Administrative Agent shall fail to obtain consent to any request for an additional currency under this Section 1.05, the Administrative Agent shall promptly so notify the Borrower.

Section 1.06 Change of Currency.

(a) Each obligation of the Borrower to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption (in accordance with the EMU Legislation). If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that if any Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

Section 1.07 Timing of Payment or Performance. Except as otherwise expressly provided herein, when the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day.

Section 1.08 Times of Day. Unless otherwise specified herein, all references herein to times of day shall be references to New York City time (daylight or standard, as applicable).

Section 1.09 Holdings. From time to time after the Closing Date, Holdings may form one or more new Subsidiaries to become direct or indirect parent companies of the Borrower; provided that, prior to a Qualified IPO, contemporaneously with the formation of the new direct parent company of the Borrower (an "Intermediate Holdings"), such person enters into a supplement to the Holdings Guarantee and Pledge Agreement (or, at the option of such person, a new Holdings Guarantee and Pledge Agreement in substantially similar form or such other form reasonably satisfactory to the Administrative Agent) duly executed and delivered on behalf of such person. Immediately after any Intermediate Holdings complying with the proviso in the foregoing sentence, the Guarantee incurred by the then existing Holdings of the Obligations shall automatically terminate and Holdings shall be released from its obligations under the Loan Documents, shall cease to be a Loan Party and any Liens created by any Loan Documents on any

assets or Equity Interests owned by Holdings shall automatically be released (unless, in each case, the Borrower shall elect in its sole discretion that such release of Holdings shall not be effective), and thereafter Intermediate Holdings shall be deemed to be Holdings for all purposes of this Agreement (until any additional Intermediate Holdings shall be formed in accordance with this Section 1.09).

Section 1.10 Election Date. In connection with any commitment, definitive agreement or similar event relating to an Investment or Disposition, the Borrower or applicable Subsidiary may designate such Investment or Disposition as having occurred on the date of the commitment, definitive agreement or similar event relating thereto (such date, the "Election Date") if, after giving pro forma effect to such Investment or Disposition and all related transactions in connection therewith and any related pro forma adjustments, the Borrower or any of its Subsidiaries would have been permitted to make such Investment or Disposition on the relevant Election Date in compliance with this Agreement, and any related subsequent actual making of such Investment or Disposition will be deemed for all purposes under this Agreement to have been made on such Election Date, including, without limitation, for purposes of calculating any ratio, compliance with any test, usage of any baskets hereunder (if applicable) and EBITDAR and for purposes of determining whether there exists any Default or Event of Default (and all such calculations on and after such Election Date until the termination, expiration, passing, rescission, retraction or rescindment of such commitment, definitive agreement or similar event shall be made on a Pro Forma Basis giving effect thereto and all related transactions in connection therewith).

Section 1.11 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any person becomes the asset, right, obligation or liability of a different person, then it shall be deemed to have been transferred from the original person to the subsequent person, and (b) if any new person comes into existence, such new person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II

The Credits

Section 2.01 Commitments. Subject to the terms and conditions set forth herein:

(a) [reserved],

(b) each Lender agrees to make Revolving Facility Loans of a Class in Dollars to the Borrower from time to time during the Availability Period for such Class in an aggregate principal amount that will not result in (i) such Lender's Revolving Facility Credit Exposure of such Class exceeding such Lender's Revolving Facility Commitment of such Class or (ii) the Revolving Facility Credit Exposure of such Class exceeding the total Revolving Facility Commitments of such Class. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Facility Loans,

(c) each Lender having an Incremental Term Loan Commitment agrees, subject to the terms and conditions set forth in the applicable Incremental Assumption Agreement, to make Incremental Term Loans to the Borrower, in an aggregate principal amount not to exceed its Incremental Term Loan Commitment, and

(d) each Lender having a Delayed Draw Term Loan Commitment agrees, subject to the terms and conditions of this Agreement, to make Delayed Draw Term Loans in Dollars to the Borrower from time to time on or after the Closing Date and prior to the Delayed Draw Term Loan Commitment Expiration Date in an aggregate principal amount not to exceed its Delayed Draw Term Loan Commitment, and

(e) amounts of Term Loans borrowed under Section 2.01(d) or Section 2.01(c) that are repaid or prepaid may not be reborrowed.

Section 2.02 Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans under the same Facility and of the same Type made by the Lenders ratably in accordance with their respective Commitments under the applicable Facility (or, in the case of Swingline Loans, in accordance with their respective Swingline Commitments); provided, however, that Revolving Facility Loans of any Class shall be made by the Revolving Facility Lenders of such Class ratably in accordance with their respective Revolving Facility Percentages on the date such Loans are made hereunder. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided, that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Borrowing (other than a Swingline Borrowing) shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Borrower may request in accordance herewith. ABR Loans shall be denominated in Dollars. Each Swingline Borrowing shall be an ABR Borrowing. Each Lender at its option may make any ABR Loan or Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided, that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement and such Lender shall not be entitled to any amounts payable under Section 2.15 or 2.17 solely in respect of increased costs resulting from such exercise and existing at the time of such exercise.

(c) At the commencement of each Interest Period for any Eurocurrency Revolving Facility Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. At the time that each ABR Revolving Facility Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum; provided, that an ABR Revolving Facility Borrowing may be in an aggregate amount that is equal to the entire unused available balance of the Revolving Facility Commitments or that is required to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.05(e). Each Swingline Borrowing shall be in an amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. Borrowings of more than one Type may be outstanding at the same time; provided, however, that the Borrower shall not be entitled to request any Borrowing that, if made, would result in more than (i) 10 Eurocurrency Borrowings outstanding under all Term Facilities at any time and (ii) 10 Eurocurrency Borrowings outstanding under all Revolving Facilities at any time. Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing of any Class if the Interest Period requested with respect thereto would end after the Revolving Facility Maturity Date or the Term Facility Maturity Date for such Class, as applicable.

Section 2.03 Requests for Borrowings. To request a Revolving Facility Borrowing and/or a Term Borrowing, the Borrower shall notify the Administrative Agent of such request (a) in the case of a Eurocurrency Borrowing, not later than 12:00 noon, Local Time, three Business Days before the date of

the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 5:00 p.m. Local Time, one Business Day before the date of the proposed Borrowing (or, in each case, such shorter period as the Administrative Agent may agree); provided, that, (i) any such notice of an ABR Revolving Facility Borrowing to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.05(e) may be given not later than 12:00 noon, Local Time, on the date of the proposed Borrowing and (ii) any such notice of an Incremental Revolving Borrowing or Incremental Term Loan Borrowing may be given at such time as provided in the applicable Incremental Assumption Agreement. Each Borrowing Request shall be irrevocable (other than in the case of any notice given in respect of Incremental Commitments, which may be conditioned as provided in the applicable Incremental Assumption Agreement) and shall be confirmed promptly by hand delivery or electronic means to the Administrative Agent of a written Borrowing Request signed by the Borrower. Each such Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) whether such Borrowing is to be a Borrowing of Term Loans, Revolving Facility Loans, Refinancing Term Loans, Other Term Loans, Other Revolving Loans or Replacement Revolving Loans as applicable;
- (ii) the aggregate amount of the requested Borrowing;
- (iii) the date of such Borrowing, which shall be a Business Day;
- (iv) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;
- (v) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period";
- (vi) in the case of a Eurocurrency Revolving Facility Borrowing, the currency in which such Borrowing is to be denominated (which shall be Dollars or an Alternate Currency); and
- (vii) the location and number of the Borrower's account to which funds are to be disbursed.

If no election as to the currency of any Revolving Facility Borrowing is made, then the requested Borrowing shall be made in Dollars. If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section 2.03, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

Section 2.04 Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans in Dollars to the Borrower from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding the Swingline Commitment or (ii) the Revolving Facility Credit Exposure of the applicable Class exceeding the total Revolving Facility Commitments of such Class; provided, that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Borrowing. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Borrowing, the Borrower shall notify the Administrative Agent and the Swingline Lender of such request electronically (confirmed by a written Swingline Borrowing Request signed by the Borrower), not later than 1:00 p.m., Local Time, on the day of a proposed Swingline Borrowing. Each such notice and Swingline Borrowing Request shall be irrevocable and shall specify (i) the requested date of such Swingline Borrowing (which shall be a Business Day) and (ii) the amount of the requested Swingline Borrowing. The Swingline Lender shall consult with the Administrative Agent as to whether the making of the Swingline Loan is in accordance with the terms of this Agreement prior to the Swingline Lender funding such Swingline Loan. The Swingline Lender shall make each Swingline Loan on the proposed date thereof by wire transfer of immediately available funds by 3:00 p.m., Local Time, to the account of the Borrower (or, in the case of a Swingline Borrowing made to finance the reimbursement of an L/C Disbursement as provided in Section 2.05(e), by remittance to the applicable Issuing Bank).

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., Local Time, on any Business Day require the Revolving Facility Lenders of the applicable Class to acquire participations on such Business Day in all or a portion of the outstanding Swingline Loans made by it. Such notice shall specify the aggregate amount of such Swingline Loans in which the Revolving Facility Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each such Lender, specifying in such notice such Revolving Facility Lender's applicable Revolving Facility Percentage of such Swingline Loan or Loans. Each Revolving Facility Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent for the account of the Swingline Lender, such Revolving Facility Lender's applicable Revolving Facility Percentage of such Swingline Loan or Loans. Each Revolving Facility Lender acknowledges and agrees that its respective obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or Event of Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Facility Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Revolving Facility Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Revolving Facility Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph (c), and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Facility Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided, that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

(d) The Borrower may, at any time and from time to time, designate as additional Swingline Lenders one or more Revolving Facility Lenders that agree to serve in such capacity as provided below. The acceptance by a Revolving Facility Lender of an appointment as a Swingline Lender hereunder shall be evidenced by an agreement, which shall be in form and substance reasonably satisfactory to the Administrative Agent and the Borrower, executed by the Borrower, the Administrative Agent and such designated Swingline Lender, and, from and after the effective date of such agreement, (i) such Revolving Facility Lender shall have all the rights and obligations of a Swingline Lender under this Agreement and (ii) references herein to the term "Swingline Lender" shall be deemed to include such Revolving Facility Lender in its capacity as a lender of Swingline Loans hereunder.

Section 2.05 Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of one or more letters of credit or bank guarantees in Dollars or any Alternate Currency in the form of (x) trade letters of credit or bank guarantees in support of trade obligations of the Borrower and its Subsidiaries incurred in the ordinary course of business (such letters of credit or bank guarantees issued for such purposes, "Trade Letters of Credit") and (y) standby letters of credit issued for any other lawful purposes of the Borrower and its Subsidiaries (such letters of credit issued for such purposes, "Standby Letters of Credit"; each such letter of credit or bank guarantee, issued hereunder, a "Letter of Credit" and collectively, the "Letters of Credit") for its own account or for the account of any Subsidiary Loan Party in a form reasonably acceptable to the applicable Issuing Bank, at any time and from time to time during the applicable Availability Period and prior to the date that is five Business Days prior to the applicable Revolving Facility Maturity Date; provided, that (x) no Issuing Bank shall be required to issue Trade Letters of Credit unless it agrees in writing to do so in its sole discretion, (y) the Borrower shall remain primarily liable in the case of a Letter of Credit issued for the account of a Subsidiary Loan Party and (z) the applicable Issuing Bank shall not be obligated to issue Letters of Credit if any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from issuing such Letter of Credit, the issuance of such Letter of Credit would violate any Requirement of Law binding upon such Issuing Bank or the issuance of the Letter of Credit would violate one or more policies of such Issuing Bank applicable to letters of credit generally. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, an Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. No Issuing Bank shall be required to issue any Letter of Credit in its reasonable discretion if any Lender is at such time a Defaulting Lender hereunder, unless the Issuing Bank has entered into satisfactory arrangements with the Borrower or such Lender to eliminate the Issuing Bank's risk of full reimbursement with respect to such Letter of Credit.

(b) Notice of Issuance, Amendment, Renewal, Extension: Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal (other than an automatic extension in accordance with paragraph (c) of this Section 2.05) or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Issuing Bank, to the applicable Issuing Bank and the Administrative Agent not later than 1:00 p.m., Local Time, three Business Days (or, in the case of an Alternate Currency Letter of Credit, at least five Business Days) in advance of the requested date of issuance, amendment or extension or such shorter period as the Administrative Agent and the applicable Issuing Bank in their sole discretion may agree) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended or extended, and specifying the date of issuance, amendment or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section 2.05), the amount and currency (which may be Dollars or any Alternate Currency) of such Letter of Credit, the name and address of the beneficiary thereof, whether such Letter of Credit constitutes a Standby Letter of Credit or a Trade Letter of Credit and such other information as shall be necessary to issue, amend or extend such Letter of Credit. If requested by the applicable Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended or extended only if (and upon issuance, amendment or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment or extension, (i) the Revolving Facility Credit Exposure shall not exceed the applicable Revolving Facility Commitments, (ii) the Revolving L/C Exposure shall not exceed the Letter of Credit Sublimit and (iii) with respect to the applicable Issuing Bank,

the stated amount of all outstanding Letters of Credit issued by such Issuing Bank shall not exceed the applicable Specified L/C Sublimit of such Issuing Bank then in effect. For the avoidance of doubt, no Issuing Bank shall be obligated to issue an Alternate Currency Letter of Credit if such Issuing Bank does not otherwise issue letters of credit in such Alternate Currency.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year (unless otherwise agreed upon by the Borrower and the applicable Issuing Bank in their sole discretion) after the date of the issuance of such Letter of Credit (or, in the case of any extension thereof, one year (unless otherwise agreed upon by the Borrower and the applicable Issuing Bank in their sole discretion) after such renewal or extension) and (ii) the date that is five Business Days prior to the applicable Revolving Facility Maturity Date; provided, that any Letter of Credit with a one year tenor may provide for automatic renewal or extension thereof for additional one year periods (which, in no event, shall extend beyond the date referred to in clause (ii) of this paragraph (c)) so long as such Letter of Credit permits the applicable Issuing Bank to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof within a time period during such twelve-month period to be agreed upon at the time such Letter of Credit is issued; provided, further, that if such Issuing Bank consents in its sole discretion, the expiration date on any Letter of Credit may extend beyond the date referred to in clause (ii) above, provided, that if any such Letter of Credit is outstanding or is issued under the Revolving Facility Commitments of any Class after the date that is five Business Days prior to the Revolving Facility Maturity Date for such Class the Borrower shall provide Cash Collateral pursuant to documentation reasonably satisfactory to the Administrative Agent and the relevant Issuing Bank in an amount equal to the face amount of each such Letter of Credit on or prior to the date that is five Business Days prior to such Revolving Facility Maturity Date or, if later, such date of issuance.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) under the Revolving Facility Commitments of any Class and without any further action on the part of the applicable Issuing Bank or the Revolving Facility Lenders, such Issuing Bank hereby grants to each Revolving Facility Lender under such Class, and each such Revolving Facility Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Revolving Facility Lender's applicable Revolving Facility Percentage of the aggregate amount available to be drawn under such Letter of Credit (calculated, in the case of Alternate Currency Letters of Credit, based on the Dollar Equivalent thereof). In consideration and in furtherance of the foregoing, each Revolving Facility Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the applicable Issuing Bank, in Dollars, such Revolving Facility Lender's applicable Revolving Facility Percentage of each L/C Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section 2.05, or of any reimbursement payment required to be refunded to the Borrower for any reason (calculated, in the case of any Alternate Currency Letter of Credit, based on the Dollar Equivalent thereof). Each Revolving Facility Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or Event of Default or reduction or termination of the Commitments or the fact that, as a result of changes in currency exchange rates, such Revolving Facility Lender's Revolving Facility Credit Exposure at any time might exceed its Revolving Facility Commitment at such time (in which case Section 2.11(f) would apply), and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the applicable Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such L/C Disbursement by paying to the Administrative Agent an amount in Dollars equal to such L/C Disbursement (or, in the case of an Alternate

Currency Letter of Credit, the Dollar Equivalent thereof) not later than 2:00 p.m., Local Time, on the first Business Day after the Borrower receives notice under paragraph (g) of this Section 2.05 of such L/C Disbursement (or the second Business Day, if such notice is received after 12:00 noon, Local Time), together with accrued interest thereon from the date of such L/C Disbursement at the rate applicable to ABR Revolving Facility Loans of the applicable Class; provided, that the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Revolving Facility Borrowing or a Swingline Borrowing of the applicable Class, as applicable, in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Facility Borrowing or Swingline Borrowing. If the Borrower fails to reimburse any L/C Disbursement when due, then the Administrative Agent shall promptly notify the applicable Issuing Bank and each other applicable Revolving Facility Lender of the applicable L/C Disbursement, the payment then due from the Borrower in respect thereof (the "Unreimbursed Amount") and, in the case of a Revolving Facility Lender, such Lender's Revolving Facility Percentage thereof. Promptly following receipt of such notice, each Revolving Facility Lender with a Revolving Facility Commitment of the applicable Class shall pay to the Administrative Agent in Dollars its Revolving Facility Percentage of the Unreimbursed Amount in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Facility Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the Revolving Facility Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Revolving Facility Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Revolving Facility Lender pursuant to this paragraph to reimburse an Issuing Bank for any L/C Disbursement (other than the funding of an ABR Revolving Loan or a Swingline Borrowing as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such L/C Disbursement.

(f) Obligations Absolute. The obligation of the Borrower to reimburse L/C Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the applicable Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor any Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of such Issuing Bank, or any of the circumstances referred to in clauses (i), (ii) or (iii) of the first sentence; provided, that the foregoing shall not be construed to excuse the applicable Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are determined by final and binding decision of a court of competent jurisdiction to have been caused by such Issuing Bank's failure to exercise care when determining whether

drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the applicable Issuing Bank, such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented that appear on their face to be in substantial compliance with the terms of a Letter of Credit, the applicable Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall promptly notify the Administrative Agent and the Borrower electronically (confirmed in writing) of any such demand for payment under a Letter of Credit and whether such Issuing Bank has made or will make an L/C Disbursement thereunder; provided, that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Revolving Facility Lenders with respect to any such L/C Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any L/C Disbursement, then, unless the Borrower shall reimburse such L/C Disbursement in full on the date such L/C Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such L/C Disbursement is made to but excluding the date that the Borrower reimburses such L/C Disbursement, at the rate per annum then applicable to ABR Revolving Loans of the applicable Class; provided, that, if such L/C Disbursement is not reimbursed by the Borrower when due pursuant to paragraph (e) of this Section, then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Facility Lender pursuant to paragraph (e) of this Section 2.05 to reimburse such Issuing Bank shall be for the account of such Revolving Facility Lender to the extent of such payment.

(i) Replacement of an Issuing Bank. An Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12. From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the replaced Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of such Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement but shall not be required to issue additional Letters of Credit. Any Issuing Bank may resign at any time by giving 30 days' prior notice to the Administrative Agent, the Lenders and the Borrower. After the resignation of an Issuing Bank hereunder, the retiring Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement and the other Loan Documents with respect to Letters of Credit issued by it prior to such resignation, but shall not be required to issue additional Letters of Credit or to extend, renew or increase any existing Letter of Credit originally issued by it.

(j) Cash Collateralization Following Certain Events. If and when the Borrower is required to Cash Collateralize any Revolving L/C Exposure relating to any outstanding Letters of Credit pursuant to any of Section 2.05(c), 2.11(e), 2.11(f), 2.11(g), 2.22(a)(v) or 7.01, the Borrower shall deposit

in an account with or at the direction of the Collateral Agent, in the name of the Collateral Agent and for the benefit of the Revolving Facility Lenders, an amount in cash in Dollars equal to the Revolving L/C Exposure as of such date (or, in the case of Sections 2.05(c), 2.11(e), 2.11(f), 2.11(g) and 2.22(a)(v), the portion thereof required by such sections). Each deposit of Cash Collateral (x) made pursuant to this paragraph or (y) made by the Administrative Agent pursuant to Section 2.22(a)(ii), in each case, shall be held by the Collateral Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Collateral Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of (i) for so long as an Event of Default shall be continuing, the Collateral Agent and (ii) at any other time, the Borrower, in each case, in Permitted Investments and at the risk and expense of the Borrower, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Collateral Agent to reimburse each Issuing Bank for L/C Disbursements for which such Issuing Bank has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the Revolving L/C Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with Revolving L/C Exposure representing greater than 50% of the total Revolving L/C Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of Cash Collateral hereunder as a result of the occurrence of an Event of Default or the existence of a Defaulting Lender or the occurrence of a limit under Section 2.11(e), (f) or (g) being exceeded, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived or the termination of the Defaulting Lender status or the limits under Sections 2.11(e), (f) and (g) no longer being exceeded, as applicable.

(k) Cash Collateralization Following Termination of the Revolving Facility. Notwithstanding anything to the contrary herein, in the event of the prepayment in full of all outstanding Revolving Facility Loans and the termination of all Revolving Facility Commitments (a "Revolving Facility Termination Event") in connection with which the Borrower notifies any one or more Issuing Banks that it intends to maintain one or more Letters of Credit initially issued under this Agreement in effect after the date of such Revolving Facility Termination Event (each, a "Continuing Letter of Credit"), then the security interest of the Collateral Agent in the Collateral under the Security Documents may be terminated in accordance with Section 9.18 if each such Continuing Letter of Credit is Cash Collateralized in an amount equal to the Minimum L/C Collateral Amount, which shall be deposited with or at the direction of each such Issuing Bank.

(l) Additional Issuing Banks. From time to time, the Borrower may by notice to the Administrative Agent designate any Lender (in addition to the initial Issuing Banks) each of which agrees (in its sole discretion) to act in such capacity and is reasonably satisfactory to the Administrative Agent as an Issuing Bank. Each such additional Issuing Bank shall execute a counterpart of this Agreement upon the approval of the Administrative Agent (which approval shall not be unreasonably withheld) and shall thereafter be an Issuing Bank hereunder for all purposes.

(m) Reporting. Unless otherwise requested by the Administrative Agent, each Issuing Bank shall (i) provide to the Administrative Agent copies of any notice received from the Borrower pursuant to Section 2.05(b) no later than the next Business Day after receipt thereof and (ii) report in writing to the Administrative Agent (A) on or prior to each Business Day on which such Issuing Bank expects to issue, amend or extend any Letter of Credit, the date of such issuance, amendment or extension, and the aggregate face amount of the Letters of Credit to be issued, amended or extended by it and outstanding after giving effect to such issuance, amendment or extension occurred (and whether the amount thereof changed), and such Issuing Bank shall be permitted to issue, amend or extend such Letter of Credit if the Administrative Agent shall not have advised such Issuing Bank that such issuance, amendment or extension

would not be in conformity with the requirements of this Agreement, (B) on each Business Day on which such Issuing Bank makes any L/C Disbursement, the date of such L/C Disbursement and the amount of such L/C Disbursement and (C) on any other Business Day, such other information with respect to the outstanding Letters of Credit issued by such Issuing Bank as the Administrative Agent shall reasonably request.

Section 2.06 Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, Local Time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided, that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account or accounts designated by the Borrower as specified in the applicable Borrowing Request; provided, that ABR Revolving Loans and Swingline Borrowings made to finance the reimbursement of a L/C Disbursement and reimbursements as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with clause (a) of this Section 2.06 and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand (without duplication) such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of (A) the Federal Funds Effective Rate and (B) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to ABR Loans at such time. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(c) The foregoing notwithstanding, the Administrative Agent, in its sole discretion, may from its own funds make a Revolving Facility Loan on behalf of the Lenders (including by means of Swingline Loans to the Borrower). In such event, the applicable Lenders on behalf of whom the Administrative Agent made the Revolving Facility Loan shall reimburse the Administrative Agent for all or any portion of such Revolving Facility Loan made on its behalf upon written notice given to each applicable Lender not later than 2:00 p.m., Local Time, on the Business Day such reimbursement is requested. The entire amount of interest attributable to such Revolving Facility Loan for the period from and including the date on which such Revolving Facility Loan was made on such Lender's behalf to but excluding the date the Administrative Agent is reimbursed in respect of such Revolving Facility Loan by such Lender shall be paid to the Administrative Agent for its own account.

Section 2.07 Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election electronically, by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such electronic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or electronic means to the Administrative Agent of a written Interest Election Request signed by the Borrower.

(c) Each electronic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period."

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. If less than all the outstanding principal amount of any Borrowing shall be converted or continued, then each resulting Borrowing shall be in an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum and satisfy the limitations specified in Sections 2.02(c) regarding the maximum number of Borrowings of the relevant Type.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender to which such Interest Election Request relates of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the written request (including a request through electronic means) of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurocurrency Borrowing and (ii) unless repaid, each Eurocurrency Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

Section 2.08 Termination and Reduction of Commitments(a) . (a) Unless previously terminated, the Revolving Facility Commitments of each Class shall terminate on the applicable Revolving Facility Maturity Date for such Class. Unless earlier terminated, the Delayed Draw Term Loan Commitments of each Lender shall terminate proportionately upon each funding of Delayed Draw Term Loans (in an amount equal to the principal amount of such funded Delayed Draw Term Loans) and shall otherwise terminate in full on the Delayed Draw Term Loan Commitment Expiration Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Revolving Facility Commitments of any Class; provided, that (i) each reduction of the Revolving Facility Commitments of any Class shall be in an amount that is an integral multiple of \$250,000 and not less than \$1,000,000 (or, if less, the remaining amount of the Revolving Facility Commitments of such Class) and (ii) the Borrower shall not terminate or reduce the Revolving Facility Commitments of any Class if, after giving effect to any concurrent prepayment of the Revolving Facility Loans in accordance with Section 2.11 and any Cash Collateralization of Letters of Credit in accordance with Section 2.05(j) or (k), the Revolving Facility Credit Exposure of such Class (excluding any Cash Collateralized Letter of Credit) would exceed the total Revolving Facility Commitments of such Class. The Borrower may at any time terminate, or from time to time reduce, the Delayed Draw Term Loan Commitments; provided, that each reduction of Delayed Draw Term Loan Commitments shall be in an amount that is an integral multiple of \$250,000 and not less than \$1,000,000 (or, if less, the remaining amount of the Delayed Draw Term Loan Commitments).

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Revolving Facility Commitments of any Class or the Delayed Draw Term Loan Commitments under paragraph (b) of this Section 2.08 at least three Business Days prior to the effective date of such termination or reduction (or such shorter period acceptable to the Administrative Agent), specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section 2.08 shall be irrevocable; provided, that a notice of termination or reduction of the Revolving Facility Commitments of any Class or the Delayed Draw Term Loan Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar agreements or other transactions, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied (or waived by the Borrower in its sole discretion) and/or rescinded at any time by the Borrower if the Borrower determines in its sole discretion that any or all of such conditions will not be satisfied (or waived). Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

Section 2.09 Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Revolving Facility Lender the then unpaid principal amount of each Revolving Facility Loan to the Borrower on the Revolving Facility Maturity Date applicable to such Revolving Facility Loans, (ii) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.10 and (iii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan applicable to any Class of Revolving Facility Commitments on the earlier of the Revolving Facility Maturity Date for such Class and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least five Business Days after such Swingline Loan is made; provided, that on each date that a Revolving Facility Borrowing is made by the Borrower, the Borrower shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Facility and Type thereof and the Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) any amount received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to clause (b) or (c) of this Section 2.09 shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note (a "Note"). In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent and reasonably acceptable to the Borrower. Thereafter, unless otherwise agreed to by the applicable Lender, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the payee named therein (or, if requested by such payee, to such payee and its registered assigns).

Section 2.10 Repayment of Term Loans and Revolving Facility Loans. (a) Subject to the other clauses of this Section 2.10 and to Section 9.08(e),

(i) in the event that any Delayed Draw Term Loans are made, the Borrower shall repay such Delayed Draw Term Loans on the last day of each March, June, September and December of each year (commencing no earlier than the last day of the first full fiscal quarter of the Borrower after the Closing Date) and on the applicable Delayed Draw Facility Maturity Date or, if any such date is not a Business Day, on the next preceding Business Day (each such date being referred to as a "Delayed Draw Facility Installment Date"), in an aggregate principal amount of such Delayed Draw Term Loans equal to (A) in the case of quarterly payments due prior to the applicable Delayed Draw Term Facility Maturity Date, an amount equal to 1.25% of the aggregate principal amount of such Term Loans outstanding immediately after their incurrence, and (B) in the case of such payment due on the Delayed Draw Facility Maturity Date, an amount equal to the then unpaid principal amount of such Delayed Draw Term Loans outstanding; and

(ii) in the event that any Incremental Term Loans are made, the Borrower shall repay such Incremental Term Loans on the dates and in the amounts set forth in the related Incremental Assumption Agreement (each such date being referred to as an "Incremental Term Loan Installment Date"); and

(iii) to the extent not previously paid, outstanding Term Loans shall be due and payable on the applicable Term Facility Maturity Date.

(b) To the extent not previously paid, outstanding Revolving Facility Loans shall be due and payable on the applicable Revolving Facility Maturity Date.

(c) Prepayment of the Loans from:

(i) all Net Proceeds pursuant to Section 2.11(b) shall be allocated to the Class or Classes of Term Loans determined pursuant to Section 2.10(d), with the application thereof to reduce in direct order amounts due on the succeeding Term Loan Installment Dates under such Classes as provided in the remaining scheduled amortization payments under such Classes; provided, that any Lender, at its option, may elect to decline any such prepayment (other than in respect of Permitted Refinancing Indebtedness incurred to Refinance any such Term Loan) of any Term Loan held by it if it shall give written notice to the Administrative Agent thereof by 5:00 p.m. Local Time at least three Business Days prior to the date of such prepayment (any such Lender, a “Declining Lender”) and on the date of any such prepayment, any amounts that would otherwise have been applied to prepay Term Loans owing to Declining Lenders (such amounts, the “Declined Proceeds”) shall instead be retained by the Borrower for application for any purpose not prohibited by this Agreement, and

(ii) any optional prepayments of the Term Loans pursuant to Section 2.11(a) shall be applied to the remaining installments of the Term Loans under the applicable Class or Classes as the Borrower may in each case direct.

(d) Any mandatory prepayment of Term Loans pursuant to Section 2.11(b) shall be applied so that the aggregate amount of such prepayment is allocated among the Term Loans, if any, pro rata based on the aggregate principal amount of outstanding Term Loans, if any; provided, that, subject to the pro rata application to Loans outstanding within any Class of Term Loans, the Borrower may allocate such prepayment in its discretion among the Class or Classes of Term Loans as the Borrower may specify (so long as such allocation complies with Section 2.21(b) or Section 2.21(f), as applicable). Prior to any prepayment of any Loan under any Facility hereunder, the Borrower shall select the Borrowing or Borrowings under the applicable Facility to be prepaid and shall furnish a Notice of Prepayment to the Administrative Agent electronically (confirmed by a written Notice of Prepayment signed by the Borrower) of such selection not later than 2:00 p.m., Local Time, (i) in the case of an ABR Borrowing, at least one Business Day before the scheduled date of such prepayment (or in the case of a Swingline Loan, on the scheduled date of such prepayment) and (ii) in the case of a Eurocurrency Borrowing, at least three Business Days before the scheduled date of such prepayment (or, in each case, such shorter period acceptable to the Administrative Agent); provided, that a Notice of Prepayment may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar agreements or other transactions, in which case such Notice of Prepayment may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied (or waived by the Borrower in its sole discretion) and/or rescinded at any time by the Borrower if the Borrower determines in its sole discretion that any or all of such conditions will not be satisfied (or waived). Each repayment of a Borrowing (x) in the case of the Revolving Facility of any Class, shall be applied to the Revolving Facility Loans included in the repaid Borrowing such that each Revolving Facility Lender receives its ratable share of such repayment (based upon the respective Revolving Facility Credit Exposures of the Revolving Facility Lenders of such Class at the time of such repayment) and (y) in all other cases, shall be applied ratably to the Loans included in the repaid Borrowing. All repayments of Loans shall be accompanied by accrued interest on the amount repaid to the extent required by Section 2.13(d).

Section 2.11 Prepayment of Loans. (a) The Borrower shall have the right at any time and from time to time to prepay any Loan in whole or in part, without premium or penalty (but subject to Section 2.16), in an aggregate principal amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum or, if less, the amount outstanding, subject to prior notice in accordance with Section 2.10(d).

(b) The Borrower shall apply all Net Proceeds promptly upon receipt thereof to prepay Term Loans in accordance with clauses (c) and (d) of Section 2.10. Notwithstanding the foregoing, the Borrower may use a portion of such Net Proceeds constituting Net Proceeds under clauses (a) or (b) of the definition thereof to prepay or repurchase any Other First Lien Debt, in each case in an amount not to exceed the product of (x) the amount of such Net Proceeds and (y) a fraction, (A) the numerator of which is the outstanding principal amount of such Other First Lien Debt and (B) the denominator of which is the sum of the outstanding principal amount of such Other First Lien Debt and the outstanding principal amount of all Classes of Term Loans.

(c) [Reserved].

(d) Notwithstanding any other provisions of this Section 2.11 to the contrary, (i) to the extent that an amount equal to any or all of the Net Proceeds of any Asset Sale by a Foreign Subsidiary attributable to a Foreign Subsidiary would otherwise be required to be applied pursuant to Section 2.11(b) but is prohibited, restricted or delayed by applicable local law from being repatriated to the United States of America (as determined in good faith by the Borrower), an amount equal to the portion of such Net Proceeds so affected will not be required to be applied to repay Term Loans or Other First Lien Debt at the times provided in Section 2.11(b) and (ii) to the extent that the Borrower has determined in good faith that repatriation of any or all of such Net Proceeds that would otherwise be required to be applied pursuant to Section 2.11(b) would have a material adverse tax consequence with respect to such Net Proceeds, an amount equal to the Net Proceeds so affected will not be required to be applied to repay Term Loans or Other First Lien Debt at the times provided in Section 2.11(b) (the Borrower hereby agreeing to cause the applicable Subsidiary to promptly use commercially reasonable efforts to take all actions within the reasonable control of the Borrower that are reasonably required to eliminate such tax effects).

(e) In the event that the aggregate amount of Revolving Facility Credit Exposure of any Class exceeds the total Revolving Facility Commitments of such Class (other than as a result of changes in currency exchange rates), the Borrower shall prepay Revolving Facility Borrowings or Swingline Borrowings of such Class (or, if no such Borrowings are outstanding, provide Cash Collateral in respect of outstanding Letters of Credit pursuant to Section 2.05(j)) in an aggregate amount equal to such excess.

(f) In the event that the Revolving L/C Exposure exceeds the Letter of Credit Sublimit (other than as a result of changes in currency exchange rates), at the request of the Administrative Agent, the Borrower shall provide Cash Collateral pursuant to Section 2.05(j) in an aggregate amount equal to such excess.

(g) If as a result of changes in currency exchange rates, on any Revaluation Date, (i) the total Revolving Facility Credit Exposure of any Class exceeds the total Revolving Facility Commitments of such Class or (ii) the Revolving L/C Exposure exceeds the Letter of Credit Sublimit, the Borrower shall, at the request of the Administrative Agent, within ten (10) days of such Revaluation Date (A) prepay Revolving Facility Borrowings or Swingline Borrowings or (B) provide Cash Collateral pursuant to Section 2.05(j), in an aggregate amount such that the applicable exposure does not exceed the applicable commitment sublimit or amount set forth above.

Section 2.12 Fees. (a) The Borrower agrees to pay to each Lender (other than any Defaulting Lender), through the Administrative Agent, on the date that is three Business Days after the last day of March, June, September and December in each year and on the date on which the Revolving Facility Commitments or Delayed Draw Term Loan Commitments, as applicable, of all the Lenders shall be

terminated as provided herein, a commitment fee (a "Commitment Fee") on the daily amount of the applicable Available Unused Commitment of such Lender during the preceding quarter (or other period commencing with the Closing Date or ending with the date on which the last of the Commitments of such Lender shall be terminated) at a rate equal to the Applicable Commitment Fee for such Revolving Facility Commitments or Delayed Draw Term Loan Commitments, as applicable, accrued up to the last Business Day of each March, June, September and December. All Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. For purposes of calculating any Lender's Commitment Fee with respect to the Revolving Facility, the outstanding Swingline Loans during the period for which such Lender's Commitment Fee with respect to the Revolving Facility is calculated shall be deemed to be zero. The Commitment Fee due to each Lender shall commence to accrue on the Closing Date and shall cease to accrue on the date on which the last of the relevant Commitments of such Lender shall be terminated as provided herein.

(b) The Borrower from time to time agrees to pay (i) to each Revolving Facility Lender of each Class (other than any Defaulting Lender), through the Administrative Agent, on the date that is three Business Days after the last day of March, June, September and December of each year and on the date on which the Revolving Facility Commitments of all the Lenders shall be terminated as provided herein, a fee in Dollars (an "L/C Participation Fee") on such Lender's Revolving Facility Percentage of the daily aggregate Revolving L/C Exposure (excluding the portion thereof attributable to unreimbursed L/C Disbursements) of such Class, during the preceding quarter (or shorter period commencing with the Closing Date or ending with the Revolving Facility Maturity Date or the date on which the Revolving Facility Commitments of such Class shall be terminated) at the rate per annum equal to the Applicable Margin for Eurocurrency Revolving Facility Borrowings of such Class effective for each day in such period accrued up to the last Business Day of each March, June, September and December, and (ii) to each Issuing Bank, for its own account (x) on the date that is three Business Days after the last day of March, June, September and December of each year and on the date on which the Revolving Facility Commitments of all the Lenders shall be terminated, a fronting fee in respect of each Letter of Credit issued by such Issuing Bank for the period from and including the date of issuance of such Letter of Credit to and including the termination of such Letter of Credit, computed at a rate equal to 1/8 of 1.00% per annum of the Dollar Equivalent of the daily stated amount of such Letter of Credit, plus (y) in connection with the issuance, amendment or transfer of any such Letter of Credit or any L/C Disbursement thereunder, such Issuing Bank's customary documentary and processing fees and charges (collectively, "Issuing Bank Fees"). All L/C Participation Fees and Issuing Bank Fees that are payable on a per annum basis shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(c) The Borrower agrees to pay to the Administrative Agent, for the account of the Administrative Agent, the agent fee as set forth in the Administrative Agent Fee Letter, as may be amended, restated, supplemented or otherwise modified from time to time, at the times specified therein (the "Administrative Agent Fees").

