As submitted confidentially to the Securities and Exchange Commission on December 22, 2020.
This draft registration statement has not been publicly filed with the Securities and Exchange Commission, and all information herein remains strictly confidential.
Registration No. 333-

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

# AMENDMENT NO. 2 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 | 4512 | 82-4092570 |
|---|---|---|
| (State or Other Jurisdiction of Incorporation or Organization) | (Primary Standard Industrial Classification Code Number) | (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)

Eric Levenhagen, Esq.
General Counsel and Secretary
2005 Cargo Road
Minneapolis, MN 55450
(651) 681-3900
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

*Copies to:*

| Brian M. Janson, Esq.<br>Paul, Weiss, Rifkind, Wharton & Garrison LLP<br>1285 Avenue of the Americas<br>New York, NY 10019-6064<br>(212) 373-3000 | Eric Levenhagen, Esq.<br>General Counsel and Secretary<br>2005 Cargo Road<br>Minneapolis, MN 55450<br>(651) 681-3900 | Michael Kaplan, Esq.<br>Derek Dostal, Esq.<br>Davis Polk & Wardwell LLP<br>450 Lexington Avenue<br>New York, NY 10017<br>(212) 450-4000 |
|---|---|---|

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 | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| | | Emerging growth company | ☒ |

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 | Amount to be Registered | Proposed Maximum Offering Price Per Share | Proposed Maximum Aggregate Offering Price(1)(2) | Amount of Registration Fee(3) |
|---|---|---|---|---|
| Common stock, par value $0.01 per share | | | | |

(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) To be paid in connection with the initial filing of the 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.**

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**The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling stockholder may 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 December 22, 2020**

**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 and the selling stockholder identified in this prospectus is offering shares of common stock. We will not receive any of the proceeds from the sale of shares of common stock offered by the selling stockholder.

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 New York Stock Exchange (the "NYSE") 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 and is also the selling stockholder in this offering. 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 NYSE-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 and Selling 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 | $ | $ |
| Proceeds to the selling stockholder, 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 the selling stockholder 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.

**Barclays** **Morgan Stanley**

**Apollo Global Securities**

**The date of this prospectus is , 2021**

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**For investors outside the United States: none of us, the selling stockholder or 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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**None of us, the selling stockholder or 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, the selling stockholder 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 and the selling stockholder 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 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").

## GLOSSARY OF TERMS

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

"Adjusted CASM" means CASM excluding fuel, costs related to our freighter 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. Our average stage length for 2019 was 1,187 miles.

"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.

"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.

"ETOPS" means Extended-Range Twin-Engine Operational Performance Standards.

"FAA" means the United States Federal Aviation Administration.

"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.

"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 base CASM or RASM 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 industry 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, 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. 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 as measured by pre-tax and operating income margins.

#### *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 schedule service business includes many cost characteristics of ultra low-cost carriers, or ULCCs (which include Allegiant Travel Company, Spirit Airlines and Frontier 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, low cost, leisure focused carriers, similar to Sun Country, have been more resilient during economic downturns, including the current COVID-19 induced downturn, when compared to business-travel-focused legacy carriers.

***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. 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 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 throughout 2020. In the fourth quarter of 2020, our charter revenues were % lower when compared to the fourth quarter of 2019. In comparison, combined U.S. passenger airline revenues were % 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. Our contract with Amazon 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, we were 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.

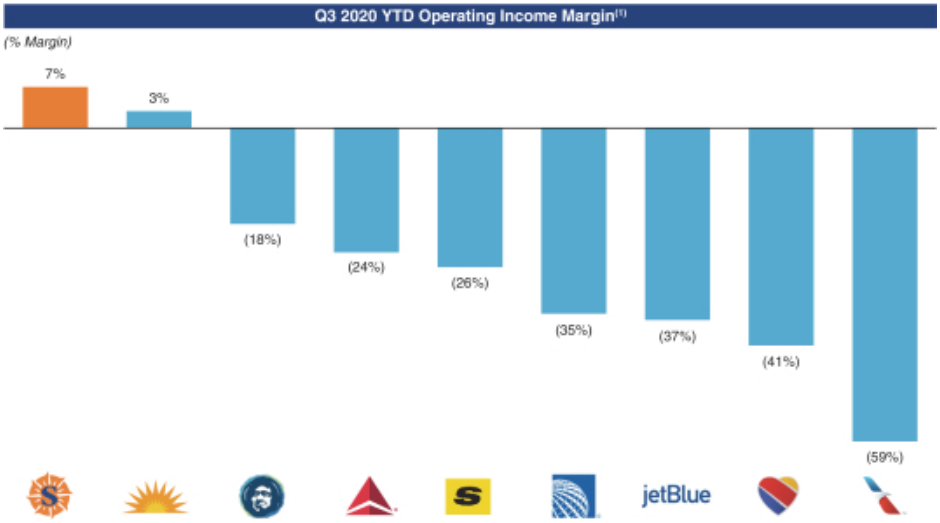
- We greatly expanded our ancillary products and services, which consist of baggage fees, seat assignment fees and other fees, increasing average ancillary revenue per scheduled service passenger by 148% from 2017 to 2019.
- We launched and grew our asset light cargo business and fully integrated our 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. While we were not unaffected by this downturn, 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). 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; deferred vendor payments; and upsizing our asset-based revolving credit facility (the “ABL Facility”). Further, we received a grant from the United States Department of the Treasury (“Treasury”) through the CARES Act Payroll Support Program (the “Payroll Support Program”) 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 that received government assistance. During 2020, we generated higher operating income margins than any other mainline U.S. passenger airline while being the only mainline U.S. airline to also have positive pre-tax income margins. 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.




(1) Sun Country operating income margin is based on operating income of $21.8 million and revenue of $293.7 million. Other airline operating income margin results adjusted to remove identified one-time items such as asset sales, impairment 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*."

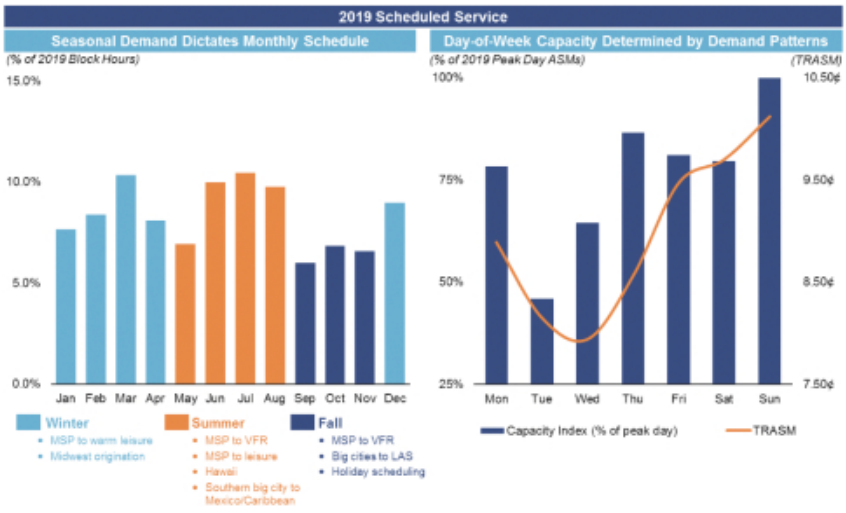
**Our Competitive Strengths**

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. While all scheduled service airlines were negatively impacted by the COVID-19 induced industry downturn, low-cost leisure focused airlines, such as Sun Country Airlines, outperformed business-travel-focused legacy network 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, being the only airline to generate positive pre-tax income margins and higher operating income margins than any other mainline U.S. passenger airline.

***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 purchasing mid-life Boeing 737-800 aircraft, which have a lower purchase price, when compared to new Boeing 737 aircraft,

that more than offsets their moderately higher operating 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 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. 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 21 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 have outperformed other mainline U.S. passenger airlines during the COVID-19 pandemic, based on pre-tax and operating income margins, 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 leverage ourselves to 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 potential growth opportunities at MSP alone of 10 to 12 aircraft.

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 potential growth opportunities outside of MSP of 5 to 8 aircraft, as well as an additional 3 to 4 aircraft to support our charter operations.

***Continue to Increase Our Margins and Free Cash Flow.*** From December 31, 2017 through December 31, 2019, we reduced 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 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 22, 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 network as of December 22, 2020.

**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 $433 billion as of September 30, 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 NYSE 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 3 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. |
| Common stock offered by the selling stockholder | shares (or shares if the underwriters exercise their option to purchase additional shares in full as described below). |
| Option to purchase additional shares | The selling stockholder has 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 "*Underwriting (Conflict of Interest)*." |
| Common stock outstanding after giving effect to this offering | shares. |
| 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 "*Description of Capital Stock—Warrants*." |
| Use of proceeds | We estimate that the net proceeds to us from this offering will be approximately $ million, 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).<br><br>We currently expect to use approximately $ million of such proceeds from this offering 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 "*Use of Proceeds*" for additional information.<br><br>We will not receive any of the net proceeds from the sale of shares of common stock offered by the selling stockholder. |
| 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 rules of the NYSE, including exemptions from certain of the corporate governance listing requirements. See "*Management—Controlled Company*." |

| | |
|---|---|
| Dividend policy | 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. See "*Dividend Policy*." |
| Listing | We intend to apply to list our common stock on the NYSE under the symbol "SNCY." |
| Risk Factors | You should read the section titled "*Risk Factors*" beginning on page 22 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. |
| Conflict of Interest | Apollo Global Securities, LLC, an affiliate of Apollo, is an underwriter in 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. 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 the selling stockholder;
- 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 Equity 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 year ended December 31, 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 summary historical consolidated statement of operations data for the nine months ended September 30, 2020 and 2019 from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. We have derived our summary historical consolidated balance sheet data as of September 30, 2020 from our unaudited interim condensed 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 consolidated financial statements and the related notes included elsewhere in this prospectus.

| | Successor | | | | Predecessor |
|---|---|---|---|---|---|
| (in thousands, except per share data) | For the nine months ended September 30, 2020 | For the nine months ended September 30, 2019 | 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 |
| **Statement of Operations Data:** | | | | | |
| **Operating Revenues:** | | | | | |
| Passenger | $ 272,299 | $ 527,327 | $ 688,833 | $ 335,824 | $ 172,897 |
| Cargo | 17,491 | — | — | — | — |
| Other | 3,889 | 10,193 | 12,551 | 49,107 | 24,555 |
| Total Operating Revenue | 293,679 | 537,520 | 701,384 | 384,931 | 197,452 |
| **Operating Expenses:** | | | | | |
| Aircraft Fuel | $ 69,377 | $ 127,338 | $ 165,666 | $ 119,553 | $ 45,790 |
| Salaries, Wages, and Benefits | 106,923 | 105,668 | 140,739 | 90,263 | 36,964 |
| Aircraft Rent(1) | 23,376 | 37,959 | 49,908 | 36,831 | 28,329 |
| Maintenance(2) | 15,242 | 25,041 | 35,286 | 15,491 | 9,508 |
| Sales and Marketing | 13,123 | 27,414 | 35,388 | 17,180 | 10,854 |
| Depreciation and Amortization(3) | 35,631 | 25,371 | 34,877 | 14,405 | 2,526 |
| Ground Handling | 15,786 | 31,009 | 41,719 | 23,828 | 8,619 |
| Landing Fees and Airport Rent | 22,377 | 33,730 | 44,400 | 25,977 | 10,481 |
| Special Items, net(4) | (64,333) | 6,378 | 7,092 | (6,706) | 271 |
| Other Operating, net | 34,363 | 51,094 | 68,187 | 40,877 | 17,994 |
| Total Operating Expenses | 271,865 | 471,002 | 623,262 | 377,699 | 171,336 |
| Operating Income | 21,814 | 66,518 | 78,122 | 7,232 | 26,116 |

| (in thousands, except per share data) | Successor: For the nine months ended September 30, 2020 | Successor: For the nine months ended September 30, 2019 | Successor: For the year ended December 31, 2019 | Successor: For the period April 11, 2018 through December 31, 2018 | Predecessor: For the period January 1, 2018 through April 10, 2018 |
|---|---|---|---|---|---|
| **Non-operating Income (Expense):** | | | | | |
| Interest Income | $ 340 | $ 618 | $ 937 | $ 258 | $ 96 |
| Interest Expense | (16,215) | (12,700) | (17,170) | (6,060) | (339) |
| Other, net | (331) | (906) | (1,729) | (1,636) | 37 |
| Total Non-operating Expense | (16,206) | (12,988) | (17,962) | (7,438) | (206) |
| Income (Loss) before Income Tax | 5,608 | 53,530 | 60,160 | (206) | 25,910 |
| Income Tax Expense | 1,470 | 12,476 | 14,088 | 161 | — |
| Net Income (Loss) | $ 4,138 | $ 41,054 | $ 46,072 | $ (367) | $ 25,910 |
| Net Income (Loss) per share to common stockholders: | | | | | |
| Basic | $ 1.67 | $ 16.58 | $ 18.61 | $ (0.15) | $ 0.26 |
| Diluted | $ 1.62 | $ 16.22 | $ 18.17 | $ (0.15) | $ 0.26 |
| Weighted average shares outstanding: | | | | | |
| Basic | 2,478 | 2,476 | 2,476 | 2,472 | 100,000 |
| Diluted | 2,560 | 2,531 | 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 3 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 3 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 15 to our audited consolidated financial statements and Note 13 to our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus for additional information on the components of Special items, net.

| (in thousands) | As of September 30, 2020: Actual | Pro forma(1) | Pro forma as adjusted(2) |
|---|---|---|---|
| **Consolidated Balance Sheet Data:** | | | |
| Cash and equivalents | $ 44,288 | $ | $ |
| Total assets | 1,043,600 | | |
| Long-term debt and finance leases, including current portion | 362,846 | | |
| Total stockholders' equity | 290,069 | | |

(1) The pro forma consolidated balance sheet data gives effect to the Reorganization Transactions, including the Stock Split. 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*."

(2) The pro forma as adjusted balance sheet data gives further effect to this offering and the application of the net proceeds to us of this offering as of September 30, 2020 as described under "*Use of Proceeds*."

| | Successor | | | | Predecessor |
|---|---|---|---|---|---|
| | For the nine months ended September 30, 2020 | For the nine months ended September 30, 2019 | 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) | | | | | |
| **Non-GAAP Financial Data:** | | | | | |
| Adjusted Net Income (Loss)(1) | $ (40,728) | $ 47,530 | $ 53,734 | $ (5,871) | $ 26,181 |
| Adjusted EBITDAR(1) | 22,222 | 137,353 | 171,129 | 49,688 | 57,279 |

(1) Adjusted Net Income and Adjusted EBITDAR are non-GAAP measures and are included as supplemental disclosures because we believe they are useful indicators of our operating performance. Derivations of net income and EBITDAR 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. Further, we believe Adjusted EBITDAR is useful in evaluating our operating performance compared to our competitors 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 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. In addition, Adjusted EBITDAR should not be viewed as a measure of overall performance since 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. As a result of the transition, we believe a metric which is indifferent to aircraft ownership structures enables investors and our management to analyze our financial performance over time and against our competitors. In this regard, Adjusted EBITDAR is a valuable metric to provide comparability in measuring earnings against our competitors as it isolates the effects of variability in aircraft ownership structure across airlines, which is predominately a function of aircraft capital spending and lease structure rather than a contributing factor to operating performance, given that airlines frequently have significant variability in their mix of owned and financed leased aircraft versus operating leased aircraft, which are presented differently for accounting purposes. 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. Accordingly, you are cautioned not to place undue reliance on this information.

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

| | Successor | | | | Predecessor |
|---|---|---|---|---|---|
| | For the nine months ended September 30, 2020 | For the nine months ended September 30, 2019 | 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) | $ 4,138 | $ 41,054 | $ 46,072 | $ (367) | $ 25,910 |
| Special items, net[a] | (64,333) | 6,378 | 7,092 | (6,706) | 271 |
| Stock compensation expense | 1,253 | 1,543 | 1,888 | 373 | — |
| Loss (gain) on asset transactions, net | 381 | 264 | 745 | (811) | — |
| Other adjustments[b] | 4,431 | 226 | 226 | — | — |
| Income tax effect of adjusting items, net[c] | 13,402 | (1,935) | (2,289) | 1,640 | — |
| **Adjusted Net Income (Loss)** | $ (40,728) | $ 47,530 | $ 53,734 | $ (5,871) | $ 26,181 |

(a) See Note 15 to our audited consolidated financial statements and Note 13 to our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus for additional information on the components of Special items, net.
(b) Other adjustments for the nine months ended September 30, 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 nine months ended September 30, 2019 and the Successor 2019 period 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 nine months ended September 30, 2020 | For the nine months ended September 30, 2019 | 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) | $ 4,138 | $ 41,054 | $ 46,072 | $ (367) | $ 25,910 |
| Special items, net[a] | (64,333) | 6,378 | 7,092 | (6,706) | 271 |
| Interest expense | 16,215 | 12,700 | 17,170 | 6,060 | 339 |
| Stock compensation expense | 1,253 | 1,543 | 1,888 | 373 | — |
| Loss (gain) on asset transactions, net | 381 | 264 | 745 | (811) | — |
| Other adjustments[b] | 4,431 | 226 | 226 | — | — |
| Interest income | (340) | (618) | (937) | (258) | (96) |
| Provision for income taxes. | 1,470 | 12,476 | 14,088 | 161 | — |
| Depreciation and amortization | 35,631 | 25,371 | 34,877 | 14,405 | 2,526 |
| Aircraft rent | 23,376 | 37,959 | 49,908 | 36,831 | 28,329 |
| **Adjusted EBITDAR** | $ 22,222 | $ 137,353 | $ 171,129 | $ 49,688 | $ 57,279 |

(a) See Note 15 to our audited consolidated financial statements and Note 13 to our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus for additional information on the components of Special items, net.
(b) Other adjustments for the nine months ended September 30, 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 nine months ended September 30, 2019 and the Successor 2019 period include expenses incurred in terminating work on a planned new crew base.