(d) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that Issuing Bank Fees shall be paid directly to the applicable Issuing Banks. Once paid, none of the Fees shall be refundable under any circumstances.

Section 2.13 Interest. (a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the ABR plus the Applicable Margin.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any Fees or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2.00% plus the rate otherwise applicable to such Loan as provided in the preceding clauses of this Section 2.13 or (ii) in the case of any other overdue amount, 2.00% plus the rate applicable to ABR Loans as provided in clause (a) of this Section; provided, that this clause (c) shall not apply to any Event of Default that has been waived by the Lenders pursuant to Section 9.08.

(d) Accrued interest on each Loan shall be payable in arrears (i) on each Interest Payment Date for such Loan, (ii) in the case of Revolving Facility Loans, upon termination of the applicable Revolving Facility Commitments and (iii) in the case of the Term Loans, on the applicable Term Facility Maturity Date; provided, that (A) interest accrued pursuant to clause (c) of this Section 2.13 shall be payable on demand, (B) in the event of any repayment or prepayment of any Loan (other than a prepayment of a Revolving Facility Loan that is an ABR Loan that is not made in conjunction with a permanent commitment reduction), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (C) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the ABR at times when the ABR is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable ABR, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.14 Alternate Rate of Interest. (a) If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

- i. the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or
- ii. the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or electronic means as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective and such Borrowing shall be converted to or continued as on the last day of the Interest Period applicable thereto an ABR Borrowing, (ii) the Adjusted LIBO Rate component shall no longer be utilized in determining the ABR, and (iii) if any Borrowing Request requests a Eurocurrency Borrowing, such Borrowing shall be made as an ABR Borrowing.

(b) (i) Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1)

or (2) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document, so long as, in the case of this clause (y), and solely if the Administrative Agent and the Borrower determine that (A) the Relevant Governmental Body has not made any selection or recommendation for a replacement benchmark rate or the mechanism for determining such a rate and (B) there is no then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for syndicated credit facilities denominated in the applicable Agreed Currency at such time, the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

(ii) Notwithstanding anything to the contrary herein or in any other Loan Document and subject to the proviso below in this paragraph, solely with respect to a Eurocurrency Loan denominated in Dollars, if a Term SOFR Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then, subject to the Borrower’s consent, the applicable Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder or under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document; provided that, this clause (ii) shall not be effective unless the Administrative Agent has delivered to the Lenders and the Borrower a Term SOFR Notice.

(a) In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right, in consultation with the Borrower, to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(b) The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event, Term SOFR Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (e) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.14, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.14.

(c) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or LIBO Rate) and either (A) any tenor for such

Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(d) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Eurocurrency Borrowing of, conversion to or continuation of Eurocurrency Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request for a Eurocurrency Loan into a request for a Borrowing of or conversion to ABR Loans denominated in Dollars. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of ABR based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of ABR. Furthermore, if any Eurocurrency Loan in any Agreed Currency is outstanding on the date of the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period with respect to the LIBO Rate, then (i) if such Eurocurrency Loan is denominated in Dollars, then on the last day of the Interest Period applicable to such Loan (or the next succeeding Business Day if such day is not a Business Day), such Loan shall be converted by the Administrative Agent to, and shall constitute an ABR Loan on such day or (ii) if such Eurocurrency Loan is denominated in any Agreed Currency (other than Dollars), then such Loan shall, on the last day of the Interest Period applicable to such Loan (or the next succeeding Business Day if such day is not a Business Day), at the Borrower's election prior to such day; (A) be prepaid by the Borrower on such day or (B) be exchanged for an equivalent amount of Dollars and be converted by the Administrative Agent to, and (subject to the remainder of this subclause (B)) shall constitute, an ABR Loan on such day (it being understood and agreed that if the Borrower does not so prepay such Loan on such day by 12:00 noon New York City time the Administrative Agent is authorized to effect such exchange and conversion of such Eurocurrency Loan into an ABR Loan), and, in the case of such subclause (B), upon any subsequent implementation of a Benchmark Replacement in respect of such Agreed Currency pursuant to this Section 2.14, such ABR Loan shall then be exchanged for an equivalent amount of such Agreed Currency and converted by the Administrative Agent to, and shall constitute, a Eurocurrency Loan denominated in such original Agreed Currency on the day of such implementation, giving effect to such Benchmark Replacement in respect of such Agreed Currency.

As used in this Section 2.14, the following terms shall have the meanings specified below:

"Agreed Currency" shall mean Dollars and each Alternate Currency.

"Available Tenor" shall mean, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (e) of this Section 2.14.

“Benchmark” shall mean, initially, the LIBO Rate; provided that if a Benchmark Transition Event, Term SOFR Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to the Eurocurrency Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (b) of this Section 2.14.

“Benchmark Replacement” shall mean for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date; provided that, in the case of any Loan made in an Alternate Currency, “Benchmark Replacement” shall mean the alternative set forth in (3) below:

- (1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;
- (2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;
- (3) the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for syndicated credit facilities denominated in the applicable Agreed Currency at such time and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion; provided further that, solely with respect to a Loan denominated in Dollars, notwithstanding anything to the contrary in this Agreement or in any other Loan Document, upon the occurrence of a Term SOFR Transition Event, and the delivery of a Term SOFR Notice, on the applicable Benchmark Replacement Date, subject to the Borrower’s consent, the “Benchmark Replacement” shall revert to and shall be deemed to be the sum of (a) Term SOFR and (b) the related Benchmark Replacement Adjustment, as set forth in clause (1) of this definition (subject to the first proviso above). If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” shall mean, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

- (1) for purposes of clauses (1) and (2) of the definition of “Benchmark Replacement,” the first alternative set forth in the order below that can be determined by the Administrative Agent:
 - a. the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;

- b. the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and
- (2) for purposes of clause (3) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in the applicable Agreed Currency at such time;

provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion.

“Benchmark Replacement Conforming Changes” shall mean, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including, without limitation, changes to the definition of “ABR,” the definition of “Business Day,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides in its reasonable discretion may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides in its reasonable discretion that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines in its reasonable discretion (and in consultation with the Borrower) that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents without giving effect to any conforming changes that are adverse to the interests of the Borrower unless such changes are approved by the Borrower (which approval shall not be unreasonably withheld, conditioned or delayed)).

“Benchmark Replacement Date” shall mean the earliest to occur of the following events with respect to the then-current Benchmark:

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein;

- (3) in the case of a Term SOFR Transition Event, the date that is thirty (30) days after the date a Term SOFR Notice is provided to the Lenders and Borrower pursuant to Section 2.14(b)(ii); or
- (4) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, provided that if a Benchmark Replacement is determined in accordance with clause (3) of the definition of “Benchmark Replacement”, so long as, and solely if the Administrative Agent and Borrower determine that (x) the Relevant Governmental Body has not made any selection or recommendation for a replacement benchmark rate or the mechanism for determining such a rate and (y) there is no then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for syndicated credit facilities denominated in the applicable Agreed Currency at such time, the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” shall mean, with respect to any Benchmark, the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” shall mean, with respect to any Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with this Section 2.14 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with this Section 2.14.

“Corresponding Tenor” with respect to any Available Tenor shall mean, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

“Daily Simple SOFR” shall mean, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for syndicated business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion.

“Early Opt-in Election” shall mean, (a) in the case of Loans denominated in Dollars, the occurrence of:

- (1) a notification by the Administrative Agent to (or the request by the Borrower to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding Dollar-denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and
- (2) the joint election by the Administrative Agent and the Borrower to trigger a fallback from the LIBO Rate and the provision by the Administrative Agent of written notice of such election to the Lenders; and

(b) in the case of Loans denominated in any Alternate Currency, the occurrence of:

(1) (i) a notification by the Administrative Agent to (or the request by the Borrower to the Administrative Agent to notify) each of the other parties hereto that syndicated credit facilities denominated in the applicable Alternate Currency being executed at such time, or that include language similar to that contained in Section 2.14 are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the LIBO Rate, and

(2) the joint election by the Administrative Agent and the Borrower to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to the Lenders.

“Floor” shall mean the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the Adjusted LIBO Rate applicable to such Borrowing.

“ISDA Definitions” shall mean the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

“Reference Time” with respect to any setting of the then-current Benchmark shall mean (1) if such Benchmark is LIBO Rate, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not LIBO Rate, the time determined by the Administrative Agent in its reasonable discretion.

“Relevant Governmental Body” shall mean (i) with respect to a Benchmark Replacement in respect of Loans denominated in Dollars, the Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board or the Federal Reserve Bank of New York, or any successor thereto and (ii) with respect to a Benchmark Replacement in respect of Loans denominated in any Alternate Currency, (a) the central bank for the currency in which such Benchmark Replacement is denominated or any central bank or other supervisor which is responsible for supervising either (1) such Benchmark Replacement or (2) the administrator of such Benchmark Replacement or (b) any working group or committee officially endorsed or convened by (1) the central bank for the currency in which such Benchmark Replacement is denominated, (2) any central bank or other supervisor that is responsible for supervising either (A) such Benchmark Replacement or (B) the administrator of such Benchmark Replacement, (3) a group of those central banks or other supervisors or (4) the Financial Stability Board or any part thereof.

“SOFR” shall mean, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website on the immediately succeeding Business Day.

“SOFR Administrator” shall mean the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Administrator’s Website” shall mean the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“Term SOFR” shall mean, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Term SOFR Notice” shall mean a notification by the Administrative Agent and the Borrower to the Lenders of the occurrence of a Term SOFR Transition Event.

“Term SOFR Transition Event” shall mean the determination by the Administrative Agent that (a) Term SOFR has been recommended for use by the Relevant Governmental Body, (b) the administration of Term SOFR is administratively feasible for the Administrative Agent and (c) a Benchmark Transition Event has previously occurred resulting in a Benchmark Replacement in accordance with this Section 2.14 that is not Term SOFR.

“Unadjusted Benchmark Replacement” shall mean the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

Section 2.15 Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or Issuing Bank; or

(ii) subject any Lender to any Tax with respect to any Loan Document (other than (A) Taxes indemnifiable under Section 2.17 or (B) Excluded Taxes); or

(iii) impose on any Lender or Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurocurrency Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or Issuing Bank, as applicable, for such additional costs incurred or reduction suffered.

(b) If any Lender or Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or Issuing Bank's capital or on the capital of such Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such Lender's or such Issuing Bank's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower shall pay to such Lender or such Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or Issuing Bank or its holding company, as applicable, as specified in clause (a) or (b) of this Section 2.15 shall be delivered to the Borrower and shall be conclusive absent manifest error; provided, that any such certificate claiming amounts described in clause (x) or (y) of the definition of “Change in Law” shall, in addition, state the basis upon which such amount has been calculated and certify that such Lender's or Issuing Bank's demand for payment of such costs hereunder, and such method of allocation is not inconsistent with its treatment of other borrowers which, as a credit matter, are similarly situated to the Borrower and which are subject to similar provisions. The Borrower shall pay such Lender or Issuing Bank, as applicable, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Promptly after any Lender or any Issuing Bank has determined that it will make a request for increased compensation pursuant to this Section 2.15, such Lender or Issuing Bank shall notify the Borrower thereof. Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section 2.15 shall not constitute a waiver of such Lender's or Issuing Bank's right to

demand such compensation; provided, that the Borrower shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section 2.15 for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or Issuing Bank, as applicable, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or Issuing Bank's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180 day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 2.16 Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow (other than due to the default of the relevant Lender), convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurocurrency Loan, such loss, cost or expense to any Lender shall be deemed to be the amount determined by such Lender (it being understood that the deemed amount shall not exceed the actual amount) to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue a Eurocurrency Loan, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in Dollars of a comparable amount and period from other banks in the eurocurrency market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.16 shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Section 2.17 Taxes. (a) All payments made by or on behalf of a Loan Party under this Agreement or any other Loan Document shall be made free and clear of, and without deduction or withholding for or on account of, any Taxes; provided, that if a Loan Party, the Administrative Agent or any other applicable withholding agent shall be required by applicable Requirement of Law to deduct or withhold any Taxes from such payments, then (i) the applicable withholding agent shall make such deductions or withholdings as are reasonably determined by the applicable withholding agent to be required by any applicable Requirement of Law, (ii) the applicable withholding agent shall timely pay the full amount deducted or withheld to the relevant Governmental Authority within the time allowed and in accordance with applicable Requirement of Law, and (iii) to the extent withholding or deduction is required to be made on account of Indemnified Taxes or Other Taxes, the sum payable by the Loan Party shall be increased as necessary so that after all required deductions and withholdings have been made (including deductions or withholdings applicable to additional sums payable under this Section 2.17) any Lender (or where the Administrative Agent receives the payment for its own account, the Administrative Agent) receives an amount equal to the sum it would have received had no such deductions or withholdings been made. Whenever any Indemnified Taxes or Other Taxes are payable by a Loan Party, as promptly as possible thereafter, such Loan Party shall send to the Administrative Agent for its own account or for the account of a Lender, as the case may be, a certified copy of an official receipt (or other evidence acceptable to the Administrative Agent or such Lender, acting reasonably) received by the Loan Party showing payment thereof. Without duplication, after any payment of Taxes by any Loan Party or the Administrative Agent to a Governmental Authority as provided in this Section 2.17, the Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower, as the case may be, a copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by applicable Requirement of Law to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Administrative Agent, as the case may be.

(b) The Borrower shall timely pay any Other Taxes.

(c) The Borrower shall indemnify and hold harmless the Administrative Agent and each Lender within 15 Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes imposed on the Administrative Agent or such Lender, as applicable, as the case may be (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.17), and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate setting forth in reasonable detail the basis and calculation of the amount of such payment or liability delivered to the Borrower by a Lender or by the Administrative Agent (as applicable) on its own behalf or on behalf of a Lender shall be conclusive absent manifest error.

(d) Each Lender shall deliver to the Borrower and the Administrative Agent, at such time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable Requirement of Law and such other reasonably requested information as will permit the Borrower or the Administrative Agent, as the case may be, to determine (A) whether or not any payments made hereunder or under any other Loan Document are subject to withholding of Taxes, (B) if applicable, the required rate of withholding or deduction, and (C) such Lender's entitlement to any available exemption from, or reduction of, any such withholding of Taxes in respect of any payments to be made to such Lender by any Loan Party pursuant to any Loan Document or otherwise to establish such Lender's status for withholding tax purposes in the applicable jurisdiction. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Requirement of Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

(e) Without limiting the generality of Section 2.17(d), each Foreign Lender with respect to any Loan made to the Borrower shall, to the extent it is legally eligible to do so:

(i) deliver to the Borrower and the Administrative Agent, prior to the date on which the first payment to the Foreign Lender is due hereunder, two copies of (A) in the case of a Foreign Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest," IRS Form W-8BEN or W-8BEN-E, as applicable, (or any applicable successor form) (together with a certificate (substantially in the form of Exhibit G hereto, such certificate, the "Non-Bank Tax Certificate") certifying that such Foreign Lender is not a bank for purposes of Section 881(c) of the Code, is not a "10-percent shareholder" (within the meaning of Section 871(h)(3)(B) of the Code) of the Borrower and is not a CFC related to the Borrower (within the meaning of Section 864(d)(4) of the Code), and that the interest payments in question are not effectively connected with the conduct by such Lender of a trade or business within the United States of America), (B) IRS Form W-8BEN or W-8BEN-E, as applicable, or Form W-8ECI (or any applicable successor form), in each case properly completed and duly executed by such Foreign Lender claiming complete exemption from, or reduced rate of, U.S. federal withholding tax on payments by the Borrower under this Agreement, (C) in the case of a Foreign Lender that is not the beneficial owner (e.g., where the Foreign Lender is a partnership or a participating Lender), IRS Form W-8IMY (or any applicable successor form) and all necessary attachments (including the forms described in clauses (A) and (B) above, provided that if the Foreign Lender is a partnership (and not a participating Lender), and one or more of the partners is

claiming portfolio interest treatment, the Non-Bank Tax Certificate may be provided by such Foreign Lender on behalf of such partners) or (D) any other form prescribed by applicable Requirement of Law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable Requirement of Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(ii) deliver to the Borrower and the Administrative Agent two further copies of any such documentation (or any applicable successor form) on or before the date that any such documentation expires or becomes obsolete or invalid, after the occurrence of any event requiring a change in the most recent documentation previously delivered by it to the Borrower and the Administrative Agent, and from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent.

Any Foreign Lender that becomes legally ineligible to update any documentation previously delivered shall promptly notify the Borrower and the Administrative Agent in writing of such Foreign Lender's inability to do so.

Each person that shall become a Participant pursuant to Section 9.04 or a Lender pursuant to Section 9.04 shall, upon the effectiveness of the related transfer, be required to provide all the forms and statements required pursuant to this Section 2.17(e); provided that a Participant shall furnish all such required forms and statements solely to the person from which the related participation shall have been purchased.

Each Lender hereby authorizes the Administrative Agent to deliver to the Loan Parties and to any successor Administrative Agent any documentation provided by such Lender to the Administrative Agent pursuant to Section 2.17(e).

In addition, the Administrative Agent shall deliver to the Borrower (x)(I) prior to the date on which the first payment by the Borrower is due hereunder or (II) prior to the first date on or after the date on which such Administrative Agent becomes a successor Administrative Agent pursuant to Section 8.09 on which payment by the Borrower is due hereunder, as applicable, two copies of (A) if it is a "United States person" as defined by Section 7701(a)(30) of the Code, IRS Form W-9 certifying that it is exempt from U.S. federal backup withholding, and (B) if it is not a United States person, (1) IRS Form W-8ECI with respect to payments to be received by it as a beneficial owner and (2) IRS Form W-8IMY (together with required accompanying documentation) with respect to payments to be received by it on behalf of the Lenders, certifying that the Administrative Agent is a U.S. branch and intends to be treated as a U.S. person for purposes of withholding under Chapter 3 of the Code pursuant to Section 1.1441-1(b)(2)(iv) of the Treasury Regulations, and (y) on or before the date on which any such previously delivered documentation expires or becomes obsolete or invalid, after the occurrence of any event requiring a change in the most recent documentation previously delivered by it to the Borrower, and from time to time if reasonably requested by the Borrower, two further copies of such documentation. Notwithstanding anything to the contrary, the Administrative Agent is not required to provide any documentation that it is not legally eligible to provide as a result of any Change in Law occurring after the date hereof.

(f) If any Lender or the Administrative Agent, as applicable, determines, in its sole discretion, that it has received a refund of an Indemnified Tax or Other Tax for which a payment has been made by a Loan Party pursuant to this Agreement or any other Loan Document, which refund in the good faith judgment of such Lender or the Administrative Agent, as the case may be, is attributable to such payment made by such Loan Party, then the Lender or the Administrative Agent, as the case may be, shall reimburse the Loan Party for such amount (net of all reasonable out-of-pocket expenses of such Lender or the Administrative Agent, as the case may be, and without interest other than any interest received from the relevant Governmental Authority with respect to such refund) as the Lender or Administrative Agent, as the case may be, determines in its sole discretion to be the proportion of the refund as will leave it, after such reimbursement, in no better or worse position (taking into account expenses or any Taxes imposed on the refund) than it would have been in if the Indemnified Tax or Other Tax giving rise to such refund had not been imposed in the first instance; provided that the Loan Party, upon the request of the Lender or the Administrative Agent shall repay the amount paid over to the Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender or the Administrative Agent in the event the Lender or the Administrative Agent is required to repay such refund to such Governmental Authority. In such event, such Lender or the Administrative Agent, as the case may be, shall, at the Borrower's request, provide the Borrower with a copy of any notice of assessment or other evidence of the requirement to repay such refund received from the relevant Governmental Authority (provided that such Lender or the Administrative Agent may delete any information therein that it deems confidential). If reasonably requested by the Borrower, a Lender or the Administrative Agent shall claim any refund that it determines is available to it, unless it concludes in its sole discretion that it would be adversely affected by making such a claim. No Lender nor the Administrative Agent shall be obliged to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Loan Party in connection with this clause (f) or any other provision of this Section 2.17.

(g) If the Borrower determines that a reasonable basis exists for contesting an Indemnified Tax or Other Tax for which a Loan Party has paid additional amounts or indemnification payments, each affected Lender or Agent, as the case may be, shall use reasonable efforts to cooperate with the Borrower as the Borrower may reasonably request in pursuing a refund of such Tax. The Borrower shall indemnify and hold each Lender and Agent harmless against any out-of-pocket expenses incurred by such person in connection with any request made by the Borrower pursuant to this Section 2.17(g). Nothing in this Section 2.17(g) shall obligate any Lender or Agent to take any action that such person, in its sole judgment, determines may result in a material detriment to such person.

(h) Each U.S. Lender shall deliver to the Borrower and the Administrative Agent two IRS Forms W-9 (or substitute or successor form), properly completed and duly executed, certifying that such U.S. Lender is exempt from U.S. federal backup withholding (i) on or prior to the Closing Date (or on or prior to the date it becomes a party to this Agreement), (ii) on or before the date that such form expires or becomes obsolete or invalid, (iii) after the occurrence of a change in the U.S. Lender's circumstances requiring a change in the most recent form previously delivered by it to the Borrower and the Administrative Agent, and (iv) from time to time thereafter if reasonably requested by the Borrower or the Administrative Agent.

(i) If a payment made to any Lender or any Agent under this Agreement or any other Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender or such Agent were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender or such Agent shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by applicable Requirement of Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Requirement of Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the

Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA, to determine whether such Lender has or has not complied with such Lender's obligations under FATCA and to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this Section 2.17(i), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(j) Each Lender hereby authorizes the Administrative Agent to deliver to the Loan Parties and to any successor Administrative Agent any documentation provided by such Lender to the Administrative Agent pursuant to this Section 2.17. Notwithstanding anything to the contrary in this Section 2.17, no Lender shall be required to deliver any documentation pursuant to this Section 2.17 that such Lender is not legally eligible to deliver.

(k) The agreements in this Section 2.17 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable under any Loan Document.

For purposes of this Section 2.17, the term "Lender" includes any Issuing Bank and any Swingline Lender and the term "applicable Requirement of Law" includes FATCA.

Section 2.18 Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) Unless otherwise specified, the Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of L/C Disbursements, or of amounts payable under Sections 2.15, 2.16 or 2.17, or otherwise) prior to 2:00 p.m., Local Time, on the date when due, in immediately available funds. Each such payment shall be made without condition or deduction for any defense, recoupment, set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent to the applicable account designated to the Borrower by the Administrative Agent, except payments to be made directly to the applicable Issuing Bank or the Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.05 shall be made directly to the persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other person to the appropriate recipient promptly following receipt thereof. Except as otherwise expressly provided herein, if any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments made under the Loan Documents shall be made in Dollars (or, in the case of Alternate Currency Loans or Alternate Currency Letters of Credit, in the applicable Alternate Currency). Any payment required to be made by the Administrative Agent hereunder shall be deemed to have been made by the time required if the Administrative Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Administrative Agent to make such payment.

(b) Subject to Section 7.02, if at any time insufficient funds are received by and available to the Administrative Agent from the Borrower to pay fully all amounts of principal, unreimbursed L/C Disbursements, interest and fees then due from the Borrower hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, (ii) second, towards payment of principal of Swingline Loans and unreimbursed L/C Disbursements then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal of Swingline Loans and unreimbursed L/C Disbursements then due to such parties, and (iii) third, towards payment of principal then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of, or interest on, any of its Term Loans, Revolving Facility Loans or participations in L/C Disbursements or Swingline Loans of a given Class resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Term Loans, Revolving Facility Loans and participations in L/C Disbursements and Swingline Loans of such Class and accrued interest thereon than the proportion received by any other Lender entitled to receive the same proportion of such payment, then the Lender receiving such greater proportion shall purchase participations in the Term Loans, Revolving Facility Loans and participations in L/C Disbursements and Swingline Loans of such Class of such other Lenders to the extent necessary so that the benefit of all such payments shall be shared by all such Lenders entitled thereto ratably in accordance with the principal amount of each such Lender's respective Term Loans, Revolving Facility Loans and participations in L/C Disbursements and Swingline Loans of such Class and accrued interest thereon; provided, that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this clause (c) shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in L/C Disbursements to any assignee or participant. The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the applicable Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the applicable Issuing Bank, as applicable, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the applicable Issuing Bank, as applicable, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(b), 2.05(d) or (e), 2.06 or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

Section 2.19 Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17 or any event that gives rise to the operation of Section 2.20, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17 or mitigate the applicability of Section 2.20, as applicable, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material respect. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If (i) any Lender requests compensation under Section 2.15 or gives notice under Section 2.20, (ii) the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or (iii) any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require any such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if in respect of any Revolving Facility Commitment or Revolving Facility Loan, the Swingline Lender and the Issuing Banks), to the extent consent would be required under Section 9.04(b) for an assignment of Loans or Commitments, as applicable, which consent, in each case, shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in L/C Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15, payments required to be made pursuant to Section 2.17 or a notice given under Section 2.20, such assignment will result in a reduction in such compensation or payments. Nothing in this Section 2.19 shall be deemed to prejudice any rights that the Borrower may have against any Lender that is a Defaulting Lender. No action by or consent of the removed Lender shall be necessary in connection with such assignment, which shall be immediately and automatically effective upon payment of such purchase price. In connection with any such assignment the Borrower, Administrative Agent, such removed Lender and the replacement Lender shall otherwise comply with Section 9.04, provided, that if such removed Lender does not comply with Section 9.04 within one Business Day after the Borrower's request, compliance with Section 9.04 shall not be required to effect such assignment.

(c) If any Lender (such Lender, a "Non-Consenting Lender") has failed to consent to a proposed amendment, waiver, discharge or termination which pursuant to the terms of Section 9.08 requires the consent of all of the Lenders affected and with respect to which the Required Lenders shall have granted their consent, then the Borrower shall have the right (unless such Non-Consenting Lender grants such consent) at its sole expense (including with respect to the processing and recordation fee referred to in Section 9.04(b)(ii)(B)) to replace such Non-Consenting Lender by requiring such Non-Consenting Lender to (and any such Non-Consenting Lender agrees that it shall, upon the Borrower's request) assign its Loans and its Commitments (or, at the Borrower's option, the Loans and Commitments under the Facility that is the subject of the proposed amendment, waiver, discharge or termination) hereunder to one or more assignees reasonably acceptable to (i) the Administrative Agent (unless such assignee is a Lender, an Affiliate of a Lender or an Approved Fund) and (ii) if in respect of any Revolving Facility Commitment or Revolving Facility Loan, the Swingline Lender and the Issuing Banks; provided, that: (a) all Loan Obligations of the Borrower owing to such Non-Consenting Lender being replaced shall be paid in full to such Non-Consenting Lender concurrently with such assignment, (b) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon, and (c) the replacement Lender shall grant its consent with respect to the applicable proposed amendment, waiver, discharge or termination. No action by or consent of the Non-Consenting Lender shall be necessary in connection with such assignment, which shall be immediately and automatically effective upon payment of such purchase price. In connection with any such assignment the Borrower, Administrative Agent, such Non-Consenting Lender and the replacement Lender shall otherwise comply with Section 9.04; provided, that if such Non-Consenting Lender does not comply with Section 9.04 within one Business Day after the Borrower's request, compliance with Section 9.04 shall not be required to effect such assignment.

Section 2.20 Illegality. If any Lender reasonably determines that any Change in Law has made it unlawful, or that any Governmental Authority has asserted after the Closing Date that it is unlawful, for any Lender or its applicable Lending Office to make or maintain any Eurocurrency Loans, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligations of such Lender to make or continue Eurocurrency Loans or to convert ABR Borrowings to Eurocurrency Borrowings shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall upon demand from such Lender (with a copy to the Administrative Agent), convert all Eurocurrency Borrowings of such Lender to ABR Borrowings, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurocurrency Borrowings to such day, or immediately, if such Lender may not lawfully continue to maintain such Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so converted.

Section 2.21 Incremental Commitments. (a) The Borrower may, by written notice to the Administrative Agent from time to time, establish Incremental Term Loan Commitments and/or Incremental Revolving Facility Commitments, as applicable, in an amount not to exceed the Incremental Amount available at the time such Incremental Commitments are established (or at the time any commitment relating thereto is entered into or, at the option of the Borrower, at the time of incurrence of the Incremental Loans thereunder or, with respect to any Incremental Term Loan Commitment and/or Incremental Revolving Facility Commitment established for purposes of financing any Permitted Business Acquisition or any other acquisition or similar Investment that is permitted by this Agreement, as of the date the definitive agreement with respect to such Permitted Business Acquisition, acquisition or similar Investment is entered into) from one or more Incremental Term Lenders and/or Incremental Revolving Facility Lenders (which may include any existing Lender) willing to provide such Incremental Term Loans and/or Incremental Revolving Facility Commitments, as the case may be, in their own discretion; provided, that each Incremental Revolving Facility Lender shall be subject to the approval of the Administrative Agent and, to the extent the same would be required for an assignment under Section 9.04, the Issuing Banks and the Swingline Lender (which approvals shall not be unreasonably withheld) unless such Incremental Revolving Facility Lender is a Revolving Facility Lender and each Incremental Term Lender shall be subject to the approval of the Administrative Agent to the extent the same would be required for an assignment under Section 9.04. Such notice shall set forth (i) the amount of the Incremental Term Loan Commitments and/or Incremental Revolving Facility Commitments being established (which shall be in minimum increments of \$1,000,000 and a minimum amount of \$5,000,000, or equal to the remaining Incremental Amount or, in each case, such lesser amount approved by the Administrative Agent), (ii) the date on which such Incremental Term Loan Commitments and/or Incremental Revolving Facility Commitments are anticipated to become effective, (iii) in the case of Incremental Revolving Facility Commitments, whether such Incremental Revolving Facility Commitments are to be (x) commitments to make additional Revolving Facility Loans on the same terms as the Initial Revolving Loans or (y) commitments to make revolving loans with pricing terms, final maturity dates, participation in mandatory prepayments or commitment reductions and/or other terms different from the Initial Revolving Loans ("Other Revolving Loans") and (iv) in the case of Incremental Term Loan Commitments, whether such Incremental Term Loan Commitments are to be (x) commitments to make term loans with terms identical to a certain Class of existing Term Loans or (y) commitments to make term loans with pricing, maturity, amortization, participation in mandatory prepayments and/or other terms different from all then-existing Term Loans ("Other Term Loans").

(b) The Borrower and each Incremental Term Lender and/or Incremental Revolving Facility Lender shall execute and deliver to the Administrative Agent an Incremental Assumption Agreement and such other documentation as the Administrative Agent shall reasonably specify to evidence the Incremental Term Loan Commitment of such Incremental Term Lender and/or Incremental Revolving Facility Commitment of such Incremental Revolving Facility Lender. Each Incremental Assumption Agreement shall specify the terms of the applicable Incremental Term Loans and/or Incremental Revolving Facility Commitments; provided, that:

(i) any commitments to make additional Term Loans and/or additional Initial Revolving Loans of a particular Class shall have the same terms as the Term Loans or Initial Revolving Loans, respectively of the applicable Class,

(ii) the Other Term Loans incurred pursuant to clause (a) of this Section 2.21 shall rank pari passu in right of security with the Liens on the Collateral securing the Initial Facilities,

(iii) the final maturity date of any such Other Term Loans shall be no earlier than the Term Loan Facility Maturity Date and, except as to pricing, amortization, final maturity date, participation in mandatory prepayments and ranking as to security (which shall, subject to the other clauses of this proviso, be determined by the Borrower and the Incremental Term Lenders in their sole discretion), shall have (x) substantially similar terms as the Term Loans or (y) such other terms as shall be reasonably satisfactory to the Administrative Agent,

(iv) the Weighted Average Life to Maturity of any such Other Term Loans shall be no shorter than the remaining Weighted Average Life to Maturity of the Term Loans,

(v) the Other Revolving Loans incurred pursuant to clause (a) of this Section 2.21 shall rank pari passu in right of security with the Liens on the Collateral securing the Initial Revolving Loans,

(vi) the final maturity date of any such Other Revolving Loans shall be no earlier than the Revolving Facility Maturity Date with respect to the Initial Revolving Loans and, except as to pricing, final maturity date, participation in mandatory prepayments and commitment reductions and ranking as to security (which shall, subject to the other clauses of this proviso, be determined by the Borrower and the Incremental Revolving Facility Lenders in their sole discretion), shall have (x) substantially similar terms as the Initial Revolving Loans or (y) such other terms as shall be reasonably satisfactory to the Administrative Agent; provided that Incremental Revolving Facilities shall require no scheduled amortization or mandatory commitment reduction prior to the final maturity of the existing Revolving Facilities,

(vii) with respect to any Other Term Loan incurred pursuant to clause (a) of this Section 2.21, the All-in Yield shall be the same as that applicable to the Initial Delayed Draw Term Loan Facility, except that the All-in Yield in respect of any such Other Term Loan may exceed the All-in Yield in respect of such Initial Delayed Draw Term Loan Facility by no more than 0.50%, or if it does so exceed such All-in Yield by more than 0.50% (such difference, the "Term Yield Differential") then the Applicable Margin (or the "LIBOR floor" as provided in the following proviso) applicable to the Initial Delayed Draw Term Loan Facility shall be increased such that after giving effect to such increase, the Term Yield Differential shall not exceed 0.50%; provided that, to the extent any portion of the Term Yield Differential is attributable to a higher "LIBOR floor" being applicable to such Other Term Loans, such floor shall only be included in the calculation of the Term Yield Differential to the extent such floor is greater than the Adjusted LIBO Rate in effect for an Interest Period of three months' duration at such time, and, with respect to such excess, the "LIBOR floor" applicable to the Initial Delayed Draw Term Loan Facility shall be increased to an amount not to exceed the "LIBOR floor" applicable to such Other Term Loans prior to any increase in the Applicable Margin applicable to such Initial Delayed Draw Term Loan Facility then outstanding;

(viii) (A) such Other Revolving Loans may participate on a pro rata basis or a less than pro rata basis (but not a greater than pro rata basis) than the Initial Revolving Loans in (x) any voluntary or mandatory prepayment or commitment reduction hereunder and (y) any Borrowing at the time such Borrowing is made and (B) such Other Term Loans may participate on a pro rata basis or a less than pro rata basis (but not a greater than pro rata basis) than the Term Loans in any mandatory prepayment hereunder; and

(ix) there shall be no obligor in respect of any Incremental Term Loan Commitments or Incremental Revolving Facility Commitments that is not a Loan Party.

Each party hereto hereby agrees that, upon the effectiveness of any Incremental Assumption Agreement, this Agreement shall be amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Incremental Term Loan Commitments and/or Incremental Revolving Facility Commitments evidenced thereby as provided for in Section 9.08(e). Any amendment to this Agreement or any other Loan Document that is necessary to effect the provisions of this Section 2.21 and any such collateral and other documentation shall be deemed "Loan Documents" hereunder and may be memorialized in writing by the Administrative Agent and the Borrower and furnished to the other parties hereto.

(c) Notwithstanding the foregoing, no Incremental Term Loan Commitment or Incremental Revolving Facility Commitment shall become effective under this Section 2.21 unless (i) on the date of such effectiveness, (A) solely to the extent required by the relevant Incremental Assumption Agreement, the conditions set forth in clause (c) of Section 4.01 shall be satisfied and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Responsible Officer of the Borrower and (B) if such Incremental Term Loan Commitment or Incremental Revolving Facility Commitment is established for a purpose other than financing any Permitted Business Acquisition or any other acquisition or similar Investment that is permitted by this Agreement, no Event of Default under Section 7.01 (b), (c), (h) or (i) shall have occurred and be continuing or would result therefrom and (ii) the Administrative Agent shall have received customary legal opinions, board resolutions and other customary closing certificates and documentation to the extent required by the relevant Incremental Assumption Agreement and, to the extent required by the Administrative Agent, consistent with those delivered on the Closing Date under Section 4.02 and such additional customary documents and filings (including amendments to the Mortgages and other Security Documents and title date-down and modification endorsements, which, in the case of such amendments and title date-down and modification endorsements, may be delivered on a post-closing basis to the extent permitted by the applicable Incremental Assumption Agreement) as the Administrative Agent may reasonably request to assure that the Incremental Term Loans and/or Revolving Facility Loans in respect of Incremental Revolving Facility Commitments are secured by the Collateral ratably with the Classes of then-existing Term Loans and Revolving Facility Loans.

(d) Each of the parties hereto hereby agrees that the Administrative Agent may take any and all action as may be reasonably necessary to ensure that (i) all Incremental Term Loans (other than Other Term Loans of a different Class), when originally made, are included in each Borrowing of the outstanding applicable Class of Term Loans on a pro rata basis, and (ii) all Revolving Facility Loans in respect of Incremental Revolving Facility Commitments (other than Revolving Facility Loans of a different Class), when originally made, are included in each Borrowing of the applicable Class of outstanding Revolving Facility Loans on a pro rata basis. The Borrower agrees that Section 2.16 shall apply to any conversion of Eurocurrency Loans to ABR Loans reasonably required by the Administrative Agent to effect the foregoing.

(e) Notwithstanding anything to the contrary in this Agreement, including Section 2.18(c) (which provisions shall not be applicable to clauses (e) through (i) of this Section 2.21), pursuant to one or more offers made from time to time by the Borrower to all Lenders of any Class of Term Loans and/or Revolving Facility Commitments, on a pro rata basis (based, in the case of an offer to the Lenders under any Class of Term Loans, on the aggregate outstanding Term Loans of such Class and, in the case of an offer to the Lenders under any Revolving Facility, on the aggregate outstanding Revolving Facility Commitments under such Revolving Facility, as applicable) and on the same terms (“Pro Rata Extension Offers”), the Borrower is hereby permitted to consummate transactions with individual Lenders from time to time to extend the maturity date of such Lender’s Loans and/or Commitments of such Class and to otherwise modify the terms of such Lender’s Loans and/or Commitments of such Class pursuant to the terms of the relevant Pro Rata Extension Offer (including, without limitation, increasing the interest rate or fees payable in respect of such Lender’s Loans and/or Commitments and/or modifying the amortization schedule in respect of such Lender’s Loans). For the avoidance of doubt, the reference to “on the same terms” in the preceding sentence shall mean, (i) in the case of an offer to the Lenders under any Class of Term Loans, that all of the Term Loans of such Class are offered to be extended for the same amount of time and that the interest rate changes and fees payable with respect to such extension are the same and (ii) in the case of an offer to the Lenders under any Revolving Facility, that all of the Revolving Facility Commitments of such Facility are offered to be extended for the same amount of time and that the interest rate changes and fees payable with respect to such extension are the same. Any such extension (an “Extension”) agreed to between the Borrower and any such Lender (an “Extending Lender”) will be established under this Agreement by implementing an Incremental Term Loan for such Lender if such Lender is extending an existing Term Loan (such extended Term Loan, an “Extended Term Loan”) or an Incremental Revolving Facility Commitment for such Lender if such Lender is extending an existing Revolving Facility Commitment (such extended Revolving Facility Commitment, an “Extended Revolving Facility Commitment” and any Revolving Facility Loans made thereunder, “Extended Revolving Loans”). Each Pro Rata Extension Offer shall specify the date on which the Borrower proposes that the Extended Term Loan shall be made or Extended Revolving Facility Commitment shall become effective, which shall be a date not earlier than five Business Days after the date on which notice is delivered to the Administrative Agent (or such shorter period agreed to by the Administrative Agent in its reasonable discretion).