## Key Operating Statistics and Metrics

| | Nine months ended September 30, 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) | 10,546 | 3,480 | 2,231 | 16,396 | 24,392 | 8,935 | 33,567 | 19,772 | 8,254 | 28,194 | 20,357 | 7,981 | 28,4 |
| Block hours(1) | 34,417 | 7,853 | 6,244 | 48,882 | 80,719 | 19,852 | 101,137 | 68,143 | 17,335 | 85,883 | 68,060 | 16,941 | 85,2 |
| Aircraft miles(1) | 13,971,831 | 2,964,186 | 2,574,421 | 19,616,207 | 32,217,934 | 7,356,628 | 39,738,483 | 27,584,857 | 6,369,866 | 34,095,663 | 27,723,331 | 6,358,418 | 34,181,8 |
| ASMs (in thousands)(1) | 2,589,606 | 540,284 | — | 3,149,188 | 5,747,391 | 1,288,725 | 7,064,563 | 4,433,110 | 1,007,391 | 5,463,229 | 4,255,233 | 979,756 | 5,250,4 |
| TRASM (in cents)(2) | * | * | * | 8.77 | * | * | 9.93 | * | * | 10.66 | * | * | 10. |
| Average aircraft available for service(2) | * | * | * | 24.3 | * | * | 24.3 | * | * | 24.3 | * | * | 2 |
| Aircraft at end of period(2) | | | | | * | * | 31.0 | * | * | 30.0 | * | * | 2 |
| Average daily aircraft utilization (in hours)(2). | * | * | * | 5.0 | * | * | 9.6 | * | * | 9.7 | * | * | |
| Passengers(3) | 1,273,747 | * | * | * | 3,565,939 | * | * | 2,614,929 | * | * | 2,502,082 | * | |
| RPMs (in thousands)(3) | 1,721,227 | * | * | * | 4,473,347 | * | * | 3,653,007 | * | * | 3,419,527 | * | |
| PRASM (in cents)(3) | 6.14 | * | * | * | 6.89 | * | * | 8.05 | * | | 8.74 | * | |
| Load factor(3) | 66.5% | * | * | * | 82.5% | * | * | 82.4% | * | * | 80.4% | * | |
| Average fare(3) | $ 124.08 | * | * | * | $ 111.08 | * | * | $ 136.42 | * | * | $ 148.60 | * | |
| Ancillary revenue per passenger(3) | $ 41.02 | * | * | * | $ 33.14 | * | * | $ 21.70 | * | * | $ 13.34 | * | |
| Charter revenue per block hour | * | 7,765 | * | * | * | $ 8,793 | * | * | $ 8,767 | * | * | $ 7,818 | |
| Fuel gallons consumed (in thousands) | 26,182 | 5,938 | * | 32,120 | 63,240 | 14,802 | 78,042 | 52,303 | 12,678 | 64,981 | 52,104 | 12,551 | 64,6 |
| Fuel cost per gallon, excl. derivatives | $ 1.62 | $ | $ | $ | $ 2.34 | $ * | $ * | $ 2.34 | $ * | $ * | $ 1.85 | $ * | $ |
| Employees at end of period | 1,632 | * | * | * | 1,532 | * | * | 1,549 | * | * | 1,889 | * | |
| CASM (in cents)(4) | 8.63 | | | | 8.82 | * | * | 10.05 | * | * | 10.09 | * | |
| **Non-GAAP Operating Metric:** | | | | | | | | | | | | | |
| Adjusted CASM (in cents)(4)(5) | 7.75 | * | * | * | 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, which is a non-GAAP financial measure, is also a key airline cost metric and excludes fuel costs, costs related to our freighter operations (starting in 2020 when we launched our freighter operation), 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 one of the most important measures 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.

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

| | For the nine months ended September 30, | | 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** | $ 271,865 | 8.63 | $ 623,262 | 8.82 | $ 549,035 | 10.05 | $ 530,008 | 10.09 |
| Aircraft fuel | 69,377 | 2.20 | 165,666 | 2.35 | 165,343 | 3.03 | 118,382 | 2.25 |
| Freighter operations | 16,610 | 0.53 | — | — | — | — | — | — |
| Sun Country Vacations | 443 | 0.01 | 2,448 | 0.03 | 4,541 | 0.08 | 2,083 | 0.04 |
| Special items, net | (64,333) | (2.04) | 7,092 | 0.10 | (6,435) | (0.12) | — | — |
| Stock compensation expense | 1,253 | 0.04 | 1,888 | 0.03 | 373 | 0.01 | — | — |
| Other adjustments | 4,431 | 0.14 | 226 | — | — | — | — | — |
| **Adjusted CASM** | **$ 244,084** | **7.75** | **$ 445,942** | **6.31** | **$ 385,213** | **7.05** | **$ 409,543** | **7.80** |

## 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 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) 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 % in 2020. We plan to proactively manage capacity and costs until there are more meaningful signs of a recovery in demand, which has a negative impact on our revenue. 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 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), upsized our ABL Facility 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 (the "PSP Agreement") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") with Treasury governing our participation in the Payroll Support Program. Under the Payroll Support Program, Treasury provided us with $62.3 million in grants (the "Payroll Support Payment"). In addition, on October 26, 2020, we entered into a loan and guarantee agreement (the "CARES Act Loan Agreement") with Treasury under the 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. 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. 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 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 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 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, 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 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, 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 %, 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 % 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 2019 consisted of collars 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. 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, 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, 2019 and 2018, we generated ancillary revenues of approximately $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, the incoming presidential administration is expected to promote more aggressive policies with respect to climate change and carbon emissions, including in the aviation sector. 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. In addition, technology advancements may limit the demand for air travel. For example, video teleconferencing 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.

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, 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 gate 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 81% of 2019 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, 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 and our providers, including air navigation service providers, or others who have entrusted us with information, including regulators such as the 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 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.

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 22.6% and 23.2% of our total operating costs for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019, approximately 59% 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. 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 February 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. 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 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.

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.***

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 9.6 hours and 9.7 hours for the years ended December 31, 2019 and 2018, respectively. Aircraft utilization is the average amount of time per day that our aircraft spend carrying passengers. 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 reaccomodation 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. 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.

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;
- 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 net income of approximately $46.1 million, a net loss of approximately $367 thousand and net income of approximately $25.9 million for the Successor 2019 period, Successor 2018 period and Predecessor 2018 period, respectively, which are better operating results than we had previously achieved. While we recorded an annual profit for the years ended December 31, 2019 and 2018, we cannot assure you that we will be able to sustain or increase profitability on a quarterly or an annual basis. In turn, this may materially adversely affect our business.

***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 ABL Facility.***

As of September 30, 2020, our principal sources of liquidity were cash and equivalents of approximately $44.3 million and availability under our ABL Facility of approximately $24.7 million. In addition, we had restricted cash of approximately $6.2 million as of September 30, 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. Our ABL Facility is not adequate to finance our operations, and thus we 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 we fail to generate sufficient funds from operations to meet our operating cash requirements or do not have access to availability under the ABL 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 after the purchase. As of September 30, 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-related 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, 2019, our 31 aircraft fleet consisted of 16 aircraft financed under operating leases (including two seasonal leases), 10 aircraft financed under finance leases and five aircraft financed under secured debt arrangements. For the years ended December 31, 2019 and 2018, we incurred a total of $81.9 million and $65.0 million, respectively, for aircraft lease payments and cash interest and principal payments related to aircraft debt. Additionally, we paid maintenance deposits of $38.2 million and $34.6 million, respectively. As of December 31, 2019, we had future aircraft operating lease obligations of approximately $175.6 million and future principal debt obligations of $89.9 million, and we had future finance lease obligations of approximately $238.0 million. Our ability to pay the fixed costs associated with our contractual obligations will depend on our operating performance, cash flow, availability under our ABL 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 our ABL Facility, 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, Caribbean or Canada 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, Caribbean or Canada 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, 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. 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. 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 the listing rules of the NYSE. 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 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**

***Our ABL Facility contains restrictions that limit our flexibility.***

Our ABL Facility 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;
- 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.

***We are subject to certain restrictions on our business as a result of our participation in governmental programs under the CARES Act.***

On April 20, 2020, we entered into the PSP Agreement under the CARES Act with Treasury governing our participation in the Payroll Support Program. Under the Payroll Support Program, Treasury provided us a $62.3 million Payroll Support Payment. Additionally, on October 26, 2020, we entered into the CARES Act Loan Agreement with Treasury under the 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 Note 3 to our unaudited interim condensed 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 which, among other things, includes the following: the requirement to use the Payroll Support Payment 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, 2022; the prohibitions on share repurchases and the payment of common stock dividends until one year following repayment of the loan; and restrictions on the payment of certain executive compensation until the later of March 24, 2022 and one year following repayment of the loan.

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 addition, we are required to maintain aggregate liquidity of not less than $10.0 million, measured at the close of every business day. In addition, the DOT could reinstate airline route obligations, requiring us to serve certain destinations where demand is low.

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.

**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 the NYSE, 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 the NYSE, 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.

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. In addition, we have an executive committee that serves at the discretion of our Board and is composed of two members nominated by the Apollo Stockholder and our CEO, who are authorized to take actions (subject to certain exceptions) that they reasonably determine are appropriate. See "*Management—Board Committees—Executive Committee*" for a further discussion.

***We are a "controlled company" within the meaning of the NYSE 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 the NYSE corporate governance standards. Under the NYSE 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 the NYSE.

***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 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 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, manager, employee, agent or other representative of Apollo or its 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 or its 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 or its 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 ten members, of whom will be Apollo 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. 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 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 pro forma as adjusted net tangible book value per share as of December 31, 2019 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, representing the difference between our pro forma 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 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. 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 Equity Plan. See *"Executive Compensation—Equity Compensation Plans—2021 Omnibus Incentive Plan."* Any common stock that we issue, including under our Omnibus Equity 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, 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 selling stockholder, each of our officers and directors and all of our other existing stockholders have agreed that (subject to certain exceptions), for a period of 180 days after the date of this prospectus, we and they will not, without the prior written consent of certain 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. 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 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 the NYSE 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, the selling stockholder 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, the selling stockholder 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. Our ABL Facility and the CARES Act Loan 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 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.

## 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;
- 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) from the sale of the common stock offered by us, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. 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 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. While we currently have no specific plan for the use of the remaining net proceeds to us of this offering, we anticipate using a significant portion of these proceeds to implement our growth strategies and generate funds for working capital. 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.

We will not receive any of the proceeds from the sale of shares of common stock offered by the selling stockholder.

## 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 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 our ABL Facility and the CARES Act Loan Agreement and under other current and 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;
- a pro forma basis to give effect to the Stock Split; and
- a pro forma as adjusted basis to give further effect to this offering and the application of the net proceeds to us 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 consolidated financial statements and the related notes thereto.

| | As of December 31, 2020 | | |
|---|---|---|---|
| | Actual | Pro forma | Pro forma as adjusted |
| | (in thousands, except share data) | | |
| Cash and equivalents | $ | $ | $ |
| Total debt | $ | $ | $ |
| Stockholders' Equity: | | | |
| Common stock—$0.01 par value; shares authorized, shares issued and outstanding (actual); shares authorized, shares issued and outstanding (pro forma); shares authorized, shares issued and outstanding (pro forma as adjusted)(1) | — | | |
| Preferred stock—$0.01 par value; shares authorized, no shares issued and outstanding (actual); shares authorized, no shares issued and outstanding (pro forma and pro forma as adjusted) | — | — | — |
| Loans to SCA common stockholders | | — | — |
| Additional paid-in capital | | | |
| Retained earnings | | | |
| Total stockholders' equity | | | |
| **Total capitalization** | $ | $ | $ |

(1) 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*."

## 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 pro forma as adjusted net tangible book value per share of our common stock after this offering.

Our pro forma net tangible book value as of December 31, 2020 was $ , or $ per share of our common stock. Pro forma net tangible book value per share represents the amount of our total tangible assets (total assets less goodwill and deferred offering costs) less total liabilities divided by the number of shares of common stock issued and outstanding as of December 31, 2020, after giving effect to the Stock Split.

Our pro forma as adjusted net tangible book value as of December 31, 2020 was $ , or $ per share of our common stock. Pro forma as adjusted net tangible book value per share represents our pro forma 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 to us from this offering.

The following table illustrates the dilution per share of our common stock:

| | | |
|---|---|---|
| Assumed initial public offering price per share | | $ |
| Pro forma net tangible book value per share as of December 31, 2020 | | |
| Increase in pro forma net tangible book value per share attributable to new investors purchasing shares in this offering | | |
| Pro forma 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 pro forma 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 pro forma 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 pro forma 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.

The following table summarizes, as of December 31, 2020, on a pro forma 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;
- 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 the selling stockholder;
- 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 Equity 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.

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 year ended December 31, 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, 2019 and 2018 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, 2017 from our consolidated financial statements not included in this prospectus. We have derived the selected historical consolidated statement of operations data for the nine months ended September 30, 2020 and 2019 from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. We have derived our selected historical consolidated balance sheet data as of September 30, 2020 from our unaudited interim condensed 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. 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 | |
|---|---|---|---|---|---|---|
| (in thousands, except per share data) | For the nine months ended September 30, 2020 | For the nine months ended September 30, 2019 | 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 |
| **Statement of Operations Data:** | | | | | | |
| **Operating Revenues:** | | | | | | |
| Passenger | $ 272,299 | $ 527,327 | $ 688,833 | $ 335,824 | $ 172,897 | $ 502,081 |
| Cargo | 17,491 | — | — | — | — | — |
| Other | 3,889 | 10,193 | 12,551 | 49,107 | 24,555 | 57,595 |
| Total Operating Revenue | 293,679 | 537,520 | 701,384 | 384,931 | 197,452 | 559,676 |
| **Operating Expenses:** | | | | | | |
| Aircraft Fuel | $ 69,377 | $ 127,338 | $ 165,666 | $ 119,553 | $ 45,790 | $ 118,382 |
| Salaries, Wages, and Benefits | 106,923 | 105,668 | 140,739 | 90,263 | 36,964 | 124,446 |
| Aircraft Rent(1) | 23,376 | 37,959 | 49,908 | 36,831 | 28,329 | 81,141 |
| Maintenance(2) | 15,242 | 25,041 | 35,286 | 15,491 | 9,508 | 35,371 |
| Sales and Marketing | 13,123 | 27,414 | 35,388 | 17,180 | 10,854 | 36,320 |
| Depreciation and Amortization(3) | 35,631 | 25,371 | 34,877 | 14,405 | 2,526 | 10,301 |
| Ground Handling | 15,786 | 31,009 | 41,719 | 23,828 | 8,619 | — |
| Landing Fees and Airport Rent | 22,377 | 33,730 | 44,400 | 25,977 | 10,481 | — |
| Special Items, net(4) | (64,333) | 6,378 | 7,092 | (6,706) | 271 | — |
| Other Operating, net | 34,363 | 51,094 | 68,187 | 40,877 | 17,994 | 124,047 |
| Total Operating Expenses | 271,865 | 471,002 | 623,262 | 377,699 | 171,336 | 530,008 |
| Operating Income | 21,814 | 66,518 | 78,122 | 7,232 | 26,116 | 29,668 |

| (in thousands, except per share data) | Successor: For the nine months ended September 30, 2020 | Successor: For the nine months ended September 30, 2019 | Successor: For the year ended December 31, 2019 | Successor: For the period April 11, 2018 through December 31, 2018 | Predecessor: For the period January 1, 2018 through April 10, 2018 | Predecessor: For the year ended December 31, 2017 |
|---|---|---|---|---|---|---|
| **Non-operating Income (Expense):** | | | | | | |
| Interest Income | $ 340 | $ 618 | $ 937 | $ 258 | $ 96 | $ 418 |
| Interest Expense | (16,215) | (12,700) | (17,170) | (6,060) | (339) | (1,134) |
| Other, net | (331) | (906) | (1,729) | (1,636) | 37 | (506) |
| Total Non-operating Expense | (16,206) | (12,988) | (17,962) | (7,438) | (206) | (1,222) |
| Income (Loss) before Income Tax | 5,608 | 53,530 | 60,160 | (206) | 25,910 | 28,446 |
| Income Tax Expense | 1,470 | 12,476 | 14,088 | 161 | — | — |
| Net Income (Loss) | $ 4,138 | $ 41,054 | $ 46,072 | $ (367) | $ 25,910 | $ 28,446 |
| Net Income (Loss) per share to common stockholders: | | | | | | |
| Basic | $ 1.67 | $ 16.58 | $ 18.61 | $ (0.15) | $ 0.26 | |
| Diluted | $ 1.62 | $ 16.22 | $ 18.17 | $ (0.15) | $ 0.26 | |
| Weighted average shares outstanding: | | | | | | |
| Basic | 2,478 | 2,476 | 2,476 | 2,472 | 100,000 | |
| Diluted | 2,560 | 2,531 | 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 3 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 3 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 15 to our audited consolidated financial statements and Note 13 to our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus for additional information on the components of Special items, net.

| (in thousands) | As of September 30, 2020 | As of December 31, 2019 | 2018 | 2017 |
|---|---|---|---|---|
| **Consolidated Balance Sheet Data:** | | | | |
| Cash and equivalents | $ 44,288 | $ 51,006 | $ 29,600 | $ 4,276 |
| Total assets | 1,043,600 | 1,007,876 | 675,832 | 216,828 |
| Long-term debt and finance lease obligations, including current portion(1) | 362,846 | 284,272 | 150,246 | 11,271 |
| Stockholders' equity | 290,069 | 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 that other passenger airlines. We focus on serving leisure and VFR passengers, 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. 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 as measured by pre-tax and operating income margins.

Our scheduled service business combines low costs with a high quality product to generate higher TRASM than ULCCs while maintaining lower Adjusted CASM than LLCs, resulting in best-in-class unit profitability. Our business includes many cost characteristics of ULCCs (which include Allegiant Travel Company, Spirit Airlines and Frontier 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, low cost, leisure focused carriers, similar to Sun Country, have been more resilient during economic downturns, including the current COVID-19 induced downturn, when compared to business-travel-focused legacy carriers.

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. 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 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 throughout 2020.

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. Our contract with Amazon has generated consistent, positive cash flows through the COVID-19 induced downturn. During October and November 2020, our cargo business generated $5.8 million and $6.4 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, MN Airlines, LLC 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.

The comparability of the Successor 2019 period to the Successor 2018 and Predecessor 2018 period may be impacted due to the recognition of assets and liabilities at their fair value at the acquisition date. 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. 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 those of the Company. The Successor adopted the Predecessor's accounting policies. See Note 3 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.

**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.

Our transformation reduced operating costs during this same time period, resulting in a decrease in 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. 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.