(f) The Borrower and each Extending Lender shall execute and deliver to the Administrative Agent an Incremental Assumption Agreement and such other documentation as the Administrative Agent shall reasonably specify to evidence the Extended Term Loans and/or Extended Revolving Facility Commitments of such Extending Lender. Each Incremental Assumption Agreement shall specify the terms of the applicable Extended Term Loans and/or Extended Revolving Facility Commitments; provided, that (i) except as to interest rates, fees and any other pricing terms (which interest rates, fees and other pricing terms shall not be subject to the provisions set forth in Section 2.21(b)(vii)), and amortization, final maturity date and participation in prepayments and commitment reductions (which shall, subject to clauses (ii), (iii) and (vi) of this proviso, be determined by the Borrower and set forth in the Pro Rata Extension Offer), the Extended Term Loans shall have (x) the same terms as an existing Class of Term Loans or (y) such other terms as shall be reasonably satisfactory to the Administrative Agent, (ii) the final maturity date of any Extended Term Loans shall be no earlier than the latest Term Facility Maturity Date in effect on the date of incurrence, (iii) the Weighted Average Life to Maturity of any Extended Term Loans shall be no shorter than the remaining Weighted Average Life to Maturity of the Class of Term Loans to which such offer relates, (iv) except as to interest rates, fees, any other pricing terms, participation in mandatory prepayments and commitment reductions and final maturity (which shall be determined by the Borrower and set forth in the Pro Rata Extension Offer), any Extended Revolving Facility Commitment shall have (x) the same terms as an existing Class of Revolving Facility Commitments or (y) have such other terms as shall be reasonably satisfactory to the Administrative Agent and, in respect of any other terms that would affect the rights or duties of any Issuing Bank or Swingline Lender, such terms as shall be reasonably satisfactory to such Issuing Bank or Swingline Lender, (v) any Extended Revolving Facility

Commitments may participate on a pro rata basis or a less than pro rata basis (but not greater than a pro rata basis) than the Initial Revolving Loans in any voluntary or mandatory prepayment or commitment reduction hereunder and (vi) any Extended Term Loans may participate on a pro rata basis or a less than pro rata basis (but not a greater than pro rata basis) than the Term Loans in any mandatory prepayment hereunder. Upon the effectiveness of any Incremental Assumption Agreement, this Agreement shall be amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Extended Term Loans and/or Extended Revolving Facility Commitments evidenced thereby as provided for in Section 9.08(e). Any such deemed amendment may be memorialized in writing by the Administrative Agent with the Borrower's consent (not to be unreasonably withheld) and furnished to the other parties hereto. If provided in any Incremental Assumption Agreement with respect to any Extended Revolving Facility Commitments, and with the consent of each Swingline Lender and Issuing Bank, participations in Swingline Loans and Letters of Credit shall be reallocated to lenders holding such Extended Revolving Facility Commitments in the manner specified in such Incremental Assumption Agreement, including upon effectiveness of such Extended Revolving Facility Commitment or upon or prior to the maturity date for any Class of Revolving Facility Commitments.

(g) Upon the effectiveness of any such Extension, the applicable Extending Lender's Term Loan will be automatically designated an Extended Term Loan and/or such Extending Lender's Revolving Facility Commitment will be automatically designated an Extended Revolving Facility Commitment. For purposes of this Agreement and the other Loan Documents, (i) if such Extending Lender is extending a Term Loan, such Extending Lender will be deemed to have an Incremental Term Loan having the terms of such Extended Term Loan and (ii) if such Extending Lender is extending a Revolving Facility Commitment, such Extending Lender will be deemed to have an Incremental Revolving Facility Commitment having the terms of such Extended Revolving Facility Commitment.

(h) Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document (including, without limitation, this Section 2.21), (i) the aggregate amount of Extended Term Loans and Extended Revolving Facility Commitments will not be included in the calculation of the Incremental Amount, (ii) no Extended Term Loan or Extended Revolving Facility Commitment is required to be in any minimum amount or any minimum increment, (iii) any Extending Lender may extend all or any portion of its Term Loans and/or Revolving Facility Commitment pursuant to one or more Pro Rata Extension Offers (subject to applicable proration in the case of over participation) (including the extension of any Extended Term Loan and/or Extended Revolving Facility Commitment), (iv) there shall be no condition to any Extension of any Loan or Commitment at any time or from time to time other than notice to the Administrative Agent of such Extension and the terms of the Extended Term Loan or Extended Revolving Facility Commitment implemented thereby, (v) all Extended Term Loans, Extended Revolving Facility Commitments and all obligations in respect thereof shall be Loan Obligations of the relevant Loan Parties under this Agreement and the other Loan Documents that are secured by the Collateral on a pari passu basis with all other Obligations relating to the Initial Facilities, (vi) no Issuing Bank or Swingline Lender shall be obligated to provide Swingline Loans or issue Letters of Credit under such Extended Revolving Facility Commitments unless it shall have consented thereto and (vii) there shall be no obligor in respect of any such Extended Term Loans or Extended Revolving Facility Commitments that is not a Loan Party.

(i) Each Extension shall be consummated pursuant to procedures set forth in the associated Pro Rata Extension Offer; provided, that the Borrower shall cooperate with the Administrative Agent prior to making any Pro Rata Extension Offer to establish reasonable procedures with respect to mechanical provisions relating to such Extension, including, without limitation, timing, rounding and other adjustments.

(j) Notwithstanding anything to the contrary in this Agreement, including Section 2.18(c) (which provisions shall not be applicable to clauses (j) through (o) of this Section 2.21), the Borrower may by written notice to the Administrative Agent establish one or more additional tranches of term loans under this Agreement (such loans, "Refinancing Term Loans"), the net cash proceeds of which are used to Refinance in whole or in part any Class of Term Loans. Each such notice shall specify the date (each, a "Refinancing Effective Date") on which the Borrower proposes that the Refinancing Term Loans shall be made, which shall be a date not earlier than five Business Days after the date on which such notice is delivered to the Administrative Agent (or such shorter period agreed to by the Administrative Agent in its reasonable discretion); provided, that:

(i) before and after giving effect to the borrowing of such Refinancing Term Loans on the Refinancing Effective Date each of the conditions set forth in Section 4.01 shall be satisfied to the extent required by the relevant Incremental Assumption Agreement governing such Refinancing Term Loans;

(ii) the final maturity date of the Refinancing Term Loans shall be no earlier than the Term Facility Maturity Date of the refinanced Term Loans,

(iii) the Weighted Average Life to Maturity of such Refinancing Term Loans shall be no shorter than the then-remaining Weighted Average Life to Maturity of the refinanced Term Loans;

(iv) the aggregate principal amount of the Refinancing Term Loans shall not exceed the outstanding principal amount of the refinanced Term Loans plus amounts used to pay fees, premiums, costs and expenses (including original issue discount) and accrued interest associated therewith;

(v) all other terms applicable to such Refinancing Term Loans (other than provisions relating to original issue discount, upfront fees, interest rates and any other pricing terms (which original issue discount, upfront fees, interest rates and other pricing terms shall not be subject to the provisions set forth in Section 2.21(b)(vii)) and optional prepayment or mandatory prepayment or redemption terms, which shall be as agreed between the Borrower and the Lenders providing such Refinancing Term Loans) taken as a whole shall be substantially similar to, or not materially less favorable to the Borrower and its Subsidiaries than, the terms, taken as a whole, applicable to the Term Loans (except to the extent such covenants and other terms apply solely to any period after the Term Facility Maturity Date or are otherwise reasonably acceptable to the Administrative Agent), as determined by the Borrower in good faith. In addition, notwithstanding the foregoing, the Borrower may establish Refinancing Term Loans to refinance and/or replace all or any portion of a Revolving Facility Commitment (regardless of whether Revolving Facility Loans are outstanding under such Revolving Facility Commitments at the time of incurrence of such Refinancing Term Loans), so long as (1) the aggregate amount of such Refinancing Term Loans does not exceed the aggregate amount of Revolving Facility Commitments terminated at the time of incurrence thereof, (2) if the Revolving Facility Credit Exposure outstanding on the Refinancing Effective Date would exceed the aggregate amount of Revolving Facility Commitments outstanding in each case after giving effect to the termination of such Revolving Facility Commitments, the Borrower shall take one or more actions such that such Revolving Facility Credit Exposure does not exceed such aggregate amount of Revolving Facility Commitments in effect on the Refinancing Effective Date after giving effect to the termination of such Revolving Facility Commitments (it being understood that (x) such Refinancing Term Loans may be provided by the Lenders holding the Revolving Facility Commitments being terminated and/or by any other person that would be a permitted Assignee hereunder and (y) the proceeds of

such Refinancing Term Loans shall not constitute Net Proceeds hereunder), (3) the Weighted Average Life to Maturity of the Refinancing Term Loans (disregarding any customary amortization for this purpose) shall be no shorter than the remaining life to termination of the terminated Revolving Facility Commitments, (4) the final maturity date of the Refinancing Term Loans shall be no earlier than the termination date of the terminated Revolving Facility Commitments and (5) all other terms applicable to such Refinancing Term Loans (other than provisions relating to original issue discount, upfront fees, interest rates and any other pricing terms (which original issue discount, upfront fees, interest rates and other pricing terms shall not be subject to the provisions set forth in Section 2.21(b)(vii)) and optional prepayment or mandatory prepayment or redemption terms, which shall be as agreed between the Borrower and the Lenders providing such Refinancing Term Loans) taken as a whole shall be substantially similar to, or not materially less favorable to the Borrower and its Subsidiaries than, the terms, taken as a whole, applicable to the Term Loans (except to the extent such covenants and other terms apply solely to any period after the Term Facility Maturity Date or are otherwise reasonably acceptable to the Administrative Agent), as determined by the Borrower in good faith;

(vi) all Refinancing Term Loans shall be secured by Liens on the Collateral that rank pari passu in right of security to the Liens thereon securing the Initial Delayed Draw Term Loan Facility; and

(vii) there shall be no obligor in respect of such Refinancing Term Loans that is not a Loan Party; and

(viii) notwithstanding anything to the contrary herein, any Refinancing Term Loans may participate on a pro rata basis or a less than pro rata basis (but not a greater than pro rata basis) than the Term Loans in any mandatory prepayment hereunder.

(k) The Borrower may approach any Lender or any other person that would be a permitted Assignee pursuant to Section 9.04 to provide all or a portion of the Refinancing Term Loans; provided, that any Lender offered or approached to provide all or a portion of the Refinancing Term Loans may elect or decline, in its sole discretion, to provide a Refinancing Term Loan. Any Refinancing Term Loans made on any Refinancing Effective Date shall be designated an additional Class of Term Loans for all purposes of this Agreement; provided, further, that any Refinancing Term Loans may, to the extent provided in the applicable Incremental Assumption Agreement governing such Refinancing Term Loans, be designated as an increase in any previously established Class of Term Loans made to the Borrower.

(l) Notwithstanding anything to the contrary in this Agreement, including Section 2.18(c) (which provisions shall not be applicable to clauses (l) through (o) of this Section 2.21), the Borrower may by written notice to the Administrative Agent establish one or more additional Facilities providing for revolving commitments ("Replacement Revolving Facilities" and the commitments thereunder, "Replacement Revolving Facility Commitments" and the revolving loans thereunder, "Replacement Revolving Loans"), which replace in whole or in part any Class of Revolving Facility Commitments under this Agreement. Each such notice shall specify the date (each, a "Replacement Revolving Facility Effective Date") on which the Borrower proposes that the Replacement Revolving Facility Commitments shall become effective, which shall be a date not less than five Business Days after the date on which such notice is delivered to the Administrative Agent (or such shorter period agreed to by the Administrative Agent in its reasonable discretion); provided that: (i) before and after giving effect to the establishment of such Replacement Revolving Facility Commitments on the Replacement Revolving Facility Effective Date, each of the conditions set forth in Section 4.01 shall be satisfied to the extent required by the relevant Incremental Assumption Agreement governing such Replacement Revolving Facility Commitments; (ii) after giving effect to the establishment of any Replacement Revolving Facility

Commitments and any concurrent reduction in the aggregate amount of any other Revolving Facility Commitments, the aggregate amount of Revolving Facility Commitments shall not exceed the aggregate amount of the Revolving Facility Commitments outstanding immediately prior to the applicable Replacement Revolving Facility Effective Date; (iii) no Replacement Revolving Facility Commitments shall have a final maturity date (or require commitment reductions or amortizations) prior to the Revolving Facility Maturity Date in effect at the time of incurrence for the Revolving Facility Commitments being replaced; (iv) all other terms applicable to such Replacement Revolving Facility (other than provisions relating to (x) fees, interest rates and other pricing terms and prepayment and commitment reduction and optional redemption terms which shall be as agreed between the Borrower and the Lenders providing such Replacement Revolving Facility Commitments and (y) the amount of any letter of credit sublimit and swingline commitment under such Replacement Revolving Facility, which shall be as agreed between the Borrower, the Lenders providing such Replacement Revolving Facility Commitments, the Administrative Agent and the replacement issuing bank and replacement swingline lender, if any, under such Replacement Revolving Facility Commitments) taken as a whole shall be substantially similar to, or not materially less favorable to the Borrower and its Subsidiaries than, the terms, taken as a whole, applicable to the Initial Revolving Loans (except to the extent such covenants and other terms apply solely to any period after the latest Revolving Facility Maturity Date in effect at the time of incurrence or are otherwise reasonably acceptable to the Administrative Agent); and (v) there shall be no obligor in respect of such Replacement Revolving Facility that is not a Loan Party. In addition, the Borrower may establish Replacement Revolving Facility Commitments to refinance and/or replace all or any portion of a Term Loan hereunder (regardless of whether such Term Loan is repaid with the proceeds of Replacement Revolving Loans or otherwise), so long as the aggregate amount of such Replacement Revolving Facility Commitments does not exceed the aggregate amount of Term Loans repaid at the time of establishment thereof (it being understood that such Replacement Revolving Facility Commitment may be provided by any person that would be a permitted Assignee of a Revolving Facility Commitment hereunder (which shall require, among the other conditions set forth in Section 9.04, and for the avoidance of doubt, that the Administrative Agent, the Issuing Banks and the Swingline Lender consent to such person as a Lender of such Replacement Revolving Facility Commitment)) so long as (i) before and after giving effect to the establishment such Replacement Revolving Facility Commitments on the Replacement Revolving Facility Effective Date each of the conditions set forth in Section 4.01 shall be satisfied to the extent required by the relevant agreement governing such Replacement Revolving Facility Commitments, (ii) the remaining life to termination of such Replacement Revolving Facility Commitments shall be no shorter than the Weighted Average Life to Maturity then applicable to the refinanced Term Loans, (iii) the final termination date of the Replacement Revolving Facility Commitments shall be no earlier than the Term Facility Maturity Date of the refinanced Term Loans and (iv) the requirement of clause (v) in the preceding sentence shall be satisfied mutatis mutandis. All Replacement Revolving Facility Commitments shall be secured by Liens on the Collateral that rank pari passu in right of security to the Liens thereon securing the existing Loan Obligations. Solely to the extent that an Issuing Bank or Swingline Lender is not a replacement issuing bank or replacement swingline lender, as the case may be, under a Replacement Revolving Facility, it is understood and agreed that such Issuing Bank or Swingline Lender shall not be required to issue any letters of credit or swingline loans under such Replacement Revolving Facility and, to the extent it is necessary for such Issuing Bank or Swingline Lender to withdraw as an Issuing Bank or Swingline Lender, as the case may be, at the time of the establishment of such Replacement Revolving Facility, such withdrawal shall be on terms and conditions reasonably satisfactory to such Issuing Bank or Swingline Lender, as the case may be, in its sole discretion. The Borrower agrees to reimburse each Issuing Bank or Swingline Lender, as the case may be, in full upon demand, for any reasonable and documented out-of-pocket cost or expense attributable to such withdrawal.

(m) The Borrower may approach any Lender or any other person that would be a permitted Assignee of a Revolving Facility Commitment pursuant to Section 9.04 to provide all or a portion of the Replacement Revolving Facility Commitments; provided that any Lender offered or approached to

provide all or a portion of the Replacement Revolving Facility Commitments may elect or decline, in its sole discretion, to provide a Replacement Revolving Facility Commitment. Any Replacement Revolving Facility Commitment made on any Replacement Revolving Facility Effective Date shall be designated an additional Class of Revolving Facility Commitments for all purposes of this Agreement; provided that any Replacement Revolving Facility Commitments may, to the extent provided in the applicable Incremental Assumption Agreement, be designated as an increase in any previously established Class of Revolving Facility Commitments.

(n) On any Replacement Revolving Facility Effective Date, subject to the satisfaction of the foregoing terms and conditions, each of the Lenders with Replacement Revolving Facility Commitments of such Class shall purchase from each of the other Lenders with Replacement Revolving Facility Commitments of such Class, at the principal amount thereof and in the applicable currencies, such interests in the Replacement Revolving Loans and participations in Letters of Credit and Swingline Loans under such Replacement Revolving Facility Commitments of such Class then outstanding on such Replacement Revolving Facility Effective Date as shall be necessary in order that, after giving effect to all such assignments and purchases, the Replacement Revolving Loans and participations of such Replacement Revolving Facility Commitments of such Class will be held by the Lenders thereunder ratably in accordance with their Replacement Revolving Facility Commitments.

(o) For purposes of this Agreement and the other Loan Documents, (i) if a Lender is providing a Refinancing Term Loan, such Lender will be deemed to have an Incremental Term Loan having the terms of such Refinancing Term Loan and (ii) if a Lender is providing a Replacement Revolving Facility Commitment, such Lender will be deemed to have an Incremental Revolving Facility Commitment having the terms of such Replacement Revolving Facility Commitment. Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document (including, without limitation, this Section 2.21), (i) the aggregate amount of Refinancing Term Loans and Replacement Revolving Facility Commitments will not be included in the calculation of the Incremental Amount, (ii) no Refinancing Term Loan or Replacement Revolving Facility Commitment is required to be in any minimum amount or any minimum increment, and (iii) there shall be no condition to any incurrence of any Refinancing Term Loan or Replacement Revolving Facility Commitment at any time or from time to time other than those set forth in clauses (j) or (l) above, as applicable.

(p) Notwithstanding anything in the foregoing to the contrary, (i) for the purpose of determining the number of outstanding Eurocurrency Borrowings upon the incurrence of any Incremental Loans, (x) to the extent the last date of Interest Periods for multiple Eurocurrency Borrowings under the Term Facilities fall on the same day, such Eurocurrency Borrowings shall be considered a single Eurocurrency Borrowing and (y) to the extent the last date of Interest Periods for multiple Eurocurrency Borrowings under the Revolving Facilities fall on the same day, such Eurocurrency Borrowings shall be considered a single Eurocurrency Borrowing and (ii) the initial Interest Period with respect to any Eurocurrency Borrowing of Incremental Loans may, at the Borrower's option, be of a duration of a number of Business Days that is less than one month, and the Adjusted LIBO Rate with respect to such initial Interest Period shall be the same as the Adjusted LIBO Rate applicable to any then-outstanding Eurocurrency Borrowing as the Borrower may direct, so long as the last day of such initial Interest Period is the same as the last day of the Interest Period with respect to such outstanding Eurocurrency Borrowing.

Section 2.22 Defaulting Lender. (a) *Defaulting Lender Adjustments*. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) *Waivers and Amendments.* Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definitions of "Required Lenders" or "Required Revolving Facility Lenders."

(ii) *Defaulting Lender Waterfall.* Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, following an Event of Default or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.06 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Bank or the Swingline Lender hereunder, third, to Cash Collateralize the Issuing Banks' Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.05(j), fourth, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, fifth, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Issuing Banks' future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.05(j), sixth, to the payment of any amounts owing to the Lenders, the Issuing Banks or the Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, Issuing Bank or Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.22 shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) *Certain Fees.* (A) No Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender.

(B) Each Defaulting Lender shall be entitled to receive L/C Participation Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its pro rata share of the stated amount of Letters of Credit for which it has provided Cash Collateral.

(C) With respect to any Commitment Fee or L/C Participation Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Letters of Credit or Swingline Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each Issuing Bank and the Swingline Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Bank's or Swingline Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) *Reallocation of Participations to Reduce Fronting Exposure.* All or any part of such Defaulting Lender's participation in Letters of Credit and Swingline Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective pro rata Commitments (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that that (x) the conditions set forth in Section 4.01 are satisfied at the time of such reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time) and (y) such reallocation does not cause the aggregate Revolving Facility Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Revolving Facility Commitment. Subject to Section 9.24, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) *Cash Collateral, Repayment of Swingline Loans.* If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, within one (1) Business Day following the written request of (i) the Administrative Agent or (ii) the Swingline Lender or any Issuing Bank, as applicable (with a copy to the Administrative Agent) (x) first, prepay Swingline Loans in an amount equal to the Swingline Lender's Fronting Exposure and (y) second, Cash Collateralize the Issuing Banks' Fronting Exposure in accordance with the procedures set forth in Section 2.05(j).

(b) *Defaulting Lender Cure.* If the Borrower, the Administrative Agent and the Swingline Lender and each Issuing Bank agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Revolving Facility Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swingline Loans to be held pro rata by the Lenders in accordance with their Revolving Facility Commitments (without giving effect to Section 2.22(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that, no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) *New Swingline Loans/Letters of Credit.* So long as any Lender is a Defaulting Lender, (i) the Swingline Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan and (ii) the Issuing Banks shall not be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

Representations and Warranties

On the Closing Date and on the date of each Credit Event, the Borrower represents and warrants to each of the Lenders that:

Section 3.01 Organization; Powers. Except as set forth on Schedule 3.01, each of Holdings (prior to a Qualified IPO), the Borrower and each of the Material Subsidiaries (a) is a partnership, limited liability company or corporation duly organized, validly existing and in good standing (or, if applicable in a foreign jurisdiction, enjoys the equivalent status under the laws of any jurisdiction of organization outside the United States of America) under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (c) is qualified to do business in each jurisdiction where such qualification is required and (d) has the power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of the Borrower, to borrow and otherwise obtain credit hereunder; except in each case of clauses (a) (other than with respect to the Borrower), (b) (other than with respect to the Borrower) and (c), to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 3.02 Authorization. The execution, delivery and performance by the Borrower and each of the Subsidiary Loan Parties and, in the case of Section 3.02(a) and 3.02(b)(i)(B), Holdings (prior to a Qualified IPO), of each of the Loan Documents to which it is a party and the borrowings hereunder (a) have been duly authorized by all corporate, stockholder, partnership or limited liability company action required to be obtained by Holdings, the Borrower and such Subsidiary Loan Parties and (b) will not (i) violate (A) any provision of law, statute, rule or regulation applicable to Holdings, the Borrower or any such Subsidiary Loan Party, (B) the certificate or articles of incorporation or other constitutive documents (including any partnership, limited liability company or operating agreements) or by-laws of Holdings, the Borrower, or any such Subsidiary Loan Party, (C) any applicable order of any court or any rule, regulation or order of any Governmental Authority applicable to the Borrower or any such Subsidiary Loan Party or (D) any provision of any indenture, certificate of designation for preferred stock, agreement or other instrument to which the Borrower or any such Subsidiary Loan Party is a party or by which any of them or any of their property is or may be bound, (ii) result in a breach of or constitute (alone or with due notice or lapse of time or both) a default under, give rise to a right of or result in any cancellation or acceleration of any right or obligation (including any payment) under any such indenture, certificate of designation for preferred stock, agreement or other instrument, where any such conflict, violation, breach or default referred to in clause (i) or (ii) of this Section 3.02(b), would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon or with respect to (x) any property or assets now owned or hereafter acquired by the Borrower or any such Subsidiary Loan Party, other than the Liens created by the Loan Documents and Permitted Liens, or (y) any Equity Interests of the Borrower now owned or hereafter acquired by Holdings (prior to a Qualified IPO), other than Liens created by the Loan Documents or Liens permitted by Article VIA.

Section 3.03 Enforceability. This Agreement has been duly executed and delivered by Holdings and the Borrower and constitutes, and each other Loan Document when executed and delivered by the Borrower and each Subsidiary Loan Party that is party thereto and the Holdings Guarantee and Pledge Agreement when executed and delivered by Holdings will constitute, a legal, valid and binding obligation of such Loan Party enforceable against the Borrower, such Subsidiary Loan Party and Holdings, as applicable, in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), (iii) implied covenants of good faith and fair dealing and (iv) any foreign laws, rules and regulations as they relate to pledges of Equity Interests of Foreign Subsidiaries that are not Loan Parties.

Section 3.04 Governmental Approvals. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required for the execution, delivery or performance of each Loan Document, except for (a) the filing of Uniform Commercial Code financing statements, (b) filings with the United States Patent and Trademark Office and the United States Copyright Office and comparable offices in foreign jurisdictions and equivalent filings in foreign jurisdictions, (c) recordation of the Mortgages, (d) such as have been made or obtained and are in full force and effect, (e) such actions, consents and approvals the failure of which to be obtained or made would not reasonably be expected to have a Material Adverse Effect and (f) filings or other actions listed on Schedule 3.04 and any other filings or registrations required by the Security Documents.

Section 3.05 Financial Statements. (a) The audited consolidated balance sheets as of December 31, 2018 and December 31, 2019 and the statements of operations, changes in equity and cash flows for the fiscal years ended December 31, 2018 and December 31, 2019 for Holdings and its consolidated subsidiaries, and (b) the unaudited consolidated balance sheet and statement of operations, changes in equity and cash flows as of and for the fiscal quarter ended September 30, 2020 for Holdings and its consolidated subsidiaries, including the notes thereto, if applicable, present fairly in all material respects the consolidated financial position of Holdings and its consolidated subsidiaries as of the dates and for the periods referred to therein and the results of operations and, if applicable, cash flows for the periods then ended, and, except as set forth therein or on Schedule 3.05, were prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, except, in the case of interim period financial statements, for the absence of notes and for normal year-end adjustments and except as otherwise noted therein.

Section 3.06 No Material Adverse Effect. Since the Closing Date, there has been no event or circumstance that, individually or in the aggregate with other events or circumstances, has had or would reasonably be expected to have a Material Adverse Effect.

Section 3.07 Title to Properties; Possession Under Leases. (a) Each of the Borrower and the Subsidiaries has good and marketable title in fee simple or equivalent to, or easements or valid leasehold interests in, or other limited property interests in, all its Real Properties (including all Mortgaged Properties) and has valid title to its personal property and assets, in each case, except for Permitted Liens and except for defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes and except where the failure to have such title would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All such properties and assets are free and clear of Liens, other than Permitted Liens. The Equity Interests of the Borrower owned by Holdings (prior to a Qualified IPO) are free and clear of Liens, other than Liens permitted by Article VIA.

(b) The Borrower and each of the Subsidiaries has complied with all material obligations under all leases to which it is a party, except where the failure to comply would not reasonably be expected to have Material Adverse Effect, and all such leases are in full force and effect, except leases in respect of which the failure to be in full force and effect would not reasonably be expected to have a Material Adverse Effect.

(c) As of the Closing Date, none of the Borrower and the Subsidiaries has received any written notice of any pending or contemplated condemnation proceeding affecting any material portion of the Mortgaged Properties or any sale or disposition thereof in lieu of condemnation that remains unresolved as of the Closing Date.

(d) As of the Closing Date, none of the Borrower and its Subsidiaries is obligated under any right of first refusal, option or other contractual right to sell, assign or otherwise dispose of any Mortgaged Property or any interest therein, except as permitted under Section 6.02 or 6.05.

(e) Schedule 1.01(E) lists each Material Real Property, if any, owned by any Loan Party as of the Closing Date.

Section 3.08 Subsidiaries. (a) Schedule 3.08(a) sets forth as of the Closing Date the name and jurisdiction of incorporation, formation or organization of each Subsidiary of the Borrower and, as to each such Subsidiary, the percentage of each class of Equity Interests owned by the Borrower or by any such Subsidiary.

(b) As of the Closing Date, after giving effect to the Transactions, there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors (or entities controlled by directors) and shares held by directors (or entities controlled by directors)) relating to any Equity Interests of the Borrower or any of the Subsidiaries, except as set forth on Schedule 3.08(b).

Section 3.09 Litigation; Compliance with Laws. (a) There are no actions, suits or proceedings at law or in equity or by or on behalf of any Governmental Authority or in arbitration now pending, or, to the knowledge of the Borrower, threatened in writing against the Borrower or any of the Subsidiaries or any business, property or rights of any such person (including those that involve any Loan Document) that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) None of the Borrower, the Subsidiaries and their respective properties or assets is in violation of (nor will the continued operation of their material properties and assets as currently conducted violate) any law, rule or regulation (including any zoning, building, ordinance, code or approval or any building permit, but excluding any Environmental Laws, which are the subject of Section 3.16) or any restriction of record or agreement affecting any Mortgaged Property, or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.10 Federal Reserve Regulations. Neither the making of any Loan (or the extension of any Letter of Credit) hereunder nor the use of the proceeds thereof will violate the provisions of Regulation T, Regulation U or Regulation X of the Board.

Section 3.11 Investment Company Act. None of Holdings (prior to a Qualified IPO), the Borrower and the Subsidiaries is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 3.12 Use of Proceeds. (a) The Borrower will use the proceeds of the Revolving Facility Loans and Swingline Loans, and may request the issuance of Letters of Credit, for general corporate purposes (including, without limitation, for Permitted Business Acquisitions and Capital Expenditures and, in the case of Letters of Credit, for the back-up or replacement of existing letters of credit) and (b) the Borrower will use the proceeds of the Delayed Draw Term Loans solely to finance the acquisition by the Borrower or a Subsidiary Loan Party of aircraft or engines to be registered in the U.S. upon acquisition thereof by the Borrower or a Subsidiary Loan Party (including, without limitation, certain Boeing 737-800 aircraft and CFM56-7B engines) and related fees and expenses.

Section 3.13 Tax Returns. Except as set forth on Schedule 3.13:

(a) Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, the Borrower and each of the Subsidiaries has filed or caused to be filed all federal, state, local and non-U.S. Tax returns required to have been filed by it (including in its capacity as withholding agent) and each such Tax return is true and correct;

(b) Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, the Borrower and each of the Subsidiaries has timely paid or caused to be timely paid all Taxes shown to be due and payable by it on the returns referred to in clause (a) and all other Taxes or assessments (or made adequate provision (in accordance with GAAP) for the payment of all Taxes due), except Taxes or assessments that are being contested in good faith by appropriate proceedings in accordance with Section 5.03 and for which the Borrower or any of the Subsidiaries (as the case may be) has set aside on its books adequate reserves in accordance with GAAP; and

(c) Other than as would not be, individually or in the aggregate, reasonably expected to have a Material Adverse Effect, as of the Closing Date, with respect to the Borrower and each of the Subsidiaries, there are no claims being asserted in writing with respect to any Taxes.

Section 3.14 No Material Misstatements. (a) All written factual information (other than the Projections, forward looking information and information of a general economic nature or general industry nature) (the “Information”) concerning the Borrower, the Subsidiaries, the Transactions and any other transactions contemplated hereby prepared by or on behalf of the foregoing or their representatives and made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby, when taken as a whole, was true and correct in all material respects, as of the date such Information was furnished to the Lenders and as of the Closing Date and did not, taken as a whole, contain any untrue statement of a material fact as of any such date or omit to state a material fact necessary in order to make the statements contained therein, taken as a whole, not materially misleading in light of the circumstances under which such statements were made (giving effect to all supplements and updates provided thereto).

(b) The Projections and other forward looking information and information of a general economic nature prepared by or on behalf of the Borrower or any of its representatives and that have been made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable as of the date thereof (it being understood that such Projections are as to future events and are not to be viewed as facts, such Projections are subject to significant uncertainties and contingencies and that actual results during the period or periods covered by any such Projections may differ significantly from the projected results, and that no assurance can be given that the projected results will be realized), as of the date such Projections and information were furnished to the Lenders and as of the Closing Date.

(c) As of the Closing Date, the information included in the Beneficial Ownership Certifications provided by the Borrower is true and correct in all material respects.

Section 3.15 Employee Benefit Plans. Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect: (i) no Reportable Event has occurred during the past five years as to which the Borrower, any of its Subsidiaries or any ERISA Affiliate was required to file a report with the PBGC; (ii) no ERISA Event has occurred or is reasonably expected to occur; and (iii) none of the Borrower, the Subsidiaries or any of their ERISA Affiliates has received any written notification that any Multiemployer Plan has been terminated within the meaning of Title IV of ERISA.

Section 3.16 Environmental Matters. Except as to matters that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect: (i) no written notice, request for information, order, complaint or penalty has been received by the Borrower or any of its Subsidiaries, and there are no judicial, administrative or other actions, suits or proceedings pending or, to the Borrower's knowledge, threatened which allege a violation of or liability under any Environmental Laws, in each case relating to the Borrower or any of its Subsidiaries, (ii) each of the Borrower and its Subsidiaries has all environmental permits, licenses and other approvals necessary for its operations to comply with all Environmental Laws ("Environmental Permits") and is in compliance with the terms of such Environmental Permits and with all other Environmental Laws, (iii) no Hazardous Material is located at, on or under any property currently or, to the Borrower's knowledge, formerly owned, operated or leased by the Borrower or any of its Subsidiaries that would reasonably be expected to give rise to any cost, liability or obligation of the Borrower or any of its Subsidiaries under any Environmental Laws or Environmental Permits, and no Hazardous Material has been generated, used, treated, stored, handled, disposed of or controlled, transported or Released at any location in a manner that would reasonably be expected to give rise to any cost, liability or obligation of the Borrower or any of its Subsidiaries under any Environmental Laws or Environmental Permits, (iv) there are no agreements in which the Borrower or any of its Subsidiaries has expressly assumed or undertaken responsibility for any known or reasonably likely liability or obligation of any other person arising under or relating to Environmental Laws, which in any such case has not been made available to the Administrative Agent prior to the Closing Date, and (v) there has been no material written environmental assessment or audit conducted (other than customary assessments not revealing anything that would reasonably be expected to result in a Material Adverse Effect), by or on behalf of the Borrower or any of the Subsidiaries of any property currently or, to the Borrower's knowledge, formerly owned or leased by the Borrower or any of the Subsidiaries that has not been made available to the Administrative Agent prior to the Closing Date.

Section 3.17 Security Documents. (a) Each of the Collateral Agreement and the Holdings Guarantee and Pledge Agreement is effective to create in favor of the Collateral Agent (for the benefit of the Secured Parties), in each case, a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. As of the Closing Date, in the case of the Pledged Collateral described in the Collateral Agreement and the Holdings Guarantee and Pledge Agreement, respectively, when certificates or promissory notes, as applicable, representing such Pledged Collateral and required to be delivered under the applicable Security Document are delivered to the Collateral Agent, and in the case of the other Collateral described in the Collateral Agreement (other than the Intellectual Property), when financing statements and other filings specified in the Perfection Certificate are filed in the offices specified in the Perfection Certificate, the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and, subject to Section 9-315 of the New York Uniform Commercial Code, the proceeds thereof, as security for the Obligations to the extent perfection can be obtained by filing Uniform Commercial Code financing statements, in each case prior and superior in right to the Lien of any other person (except, in the case of Collateral other than certificated securities and instruments of which the Collateral Agent has possession, Permitted Liens).

(b) When the Collateral Agreement or an ancillary document thereunder is properly filed in the United States Patent and Trademark Office and the United States Copyright Office, and, with respect to Collateral in which a security interest cannot be perfected by such filings, upon the proper filing of the financing statements referred to in clause (a) above, the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected (subject to exceptions arising from defects in the chain of title, which defects in the aggregate do not constitute a Material Adverse Effect hereunder) Lien on, and security interest in, all right, title and interest of the Loan Parties thereunder in the material United States Intellectual Property included in the Collateral (but, in the case of the United States registered copyrights included in the Collateral, only to the extent such United States registered copyrights are listed in such ancillary

document filed with the United States Copyright Office) listed in such ancillary document, in each case prior and superior in right to the Lien of any other person, except for Permitted Liens (it being understood that subsequent recordings in the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a Lien on material registered trademarks and patents, trademark and patent applications and registered copyrights acquired by the Loan Parties after the Closing Date).

(c) The Mortgages executed and delivered after the Closing Date pursuant to the Collateral and Guarantee Requirement and Section 5.10 shall be effective to create in favor of the Collateral Agent (for the benefit of the Secured Parties) legal, valid and enforceable Liens on all of the Loan Parties' rights, titles and interests in and to the Mortgaged Property thereunder and the proceeds thereof, and when such Mortgages are filed or recorded in the proper real estate filing or recording offices, and all relevant mortgage taxes and recording charges are duly paid, the Collateral Agent (for the benefit of the Secured Parties) shall have valid Liens with record notice to third parties on, and security interests in, all rights, titles and interests of the Loan Parties in such Mortgaged Property and, to the extent applicable, subject to Section 9-315 of the Uniform Commercial Code, the proceeds thereof, in each case prior and superior in right to the Lien of any other person, except for Permitted Liens; provided, that the representations contained in this Section 3.17(c) shall not apply with respect to the perfection of Mortgaged Property which does not constitute real property.