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. While we were not unaffected by this downturn, our diversified and flexible business model allowed us to mitigate the impact of COVID-19 on our business. Actions we took during 2020 to mitigate the impact of the COVID-19 induced downturn include: capacity reductions; a company-wide hiring freeze; headcount reductions; voluntary leave programs; reduced capital expenditures; deferred vendor payments; and upsizing of our ABL Facility. In connection with the COVID-19 pandemic, we received a CARES Act grant of $62.3 million and a loan of $45.0 million. 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.
- 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 September 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 significantly reduce our financing costs in 2020 and beyond.

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 September 30, 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 nine months ended September 30, 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. The COVID-19 pandemic has presented our business with several risks. 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 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.

*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 nine months ended September 30, 2020 and the year ended December 31, 2019, approximately 64% 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 78% of our projected fuel requirements for scheduled service operations in the fourth quarter of 2020 and 37% 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 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 11 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 need 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 demands 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 February 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. 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.

*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.

*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.

*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.

*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.

*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.

**Results of Operations**

***Nine months ended September 30, 2020 and 2019***

| (in thousands) | Successor<br>For the nine months ended September 30, 2020 | Successor<br>For the nine months ended September 30, 2019 |
|---|---|---|
| **Operating revenues:** | | |
| Passenger | $ 272,299 | $ 527,327 |
| Cargo | 17,491 | — |
| Other | 3,889 | 10,193 |
| Total operating revenue | 293,679 | 537,520 |
| **Operating expenses:** | | |
| Aircraft fuel | 69,377 | 127,338 |
| Salaries, wages, and benefits | 106,923 | 105,668 |
| Aircraft rent | 23,376 | 37,959 |
| Maintenance | 15,242 | 25,041 |
| Sales and marketing | 13,123 | 27,414 |
| Depreciation and amortization | 35,631 | 25,371 |
| Ground handling | 15,786 | 31,009 |
| Landing fees and airport rent | 22,377 | 33,730 |
| Special items, net | (64,333) | 6,378 |
| Other operating, net | 34,363 | 51,094 |
| Total operating expenses | 271,865 | 471,002 |
| Operating income | 21,814 | 66,518 |
| **Non-operating income/(expense):** | | |
| Interest income | 340 | 618 |
| Interest expense | (16,215) | (12,700) |
| Other, net | (331) | (906) |
| Total non-operating expense, net | (16,206) | (12,988) |
| Income before income tax | 5,608 | 53,530 |
| Income tax expense | 1,470 | 12,476 |
| **Net income** | **$ 4,138** | **$ 41,054** |
| **Non-GAAP Financial Data:** | | |
| Adjusted Net Income (Loss)(1) | $ (40,728) | $ 47,530 |
| Adjusted EBITDAR(1) | $ 22,222 | $ 137,353 |

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

*Operating Revenues*

| (in thousands) | Successor<br>For the nine months ended September 30, 2020 | Successor<br>For the nine months ended September 30, 2019 |
|---|---|---|
| Scheduled service | $ 159,063 | $ 312,493 |
| Charter service | 60,983 | 125,715 |
| Ancillary | 52,253 | 89,119 |
| Passenger | 272,299 | 527,327 |
| Cargo | 17,491 | — |
| Other | 3,889 | 10,193 |
| Total operating revenue | $ 293,679 | $ 537,520 |

Total operating revenues decreased by $243.8 million, or 45%, to $293.7 million for the nine months ended September 30, 2020 from $537.5 million for the nine months ended September 30, 2019.

*Scheduled Service.* Scheduled service revenue decreased by $153.4 million, or 49%, to $159.1 million for the nine months ended September 30, 2020 from $312.5 million for the nine months ended September 30, 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 1.3 million in the nine months ended September 30, 2020, down from 2.7 million in the nine months ended September 30, 2019. This drove a 35% decrease in departures and a 17 percentage point decrease in load factor. The decrease in load factor resulted in a decrease in PRASM of 13% to $6.14 from $7.03. Further, our scheduled service capacity, as measured by ASMs, decreased by 42%.

*Charter Service.* Charter service revenue decreased by $64.7 million, or 51%, to $61.0 million for the nine months ended September 30, 2020 from $125.7 million for the nine months ended September 30, 2019. The COVID-19 pandemic also drove a decrease in our charter service revenue due to a decrease in the number of charter flights for our casino, sports customers and the U.S. Department of Defense. Our charter service revenue began to rebound as charter customers such as the U.S. Department of Defense and large university sports teams continued to fly throughout the nine months ended September 30, 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 $36.9 million, or 41%, to $52.3 million for the nine months ended September 30, 2020 from $89.1 million for the nine months ended September 30, 2019. The decline in passenger demand due to the COVID-19 pandemic drove a decrease in ancillary revenue. The decline in the number of scheduled service passengers in the nine months ended September 30, 2020 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 $41.02 per passenger in the nine months ended September 30, 2020, up from $32.73 per passenger in the nine months ended September 30, 2019.

*Cargo.* Revenue from cargo service was $17.5 million for the nine months ended September 30, 2020, with no comparative revenue for the nine months ended September 30, 2019. The majority 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.

*Other.* Other revenue decreased by $6.3 million, or 62%, to $3.9 million for the nine months ended September 30, 2020 from $10.2 million for the nine months ended September 30, 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) | Successor<br>For the nine months ended September 30, 2020 | Successor<br>For the nine months ended September 30, 2019 |
|---|---|---|
| **Operating expenses:** | | |
| Aircraft fuel | $ 69,377 | $ 127,338 |
| Salaries, wages and benefits | 106,923 | 105,668 |
| Aircraft rent | 23,376 | 37,959 |
| Maintenance | 15,242 | 25,041 |
| Sales and marketing | 13,123 | 27,414 |
| Depreciation and amortization | 35,631 | 25,371 |
| Ground handling | 15,786 | 31,009 |
| Landing fees and airport rent | 22,377 | 33,730 |
| Special items, net | (64,333) | 6,378 |
| Other operating, net | 34,363 | 51,094 |
| Total operating expenses | $ 271,865 | $ 471,002 |

*Aircraft Fuel*. Aircraft Fuel expense decreased by $58.0 million, or 46%, to $69.4 million for the nine months ended September 30, 2020, as compared to $127.3 million for the nine months ended September 30, 2019. The decrease was primarily driven by a 46% decrease in fuel gallons consumed due to fewer ASMs and aircraft departures in response to the reduced demand relating to the COVID-19 pandemic. Further contributing to the decrease in aircraft fuel expense was a 28% 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 $15.8 million from our fuel derivative contracts associated with our economic fuel hedges.

*Salaries*, *Wages and Benefits*. Salaries, wages and benefits expense increased by $1.3 million, or 1%, to $106.9 million for the nine months ended September 30, 2020, as compared to $105.7 million for the nine months ended September 30, 2019. The increase was primarily due to increased headcount, primarily related to insourcing certain operations and to the addition of cargo aircraft. The CARES Act Payroll Support Program restricted the Company through September 30, 2020 from taking measures to reduce headcount in response to the decline in departures.

*Aircraft Rent*. Aircraft rent expense decreased by $14.6 million, or 38%, to $23.4 million for the nine months ended September 30, 2020 compared to $38.0 million for the nine months ended September 30, 2019. Aircraft rent expense decreased primarily due to the composition of our aircraft fleet shifting from aircraft under operating leases (for which rent expense is recorded within aircraft rent) to owned aircraft and aircraft under finance leases (for which depreciation and amortization expense is recorded within depreciation and amortization). Specifically, in the nine months ended September 30, 2020 we purchased two aircraft previously under operating lease and leased two fewer seasonal aircraft. Additionally, a 43% 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 recorded as a result of acquisition accounting for the acquisition by the Apollo Funds for six aircraft, of which three were returned at the end of their lease terms

during 2019, and three were financed following their lease maturity during the nine months ended September 30, 2020.

*Maintenance*. Maintenance materials and repair expense decreased by $9.8 million, or 39%, to $15.2 million for the nine months ended September 30, 2020 compared to $25.0 million for the nine months ended September 30, 2019. The decrease was driven primarily by the COVID-19 pandemic which caused reduced aircraft utilization and a 43% decrease in block hours. These factors ultimately resulted in fewer maintenance events and lower major and routine maintenance costs. The decrease in maintenance expense was partially offset by line maintenance on the additional aircraft under the ATSA.

*Sales and Marketing*. Sales and marketing expense decreased by $14.3 million, or 52%, to $13.1 million for the nine months ended September 30, 2020, as compared to $27.4 million for the nine months ended September 30, 2019. The decrease was primarily due to an $8.9 million reduction in credit card processing fees which is directly related to lower sales. Additionally, there was a $1.7 million decrease in advertising costs and a $1.7 million decrease in travel agent commissions and related global distribution systems fees associated with the decrease in scheduled service and SCV bookings due to the COVID-19 pandemic.

*Depreciation and Amortization*. Depreciation and amortization expense increased by $10.3 million, or 40%, to $35.6 million for the nine months ended September 30, 2020, as compared to $25.4 million for the nine months ended September 30, 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 depreciation and amortization expense is recorded within depreciation and amortization). Specifically, the increase is due to the incremental depreciation related to one aircraft 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 nine months ended September 30, 2020 which were previously under operating leases and two aircraft we purchased in the nine months ended September 30, 2020 which were new additions to the fleet.

*Ground Handling*. Ground handling expense decreased by $15.2 million, or 49%, to $15.8 million for the nine months ended September 30, 2020, as compared to $31.0 million for the nine months ended September 30, 2019. The decrease was primarily due to the 35% decline in departures. Additionally, we insourced our MSP operations in April 2020, contributing to a reduction of $3.0 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 $11.4 million, or 34%, to $22.4 million for the nine months ended September 30, 2020, as compared to $33.7 million for the nine months ended September 30, 2019. The decrease was driven by the 35% reduction in departures during the nine months ended September 30, 2020.

*Special Items, net*. Special items, net was an income of $64.3 million for the nine months ended September 30, 2020 and an expense of $6.4 million for the nine months ended September 30, 2019. For the nine months ended September 30, 2020, Special items, net includes 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 $2.0 million in refundable tax credits related to employee retention under the CARES Act. For the nine months ended September 30, 2019, Special items, net includes 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.

*Other Operating, net*. Other operating, net expense decreased by $16.7 million, or 33%, to $34.4 million for the nine months ended September 30, 2020, as compared to $51.1 million for the nine months ended September 30, 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, and other operational overhead costs.

*Non-operating Income (Expense)*

| (in thousands) | Successor<br>For the nine months ended September 30, 2020 | <br>For the nine months ended September 30, 2019 |
|---|---|---|
| **Non-operating income/(expense):** | | |
| Interest income | $ 340 | $ 618 |
| Interest expense | (16,215) | (12,700) |
| Other, net | (331) | (906) |
| **Total non-operating expense, net** | **$ (16,206)** | **$ (12,988)** |
| Income before income tax | $ 5,608 | $ 53,530 |
| Income tax expense | 1,470 | 12,476 |
| **Net income** | **$ 4,138** | **$ 41,054** |

*Interest Income*. Interest income decreased in the nine months ended September 30, 2020 related to lower average cash balances.

*Interest Expense*. Interest expense increased by $3.5 million, or 28%, to $16.2 million for the nine months ended September 30, 2020, as compared to $12.7 million for the nine months ended September 30, 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 $0.6 million, or 63%, to $0.3 million for the nine months ended September 30, 2020, as compared to $0.9 million for the nine months ended September 30, 2019. The decrease is mainly due to early out payments and other expenses incurred in connection with outsourcing certain ground operations during the nine months ended September 30, 2019.

*Income Taxes*. Our effective tax rate was 26.2% for the nine months ended September 30, 2020, as compared to 23.3% for the nine months ended September 30, 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.

***Successor 2019 period and Successor and Predecessor 2018 periods***

| (in thousands) | Successor: For the year ended December 31, 2019 | Successor: For the period April 11, 2018 through December 31, 2018 | Predecessor: For the period January 1, 2018 through April 10, 2018 |
|---|---|---|---|
| **Operating revenues:** | | | |
| Passenger | $688,833 | $ 335,824 | $ 172,897 |
| Other | 12,551 | 49,107 | 24,555 |
| **Total operating revenue** | **701,384** | **384,931** | **197,452** |
| **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 | 623,262 | 377,699 | 171,336 |
| **Operating income** | **78,122** | **7,232** | **26,116** |
| **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** |
| **Non-GAAP Financial Data:** | | | |
| Adjusted Net Income (Loss)(4) | $ 53,734 | $ (5,871) | $ 26,181 |
| Adjusted EBITDAR(4) | $171,129 | $ 49,688 | $ 57,279 |

(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 3 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 3 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 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) | Successor: For the year ended December 31, 2019 | Successor: For the period April 11, 2018 through December 31, 2018 | Predecessor: For the period January 1, 2018 through April 10, 2018 |
|---|---|---|---|
| **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 Successor 2019 period, $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 Successor 2019 period, $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 Successor 2019 period, 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 Successor 2019 period, $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 Successor 2019 period, $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%.

*Other.* Other revenue was $12.6 million for the Successor 2019 period, $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: For the year ended December 31, 2019 | Successor: For the period April 11, 2018 through December 31, 2018 | Predecessor: 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 Successor 2019 period, $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 Successor 2019 period 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 Successor 2019 period, $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 Successor 2019 period, $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 rent expense is recorded within aircraft rent) and owned aircraft and aircraft under finance lease (for which depreciation and amortization 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 Successor 2019 period, and reducing seasonal aircraft by one. Aircraft rent expense for the Successor 2019 period 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.

*Maintenance*. Maintenance materials and repair expense was $35.3 million for the Successor 2019 period, $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 Successor 2019 period. 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 Successor 2019 period 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 Successor 2019 period, $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 Successor 2019 period, $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 Successor 2019 period. 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 Successor 2019 period, $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 Successor 2019 period, $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 Successor 2019 period, 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 Successor 2019 period 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 $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 Successor 2019 period, $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: For the year ended December 31, 2019 | Successor: For the period April 11, 2018 through December 31, 2018 | Predecessor: 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 and Successor 2019 periods related to higher average cash balances.

*Interest Expense*. Interest expense was $17.2 million for the Successor 2019 period, $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 Successor 2019 period 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 Successor 2019 period, expense of $1.6 million in the Successor 2018 period and income of $37 thousand for the Predecessor 2018 period. For the Successor 2019 period, 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 Successor 2019 period, 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 Net Income and Adjusted EBITDAR***

Adjusted Net Income and Adjusted EBITDAR are included as supplemental disclosures because we believe they are useful indicators of our operating performance. Derivations of net income and EBITDAR 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. Further, we believe Adjusted EBITDAR is useful in evaluating our operating performance compared to our competitors 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 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; 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 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. In addition, Adjusted EBITDAR should not be viewed as a measure of overall performance since 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. As a result of the transition, we believe a metric which is indifferent to aircraft ownership structures enables investors and our management to analyze our financial performance over time and against our competitors. In this regard, Adjusted EBITDAR is a valuable metric to provide comparability in measuring earnings against our competitors as it isolates the effects of variability in aircraft ownership structure across airlines, which is predominately a function of aircraft capital spending and lease structure rather than a contributing factor to operating performance, given that airlines frequently have significant variability in their mix of owned and financed leased aircraft versus operating leased aircraft, which are presented differently for accounting purposes. 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. Accordingly, you are cautioned not to place undue reliance on this information.

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

| (in thousands) | Successor | | | | Predecessor |
|---|---|---|---|---|---|
| | For the nine months ended September 30, 2020 | For the nine months ended September 30, 2019 | 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 |
| **Adjusted Net Income (Loss) reconciliation:** | | | | | |
| Net income (Loss) | $ 4,138 | $ 41,054 | $ 46,072 | $ (367) | $ 25,910 |
| Special items, net(a) | (64,333) | 6,378 | 7,092 | (6,706) | 271 |
| Stock compensation expense | 1,253 | 1,543 | 1,888 | 373 | — |
| Loss (gain) on asset transactions, net | 381 | 264 | 725 | (811) | — |
| Other adjustments(b) | 4,431 | 226 | 226 | — | — |
| Income tax effect of adjusting items, net(c) | 13,402 | (1,935) | (2,289) | 1,640 | — |
| **Adjusted Net Income (Loss)** | **$ (40,728)** | **$ 47,530** | **$ 53,734** | **$ (5,871)** | **$ 26,181** |

(a) See Note 15 to our audited consolidated financial statements and Note 13 to our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus for additional information on the components of Special items, net.

(b) Other adjustments for the nine months ended September 30, 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 nine months ended September 30, 2019 and the Successor 2019 period 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 tables present the reconciliation of Net Income (Loss) to Adjusted EBITDAR for the periods presented below.

| | Successor | | | | Predecessor |
|---|---|---|---|---|---|
| | For the nine months ended September 30, 2020 | For the nine months ended September 30, 2019 | 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) | $ 4,138 | $ 41,054 | $ 46,072 | $ (367) | $ 25,910 |
| Special items, net(a) | (64,333) | 6,378 | 7,092 | (6,706) | 271 |
| Interest expense | 16,215 | 12,700 | 17,170 | 6,060 | 339 |
| Stock compensation expense | 1,253 | 1,543 | 1,888 | 373 | — |
| Loss (gain) on asset transactions, net | 381 | 264 | 745 | (811) | — |
| Other adjustments(b) | 4,431 | 226 | 226 | — | — |
| Interest income | (340) | (618) | (937) | (258) | (96) |
| Provision for income taxes. | 1,470 | 12,476 | 14,088 | 161 | — |
| Depreciation and amortization | 35,631 | 25,371 | 34,877 | 14,405 | 2,526 |
| Aircraft rent | 23,376 | 37,959 | 49,908 | 36,831 | 28,329 |
| **Adjusted EBITDAR** | **$ 22,222** | **$ 137,353** | **$ 171,129** | **$ 49,688** | **$ 57,279** |

(a) See Note 15 to our audited consolidated financial statements and Note 13 to our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus for additional information on the components of Special items, net.
(b) Other adjustments for the nine months ended September 30, 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 nine months ended September 30, 2019 and the Successor 2019 period include expenses incurred in terminating work on a planned new crew base.

***Adjusted CASM***

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. 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.

Starting in 2020 when we launched our freighter operation, we have excluded costs related to the freighter operations as these operations do not create ASMs. 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.