(d) Upon the execution and delivery thereof, (i) each FAA Mortgage and each New York Law Aircraft Mortgage will create a legal and valid security interest in all the Mortgaged Collateral or analogous term (each as defined in the applicable FAA Mortgage and New York Law Aircraft Mortgage) securing the payment and performance of the Obligations, as applicable, (ii) each FAA Mortgage is in proper form for filing with the FAA, and (iii) upon the filing of the applicable FAA Mortgage with the FAA, such security interest shall be a first priority perfected security interest in the Mortgaged Collateral or analogous term (each as defined in the applicable FAA Mortgage), to the extent perfection can be obtained by filing FAA mortgages, in favor of the Collateral Agent for the benefit of the Secured Parties.

(e) The Permitted CARES Act Collateral consists entirely of the Specified Assets and does not extend to any other property or assets of any Loan Party or any Loan Party's right, title and interest in, to and under any such other property or assets. Neither the CARES Act Loan Agreement nor the CARES Act Pledge and Security Agreement has been amended, supplemented or modified since the CARES Act Loan Effective Date, and no filings have been made to create or perfect the Liens granted in connection therewith other than UCC financing statement # 1188798300042.

(f) Notwithstanding anything herein (including this Section 3.17) or in any other Loan Document to the contrary, no Borrower or any other Loan Party makes any representation or warranty as to the effects of perfection or non-perfection, the priority or the enforceability of any pledge of or security interest in any Equity Interests of any Foreign Subsidiary, or as to the rights and remedies of the Agents or any Lender with respect thereto, under foreign law.

Section 3.18 Location of Real Property. The Perfection Certificate lists correctly, in all material respects, as of the Closing Date all Material Real Property owned by the Borrower and the Subsidiary Loan Parties and the addresses thereof. As of the Closing Date, the Borrower and the Subsidiary Loan Parties own in fee all the Material Real Property set forth as being owned by them in the Perfection Certificate except to the extent set forth therein.

Section 3.19 Solvency. (a) As of the Closing Date, immediately after giving effect to the consummation of the Transactions on the Closing Date, (i) the fair value of the assets of the Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, of the Borrower and its Subsidiaries on a consolidated basis; (ii) the present fair saleable value of the property of the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Borrower and its Subsidiaries on a consolidated basis on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) the Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Closing Date.

(b) As of the Closing Date, immediately after giving effect to the consummation of the Transactions on the Closing Date, the Borrower does not intend to, and the Borrower does not believe that it or any of its Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing and amounts of cash to be received by it or any such Subsidiary and the timing and amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

Section 3.20 Labor Matters. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes pending or threatened against the Borrower or any of the Subsidiaries; (b) the hours worked and payments made to employees of the Borrower and the Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable law dealing with such matters; and (c) all payments due from the Borrower or any of the Subsidiaries or for which any claim may be made against the Borrower or any of the Subsidiaries, on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of the Borrower or such Subsidiary to the extent required by GAAP. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, the consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any material collective bargaining agreement to which the Borrower or any of the Subsidiaries (or any predecessor) is a party or by which the Borrower or any of the Subsidiaries (or any predecessor) is bound.

Section 3.21 Insurance. Schedule 3.21 sets forth a true, complete and correct description, in all material respects, of all material insurance (excluding any title insurance) maintained by or on behalf of the Borrower or the Subsidiaries as of the Closing Date. As of such date, such insurance is in full force and effect.

Section 3.22 No Default. No Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

Section 3.23 Intellectual Property; Licenses, Etc. Except as would not reasonably be expected to have a Material Adverse Effect or as set forth in Schedule 3.23, (a) the Borrower and each of its Subsidiaries owns, or possesses the right to use, all Intellectual Property used or held for use in or otherwise reasonably necessary for the present conduct of their respective businesses, (b) to the knowledge of the Borrower, the Borrower and its Subsidiaries are not interfering with, infringing upon, misappropriating or otherwise violating Intellectual Property of any person, and (c) (i) no claim or litigation regarding any of the Intellectual Property owned by the Borrower and its Subsidiaries is pending or, to the knowledge of the Borrower, threatened in writing and (ii) to the knowledge of the Borrower, no claim or litigation regarding any other Intellectual Property described in the foregoing clauses (a) and (b) is pending or threatened.

Section 3.24 Senior Debt. The Loan Obligations constitute “Senior Debt” (or the equivalent thereof) under the documentation governing any Material Indebtedness of any Loan Party permitted to be incurred hereunder constituting Indebtedness that is subordinated in right of payment to the Loan Obligations.

Section 3.25 USA PATRIOT Act; OFAC.

(a) The Borrower and each Subsidiary Loan Party is in compliance in all material respects with the material provisions of the USA PATRIOT Act, and, at least three Business Days prior to the Closing Date, the Borrower has provided to the Administrative Agent all information related to the Loan Parties (including names, addresses and tax identification numbers (if applicable)) reasonably requested in writing by the Administrative Agent not less than ten (10) Business Days prior to the Closing Date and mutually agreed to be required under “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act and the Beneficial Ownership Regulation, to be obtained by the Administrative Agent or any Lender.

(b) None of Holdings, the Borrower or any of its Subsidiaries nor, to the knowledge of the Borrower, any director, officer, agent, employee or Affiliate of the Borrower or any of the Subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department (“OFAC”) or the U.S. Treasury Department, the European Union or relevant member states of the European Union, the United Nations Security Council or Her Majesty’s Treasury (“Sanctions”), or is located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions.

(c) The Borrower will not directly or indirectly use the proceeds of the Loans or the Letters of Credit or otherwise make available such proceeds to any person, for the purpose of financing the activities of any person that is currently the target of any Sanctions or for the purpose of funding, financing or facilitating any activities, business or transaction with or in any country that is the target of the Sanctions, to the extent such activities, businesses or transaction would be prohibited by sanctions laws and regulations administered by the United States, including OFAC and the U.S. State Department, the United Nations Security Council, Her Majesty’s Treasury, the European Union or relevant member states of the European Union (collectively, the “Sanctions Laws”), or in any manner that would result in the violation of any Sanctions Laws applicable to any party hereto.

Section 3.26 Foreign Corrupt Practices Act.

(a) Holdings, the Borrower and its Subsidiaries, and, to the knowledge of the Borrower or any of its Subsidiaries, their directors, officers, agents or employees, are in compliance with the U.S. Foreign Corrupt Practices Act of 1977 or similar law of a jurisdiction in which the Borrower or any of its Subsidiaries conduct their business and to which they are lawfully subject (“Anti-Corruption Laws”), in each case, in all material respects.

(b) No part of the proceeds of the Loans or Letters of Credit made hereunder will be used to make any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

ARTICLE IV

Conditions of Lending

The obligations of (a) the Lenders (including the Swingline Lender) to make Loans and (b) any Issuing Bank to issue, amend, extend or renew Letters of Credit or increase the stated amounts of Letters of Credit hereunder (each, a “Credit Event”) are subject to the satisfaction (or waiver in accordance with Section 9.08) of the following conditions:

Section 4.01 All Credit Events. On the date of each Borrowing and on the date of each issuance, amendment, extension or renewal of a Letter of Credit (in each case, other than pursuant to an Incremental Assumption Agreement) and, with respect to clauses (b) and (c) below, on the Closing Date:

(a) The Administrative Agent shall have received, in the case of a Borrowing, a Borrowing Request as required by Section 2.03 (or a Borrowing Request shall have been deemed given in accordance with the last paragraph of Section 2.03) or, in the case of the issuance of a Letter of Credit, the applicable Issuing Bank and the Administrative Agent shall have received a notice requesting the issuance of such Letter of Credit as required by Section 2.05(b).

(b) On the Closing Date, and in the case of each Credit Event (other than an amendment, extension or renewal of a Letter of Credit without any increase in the stated amount of such Letter of Credit), the representations and warranties set forth in the Loan Documents shall be true and correct in all material respects as of such date, in each case, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) and except that for purposes of this Section 4.01(b) after the Closing Date, the representations and warranties contained in clauses (a) and (b) of Section 3.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 5.04.

(c) On the Closing Date and at the time of and immediately after any Borrowing or issuance, amendment, extension or renewal of a Letter of Credit (other than an amendment, extension or renewal of a Letter of Credit without any increase in the stated amount of such Letter of Credit), as applicable, no Event of Default or Default shall have occurred and be continuing.

(d) At the time of and immediately after giving effect to any Borrowing of Delayed Draw Term Loans the Borrower shall be in Pro Forma Compliance with (x) the Financial Covenant set forth in Section 6.11(b) and (y) with respect to any such Borrowing on or after the date for which the financial statements and certificates required pursuant to Section 5.04 have been, or were required to be, delivered in respect of the fiscal quarter of the Borrower and its Subsidiaries ending September 30, 2021, the Financial Covenant set forth in Section 6.11(a).

(e) Each Borrowing and other Credit Event that occurs after the Closing Date shall be deemed to constitute a representation and warranty by the Borrower on the date of such Borrowing, issuance, amendment, extension or renewal, as applicable, as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

Section 4.02 First Credit Event. On or prior to the Closing Date:

(a) The Administrative Agent (or its counsel) shall have received from each of Holdings, the Borrower, the Issuing Banks and the Lenders (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence reasonably satisfactory to the Administrative Agent (which may include delivery of a signed signature page of this Agreement by electronic transmission (e.g., "pdf")) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received, on behalf of itself, the Lenders and each Issuing Bank, a written opinion of each of (1) Paul, Weiss, Rifkind, Wharton & Garrison LLP, as special counsel for the Loan Parties and (2) Minnesota counsel for the Loan Parties, in each case (A) dated the Closing Date, (B) addressed to each Issuing Bank, the Administrative Agent and the Lenders on the Closing Date and (C) in form and substance reasonably satisfactory to the Administrative Agent, covering such matters relating to the Loan Documents as the Administrative Agent shall reasonably request.

(c) The Administrative Agent shall have received a certificate of the Secretary or Assistant Secretary or similar officer of each Loan Party dated the Closing Date and certifying:

(i) a copy of the certificate or articles of incorporation, certificate of limited partnership, certificate of formation or other equivalent constituent and governing documents, including all amendments thereto, of such Loan Party, (1) in the case of a corporation, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization, or (2) otherwise certified by the Secretary or Assistant Secretary of such Loan Party or other person duly authorized by the constituent documents of such Loan Party,

(ii) a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of such Loan Party as of a recent date from such Secretary of State (or other similar official),

(iii) that attached thereto is a true and complete copy of the by-laws (or partnership agreement, limited liability company agreement or other equivalent constituent and governing documents) of such Loan Party as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (iv) below,

(iv) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member) authorizing the execution, delivery and performance of the Loan Documents dated as of the Closing Date to which such person is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Closing Date,

(v) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party, and

(vi) as to the absence of any pending proceeding for the dissolution or liquidation of such Loan Party or, to the knowledge of such person, threatening the existence of such Loan Party.

(d) The Administrative Agent shall have received a completed Perfection Certificate, dated the Closing Date and signed by a Responsible Officer of the Borrower, together with all attachments contemplated thereby, and the results of a search of the Uniform Commercial Code (or equivalent), tax and judgment, United States Patent and Trademark Office and United States Copyright Office filings made with respect to the Loan Parties in the jurisdictions contemplated by the Perfection Certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent that the Liens indicated by such financing statements (or similar documents) are Permitted Liens or have been, or will be simultaneously or substantially concurrently with the closing under this Agreement, released (or arrangements reasonably satisfactory to the Administrative Agent for such release shall have been made).

(e) On the Closing Date, after giving effect to the Transactions and the other transactions contemplated hereby, none of Holdings, the Borrower or any of the Subsidiaries shall have any third party Indebtedness of the type described in clause (a) of the definition thereof other than (i) the Loans and other extensions of credit under this Agreement (including the Existing Roll-Over Letters of Credit, which shall be deemed to be Letters of Credit issued under and subject to this Agreement), (ii) other Indebtedness incurred for capital expenditures or working capital purposes and (iii) other Indebtedness permitted under Section 6.01. Without limiting the foregoing or clause (d) above, the principal, accrued and unpaid interest, fees and other amounts, other than contingent obligations that by their terms survive the termination of the Existing Credit Agreement, will be repaid in full and all commitments to extend credit thereunder will be terminated and any security interests and guarantees in connection therewith shall be terminated and/or released.

(f) The Lenders shall have received a solvency certificate substantially in the form of Exhibit C and signed by a Financial Officer of the Borrower confirming the solvency of the Borrower and its Subsidiaries on a consolidated basis after giving effect to the Transactions on the Closing Date.

(g) The Agents shall have received all fees due and payable thereto or to any Lender on or prior to the Closing Date and, to the extent invoiced at least three Business Days prior to the Closing Date, reimbursement or payment of all reasonable and documented out-of-pocket expenses (including reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP) required to be reimbursed or paid by the Loan Parties hereunder or under any Loan Document on or prior to the Closing Date.

(h) The Arrangers and the Administrative Agent shall have received all fees due and payable on the Closing Date pursuant to the Arranger Fee Letter and the Administrative Agent Fee Letter, respectively.

(i) Except as set forth in Schedule 5.12 (which, for the avoidance of doubt, shall override the applicable clauses of the definition of "Collateral and Guarantee Requirement") and subject to the grace periods and post-closing periods set forth in such definition, the Collateral and Guarantee Requirement shall be satisfied as of the Closing Date.

(j) The Administrative Agent shall have received all documentation and other information required by Section 3.25(a), to the extent such information has been requested not less than ten (10) Business Days prior to the Closing Date.

(k) The Borrower shall have delivered to the Administrative Agent a certificate dated as of the Closing Date, to the effect set forth in Section 4.01(b) and (c) hereof.

(l) The Administrative Agent shall have received FAA, International Registry and UCC searches indicating that the Borrower has a 100% ownership interest in each Closing Date Spare Engine, free and clear of all security interests or liens in favor of any person other than the Collateral Agent except for any Permitted Lien. On the Closing Date concurrently with the consummation of the Transactions, the Collateral Agent shall have received an FAA Mortgage in respect of in respect of each Closing Date Spare Engine, duly executed by the Borrower in favor of the Collateral Agent for the benefit of the Secured Parties. Each such FAA Mortgage shall have been submitted for filing with the FAA, and International Interests shall have been registered with the International Registry in respect of each Closing Date Spare Engine.

(m) (i) FAA releases for the existing FAA mortgages in favor Barclays Bank PLC, as collateral agent under the Existing Credit Agreement, in respect of the Closing Date Spare Engines shall be pre-positioned with McAfee & Taft, special counsel for the Loan Parties, for filing with the FAA, (ii) the existing International Interests in favor Barclays Bank PLC, as collateral agent under the Existing Credit Agreement, in respect of the Closing Date Spare Engines shall be discharged (provided that Barclays Bank

PLC, as the right to discharge holder thereof, shall have appointed the Borrower's FAA/International Registry counsel as a professional user entity for purposes of making such registrations), and (iii) Uniform Commercial Code financing statement amendments (Form UCC-3) shall be filed terminating the existing Uniform Commercial Code financing statements in favor Barclays Bank PLC, as collateral agent under the Existing Credit Agreement, in respect of the Closing Date Spare Engines.

For purposes of determining compliance with the conditions specified in Section 4.01 and this Section 4.02, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender prior to the Closing Date specifying its objection thereto and, in the case of a Borrowing, such Lender shall not have made available to the Administrative Agent such Lender's ratable portion of the initial Borrowing.

ARTICLE V

Affirmative Covenants

The Borrower covenants and agrees with each Lender that, until the Termination Date, unless the Required Lenders shall otherwise consent in writing, the Borrower will, and will cause each of the Subsidiaries to:

Section 5.01 Existence; Business and Properties. (a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except, in the case of a Subsidiary of the Borrower, where the failure to do so would not reasonably be expected to have a Material Adverse Effect, and except as otherwise permitted under Section 6.05, and except for the liquidation or dissolution of Subsidiaries if the assets of such Subsidiaries to the extent they exceed estimated liabilities are acquired by the Borrower or a Wholly Owned Subsidiary of the Borrower in such liquidation or dissolution; provided, that Subsidiary Loan Parties may not be liquidated into Subsidiaries that are not Loan Parties and Domestic Subsidiaries may not be liquidated into Foreign Subsidiaries (except in each case as permitted under Section 6.05).

(b) Except where the failure to do so would not reasonably be expected to have a Material Adverse Effect, do or cause to be done all things necessary to (i) lawfully obtain, preserve, renew, extend and keep in full force and effect the permits, franchises, authorizations, Intellectual Property, licenses and rights with respect thereto necessary to the normal conduct of its business, and (ii) at all times maintain, protect and preserve all property necessary to the normal conduct of its business and keep such property in good repair, working order and condition (ordinary wear and tear excepted), from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith, if any, may be properly conducted at all times (in each case except as permitted by this Agreement).

Section 5.02 Insurance. (a) Maintain, with financially sound and reputable insurance companies, insurance (subject to customary deductibles and retentions) in such amounts and against such risks as are customarily maintained by similarly situated companies engaged in the same or similar businesses operating in the same or similar locations, cause the Collateral Agent to be listed as a co-loss payee on property and casualty policies and as an additional insured on liability policies. Notwithstanding the foregoing, the Borrower and the Subsidiaries may self-insure with respect to such risks with respect to which companies of established reputation engaged in the same general line of business in the same general area usually self-insure.

(b) Except as the Collateral Agent may agree in its reasonable discretion, cause all such property and casualty insurance policies to be endorsed or otherwise amended to include a “standard” or “New York” lender’s loss payable endorsement, in form and substance reasonably satisfactory to the Collateral Agent and deliver to the Collateral Agent a certificate of an insurance broker in respect of such policies; cause each such policy covered by this clause (b) to provide that it shall not be cancelled or not renewed upon less than 30 days’ prior written notice thereof by the insurer to the Collateral Agent; deliver to the Collateral Agent, prior to or concurrently with the cancellation or nonrenewal of any such policy of insurance covered by this clause (b), a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Collateral Agent), or insurance certificate with respect thereto, together with evidence satisfactory to the Collateral Agent of payment of the premium therefor, in each case of the foregoing, to the extent customarily maintained, purchased or provided to, or at the request of, lenders by similarly situated companies in connection with credit facilities of this nature.

(c) If any portion of any Mortgaged Property is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area (each a “Special Flood Hazard Area”) with respect to which flood insurance has been made available under the Flood Insurance Laws, (i) maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount and otherwise sufficient to comply with all applicable rules and regulations promulgated pursuant to the Flood Insurance Laws and (ii) deliver to the Collateral Agent evidence of such compliance in form and substance reasonably acceptable to the Collateral Agent, including a copy of the flood insurance policy and declaration page relating thereto.

(d) In connection with the covenants set forth in this Section 5.02, it is understood and agreed that:

(i) the Administrative Agent, the Collateral Agent, the Lenders, the Issuing Banks and their respective agents or employees shall not be liable for any loss or damage insured by the insurance policies required to be maintained under this Section 5.02, it being understood that (A) the Loan Parties shall look solely to their insurance companies or any other parties other than the aforesaid parties for the recovery of such loss or damage and (B) such insurance companies shall have no rights of subrogation against the Administrative Agent, the Collateral Agent, the Lenders, any Issuing Bank or their agents or employees. If, however, the insurance policies, as a matter of the internal policy of such insurer, do not provide waiver of subrogation rights against such parties, as required above, then each of Holdings and the Borrower, on behalf of itself and behalf of each of its Subsidiaries, hereby agrees, to the extent permitted by law, to waive, and further agrees to cause each of their Subsidiaries to waive, its right of recovery, if any, against the Administrative Agent, the Collateral Agent, the Lenders, any Issuing Bank and their agents and employees;

(ii) the designation of any form, type or amount of insurance coverage by the Collateral Agent (including acting in the capacity as the Collateral Agent) under this Section 5.02 shall in no event be deemed a representation, warranty or advice by the Collateral Agent or the Lenders that such insurance is adequate for the purposes of the business of Holdings, the Borrower and the Subsidiaries or the protection of their properties; and

(iii) except with respect to subsection (c) above, the amount and type of insurance that the Borrower and its Subsidiaries has in effect as of the Closing Date satisfies for all purposes the requirements of this Section 5.02.

Section 5.03 Taxes. Pay its obligations in respect of all Tax liabilities, assessments and governmental charges (including in its capacity as a withholding agent), before the same shall become delinquent or in default, except where (i) the amount or validity thereof is being contested in good faith by appropriate proceedings and the Borrower or a Subsidiary thereof has set aside on its books adequate reserves therefor in accordance with GAAP or (ii) the failure to make payment could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

Section 5.04 Financial Statements, Reports, etc. Furnish to the Administrative Agent (which will promptly furnish such information to the Lenders):

(a) within 90 days after the end of the fiscal year ending in December 2020 and each fiscal year thereafter, a consolidated balance sheet and related statements of operations, cash flows and owners' equity showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal year and the consolidated results of their operations during such year and setting forth in comparative form the corresponding figures for the prior fiscal year, which consolidated balance sheet and related statements of operations, cash flows and owners' equity shall be accompanied by customary management's discussion and analysis and audited by independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which opinion shall not be qualified as to scope of audit or as to the status of the Borrower or any Material Subsidiary as a going concern, other than solely with respect to, or resulting solely from, an upcoming maturity date under any series of Indebtedness occurring within one year from the time such opinion is delivered or any potential inability to satisfy a financial maintenance covenant on a future date or in a future period) to the effect that such consolidated financial statements fairly present, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (it being understood that the delivery by the Borrower of annual reports on Form 10-K (or any successor or comparable form) of the Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(a) to the extent such annual reports include the information specified herein);

(b) within 60 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the fiscal quarter ended in March 2021), a consolidated balance sheet and related statements of operations and cash flows showing the financial position of the Borrower and its Subsidiaries as of the close of such fiscal quarter and the consolidated results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year and setting forth in comparative form the corresponding figures for the corresponding periods of the prior fiscal year, all of which shall be in reasonable detail, which consolidated balance sheet and related statements of operations and cash flows shall be accompanied by customary management's discussion and analysis and which consolidated balance sheet and related statements of operations and cash flows shall be certified by a Financial Officer of the Borrower on behalf of the Borrower as fairly presenting, in all material respects, the financial position and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) (it being understood that the delivery by the Borrower of quarterly reports on Form 10-Q (or any successor or comparable form) of the Borrower and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(b) to the extent such quarterly reports include the information specified herein);

(c) (x) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower (i) certifying that no Event of Default or Default has occurred since the date of the last certificate delivered pursuant to this Section 5.04(c) or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, (ii) commencing with the end of the first full fiscal quarter ending after the Closing Date, setting forth computations in reasonable detail demonstrating compliance with the Financial Covenants and (iii) setting forth the calculation and uses of the Cumulative Credit for the fiscal period then ended if the Borrower shall have used the Cumulative Credit (other than pursuant to clause (a) of the definition of "Cumulative Credit") for any purpose during such fiscal period

and (y) concurrently with any delivery of financial statements under clause (a) above, if the accounting firm is not restricted from providing such a certificate by its policies office, a certificate of the accounting firm opining on or certifying such statements stating whether they obtained knowledge during the course of their examination of such statements of any Default or Event of Default (which certificate may be limited to accounting matters and disclaim responsibility for legal interpretations);

(d) promptly after the same become publicly available, copies of all periodic and other publicly available reports, proxy statements and, to the extent requested by the Administrative Agent, other materials filed by Holdings (prior to a Qualified IPO), the Borrower or any of the Subsidiaries with the SEC, or after an initial public offering, distributed to its stockholders generally, as applicable; provided, however, that such reports, proxy statements, filings and other materials required to be delivered pursuant to this clause (d) shall be deemed delivered for purposes of this Agreement when posted to the website of the Borrower (or Holdings or any Parent Entity referred to in Section 5.04(i)) or the website of the SEC and written notice of such posting has been delivered to the Administrative Agent;

(e) within 90 days (or such later date as the Administrative Agent may agree in its reasonable discretion) after the beginning of each fiscal year (commencing with the fiscal year ending in December 2020), a consolidated annual budget for such fiscal year consisting of a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of the following fiscal year and the related consolidated statements of projected cash flow and projected income (collectively, the “Budget”), which Budget shall in each case be accompanied by the statement of a Financial Officer of the Borrower to the effect that the Budget is based on assumptions believed by the Borrower to be reasonable as of the date of delivery thereof;

(f) upon the reasonable request of the Administrative Agent not more frequently than once a year, an updated Perfection Certificate (or, to the extent such request relates to specified information contained in the Perfection Certificate, such information) reflecting all changes since the date of the information most recently received pursuant to this clause (f) or Section 5.10(f);

(g) promptly, from time to time, such other customary information regarding the operations, business affairs and financial condition of Holdings, the Borrower or any of the Subsidiaries, or compliance with the terms of any Loan Document as in each case the Administrative Agent may reasonably request (for itself or on behalf of any Lender);

(h) no later than 10 Business Days after the delivery of the financial statements required pursuant to clauses (a) and (b) of this Section 5.04, commencing with the financial statements for the first full fiscal period ending after the Closing Date, upon request of the Administrative Agent, the Borrower shall hold a customary conference call for Lenders; and

(i) in the event that Holdings or any Parent Entity reports on a consolidated basis, such consolidated reporting at Holdings or such Parent Entity’s level in a manner consistent with that described in clauses (a) and (b) of this Section 5.04 for the Borrower (together with a reconciliation showing the adjustments necessary to determine compliance by the Borrower and its Subsidiaries with the Financial Covenants) will satisfy the requirements of such paragraphs.

The Borrower hereby acknowledges and agrees that all financial statements furnished pursuant to clauses (a), (b) and (d) above are hereby deemed to be Borrower Materials suitable for distribution, and to be made available, to Public Lenders as contemplated by Section 9.17 and may be treated by the Administrative Agent and the Lenders as if the same had been marked “PUBLIC” in accordance with such paragraph (unless the Borrower otherwise notifies the Administrative Agent in writing on or prior to delivery thereof).

Section 5.05 Litigation and Other Notices. Furnish to the Administrative Agent (which will promptly thereafter furnish to the Lenders) written notice of the following promptly (and in any event within five (5) Business Days) after any Responsible Officer of Holdings (prior to a Qualified IPO) or the Borrower obtains actual knowledge thereof:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority or in arbitration, against Holdings, the Borrower or any of the Subsidiaries as to which an adverse determination is reasonably probable and which, if adversely determined, would reasonably be expected to have a Material Adverse Effect;

(c) any other development specific to Holdings, the Borrower or any of the Subsidiaries that is not a matter of general public knowledge and that has had, or would reasonably be expected to have, a Material Adverse Effect; and

(d) the occurrence of any ERISA Event that, together with all other ERISA Events that have occurred, would reasonably be expected to have a Material Adverse Effect.

Section 5.06 Compliance with Laws. Comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect; provided, that this Section 5.06 shall not apply to Environmental Laws, which are the subject of Section 5.09, or to laws related to Taxes, which are the subject of Section 5.03. The Borrower will maintain in effect and enforce policies and procedures reasonably designed to ensure compliance in all material respects by Holdings, the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions Laws in connection with the Borrower's or its Subsidiaries' business operations.

Section 5.07 Maintaining Records; Access to Properties and Inspections. (a) Maintain all financial records in accordance with GAAP and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender to visit and inspect the financial records and the properties of Holdings (prior to a Qualified IPO), the Borrower or any of the Subsidiaries at reasonable times, upon reasonable prior notice to Holdings (prior to a Qualified IPO) or the Borrower, and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender upon reasonable prior notice to Holdings (prior to a Qualified IPO) or the Borrower to discuss the affairs, finances and condition of Holdings (prior to a Qualified IPO), the Borrower or any of the Subsidiaries with the officers thereof and independent accountants therefor (so long as the Borrower has the opportunity to participate in any such discussions with such accountants), in each case, subject to reasonable requirements of confidentiality, including requirements imposed by law or by contract.

(b) Maintain a separate set of books, records, information and data (including all tangible embodiments and fixations thereof and all databases, files and media in which any of the foregoing is recorded or stored, the "Non-CARES Act Records") that does not contain any information or data with respect to any Permitted CARES Act Collateral.

Section 5.08 Use of Proceeds. Use the proceeds of the Loans made and Letters of Credit issued in the manner contemplated by Section 3.12.

Section 5.09 Compliance with Environmental Laws. Comply, and make reasonable efforts to cause all lessees and other persons occupying its properties to comply, with all Environmental Laws applicable to its operations and properties; and obtain and renew all material authorizations and permits required pursuant to Environmental Law for its operations and properties, in each case in accordance with Environmental Laws, except, in each case with respect to this Section 5.09, to the extent the failure to do so would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.10 Further Assurances; Additional Security.

(a) Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, FAA Mortgages with respect to FAA Assets, New York Law Aircraft Mortgages with respect to Specified Aircraft, Mortgages and other documents and the registration of International Interests with the International Registry with respect to Spare Engines and Specified Aircraft), that the Administrative Agent may reasonably request (including, without limitation, those required by applicable law), to satisfy the Collateral and Guarantee Requirement and to cause the Collateral and Guarantee Requirement to be and remain satisfied, all at the expense of the Loan Parties and provide to the Collateral Agent, from time to time upon reasonable request by the Administrative Agent, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

(b) If any asset (other than Real Property and FAA Assets) that has an individual fair market value (as determined in good faith by the Borrower) in an amount greater than \$5,000,000 is acquired by the Borrower or any Subsidiary Loan Party after the Closing Date or owned by an entity at the time it becomes a Subsidiary Loan Party (in each case other than (x) assets constituting Collateral under a Security Document that become subject to the Lien of such Security Document upon acquisition thereof and (y) assets constituting Excluded Property), the Borrower or such Subsidiary Loan Party, as applicable, will (i) notify the Collateral Agent of such acquisition or ownership and (ii) cause such asset to be subjected to a Lien (subject to any Permitted Liens) securing the Obligations, and take, and cause the Subsidiary Loan Parties to take, such actions as shall be reasonably requested by the Collateral Agent to grant and perfect such Liens, including actions described in clause (a) of this Section 5.10, all at the expense of the Loan Parties, subject to clause (g) below. At such time that the Borrower or any Subsidiary Loan Party acquires an FAA Asset, the Borrower shall (i) on such date, grant, and cause any Subsidiary Loan Party that owns any such FAA Asset to grant, a valid and enforceable security interest in such FAA Asset and related assets to be further described in the applicable Security Document to the Collateral Agent for the benefit of the Secured Parties by entering into an FAA Mortgage (and, in the case of Specified Aircraft, the applicable New York Law Aircraft Mortgage), as applicable, in respect of such FAA Asset, (ii) on such date or the next Business Day, submit such FAA Mortgage for filing with the FAA, (iii) on such date or the next Business Day, register the International Interests with the International Registry in respect of such FAA Asset, (iv) within fifteen (15) Business Days of such date, provide to the Administrative Agent (x) FAA, International Registry and UCC searches and (y) such other evidence as the Administrative Agent may reasonably request, indicating that the Borrower or any Subsidiary Loan Party has a 100% ownership interest in such FAA Asset, free and clear of all security interests or liens in favor of any person other than the Collateral Agent except for any Permitted Lien, (v) in the case of Specified Aircraft, on such date, provide the Administrative Agent, on behalf of itself and the Lenders and each Issuing Bank, a favorable written opinion of Vedder Price P.C., special counsel for the Loan Parties, in form and substance reasonably satisfactory to the Administrative Agent, covering such matters in respect of the New York Law Aircraft Mortgage with respect to the applicable FAA Asset, (vi) in the case of all FAA Assets, on such date (or, in

the case of any such opinion delivered by McAfee & Taft (or such other firm of FAA counsel reasonably acceptable to the Administrative Agent), within three (3) Business Days of the filing of such FAA Mortgage with the FAA and completion of the registration of the International Interests with the International Registry), provide the Administrative Agent, on behalf of itself, the Collateral Agent and the Lenders and each Issuing Bank, favorable written opinions of special counsel for the Loan Parties, each in form and substance reasonably satisfactory to the Collateral Agent, (vii) within fifteen (15) Business Days of such date, provide to the Collateral Agent evidence of insurance naming the Collateral Agent as loss payee or contract party and additional insured in respect of the insurance required to be maintained under Section 5.02 in respect of such FAA Asset and (viii) on such date or thereafter promptly upon receipt of any such request, take and cause any relevant Subsidiary Loan Party to take all other actions reasonably requested by the Collateral Agent to cause the Lien of the Collateral Agent over such FAA Assets and related assets to be a valid and perfected first priority security interest securing the Obligations; provided that all timeframes in this sentence shall be subject to such extensions as the Collateral Agent may agree in its reasonable discretion. The Loan Parties shall ensure that no Spare Engine is installed at any time on any aircraft that is not a Permitted Aircraft.

(c) Within 120 days after the acquisition of any Material Real Property after the Closing Date (or such later date as the Collateral Agent may agree in its reasonable discretion), (i) grant and cause each of the Subsidiary Loan Parties to grant to the Collateral Agent security interests in, and Mortgages on, such Material Real Property pursuant to documentation in form and substance reasonably acceptable to the Borrower and the Collateral Agent, which security interest and mortgage shall constitute valid and enforceable Liens subject to no other Liens except Permitted Liens, (ii) record or file, and cause each such Subsidiary Loan Party to record or file, the Mortgage or instruments related thereto in such manner and in such places as is required by law to establish, perfect, preserve and protect the Liens in favor of the Collateral Agent (for the benefit of the Secured Parties) required to be granted pursuant to the Mortgages and pay, and cause each such Subsidiary Loan Party to pay, in full, all Taxes, fees and other charges required to be paid in connection with such recording or filing, in each case subject to clause (g) below, (iii) deliver to the Collateral Agent an updated Schedule 1.01(E) reflecting such Mortgaged Properties and (iv) unless otherwise waived by the Administrative Agent, with respect to each such Mortgage, cause the requirements set forth in clauses (f) and (g) of the definition of "Collateral and Guarantee Requirement" to be satisfied with respect to such Material Real Property.

(d) If any additional direct or indirect Subsidiary of the Borrower is formed or acquired after the Closing Date (with any Subsidiary Redesignation resulting in an Unrestricted Subsidiary becoming a Subsidiary or any Excluded Subsidiary ceasing to be an Excluded Subsidiary being deemed to constitute the acquisition of a Subsidiary) and if such Subsidiary is a Subsidiary Loan Party, within 15 Business Days after the date such Subsidiary is formed or acquired (or such longer period as the Administrative Agent may agree in its reasonable discretion), notify the Collateral Agent thereof and, within 20 Business Days after the date such Subsidiary is formed or acquired or such longer period as the Administrative Agent may agree in its reasonable discretion (or, with respect to clauses (f), (g) and (h) of the definition of "Collateral and Guarantee Requirement," within 90 days after such formation or acquisition or such longer period as set forth therein or as the Administrative Agent may agree in its reasonable discretion, as applicable), cause the Collateral and Guarantee Requirement to be satisfied with respect to such Subsidiary and with respect to any Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of any Loan Party, subject to clause (g) below.

(e) If any additional Foreign Subsidiary of the Borrower is formed or acquired after the Closing Date (with any Subsidiary Redesignation resulting in an Unrestricted Subsidiary becoming a Subsidiary being deemed to constitute the acquisition of a Subsidiary) and if such Subsidiary is a "first tier" Foreign Subsidiary of a Loan Party, within 15 Business Days after the date such Foreign Subsidiary is formed or acquired (or such longer period as the Administrative Agent may agree in its reasonable

discretion), notify the Collateral Agent thereof and, within 50 Business Days after the date such Foreign Subsidiary is formed or acquired or such longer period as the Administrative Agent may agree in its reasonable discretion, cause the Collateral and Guarantee Requirement to be satisfied with respect to any Equity Interest in such Foreign Subsidiary owned by or on behalf of any Loan Party, subject to clause (g) below.

(f) Furnish to the Collateral Agent prompt written notice of any change (A) in any Loan Party's corporate or organization name, (B) in any Loan Party's identity or organizational structure, (C) in any Loan Party's jurisdiction of organization or (D) in the location of the chief executive office of any Loan Party that is not a registered organization; provided, that the Borrower shall not effect or permit any such change unless all filings have been made, or will have been made within 30 days following such change (or such longer period as the Administrative Agent may agree in its reasonable discretion), under the Uniform Commercial Code that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral in which a security interest may be perfected by such filing, for the benefit of the Secured Parties.

(g) The Collateral and Guarantee Requirement and the other provisions of this Section 5.10 and the other Loan Documents with respect to Collateral need not be satisfied with respect to any of the following (collectively, the "Excluded Property"): (i) any Real Property other than Material Real Property, (ii) motor vehicles and other assets subject to certificates of title (except (x) to the extent constituting Equipment; provided that, security interest perfection actions beyond the filing of UCC-1 financing statements shall only be required with respect to Titled Equipment to the extent having an aggregate net book value in excess of \$2,500,000 and (y) to the extent a security interest therein can be perfected by the filing of a UCC-1 financing statement), letter of credit rights (in each case, other than to the extent a Lien on such assets or such rights can be perfected by filing a UCC-1) and commercial tort claims with a value of less than \$5,000,000, (iii) pledges and security interests prohibited by applicable law, rule, regulation or contractual obligation (with respect to any such contractual obligation, only to the extent such restriction is permitted under Section 6.09(c) and such restriction is binding on such assets (1) on the Closing Date or (2) on the date of the acquisition thereof and not entered into in contemplation thereof (other than in connection with the incurrence of Indebtedness of the type contemplated by Section 6.01(i))) (in each case, except to the extent such prohibition is unenforceable after giving effect to the applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code) or which could require governmental (including regulatory) consent, approval, license or authorization to be pledged (unless such consent, approval, license or authorization has been received) after giving effect to the applicable anti-assignment provisions of the Uniform Commercial Code, (iv) assets to the extent a security interest in such assets could reasonably be expected to result in material adverse tax consequences as determined in good faith by the Borrower, (v) any lease, license or other agreement to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement or create a right of termination in favor of any other party thereto (other than the Borrower or any Guarantor) after giving effect to the applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code, (vi) those assets as to which the Administrative Agent and the Borrower reasonably agree that the cost or other consequence of obtaining such a security interest or perfection thereof are excessive in relation to the value afforded thereby, (vii) any governmental licenses or state or local licenses, franchises, charters and authorizations, to the extent security interests in such licenses, franchises, charters or authorizations are prohibited or restricted thereby after giving effect to the applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code, (viii) any "intent-to-use" applications for trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. §1051, unless and until an Amendment to Allege Use or a Statement of Use under Section 1(c) or 1(d) of the Lanham Act has been filed, (ix) [reserved], (x) Securitization Assets sold to any Special Purpose Securitization Subsidiary or otherwise pledged, factored, transferred or sold in connection with any Permitted Securitization Financing, and any other assets subject to Liens securing Permitted Securitization Financings, (xi) Permitted CARES Act Collateral, solely

to the extent and for so long as such Permitted CARES Act Collateral is pledged to secure Permitted CARES Act Indebtedness, (xii) any Excluded Securities, (xiii) any Third Party Funds, (xiv) any equipment or other asset that is subject to a Lien permitted by any of clauses (i) or (j) of Section 6.02 or is otherwise subject to a purchase money debt or a Capitalized Lease Obligation, in each case, as permitted by Section 6.01, if the contract or other agreement providing for such debt or Capitalized Lease Obligation prohibits or requires the consent of any person (other than the Borrower or any Guarantor) as a condition to the creation of any other security interest on such equipment or asset and, in each case, such prohibition or requirement is permitted hereunder (after giving effect to the applicable anti-assignment provisions of Article 9 of the Uniform Commercial Code or other applicable law), (xv) all assets of Holdings other than, prior to a Qualified IPO, Equity Interests of the Borrower directly held by Holdings and pledged pursuant to the Holdings Guarantee and Pledge Agreement, (xvi) aircraft other than Specified Aircraft and (xvii) any other exceptions mutually agreed upon between the Borrower and the Collateral Agent; provided, that the Borrower may in its sole discretion elect to exclude any property from the definition of "Excluded Property"; provided, further, that none of any Non-CARES Act Records, any Amazon Collateral, or any FAA Assets shall constitute Excluded Property. Notwithstanding anything herein to the contrary, (A) the Collateral Agent may grant extensions of time or waivers of requirements for the creation or perfection of security interests or other Liens in or the obtaining of insurance (including title insurance) or surveys with respect to particular assets (including extensions beyond the Closing Date for the perfection of security interests in the assets of the Loan Parties on such date) where it reasonably determines, in consultation with the Borrower, that perfection or obtaining of such items cannot be accomplished without undue effort or expense or by the time or times at which it would otherwise be required by this Agreement or the other Loan Documents, (B) except as required by Section 5.11, no control agreement or control, lockbox or similar arrangement shall be required with respect to any deposit accounts, securities accounts or commodities accounts, (C) no landlord, mortgagee or bailee waivers shall be required, (D) no foreign-law governed security documents or perfection under foreign law shall be required (other than, for the avoidance of doubt, any registration of International Interests with the International Registry with respect to Spare Engines and Specified Aircraft), (E) no notice shall be required to be sent to account debtors or other contractual third parties prior to an Event of Default or DSCR Trigger Event, (F) Liens required to be granted from time to time pursuant to, or any other requirements of, the Collateral and Guarantee Requirement and the Security Documents shall be subject to exceptions and limitations set forth in the Security Documents and (G) to the extent any Mortgaged Property is located in a jurisdiction with mortgage recording or similar tax, the amount secured by the Security Document with respect to such Mortgaged Property shall be limited to the fair market value of such Mortgaged Property as determined in good faith by the Borrower (subject to any applicable laws in the relevant jurisdiction or such lesser amount agreed to by the Collateral Agent).

(h) The Loan Parties shall ensure that the Permitted CARES Act Collateral at all times consists entirely of the Specified Assets and does not extend to any other property or assets of any Loan Party or any Loan Party's right, title and interest in, to and under any such other property or assets.

(i) If after the CARES Act Loan Effective Date, the CARES Act Loan Agreement is terminated or otherwise ceases to be in effect (such date, the "CARES Act Loan Termination Date"), the Permitted CARES Act Collateral shall cease to constitute Excluded Property and shall automatically, and without further action, be subject to the Liens under the Security Documents and the Loan Parties shall take all actions (including executing and delivering documents and making filings) as necessary or reasonably requested by the Collateral Agent to create, confirm and perfect the Liens of the Collateral Agent in the Permitted CARES Act Collateral, promptly, and in any event, within thirty (30) days of the CARES Act Loan Termination Date. The Borrower shall provide prompt written notice (and in any event within five (5) Business Days) to the Administrative Agent of the occurrence of the CARES Act Loan Termination Date.

Section 5.11 Cash Management Systems; Application of Proceeds.

(a) Within 30 days after the Closing Date (or such later day as the Administrative Agent may agree in its sole discretion), the Borrower shall open the Amazon Collection Account. Within 45 days after the Closing Date (or such later day as the Administrative Agent may agree in its sole discretion), the Borrower shall enter into an account control agreement, in a form and substance reasonably satisfactory to the Collateral Agent (the “Account Control Agreement”) with the Collateral Agent and the bank or other financial institution with which the Amazon Collection Account is maintained. On each DSCR Determination Date, the Borrower shall furnish to the Administrative Agent a certificate of a Responsible Officer of the Borrower, certifying as to the ledger balance of the Amazon Collection Account as of the close of business on the last day (such date, the “DSCR Reference Date”) of each March, June, September and December most immediately preceding such DSCR Determination Date (such balance, the “Pre-Trigger Amount”) and (y) setting forth calculations in reasonable detail with respect to the Debt Service Coverage Ratio as of such DSCR Reference Date.

(b) The Loan Parties shall instruct and use their commercially reasonable efforts to cause the counterparties to the Amazon Contract to direct all payments pursuant to or in connection with the Amazon Contract into the Amazon Collection Account. To the extent Holdings, the Borrower or any Subsidiary receives any payments pursuant to or in connection with the Amazon Contract in an account other than the Amazon Collection Account or in any other manner, such person shall wire transfer as soon as practicable, but in any event within three (3) Business Days of receipt, any such amounts to the Amazon Collection Account. All amounts in the Amazon Collection Account shall be conclusively presumed to be Collateral and proceeds of Collateral, and the Collateral Agent and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in the Amazon Collection Account.

(c) At any time after the occurrence and during the continuance of a DSCR Trigger Event, the Collateral Agent shall have the right to deliver a Notice of Sole Control (or similar term, as defined in the Account Control Agreement) with respect to the Amazon Collection Account and to transfer or cause to be transferred all available cash balances and cash receipts, including the contents or entire ledger balance of the Amazon Collection Account to an account of, and maintained by, the Collateral Agent (the “Collateral Agent Account”). Subject to the terms of the Collateral Agreement and, if applicable, Section 2.18(b) and Section 7.02, all amounts received in the Collateral Agent Account, net of a minimum balance, if any, equal to the Pre-Trigger Amount in respect of the applicable DSCR Reference Date, shall be distributed and applied on an as frequently as daily basis by the Administrative Agent to prepay Delayed Draw Term Loans, whether then outstanding or subsequently borrowed while the relevant DSCR Trigger Event exists, in each case, in accordance with clauses (c) and (d) of Section 2.10; provided, that, for the avoidance of doubt, any repayment or prepayment of the Delayed Draw Term Loans pursuant to this sentence shall not reduce any as-of-yet unfunded Delayed Draw Term Loan Commitments then in effect. It is understood and agreed by each Loan Party and each Secured Party that the Administrative Agent and Collateral Agent shall have no liability for any determinations made by them pursuant to this Section 5.11(c), in each case except to the extent resulting from the gross negligence or willful misconduct of the Administrative Agent or the Collateral Agent, as applicable (as determined by a court of competent jurisdiction in a final and non-appealable decision).

(d) The Collateral Agent Account shall at all times be under the sole dominion and control of the Collateral Agent. The funds on deposit in the Collateral Agent Account shall be applied in accordance with this Agreement and any Intercreditor Agreement, if applicable. Any amounts held or received in the Collateral Agent Account (including all interest and other earnings with respect thereto, if any) (x) upon the occurrence of the DDTL Termination Date or (y) when no DSCR Trigger Event exists, shall (subject in the case of subclause (x) to the provisions of any Intercreditor Agreement, if applicable) be remitted to an account of the Borrower designated by the Borrower to the Administrative Agent.

(e) Subject to the terms of the Collateral Agreement, and subject to Section 5.12(b) above, so long as (x) no DSCR Trigger Event has occurred and is continuing and (y) a minimum balance equal to or greater than the then-applicable Maximum Quarterly Debt Service remains in the Amazon Collection Account, the Loan Parties shall have the right to direct the manner of disposition of funds in the Amazon Collection Account; provided, however, that the Amazon Collection Account shall not be closed without prior written consent of the Collateral Agent.

(f) The Administrative Agent shall take such action and execute such other documents as may be reasonably requested by the Borrower in connection with any termination of a DSCR Trigger Event.

(g) The Loan Parties shall ensure that the only funds paid, transferred or held in a CARES Act Deposit Account are proceeds of the CARES Act Loans and/or identifiable proceeds of Permitted CARES Act Collateral that constitute Excluded Property, and no funds in the Amazon Collection Account or proceeds of Collateral shall be paid to or transferred to any CARES Act Deposit Account.

(h) After the establishment of each CARES Act Deposit Account, the Borrower shall promptly notify the Administrative Agent of the applicable account number, type of account, and bank where such account is maintained.

Section 5.12 Post-Closing. Take all necessary actions to satisfy the items described on Schedule 5.12 within the applicable period of time specified in such Schedule (or such longer period as the Administrative Agent may agree in its reasonable discretion).

ARTICLE VI

Negative Covenants

The Borrower covenants and agrees with each Lender that, until the Termination Date, unless the Required Lenders (or, in the case of Section 6.11, the Required Revolving Facility Lenders voting as a single Class) shall otherwise consent in writing, the Borrower will not, and will not permit any of the Subsidiaries to:

Section 6.01 Indebtedness. Incur, create, assume or permit to exist any Indebtedness, except:

(a) (i) Indebtedness existing or committed on the Closing Date (provided, that any such Indebtedness that is (x) not intercompany Indebtedness and (y) in excess of \$1,000,000 shall be set forth on Schedule 6.01) and (ii) any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness (other than intercompany Indebtedness Refinanced with Indebtedness owed to a person not affiliated with the Borrower or any Subsidiary);

(b) (i) Indebtedness created hereunder (including pursuant to Section 2.21) and under the other Loan Documents and (ii) any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness;

(c) Indebtedness of the Borrower or any Subsidiary pursuant to Hedging Agreements entered into for non-speculative purposes;

(d) Indebtedness in respect of self-insurance and Indebtedness and other obligations owed to (including obligations in respect of letters of credit or bank guarantees or similar instruments for the benefit of) any person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance to the Borrower or any Subsidiary, pursuant to reimbursement or indemnification obligations to such person, in each case in the ordinary course of business or consistent with past practice or industry norm;

(e) Indebtedness of the Borrower to Holdings or any Subsidiary and of any Subsidiary to Holdings, the Borrower or any other Subsidiary; provided, that (i) Indebtedness of any Subsidiary that is not a Subsidiary Loan Party owing to the Loan Parties incurred pursuant to this Section 6.01(e) shall be subject to Section 6.04 and (ii) Indebtedness owed by any Loan Party to any Subsidiary that is not a Loan Party incurred pursuant to this Section 6.01(e) shall be subordinated to the Loan Obligations under this Agreement on subordination terms described in the intercompany note substantially in the form of Exhibit H hereto or on substantially identical subordination terms or other subordination terms reasonably satisfactory to the Administrative Agent and the Borrower;

(f) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds, performance and completion guarantees and similar obligations, in each case provided in the ordinary course of business or consistent with past practice or industry norm, including those incurred to secure health, safety and environmental obligations in the ordinary course of business or consistent with past practice or industry norm;

(g) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in each case incurred in the ordinary course of business or other cash management services incurred in the ordinary course of business or consistent with past practice or industry norm;

(h) Indebtedness of a Subsidiary acquired after the Closing Date or a person merged or consolidated with the Borrower or any Subsidiary after the Closing Date and Indebtedness assumed by the Borrower or any Subsidiary in connection with the acquisition of assets or Equity Interests (including a Permitted Business Acquisition), where such acquisition, merger or consolidation is not prohibited by this Agreement and such Indebtedness was not created in contemplation of such acquisition, merger or consolidation;

(i) (i) Capitalized Lease Obligations, mortgage financings and other Indebtedness incurred by the Borrower or any Subsidiary prior to or within 270 days after the acquisition, lease, construction, installation, repair, replacement or improvement of the respective property (real or personal), equipment or other asset (whether through the direct purchase of property or the Equity Interest of any person owning such property) permitted under this Agreement in order to finance such acquisition, lease, construction, installation, repair, replacement or improvement, in an aggregate principal amount outstanding that immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(i)(i), would not exceed the greater of \$20,000,000 and 0.200 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period, and (ii) any Permitted Refinancing Indebtedness in respect of the foregoing;

(j) (i) Capitalized Lease Obligations and any other Indebtedness incurred by the Borrower or any Subsidiary arising from any Sale and Lease-Back Transaction that is permitted under Section 6.03 and (ii) any Permitted Refinancing Indebtedness in respect of the foregoing;

(k) (i) Indebtedness of the Borrower or any Subsidiary, in an aggregate principal amount outstanding that, immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(k), would not exceed the greater of \$10,000,000 and 0.100 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period, and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(l) [reserved];

(m) Guarantees (i) by the Borrower or any Subsidiary Loan Party of any Indebtedness of the Borrower or any Subsidiary Loan Party permitted to be incurred under this Agreement, (ii) by the Borrower or any Subsidiary Loan Party of Indebtedness otherwise permitted hereunder of any Subsidiary that is not a Subsidiary Loan Party to the extent such Guarantees are permitted by Section 6.04 (other than Section 6.04(v)), (iii) by any Subsidiary that is not a Subsidiary Loan Party of Indebtedness of another Subsidiary that is not a Subsidiary Loan Party, and (iv) by the Borrower of Indebtedness of Subsidiaries that are not Subsidiary Loan Parties incurred for working capital purposes in the ordinary course of business or consistent with past practice or industry norm on ordinary business terms so long as such Indebtedness is permitted to be incurred under Section 6.01 to the extent such Guarantees are permitted by Section 6.04 (other than Section 6.04(v)); provided, that Guarantees by the Borrower or any Subsidiary Loan Party under this Section 6.01(m) of any other Indebtedness of a person that is subordinated to other Indebtedness of such person shall be expressly subordinated to the Loan Obligations to at least the same extent as such underlying Indebtedness is subordinated;

(n) Indebtedness arising from agreements of the Borrower or any Subsidiary providing for indemnification, adjustment of purchase or acquisition price or similar obligations (including earn-outs), in each case, incurred or assumed in connection with any Permitted Business Acquisition, other Investments or the disposition of any business, assets or a Subsidiary not prohibited by this Agreement;

(o) Indebtedness in respect of letters of credit, bank guarantees, warehouse receipts or similar instruments issued to support performance obligations and trade letters of credit (other than obligations in respect of other Indebtedness) in the ordinary course of business or consistent with past practice or industry norm;

(p) [Reserved];

(q) [Reserved];

(r) other Indebtedness (which, in the case of any such Indebtedness secured by Liens on the Collateral, must be secured only by Liens on the Collateral that are junior to the Liens securing the Loan Obligations) in an aggregate principal amount that at the time of, and after giving effect to, the incurrence thereof, together with the aggregate amount of any other Indebtedness outstanding pursuant to this Section 6.01(r), would not exceed the greater of \$50,000,000 and 0.500 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period, and any Permitted Refinancing Indebtedness in respect thereof;

(s) (i) Indebtedness so long as immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, the Fixed Charge Coverage Ratio on a Pro Forma Basis is not less than 2.00 to 1.00; provided, that the aggregate principal amount of Indebtedness outstanding under this clause (s)(i) at such time that is incurred by a Subsidiary other than a Subsidiary Loan Party shall not exceed, when taken together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(s)(i) that are incurred by Subsidiaries other than the Subsidiary Loan Parties, the greater of \$5,000,000 and 0.050 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period, and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(t) (i) Indebtedness of Subsidiaries that are not Subsidiary Loan Parties in an aggregate principal amount outstanding that, immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(t), would not exceed the greater of \$5,000,000 and 0.050 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period, and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(u) Indebtedness incurred in the ordinary course of business or consistent with past practice or industry norm in respect of obligations of the Borrower or any Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; provided, that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business or consistent with past practice or industry norm and not in connection with the borrowing of money or any Hedging Agreements;

(v) Indebtedness representing deferred compensation to employees, consultants or independent contractors of the Borrower (or, to the extent such work is done for the Borrower or its Subsidiaries, any direct or indirect parent thereof) or any Subsidiary incurred in the ordinary course of business or consistent with past practice or industry norm;

(w) Indebtedness in connection with Permitted Securitization Financings;

(x) obligations in respect of Cash Management Agreements;

(y) [reserved];

(z) [reserved];

(aa) [reserved];

(bb) (i) Indebtedness of, incurred on behalf of, or representing Guarantees of Indebtedness of, joint ventures in an aggregate principal amount outstanding that, immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(bb), would not exceed the greater of \$5,000,000 and 0.050 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period, and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(cc) Indebtedness issued by the Borrower or any Subsidiary to current or former officers, directors and employees thereof or of Holdings or any Parent Entity, their respective estates, spouses or former spouses to finance the purchase or redemption of Equity Interests of the Borrower, Holdings or any Parent Entity permitted by Section 6.06;

(dd) Indebtedness consisting of obligations of the Borrower or any Subsidiary under deferred compensation or other similar arrangements incurred by such person in connection with Permitted Business Acquisitions or any other Investment permitted hereunder;

(ee) Indebtedness of the Borrower or any Subsidiary to or on behalf of any joint venture (regardless of the form of legal entity) that is not a Subsidiary arising in the ordinary course of business or consistent with past practice in connection with the cash management operations (including with respect to intercompany self-insurance arrangements) of the Borrower and its Subsidiaries;

(ff) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business or consistent with past practice or industry norm;

(gg) Indebtedness supported by a Letter of Credit, in a principal amount not in excess of the stated amount of such Letter of Credit;

(hh) [Reserved];

(ii) [Reserved];

(jj) all premium (if any, including tender premiums) expenses, defeasance costs, interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (a) through (ii) above or refinancings thereof;

(kk) Permitted CARES Act Indebtedness; and

(ll) Indebtedness to finance the acquisition or ownership of aircraft and aircraft equipment (including airframes, engines, appliances, equipment, instruments or related property), including (x) Capitalized Lease Obligations and (y) transactions through equipment trust certificates or enhanced equipment trust certificates structures.

For purposes of determining compliance with this Section 6.01 or Section 6.02, the amount of any Indebtedness denominated in any currency other than Dollars shall be calculated based on customary currency exchange rates in effect, in the case of such Indebtedness incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness) on or prior to the Closing Date, on the Closing Date and, in the case of such Indebtedness incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness) after the Closing Date, on the date on which such Indebtedness was incurred (in respect of term Indebtedness) or committed (in respect of revolving Indebtedness); provided, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than Dollars (or in a different currency from the Indebtedness being refinanced), and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding or committed principal amount, as applicable, of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums (including tender premiums), accrued interest, defeasance costs and other costs and expenses incurred in connection with such refinancing.

Further, for purposes of determining compliance with this Section 6.01, (A) Indebtedness need not be permitted solely by reference to one category of permitted Indebtedness (or any portion thereof) described in Sections 6.01(a) through (ll) (including, for the avoidance of doubt, with respect to the clauses set forth in the definition of “Incremental Amount”) but may be permitted in part under any combination thereof, (B) in the event that an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of permitted Indebtedness (or any portion thereof) described in Sections 6.01(a) through (ll) (including, for the avoidance of doubt, with respect to the clauses set forth in the definition of “Incremental Amount”), the Borrower may, in its sole discretion, divide, classify or reclassify, or later divide, classify or reclassify (as if incurred at such later time), such item of Indebtedness (or any portion thereof) in any manner that complies with this Section 6.01 and at the time of incurrence, division, classification or reclassification will be entitled to only include the amount and type of such item of Indebtedness (or any portion thereof) in one of the above clauses (or any portion thereof) and such item of

Indebtedness (or any portion thereof) shall be treated as having been incurred or existing pursuant to only such clause or clauses (or any portion thereof) without giving pro forma effect to such item (or any portion thereof) when calculating the amount of Indebtedness (or any portion thereof) that may be incurred, divided, classified or reclassified pursuant to any other clause (or any portion thereof) at such time; provided, that all Indebtedness outstanding on the Closing Date under this Agreement shall at all times be deemed to have been incurred pursuant to clause (b) of this Section 6.01, and (C) in connection with (1) the incurrence of revolving loan Indebtedness under this Section 6.01 or (2) any commitment relating to the incurrence of Indebtedness under this Section 6.01 and the granting of any Lien to secure such Indebtedness, the Borrower or applicable Subsidiary may designate the incurrence of such Indebtedness and the granting of such Lien therefor as having occurred on the date of first incurrence of such revolving loan Indebtedness or commitment (such date, the "Deemed Date"), and any related subsequent actual incurrence and the granting of such Lien therefor will be deemed for purposes of this Section 6.01 and Section 6.02 of this Agreement to have been incurred or granted on such Deemed Date, including, without limitation, for purposes of calculating usage of any baskets hereunder (if applicable), the Fixed Charge Coverage Ratio and EBITDAR (and all such calculations, without duplication, on the Deemed Date and on any subsequent date until such commitment is funded or terminated or such election is rescinded without the incurrence thereby shall be made on a Pro Forma Basis after giving effect to the deemed incurrence, the granting of any Lien therefor and related transactions in connection therewith). In addition, with respect to any Indebtedness that was permitted to be incurred hereunder on the date of such incurrence, any Increased Amount of such Indebtedness shall also be permitted hereunder after the date of such incurrence.

This Agreement will not treat (1) unsecured Indebtedness as subordinated or junior to secured Indebtedness merely because it is unsecured or (2) senior Indebtedness as subordinated or junior to any other senior Indebtedness merely because it has a junior priority with respect to the same collateral.

Section 6.02 Liens. Create, incur, assume or permit to exist any Lien on any property or assets (including stock or other securities of any person) of the Borrower or any Subsidiary at the time owned by it or on any income or revenues or rights in respect of any thereof, except the following (collectively, "Permitted Liens"):

(a) Liens on property or assets of the Borrower and the Subsidiaries existing on the Closing Date (or created following the Closing Date pursuant to agreements in existence on the Closing Date (or refinancings thereof) requiring the creation of such Liens) and, to the extent securing Indebtedness in an aggregate principal amount in excess of \$1,000,000, set forth on Schedule 6.02 and any modifications, replacements, renewals or extensions thereof; provided, that such Liens shall secure only those obligations that they secure on the Closing Date (and any Permitted Refinancing Indebtedness in respect of such obligations permitted by Section 6.01) and shall not subsequently apply to any other property or assets of the Borrower or any Subsidiary other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien, and (B) proceeds and products thereof;

(b) any Lien created under the Loan Documents (including Liens created under the Security Documents securing obligations in respect of Secured Hedge Agreements and Secured Cash Management Agreements) or permitted in respect of any Mortgaged Property by the terms of the applicable Mortgage;

(c) any Lien on any property or asset of the Borrower or any Subsidiary securing Indebtedness or Permitted Refinancing Indebtedness permitted by Section 6.01(h); provided, that such Liens do not extend to the Collateral;

(d) Liens for Taxes, assessments or other governmental charges or levies not yet delinquent by more than 30 days or that are being contested in compliance with Section 5.03;

(e) Liens imposed by law, such as landlord's (including for this purpose landlord's Liens created pursuant to the applicable lease), carriers', warehousemen's, mechanics', materialmen's, repairmen's, supplier's, construction or other like Liens, securing obligations that are not overdue by more than 30 days or that are being contested in good faith by appropriate proceedings and in respect of which, if applicable, the Borrower or any Subsidiary shall have set aside on its books reserves in accordance with GAAP;

(f) (i) pledges and deposits and other Liens made in the ordinary course of business in compliance with the Federal Employers Liability Act or any other workers' compensation, unemployment insurance, employers' health tax and other social security laws or regulations and deposits securing liability to insurance carriers under insurance or self-insurance arrangements in respect of such obligations and (ii) pledges and deposits and other Liens securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to the Borrower or any Subsidiary;

(g) deposits and other Liens to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than Capitalized Lease Obligations), statutory obligations, surety, indemnity, warranty, release, appeal or similar bonds, performance and return of money bonds, bids, leases, government contracts, trade contracts, agreements with utilities, and other obligations of a like nature (including letters of credit in lieu of any such bonds or to support the issuance thereof) incurred in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(h) zoning restrictions, easements, survey exceptions, trackage rights, leases (other than Capitalized Lease Obligations), licenses, special assessments, rights-of-way, covenants, conditions, servitudes, declarations, homeowners' associations and similar agreements and other restrictions (including minor defects and irregularities in title and similar encumbrances) on or with respect to the use of Real Property, servicing agreements, development agreements, site plan agreements and other similar encumbrances incurred in the ordinary course of business and title defects or irregularities that are of a minor nature and that, in the aggregate, do not interfere in any material respect with the ordinary conduct of the business of the Borrower or any Subsidiary;

(i) Liens securing Indebtedness permitted by Section 6.01(i) or (j); provided, that such Liens do not apply to any property or assets of the Borrower or any Subsidiary other than the property or assets acquired, leased, constructed, replaced, repaired or improved with such Indebtedness (or the Indebtedness Refinanced thereby), and accessions and additions thereto, proceeds and products thereof, customary security deposits and related property; provided, further, that individual financings provided by one lender may be cross-collateralized to other financings provided by such lender (and its Affiliates) (it being understood that with respect to any Liens on the Collateral being incurred under this clause (i) to secure Permitted Refinancing Indebtedness, if Liens on the Collateral securing the Indebtedness being Refinanced (if any) were Junior Liens, then any Liens on such Collateral being incurred under this clause (i) to secure Permitted Refinancing Indebtedness shall also be Junior Liens);

(j) Liens arising out of Sale and Lease-Back Transactions permitted under Section 6.03, so long as such Liens attach only to the property Disposed of and being leased in such transaction and any accessions and additions thereto, proceeds and products thereof, customary security deposits and related property;

(k) Liens securing judgments that do not constitute an Event of Default under Section 7.01(j);

(l) Liens disclosed by the title insurance policies delivered on or subsequent to the Closing Date and pursuant to the Collateral and Guarantee Requirement, Section 5.10 or Schedule 5.12 and any replacement, extension or renewal of any such Lien; provided, that such replacement, extension or renewal Lien shall not cover any property other than the property that was subject to such Lien prior to such replacement, extension or renewal and any accessions and additions thereto or proceeds and products thereof and related property; provided, further, that the Indebtedness and other obligations secured by such replacement, extension or renewal Lien are permitted by this Agreement;

(m) any interest or title of a lessor or sublessor under any leases or subleases entered into by the Borrower or any Subsidiary in the ordinary course of business;

(n) Liens that are contractual rights of set-off (and related pledges) (i) relating to the establishment of depository relations with banks and other financial institutions not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposits, sweep accounts, reserve accounts or similar accounts of the Borrower or any Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Borrower or any Subsidiary, including with respect to credit card charge-backs and similar obligations, or (iii) relating to purchase orders and other agreements entered into with customers, suppliers or service providers of the Borrower or any Subsidiary in the ordinary course of business;

(o) Liens (i) arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business, (iii) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to brokerage accounts incurred in the ordinary course of business and not for speculative purposes, (iv) in respect of Third Party Funds or (v) in favor of credit card companies pursuant to agreements therewith;

(p) Liens securing obligations in respect of trade-related letters of credit, bankers' acceptances or similar obligations and completion guarantees permitted under Section 6.01(f), (k) or (o) and covering the property (or the documents of title in respect of such property) financed by such letters of credit, bankers' acceptances or similar obligations and completion guarantees and the proceeds and products thereof;

(q) leases or subleases, licenses or sublicenses (including with respect to Intellectual Property) granted to others in the ordinary course of business not interfering in any material respect with the business of the Borrower and its Subsidiaries, taken as a whole;

(r) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(s) Liens solely on any cash earnest money deposits made by the Borrower or any of the Subsidiaries in connection with any letter of intent or purchase agreement in respect of any Investment permitted hereunder;

(t) (i) Liens with respect to property or assets of any Subsidiary that is not a Loan Party securing obligations of a Subsidiary that is not a Loan Party permitted under Section 6.01 and (ii) Liens with respect to property or assets of the applicable joint venture or the Equity Interests of such joint venture securing Indebtedness permitted under Section 6.01(bb) (it being understood that with respect to any Liens on the Collateral being incurred under this clause (t)(ii) to secure Permitted Refinancing Indebtedness, if Liens on the Collateral securing the Indebtedness being Refinanced (if any) were Junior Liens, then any Liens on such Collateral being incurred under this clause (t)(ii) to secure Permitted Refinancing Indebtedness shall also be Junior Liens);

(u) Liens on any amounts held by a trustee or agent under any indenture or other debt agreement issued in escrow pursuant to customary escrow arrangements pending the release thereof, or under any indenture or other debt agreement pursuant to customary discharge, redemption or defeasance provisions;

(v) the prior rights of consignees and their lenders under consignment arrangements entered into in the ordinary course of business;

(w) agreements to subordinate any interest of the Borrower or any Subsidiary in any accounts receivable or other proceeds arising from inventory consigned by the Borrower or any of its Subsidiaries pursuant to an agreement entered into in the ordinary course of business;

(x) Liens arising from precautionary Uniform Commercial Code financing statements regarding operating leases or other obligations not constituting Indebtedness or purported Liens evidenced by the filing of precautionary Uniform Commercial Code financing statements or equivalent filings;

(y) Liens (i) on Equity Interests of, or loans to, joint ventures (A) securing obligations of such joint venture or (B) pursuant to the relevant joint venture agreement or arrangement and (ii) on Equity Interests of, or loans to, Unrestricted Subsidiaries;

(z) Liens on securities that are the subject of repurchase agreements constituting Permitted Investments under clause (c) of the definition thereof;

(aa) Liens in respect of Permitted Securitization Financings that extend only to the assets subject thereto and Equity Interests of Special Purpose Securitization Subsidiaries;

(bb) Liens securing insurance premiums financing arrangements; provided, that such Liens are limited to the applicable unearned insurance premiums;

(cc) in the case of Real Property that constitutes a leasehold interest, any Lien to which the fee simple interest (or any superior leasehold interest) is subject;

(dd) Liens securing Indebtedness or other obligation (i) of the Borrower or a Subsidiary in favor of the Borrower or any Subsidiary Loan Party and (ii) of any Subsidiary that is not Loan Party in favor of any Subsidiary that is not a Loan Party;

(ee) Liens (i) on not more than \$2,000,000 of deposits securing Hedging Agreements entered into for non-speculative purposes and (ii) on cash or Permitted Investments securing Hedging Agreements in the ordinary course of business submitted for clearing in accordance with applicable Requirement of Law;

(ff) Liens on goods or inventory the purchase, shipment or storage price of which is financed by a documentary letter of credit, bank guarantee or bankers' acceptance issued or created for the account of the Borrower or any Subsidiary in the ordinary course of business; provided, that such Lien secures only the obligations of the Borrower or such Subsidiaries in respect of such letter of credit, bank guarantee or banker's acceptance to the extent permitted under Section 6.01;

(gg) Liens on Collateral that are Junior Liens securing Indebtedness in an aggregate principal amount at any time outstanding that would not exceed the greater of \$50,000,000 and 0.500 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period;

(hh) [Reserved];

(ii) Liens on Collateral that are Other First Liens, so long as such Other First Liens secure Permitted Refinancing Indebtedness permitted by Section 6.01(b) (or Permitted Refinancing Indebtedness in respect thereof);

(jj) Liens arising out of conditional sale, title retention or similar arrangements for the sale or purchase of goods by the Borrower or any of the Subsidiaries in the ordinary course of business or consistent with past practice or industry norm;

(kk) Liens to secure any Indebtedness issued or incurred to Refinance (or successive Indebtedness issued or incurred for subsequent Refinancings) as a whole, or in part, any Indebtedness secured by any Lien permitted by this Section 6.02; provided, however, that (v) with respect to any Liens on the Collateral being incurred under this clause (kk), if Liens on the Collateral securing the Indebtedness being Refinanced (if any) were Junior Liens, then such Liens on such Collateral being incurred under this clause (kk) shall also be Junior Liens, (w) with respect to any Liens on the Collateral being incurred under this clause (kk), if Liens on the Collateral securing the Indebtedness being Refinanced (if any) were Other First Liens, then such Liens on such Collateral being incurred under this clause (kk) may also be Other First Liens or Junior Liens, (x) (other than Liens contemplated by the foregoing clauses (v) and (w)) such new Lien shall be limited to all or part of the same type of property that secured the original Lien (plus improvements on and accessions to such property, proceeds and products thereof, customary security deposits and any other assets pursuant to after-acquired property clauses to the extent such assets secured (or would have secured) the Indebtedness being Refinanced), (y) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount (or accreted value, if applicable) or, if greater, committed amount of the applicable Indebtedness at the time the original Lien became a Lien permitted hereunder, (B) unpaid accrued interest and premium (including tender premiums) and (C) an amount necessary to pay any associated underwriting discounts, defeasance costs, fees, commissions and expenses, and (z) on the date of the incurrence of the Indebtedness secured by such Liens, the grantors of any such Liens shall be no different from the grantors of the Liens securing the Indebtedness being Refinanced or grantors that would have been obligated to secure such Indebtedness or a Loan Party;

(ll) Liens with respect to property or assets of the Borrower or any Subsidiary securing obligations in an aggregate outstanding principal amount outstanding that, immediately after giving effect to the incurrence of such Liens, would not exceed the greater of \$10,000,000 and 0.100 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period;

(mm) Liens on property of, or on Equity Interests or Indebtedness of, any person existing at the time (A) such person becomes a Subsidiary of the Borrower or (B) such person or property is acquired by the Borrower or any Subsidiary; provided that (i) such Liens do not extend to any other assets of the Borrower or any Subsidiary (other than accessions and additions thereto and proceeds or products thereof and other than after-acquired property) and (ii) such Liens secure only those obligations which they secure on the date such person becomes a Subsidiary or the date of such acquisition (and any extensions, renewals, replacements or refinancings thereof);

(nn) [reserved];

(oo) [reserved];

(pp) [reserved];

(qq) Liens imposed by applicable law on the assets of the Borrower or any Subsidiary located at an airport for the benefit of any nation or government or national or governmental authority of any nation, state, province or other political subdivision thereof, and any agency, department, regulator, airport authority, air navigation authority or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in respect of the regulation of commercial aviation or the registration, airworthiness or operation of civil aircraft and having jurisdiction over the Borrower or such Subsidiary including, without limitation, the FAA or DOT;

(rr) Liens on any aircraft and aircraft equipment, including airframes, engines, appliances, equipment, instruments or related property, in each case, securing Indebtedness permitted by Section 6.01(ll) and, in each case, other than Liens on any FAA Asset; and

(ss) Liens on Permitted CARES Act Collateral securing Indebtedness permitted by Section 6.01(kk);

For purposes of determining compliance with this Section 6.02, (A) a Lien securing an item of Indebtedness need not be permitted solely by reference to one category of permitted Liens (or any portion thereof) described in Sections 6.02(a) through (ss) but may be permitted in part under any combination thereof and (B) in the event that a Lien securing an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of permitted Liens (or any portion thereof) described in Sections 6.02(a) through (ss), the Borrower may, in its sole discretion, divide, classify or reclassify, or later divide, classify or reclassify (as if incurred at such later time), such Lien securing such item of Indebtedness (or any portion thereof) in any manner that complies with this Section 6.02 and at the time of incurrence, division, classification or reclassification will be entitled to only include the amount and type of such Lien or such item of Indebtedness secured by such Lien (or any portion thereof) in one of the above clauses (or any portion thereof) and such Lien securing such item of Indebtedness (or any portion thereof) will be treated as being incurred or existing pursuant to only such clause or clauses (or any portion thereof) without giving pro forma effect to such item (or any portion thereof) when calculating the amount of Liens or Indebtedness (or any portion thereof) that may be incurred, divided, classified or reclassified pursuant to any other clause (or any portion thereof) at such time. In addition, with respect to any revolving loan Indebtedness or commitment to incur Indebtedness that is designated to be incurred on any Deemed Date pursuant to clause (C) of the second to last paragraph of Section 6.01, any Lien that does or that shall secure such Indebtedness may also be designated by the Borrower or any Subsidiary to be incurred on such Deemed Date and, in such event, any related subsequent actual incurrence of such Lien shall be deemed for purposes of Section 6.01 and 6.02 of this Agreement, without duplication, to be incurred on such prior date (and on any subsequent date until such commitment is funded or terminated or such election is rescinded or until such time as the related Indebtedness is no longer deemed outstanding pursuant to clause (C) of the second to last paragraph of Section 6.01), including for purposes of calculating usage of any Permitted Lien. In addition, with respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness.

Section 6.03 Sale and Lease-Back Transactions. Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter, as part of such transaction, rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a "Sale and Lease-Back Transaction"); provided, that a Sale and

Lease-Back Transaction shall be permitted with respect to (i) Excluded Property, (ii) property owned by any Subsidiary that is not a Loan Party regardless of when such property was acquired and (iii) real property owned by the Borrower or any Subsidiary Loan Party; provided, that (A) the aggregate fair market value (as determined by the Borrower in good faith) of all Disposed of property pursuant to this clause (iii) shall not exceed \$5,000,000 and (B) the Borrower or the applicable Subsidiary Loan Party shall receive cash and cash equivalents of at least fair market value (as determined by the Borrower in good faith) for any such Disposed of property pursuant to this clause (iii), and (iv) aircraft and related assets, including transactions through equipment trust certificates or enhanced equipment trust certificates structures.