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

| | For the nine months ended September 30, | | 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** | $ 271,865 | 8.63 | $ 623,262 | 8.82 | $ 549,035 | 10.05 |
| Aircraft fuel | 69,377 | 2.20 | 165,666 | 2.35 | 165,343 | 3.03 |
| Freighter operations | 16,610 | 0.53 | — | — | — | — |
| Sun Country Vacations | 443 | 0.01 | 2,448 | 0.03 | 4,541 | 0.08 |
| Special items, net | (64,333) | (2.04) | 7,092 | 0.10 | (6,435) | (0.12) |
| Stock compensation expense | 1,253 | 0.04 | 1,888 | 0.03 | 373 | 0.01 |
| Other adjustments | 4,431 | 0.14 | 226 | — | — | — |
| **Adjusted CASM** | **$ 244,084** | **7.75** | **$ 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 September 30, 2020 included our existing cash and equivalents of $44.3 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 $24.7 million as of September 30, 2020. In addition, we had restricted cash of $6.2 million as of September 30, 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 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 connection with funds received under the Payroll Support Program, we agreed not to repurchase shares or pay cash dividends through September 30, 2021, among other requirements. We also recognized $2.0 million in tax credits related to employee retention under the CARES Act in the nine months ended September 30, 2020, and expect to continue to receive additional credits through 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.

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 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 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 which, among other things, includes the following: the requirement to use the Payroll Support Payment exclusively for the continuation of payment of crewmember and employee wages, salaries and benefits through September 30, 2020; the requirement that certain levels of commercial air service be maintained until March 1, 2022; the prohibitions on share repurchases and the payment of common stock dividends until one year following repayment of the loan; and restrictions on the payment of certain executive compensation until the later of March 24, 2022 and one year following repayment of the loan.

On December 13, 2017, Sun Country, Inc. (formerly known as MN Airlines, LLC), our wholly-owned subsidiary (the "Borrower"), entered into an Asset-Based Revolving Credit Agreement (as amended, the "ABL Credit Agreement"), which provides for an asset-based revolving credit facility (the "ABL Facility") in an aggregate committed principal amount of up to $20.0 million, subject to borrowing base availability. The borrowing base is equal to the sum of (i) 90.0% of the net amount of eligible credit card accounts, (ii) 85.0% of

the net amount of eligible receivables, (iii) 75.0% of the net book value of eligible inventory (iv) 90.0% of the appraised value of owned spare engines and (v) 75.0% of the net book value of eligible equipment. On May 15, 2020, the revolving credit agreement maturity date was extended by one year and the maximum credit amount was increased from $20.0 million to $25.0 million. The ABL Facility matures on April 11, 2022.

Borrowings under the ABL Credit Agreement 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%. In addition, the Borrower is required to pay a commitment fee to the lenders in respect of the unutilized commitments under the ABL Facility at a rate equal to 0.50% per annum on the average daily unused balance, customary letter of credit fees and customary agency fees. The obligations of the Borrower under the ABL Facility are unconditionally guaranteed by SCA Acquisition, LLC on a limited-recourse basis.

The ABL Facility requires the Borrower to comply with a financial maintenance covenant if the aggregate amount of funded loans and issued letters of credit under the ABL Facility (excluding up to $3.0 million of undrawn letters of credit under the ABL Facility and letters of credit that are cash collateralized) exceeds 30% of the then-outstanding commitments under the ABL Facility. If the financial maintenance covenant applies, it requires that the Borrower maintain as of the last day of each fiscal quarter a minimum EBITDAR (as defined in the ABL Facility) of at least $87.7 million for the then most recently ended period of four consecutive fiscal quarters. The Borrower was in compliance with the financial maintenance covenant as of September 30, 2020.

The ABL Facility 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; provided, however, that the restriction includes several exceptions, including an exception permitting dividends and distributions so long as the Borrower is in compliance with the payment conditions under the ABL Credit Agreement. The Borrower was in compliance with the payment conditions as of September 30, 2020.

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

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.

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.

During the nine months ended September 30, 2020 and September 30, 2019, we expensed $6.3 million and $10.2 million of maintenance reserve payments, respectively. As of September 30, 2020, we had $24.6 million in recoverable aircraft maintenance deposits on our consolidated balance sheet, of which $0.8 million is included in accounts receivable because the eligible maintenance had been performed and reimbursement from the lessor is pending.

In the Successor 2019 period, Successor 2018 period and Predecessor 2018 period, we expensed $18.6 million, $12.8 million and $6.0 million, respectively, of maintenance reserve payments to our lessors. As of December 31, 2019, we had $30.2 million in recoverable aircraft maintenance deposits on our consolidated balance sheet, of which $5.9 million is included in accounts receivable because 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 ABL Facility and the 2019-1 EETC, 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:

| | Successor | | |
|---|---|---|---|
| (in thousands, except debt to capital amounts) | As of September 30, 2020 | As of December 31, 2019 | As of December 31, 2018 |
| Cash and equivalents | $ 44,288 | $ 51,006 | $ 29,600 |
| Investments | 5,598 | 5,694 | 5,947 |
| Long-term debt, net of current portion | 220,654 | 73,720 | 49,823 |
| Stockholders' equity | 290,069 | 283,724 | 235,647 |
| Debt-to-capital including aircraft operating and finance lease obligations(1) | 0.6 | 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. See Note 3 to our audited consolidated financial statements included elsewhere in this prospectus for additional information.

**Cash Flows**

***Nine months ended September 30, 2020 and 2019***

The following table presents information regarding our cash flows for nine months ended September 30, 2020 and 2019:

| | Successor | |
|---|---|---|
| (in thousands) | For the nine months ended September 30, 2020 | For the nine months ended September 30, 2019 |
| Net cash provided by operating activities | $ 3,553 | $ 25,654 |
| Net cash used in investing activities | (94,211) | (37,001) |
| Net cash provided by (used in) financing activities | 76,713 | (837) |

*Cash Provided By Operating Activities.*

For the nine months ended September 30, 2020, net cash provided by operating activities was $3.6 million, primarily due to net income of $4.1 million, depreciation and amortization of $35.6 million related to additional owned and finance leased aircraft, mark-to-market losses on fuel derivatives of $15.8 million due to our fuel price hedging activity, and an increase in other liabilities of $4.1 million. Included in net income was $62.3 million cash received as a grant from Treasury as part of the CARES Act under the Payroll Support Program and $2.0 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 $10.3 million with a majority of our aircraft lessors. These factors were largely offset by a decrease in air traffic liabilities of $18.3 million, a decrease in accrued transportation taxes of $10.5 million, a decrease in accounts payable of $9.1 million, an increase in lessor maintenance deposits of $8.3 million, an increase in other assets of $4.4 million, $8.1 million in amortization of over-market liabilities related to acquisition accounting and an increase in accounts receivable of $3.1 million.

For the nine months ended September 30, 2019, net cash provided by operating activities was $25.7 million, due to net income of $41.1 million, depreciation and amortization of $25.4 million related to additional owned and finance leased aircraft, amortization of right-of-use assets of $29.0 million, deferred income taxes of $12.4 million, a decrease in prepaid expenses of $2.4 million, and an increase in accounts payable of $9.0 million, partially offset by mark-to-market gains on fuel derivatives of $6.9 million due to our fuel price hedging activity, $10.7 million in amortization of over-market liabilities related to acquisition accounting, an increase in accounts receivable of $9.9 million, an increase in lessor maintenance deposits of $14.3 million, a decrease in air traffic liabilities of $15.2 million, a decrease in loyalty program liabilities of $4.4 million, and a decrease in operating lease obligations of $29.7 million.

*Cash Used In Investing Activities.*

For the nine months ended September 30, 2020, net cash used in investing activities was $94.2 million, primarily due to purchases of property and equipment of $94.3 million related to investments in our fleet, partially offset by net proceeds of the sale of investments of $0.1 million.

For the nine months ended September 30, 2019, net cash used in investing activities was $37.0 million, primarily due to purchases of property and equipment of $37.1 million related to investments in our fleet, partially offset by net proceeds from the sale of investments of $0.1 million.

*Cash Provided By (Used In) Financing Activities.*

For the nine months ended September 30, 2020, net cash provided by financing activities was $76.7 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, partially offset by $84.7 million of principal payments related to our finance leases, $55.6 million in debt repayments related to the refinancing of three owned aircraft, and payment of debt issuance costs of $3.3 million.

For the nine months ended September 30, 2019, net cash used in financing activities was $0.8 million, primarily due primarily due to $6.7 million of principal payments related to our finance leases and $7.5 million in debt repayments, largely offset by $13.4 million in proceeds from borrowings.

***Successor 2019 period and Successor and Predecessor 2018 periods***

The following table presents information regarding our cash flows for the Successor 2019 period and the Successor 2018 and Predecessor 2018 periods:

| | Successor | | Predecessor |
|---|---|---|---|
| (in thousands) | 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 |
| 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 Successor 2019 period, 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.

*Cash Used In Investing Activities.*

For the Successor 2019 period, 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 Successor 2019 period, 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 September 30, 2020 for the periods in which payments are due:

| (in thousands) | Remainder of 2020 | 2021 - 2022 | 2023 - 2024 | Thereafter | Total |
|---|---|---|---|---|---|
| Current and long-term debt(1) | $ 14,302 | $ 55,776 | $ 85,806 | $ 98,799 | $254,683 |
| Interest obligations(2) | 6,070 | 21,728 | 14,300 | 6,928 | 49,026 |
| Operating lease obligations(3) | 10,819 | 81,181 | 62,137 | 27,469 | 181,606 |
| Finance lease obligations | 7,174 | 30,921 | 40,637 | 65,438 | 144,170 |
| **Total** | $ 38,365 | $ 189,606 | $ 202,880 | $198,634 | $629,485 |

(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 $154.6 million in total, including $4.1 million remaining for 2020, $53.6 million for 2021 and 2022, $53.3 million for 2023 and 2024 and $43.6 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 depositary 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 depositary 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 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.

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 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;
- 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 78% of our projected fuel requirements for scheduled service operations in the fourth quarter of 2020 and 37% 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 September 30, 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 on our ABL Credit Facility and the CARES Act Loan Agreement. We have not drawn on our ABL Facility as of September 30, 2020, however if this were fully utilized, a 100 basis point increase in interest rates would result in a corresponding increase in interest expense of approximately $0.3 million annually in connection with the ABL Facility, and $0.5 million annually in connection with the CARES Act Loan.

**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 2018, 2019 and 2020 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 2010, 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.

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

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 2014, 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 for the next several years. 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. Sun Country's contract with Amazon 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 passengers in the second half of 2020, those levels are still down % when compared to the prior year period. 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.

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 to a monthly average of passengers in the second half of 2020, which is down % when compared to the prior year 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, 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. 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 as measured by pre-tax and operating income margins.

### *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 LLCs, 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, Spirit Airlines and Frontier 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, low cost, leisure focused carriers, similar to Sun Country, have been more resilient during economic downturns, including the current COVID-19 induced downturn, when compared to business-travel-focused legacy carriers.

***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. 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 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 throughout 2020. In the fourth quarter of 2020, our charter revenues were % lower when compared to the fourth quarter of 2019. In comparison, combined U.S. passenger airline revenues were % 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. Our contract with Amazon 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***

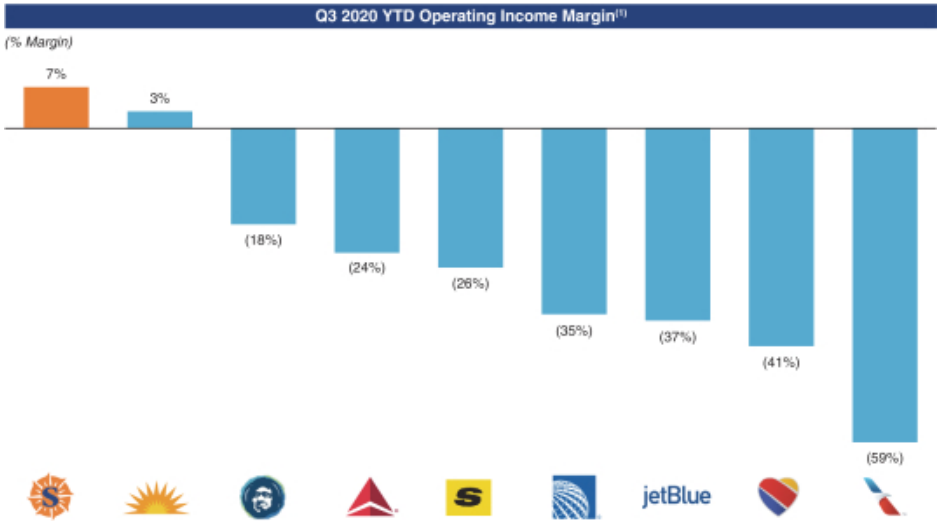
In April 2018, we were acquired by the Apollo Funds. Since the acquisition, our business has been transformed under a new management team of seasoned professionals who have a strong combination of low-cost and legacy network airline experience.

- 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. While we were not unaffected by this downturn, 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). 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; deferred vendor payments; and upsizing our ABL Facility. Further, we received a grant from Treasury through the Payroll Support Program 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 that received government assistance. During 2020, we generated higher operating income margins than any other mainline U.S. passenger airline while being the only mainline U.S. airline to also have positive pre-tax income margins. 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.




(1) Sun Country operating income margin is based on operating income of $21.8 million and revenue of $293.7 million. Other airline operating income margin results adjusted to remove identified one-time items such as asset sales, impairment charges and non-cash stock compensation expense. All carriers' results include benefits received under the CARES Act.

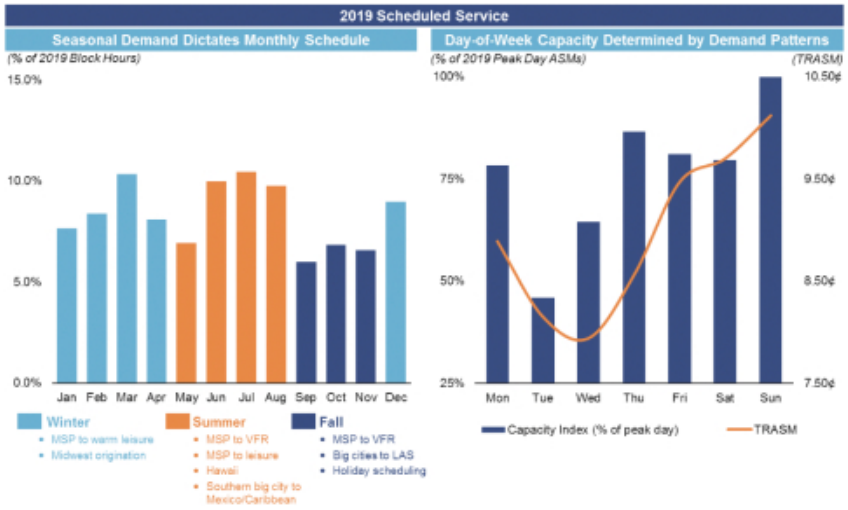
Our financial and operating results and business operations for our scheduled service and charter businesses for the year ended December 31, 2020 have been materially and adversely impacted as a result of the COVID-19 pandemic, which impact is likely to continue during the duration of the COVID-19 pandemic. 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. While all scheduled service airlines were negatively impacted by the COVID-19 induced industry downturn, low-cost leisure focused airlines, such as Sun Country Airlines, outperformed business-travel-focused legacy network 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, being the only airline to generate positive pre-tax income margins and higher operating income margins than any other mainline U.S. passenger airline.

***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 purchasing mid-life Boeing 737-800 aircraft, which have a lower purchase price, when compared to new Boeing 737 aircraft, that more than offsets their moderately higher operating 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 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. 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 21 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 have outperformed other mainline U.S. passenger airlines during the COVID-19 pandemic based on pre-tax and operating income margins, 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 leverage ourselves to 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 potential growth opportunities at MSP alone of 10 to 12 aircraft.

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 potential growth opportunities outside of MSP of 5 to 8 aircraft, as well as an additional 3 to 4 aircraft to support our charter operations.

***Continue to Increase Our Margins and Free Cash Flow.*** From December 31, 2017 through December 31, 2019, we reduced 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 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 $ and we served approximately 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. For the year ended December 31, 2020, our average ancillary revenue per passenger was $ , which was impacted dramatically by the COVID-19 pandemic, during which we ceased onboard sales, among other actions to prevent the spread of disease. 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 % 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 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 % in the fourth quarter of 2020, whereas our charter revenue was only down % 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.

$152 million in 2018, $175 million in 2019 and $ 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. 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. Our CMI contract with Amazon 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. Our long-term strategic plans have identified potential growth opportunities at MSP of 10 to 12 aircraft by the end of 2023.

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 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. Our long-term strategic plans have identified potential growth opportunities outside of MSP of 5 to 8 aircraft by the end of 2023.

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*

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 % and 25% of revenue for the years ended December 31, 2020 and 2019, respectively, and capacity grew approximately 34% from 2017 to 2019. In 2020, capacity was down % 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**

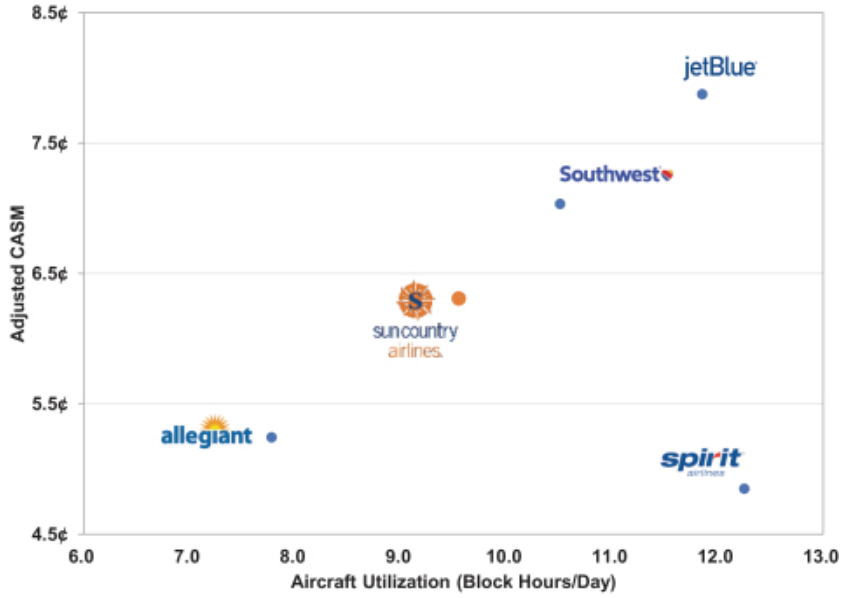
The airline industry is highly competitive. The principal competitive factors in the airline industry are ticket prices, flight schedules, aircraft type, passenger amenities, customer service, reputation and frequent flyer programs. We have different competitive sets in our scheduled service business, 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, Hawaiian 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 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 70% of our total passenger revenue, as compared to 65% in 2018. 2020 sales through direct channels accounted for % 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 % 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 %, 5.0% and 4.8% as a percentage of total revenues 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 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 difficultly 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.