Section 6.04 Investments, Loans and Advances. (i) Purchase or acquire (including pursuant to any merger with a person that is not a Wholly Owned Subsidiary immediately prior to such merger) any Equity Interests, evidences of Indebtedness or other securities of any other person, (ii) make any loans or advances to or Guarantees of the Indebtedness of any other person (other than in respect of (A) intercompany liabilities incurred in connection with the cash management, tax and accounting operations of the Borrower and the Subsidiaries and (B) intercompany loans, advances or Indebtedness having a term not exceeding 364 days (inclusive of any roll-overs or extensions of terms) and made in the ordinary course of business or consistent with past practice or industry norm), or (iii) purchase or otherwise acquire, in one transaction or a series of related transactions, (x) all or substantially all of the property and assets or business of another person or (y) assets constituting a business unit, line of business or division of such person (each of the foregoing, an "Investment"), except:

(a) the Transactions;

(b) (i) Investments by the Borrower or any Subsidiary in the Equity Interests of the Borrower or any Subsidiary (or any entity that will become a Subsidiary as a result of such Investment); (ii) intercompany loans from the Borrower or any Subsidiary to the Borrower or any Subsidiary; and (iii) Guarantees by the Borrower or any Subsidiary of Indebtedness otherwise permitted hereunder of the Borrower or any Subsidiary; provided, that as at any date of determination, the aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any subsequent change in value) of (A) Investments made after the Closing Date by the Loan Parties pursuant to subclause (i) in Subsidiaries that are not Subsidiary Loan Parties, plus (B) net outstanding intercompany loans made after the Closing Date by the Loan Parties to Subsidiaries that are not Subsidiary Loan Parties pursuant to subclause (ii), plus (C) outstanding Guarantees by the Loan Parties of Indebtedness after the Closing Date of Subsidiaries that are not Subsidiary Loan Parties pursuant to subclause (iii) shall not exceed the sum of (X) the greater of \$5,000,000 and 0.050 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period plus (Y) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment;

(c) Permitted Investments and Investments that were Permitted Investments when made;

(d) Investments arising out of the receipt by the Borrower or any Subsidiary of non-cash consideration for the Disposition of assets permitted under Section 6.05;

(e) loans and advances to, or Guarantees of Indebtedness of, officers, directors, employees or consultants of the Borrower or any Subsidiary (i) in the ordinary course of business in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any subsequent change in value) not to exceed the greater of \$5,000,000 and 0.050 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period, (ii) in respect of payroll payments and expenses in the ordinary course of business or consistent with past practice, (iii) for business-

related travel expenses, moving expenses and other similar expenses, in each case, incurred in the ordinary course of business or consistent with past practice or industry norm and (iv) in connection with such person's purchase of Equity Interests of Holdings (or any Parent Entity) solely to the extent that the amount of such loans and advances shall be contributed to the Borrower in cash as common equity;

(f) accounts receivable, security deposits and prepayments arising and trade credit granted in the ordinary course of business or consistent with past practice or industry norm and any assets or securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss and any prepayments and other credits to suppliers made in the ordinary course of business or consistent with past practice or industry norm;

(g) Hedging Agreements entered into for non-speculative purposes;

(h) Investments existing on, or contractually committed as of, the Closing Date and set forth on Schedule 6.04 and any extensions, renewals, replacements or reinvestments thereof, so long as the aggregate amount of all Investments pursuant to this clause (h) is not increased at any time above the amount of such Investment existing or committed on the Closing Date (other than pursuant to an increase as required by the terms of any such Investment or contractual commitment as in existence on the Closing Date or as otherwise permitted by this Section 6.04);

(i) Investments resulting from pledges and deposits under Sections 6.02(f), (g), (o), (r), (s), (ee) and (ll);

(j) Investments by the Borrower or any Subsidiary in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any subsequent change in value) not to exceed the sum of (X) the greater of \$10,000,000 and 0.100 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period, plus (Y) any portion of the Cumulative Credit on the date of such election that the Borrower elects to apply to this Section 6.04(j)(Y), which such election shall (unless such Investment is made pursuant to clause (a) of the definition of "Cumulative Credit") be set forth in a written notice of a Responsible Officer thereof, which notice shall set forth calculations in reasonable detail the amount of Cumulative Credit immediately prior to such election and the amount thereof elected to be so applied, and plus (Z) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment pursuant to clause (X); provided, that if any Investment pursuant to this Section 6.04(j) is made in any person that was not a Subsidiary on the date on which such Investment was made but becomes a Subsidiary thereafter, then such Investment may, at the option of the Borrower, upon such person becoming a Subsidiary and so long as such person remains a Subsidiary, be deemed to have been made pursuant to Section 6.04(b) (to the extent permitted by the proviso thereto in the case of any Subsidiary that is not a Loan Party) and not in reliance on this Section 6.04(j);

(k) Investments constituting Permitted Business Acquisitions;

(l) intercompany loans between Subsidiaries that are not Loan Parties and Guarantees by Subsidiaries that are not Loan Parties permitted by Section 6.01(m);

(m) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with or judgments against, customers and suppliers, in each case in the ordinary course of business or consistent with past practice or industry norm or Investments acquired by the Borrower or a Subsidiary as a result of a foreclosure by the Borrower or any of the Subsidiaries with respect to any secured Investments or other transfer of title with respect to any secured Investment in default;

(n) Investments of a Subsidiary acquired after the Closing Date or of a person merged into the Borrower or merged into or consolidated with a Subsidiary after the Closing Date, in each case, (i) to the extent such acquisition, merger or consolidation is permitted under this Section 6.04, (ii) in the case of any acquisition, merger or consolidation, in accordance with Section 6.05 and (iii) to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;

(o) acquisitions by the Borrower of obligations of one or more officers or other employees of Holdings, any Parent Entity, the Borrower or its Subsidiaries in connection with such officer's or employee's acquisition of Equity Interests of Holdings or any Parent Entity, so long as no cash is actually advanced by the Borrower or any of the Subsidiaries to such officers or employees in connection with the acquisition of any such obligations;

(p) Guarantees by the Borrower or any Subsidiary of operating leases (other than Capitalized Lease Obligations) or of other obligations that do not constitute Indebtedness, in each case entered into by the Borrower or any Subsidiary in the ordinary course of business or consistent with past practice or industry norm;

(q) Investments to the extent that payment for such Investments is made with Equity Interests of the Borrower, Holdings or any Parent Entity; provided, that the issuance of such Equity Interests are not included in any determination of the Cumulative Credit;

(r) Investments in the Equity Interests of one or more newly formed persons that are received in consideration of the contribution by Holdings, the Borrower or the applicable Subsidiary of assets (including Equity Interests and cash) to such person or persons; provided, that (i) the fair market value of such assets, determined in good faith by the Borrower, so contributed pursuant to this clause (r) shall not in the aggregate exceed \$5,000,000 and (ii) in respect of each such contribution, a Responsible Officer of the Borrower shall certify, in a form to be agreed upon by the Borrower and the Administrative Agent (x) immediately after giving effect to such contribution, no Default or Event of Default shall have occurred and be continuing or would result therefrom, (y) the fair market value (as determined in good faith by the Borrower) of the assets so contributed and (z) that the requirements of clause (i) of this proviso remain satisfied;

(s) Investments consisting of Restricted Payments permitted under Section 6.06;

(t) Investments in the ordinary course of business or consistent with past practice or industry norm consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Uniform Commercial Code Article 4 customary trade arrangements with customers;

(u) [reserved];

(v) Guarantees permitted under Section 6.01 (except to the extent such Guarantee is expressly subject to this Section 6.04);

(w) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of the Borrower or such Subsidiary;

(x) Investments by the Borrower and its Subsidiaries, including loans to any direct or indirect parent of the Borrower, if the Borrower or any other Subsidiary would otherwise be permitted to make a Restricted Payment in such amount (provided, that the amount of any such Investment shall also be deemed to be a Restricted Payment under the appropriate clause of Section 6.06 for all purposes of this Agreement);

(y) Investments consisting of Securitization Assets or arising as a result of Permitted Securitization Financings;

(z) [reserved];

(aa) to the extent constituting Investments, purchases and acquisitions of inventory, supplies, materials and equipment or purchases of contract rights or licenses or leases of Intellectual Property in each case in the ordinary course of business or consistent with past practice;

(bb) Investments received substantially contemporaneously in exchange for Equity Interests of the Borrower, Holdings or any Parent Entity; provided, that the issuance of such Equity Interests are not included in any determination of the Cumulative Credit;

(cc) Investments in joint ventures; provided that the aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any subsequent changes in value) of Investments made after the Closing Date pursuant to this Section 6.04(cc) shall not exceed the sum of (X) the greater of \$10,000,000 and 0.100 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period, plus (Y) an aggregate amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment; provided, that if any Investment pursuant to this Section 6.04(cc) is made in any person that was not a Subsidiary on the date on which such Investment was made but becomes a Subsidiary thereafter, then such Investment may, at the option of the Borrower, upon such person becoming a Subsidiary and so long as such person remains a Subsidiary, be deemed to have been made pursuant to Section 6.04(b) (to the extent permitted by the proviso thereto in the case of any Subsidiary that is not a Loan Party) and not in reliance on this Section 6.04(cc);

(dd) Investments in Similar Businesses in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any subsequent changes in value) not to exceed the sum of (X) the greater of \$10,000,000 and 0.100 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period plus (Y) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment; provided, that if any Investment pursuant to this Section 6.04(dd) is made in any person that was not a Subsidiary on the date on which such Investment was made but becomes a Subsidiary thereafter, then such Investment may, at the option of the Borrower, upon such person becoming a Subsidiary and so long as such person remains a Subsidiary, be deemed to have been made pursuant to Section 6.04(b) (to the extent permitted by the proviso thereto in the case of any Subsidiary that is not a Loan Party) and not in reliance on this Section 6.04(dd);

(ee) Investments in any Unrestricted Subsidiaries after giving effect to the applicable Investments, in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any subsequent changes in value) not to exceed the sum of (X) the greater of \$5,000,000 and 0.050 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period plus (Y) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts) actually received in respect of any such Investment; provided, that if any Investment pursuant to this Section 6.04(ee) is made in any person that was not a Subsidiary on the date on which such Investment was made but becomes a Subsidiary thereafter, then such Investment may, at the option of the Borrower, upon such person becoming a Subsidiary and so long as such person remains a Subsidiary, be deemed to have been made pursuant to Section 6.04(b) (to the extent permitted by the proviso thereto in the case of any Subsidiary that is not a Loan Party) and not in reliance on this Section 6.04(ee);

(ff) [Reserved];

(gg) [Reserved];

(hh) [Reserved];

(ii) Investments made (i) in connection with the exercise of any subscriptions, options, warrants, calls, puts or other rights or commitments pursuant to agreements set forth on Schedule 3.08(b) or (ii) in satisfaction of obligations under joint venture agreements existing on the Closing Date; and

(jj) Investments in aircraft and aircraft equipment (including airframes, engines, appliances, equipment, instruments or related property).

The amount of Investments that may be made at any time pursuant to Section 6.04(b), 6.04(j) or 6.04(dd) (such Sections, the “Related Sections”) may, at the election of the Borrower, be increased by the amount of Investments that could be made at such time under the other Related Section; provided, that the amount of each such increase in respect of one Related Section shall be treated as having been used under the other Related Section.

Any Investment in any person other than the Borrower or a Subsidiary Loan Party that is otherwise permitted by this Section 6.04 may be made through intermediate Investments in Subsidiaries that are not Loan Parties and such intermediate Investments shall be disregarded for purposes of determining the outstanding amount of Investments pursuant to any clause set forth above.

The amount of any Investment made other than in the form of cash or cash equivalents shall be the fair market value thereof, which shall be determined in good faith by the Borrower and may be determined either, at the option of the Borrower, at the time of such Investment or as of the date of the definitive agreement with respect to such Investment, and without giving effect to any subsequent change in value.

For purposes of determining compliance with this covenant, (A) an Investment need not be permitted solely by reference to one category of permitted Investments (or any portion thereof) described in the above clauses but may be permitted in part under any combination thereof and (B) in the event that an Investment (or any portion thereof) meets the criteria of one or more of the categories of permitted Investments (or any portion thereof) described in the above clauses, the Borrower may, in its sole discretion, divide, classify or reclassify, or later divide, classify or reclassify, such permitted Investment (or any portion thereof) in any manner that complies with this covenant and at the time of division, classification or reclassification will be entitled to only include the amount and type of such Investment (or any portion thereof) in one of the categories of permitted Investments (or any portion thereof) described in the above clauses. In the event that an Investment (or any portion thereof) is divided, classified or reclassified under Section 6.04(k) or (cc) (such clauses and related definitions, the “Investment Incurrence Clauses”), the determination of the amount of such Investment (or any portion thereof) that may be made pursuant to the Investment Incurrence Clauses shall be made without giving pro forma effect to any substantially concurrent incurrence of Indebtedness to finance any other Investment (or any portion thereof) divided, classified or reclassified under any of the above clauses other than an Investment Incurrence Clause. Notwithstanding anything to the contrary in this Section 6.04, Borrower and its Subsidiaries shall not, directly or indirectly, sell or otherwise transfer any Intellectual Property that is material to the operations of Borrower and its Subsidiaries, taken as a whole, to any Unrestricted Subsidiary.

Section 6.05 Mergers, Consolidations, Sales of Assets and Acquisitions. Merge into or consolidate with any other person, or permit any other person to merge into or consolidate with it, or Dispose of (in one transaction or in a series of related transactions) all or any part of its assets (whether now owned or hereafter acquired), or Dispose of any Equity Interests of any Subsidiary, or purchase, lease or otherwise acquire (in one transaction or a series of related transactions) all of the assets of any other person or division or line of business of a person, except that this Section 6.05 shall not prohibit:

(a) (i) the purchase and Disposition of inventory, or the sale of receivables pursuant to non-recourse factoring arrangements, in each case in the ordinary course of business by the Borrower or any Subsidiary or the conversion of accounts receivable to notes receivable, (ii) the acquisition or lease (pursuant to an operating lease) of any other asset in the ordinary course of business by the Borrower or any Subsidiary or, with respect to operating leases, otherwise for fair market value on market terms (as determined in good faith by the Borrower), (iii) the Disposition of surplus, obsolete, damaged or worn out equipment or other property by the Borrower or any Subsidiary in the ordinary course of business or consistent with past practice or industry norm or determined in good faith by the Borrower to be no longer used or useful or necessary in the operation of the business of the Borrower or any Subsidiary or (iv) the Disposition of Permitted Investments in the ordinary course of business;

(b) if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing or would result therefrom, (i) the merger or consolidation of any Subsidiary with or into the Borrower in a transaction in which the Borrower is the survivor, (ii) the merger or consolidation of any Subsidiary with or into any Subsidiary Loan Party in a transaction in which the surviving or resulting entity is or becomes a Subsidiary Loan Party and, in the case of each of clauses (i) and (ii), no person other than the Borrower or a Subsidiary Loan Party receives any consideration (unless otherwise permitted by Section 6.04), (iii) the merger or consolidation of any Subsidiary that is not a Subsidiary Loan Party with or into any other Subsidiary that is not a Subsidiary Loan Party, (iv) the liquidation or dissolution or change in form of entity of any Subsidiary if the Borrower determines in good faith that such liquidation, dissolution or change in form is advisable or in the best interests of the Borrower and is not materially disadvantageous to the Lenders, (v) any Subsidiary may merge or consolidate with any other person in order to effect an Investment permitted pursuant to Section 6.04 so long as the continuing or surviving person shall be a Subsidiary (unless otherwise permitted by Section 6.04), which shall be a Loan Party if the merging or consolidating Subsidiary was a Loan Party (unless otherwise permitted by Section 6.04) and which together with each of its Subsidiaries shall have complied with any applicable requirements of Section 5.10 or (vi) any Subsidiary may merge or consolidate with any other person in order to effect an Asset Sale otherwise permitted pursuant to this Section 6.05;

(c) Dispositions to the Borrower or a Subsidiary (upon voluntary liquidation or otherwise); provided, that any Dispositions by a Loan Party to a Subsidiary that is not a Subsidiary Loan Party in reliance on this clause (c) shall be made in compliance with Section 6.04;

(d) Sale and Lease-Back Transactions permitted by Section 6.03;

(e) Investments permitted by Section 6.04, Permitted Liens and Restricted Payments permitted by Section 6.06;

(f) Dispositions of defaulted receivables in the ordinary course of business and not as part of an accounts receivables financing transaction;

(g) other Dispositions of assets; provided, that the Net Proceeds thereof, if any, are applied in accordance with Section 2.11(b) to the extent required thereby;

(h) Permitted Business Acquisitions (including any merger, consolidation or amalgamation in order to effect a Permitted Business Acquisition); provided, that following any such merger, consolidation or amalgamation involving the Borrower, the Borrower is the surviving entity or the requirements of Section 6.05(o) are otherwise complied with;

(i) leases, assignments, licenses or subleases or sublicenses of any real or personal property in the ordinary course of business or consistent with past practice;

(j) Dispositions of inventory or Dispositions or abandonment of Intellectual Property of the Borrower and its Subsidiaries determined in good faith by the management of the Borrower to be no longer useful or necessary in the operation of the business of the Borrower or any of the Subsidiaries;

(k) acquisitions and purchases made with the proceeds of any Asset Sale pursuant to the first proviso of clause (a) of the definition of "Net Proceeds";

(l) the purchase and Disposition (including by capital contribution) of (i) Securitization Assets including pursuant to Permitted Securitization Financings and (ii) any other Securitization Assets subject to Liens securing Permitted Securitization Financing;

(m) to the extent constituting a Disposition, any termination, settlement, extinguishment or unwinding of obligations in respect of any Hedging Agreement;

(n) any exchange of assets for services and/or other assets used or useful in a Similar Business of comparable or greater value; provided, that the aggregate fair market value (as determined in good faith by the Borrower) of such exchanges of assets under this clause (n) shall not exceed in any fiscal year of the Borrower the greater of \$5,000,000 and 0.050 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period; provided, further, that (i) to the extent the consideration received consists of assets, at least 90% of the consideration received by the transferor consists of assets that will be used in a business or business activity permitted hereunder, (ii) in the event of a swap with a fair market value (as determined in good faith by the Borrower) in excess of \$500,000, the Administrative Agent shall have received a certificate from a Responsible Officer of the Borrower with respect to such fair market value and (iii) in the event of a swap with a fair market value (as determined in good faith by the Borrower) in excess of \$5,000,000, such exchange shall have been approved by at least a majority of the Board of Directors of Holdings or the Borrower; provided, further, that (A) no Default or Event of Default exists or would result therefrom, (B) the Net Proceeds, if any, thereof are applied in accordance with Section 2.11(b) to the extent required thereby and (C) with respect to any exchange of assets for services, immediately after giving effect thereto, the Borrower shall be in Pro Forma Compliance;

(o) if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing or would result therefrom, any Subsidiary or any other person may be merged, amalgamated or consolidated with or into the Borrower, provided that (A) the Borrower shall be the surviving entity or (B) if the surviving entity is not the Borrower (such other person, the "Successor Borrower"), (1) the Successor Borrower shall be an entity organized or existing under the laws of the United States, any state thereof or the District of Columbia, (2) the Successor Borrower shall expressly assume all the obligations of the Borrower under this Agreement and the other Loan Documents pursuant to a supplement hereto or thereto in form reasonably satisfactory to the Administrative Agent, (3) each Guarantor, unless it is the other party to such merger or consolidation, shall have by the Subsidiary Guarantee Agreement or a supplement thereto or a supplement to the Holdings Guarantee and Pledge Agreement, as applicable, confirmed that its guarantee thereunder shall apply to any Successor Borrower's obligations under this Agreement, (4) each Subsidiary Loan Party, unless it is the other party to such merger or consolidation, shall have by a supplement to any applicable Security Document affirmed that its

obligations thereunder shall apply to its guarantee as reaffirmed pursuant to clause (3), (5) each mortgagor of a Mortgaged Property, unless it is the other party to such merger or consolidation, shall have affirmed that its obligations under the applicable Mortgage shall apply to its guarantee as reaffirmed pursuant to clause (3) and (6) the Successor Borrower shall have delivered to the Administrative Agent (x) an officer's certificate stating that such merger or consolidation does not violate this Agreement or any other Loan Document and (y) if requested by the Administrative Agent, an opinion of counsel to the effect that such merger or consolidation does not violate this Agreement or any other Loan Document and covering such other matters as are contemplated by the Collateral and Guarantee Requirement to be covered in opinions of counsel (it being understood that if the foregoing are satisfied, the Successor Borrower will succeed to, and be substituted for, the Borrower under this Agreement); and

(p) Dispositions in connection with the exercise of any subscriptions, options, warrants, puts, calls or other rights or commitments pursuant to agreements set forth on Schedule 3.08(b).

Notwithstanding anything to the contrary contained in Section 6.05 above, no Disposition of assets under Section 6.05(d) and (g) shall be permitted unless (i) such Disposition is for fair market value (as determined in good faith by the Borrower), or if not for fair market value, the shortfall is permitted as an Investment under Section 6.04, and (ii) at least 75% of the proceeds of such Disposition (except to Loan Parties) consist of cash or Permitted Investments; provided, that the provisions of this clause (ii) shall not apply to any individual transaction or series of related transactions involving assets with a fair market value (as determined in good faith by the Borrower) of less than \$2,000,000 or to other transactions involving assets with a fair market value (as determined in good faith by the Borrower) of not more than the greater of \$5,000,000 and 0.050 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period in the aggregate for all such transactions during the term of this Agreement; provided, further, that for purposes of this clause (ii), each of the following shall be deemed to be cash: (a) the amount of any liabilities (as shown on the Borrower's or such Subsidiary's most recent balance sheet or in the notes thereto) that are assumed by the transferee of any such assets or are otherwise cancelled in connection with such transaction, (b) any notes or other obligations or other securities or assets received by the Borrower or such Subsidiary from the transferee that are converted by the Borrower or such Subsidiary into cash within 180 days after receipt thereof (to the extent of the cash received), (c) any Designated Non-Cash Consideration received by the Borrower or any of its Subsidiaries in such Disposition having an aggregate fair market value (as determined in good faith by the Borrower), taken together with all other Designated Non-Cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed the greater of \$1,000,000 and 0.010 times the EBITDAR calculated on a Pro Forma Basis for the Test Period ended immediately prior to the receipt of such Designated Non-Cash Consideration (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value), (d) the amount of Indebtedness of any Subsidiary that is no longer a Subsidiary as a result of such Asset Sale, to the extent that Holdings, the Borrower and each other Subsidiary are released from any guarantee of payment of such Indebtedness in connection with the Asset Sale and (e) consideration consisting of Indebtedness of the Borrower or a Subsidiary (other than Indebtedness that is subordinated in right of payment to the Loan Obligations) received from persons who are not Holdings, the Borrower or a Subsidiary in connection with the Asset Sale and that is cancelled.

For purposes of this Agreement, the fair market value of any assets acquired, leased, exchanged, Disposed of, sold, conveyed or transferred by the Borrower or any Subsidiary shall be determined in good faith by the Borrower and may be determined either, at the option of the Borrower, at the time of such acquisition, lease, exchange, Disposition, sale, conveyance or transfer, as applicable, or as of the date of the definitive agreement with respect to such acquisition, lease, exchange, Disposition, sale, conveyance or transfer, as applicable. Notwithstanding anything to the contrary in this Section 6.05, Borrower and its Subsidiaries shall not, directly or indirectly, sell or otherwise transfer any Intellectual Property that is material to the operations of Borrower and its Subsidiaries, taken as a whole, to any Unrestricted Subsidiary.

Section 6.06 Dividends and Distributions. Declare or pay any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of its Equity Interests (other than dividends and distributions on Equity Interests payable solely by the issuance of additional Equity Interests (other than Disqualified Stock) of the person paying such dividends or distributions) or directly or indirectly redeem, purchase, retire or otherwise acquire for value (or permit any Subsidiary to purchase or acquire) any of the Borrower's Equity Interests or set aside any amount for any such purpose (other than through the issuance of additional Equity Interests (other than Disqualified Stock) of the person redeeming, purchasing, retiring or acquiring such shares) (all of the foregoing, "Restricted Payments"); provided, however, that:

(a) Restricted Payments may be made to the Borrower or any Wholly Owned Subsidiary of the Borrower (or, in the case of non-Wholly Owned Subsidiaries, to the Borrower or any Subsidiary that is a direct or indirect parent of such Subsidiary and to each other owner of Equity Interests of such Subsidiary on a pro rata basis (or more favorable basis from the perspective of the Borrower or such Subsidiary) based on their relative ownership interests);

(b) Restricted Payments may be made in respect of (i) general corporate operating and overhead, legal, accounting and other professional fees and expenses of Holdings or any Parent Entity, (ii) fees and expenses related to any public offering or private placement of Equity Interests or Indebtedness of Holdings or any Parent Entity whether or not consummated, (iii) franchise and similar taxes, and other fees and expenses, in connection with the maintenance of its (or any Parent Entity's) existence and its (or any Parent Entity's indirect) ownership of the Borrower, (iv) payments permitted by Section 6.07(b) (other than Section 6.07(b)(vii)), (v) in respect of any taxable period for which the Borrower and/or any of its Subsidiaries are members of a consolidated, combined, affiliated, unitary or similar tax group for U.S. federal and/or applicable state, local or foreign tax purposes of which a direct or indirect parent of the Borrower is the common parent, or for which the Borrower is a disregarded entity for U.S. federal income tax purposes that is wholly owned (directly or indirectly) by a C corporation for U.S. federal and/or applicable state, local or foreign tax purposes, Restricted Payments to any direct or indirect parent of the Borrower in an amount not to exceed the amount of any U.S. federal, state, local and/or foreign income taxes that the Borrower and/or its applicable Subsidiaries, as applicable, would have paid for such taxable period had the Borrower and/or such Subsidiaries, as applicable, been a stand-alone corporate taxpayer or a stand-alone corporate group for all relevant taxable periods (without duplication, for the avoidance of doubt, of any amount of such taxes actually directly paid by the Borrower and/or any of its Subsidiaries to the relevant taxing authority, if any) and (vi) customary salary, bonus, severance and other benefits payable to, and indemnities provided on behalf of, officers, directors, employees and consultants of Holdings or any Parent Entity, in each case in order to permit Holdings or any Parent Entity to make such payments; provided, that in the case of subclauses (i) and (iii), the amount of such Restricted Payments shall not exceed the portion of any amounts referred to in such subclauses (i) and (iii) that are allocable to the Borrower and its Subsidiaries (which (x) shall be 100% at any time that, as the case may be, (1) Holdings owns no material assets other than the Equity Interests of the Borrower and assets incidental to such equity ownership or (2) any Parent Entity owns directly or indirectly no material assets other than Equity Interests of Holdings and any other Parent Entity and assets incidental to such equity ownership and (y) in all other cases shall be as determined in good faith by the Borrower);

(c) Restricted Payments may be made to Holdings, the proceeds of which are used to purchase or redeem the Equity Interests of Holdings or any Parent Entity (including related stock appreciation rights or similar securities) held by then present or former directors, consultants, officers or employees of any Parent Entity, Holdings, the Borrower or any of the Subsidiaries or by any Plan or any

shareholders' agreement then in effect upon such person's death, disability, retirement or termination of employment or under the terms of any such Plan or any other agreement under which such shares of stock or related rights were issued; provided, that the aggregate amount of such purchases or redemptions under this clause (c) shall not exceed in any fiscal year \$3,000,000 (which shall increase to \$5,000,000 subsequent to a Qualified IPO) (plus (x) the amount of net proceeds contributed to the Borrower that were (x) received by Holdings or any Parent Entity during such calendar year from sales of Equity Interests of Holdings or any Parent Entity to directors, consultants, officers or employees of Holdings, any Parent Entity, the Borrower or any Subsidiary in connection with permitted employee compensation and incentive arrangements; provided, that such proceeds are not included in any determination of the Cumulative Credit, and (y) the amount of net proceeds of any key-man life insurance policies received during such calendar year), which, if not used in any year, may be carried forward to any subsequent calendar year; and provided, further, that cancellation of Indebtedness owing to the Borrower or any Subsidiary from members of management of Holdings, any Parent Entity, the Borrower or its Subsidiaries in connection with a repurchase of Equity Interests of Holdings or any Parent Entity will not be deemed to constitute a Restricted Payment for purposes of this Section 6.06;

(d) any person may make non-cash repurchases of Equity Interests deemed to occur upon exercise of stock options if such Equity Interests represent a portion of the exercise price of such options;

(e) Restricted Payments may be made in an aggregate amount equal to a portion of the Cumulative Credit on the date of such election that the Borrower elects to apply to this Section 6.06(e), which such election shall (unless such Restricted Payment is made pursuant to clause (a) of the definition of "Cumulative Credit") be set forth in a written notice of a Responsible Officer of the Borrower, which notice shall set forth calculations in reasonable detail the amount of Cumulative Credit immediately prior to such election and the amount thereof elected to be so applied; provided, that no Default or Event of Default shall have occurred and be continuing;

(f) [reserved];

(g) Restricted Payments may be made to pay, or to allow Holdings or any Parent Entity to make payments, in cash, in lieu of the issuance of fractional shares, upon the exercise of warrants or upon the conversion or exchange of Equity Interests of any such person;

(h) after a Qualified IPO, Restricted Payments may be made to pay, or to allow Holdings or any Parent Entity to pay, dividends and make distributions to, or repurchase or redeem shares from, its equity holders in an amount per annum no greater than 6.0% of the Market Capitalization; provided, that no Event of Default shall have occurred and be continuing;

(i) Restricted Payments may be made to Holdings or any Parent Entity to finance any Investment that if made by the Borrower or any Subsidiary directly would be permitted to be made pursuant to Section 6.04; provided, that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment and (B) such parent shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Equity Interests) to be contributed to the Borrower or a Subsidiary or (2) the merger, consolidation or amalgamation (to the extent permitted in Section 6.05) of the person formed or acquired into the Borrower or a Subsidiary in order to consummate such Permitted Business Acquisition or Investment, in each case, in accordance with the requirements of Section 5.10;

(j) Restricted Payments may be made in an aggregate amount not to exceed the greater of \$10,000,000 and 0.100 times the EBITDAR calculated on a Pro Forma Basis for the Test Period ended immediately prior to the date of such Restricted Payment; provided, that no Event of Default shall have occurred and be continuing;

(k) [reserved];

(l) Restricted Payments may be made in an aggregate amount not to exceed the aggregate amount of Excluded Contributions;

(m) any consideration, payment, dividend, distribution or other transfer in connection with a Permitted Securitization Financing; and

(n) Restricted Payments may be made to the extent necessary to permit any applicable Parent Entity to make payments under the Tax Receivable Agreement (including, without limitation, any accelerated lump sum amount payable by reason of any early termination of such agreement or otherwise, all as set forth in the Tax Receivable Agreement); provided that an Early Termination Payment or a Divestiture Acceleration Payment (each as defined in the Tax Receivable Agreement) may be made in reliance on this clause (n) (x) only if such Restricted Payment is made on or after the first anniversary of the Closing Date and (y) only to the extent that after giving pro forma effect to such Restricted Payment, or portion thereof, Liquidity shall be no less than \$100,000,000.

Notwithstanding anything herein to the contrary, the foregoing provisions of Section 6.06 will not prohibit the payment of any Restricted Payment or the consummation of any redemption, purchase, defeasance or other payment within 60 days after the date of declaration thereof or the giving of notice, as applicable, if at the date of declaration or the giving of such notice such Restricted Payment or redemption, purchased, defeasance or other payment would have complied with the provisions of this Agreement.

The amount of any Restricted Payment made other than in the form of cash or cash equivalents shall be the fair market value thereof, which shall be determined in good faith by the Borrower and may be determined either, at the option of the Borrower, at the time of such Restricted Payment or as of the date of the definitive agreement with respect to such Restricted Payment.

For purposes of determining compliance with this covenant, (A) a Restricted Payment need not be permitted solely by reference to one category of permitted Restricted Payments (or any portion thereof) described in the above clauses but may be permitted in part under any combination thereof and (B) in the event that a Restricted Payment (or any portion thereof) meets the criteria of one or more of the categories of permitted Restricted Payments (or any portion thereof) described in the above clauses, the Borrower may, in its sole discretion, divide, classify or reclassify, or later divide, classify or reclassify, such permitted Restricted Payment (or any portion thereof) in any manner that complies with this covenant and at the time of division, classification or reclassification will be entitled to only include the amount and type of such Restricted Payment (or any portion thereof) in one of the categories of permitted Restricted Payments (or any portion thereof) described in the above clauses. Notwithstanding anything to the contrary in this Section 6.06, Borrower and its Subsidiaries shall not, directly or indirectly, sell or otherwise transfer any Intellectual Property that is material to the operations of Borrower and its Subsidiaries, taken as a whole, to any Unrestricted Subsidiary.

Section 6.07 Transactions with Affiliates. (a) Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transaction with, any of its Affiliates (other than the Borrower, Holdings, and the Subsidiaries or any person that becomes a Subsidiary as a result of such transaction) in a transaction (or series of related transactions) involving aggregate consideration in excess of \$5,000,000, unless such transaction is (i) otherwise permitted (or required) under this Agreement or (ii) upon terms that are substantially no less favorable, when taken as a whole, to the Borrower or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate, as determined by the Board of Directors of the Borrower or such Subsidiary in good faith.

(b) The foregoing clause (a) shall not prohibit, to the extent otherwise permitted under this Agreement,

(i) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, equity purchase agreements, stock options and stock ownership plans approved by the Board of Directors of Holdings (or any Parent Entity) or of the Borrower,

(ii) loans or advances to employees or consultants of Holdings (or any Parent Entity), the Borrower or any of the Subsidiaries in accordance with Section 6.04(e),

(iii) transactions among the Borrower or any Subsidiary or any entity that becomes a Subsidiary as a result of such transaction (including via merger, consolidation or amalgamation in which the Borrower or a Subsidiary is the surviving entity),

(iv) the payment of fees, reasonable out-of-pocket costs and indemnities and employment and severance arrangements provided to, or on behalf of or for the benefit of, directors, officers, consultants and employees of Holdings, any Parent Entity, the Borrower and the Subsidiaries in the ordinary course of business (limited, in the case of any Parent Entity, to the portion of such fees and expenses that are allocable to the Borrower and its Subsidiaries (which (x) shall be 100% for so long as Holdings or such Parent Entity, as the case may be, owns no assets other than the Equity Interests of the Borrower, Holdings or any Parent Entity and assets incidental to the ownership of the Borrower and its Subsidiaries and (y) in all other cases shall be as determined in good faith by management of the Borrower)),

(v) subject to the limitations set forth in Section 6.07(b)(xiv), if applicable, the Transactions and any transactions pursuant to the Transaction Documents and permitted transactions, agreements and arrangements in existence on the Closing Date and, to the extent involving aggregate consideration in excess of \$5,000,000, set forth on Schedule 6.07 or any amendment thereto or replacement thereof or similar arrangement to the extent such amendment, replacement or arrangement is not adverse to the Lenders in any material respect when taken as a whole (as determined by the Borrower in good faith),

(vi) (A) any employment agreements entered into by the Borrower or any of the Subsidiaries in the ordinary course of business, (B) any subscription agreement or similar agreement pertaining to the repurchase of Equity Interests pursuant to put/call rights or similar rights with employees, officers or directors, and (C) any employee compensation, benefit plan or arrangement, any health, disability or similar insurance plan which covers employees, and any reasonable employment contract and transactions pursuant thereto,

(vii) Restricted Payments permitted under Section 6.06, including payments to Holdings (and any Parent Entity), and Investments permitted under Section 6.04,

(viii) any purchase by Holdings of the Equity Interests of the Borrower; provided, that any Equity Interests of the Borrower purchased by Holdings (prior to a Qualified IPO of the Borrower) shall be pledged to the Collateral Agent (and deliver the relevant certificates or other instruments (if any) representing such Equity Interests to the Collateral Agent) on behalf of the Lenders to the extent required by the Holdings Guarantee and Pledge Agreement,

(ix) payments by the Borrower or any of the Subsidiaries to any Co-Investor made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments are approved by the majority of the Board of Directors of the Borrower in good faith,

(x) transactions for the purchase or sale of goods, equipment, products, parts and services (including property management and similar services) entered into in the ordinary course of business,

(xi) any transaction in respect of which the Borrower delivers to the Administrative Agent a letter addressed to the Board of Directors of the Borrower from an accounting, appraisal or investment banking firm, in each case of nationally recognized standing that is in the good faith determination of the Borrower qualified to render such letter, which letter states that (i) such transaction is on terms that are substantially no less favorable, when taken as a whole, to the Borrower or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate or (ii) such transaction is fair, when taken as a whole, to the Borrower or such Subsidiary, as applicable, from a financial point of view,

(xii) [reserved],

(xiii) transactions with joint ventures for the purchase or sale of goods, equipment, products, parts and services entered into in the ordinary course of business or consistent with past practice or industry norm,

(xiv) any agreement to pay, and the payment of, monitoring, consulting, management, transaction, advisory or similar fees payable to any Co-Investor (A) in an aggregate amount in any fiscal year not to exceed the sum of (1) the greater of \$2,500,000 and 0.025 times the EBITDAR calculated on a Pro Forma Basis for any such fiscal year, plus reasonable out of pocket costs and expenses in connection therewith in any fiscal year and unpaid amounts for any prior periods from and including the fiscal year in which the Closing Date occurs; plus (2) any deferred, accrued or other fees in respect of any fiscal years from and including the fiscal year in which the Closing Date occurs (to the extent such fees in the aggregate do not exceed the amounts described in clause (A)(1) above in respect of such fiscal years), plus (B) 2.0% of the value of transactions with respect to any Co-Investor provides any transaction, advisory or other services (including in connection with the Transactions), plus (C) so long as no Event of Default has occurred and is continuing, the present value of all future amounts payable pursuant to any agreement referred to in clause (A)(1) above in connection with the termination of such agreement with a Co-Investor; provided, that if any such payment pursuant to clause (C) is not permitted to be paid as a result of an Event of Default, such payment shall accrue and may be payable when no Events of Default are continuing to the extent that no further Event of Default would result therefrom,

(xv) the issuance, sale or transfer of Equity Interests of the Borrower or any Subsidiary to Holdings (or any Parent Entity) and capital contributions by Holdings (or any Parent Entity) to the Borrower or any Subsidiary,

(xvi) [reserved],

(xvii) payments by Holdings (or any Parent Entity), the Borrower and the Subsidiaries pursuant to a tax sharing agreement or arrangement (whether written or as a matter of practice) that complies with clause (v) of Section 6.06(b),

(xviii) transactions pursuant to any Permitted Securitization Financing,

(xix) payments, loans (or cancellation of loans) or advances to employees or consultants that are (i) approved by a majority of the Disinterested Directors of Holdings (or any Parent Entity) or the Borrower in good faith, (ii) made in compliance with applicable law and (iii) otherwise permitted under this Agreement,

(xx) transactions with customers, clients or suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business or consistent with past practice or industry norm otherwise in compliance with the terms of this Agreement that are fair to the Borrower or the Subsidiaries (in the good faith determination of the Borrower),

(xxi) transactions between the Borrower or any of the Subsidiaries and any person, a director of which is also a director of the Borrower or any direct or indirect parent company of the Borrower; provided, however, that (A) such director abstains from voting as a director of the Borrower or such direct or indirect parent company, as the case may be, on any matter involving such other person and (B) such person is not an Affiliate of the Borrower for any reason other than such director's acting in such capacity,

(xxii) transactions permitted by, and complying with, the provisions of Section 6.05,

(xxiii) intercompany transactions undertaken in good faith (as certified by a Responsible Officer of the Borrower) for the purpose of improving the consolidated tax efficiency of the Borrower and the Subsidiaries and not for the purpose of circumventing any covenant set forth herein, and

(xxiv) Investments by any Co-Investor in securities of the Borrower or any of the Subsidiaries so long as (A) the Investment is being offered generally to other investors on the same or more favorable terms and (B) the Investment constitutes less than 5.0% of the outstanding issue amount of such class of securities.