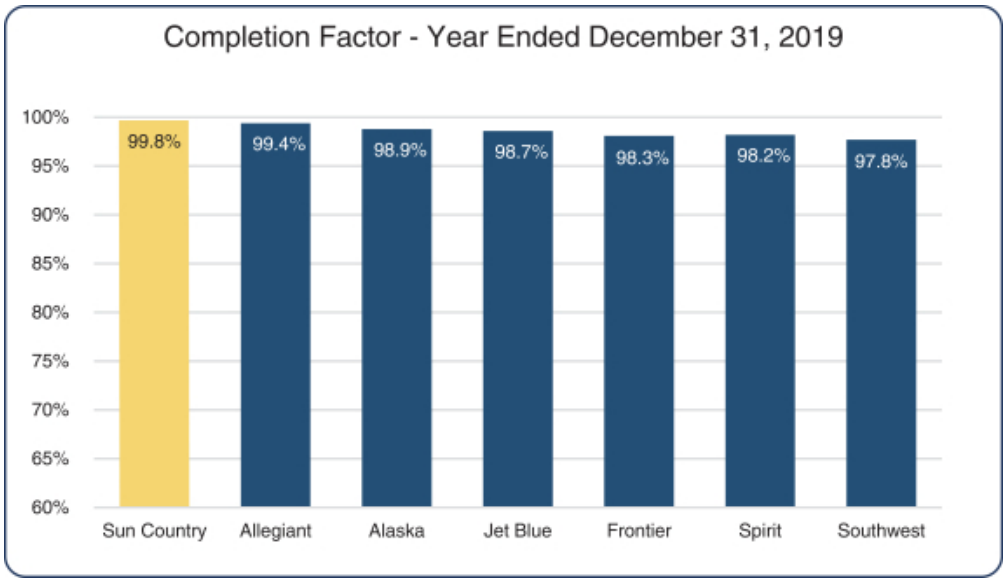
We believe our product appeals to price-sensitive customers because we give them the choice to pay only for the products and services they want. Overall, our business model is designed to deliver what we believe our customers want: low fares and a high quality flight experience.

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 cancelations, 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 September 30, 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 93.7% for the period of April 1, 2020 through September 30, 2020, or an increase of 23.8% over 2019. Furthermore, this performance positioned second only to Southwest Airlines, among our competitors, for the same period. Significantly, we were only 1.7% behind Southwest and ahead of Alaska Airlines, Frontier Airlines, Spirit Airlines, JetBlue Airways and Allegiant Travel Company.

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, 2019 were 100% for domestic quality, 100% for international quality, 98% for domestic schedule reliability and 97% for international schedule reliability, putting us in the "exceptional" rating category for each area. We are committed to serving not only our DOD 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 Boeing 737-800s and Boeing 737-700, for a total of 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 years as of December 31, 2020. Our freighters average years as of December 31, 2020. Of the aircraft, were financed under operating or finance leases as of December 31, 2020. Of the remaining passenger aircraft, were owned and financed through a EETC financing structure and 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 has and will continue to significantly reduce our financing costs in 2020 and beyond. 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. We may expand our freighter fleet with spare aircraft.

**Aircraft Fuel**

Aircraft fuel is generally our largest expense representing approximately %, 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) | | 78,042 | 64,981 |
| Average price per gallon | $ | $ 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 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 % 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 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 % 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 attendants became amendable on December 31, 2019. We entered into negotiations in November 2019. Negotiations were paused by mutual consent in February 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.

| Employee Groups | Number of Employees | Representative | Status of Agreement/Amendable Date |
|---|---|---|---|
| Pilots | | Air Line Pilots Association (ALPA) | Amendable in October 2021 |
| Flight Attendants | | International Brotherhood of Teamsters (IBT) | Currently amendable (commenced as of December 2019) |
| Dispatchers | | 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 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.
- In order to assist our community as we all dealt with the duel crisis of pandemic and civil unrest, we organized a number of volunteer events throughout 2020. Through December 31, 2020, Sun Country volunteers have spent 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 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, and frequently 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.

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, the incoming presidential administration is expected to promote more aggressive policies with respect to climate change and carbon emissions, including in the aviation sector. 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.

| Name | Age | Position |
|---|---|---|
| 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 |
| Joshua Black | 34 | Director |
| 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 15 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 Globecomm 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 26 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 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.

***Joshua Black*** is a member of our board of directors. Mr. Black is a Partner in the Private Equity division of Apollo Global Management, Inc., having joined Apollo in 2011. Mr. Black focuses on a wide range of industries, including property and casualty insurance. Prior to joining Apollo, Mr. Black was a member of the Leveraged Finance Product Group at Goldman Sachs & Co. having worked previously in the Financial Institutions Industry

Group. Mr. Black currently sits on the boards of Aspen, Tegra, Huddle House, Volotea, Somerset Partners, and Augustus Specialty. Mr. Black graduated cum laude from Princeton University with a B.A. in Religion.

***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 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 and has served as the Chief Executive Officer of Viva Aerobus since 2010. Mr. Zuazua earned an MBA in Public Policy from Escuela de Graduados de Administración Pública at the Tecnológico de Monterrey.

**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 the NYSE. 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 the NYSE'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 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 the NYSE, 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 the NYSE, 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 the NYSE, will be Juan Carlos Zuazua, Kerry Philipovitch and .

**Board Composition**

Upon the consummation of this offering, our board of directors will consist of ten members. We intend to avail ourselves of the "controlled company" exception under the NYSE 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 NYSE rules, the board of directors will take all action necessary to comply with the applicable NYSE 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.

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, , and 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 the NYSE. 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 , and . We intend to avail ourselves of the "controlled company" exception under the NYSE rules, which allows us to phase in an independent audit committee. We will 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 qualifies as an "audit committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K and that is independent as independence is defined in Rule 10A-3 of the Exchange Act and under the NYSE'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 financial reporting process;
- 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 senior internal audit staff person;
- to discuss, oversee and monitor policies with respect to risk assessment and risk management;
- to oversee and monitor our compliance with legal and regulatory matters; and
- to provide regular reports to the board.

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 officers and key employees, including all material benefits, option or stock award grants and perquisites and all material employment agreements, confidentiality and non-competition agreements;
- to review and recommend to the board of directors a succession plan for the chief executive officer and development plans for other key corporate positions as shall be deemed necessary from time to time;
- to review and make recommendations to the board of directors with respect to our incentive compensation plans and equity-based compensation plans;
- to administer incentive compensation and equity-related plans;
- to review and make recommendations to the board of directors with respect to the financial and other performance targets that must be met;

- to set and review the compensation of members of the board of directors; 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 NYSE 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 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 and senior management.

We intend to avail ourselves of the "controlled company" exception under the NYSE 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 year 2019:

**Summary Compensation Table**

| Name and Principal Position | Year | Salary ($) | Bonus ($) | Option Awards ($)(2) | All Other Compensation ($)(3) | Total ($) |
|---|---|---|---|---|---|---|
| **Jude Bricker** | 2019 | $200,000 | $338,289 | $ — | $ 28,970 | $ 567,259 |
| Chief Executive Officer | | | | | | |
| **Dave Davis** | 2019 | $360,000 | $187,845 | $549,098 | $ 18,170 | $1,115,113 |
| President and Chief Financial Officer | | | | | | |
| **Gregory Mays(1)** | 2019 | $162,500 | $156,538 | $988,950 | $ 90,038 | $1,398,026 |
| Chief Operating Officer | | | | | | |

(1) Mr. Mays was hired in June 2019.

(2) 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"). The amounts reported reflect the aggregate grant date fair value of each stock option computed in accordance with ASC 718. See Note 8 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.

(3) 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"). 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, $12,306 and $3,021 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 will be 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 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 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.

***2019 Outstanding Equity Awards at Fiscal Year-End Table***

The following table lists each NEO's outstanding equity awards at the end of fiscal 2019.

**Outstanding Equity Awards At Fiscal 2019 Year-End**

| Executive | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable[2] | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)[3] | Option Exercise Price ($) | Option Expiration Date |
|---|---|---|---|---|---|
| **Jude Bricker** | 8,215 | 24,644 | 52,487 | $ 100 | 11/21/2028 |
| **Dave Davis[1]** | 3,286 | 9,857 | 20,995 | $ 100 | 4/17/2028 |
| | — | 2,738 | 4,374 | $ 286.46 | 11/19/2029 |
| **Gregory Mays** | — | 10,953 | 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) 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. For Messrs. Bricker and Davis, options granted in 2018 vest and become exercisable with respect to 25% of shares of common stock subject to the award on each anniversary of April 11, 2018, such that all shares will be vested on April 11, 2022, subject to the holder continuing to provide services to the Company through each such vesting date. Mr. Davis' options granted in 2019 vest and become exercisable with respect to 25% of shares of common stock subject to the award on each anniversary of November 5, 2019, such that all shares will be vested on November 5, 2023. For Mr. Mays, options vest and become exercisable with respect to 25% of shares of common stock subject to the award on each anniversary of June 3, 2019, such that all shares will be vested on June 3, 2023. All options will accelerate and vest in full upon a Change in Control (as defined in the SCA Acquisition Equity Plan).

(3) 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. 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 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"):

| 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 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 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 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. In all events of cashless or net exercise, any fractional shares of common stock will be settled in cash. If, on the last day of an option period, the fair market value of the common stock exceeds the exercise price, the participant has not exercised the option, and the option has not previously expired, such option will be deemed exercised by the participant on such last day by means of a "net exercise" procedure as described above.

*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. If on the last day of the option period (or in the case of a SAR independent of an option, the SAR period), the fair market value exceeds the applicable strike price, the participant has not exercised the SAR or the corresponding option (if applicable) has not previously expired, such SAR will be deemed to have been exercised by the participant on such last day and the Company will make the appropriate payment therefor.

*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.

*Other Stock-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 under such terms and conditions as the compensation committee may determine and as set forth in the applicable award agreement.

*Effect of a Change in Control.* Unless otherwise provided in an award agreement, or any applicable employment, consulting, change in control, severance or other agreement between us and a participant, in the event of a change in control (as defined in the Omnibus Incentive Plan), if the acquirer or successor company in a change in control has agreed to provide for the substitution, assumption, exchange or other continuation of awards granted pursuant to the Omnibus Incentive Plan, then, if a participant's employment or service is terminated by us other than for cause (and other than due to death or disability) within the 12-month period following a change in control, then the compensation committee may provide that (i) all then-outstanding options and SARs held by such participant will become immediately exercisable as of such participant's date of termination with respect to all of the shares subject to such option or SAR; and/or (ii) the restricted period (and any other conditions) shall expire as of such participant's date of termination with respect to all of the then-outstanding shares of restricted stock or restricted stock units held by such participant (including without limitation a waiver of any applicable performance goals); provided that with respect to any award whose vesting or exercisability is otherwise subject to the achievement of performance conditions, the portion of such award that shall become fully vested and immediately exercisable shall be based on the assumed achievement of actual or target performance as determined by the compensation committee. If the acquirer or successor company in a change in control has not agreed to provide for the substitution, assumption, exchange or other continuation of awards granted pursuant to the Omnibus Incentive Plan, then the compensation committee may provide that all options and SARs held by such participant shall become immediately exercisable with respect to 100% of the shares subject to such options and SARs, and the restricted period (and any other conditions) shall expire immediately with respect to 100% of the shares of restricted stock and RSUs and any other awards (other than any other cash-based awards) held by such participant (including a waiver of any applicable performance conditions); provided, that if the vesting or exercisability of any award would otherwise be subject to the achievement of performance conditions, the portion of such award that will become fully vested and immediately exercisable will be based on the assumed achievement of actual or target performance as determined by the compensation committee. In addition, the compensation committee may in its discretion and upon at least ten days' notice to the affected persons, cancel any outstanding award and pay the holders, in cash, securities or other property (including of the acquiring or successor company), or any combination thereof, the value of such awards based upon the price per share of the Company's common stock received or to be received by other stockholders of the Company in connection with the transaction (it being understood that any option or SAR having a per-share exercise price or strike price equal to, or in excess of, the fair market value (as of the date specified by the compensation committee) of a share of the Company's common stock subject thereto may be canceled and terminated without payment or consideration therefor). Notwithstanding the above, the compensation committee shall exercise such discretion over the timing of settlement of any award subject to Section 409A of the Code at the time such award is granted.

*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 the NYSE 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 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.

**Director Compensation**

***2019 Director Compensation***

During 2019, 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 ($) | Stock Awards ($) | Option Awards(1) | All Other Compensation ($)(2) | Total ($) |
|---|---|---|---|---|---|
| **David Siegel** | $ 60,000 | $300,000 | $ — | $ 1,958 | $361,958 |
| **Juan Carlos ZuaZua** | $ 25,000 | $ — | $ 11,280 | $ — | $ 36,280 |

(1) The amounts reported reflect the aggregate grant date fair value of each stock option computed in accordance with ASC 718. See Note 8 of 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.

(2) 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.

The compensation for our directors set forth in the table above consists of an annual cash retainer for each of Messrs. Siegel and Zuazua, an annual award of options to Mr. ZuaZua and a one-time award of 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.

## 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 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 will be 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 will be 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.

**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 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 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 with the Apollo Stockholder and certain of our existing holders of our common stock prior to this offering (collectively, the "Holders"), pursuant to which the Apollo Stockholder will be entitled to demand the registration of the sale of the shares of common stock it beneficially owns and all of the Holders will be entitled to piggy-back registration rights with respect to an aggregate of shares of common stock. 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*."

**Amazon Registration Rights Agreement**

In connection with this offering, we will enter into a registration rights agreement with Amazon, pursuant to which Amazon will be entitled to certain piggy-back registration rights with respect to the shares of common stock issuable upon exercise of the 2019 Warrants.

## PRINCIPAL AND SELLING 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;
- all of our current directors and executive officers as a group; and
- the selling stockholder.

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 Being Offered | 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) | | | | | | | |
| Joshua Black(1)(5) | | | | | | | |
| Antoine Munfakh(1)(5) | | | | | | | |
| Kerry Philipovitch(6) | | | | | | | |
| David Siegel(5) | | | | | | | |
| Juan Carlos Zuazua | | | | | | | |
| All current directors and executive officers as a group ( persons) | | | | | | | |

* Less than 1%.

(1) SCA Horus Holdings, LLC (the "Apollo Stockholder") is managed by a board of directors consisting of Joshua Black, Antoine Munfakh and . Messrs. Black, Munfakh and 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) Joshua Black and Antoine Munfakh are affiliated with Apollo Management, L.P. and its affiliated investment managers and advisors. Each of Messrs. Black and 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 each of Messrs. Black and 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 shares of our common stock and the exercise price was adjusted to $ per share. 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, % of the 2019 Warrants were vested. Any unvested 2019 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 three directors in Class I, three directors in Class II and four directors in 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, 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 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. 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.

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.

*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 or its 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 or its 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, as applicable. As of the date of this prospectus, this provision of our certificate of incorporation relates only to the directors nominated by the Apollo Stockholder.

**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;
- 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.

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 the NYSE under the symbol “SNCY.”

**Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is .

## 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. 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. is entitled to waive these lock-up provisions in its discretion prior to the expiration date of such lock-up agreements.

### Lock-up Agreements

We, the selling stockholder, all of our other existing stockholders and all of our directors and executive officers 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. Certain underwriters, as described in "*Underwriting (Conflict of Interest)*," 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.

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 the NYSE 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

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 and the selling stockholder have agreed to sell to them, severally, the number of shares indicated below:

| Name | Number of Shares |
|---|---|
| Barclays Capital Inc. | |
| Morgan Stanley & Co. LLC | |
| Apollo Global Securities, LLC | |
| Total: | |

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives," respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and the selling stockholder 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.

The selling stockholder has 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 the selling stockholder 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, the selling stockholder 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.

### 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 and the selling stockholder. 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 the selling stockholder.

| | Per Share | Total | |
|---|---|---|---|
| | | No Exercise | Full Exercise |
| Public offering price | $ | $ | $ |
| Underwriting discounts and commissions to be paid by: | | | |
| Us | $ | $ | $ |
| Selling stockholder | $ | $ | $ |
| Proceeds, before expenses, to us | $ | $ | $ |
| Proceeds, before expenses, to selling stockholder | $ | $ | $ |

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 the NYSE under the trading symbol "SNCY."

**Lock-Up Agreements**

We, the selling stockholder, all of our directors and officers and the holders of all of our outstanding stock have agreed that, without the prior written consent of 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. In addition, we and each such person agrees that, without the prior written consent of on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock.

The lock-up agreements are subject to specified exceptions.

, 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 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, collateral agent, lead arranger, bookrunner and syndication agent under our ABL Facility, is an affiliate of Barclays Capital Inc., one of the underwriters in this offering. In addition, an affiliate of Morgan Stanley & Co. LLC, one of the underwriters in this offering, is a lender under our ABL Facility.

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. 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, the selling stockholder 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.

**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 Member State of the European Economic Area (each, a "Member State"), no offer of shares may be made to the public in that Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the representatives; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of shares shall require us or any of our representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the representatives and us that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 5 of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a nondiscretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Member State means the communication in any form and by means of sufficient information on the terms

of the offer and the shares to be offered so as to enable an investor to decide to purchase shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

***United Kingdom***

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

***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

(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, 2019 and December 31, 2018, for the year ended December 31, 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, 2019 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, and the related amendments*.

## 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.

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

## 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, 2019 and 2018, the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended December 31, 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, 2019 and 2018, and the results of its operations and its cash flows for the year ended December 31, 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 and in accordance with auditing standards generally accepted in the United States of America. 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
March 27, 2020

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**CONSOLIDATED BALANCE SHEETS**
**(Dollars in thousands, except per share amounts)**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets:** | | |
| Cash and Equivalents | $ 51,006 | $ 29,600 |
| Restricted Cash | 13,472 | 13,841 |
| Investments | 5,694 | 5,947 |
| Accounts Receivable, net of an allowance for doubtful accounts of $630 and $503, respectively | 22,408 | 11,064 |
| Short-term Lessor Maintenance Deposits | 1,970 | 2,873 |
| Inventory, net of a reserve for obsolescence of $550 and $222, respectively | 5,273 | 4,830 |
| Prepaid Expenses | 7,717 | 12,796 |
| Derivative Assets (note 11) | 2,233 | — |
| Other Current Assets | 2,752 | 467 |
| Total Current Assets | 112,525 | 81,418 |
| **Property & Equipment, net:** | | |
| Aircraft and Flight Equipment | 142,100 | 83,990 |
| Leasehold Improvements and Ground Equipment | 12,701 | 6,354 |
| Computer Hardware and Software | 8,702 | 5,691 |
| Finance Lease Assets (note 9) | 201,026 | 96,696 |
| Rotable Parts | 8,276 | 8,760 |
| Property & Equipment | 372,805 | 201,491 |
| Accumulated Depreciation & Amortization | (27,728) | (10,835) |
| Total Property & Equipment, net | 345,077 | 190,656 |
| **Other Assets:** | | |
| Goodwill (note 7) | 222,223 | 222,223 |
| Other Intangible Assets, net (note 7) | 97,110 | 101,110 |
| Operating Lease Right-of-use Assets (note 9) | 147,148 | — |
| Aircraft Lease Deposits | 17,970 | 17,790 |
| Long-term Lessor Maintenance Deposits | 28,266 | 11,085 |
| Deferred Tax Asset (note 13) | 35,428 | 49,487 |
| Other Assets | 2,129 | 2,063 |
| Total Other Assets | 550,274 | 403,758 |
| Total Assets | $ 1,007,876 | $ 675,832 |

See accompanying Notes to Consolidated Financial Statements

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**CONSOLIDATED BALANCE SHEETS**
**(Dollars in thousands, except per share amounts)**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Current Liabilities:** | | |
| Accounts Payable | $ 43,900 | $ 28,669 |
| Accrued Salaries, Wages, and Benefits | 16,621 | 14,148 |
| Accrued Transportation Taxes | 13,729 | 10,370 |
| Air Traffic Liabilities | 116,660 | 105,705 |
| Derivative Liabilities (note 11) | — | 12,006 |
| Over-market Liabilities | 10,421 | 21,449 |
| Finance Lease Obligations (note 9) | 92,318 | 6,115 |
| Loyalty Program Liabilities | 14,092 | 13,166 |
| Operating Lease Obligations (note 9) | 30,611 | — |
| Current Maturities of Long-term Debt (note 8) | 13,197 | 8,606 |
| Other Current Liabilities | 2,002 | 2,690 |
| Total Current Liabilities | 353,551 | 222,924 |
| **Long-term Liabilities:** | | |
| Over-market Liabilities | 37,409 | 68,138 |
| Finance Lease Obligations (note 9) | 105,037 | 85,702 |
| Loyalty Program Liabilities | 8,800 | 10,784 |
| Operating Lease Obligations (note 9) | 141,879 | — |
| Long-term Debt (note 8) | 73,720 | 49,823 |
| Other Long-term Liabilities | 3,756 | 2,814 |
| Total Long-term Liabilities | 370,601 | 217,261 |
| Total Liabilities | 724,152 | 440,185 |
| **Stockholders' Equity:** | | |
| Common Stock | 239,141 | 239,141 |
| Common stock with no par value; 5,000,000 shares authorized, 360,009 and 357,009 shares issued at December 31, 2019 and December 31, 2018, respectively Warrants to acquire common stock at an exercise price of $0.01 per share were 2,117,991 at December 31, 2019 and December 31, 2018 | | |
| Loans to Stockholders | (3,500) | (3,500) |
| Additional Paid In Capital | 5,855 | 373 |
| Retained Earnings | 42,228 | (367) |
| Total Stockholders' Equity | 283,724 | 235,647 |
| Total Liabilities and Stockholders' Equity | $ 1,007,876 | $ 675,832 |

See accompanying Notes to Consolidated Financial Statements

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Dollars in thousands, except per share amounts)**

| | Successor | | Predecessor |
|---|---|---|---|
| | For the Year Ended December 31, 2019 | For the Period April 11, 2018 to December 31, 2018 | For the Period January 1, 2018 to April 10, 2018 |
| **Operating Revenues:** | | | |
| Passenger | $ 688,833 | $ 335,824 | $ 172,897 |
| Other | 12,551 | 49,107 | 24,555 |
| Total Operating Revenue | 701,384 | 384,931 | 197,452 |
| **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, net | 68,187 | 40,877 | 17,994 |
| Total Operating Expenses | 623,262 | 377,699 | 171,336 |
| Operating Income | 78,122 | 7,232 | 26,116 |
| **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 |
| Net Income / (Loss) per share to common stockholders: | | | |
| Basic | $ 18.61 | $ (0.15) | $ 0.26 |
| Diluted | $ 18.17 | $ (0.15) | $ 0.26 |
| Shares used for computation: | | | |
| Basic | 2,476 | 2,472 | 100,000 |
| Diluted | 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

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**
**(Dollars in thousands)**

**Year Ended December 31, 2018**

**Predecessor**

| | Shares | Total |
|---|---|---|
| January 1, 2018 | 100,000,000 | $ 34,422 |
| Net Income | — | 25,910 |
| Distributions to Stockholder | — | (10,549) |
| April 10, 2018 | 100,000,000 | $ 49,783 |

**Successor**

| | Warrants | Shares | Capital Contribution | Loans to Stockholders | APIC | Retained Earnings | Total |
|---|---|---|---|---|---|---|---|
| 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 | 2,117,991 | 357,009 | $ 239,141 | $ (3,500) | $373 | $ (367) | $235,647 |

**Year Ended December 31, 2019**

**Successor**

| | Warrants | Shares | Capital Contribution | Loans to Stockholders | APIC | Retained Earnings | Total |
|---|---|---|---|---|---|---|---|
| December 31, 2018 | 2,117,991 | 357,009 | $ 239,141 | $ (3,500) | $ 373 | $ (367) | $235,647 |
| Adjustment to Shares Outstanding | — | 3,000 | — | — | — | — | — |
| Cumulative Effect of New Revenue Standard | — | — | — | — | — | (3,477) | (3,477) |
| Net Income | — | — | — | — | — | 46,072 | 46,072 |
| Amazon Warrants | — | — | — | — | 3,594 | — | 3,594 |
| Stock-based Compensation | — | — | — | — | 1,888 | — | 1,888 |
| December 31, 2019 | 2,117,991 | 360,009 | $ 239,141 | $ (3,500) | $5,855 | $42,228 | $283,724 |

See accompanying Notes to Consolidated Financial Statements

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Dollars in thousands)**

| | Successor | | Predecessor |
|---|---|---|---|
| | For the Year Ended December 31, 2019 | For the Period April 11, 2018 to December 31, 2018 | For the Period January 1, 2018 to April 10, 2018 |
| **Net Income / (Loss)** | $ 46,072 | $ (367) | $ 25,910 |
| **Adjustments to reconcile Net Income / (Loss) to Cash from Operating Activities:** | | | |
| Depreciation and Amortization | 34,877 | 14,405 | 2,526 |
| Reduction in Operating Lease Right-of-use Assets | 33,541 | — | — |
| Loss (Gain) on Asset Transactions, net | 1,249 | (811) | — |
| Unrealized (Gain) Loss on Fuel Derivatives | (10,791) | 12,006 | — |
| Amortization of Over-market Liabilities | (14,064) | (17,275) | — |
| Deferred Income Taxes | 14,022 | 147 | — |
| Stock-based Compensation Expense | 1,888 | 373 | — |
| **Changes in Operating Assets and Liabilities:** | | | |
| Accounts Receivable | (11,353) | 20,732 | 8,148 |
| Due From Predecessor Parent | — | — | (7,370) |
| Inventory | (869) | 156 | (293) |
| Prepaid Expenses | 2,278 | (6,171) | (5,519) |
| Other Assets | (85) | (466) | — |
| Lessor Maintenance Deposits | (17,466) | (14,193) | (3,148) |
| Aircraft Lease Deposits | (1,179) | 133 | (1,151) |
| Accounts Payable | 9,037 | (9,710) | 21,690 |
| Air Traffic Liabilities | 11,309 | 33,470 | (33,983) |
| Loyalty Program Liabilities | (5,925) | (13,216) | 71 |
| Reduction in Operating Lease Obligations | (34,365) | — | — |
| Other Liabilities | 5,096 | (5,448) | (2,298) |
| **Net Cash Provided by Operating Activities** | 63,272 | 13,764 | 4,583 |
| **Cash Flows from Investing Activities:** | | | |
| Purchases of Property & Equipment | (69,816) | (78,687) | (2,577) |
| Purchase of Investments | (3,394) | (5,372) | (118) |
| Proceeds from the Sale of Investments | 3,646 | 3,236 | 101 |
| **Net Cash Used in Investing Activities** | (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 for Amazon Warrants | 4,667 | — | — |
| Proceeds from Borrowings | 41,630 | 63,341 | — |
| Repayment of Finance Lease Obligations | (8,258) | (3,160) | (49) |
| Repayment of Borrowings | (10,153) | (5,854) | (82) |
| Other financing activities | (557) | — | — |
| **Net Cash Provided by (Used in) Financing Activities** | 27,329 | 102,193 | (10,680) |
| **Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash** | 21,037 | 35,133 | (8,691) |
| **Cash, Cash Equivalents and Restricted Cash - Beginning of the Period** | 43,441 | 8,308 | 16,999 |
| **Cash, Cash Equivalents and Restricted Cash - End of the Period** | $ 64,478 | $ 43,441 | $ 8,308 |
| **Supplemental information:** | | | |
| Cash Payments for Interest | $ 16,424 | $ 4,364 | $ 402 |
| Cash Payments for Taxes | $ 385 | $ 11 | $ — |
| **Non-cash transactions:** | | | |
| 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 | $ 991 | $ — | $ — |
| Loans to Stockholders | $ — | $ 3,500 | $ — |

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Dollars in thousands)**

The following provides a reconciliation of Cash, Cash Equivalents and Restricted Cash to the amounts reported on the Consolidated Balance Sheet:

| | Successor | | Predecessor |
|---|---|---|---|
| | December 31, 2019 | December 31, 2018 | April 10, 2018 |
| Cash and Equivalents | $ 51,006 | $ 29,600 | $ — |
| Restricted Cash | 13,472 | 13,841 | 8,308 |
| Total Cash, Cash Equivalents and Restricted Cash | $ 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, charter air transportation and related services. Services are provided to the general public, military branches and to wholesale tour operators for air transportation to various U.S. and international destinations. Except as otherwise stated, the financial information, accounting policies, and activities of the Successor and the Predecessor are referred to as those of the Company (the "Company" or "SCA").

On April 11, 2018 (the "Acquisition Date"), SCA Acquisition Holdings, LLC acquired 100 percent of MN Airlines' stockholder equity. Although the Company continued as the same operating entity after the Acquisition, the accompanying consolidated statements of operations and cash flows for the year ended December 31, 2018 are presented for two periods: Predecessor and Successor, which relate to the period preceding the Acquisition and the period succeeding the Acquisition. The Acquisition and the allocation of the purchase price have been recorded as of April 11, 2018, see Note 3 for further information.

The Company operates its fiscal year on a calendar year basis.

### 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"). Amazon will supply the aircraft and bear directly or reimburse the Company for certain operating expenses, including fuel and heavy maintenance. The aircraft will fly under the Company's air carrier operating certificate and the Company will supply the crew, non-heavy maintenance and insurance for the aircraft. Amazon will pay a fixed monthly fee per aircraft as well as a set rate per cycle and block hour flown. The Amazon Agreement also requires Amazon to pay the Company $10,300 for Startup Costs, as defined in the agreement. As of December 31, 2019, $6,300 had been received and the remainder was received during the first two months of 2020. Of the cash received in 2019, $4,667 was attributed to warrants to acquire 33,469 shares of common stock issued to Amazon that vested immediately upon issuance, and is reflected in stockholders' equity, net of tax effect of $1,073. The remainder of the payment is recorded as a liability and will be amortized to revenue as performance obligations are satisfied over the six-year contract.

Amazon may terminate this agreement for convenience at any time by providing the Company with 180 days' prior written notice, except that Amazon may not provide notice of its intent to terminate this agreement during the first 12 months. In the event of an Amazon termination for convenience, Amazon will pay a termination fee to the Company. The Company may terminate the agreement for its convenience at any time by providing Amazon with 365 days' prior written notice, except that the Company may not provide notice of its intent to terminate this Agreement during the first 24 months after. In the event that the Company terminates this Agreement for convenience, the Company will pay Amazon a termination fee.

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 represents approximately 15% of the Company's common stock. The exercise period of these warrants is through the eighth anniversary of the issue date. 33,469 of the warrants vested upon issuance and the remainder will vest in tranches over the contract term upon achievement of certain milestones related to global payments by Amazon to the Company up

to $1.12 billion. Any unvested warrants will become vested upon a change of control or certain transfers of 30% or more of the voting power in the Company to a new person or group (other than an initial public offering or any follow-on equity offering, pursuant to an effective registration statement, so long as no person or group acquires more than 50% of the voting power of the Company in such offering). To the extent any Amazon warrants were not previously exercised, and if the fair market value of the Company's common stock is greater than the warrant exercise price, the unexercised warrants will be automatically net exercised immediately before their expiration. As is the case for investment in the Company, the exercise of the warrants is limited by restrictions imposed by federal law on foreign ownership and control of U.S. airlines. In the event of an initial public offering, the Company can amend the Amazon warrant agreement to add a limitation on their right to exercise warrants for more than 4.99% of the outstanding shares of the Company.

As of December 31, 2019, the Amazon warrants were valued at $139.43 per share. The fair value of warrants that are expected to vest in the future will be expensed 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.

Flying under the agreement is expected to begin in the second quarter of 2020 and be fully ramped up by the fourth quarter of 2020, at which point Amazon will have up to 10 Boeing 737-800 cargo aircraft flown by Sun Country.

## 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.

**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, acquired intangibles, maintenance deposits, loyalty program liabilities, valuation of derivative positions, valuation of warrants issued to Amazon, and income taxes.

**Change in Presentation -** The Company changed the prior year presentation within the Statement of Cash Flows to disaggregate information previously shown as the change in Air Traffic Liabilities, now shown as separate captions for the change in Air Traffic Liabilities and Loyalty Program 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.

**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 credit card companies associated with ticket sales, charter service customers and cargo transportation customers. The balance at December 31, 2019 also included $5,862 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 uncollectible accounts 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 year ended December 31, 2019, $343 in accounts receivable were written off and 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. As of December 31, 2019 and 2018, SCA had maintenance deposits included in Short-term and Long-term Lessor Maintenance Deposits on the accompanying Consolidated Balance Sheets of $30,236 and $13,958, respectively. 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.

During the year ended December 31, 2019, the Company expensed $18,584 of maintenance reserve payments. 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.

(Dollars in thousands, except per share amounts)

For the Over-market Liabilities established at the Acquisition Date, the Company subsequently recorded the following amortization amounts as reductions to Aircraft Rent:

| | For the Year Ended December 31, 2019 | For the Period April 11, 2018 to December 31, 2018 |
|---|---|---|
| Over-market Liabilities Amortization: | | |
| Related to Maintenance Reserves | $ 14,064 | $ 11,887 |
| Related to Rent | 6,322 | 5,388 |
| Total Amortization of Over-market Liabilities | $ 20,386 | $ 17,275 |

With the adoption of ASC 842 Leases effective January 1, 2019, the remaining Over-market Liabilities related to rent of $27,004 were reclassified to the Operating Lease Right-of-use Asset.

On April 11, 2018, the Company established a contra-asset to represent 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. As of December 31, 2019 and 2018, the remaining balance of the contra-asset was $43,844 and $65,070, respectively. During the year ended December 31, 2019, $9,028 of the contra-asset was reversed due to the expiration or buy-out of the related leases. For the year ended December 31, 2019 and for the period of April 11, 2018 to December 31, 2018, the Company recognized $12,263 and $6,516, respectively, of the contra-asset as a reduction to Maintenance expense on the accompanying Consolidated Statements of Operations.

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 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 $426 for the year ended December 31, 2019 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. At the Acquisition Date, all spare parts were adjusted to fair value, which was considered the historical cost thereafter. Rotable aircraft parts are included in property and equipment.

(Dollars in thousands, except per share amounts)

**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 possible 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 year ended December 31, 2019, or the periods from April 11, 2018 to December 31, 2018 or January 1, 2018 to April 10, 2018.

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.

**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 forfeitures as they occur, rather than forecasting the future forfeitures. See Note 10 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. On April 20, 2018, the Company issued an additional 75,000 shares of Common Stock with no par value. The April 20, 2018 shares were partially issued with recourse promissory notes of $3,500 and are included as Loans to Stockholders on the Consolidated Statements of Changes in Stockholders' Equity.

As of the Acquisition Date, the Company issued 2,117,991 warrants allowing the holder to acquire shares of Common Stock of the Company at the exercise price of $0.01 per share at the earlier of permissibility under Foreign Ownership Limitations or transfer to any holder who is a citizen of the United States. The holders of these warrants are not entitled to the full rights of a Stockholder of the Company.

As of December 31, 2019, Amazon holds 33,469 of 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"), are capitalized and recorded on the balance sheet. 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 statements of operations. As of December 31, 2019, $2,268 of deferred offering costs were recorded on the balance sheet in Other Current Assets. There were no deferred offering costs capitalized as of December 31, 2018.

**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 and Other Indefinite-Lived Intangible Assets are tested at the reporting unit level. SCA has one consolidated reporting unit.

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 SCA, 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 the quantitative approach to assess the asset's fair value and the amount of the impairment, if any. Under a quantitative approach, the Company calculates the fair value of the asset incorporating the key assumptions listed below.

When the Company evaluates goodwill for impairment using a quantitative approach, the Company estimates the fair value of the 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 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 annual Goodwill and Other Indefinite-Lived Intangible Assets impairment analysis as of December 31, 2019 and did not recognize any impairment loss.