Notwithstanding the foregoing, the Fund, any portfolio company that is an Affiliate of the Fund or a Fund Affiliate shall not be considered an Affiliate of the Borrower or its Subsidiaries with respect to any transaction, so long as such transaction is in the ordinary course of business and does not involve the disposition of any material assets not otherwise permitted by Section 6.05.

Section 6.08 Business of the Borrower and the Subsidiaries. Notwithstanding any other provisions hereof, engage at any time to any material respect in any business or business activity substantially different from any business or business activity conducted by any of them on the Closing Date or any Similar Business, and in the case of a Special Purpose Securitization Subsidiary, Permitted Securitization Financings.

Section 6.09 Limitation on Payments and Modifications of Indebtedness; Modifications of Certificate of Incorporation, By-Laws and Certain Other Agreements; etc. (a) Amend or modify in any manner materially adverse to the Lenders when taken as a whole (as determined in good faith by the Borrower), or grant any waiver or release under or terminate in any manner (if such granting or termination shall be materially adverse to the Lenders when taken as a whole (as determined in good faith by the Borrower)), the articles or certificate of incorporation, by-laws, limited liability company operating agreement, partnership agreement or other organizational documents of the Borrower or any of the Subsidiary Loan Parties; provided that any revocation or modification or purported revocation or modification of the consent by the Borrower's Board of Directors (which such consent was contained in the unanimous written consent of the Borrower's Board of Directors delivered pursuant to Section 4.02(c)(iv)) to the transfer of the Equity Interests of the Borrower to the Collateral Agent or its designee, in each case, in accordance with the Loan Documents, if and to the extent required thereby, shall be deemed materially adverse to the Lenders.

(b) (i) Make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of, or in respect of, principal of or interest on any Junior Financing, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination in respect of any Junior Financing, except for:

(A) Refinancings with any Indebtedness permitted to be incurred under Section 6.01 (other than a Refinancing utilizing proceeds from Loans hereunder);

(B) payments of regularly-scheduled interest and fees due thereunder, other non-principal payments thereunder, any mandatory prepayments of principal, interest and fees thereunder, scheduled payments thereon necessary to avoid the Junior Financing from constituting "applicable high yield discount obligations" within the meaning of Section 163(i)(1) of the Code, and, to the extent this Agreement is then in effect, principal on the scheduled maturity date of any Junior Financing;

(C) payments or distributions in respect of all or any portion of the Junior Financing with the proceeds contributed to the Borrower by Holdings from the issuance, sale or exchange by Holdings (or any Parent Entity) of Equity Interests that are not Permitted Cure Securities applied pursuant to section 7.02 or Disqualified Stock made within eighteen months prior thereto; provided, that such proceeds are not included in any determination of the Cumulative Credit;

(D) the conversion of any Junior Financing to Equity Interests of the Borrower, Holdings or any Parent Entity;

(E) so long as no Event of Default has occurred and is continuing, payments or distributions in respect of Junior Financings prior to any scheduled maturity made, in an aggregate amount, not to exceed a portion of the Cumulative Credit on the date of such election that the Borrower elects to apply to this Section 6.09(b)(i)(E), which such election shall (unless such payment or distribution is made pursuant to clause (a) of the definition of "Cumulative Credit") be set forth in a written notice of a Responsible Officer thereof, which notice shall set forth calculations in reasonable detail of the amount of Cumulative Credit immediately prior to such election and the amount thereof elected to be so applied; or

(F) payments and distributions in an aggregate amount (valued at the time of the making thereof, and without giving effect to any subsequent change in value) not to exceed the greater of \$5,000,000 and 0.050 times the EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period; provided, that no Event of Default shall have occurred and be continuing; or

(ii) Amend, waive or modify, or permit the amendment, waiver or modification of, any provision of the CARES Act Loan Agreement, the CARES Act Pledge and Security Agreement or any Junior Financing that constitutes Material Indebtedness, or any agreement, document or instrument evidencing or relating thereto, other than amendments, waivers or modifications that (A) are not materially adverse to Lenders when taken as a whole (as determined in good faith by the Borrower) and that do not affect the subordination or payment provisions thereof (if any) in a manner adverse to the Lenders when taken as a whole (as determined in good faith by the Borrower) or (B) otherwise comply with the definition of "Permitted Refinancing Indebtedness."

(c) Permit any Material Subsidiary to enter into any agreement or instrument that by its terms restricts (i) the payment of dividends or distributions or the making of cash advances to the Borrower or any Subsidiary that is a direct or indirect parent of such Subsidiary or (ii) the granting of Liens by the Borrower or such Material Subsidiary that is a Loan Party pursuant to the Security Documents, in each case other than those arising under any Loan Document, except, in each case, restrictions existing by reason of:

(A) restrictions imposed by applicable law;

(B) contractual encumbrances or restrictions in effect on the Closing Date, including under Indebtedness existing on the Closing Date and set forth on Schedule 6.01, or any agreements related to any Permitted Refinancing Indebtedness in respect of any such Indebtedness and, in each case, any similar contractual encumbrances or restrictions and any amendment, modification, supplement, replacement or refinancing of such agreements or instruments that does not materially expand the scope of any such encumbrance or restriction (as determined in good faith by the Borrower);

(C) any restriction on a Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of the Equity Interests or assets of a Subsidiary pending the closing of such sale or disposition;

(D) customary provisions in joint venture agreements and other similar agreements applicable to joint ventures entered into in the ordinary course of business or consistent with past practice or industry norm;

(E) any restrictions imposed by any agreement relating to secured Indebtedness permitted by this Agreement to the extent that such restrictions apply only to the property or assets securing such Indebtedness;

(F) any restrictions imposed by any agreement relating to Indebtedness incurred pursuant to Section 6.01 or Permitted Refinancing Indebtedness in respect thereof, to the extent such restrictions are not materially more restrictive, taken as a whole, than the restrictions contained in this Agreement or are market terms at the time of issuance (in each case as determined in good faith by the Borrower);

(G) customary provisions contained in leases or licenses of Intellectual Property and other similar agreements entered into in the ordinary course of business or consistent with past practice;

- (H) customary provisions restricting subletting or assignment (including any change of control deemed an assignment) of any lease governing a leasehold interest;
- (I) customary provisions restricting assignment of any agreement entered into in the ordinary course of business;
- (J) customary restrictions and conditions contained in any agreement relating to the sale, transfer, lease or other disposition of any asset permitted under Section 6.05 pending the consummation of such sale, transfer, lease or other disposition;
- (K) customary restrictions and conditions contained in the document relating to any Lien, so long as (1) such Lien is a Permitted Lien and such restrictions or conditions relate only to the specific asset subject to such Lien, and (2) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this Section 6.09;
- (L) customary net worth provisions imposed by suppliers, customers or landlords of Real Property under contracts entered into in the ordinary course of business or consistent with past practice or industry norm or customary restrictions on cash or other deposits or net worth arising in connection with any Liens permitted under Section 6.02 so long as the Borrower has determined in good faith that such net worth provisions would not reasonably be expected to impair the ability of the Borrower and its Subsidiaries to meet their ongoing obligations under the Loan Documents;
- (M) any agreement in effect at the time such subsidiary becomes a Subsidiary, so long as such agreement was not entered into in contemplation of such person becoming a Subsidiary;
- (N) restrictions in agreements representing Indebtedness permitted under Section 6.01 of a Subsidiary of the Borrower that is not a Subsidiary Loan Party;
- (O) customary restrictions contained in leases, subleases, licenses or Equity Interests or asset sale agreements otherwise permitted hereby as long as such restrictions relate to the Equity Interests and assets subject thereto;
- (P) restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business;
- (Q) restrictions contained in any Permitted Securitization Document with respect to any Special Purpose Securitization Subsidiary; and
- (R) any encumbrances or restrictions of the type referred to in Section 6.09(c)(i) and 6.09(c)(ii) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of or similar arrangements to the contracts, instruments or obligations referred to in clauses (A) through (Q) above; provided, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements, refinancings or similar arrangements are, in the good faith judgment of the Borrower, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions as contemplated by such provisions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement, refinancing or similar arrangement.

Section 6.10 Fiscal Year. In the case of the Borrower, permit any change to its fiscal year without prior notice to the Administrative Agent, in which case, the Borrower and the Administrative Agent will, and are hereby authorized by the Lenders to, make any adjustments to this Agreement that are necessary to reflect such change in fiscal year.

Section 6.11 Financial Covenants.

(a) Minimum EBITDAR. Permit EBITDAR for any Test Period (beginning with the Test Period ending on September 30, 2021) to be less than as set forth in the table below, and \$87,700,000 thereafter.

<u>Quarter Ended:</u>	<u>9/30/21</u>	<u>12/31/21</u>	<u>3/31/22</u>	<u>6/30/22</u>
Minimum EBITDAR:	\$62,100,000	\$78,100,000	\$87,700,000	\$87,700,000

(b) Liquidity. Permit the aggregate amount of Liquidity at the close of any Business Day to be less than \$30,000,000.

ARTICLE VIA

Holdings Negative Covenants

Holdings (prior to a Qualified IPO) hereby covenants and agrees with each Lender that, from and after the Closing Date and until the Termination Date, unless the Required Lenders shall otherwise consent in writing, (a) Holdings will not create, incur, assume or permit to exist any Lien other than (i) Liens created under the Loan Documents and (ii) Liens not prohibited by Section 6.02 on any of the Equity Interests issued by the Borrower held by Holdings and (b) Holdings shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence; provided, that so long as no Default has occurred and is continuing or would result therefrom, Holdings may merge with any other person (and if it is not the survivor of such merger, the survivor shall assume Holdings' obligations, as applicable, under the Loan Documents).

ARTICLE VII

Events of Default

Section 7.01 Events of Default. In case of the happening of any of the following events (each, an "Event of Default"):

(a) any representation or warranty made or deemed made by Holdings, the Borrower or any Subsidiary Loan Party herein or in any other Loan Document or any certificate or document delivered pursuant hereto or thereto shall prove to have been false or misleading in any material respect when so made or deemed made and such false or misleading representation or warranty (if curable) shall remain false or misleading for a period of 30 days after the earlier of notice thereof from the Administrative Agent to the Borrower or any Responsible Officer of Holdings (prior to a Qualified IPO) or the Borrower obtaining actual knowledge thereof;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or the reimbursement with respect to any L/C Disbursement or in the payment of any Fee or any other amount (other than an amount referred to in clause (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five Business Days;

(d) default shall be made in the due observance or performance by the Borrower of any covenant, condition or agreement contained in Section 2.05(e), 5.01(a), 5.05(a) or 5.08 or in Article VI; provided, that any breach of a Financial Covenant shall not, by itself, constitute an Event of Default under any Term Facility and the Term Loans may not be accelerated as a result thereof unless there are Revolving Facility Loans outstanding that have been accelerated by the Required Revolving Facility Lenders pursuant to the penultimate sentence of this Section 7.01 as a result of such breach of a Financial Covenant;

(e) default shall be made in the due observance or performance by Holdings (prior to a Qualified IPO of the Borrower) of Article VIA or by the Borrower or any of the Subsidiary Loan Parties of any covenant, condition or agreement contained in (i) Section 5.11 and such default shall continue unremedied for a period of seven (7) days or (ii) any Loan Document (other than those specified in clauses (b), (c) and (d) above) and such default shall continue unremedied for a period of 30 days (or 60 days if such default results solely from the failure of a Subsidiary that is not a Loan Party to duly observe or perform any such covenant, condition or agreement), in each case, after the earlier of notice thereof from the Administrative Agent to the Borrower or any Responsible Officer of Holdings (prior to a Qualified IPO) or the Borrower obtaining actual knowledge thereof;

(f) (i) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity (other than, for the avoidance of doubt, Material Indebtedness with respect to Permitted Securitization Financings) or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; or (ii) the Borrower or any of the Subsidiaries shall fail to pay the principal of any Material Indebtedness at the stated final maturity thereof; provided, that this clause (f) shall not apply to any secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness;

(g) there shall have occurred a Change in Control;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Holdings, the Borrower or any of the Material Subsidiaries, or of a substantial part of the property or assets of Holdings, the Borrower or any Material Subsidiary, under the U.S. Bankruptcy Code, as now constituted or hereafter amended, or any other Debtor Relief Law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of Holdings, the Borrower or any of the Material Subsidiaries or (iii) the winding-up or liquidation of Holdings, the Borrower or any Material Subsidiary (except in a transaction permitted hereunder); and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Holdings, the Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under the U.S. Bankruptcy Code, as now constituted or hereafter amended, or any other Debtor Relief Law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (h) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of Holdings, the Borrower or any Material Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable or admit in writing its inability or fail generally to pay its debts as they become due;

(j) the failure by the Borrower or any Material Subsidiary to pay one or more final judgments aggregating in excess of \$5,000,000 (to the extent not covered by insurance), which judgments are not discharged or effectively waived or stayed for a period of 45 consecutive days, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the Borrower or any Material Subsidiary to enforce any such judgment;

(k) (i) an ERISA Event shall have occurred, (ii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans, (iii) the Borrower or any Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is being terminated, within the meaning of Title IV of ERISA, or (iv) the Borrower or any Subsidiary shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan; and in each case in clauses (i) through (iv) above, such event or condition, together with all other such events or conditions, if any, would reasonably be expected to have a Material Adverse Effect; or

(l) (i) any Loan Document shall for any reason be asserted in writing by Holdings (prior to a Qualified IPO of the Borrower), the Borrower or any Subsidiary Loan Party not to be a legal, valid and binding obligation of any party thereto (other than in accordance with its terms), (ii) any security interest purported to be created by any Security Document and to extend to assets that constitute a material portion of the Collateral shall cease to be, or shall be asserted in writing by the Borrower or any other Loan Party not to be (other than, in each case, in accordance with its terms), a valid and perfected security interest (perfected as or having the priority required by this Agreement or the relevant Security Document and subject to such limitations and restrictions as are set forth herein) in the securities, assets or properties covered thereby, except to the extent that any such loss of perfection or priority results from the limitations of foreign laws, rules and regulations as they apply to pledges of Equity Interests of Foreign Subsidiaries or the application thereof, or from the failure of the Collateral Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Collateral Agreement or to file Uniform Commercial Code continuation statements and except to the extent that such loss is covered by a lender's title insurance policy and the Administrative Agent shall be reasonably satisfied with the credit of such insurer, or (iii) a material portion of the Guarantees pursuant to the Security Documents by Holdings (prior to a Qualified IPO of the Borrower) or the Subsidiary Loan Parties guaranteeing the Obligations shall cease to be in full force and effect (other than in accordance with the terms thereof), or shall be asserted in writing by Holdings (prior to a Qualified IPO of the Borrower) or any Subsidiary Loan Party not to be in effect or not to be legal, valid and binding obligations (other than in accordance with the terms thereof); provided, that no Event of Default shall occur under this Section 7.01(l) if the Loan Parties cooperate with the Collateral Agent to replace or perfect such security interest and Lien, such security interest and Lien is replaced and the rights, powers and privileges of the Secured Parties are not materially adversely affected by such replacement;

then, and in every such event (other than (x) an event with respect to the Borrower described in clause (h) or (i) above and (y) an event described in clause (d) above arising with respect to a failure to comply with a Financial Covenant, unless the conditions of the first proviso contained in clause (d) above have been satisfied), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the Borrower, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments, (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding and (iii) if the Loans have been declared due and payable pursuant to clause (ii) above, demand Cash Collateral pursuant to Section 2.05(j); and in any event with respect to the Borrower described in clause (h) or (i) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall automatically become due and payable and the Administrative Agent shall be deemed to have made a demand for Cash Collateral to the full extent permitted under Section 2.05(j), without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding. In the case of an Event of Default under clause (d) above arising with respect to a failure to comply with a Financial Covenant, unless the conditions of the first proviso contained in clause (d) above have been satisfied, and at any time thereafter during the continuance of such event, subject to Section 7.03, the Administrative Agent, at the request of the Required Revolving Facility Lenders, shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate forthwith the Revolving Facility Commitments and (ii) declare the Revolving Facility Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Revolving Facility Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder with respect to such Revolving Facility Loans, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding.

For purposes of clauses (h), (i) and (j) of this Section 7.01, "Material Subsidiary" (1) shall mean any Subsidiary that would not be an Immaterial Subsidiary under clause (a) of the definition thereof and (2) shall exclude any Special Purpose Securitization Subsidiary.

Section 7.02 Treatment of Certain Payments. Subject to the terms of any applicable Intercreditor Agreement, any amount received by the Administrative Agent or the Collateral Agent from any Loan Party (or from proceeds of any Collateral) following any acceleration of the Obligations under this Agreement or any Event of Default with respect to the Borrower under Section 7.01(h) or (i), in each case that is continuing, shall be applied: (i) first, ratably, to pay any fees, indemnities or expense reimbursements then due to the Administrative Agent or the Collateral Agent from the Borrower (other than in connection with any Secured Cash Management Agreement or Secured Hedge Agreement), (ii) second, towards payment of interest and fees then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, (iii) third, towards payment of principal of Swingline Loans and unreimbursed L/C Disbursements then due from the Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of

principal and unreimbursed L/C Disbursements then due to such parties, (iv) fourth, towards payment of other Obligations (including Obligations of the Loan Parties owing under or in respect of any Secured Cash Management Agreement or Secured Hedge Agreement) then due from the Borrower or any Loan Party, ratably among the parties entitled thereto in accordance with the amounts of such Obligations then due to such parties and (v) last, the balance, if any, after all of the Obligations have been paid in full, to the Borrower or as otherwise required by Requirement of Law.

Section 7.03 Right to Cure. Notwithstanding anything to the contrary contained in Section 7.01, in the event that the Borrower fails (or, but for the operation of this Section 7.03, would fail) to comply with (a) the requirements of the Financial Covenant set forth in Section 6.11(a), from the last day of the applicable fiscal quarter until the expiration of the 10th Business Day subsequent to the date the certificate calculating such Financial Covenant is required to be delivered pursuant to Section 5.04(c), Holdings, the Borrower and any Parent Entity shall have the right to issue Permitted Cure Securities for cash or otherwise receive cash contributions to the capital of such entities, and in each case, to contribute any such cash to the capital of the Borrower (collectively, the "Cure Right"), and upon the receipt by the Borrower of such cash (the "Cure Amount"), pursuant to the exercise of the Cure Right, such Financial Covenant shall be recalculated giving effect to a pro forma adjustment by which EBITDAR shall be increased with respect to such applicable quarter and any four-quarter period that contains such quarter (and, for the avoidance of doubt, no effect shall be given to any pro forma reduction to Indebtedness for such applicable quarter resulting from the repayment thereof with the proceeds of such Permitted Cure Securities or other cash contributions comprising such Cure Amount), solely for the purpose of measuring such Financial Covenant and not for any other purpose under this Agreement, by an amount equal to the Cure Amount or (b) the requirements of the Financial Covenant set forth in Section 6.11(b), from the last day of compliance with such Financial Covenant until the expiration of the 10th Business Day subsequent to such date, Holdings, the Borrower and any Parent Entity shall have a Cure Right, and upon the receipt by the Borrower of the Cure Amount, pursuant to the exercise of the Cure Right, such Financial Covenant shall be recalculated giving effect to a pro forma adjustment by which Liquidity shall be increased with respect to the first date of non-compliance and each subsequent date of non-compliance prior to the exercise of the Cure Right, solely for the purpose of measuring such Financial Covenant and not for any other purpose under this Agreement, by an amount equal to the Cure Amount; provided, that (i) in each four consecutive fiscal quarter period there shall be at least two fiscal quarters in which a Cure Right is not exercised, (ii) a Cure Right shall not be exercised more than five times during the term of the Revolving Facility, (iii) for purposes of this Section 7.03, the Cure Amount shall be no greater than the amount required for purposes of complying with the applicable Financial Covenant and (iv) there shall be no pro forma reduction in Indebtedness with the proceeds of the exercise of the Cure Right for determining compliance with the applicable Financial Covenant for the fiscal quarter in respect of which such Cure Right is exercised (either directly through prepayment or indirectly as a result of the netting of unrestricted cash). If, after giving effect to the adjustments in this Section 7.03, the Borrower shall then be in compliance with the requirements of the applicable Financial Covenant, the Borrower shall be deemed to have satisfied the requirements of the applicable Financial Covenant as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of such Financial Covenant that had occurred shall be deemed cured for the purposes of this Agreement. Notwithstanding any provision to the contrary in this Agreement or any other Loan Document, upon the commencement of any ten-Business-Day period described in this Section 7.03 during which a Cure Right may be exercised, and until the applicable Cure Amount is received by the Borrower, all obligations of the Lenders (including the Swingline Lender) to make Loans and of the Issuing Banks to issue, amend, extend or renew Letters of Credit or increase the stated amounts of Letters of Credit hereunder shall be suspended, and no Loan Party shall make any request in respect of any Credit Event during any such ten-Business-Day period.

ARTICLE VIII

The Agents

Section 8.01 Appointment. (a) Each Lender (in its capacities as a Lender and the Swingline Lender (if applicable) and on behalf of itself and its Affiliates as potential counterparties to Secured Cash Management Agreements and Secured Hedge Agreements) and each Issuing Bank (in such capacities and on behalf of itself and its Affiliates as potential counterparties to Secured Cash Management Agreements and Secured Hedge Agreements) hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, including as the Collateral Agent for such Lender and the other Secured Parties under the Security Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. In addition, to the extent required under the laws of any jurisdiction other than the United States of America, each of the Lenders and the Issuing Banks hereby grants to the Administrative Agent any required powers of attorney to execute any Security Document governed by the laws of such jurisdiction on such Lender's or Issuing Bank's behalf. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

(b) In furtherance of the foregoing, each Lender (in its capacities as a Lender and the Swingline Lender (if applicable) and on behalf of itself and its Affiliates as potential counterparties to Secured Cash Management Agreements or Secured Hedge Agreements) and each Issuing Bank (in such capacities and on behalf of itself and its Affiliates as potential counterparties to Secured Cash Management Agreements and Secured Hedge Agreements) hereby appoints and authorizes the Collateral Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Collateral Agent (and any Subagents appointed by the Collateral Agent pursuant to Section 8.02 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights or remedies thereunder at the direction of the Collateral Agent) shall be entitled to the benefits of this Article VIII (including, without limitation, Section 8.07) as though the Collateral Agent (and any such Subagents) were an "Agent" under the Loan Documents, as if set forth in full herein with respect thereto.

Section 8.02 Delegation of Duties. The Administrative Agent and the Collateral Agent may execute any of their respective duties under this Agreement and the other Loan Documents (including for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof)) by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care. Each Agent may also from time to time, when it deems it to be necessary or desirable, appoint one or more trustees, co-trustees, collateral co-agents, collateral subagents or attorneys-in-fact (each, a "Subagent") with respect to all or any part of the Collateral; provided, that no such Subagent shall be authorized to take any action with respect to any Collateral unless and except to the extent expressly authorized in writing by the Administrative Agent or the Collateral Agent. Should any instrument in writing from the Borrower or any other Loan Party be required by any Subagent so appointed by an Agent to more fully or certainly vest in and confirm to such Subagent such rights, powers, privileges and duties, the Borrower shall, or shall cause such Loan Party

to, execute, acknowledge and deliver any and all such instruments promptly upon request by such Agent. If any Subagent, or successor thereto, shall become incapable of acting, resign or be removed, all rights, powers, privileges and duties of such Subagent, to the extent permitted by law, shall automatically vest in and be exercised by the Administrative Agent or the Collateral Agent until the appointment of a new Subagent. No Agent shall be responsible for the negligence or misconduct of any agent, attorney-in-fact or Subagent that it selects with reasonable care.

Section 8.03 Exculpatory Provisions. None of the Agents, or their respective Affiliates or any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such person's own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by any Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. No Agent shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party. No Agent shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, (a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing, and (b) no Agent shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by such Agent or any of its Affiliates in any capacity. The Agents shall be deemed not to have knowledge of any Default or Event of Default unless and until written notice describing such Default or Event of Default is given to the Administrative Agent by the Borrower, a Lender or an Issuing Bank. No Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Security Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. No Cash Management Bank or Hedge Bank that obtains the benefits of Section 7.02, any Guarantee or any Collateral by virtue of the provisions hereof or of any Guarantee or any Security Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be.

Section 8.04 Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) or conversation believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to any Credit Event, that by its terms must be fulfilled to the satisfaction of a Lender or any Issuing Bank, each Agent may presume that such condition is satisfactory to such Lender or Issuing Bank unless such Agent shall have received notice to the contrary from such Lender or Issuing Bank prior to such Credit Event. Each Agent may consult with legal counsel (including counsel to Holdings or the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. Each Agent shall treat the Lender specified in the Register with respect to any amount owing hereunder as the owner thereof for all purposes, notwithstanding any notice to the contrary. Each Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all or other Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all or other Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

Section 8.05 Notice of Default. Neither Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless such Agent has received written notice from a Lender, Holdings or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all or other Lenders); provided, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

Section 8.06 Non-Reliance on Agents and Other Lenders. Each Lender and Issuing Bank expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender and Issuing Bank represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into the business, operations, property, financial and other condition and creditworthiness of, the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder,

the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

Section 8.07 Indemnification. The Lenders agree to indemnify each Agent and the Revolving Facility Lenders agree to indemnify each Issuing Bank and Swingline Lender, in each case, in its capacity as such (to the extent not reimbursed by Holdings or the Borrower and without limiting the obligation of Holdings or the Borrower to do so), in the amount of its pro rata share (based on its aggregate Revolving Facility Credit Exposure and, in the case of the indemnification of each Agent, outstanding Term Loans and unused Commitments hereunder; provided, that the aggregate principal amount of Swingline Loans owing to the Swingline Lender and of L/C Disbursements owing to any Issuing Bank shall be considered to be owed to the Revolving Facility Lenders ratably in accordance with their respective Revolving Facility Credit Exposure) (determined at the time such indemnity is sought), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent or such Issuing Bank or Swingline Lender in any way relating to or arising out of the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent, Issuing Bank or Swingline Lender under or in connection with any of the foregoing; provided, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's, Issuing Bank's or Swingline Lender's gross negligence or willful misconduct. The failure of any Lender to reimburse any Agent, Issuing Bank or Swingline Lender, as the case may be, promptly upon demand for its ratable share of any amount required to be paid by the Lenders to such Agent, Issuing Bank or Swingline Lender, as the case may be, as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse such Agent, Issuing Bank or Swingline Lender, as the case may be, for its ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse such Agent, Issuing Bank or Swingline Lender, as the case may be, for such other Lender's ratable share of such amount. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

Section 8.08 Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from, and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued, or Letter of Credit or Swingline Loan participated in, by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

Section 8.09 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent and Collateral Agent upon 10 days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent and Collateral Agent under this Agreement and the other Loan Documents, then the Borrower shall have the right, subject to the reasonable consent of the Required Lenders (so long as no Event of Default under Section 7.01(b), (c), (h) or (i) shall have occurred and be continuing, in which case the Required Lenders shall have the right), to appoint a successor which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent and Collateral Agent, and the term "Administrative Agent" shall mean such successor

agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 10 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective (except in the case of the Collateral Agent holding collateral security on behalf of such Secured Parties, the retiring Collateral Agent shall continue to hold such collateral security as nominee until such time as a successor Collateral Agent is appointed), and the Lenders shall assume and perform all of the duties of the Administrative Agent and Collateral Agent hereunder until such time, if any, as the Borrower (or the Required Lenders) appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 8.09 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

Section 8.10 Arrangers. Notwithstanding any other provision of this Agreement or any provision of any other Loan Document, each of the persons named on the cover page hereof as Joint Lead Arranger is named as such for recognition purposes only, and in its capacity as such shall have no rights, duties, responsibilities or liabilities with respect to this Agreement or any other Loan Document, except that each such person and its Affiliates shall be entitled to the rights expressly stated to be applicable to them in Sections 9.05 and 9.17 (subject to the applicable obligations and limitations as set forth therein).

Section 8.11 Security Documents and Collateral Agent. The Lenders and the other Secured Parties authorize the Collateral Agent to release any Collateral or Guarantors in accordance with Section 9.18 or if approved, authorized or ratified in accordance with Section 9.08.

The Lenders and the other Secured Parties hereby irrevocably authorize the Collateral Agent to, without any further consent of any Lender or any other Secured Party, enter into (or acknowledge and consent to) or amend, renew, extend, supplement, restate, replace, waive or otherwise modify any Permitted Pari Passu Intercreditor Agreement, any Permitted Junior Intercreditor Agreement, any other Permitted Junior Intercreditor Agreement, any other Permitted Pari Passu Intercreditor Agreement or any other intercreditor agreement with the collateral agent or other representatives of the holders of Indebtedness that is to be secured by a Lien on the Collateral that is contemplated and permitted (including with respect to priority) under this Agreement and to subject the Liens on the Collateral securing the Obligations to the provisions thereof (any of the foregoing, an "Intercreditor Agreement"). The Lenders and the other Secured Parties irrevocably agree that (x) the Collateral Agent may rely exclusively on a certificate of a Responsible Officer of the Borrower as to whether any such other Liens are permitted and (y) any Intercreditor Agreement entered into by the Collateral Agent shall be binding on the Secured Parties, and each Lender and the other Secured Parties hereby agrees that it will take no actions contrary to the provisions of, if entered into and if applicable, any Intercreditor Agreement. The foregoing provisions are intended as an inducement to any provider of any Indebtedness not prohibited by Section 6.01 hereof to extend credit to the Loan Parties and such persons are intended third-party beneficiaries of such provisions. Furthermore, the Lenders and the other Secured Parties hereby authorize the Administrative Agent and the Collateral Agent to release any Lien on any property granted to or held by the Administrative Agent or the Collateral Agent under any Loan Document (i) to the holder of any Lien on such property that is permitted by clauses (i), (j), (aa) or (mm) of Section 6.02 or Section 6.02(a) (if the Liens thereunder are of a type that is contemplated by any of the foregoing clauses) in each case to the extent the contract or agreement pursuant to which such Lien is granted prohibits any other Liens on such property or (ii) that is or becomes Excluded Property; and the Administrative Agent and the Collateral Agent shall do so upon request of the Borrower; provided, that prior to any such request, the Borrower shall have in each case delivered to the Administrative Agent a certificate of a Responsible Officer of the Borrower certifying (x) that such Lien is permitted under this Agreement, (y) in the case of a request pursuant to clause (i) of this sentence, that the contract or agreement pursuant to which such Lien is granted prohibits any other Lien on such property and (z) in the case of a request pursuant to clause (ii) of this sentence, that (A) such property is or has become Excluded Property and (B) if such property has become Excluded Property as a result of a contractual restriction, such restriction does not violate Section 6.09(c).

Section 8.12 Right to Realize on Collateral and Enforce Guarantees. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, (i) the Administrative Agent (irrespective of whether the principal of any Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise (A) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of any or all of the Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Banks and the Administrative Agent and any Subagents allowed in such judicial proceeding, and (B) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same, and (ii) any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and Issuing Bank to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Banks, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under the Loan Documents. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or Issuing Bank or to authorize the Administrative Agent to vote in respect of the claim of any Lender or Issuing Bank in any such proceeding.

Anything contained in any of the Loan Documents to the contrary notwithstanding, the Borrower, the Administrative Agent, the Collateral Agent and each Secured Party hereby agree that (a) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce the Guarantee, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent, on behalf of the Secured Parties in accordance with the terms hereof and all powers, rights and remedies under the Security Documents may be exercised solely by the Collateral Agent, and (b) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Collateral Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Collateral Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Collateral Agent at such sale or other Disposition.

Section 8.13 Withholding Tax. To the extent required by any applicable Requirement of Law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding Tax. If the IRS or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold Tax from amounts paid to or for the account of any Lender for any reason (including because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding Tax ineffective), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by any applicable Loan Party and without limiting the obligation of any applicable Loan Party

to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as Tax or otherwise, including penalties, fines, additions to Tax and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses, whether or not such Tax was correctly or legally imposed or asserted. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement, any other Loan Document or otherwise, against any amount due to the Administrative Agent under this Section 8.13. For the avoidance of doubt, for purposes of this Section 8.13, the term “Lender” includes any Issuing Bank and any Swingline Lender.

Section 8.14 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such person became a Lender party hereto, to, and (y) covenants, from the date such person became a Lender party hereto to the date such person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such person became a Lender party hereto, to, and (y) covenants, from the date such person became a Lender party hereto to the date such person ceases being a Lender party

hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

ARTICLE IX

Miscellaneous

Section 9.01 Notices; Communications. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 9.01(b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by electronic means as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to any Loan Party, the Administrative Agent or the Issuing Banks as of the Closing Date or the Swingline Lender to the address, electronic mail address or telephone number specified for such person on Schedule 9.01; and

(ii) if to any other Lender or any other Issuing Bank, to the address, electronic mail address or telephone number specified in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders and the Issuing Banks hereunder may be delivered or furnished by electronic communication (including e mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent. The Administrative Agent or the Borrower may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by them, provided that approval of such procedures may be limited to particular notices or communications.

(c) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices delivered through electronic communications to the extent provided in Section 9.01(b) above shall be effective as provided in such Section 9.01(b).

(d) Any party hereto may change its address for notices and other communications hereunder by notice to the other parties hereto.

(e) Documents required to be delivered pursuant to Section 5.04 may be delivered electronically (including as set forth in Section 9.17) and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 9.01, or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender entitled to access thereto and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided, that the Borrower shall notify the Administrative Agent (by electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Except for such certificates required by Section 5.04(c), the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Section 9.02 Survival of Agreement. All covenants, agreements, representations and warranties made by the Loan Parties herein, in the other Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and each Issuing Bank and shall survive the making by the Lenders of the Loans and the execution and delivery of the Loan Documents and the issuance of the Letters of Credit, regardless of any investigation made by such persons or on their behalf, and shall continue in full force and effect until the Termination Date. Without prejudice to the survival of any other agreements contained herein, indemnification and reimbursement obligations contained herein (including pursuant to Sections 2.15, 2.16, 2.17 and 9.05) shall survive the Termination Date.

Section 9.03 Binding Effect. This Agreement shall become effective when it shall have been executed by Holdings, the Borrower and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of Holdings, the Borrower, the Administrative Agent, each Issuing Bank and each Lender and their respective permitted successors and assigns.

Section 9.04 Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of an Issuing Bank that issues any Letter of Credit), except that (i) except as permitted by Section 6.05, the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 9.04. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of an Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in clause (c) of this Section 9.04), and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents, the Issuing Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement or the other Loan Documents.

(b) (i) Subject to the conditions set forth in subclause (ii) below, any Lender may assign to one or more assignees (each, an “Assignee”) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent of (such consent not to be unreasonably withheld or delayed):

(A) the Borrower; provided, that no consent of the Borrower shall be required for an assignment of a Term Loan to a Lender, an Affiliate of a Lender, an Approved Fund, or in the case of assignments during the primary syndication of the Commitments and Loans to persons identified to and agreed by the Borrower in writing prior to the Closing Date, or for an assignment of a Revolving Facility Commitment or Revolving Facility Loan to a Revolving Facility Lender, an Affiliate of a Revolving Facility Lender or Approved Fund with respect to a Revolving Facility Lender, or, in each case, if an Event of Default under Section 7.01(b), (c), (h) or (i) has occurred and is continuing, any other person; and

(B) the Administrative Agent; provided, that no consent of the Administrative Agent shall be required for an assignment of all or any portion of a Term Loan to a Lender, an Affiliate of a Lender, an Approved Fund, the Borrower or an Affiliate of the Borrower made in accordance with Section 9.04(i) or Section 9.21; and

(C) the Issuing Banks and the Swingline Lender; provided, that no consent of the Issuing Banks and Swingline Lender shall be required for an assignment of all or any portion of a Term Loan.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans under any Facility, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than (x) \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof in the case of Term Loans and (y) \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof in the case of Revolving Facility Loans or Revolving Facility Commitments, unless each of the Borrower and the Administrative Agent otherwise consent; provided, that such amounts shall be aggregated in respect of each Lender and its Affiliates or Approved Funds (with simultaneous assignments to or by two or more Related Funds shall be treated as one assignment), if any;

(B) the parties to each assignment shall (1) execute and deliver to the Administrative Agent an Assignment and Acceptance via an electronic settlement system acceptable to the Administrative Agent or (2) if previously agreed with the Administrative Agent, manually execute and deliver to the Administrative Agent an Assignment and Acceptance, in each case together with a processing and recordation fee of \$3,500 (which fee may be waived or reduced in the reasonable discretion of the Administrative Agent);

(C) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire and any tax forms required to be delivered pursuant to Section 2.17; and

(D) the Assignee shall not be the Borrower or any of the Borrower's Affiliates or Subsidiaries except in accordance with Section 9.04(i) or Section 9.21.