**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 change. A portion of travel credits will expire unused. The Company records an estimate for travel credits that will expire unused in passenger revenue based on historical experience. These estimates are based on historical experience of no-show activity and travel credit activity 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.

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 this 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. Ancillary revenue also includes services not directly related to providing transportation, such as revenue from the Sun Country Rewards program, as described below in "Loyalty Program".

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

**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 purchase on the Company 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.

**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** - The Predecessor applied 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 Successor elected to adopt 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** - The Predecessor was a single member limited liability company and was included in the tax filings of its parent company. The Predecessor parent was taxed as a limited liability company that elected to be treated as partnership under the Internal Revenue Code whereby its income or loss is reported by its stockholders. Therefore, no provision for Income Tax Expense was included on the accompanying Consolidated Financial Statements prior to the Acquisition. Subsequent to the acquisition, the Company elected to be treated as a corporation for income tax purposes.

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 balance sheet. 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 19% and 27% of the Company's Accounts Receivable balances as of December 31, 2019 and 2018, respectively, were from major financial institutions for tickets purchased via credit cards. One financial institution accounted for approximately 16% and 20% of the Company's Accounts Receivable balance as of December 31, 2019 and 2018, respectively.

Approximately 58% and 48% of the Company's fuel purchases were made from two vendors for the years ended December 31, 2019 and 2018, respectively.

(Dollars in thousands, except per share amounts)

Approximately 59% of the Company's workforce were under union contracts as of December 31, 2019 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:

| Employee Group | Number of Active Employees Represented | Union | Date on which Collective Bargaining Agreement Becomes Amendable |
|---|---|---|---|
| Sun Country Pilots | 363 | ALPA | October 31, 2020 |
| Sun Country Flight Attendants | 519 | IBT | December 31, 2019 |
| Sun Country Dispatchers | 21 | 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 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. The ROU Asset includes amounts reclassified from Over-market Liabilities and 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 and is presented under Computer Hardware and Software in the Consolidated Balance Sheets. Depreciation expense for the year ended December 31, 2019 was $216.

***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.

**Recently Issued Accounting Standards**

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 will be required to estimate lifetime expected credit losses. For available-for-sale debt securities, entities will be required to recognize an allowance for credit losses rather than a reduction to the carrying value of the asset. ASU 2016-13 was initially effective for non-public companies for fiscal years and interim periods beginning after December 15, 2021, with early adoption permitted. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, which delayed the effective date for certain entities, such as the Company, to apply ASU 2016-13 until fiscal years and interim periods beginning after December 15, 2022. The Company is still evaluating the impact of ASU 2016-13.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes* (Topic 740): *Simplifying the Accounting for Income Taxes*. The update eliminates, clarifies, and modifies certain guidance related to the accounting for income taxes. ASU 2019-12 is effective for annual reporting periods beginning after December 15, 2020, with early adoption permitted. The Company is evaluating the impact of adopting ASU 2019-12.

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(Dollars in thousands, except per share amounts)**

## 3. 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.

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.

(Dollars in thousands, except per share amounts)

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 was 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

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.

## 4. REVENUE

Sun Country is a certified air carrier generating Operating Revenues from Scheduled service, Charter service, Ancillary and Other. Scheduled service revenue consists of base fares and expired travel credits. Charter service revenue consists of revenue earned from SCA charter operations, 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 and upgrade fees, itinerary service fees, on-board sales and sales of trip insurance. Other revenue consists primarily of revenue from services in connection with Sun Country Vacation 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 SCA's co-branded credit card program. In addition, Other revenues also include revenue from mail on regularly scheduled passenger aircraft. Amounts collected on behalf of other parties including transportation excise taxes, airport and security fees and other fees, are excluded from revenue in the consolidated statements of operations.

Services are provided to the general public and to wholesale tour operators for air transportation to numerous U.S. and international destinations. For performance obligations with performance periods of less than one year, GAAP provides an exemption that allows the Company not to disclose the transaction price allocated to remaining performance obligations and the timing of related revenue recognition. As passenger tickets expire one year from ticketing, if unused or not exchanged, the Company elected to apply this practical expedient.

*Scheduled Service and Ancillary Revenue*. 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 change. A portion of travel credits will expire unused. The Company records an estimate for travel credits that will expire unused in passenger revenue based on historical experience. These estimates are based on historical experience of no-show activity and travel credit activity 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.

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 Standard, effective January 1, 2019, the Company recognized revenue for change fees as the transactions occurred. Under this 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. Ancillary revenue also includes services not directly related to providing transportation, such as revenue from the Sun Country Rewards program, as described below in "Loyalty Program".

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

(Dollars in thousands, except per share amounts)

The adoption of ASC 606 resulted in a charge to January 1, 2019 retained earnings of $3,477 impacting the financial statement line items as follows:

| | December 31, 2018 (As Reported) | Impact of ASC 606 Adoption | January 1, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Other Assets:** | | | |
| Deferred Tax Asset | $ 49,487 | $ 1,036 | $ 50,523 |
| **LIABILITIES AND MEMBERS' INTEREST** | | | |
| **Current Liabilities:** | | | |
| Air Traffic Liabilities | $ 105,705 | $ (354) | $ 105,351 |
| Loyalty Program Liabilities | $ 13,166 | $ 4,867 | $ 18,033 |
| **Members' Interest:** | | | |
| Retained Earnings | $ (367) | $ (3,477) | $ (3,844) |

The table below summarizes the impact of the adoption on the Consolidated Statement of Operations for the year ended December 31, 2019:

| | Year ended December 31, 2019 | | |
|---|---|---|---|
| | Under ASC 605 | Impact of Adoption | Under ASC 606 |
| Operating Revenue | $ 706,248 | $ (4,864) | $ 701,384 |
| Operating Expenses | 623,262 | — | 623,262 |
| Operating Income | 82,986 | (4,864) | 78,122 |
| Non-operating Expense | (17,962) | — | (17,962) |
| Income before Income Tax | 65,024 | (4,864) | 60,160 |
| Income Tax Expense | 15,205 | (1,117) | 14,088 |
| Net Income | $ 49,819 | $ (3,747) | $ 46,072 |
| Net Income per share to common stockholders: | | | |
| Diluted | $ 19.64 | $ (1.47) | $ 18.17 |

(Dollars in thousands, except per share amounts)

The significant categories comprising Operating Revenues are as follows:

| | Successor | | Predecessor |
|---|---|---|---|
| | For the Year Ended December 31, 2019 | For the Period April 11, 2018 to December 31, 2018 | For the Period January 1, 2018 to April 10, 2018 |
| 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 |
| Other | 12,551 | 49,107 | 24,555 |
| Total Operating Revenue | $ 701,384 | $ 384,931 | $ 197,452 |

(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 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 |
|---|---|---|---|
| | For the Year Ended December 31, 2019 | For the Period April 11, 2018 to December 31, 2018 | For the Period January 1, 2018 to April 10, 2018 |
| Domestic | $ 666,332 | $ 368,456 | $ 173,995 |
| Latin America | 33,716 | 15,628 | 23,003 |
| Other | 1,336 | 847 | 454 |
| Total Operating Revenue | $ 701,384 | $ 384,931 | $ 197,452 |

**Contract Balances**

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) and (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).

(Dollars in thousands, except per share amounts)

Contract Liabilities are as follows:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Air Traffic Liabilities | $ 116,660 | $ 105,705 |
| Loyalty Program Liabilities | 22,892 | 23,950 |
| Total Contract Liabilities | $ 139,552 | $ 129,655 |

The Air Traffic Liabilities principally represent tickets sold for future travel on Sun Country. The balance in the Air Traffic Liabilities fluctuates with seasonal travel patterns. Most tickets can be purchased no more than nine 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, 2019, $105,443 of revenue was recognized in Passenger Revenue that was included in the Air Traffic Liabilities as of December 31, 2018. The $262 remaining from 2018 relates to gift certificates, which do not have an expiration date.

**Loyalty Program**

The Sun Country Rewards program provides loyalty rewards 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 program terms include expiration of loyalty points after 36 months from the date they were earned, except members who are holders of the Company's co-branded credit card are not subject to the expiration terms. For loyalty points earned under the Sun Country Rewards program, the Company has an obligation to provide future services when these loyalty points are redeemed.

The Company historically used the incremental cost method for its loyalty program, formerly UFly Rewards. After the Acquisition, the Company retained the incremental cost method for loyalty points earned post acquisition but applied fair value to loyalty points that were redeemed but were earned prior to the acquisition, as the loyalty points were recorded at fair value on the Acquisition Date. As of November 3, 2018, the Company changed the name of the program to Sun Country Rewards and modified policies within the program which accelerated loyalty point expiration, while making loyalty points more valuable for its members. As a result of the program modification the Company recorded a net gain of $8,463 included in Special Items, net on the Consolidated Statement of Operations during the period from April 11, 2018 to December 31, 2018.

The Company allocates a portion of the selling price of each ticket used by a Sun Country Rewards member as the measure of relative selling price for the expected future redemption of the loyalty points. The liability is increased in each accounting period to reflect loyalty points that are earned and is reduced for the loyalty points used, incorporating estimated breakage.

The Company also participates in a co-branded credit card that enables card users to earn Sun Country Rewards loyalty points. Funds received for the marketing of a co-branded Sun Country credit card and delivery of loyalty points are accounted for as a multiple-deliverable arrangement.

The Company uses generally accepted valuation practices to determine the standalone selling prices of performance obligations related to the Company's co-branded credit card contract. There are two performance obligations that exist for the co-branded credit card – loyalty points and brand. The standalone selling price for

(Dollars in thousands, except per share amounts)

loyalty points was valued by examining the estimated total points to be awarded over the life of the contract, adjusted for a volume discount, breakage, and present value assumptions. The standalone selling price for brand performance obligation was valued by a royalty approach. The Company allocates the deliverables consideration to the performance obligations on the basis of their relative standalone selling price. The marketing and brand performance obligations are effectively provided each time a Sun Country Rewards member uses the co-branded credit card. Therefore, the Company recognizes revenue for the marketing and brand performance obligations when Sun Country Rewards members use their co-brand credit card and the resulting loyalty points are issued to them, which best correlates with the Company's performance in satisfying the obligation.

Prior to adoption of the New Revenue Standard, the Company applied a multiple element approach, and, in connection with the Company's adoption of the New Revenue Standard, the Company updated the relative standalone selling prices of the marketing, passenger benefits and future transportation elements. Consideration allocated to loyalty points is deferred and recognized as passenger revenue as loyalty 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.

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).

Changes in the Loyalty Program Liabilities are as follows:

| | 2019 |
|---|---|
| Balance - December 31, 2018 (1) | $ 23,950 |
| ASC 606 adoption adjustment (January 1, 2019) | 4,867 |
| Reward Points Earned (1) | 6,483 |
| Travel Reward Points Redeemed | (12,408) |
| Balance - December 31, 2019 | $ 22,892 |

(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 revenue is comprised of points that were part of the loyalty program deferred revenue balance at the beginning of the period, as well as points that were earned during the period.

The timing of loyalty point redemptions can vary significantly, however most new points are redeemed within two years.

## 5. 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.

(Dollars in thousands, except per share amounts)

The following table shows the computation of basic and diluted earnings per share:

| | Successor | | Predecessor |
|---|---|---|---|
| | For the Year Ended December 31, 2019 | For the Period April 11, 2018 to December 31, 2018 | For the Period January 1, 2018 to April 10, 2018 |
| **Numerator:** | | | |
| Net Income / (Loss) | $ 46,072 | $ (367) | $ 25,910 |
| **Denominator:** | | | |
| Weighted Average Common Shares Outstanding - Basic | 2,476 | 2,472 | 100,000 |
| Dilutive effect of Stock Options and Warrants (1) | 60 | — | — |
| Weighted Average Common Shares Outstanding - Diluted | 2,536 | 2,472 | 100,000 |
| Basic earnings / (loss) per share | $ 18.61 | $ (0.15) | $ 0.26 |
| Diluted earnings / (loss) per share | $ 18.17 | $ (0.15) | $ 0.26 |

(1) There were 185,453 performance-based stock options outstanding at December 31, 2019 that were excluded from the calculation of diluted EPS. The Company excluded 118,780 time-based and 189,740 performance-based options from the calculation of diluted EPS for the period April 11, 2018 to December 31, 2018. In loss periods, the inclusion of unvested options would have an anti-dilutive effect.

Warrants held by Apollo have been included in basic and dilutive weighted average shares outstanding as they are equity classified, have an exercise price of $0.01, and all necessary conditions for issuance have been met.

Warrants held by Amazon are included in dilutive weighted average shares outstanding as of the date the warrants vested. The unvested warrants held by Amazon have not been included in dilutive shares as their performance condition had not been satisfied as of December 31, 2019.

## 6. PROPERTY & EQUIPMENT

The Company purchased one of its aircraft previously under an operating lease agreement in February 2019 (see Note 8 for related financing) and a spare engine in August 2019. In addition, the Company entered into four new Finance Leases for aircraft, one each in March, April, May and December 2019. Also, in December 2019, the Company amended an operating lease, which converted it to a finance lease. This brought the total owned aircraft to five and the finance leased aircraft to ten as of December 31, 2019. See Note 9 for further information on leased aircraft.

The Accumulated Depreciation on owned assets was $21,030 and $6,359 as of December 31, 2019 and 2018, respectively. Depreciation expense was $17,347 for the year ended December 31, 2019 and $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 $6,698 and $4,476 as of December 31, 2019 and 2018, respectively. Amortization Expense was $13,104 for the year ended December 31, 2019 and $4,476 and $119 for the period April 11, 2018 through December 31, 2018 and the period January 1, 2018 through April 10, 2018, respectively. Amortization on Finance Lease Assets is classified in Depreciation and Amortization on the Consolidated Statements of Operations.

(Dollars in thousands, except per share amounts)

In October 2019, the Company exercised options to purchase five aircraft currently under finance leases. These were accounted for as lease modifications and the finance leases assets and liabilities were remeasured as of the modification dates. The result of the remeasurements was a reduction in finance leased assets of $2,758, a reduction of accumulated amortization of $10,882 and an increase of finance lease obligations of $8,124.

## 7. GOODWILL AND OTHER INTANGIBLE ASSETS

Components of Goodwill and Other Intangible Assets were as follows:

| | December 31, 2019 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Value |
| 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 Intangible Assets | 104,000 | (6,890) | 97,110 |
| Total Goodwill and Intangible Assets | $ 326,223 | $ (6,890) | $ 319,333 |

| | December 31, 2018 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Value |
| Goodwill | $ 222,223 | $ — | $ 222,223 |
| Intangible Assets with Finite Lives: | | | |
| Customer Relationships | 48,000 | (2,890) | 45,110 |
| Intangible Assets with Indefinite Lives: | | | |
| Tradename | 56,000 | — | 56,000 |
| Total Intangible Assets | 104,000 | (2,890) | 101,110 |
| Total Goodwill and Intangible Assets | $ 326,223 | $ (2,890) | $ 323,333 |

SCA recognized $4,000 and $2,890 of amortization expense on intangible assets with finite-lives during the year ended December 31, 2019 and the period April 11, 2018 to December 31, 2018, respectively. There was no amortization expense during the period January 1, 2018 through April 10, 2018, since these assets originated at the Acquisition Date. Amortization is classified in Depreciation and Amortization on the Consolidated Statements of Operations. As of December 31, 2019, estimated annual amortization expense for each of the next five fiscal years is $4,000 and $21,110 thereafter.

## 8. 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. Available credit under this agreement as of December 31, 2019 and 2018 was limited to $19,650 and $16,008, respectively, since it was reduced by 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, 2019 and 2018. As of December 31, 2019 and 2018, there were no outstanding balances on the revolving credit agreement. The interest rate as of December 31, 2019 and 2018 was 6.5%.

**Long-term Debt** – During the year ended December 31, 2019, SCA entered into a promissory note agreement with an original loan amount of $12,750 to purchase an aircraft and flight equipment. This note bears an interest rate of 8.45%, has a five-year term with principal and interest payments due monthly and a lump sum payment due at the end of the term. In addition, SCA entered a promissory note agreement with an original loan amount of $600 to finance leasehold improvements associated with the Company's headquarters. This note bears an interest rate of 5.0%, has a ten-year term with principal and interest payments due monthly.

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 will be 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.

SCA plans to use the proceeds from the 2019-1 EETC to purchase three additional aircraft, purchase seven aircraft currently under operating or finance leases with purchase options, and refinance three aircraft currently owned and financed under previously existing debt financing. Debt issuance costs of $2,988 were incurred related to this financing and will be amortized into interest expense over the lives of the Certificates. 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.

As of December 31, 2019, one aircraft was purchased under this program and a 2019-1 EETC liability of $28,280 was outstanding and is included in Long-term Debt on the Consolidated Balance Sheet. As of December 31, 2019, approximately $74,459 was being held in escrow with a depositary for the benefit of the holders of the 2019-1 EETCs. The funds are available to Sun Country once Sun Country issues equipment notes to the pass-through trust. These escrowed funds are not guaranteed by Sun Country and are not reported as debt on the Consolidated Balance Sheet. In January 2020, SCA used an additional $40,640 of such escrowed funds to refinance three aircraft.

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.

During 2018, SCA entered into a series of promissory note agreements with original loan amounts totaling $59,342 to purchase aircraft and flight equipment. Each promissory note bears an interest rate of 8.45%, has a

(Dollars in thousands, except per share amounts)

five-year term with principal and interest payments due monthly and a lump sum payment due at the end of the term.