For the purposes of this Section 9.04, "Approved Fund" shall mean any person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender. Notwithstanding the foregoing or anything to the contrary herein, no Lender shall be permitted to assign or transfer any portion of its rights and obligations under this Agreement to (A) any Ineligible Institution, (B) any Defaulting Lender or any of its Subsidiaries, or any person who, upon becoming a Lender hereunder, would constitute any of the foregoing persons described in this clause (B), or (C) a natural person. Notwithstanding the foregoing, each Loan Party and the Lenders acknowledge and agree that the

Administrative Agent shall not have any responsibility or obligation to determine whether any Lender or potential Lender is an Ineligible Institution and the Administrative Agent shall have no liability with respect to any assignment made to an Ineligible Institution. Any assigning Lender shall, in connection with any potential assignment, provide to the Borrower a copy of its request (including the name of the prospective assignee) concurrently with its delivery of the same request to the Administrative Agent irrespective of whether or not an Event of Default under Section 7.01(b), (c), (h) or (i) has occurred and is continuing.

(iii) Subject to acceptance and recording thereof pursuant to subclause (v) below, from and after the effective date specified in each Assignment and Acceptance the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.05 (subject to the limitations and requirements of those Sections)). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (d) of this Section 9.04 (except to the extent such participation is not permitted by such clause (d) of this Section 9.04, in which case such assignment or transfer shall be null and void).

(iv) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal and interest amounts of the Loans and Revolving L/C Exposure owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, the Issuing Banks, the Swingline Lender and the Lenders shall treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Banks and the Swingline Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice; provided, that no Lender shall, in such capacity, have access to, or be otherwise permitted to review any information in the Register other than information with respect to such Lender.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an Assignee, the Assignee's completed Administrative Questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in clause (b) of this Section 9.04, if applicable, and any written consent to such assignment required by clause (b) of this Section 9.04 and any applicable tax forms, the Administrative Agent shall accept such Assignment and Acceptance and promptly record the information contained therein in the Register. No assignment, whether or not evidenced by a promissory note, shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this subclause (v).

(c) [Reserved].

(d) (i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations in Loans and Commitments to one or more banks or other entities other than (I) any Ineligible Institution (to the extent that the list of Ineligible Institutions has been made available to all Lenders; provided, that regardless of whether the list of Ineligible Institutions has been made available to all Lenders, no Lender may sell participations in Loans or Commitments to an Ineligible Institution without the consent of the Borrower if the list of Ineligible Institutions has been made available to such Lender) or (II) any Defaulting Lender or any of its Subsidiaries, or any person who, upon becoming a Lender hereunder, would constitute any of the foregoing persons described in this clause (II) (a “Participant”) in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided, that (A) such Lender’s obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Documents; provided, that (x) such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that both (1) requires the consent of each Lender directly affected thereby pursuant to clauses (i), (ii), (iii) or (vi) of the first proviso to Section 9.08(b) and (2) directly adversely affects such Participant (but, for the avoidance of doubt, not any waiver of any Default or Event of Default) and (y) no other agreement with respect to amendment, modification or waiver may exist between such Lender and such Participant. Subject to clause (d)(iii) of this Section 9.04, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the limitations and requirements of those Sections and Section 2.19) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section 9.04 (provided that any documentation required to be provided pursuant to Sections 2.17(d), (e), (h) and (i) shall be delivered solely to the participating Lender). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.06 as though it were a Lender; provided, that such Participant shall be subject to Section 2.18(c) as though it were a Lender. Notwithstanding the foregoing, each Loan Party and the Lenders acknowledge and agree that the Administrative Agent shall not have any responsibility or obligation to determine whether any Participant or potential Participant is an Ineligible Institution and the Administrative Agent shall have no liability with respect to any participation made to an Ineligible Institution.

(ii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts and interest amounts of each Participant’s interest in the Loans or other obligations under the Loan Documents (the “Participant Register”). The entries in the Participant Register shall be conclusive absent manifest error, and each party hereto shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. Without limitation of the requirements of this Section 9.04(d), no Lender shall have any obligation to disclose all or any portion of a Participant Register to any person (including the identity of any Participant or any information relating to a Participant’s interest in any Commitments, Loans or other Loan Obligations under any Loan Document), except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other Loan Obligation is in registered form for U.S. federal income tax purposes or is otherwise required by applicable law. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(iii) A Participant shall not be entitled to receive any greater payment under Section 2.15, 2.16 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower’s prior written consent, which consent shall state that it is being given pursuant to this Section 9.04(d)(iii); provided, that each potential Participant shall provide such information as is reasonably requested by the Borrower in order for the Borrower to determine whether to provide its consent.

(e) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank and in the case of any Lender that is an Approved Fund, any pledge or assignment to any holders of obligations owed, or securities issued, by such Lender, including to any trustee for, or any other representative of, such holders, and this Section 9.04 shall not apply to any such pledge or assignment of a security interest; provided, that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto.

(f) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in clause (e) above.

(g) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of the Borrower or the Administrative Agent. Each of Holdings, the Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto and each Loan Party for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

(h) If the Borrower wishes to replace the Loans or Commitments under any Facility with ones having different terms, it shall have the option, with the consent of the Administrative Agent and subject to at least three Business Days' advance notice to the Lenders under such Facility, instead of prepaying the Loans or reducing or terminating the Commitments to be replaced, to (i) require the Lenders under such Facility to assign such Loans or Commitments to the Administrative Agent or its designees and (ii) amend the terms thereof in accordance with Section 9.08 (with such replacement, if applicable, being deemed to have been made pursuant to Section 9.08(d)). Pursuant to any such assignment, all Loans and Commitments to be replaced shall be purchased at par (allocated among the Lenders under such Facility in the same manner as would be required if such Loans were being optionally prepaid or such Commitments were being optionally reduced or terminated by the Borrower), accompanied by payment of any accrued interest and fees thereon and any amounts owing pursuant to Section 9.05(b). By receiving such purchase price, the Lenders under such Facility shall automatically be deemed to have assigned the Loans or Commitments under such Facility pursuant to the terms of the form of Assignment and Acceptance attached hereto as Exhibit A, and accordingly no other action by such Lenders shall be required in connection therewith. The provisions of this clause (h) are intended to facilitate the maintenance of the perfection and priority of existing security interests in the Collateral during any such replacement.

(i) Notwithstanding anything to the contrary in this Agreement, including Section 2.18(c) (which provisions shall not be applicable to clauses (i) or (j) of this Section 9.04), any of Holdings or its Subsidiaries, including the Borrower, may purchase by way of assignment and become an Assignee with respect to Term Loans at any time and from time to time from Lenders in accordance with Section 9.04(b) hereof (each, a "Permitted Loan Purchase"); provided, that, in respect of any Permitted Loan Purchase, (A) no Permitted Loan Purchase shall be made from the proceeds of any extensions of credit under the Revolving Facility, (B) upon consummation of any such Permitted Loan Purchase, the

Loans purchased pursuant thereto shall be deemed to be automatically and immediately cancelled and extinguished in accordance with Section 9.04(j), (C) in connection with any such Permitted Loan Purchase, any of Holdings or its Subsidiaries, including the Borrower and such Lender that is the assignor (an "Assignor") shall execute and deliver to the Administrative Agent a Permitted Loan Purchase Assignment and Acceptance (and for the avoidance of doubt, (x) shall make the representations and warranties set forth in the Permitted Loan Purchase Assignment and Acceptance and (y) shall not be required to execute and deliver an Assignment and Acceptance pursuant to Section 9.04(b)(ii)(B)) and shall otherwise comply with the conditions to assignments under this Section 9.04 and (D) no Default or Event of Default would exist immediately after giving effect on a Pro Forma Basis to such Permitted Loan Purchase.

(j) Each Permitted Loan Purchase shall, for purposes of this Agreement be deemed to be an automatic and immediate cancellation and extinguishment of such Term Loans and the Borrower shall, upon consummation of any Permitted Loan Purchase, notify the Administrative Agent that the Register be updated to record such event as if it were a prepayment of such Loans.

(k) In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, each Issuing Bank, each Swingline Lender or any other Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans in accordance with its Revolving Facility Percentage; provided that notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Section 9.05 Expenses; Indemnity. (a) The Borrower agrees to pay (i) all reasonable and documented out-of-pocket expenses (including Other Taxes) incurred by the Administrative Agent or the Collateral Agent or the Lenders in connection with the preparation of this Agreement and the other Loan Documents, or by the Administrative Agent or the Collateral Agent in connection with the administration of this Agreement and any amendments, modifications or waivers of the provisions hereof or thereof, including the reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP, counsel for the Administrative Agent, the Collateral Agent and the Arrangers, and, if necessary, the reasonable fees, charges and disbursements of one local counsel per jurisdiction, and (ii) all reasonable and documented out-of-pocket expenses (including Other Taxes) incurred by the Agents, any Issuing Bank or any Lender in connection with the enforcement of their rights in connection with this Agreement and the other Loan Documents, in connection with the Loans made or the Letters of Credit issued hereunder, including the fees, charges and disbursements of a single counsel for all such persons, taken as a whole, and, if necessary, a single local counsel in each appropriate jurisdiction for all such persons, taken as a whole (and, in the case of an actual or perceived conflict of interest where such person affected by such conflict informs the Borrower of such conflict and thereafter retains its own counsel with the Borrower's prior written consent (not to be unreasonably withheld), of another firm of counsel for such affected person).

(b) The Borrower agrees to indemnify the Administrative Agent, the Collateral Agent, the Arrangers, each Issuing Bank, each Lender, each of their respective Affiliates, successors and assignors, and each of their respective directors, officers, employees, agents, trustees, advisors and members (each such person being called an “Indemnitee”) against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements (excluding the allocated costs of in house counsel and limited to not more than one counsel for all such Indemnitees, taken as a whole, and, if necessary, a single local counsel in each appropriate jurisdiction for all such Indemnitees, taken as a whole (and, in the case of an actual or perceived conflict of interest where the Indemnitee affected by such conflict informs the Borrower of such conflict and thereafter retains its own counsel with the Borrower’s prior written consent (not to be unreasonably withheld), of another firm of counsel for such affected Indemnitee)), incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto and thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated hereby, (ii) the use of the proceeds of the Loans or the use of any Letter of Credit (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any violation of or liability under Environmental Laws by the Borrower or any Subsidiary, (iv) any actual or alleged presence, Release or threatened Release of or exposure to Hazardous Materials at, under, on, from or to any property owned, leased or operated by the Borrower or any Subsidiary or (v) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto and regardless of whether such matter is initiated by a third party or by Holdings, the Borrower or any of their subsidiaries or Affiliates; provided, that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee or any of its Related Parties, (y) arose from a material breach of such Indemnitee’s or any of its Related Parties’ obligations under any Loan Document (as determined by a court of competent jurisdiction in a final, non-appealable judgment) or (z) arose from any claim, actions, suits, inquiries, litigation, investigation or proceeding that does not involve an act or omission of the Borrower or any of its Affiliates and is brought by an Indemnitee against another Indemnitee (other than any claim, actions, suits, inquiries, litigation, investigation or proceeding against any Agent, Issuing Bank, or Arranger in its capacity as such). None of the Indemnitees (or any of their respective affiliates) shall be responsible or liable to the Fund, Holdings, the Borrower or any of their respective subsidiaries, Affiliates or stockholders or any other person or entity for any special, indirect, consequential or punitive damages, which may be alleged as a result of the Facilities or the Transactions. The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent, any Issuing Bank or any Lender. All amounts due under this Section 9.05 shall be payable within 15 days after written demand therefor accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

(c) Except as expressly provided in Section 9.05(a) with respect to Other Taxes, which shall not be duplicative with any amounts paid pursuant to Section 2.17, this Section 9.05 shall not apply to any Taxes (other than Taxes that represent losses, claims, damages, liabilities and related expenses resulting from a non-Tax claim).

(d) To the fullest extent permitted by applicable law, Holdings and the Borrower shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument

contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) The agreements in this Section 9.05 shall survive the resignation of the Administrative Agent, the Collateral Agent or any Issuing Bank, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Obligations and the termination of this Agreement.

Section 9.06 Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender and each Issuing Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by such Lender or such Issuing Bank to or for the credit or the account of Holdings (prior to a Qualified IPO), the Borrower or any Subsidiary against any of and all the obligations of Holdings (prior to a Qualified IPO) or the Borrower now or hereafter existing under this Agreement or any other Loan Document held by such Lender or such Issuing Bank, irrespective of whether or not such Lender or such Issuing Bank shall have made any demand under this Agreement or such other Loan Document and although the obligations may be unmatured; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.22 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and each Issuing Bank under this Section 9.06 are in addition to other rights and remedies (including other rights of set-off) that such Lender or such Issuing Bank may have.

Section 9.07 Applicable Law. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (OTHER THAN AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY PRINCIPLE OF CONFLICTS OF LAW THAT COULD REQUIRE THE APPLICATION OF ANY OTHER LAW.

Section 9.08 Waivers; Amendment. (a) No failure or delay of the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder or under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, each Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Holdings, the Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by clause (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on Holdings, the Borrower or any other Loan Party in any case shall entitle such person to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (x) as provided in Sections 2.14 and 2.21, (y) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by Holdings (prior to a Qualified IPO), the Borrower and the Required Lenders (or, (A) in respect of any waiver, amendment or modification of Section 6.11 (or any Default or Event of Default in respect thereof) or of Section 4.01 after the Closing Date, the Required Revolving Facility Lenders voting as a single Class, rather than the Required Lenders, (B) in respect of any waiver, amendment or modification of any condition to borrowing any Delayed Draw Term Loan Commitments set forth in Section 4.01, Lenders having Available Unused Commitments that are Delayed Draw Term Loan Commitments that represent more than 50% of the total Available Unused Commitments that are Delayed Draw Term Loan Commitments or (C) in respect of any waiver, amendment or modification of Section 2.11(b) or (h), the Required Prepayment Lenders, rather than the Required Lenders), and (z) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by each Loan Party party thereto and the Administrative Agent and consented to by the Required Lenders; provided, however, that no such agreement shall:

(i) decrease or forgive the principal amount of, or extend the final maturity of, or decrease the rate of interest on, any Loan or any L/C Disbursement, or extend the stated expiration of any Letter of Credit beyond the applicable Revolving Facility Maturity Date (except as provided in Section 2.05(c)), without the prior written consent of each Lender directly adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification); provided, that any amendment pursuant to Section 2.14 shall not constitute a reduction in the rate of interest for purposes of this clause (i),

(ii) increase or extend the Commitment of any Lender, or decrease the Commitment Fees, L/C Participation Fees or any other Fees of any Lender without the prior written consent of such Lender (which, notwithstanding the foregoing, such consent of such Lender shall be the only consent required hereunder to make such modification); provided, that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default, mandatory prepayments or of a mandatory reduction in the aggregate Commitments shall not constitute an increase or extension of the Commitments of any Lender for purposes of this clause (ii),

(iii) extend or waive any Term Loan Installment Date or reduce the amount due on any Term Loan Installment Date or extend any date on which payment of interest on any Loan or any L/C Disbursement or any Fees is due, without the prior written consent of each Lender directly adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification),

(iv) amend the provisions of Section 2.18(b) or (c) or Section 7.02, in each case, with respect to the pro rata application of payments required thereby in a manner that by its terms modifies the application of such payments required thereby to be on a less than pro rata basis, without the prior written consent of each Lender adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification),

(v) amend or modify the provisions of this Section 9.08 or the definition of the terms "Required Lenders," "Super-Majority Lenders," "Majority Lenders," "Required Revolving Facility Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the prior written consent of each Lender adversely affected

thereby, in each case except, for the avoidance of doubt, as otherwise provided in Section 9.08(d) and (e) (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date),

(vi) release all or substantially all of the Collateral or all or substantially all of the Subsidiary Loan Parties from their respective Guarantees under the Subsidiary Guarantee Agreement, unless, in the case of a Subsidiary Loan Party, all or substantially all the Equity Interests of such Subsidiary Loan Party is sold or otherwise disposed of in a transaction permitted by this Agreement, without the prior written consent of each Lender other than a Defaulting Lender,

(vii) effect any waiver, amendment or modification that by its terms adversely affects the rights in respect of payments or collateral of Lenders participating in any Facility differently from those of Lenders participating in another Facility, without the consent of the Majority Lenders participating in the adversely affected Facility except, for the avoidance of doubt, as otherwise provided in Section 9.08(d) and (e) (it being agreed that the Required Lenders may waive, in whole or in part, any prepayment or Commitment reduction required by Section 2.11 so long as the application of any prepayment or Commitment reduction still required to be made is not changed), or

(viii) subordinate the Obligations hereunder or the Liens granted hereunder or under the other Loan Documents, to any other Indebtedness or Lien (including without limitation any Indebtedness or Lien issued under this Agreement or any other agreement), as the case may be without the written consent of the Super-Majority Lenders;

provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, Swingline Lender or an Issuing Bank hereunder without the prior written consent of the Administrative Agent, Swingline Lender or such Issuing Bank acting as such at the effective date of such agreement, as applicable. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section 9.08 and any consent by any Lender pursuant to this Section 9.08 shall bind any Assignee of such Lender.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have the right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be affected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

(c) Without the consent of any Lender or Issuing Bank, the Loan Parties and the Administrative Agent and/or Collateral Agent may (in their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any amendment, modification or waiver of any Loan Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable law or this Agreement or in each case to otherwise enhance the rights or benefits of any Lender under any Loan Document.

(d) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, Holdings (prior to a Qualified IPO) and the Borrower (a) to permit additional extensions of credit to be outstanding hereunder from time to time and the accrued interest and fees and other obligations in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the Revolving Facility Loans and the accrued interest and fees and other obligations in respect thereof and (b) to include appropriately the holders of such extensions of credit in any determination of the requisite lenders required hereunder, including Required Lenders, Required Prepayment Lenders and the Required Revolving Facility Lenders.

(e) Notwithstanding the foregoing, technical and conforming modifications to the Loan Documents may be made with the consent of the Borrower and the Administrative Agent (but without the consent of any Lender) to the extent necessary (A) to integrate any Incremental Term Loan Commitments or Incremental Revolving Facility Commitments in a manner consistent with Section 2.21, including, with respect to Other Revolving Loans or Other Term Loans, as may be necessary to establish such Incremental Term Loan Commitments or Revolving Facility Commitments as a separate Class or tranche from the existing Term Loan Commitments or Incremental Revolving Facility Commitments, as applicable, and, in the case of Extended Term Loans, to reduce the amortization schedule of the related existing Class of Term Loans proportionately, (B) to integrate any Other First Lien Debt or (C) to cure any ambiguity, omission, defect or inconsistency.

(f) Each of the parties hereto hereby agrees that the Administrative Agent may take any and all action as may be necessary to ensure that all Term Loans established pursuant to Section 2.21 after the Closing Date that will be included in an existing Class of Term Loans outstanding on such date (an "Applicable Date"), when originally made, are included in each Borrowing of outstanding Term Loans of such Class (the "Existing Class Loans"), on a pro rata basis, and/or to ensure that, immediately after giving effect to such new Term Loans (the "New Class Loans") and, together with the Existing Class Loans, the "Class Loans"), each Lender holding Class Loans will be deemed to hold its Pro Rata Share of each Class Loan on the Applicable Date (but without changing the amount of any such Lender's Term Loans), and each such Lender shall be deemed to have effectuated such assignments as shall be required to ensure the foregoing. The "Pro Rata Share" of any Lender on the Applicable Date is the ratio of (1) the sum of such Lender's Existing Class Loans immediately prior to the Applicable Date plus the amount of New Class Loans made by such Lender on the Applicable Date over (2) the aggregate principal amount of all Class Loans on the Applicable Date.

(g) With respect to the incurrence of any secured or unsecured Indebtedness (including any intercreditor agreement relating thereto), the Borrower may elect (in its discretion, but shall not be obligated) to deliver to the Administrative Agent a certificate of a Responsible Officer at least three Business Days prior to the incurrence thereof (or such shorter time as the Administrative Agent may agree in its reasonable discretion), together with either drafts of the material documentation relating to such Indebtedness or a description of such Indebtedness (including a description of the Liens intended to secure the same or the subordination provisions thereof, as applicable) in reasonably sufficient detail to be able to make the determinations referred to in this paragraph, which certificate shall either, at the Borrower's election, (x) state that the Borrower has determined in good faith that such Indebtedness satisfies the requirements of the applicable provisions of Sections 6.01 and 6.02 (taking into account any other applicable provisions of this Section 9.08), in which case such certificate shall be conclusive evidence thereof, or (y) request the Administrative Agent to confirm, based on the information set forth in such certificate and any other information reasonably requested by the Administrative Agent, that such Indebtedness satisfies such requirements, in which case the Administrative Agent may determine whether, in its reasonable judgment, such requirements have been satisfied (in which case it shall deliver to the Borrower a written confirmation of the same), with any such determination of the Administrative Agent to be conclusive evidence thereof, and the Lenders hereby authorize the Administrative Agent to make such determinations.

(h) Notwithstanding the foregoing, this Agreement may be amended, waived or otherwise modified with the written consent of the Required Revolving Facility Lenders, the Administrative Agent, Holdings (prior to a Qualified IPO) and the Borrower with respect to (i) the provisions of Section 4.01, solely as they relate to the Revolving Facility Loans, Swingline Loans and Letters of Credit and (ii) the provisions of Section 6.11 (or Article VII or any other provision incorporating such Section 6.11 with respect to the effects thereof).

(i) Notwithstanding the foregoing, this Agreement may be amended, with the written consent of each Revolving Facility Lender, the Administrative Agent, Holdings and the Borrower to the extent necessary to integrate any Alternate Currency.

Section 9.09 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges that are treated as interest under applicable law (collectively, the “Charges”), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender or any Issuing Bank, shall exceed the maximum lawful rate (the “Maximum Rate”) that may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable hereunder, together with all Charges payable to such Lender or such Issuing Bank, shall be limited to the Maximum Rate; provided, that such excess amount shall be paid to such Lender or such Issuing Bank on subsequent payment dates to the extent not exceeding the legal limitation.

Section 9.10 Entire Agreement. This Agreement, the other Loan Documents and the agreements regarding certain Fees referred to herein constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among or representations from the parties or their Affiliates with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Notwithstanding the foregoing, the Administrative Agent Fee Letter shall survive the execution and delivery of this Agreement and remain in full force and effect. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

Section 9.11 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.

Section 9.12 Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 9.13 Counterparts; Electronic Execution of Assignments and Certain Other Documents.

(a) This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective as provided in Section 9.03. Delivery of an executed counterpart to this Agreement by electronic transmission pursuant to procedures approved by the Administrative Agent shall be as effective as delivery of a manually signed original.

(b) The words “execution,” “execute,” “signed,” “signature,” and words of like import in this Agreement or in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation Assignment and Acceptances, amendments, Borrowing Requests, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Administrative Agent is under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it.

Section 9.14 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 9.15 Jurisdiction; Consent to Service of Process. (a) The Borrower and each other Loan Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, the Collateral Agent, any Lender, or any Affiliate of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or any other Loan Party or its properties in the courts of any jurisdiction.

(b) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement or any other Loan Document to serve process in any other manner permitted by law.

Section 9.16 Confidentiality. Each of the Lenders, each Issuing Bank and each of the Agents agrees that it shall maintain in confidence any information relating to Holdings, any Parent Entity, the Borrower and any Subsidiary furnished to it by or on behalf of Holdings, any Parent Entity, the Borrower or any Subsidiary (other than information that (a) has become generally available to the public other than as a result of a disclosure by such party, (b) has been independently developed by such Lender, such Issuing Bank or such Agent without violating this Section 9.16 or (c) was available to such Lender, such Issuing Bank or such Agent from a third party having, to such person's knowledge, no obligations of confidentiality to Holdings, any Parent Entity, the Borrower or any other Loan Party) and shall not reveal the same other than to its directors, trustees, officers, employees and advisors with a need to know and any numbering, administration or settlement service providers or to any person that approves or administers the Loans on behalf of such Lender (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), except: (A) to the extent necessary to comply with law or any legal process or the requirements of any Governmental Authority, the National Association of Insurance Commissioners or of any securities exchange on which securities of the disclosing party or any Affiliate of the disclosing party are listed or traded, (B) as part of normal reporting or review procedures to, or examinations by, Governmental Authorities or self-regulatory authorities, including the National Association of Insurance Commissioners or the Financial Industry Regulatory Authority, Inc., (C) to its parent companies, Affiliates, attorneys, accountants or auditors (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), (D) in order to enforce its rights under any Loan Document in a legal proceeding, (E) to any pledgee under Section 9.04(d) or any other prospective assignee of, or prospective Participant in, any of its rights under this Agreement (so long as such person shall have been instructed to keep the same confidential in accordance with this Section 9.16) and (F) to any direct or indirect contractual counterparty in Hedging Agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section 9.16); provided that, in the case of clauses (E) and (F), to the extent that the list of Ineligible Institutions has been made available to all Lenders (or made available to the relevant Lender), no information may be provided to any Ineligible Institution or person who is known to be acting for an Ineligible Institution.

Section 9.17 Platform; Borrower Materials. The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders and the Issuing Banks materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform"), and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information (or, if Holdings is not at the time a public reporting company, material information of a type that would not reasonably be expected to be publicly available if Holdings was a public reporting company) with respect to Holdings, the Borrower or its Subsidiaries or any of their respective securities) (each, a "Public Lender"). The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (i) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof, (ii) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers, the Issuing Banks and the Lenders to treat such Borrower Materials as solely containing information that is either (A) publicly available information or (B) not

material (although it may be sensitive and proprietary) with respect to Holdings, the Borrower or its Subsidiaries or any of their respective securities for purposes of United States Federal and state securities laws (provided, however, that such Borrower Materials shall be treated as set forth in Section 9.16, to the extent such Borrower Materials constitute information subject to the terms thereof), (iii) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor;" and (iv) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

Section 9.18 Release of Liens and Guarantees.

(a) The Lenders, the Issuing Banks and the other Secured Parties hereby irrevocably agree that the Liens granted to the Collateral Agent by the Loan Parties on any Collateral shall be automatically released: (i) in full upon the occurrence of the Termination Date as set forth in Section 9.18(d) below; (ii) upon the Disposition of such Collateral by any Loan Party to a person that is not (and is not required to become) a Loan Party in a transaction not prohibited by this Agreement (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (iii) to the extent that such Collateral comprises property leased to a Loan Party, upon termination or expiration of such lease (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (iv) if the release of such Lien is approved, authorized or ratified in writing by the Required Lenders (or such other percentage of the Lenders whose consent may be required in accordance with Section 9.08), (v) to the extent that the property constituting such Collateral is owned by any Guarantor, upon the release of such Guarantor from its obligations under the Guarantee in accordance with the Holdings Guarantee and Pledge Agreement, the Subsidiary Guarantee Agreement or clause (b) below (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (vi) as provided in Section 8.11 (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), and (vii) as required by the Collateral Agent to effect any Disposition of Collateral in connection with any exercise of remedies of the Collateral Agent pursuant to the Security Documents. Any such release (other than pursuant to clause (i) above) shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those being released) upon (or obligations (other than those being released) of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any Disposition, all of which shall continue to constitute part of the Collateral except to the extent otherwise released in accordance with the provisions of the Loan Documents.

(b) In addition, (i) the Lenders, the Issuing Banks and the other Secured Parties hereby irrevocably agree that the Guarantors shall be automatically released from the Guarantees upon consummation of any transaction not prohibited hereunder resulting in such Subsidiary ceasing to exist or constitute a Subsidiary Loan Party or otherwise becoming an Excluded Subsidiary (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), and (ii) immediately prior to the consummation of a Qualified IPO, the Guarantee incurred by Holdings of the Obligations shall automatically terminate and Holdings shall be released from its obligations under the Loan Documents, shall cease to be a Loan Party and any Liens created by any Loan Documents on any assets or Equity Interests owned by Holdings shall automatically be released (unless, in each case, Holdings shall elect in its sole discretion that such release of Holdings shall not be effected); provided that, with respect to clause (i) above, no such release shall occur if such Guarantor becomes an Excluded Subsidiary pursuant to clause (b) of the definition of "Excluded Subsidiary", unless (1) the transaction pursuant to which such Guarantor becomes an Excluded Subsidiary results in such Guarantor no longer being a Subsidiary, in which case such transaction will constitute an Investment in a non-Subsidiary in an amount equal to the fair market value of the Investments held by

Borrower or its Subsidiaries immediately prior to such release in the Guarantor to be released, and such release shall only occur if the Borrower would be permitted to make such Investment in accordance with Section 6.04 or (2) such transaction is for a bona-fide transaction purpose with a person that is not an Affiliate of the Borrower, it being understood, for the avoidance of doubt, that the exclusions set forth in the Collateral and Guarantee Requirement and Section 5.11 applicable to Excluded Subsidiaries shall not apply to any such non-Wholly Owned Subsidiary unless released in compliance with this Section 9.18(b).

(c) The Lenders, the Issuing Banks and the other Secured Parties hereby authorize the Administrative Agent and the Collateral Agent, as applicable, to execute and deliver any instruments, documents, and agreements necessary or desirable to evidence and confirm the release of any Guarantor or Collateral pursuant to the foregoing provisions of this Section 9.18 and to return to Holdings or the Borrower all possessory collateral (including share certificates (if any)) held by it in respect of any Collateral so released, all without the further consent or joinder of any Lender or any other Secured Party. Any representation, warranty or covenant contained in any Loan Document relating to any such Collateral or Guarantor shall no longer be deemed to be made. In connection with any release hereunder, the Administrative Agent and the Collateral Agent shall promptly (and the Secured Parties hereby authorize the Administrative Agent and the Collateral Agent to) take such action and execute any such documents as may be reasonably requested by the Borrower and at the Borrower's expense in connection with the release of any Liens created by any Loan Document in respect of such Subsidiary, property or asset; provided, that the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower containing such certifications as the Administrative Agent shall reasonably request and any such release shall be without recourse to or warranty by the Administrative Agent or Collateral Agent.

(d) Notwithstanding anything to the contrary contained herein or any other Loan Document, on the Termination Date, all Liens granted to the Collateral Agent by the Loan Parties on any Collateral and all obligations of the Borrower and the other Loan Parties under any Loan Documents (other than such obligations that expressly survive the Termination Date pursuant to the terms hereof) shall, in each case, be automatically released and, upon request of the Borrower, the Administrative Agent and/or the Collateral Agent, as applicable, shall (without notice to, or vote or consent of, any Secured Party) take such actions as shall be required to evidence the release its security interest in all Collateral (including returning to Holdings or the Borrower all possessory collateral (including all share certificates (if any)) held by it in respect of any Collateral), and to evidence the release of all obligations under any Loan Document (other than such obligations that expressly survive the Termination Date pursuant to the terms hereof), whether or not on the date of such release there may be any (i) obligations in respect of any Secured Hedge Agreements or any Secured Cash Management Agreements and (ii) any contingent indemnification obligations or expense reimburse claims not then due; provided, that the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower containing such certifications as the Administrative Agent shall reasonably request. Any such release of obligations shall be deemed subject to the provision that such obligations shall be reinstated if after such release any portion of any payment in respect of the obligations guaranteed thereby shall be rescinded, avoided, or must otherwise be restored or returned upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payment had not been made. The Borrower agrees to pay all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent or the Collateral Agent (and their respective representatives) in connection with taking such actions to release security interest in all Collateral and all obligations under the Loan Documents as contemplated by this Section 9.18(d).

(e) Obligations of the Borrower or any of its Subsidiaries under any Secured Cash Management Agreement or Secured Hedge Agreement (after giving effect to all netting arrangements relating to such Secured Hedge Agreements) shall be secured and guaranteed pursuant to the Security Documents only to the extent that, and for so long as, the other Obligations are so secured and guaranteed. No person shall have any voting rights under any Loan Document solely as a result of the existence of obligations owed to it under any such Secured Hedge Agreement or Secured Cash Management Agreement. For the avoidance of doubt, no release of Collateral or Guarantors effected in the manner permitted by this Agreement shall require the consent of any holder of obligations under Secured Hedge Agreements or any Secured Cash Management Agreements.

Section 9.19 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Borrower in respect of any such sum due from it to the Administrative Agent or the Lenders hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent from the Borrower in the Agreement Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or the person to whom such obligation was owing against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent in such currency, the Administrative Agent agrees to return the amount of any excess to the Borrower (or to any other person who may be entitled thereto under applicable law).

Section 9.20 USA PATRIOT Act Notice. Each Lender that is subject to the USA PATRIOT Act and the Beneficial Ownership Regulation and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act and the Beneficial Ownership Regulation, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Loan Party in accordance with the USA PATRIOT Act and the Beneficial Ownership Regulation.

Section 9.21 Affiliate Lenders.

(a) Each Lender who is an Affiliate of the Borrower, excluding (x) Holdings, the Borrower and their respective Subsidiaries and (y) any Debt Fund Affiliate Lender (each, an "Affiliate Lender"; it being understood that (x) neither Holdings, the Borrower, nor any of their Subsidiaries may be Affiliate Lenders and (y) Debt Fund Affiliate Lenders and Affiliate Lenders may be Lenders hereunder in accordance with Section 9.04, subject in the case of Affiliate Lenders, to this Section 9.21), in connection with any (i) consent (or decision not to consent) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Loan Document, (ii) other action on any matter related to any Loan Document or (iii) direction to the Administrative Agent, the Collateral Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Loan Document, agrees that, except with respect to any amendment, modification, waiver, consent or other action (1) described in clauses (i), (ii), (iii) or (iv) of the first proviso of Section 9.08(b) or (2) that adversely affects such Affiliate Lender (in its capacity as a Lender) in a disproportionately adverse manner as compared to other Lenders, such Affiliate Lender shall be deemed to have voted its interest as a Lender without discretion in such proportion as the allocation of voting with respect to such matter by Lenders who are not Affiliate Lenders. Each Affiliate Lender hereby irrevocably appoints the Administrative Agent

(such appointment being coupled with an interest) as such Affiliate Lender's attorney-in-fact, with full authority in the place and stead of such Affiliate Lender and in the name of such Affiliate Lender, from time to time in the Administrative Agent's discretion to take any action and to execute any instrument that the Administrative Agent may deem reasonably necessary to carry out the provisions of this clause (a).

(b) Notwithstanding anything to the contrary in this Agreement, no Affiliate Lender shall have any right to (1) attend (including by telephone) any meeting or discussions (or portion thereof) among the Administrative Agent or any Lender to which representatives of the Borrower are not then present, (2) receive any information or material prepared by Administrative Agent or any Lender or any communication by or among Administrative Agent and/or one or more Lenders, except to the extent such information or materials have been made available to the Borrower or its representatives, (3) make or bring (or participate in, other than as a passive participant in or recipient of its pro rata benefits of) any claim, in its capacity as a Lender, against Administrative Agent, the Collateral Agent or any other Lender with respect to any duties or obligations or alleged duties or obligations of such Agent or any other such Lender under the Loan Documents, (4) purchase any Term Loan if, immediately after giving effect to such purchase, Affiliate Lenders in the aggregate would own Term Loans with an aggregate principal amount in excess of 25% of the aggregate principal amount of all Term Loans then outstanding or (5) purchase any Revolving Facility Loans or Revolving Facility Commitments. Notwithstanding anything to the contrary in this Agreement, no Debt Fund Affiliate Lender shall have any right to purchase any Revolving Facility Loans or Revolving Facility Commitments. It shall be a condition precedent to each assignment to an Affiliate Lender that such Affiliate Lender shall have (x) represented to the assigning Lender in the applicable Assignment and Acceptance, and notified the Administrative Agent, that it is (or will be, following the consummation of such assignment) an Affiliate Lender and that the aggregate amount of Term Loans held by it giving effect to such assignments shall not exceed the amount permitted by clause (4) of the preceding sentence and (y) represented in the applicable Assignment and Acceptance that it is not in possession of material non-public information (within the meaning of United States federal and state securities laws) with respect to Holdings, the Borrower, its Subsidiaries or their respective securities (or, if Holdings is not at the time a public reporting company, material information of a type that would not be reasonably expected to be publicly available if Holdings were a public reporting company) that (A) has not been disclosed to the assigning Lender or the Lenders generally (other than because any such Lender does not wish to receive material non-public information with respect to Holdings, the Borrower or its Subsidiaries) and (B) could reasonably be expected to have a material effect upon, or otherwise be material to, the assigning Lender's decision make such assignment.

Section 9.22 Agency of the Borrower for the Loan Parties. Each of the other Loan Parties hereby appoints the Borrower as its agent for all purposes relevant to this Agreement and the other Loan Documents, including the giving and receipt of notices and the execution and delivery of all documents, instruments and certificates contemplated herein and therein and all modifications hereto and thereto.

Section 9.23 No Liability of the Issuing Banks. The Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither any Issuing Bank nor any of its officers or directors shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that the Borrower shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to the Borrower, to the extent of any direct, but not consequential, damages suffered by the Borrower that the Borrower proves were caused by (i) such Issuing Bank's willful

misconduct or gross negligence as determined in a final, non-appealable judgment by a court of competent jurisdiction in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or (ii) such Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, such Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 9.24 Acknowledgment and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or Issuing Bank that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

Section 9.25 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedging Agreements or any other agreement or instrument that is a QFC (such support "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject

to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

For the purposes of this Section 9.25:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

SUN COUNTRY, INC.

By: /s/ Jude Bricker
Name: Jude Bricker
Title: Chief Executive Officer

SCA ACQUISITION, LLC

By: /s/ Jude Bricker
Name: Jude Bricker
Title: Chief Executive Officer

BARCLAYS BANK PLC,

as Administrative Agent, Collateral Agent, Swingline
Lender and Issuing Bank and as a Lender

By: /s/ Sean Duggan

Name: Sean Duggan

Title: Vice President

as Lender and as an Issuing Bank

By: /s/ Edwin E. Roland

Name: Edwin E. Roland

Title: Managing Director

By: /s/ Ryan Corning

Name: Ryan Corning

Title: Managing Director

MORGAN STANLEY SENIOR FUNDING, INC.

as Lender and as an Issuing Bank

By: /s/ Michael King

Name: Michael King

Title: Vice President

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Sun Country Airlines Holdings, Inc.:

We consent to the use of our report included herein and to the reference to our firm under the heading “Experts” in the prospectus. Our report contains an explanatory paragraph that states that the Company has changed its method of accounting for revenue recognition and leases as of January 1, 2019 due to the adoption of Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* and Accounting Standards Update 2016-02, *Leases*.

/s/ KPMG LLP

Minneapolis, Minnesota
February 23, 2021