Long-term Debt included the following:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Notes payable under the Company's 2019-1 EETC agreement dated December 2019, with original loan amounts of $28,280 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. | $ 28,280 | $ — |
| Note payable to Wilmington Trust Company dated October 2018, with an original loan amount of $23,146 payable in monthly installments of $275 through September 2023, and then a final lump sum payment of $6,944 in October 2023. This note bears interest at an annual rate of 8.45% and is secured by the equipment for which the loan was used. | 19,301 | 22,597 |
| Note payable to Wilmington Trust Company dated November 2018, with an original loan amount of $16,419 payable in monthly installments of $195 through October 2023, and then final lump sum payment of $4,926 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. | 13,886 | 16,214 |
| Note payable to Wilmington Trust Company dated October 2018, with an original loan amount of $16,106 payable in monthly installments of $191 through September 2023, and then final lump sum payment of $4,832 in October 2023. This note bears interest at an annual rate of 8.45% and is secured by the equipment for which the loan was used. | 13,430 | 15,723 |
| 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. | 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. | 3,105 | 3,627 |
| 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%. | 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 is secured by the equipment for which the loan was used. | 97 | 268 |
| Total Debt | 89,905 | 58,429 |
| Less: Unamortized debt issuance costs | (2,988) | — |
| Less: Current portion of long-term debt | (13,197) | (8,606) |
| Total Long-term Debt | $ 73,720 | $ 49,823 |

(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 |
|---|---|---|---|
| 2020 | $ 13,483 | $ (286) | $13,197 |
| 2021 | 13,075 | (399) | 12,676 |
| 2022 | 13,281 | (399) | 12,882 |
| 2023 | 30,418 | (399) | 30,019 |
| 2024 | 8,512 | (399) | 8,113 |
| Thereafter | 11,136 | (1,106) | 10,030 |
| Total | $ 89,905 | $ (2,988) | $86,917 |

The table below presents the Company's debt measured at fair value:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Carrying Amount | $ 89,905 | $ 58,429 |
| Fair Value | $ 96,342 | $ 58,429 |

The fair value of the Company's debt was based on the discounted amount of future cash flows using the Company's current incremental borrowing rate for similar obligations. The estimates were primarily based on Level 3 inputs. Cost approximated fair value at December 31, 2018, since nearly all of the debt was entered into during the fourth quarter of 2018 and year-end interest rates were similar.

## 9. 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, 2019, the Company had 26 leases for aircraft, of which ten were under finance leases, 14 were Right-of-use operating leases and two were seasonal 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.

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.

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(Dollars in thousands, except per share amounts)**

The following table summarizes the lease-related assets and liabilities recorded on the Company's Consolidated Balance Sheets:

| | Classification | December 31, 2019 | December 31, 2018 |
|---|---|---|---|
| **Assets** | | | |
| Finance lease assets, net | Property and Equipment, net | $ 194,328 | $ 92,970 |
| Operating lease assets | Operating Lease Right-of-use Assets | 147,148 | — |
| Total lease assets | | $ 341,476 | $ 92,970 |
| **Liabilities** | | | |
| Current: | | | |
| Finance lease liabilities | Short-term Finance Lease Obligations | $ 92,318 | $ 6,115 |
| Operating lease liabilities | Short-term Operating Lease Obligations | 30,611 | — |
| Long-term: | | | |
| Finance lease liabilities | Long-term Finance Lease Obligations | 105,037 | 85,702 |
| Operating lease liabilities | Long-term Operating Lease Obligations | 141,879 | — |
| Total lease liabilities | | $ 369,845 | $ 91,817 |

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, 2019, the Company did not have any material operating leases with extension or termination options which are reasonably certain to be exercised.

(Dollars in thousands, except per share amounts)

The following table provides details of the Company's future minimum lease payments under finance and operating leases as of December 31, 2019:

| Year Ending December 31, 2019 | Finance Leases | Operating Leases | | | |
|---|---|---|---|---|---|
| | | Aircraft | Real Estate | Other | Total |
| 2020 | $100,966 | $ 34,984 | $ 2,411 | $ 1,843 | $ 39,238 |
| 2021 | 15,460 | 32,842 | 2,218 | 1,675 | 36,735 |
| 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 |
| Thereafter | 65,438 | 17,852 | 6,537 | — | 24,389 |
| Total Minimum Lease Payments | 237,961 | 175,588 | 16,060 | 5,738 | 197,386 |
| Less: Amount Representing Interest | (40,606) | (25,567) | (3,344) | (525) | (29,436) |
| Present Value of Minimum Lease Payments | 197,355 | 150,021 | 12,716 | 5,213 | 167,950 |
| Plus: Tennant Improvements | — | — | 4,540 | — | 4,540 |
| Less: Short-term Obligations | (92,318) | (26,847) | (2,180) | (1,584) | (30,611) |
| Long-term Lease Obligations | $105,037 | $123,174 | $ 15,076 | $ 3,629 | $141,879 |

The following table presents lease costs related to the Company's Finance and Operating Leases:

| | Classification | Successor | | Predecessor |
|---|---|---|---|---|
| | | For the Year Ended December 31, 2019 | For the Period April 11, 2018 to December 31, 2018 | For the Period January 1, 2018 to April 10, 2018 |
| **Finance lease cost** | | | | |
| Amortization of leased assets | Depreciation and Amortization | $ 13,104 | $ 4,475 | $ 119 |
| Interest on lease liabilities | Interest Expense | 10,741 | 4,754 | 293 |
| **Operating lease cost** | | | | |
| Included in ROU asset - Aircraft | Aircraft Rent (1) | 40,043 | 33,315 | 16,177 |
| Included in ROU asset - Other | Ground Handling, Landing Fees and Airport Rent & Other Operating | 5,415 | 3,832 | 1,648 |
| Short-term | Aircraft Rent | 5,345 | 2,622 | 6,148 |
| Variable - Aircraft | Aircraft Rent (1) | 4,520 | 894 | 6,004 |
| Variable - Other | Landing Fees & Airport Rentals | 1,345 | 702 | 440 |
| Total Lease cost | | $ 80,513 | $ 50,594 | $ 30,829 |

(1) Includes credits for amortization of overmarket credits established on the Acquisition Date.

(Dollars in thousands, except per share amounts)

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, 2019 |
|---|---|
| Cash paid for amounts included in the measurement of lease liabilities | |
| Operating Cash Flows for Operating Leases | $ 50,081 |
| Operating Cash Flows for Finance Leases | $ 10,741 |
| Financing Cash Flows for Finance Leases | $ 8,258 |

The table below presents lease-related terms and discount rates related to the Company's Finance and Operating Leases:

| | December 31, 2019 |
|---|---|
| Weighted-average remaining lease term | |
| Finance Leases | 6 years |
| Operating Leases | 6 years |
| Weighted-average discount rate | |
| Finance Leases | 5.8% |
| Operating Leases | 6.0% |

## 10. 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, 2019, there were 60,598 shares available for future grants.

On November 7, 2018, the Company granted 308,520 stock options to certain employees, with 38.5% of the options vesting upon the passage of time, and 61.5% of the options vesting based on performance conditions. Additional stock options were awarded in 2019 with the same time-vesting and performance ratios. The 2018 time-based options vest proportionally (25% per year) on each of the first four anniversaries of the Acquisition. The 2019 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, according to the Non-Qualified Stock Option Agreement. All options awarded under the Plan expire on the tenth anniversary of the grant date. The stock option exercise prices range from $100.00 to $286.46 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.

(Dollars in thousands, except per share amounts)

A summary of stock option activity:

| | | Time-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 April 11, 2018 | | — | $ — | $ — | — |
| | Granted | 118,780 | 100.00 | 45.12 | — |
| 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 |
| Exercisable as of December 31, 2019 | | 27,928 | $100.00 | $ 45.12 | — |
| Vested or expected to vest, December 31, 2019 | | 120,777 | $110.31 | $ 48.07 | — |

| | | 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 April 11, 2018 | | — | $ — | $ — | |
| | Granted | 189,740 | 100.00 | 28.28 | |
| 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 |
| Exercisable as of December 31, 2019 | | — | $ — | $ — | — |
| Vested or expected to vest, December 31, 2019 | | — | $ — | $ — | — |

The stock compensation expense related to time-based stock options was $1,888 during the year ended December 31, 2019 and $373 during the period April 11, 2018 through December 31, 2018. As of December 31, 2019, there was $3,668 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 2.5 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.

(Dollars in thousands, except per share amounts)

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:

| | 2019 | 2018 |
|---|---|---|
| Expected Term | 5.67 years | 6.25 years |
| Expected Volatility | 33.9% | 44.3% |
| Risk-free Interest Rate | 1.7% | 2.9% |
| 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 the performance-based stock options granted during 2019 and 2018 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.

## 11. 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. SCA's portfolio value of fuel derivative contracts were $2,233 of Derivative Assets and $12,006 of Derivative Liabilities as of December 31, 2019 and 2018, respectively. SCA did not have fuel derivative contracts prior to April 11, 2018. The Company did not have any collateral held by counterparties to these agreements as of December 31, 2019 and 2018.

The gain/(loss) on fuel derivatives was $10,791 and $(12,006) for the year ended December 31, 2019 and the period April 11, 2018 through December 31, 2018, respectively. Fuel derivative gains and losses are classified in Aircraft Fuel on the Consolidated Statements of Operations.

The cash premiums paid for fuel derivative positions were $665 and $2,280 for the year ended December 31, 2019 and the period April 11, 2018 through December 31, 2018, respectively. These premiums are classified in Aircraft Fuel on the Consolidated Statements of Operations.

Fuel derivative contract settlements were $3,448 for the year ended December 31, 2019. There were no fuel derivative contract settlements prior to 2019. As of December 31, 2019, the Company had outstanding fuel derivative contracts covering 45.4 million gallons of crude oil and jet fuel that will settle between January 2020 and March 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.

## 12. 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.

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.

(Dollars in thousands, except per share amounts)

The following table summarizes the assets and liabilities measured at fair value on a recurring basis:

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Fuel Derivative Contracts | $ — | $2,233 | $ — | $2,233 |
| Total Assets measured at fair value on a recurring basis | $ — | $2,233 | $ — | $2,233 |

| | December 31, 2018 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Liabilities | | | | |
| Fuel Derivative Contracts | $ — | $12,006 | $ — | $12,006 |
| Total Liabilities measured at fair value on a recurring basis | $ — | $12,006 | $ — | $12,006 |

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 fixed-rate notes payable. See Note 8 for debt fair values.

## 13. INCOME TAXES

The Company's effective tax rate for the year ended December 31, 2019 was 23.5% 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.

(Dollars in thousands, except per share amounts)

The following table summarizes the significant components of the provision for income taxes from continuing operations (1):

| | Successor | |
|---|---|---|
| | For the Year Ended December 31, 2019 | For the period April 11, 2018 to December 31, 2018 |
| Current: | | |
| Federal | $ — | $ — |
| State and Local | 66 | — |
| Total Current Tax expense | 66 | — |
| Deferred: | | |
| Federal | 12,509 | 129 |
| State and Local | 1,513 | 32 |
| Total Deferred Tax Expense | 14,022 | 161 |
| Total Income Tax Expense | $ 14,088 | $ 161 |

(1) As of the Acquisition Date of April 11, 2018, the Company elected to be treated as a corporation for income tax purposes. Prior to the acquisition, the Company was treated as a partnership and therefore no Predecessor 2018 amounts are shown.

The income tax provision differs from that computed at the federal statutory corporate tax rate as follows:

| | Successor | |
|---|---|---|
| | For the Year Ended December 31, 2019 | For the period April 11, 2018 to December 31, 2018 |
| Expected Provision at Federal Statutory Tax Rate | 21.0% | 21.0% |
| State Tax Expense, net of Federal Benefit | 2.1% | (12.0%) |
| Meals and Entertainment | 0.2% | (42.9%) |
| Employee Parking | 0.2% | (40.4%) |
| Other Permanent Adjustments | 0.0% | (3.6%) |
| Total Income Tax Expense | 23.5% | (77.9%) |

(Dollars in thousands, except per share amounts)

The following table summarizes the significant components of the Company's deferred taxes:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Deferred Tax Assets: | | |
| Finance Lease Obligations | $ 45,392 | $ 21,576 |
| Operating Lease Obligations | 38,629 | 19,451 |
| Net Operating Loss | 24,680 | 15,964 |
| Goodwill and Intangible Assets | 15,325 | 12,439 |
| Accrued Maintenance | 7,481 | 5,392 |
| Loyalty Program Liabilities | 5,064 | 6,346 |
| Unrealized Loss on Fuel Derivatives | — | 3,357 |
| Other | 2,769 | 2,673 |
| Total Deferred Tax Assets | 139,340 | 87,198 |
| Deferred Tax Liabilities: | | |
| Finance Lease Assets | (44,696) | (21,671) |
| Operating Lease Right-of-Use Assets | (33,844) | — |
| Accelerated Depreciation | (24,858) | (16,040) |
| Unrealized Gain on Fuel Derivatives | (514) | — |
| Total Deferred Tax Liabilities | (103,912) | (37,711) |
| Total Net Deferred Tax Assets | $ 35,428 | $ 49,487 |

As of December 31, 2019, the Company has $24,095 of federal net operating loss and $585 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 2029.

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, 2019, 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, 2019 and 2018, the Company had no 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 tax returns remain open to examination.

## 14. 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. These maximums include a non-discretionary 2% Company match for pilots, plus a discretionary Company match of 4% for all participants, including pilots. The Company made non-discretionary contributions of approximately $908, $592 and $308 for the year ended December 31, 2019, the period April 11, 2018 through December 31, 2018, and the period January 1, 2018 through April 10, 2018, respectively. The Company made discretionary contributions of approximately $4,246, $2,436 and $1,026 for the year ended December 31, 2019, the period April 11, 2018 through December 31, 2018, and the period January 1, 2018 through April 10, 2018, respectively. Contributions are classified in Salaries, Wages, and Benefits on the Consolidated Statements of Operations.

## 15. SPECIAL ITEMS, NET

The Company recognized $7,092 of net expenses for the year ended December 31, 2019 and $(6,706) and $271 of expense/(benefit) for the period April 11, 2018 through December 31, 2018, and the period January 1, 2018 through April 10, 2018, respectively, reflected as Special Items within Operating Income.

Special Items recognized during 2019 include a charge of $7,578 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, creating an expense that is not reflective of the continuing operations of the company. This expense was partially offset by $1,200 of 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. The Company also incurred $714 of expenses in the fourth quarter of 2019 related to costs to exit the Company's prior headquarters building.

The Company recognized $8,463 for the period April 11, 2018 through December 31, 2018 as a net reduction to expense 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. Additional Special Items recognized during 2018 (both successor and predecessor periods) 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.

## 16. COMMITMENTS AND CONTINGENCIES

The Company has contractual obligations and commitments primarily with regard to lease arrangements (see Note 9), repayment of debt (see Note 8) and future purchases of aircraft. In July 2019, the Company executed an agreement for the 2020 purchase of two operating leased aircraft for a total of $44,900, which will be financed through the 2019-1 EETC. In October 2019, the Company notified the lessor related to five finance leased aircraft that the Company intends to purchase these five in June 2020. The total purchase price will be $80,300 and will be financed through the 2019-1 EETC.

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.

## 17. OPERATING SEGMENTS AND GEOGRAPHIC INFORMATION

The Company is managed as a single business unit that provides air transportation for passengers. The Company's chief operating decision maker makes resource allocation decisions to maximize the Company's consolidated financial results. Managing the Company as one segment allows management the opportunity to maximize the value of its route network.

The Company attributes operating revenues by geographic region based upon the origin of each passenger 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. The Company measures its operating revenues by geographic region as defined by the DOT for airline reporting. See table of revenue by geographic region in Note 4 – Revenue.

Substantially all the Company's tangible assets are located in the U.S. or relate to flight equipment, which is mobile across geographic markets and, therefore, considered to be domestic.

## 18. SUBSEQUENT EVENTS

The Company evaluated subsequent events for the period from the Balance Sheet date through March 27, 2020, the date that the Consolidated Financial Statements were available to be issued.

**Impact of Coronavirus**

In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. 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." 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 has experienced a recent decline in flight bookings, and an increase in cancellations, as a result of the outbreak.

The Company's charter business has 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 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.

The extent of the impact of the 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 in the coming months is highly uncertain and cannot be predicted at the present time, however, the Company expects to incur operating losses

and negative cash flows as a result of the expected near-term decline in passenger and charter bookings. The Company has identified measures to reduce its operating costs and improve its liquidity position and has implemented or is in the process of implementing such measures, including a temporary reduction of scheduled departures, deferring non-essential capital projects, placing a hiring freeze and furloughing employees, if applicable, and negotiating the deferral of aircraft rent payments. Based on the foregoing measures the Company has taken or plans to take, the Company currently believes that it has sufficient liquidity to cover expected near-term operating losses and negative cash flows.

**Reorganization Transactions**

On January 31, 2020, all 2,117,991 outstanding Apollo Warrants were exercised to purchase common stock of SCA Acquisition Holdings, LLC. 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 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.

* * * * * *

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Dollars in thousands, except per share amounts)**

| | September 30, 2020 (Unaudited) | December 31, 2019 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets:** | | |
| Cash and Equivalents | $ 44,288 | $ 51,006 |
| Restricted Cash | 6,245 | 13,472 |
| Investments | 5,598 | 5,694 |
| Accounts Receivable, net of an allowance for credit losses of $634 and $630, respectively | 25,548 | 22,408 |
| Short-term Lessor Maintenance Deposits | 2,185 | 1,970 |
| Inventory, net of a reserve for obsolescence of $889 and $550, respectively | 5,610 | 5,273 |
| Prepaid Expenses | 8,426 | 7,717 |
| Derivative Assets (note 9) | — | 2,233 |
| Other Current Assets | 3,879 | 2,752 |
| Total Current Assets | 101,779 | 112,525 |
| **Property & Equipment, net:** | | |
| Aircraft and Flight Equipment | 330,509 | 142,100 |
| Leasehold Improvements and Ground Equipment | 13,196 | 12,701 |
| Computer Hardware and Software | 7,574 | 8,702 |
| Finance Lease Assets | 118,912 | 201,026 |
| Rotable Parts | 8,510 | 8,276 |
| Property & Equipment | 478,701 | 372,805 |
| Accumulated Depreciation & Amortization | (53,844) | (27,728) |
| Total Property & Equipment, net | 424,857 | 345,077 |
| **Other Assets:** | | |
| Goodwill (note 7) | 222,223 | 222,223 |
| Other Intangible Assets, net (note 7) | 94,110 | 97,110 |
| Operating Lease Right-of-use Assets | 127,464 | 147,148 |
| Aircraft Lease Deposits | 10,253 | 17,970 |
| Long-term Lessor Maintenance Deposits | 22,378 | 28,266 |
| Deferred Tax Asset | 33,934 | 35,428 |
| Other Assets | 6,602 | 2,129 |
| Total Other Assets | 516,964 | 550,274 |
| Total Assets | $ 1,043,600 | $ 1,007,876 |

See accompanying Notes to Condensed Consolidated Financial Statements

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Dollars in thousands, except per share amounts)**

| | September 30, 2020 (Unaudited) | December 31, 2019 |
|---|---|---|
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Current Liabilities:** | | |
| Accounts Payable | $ 32,032 | $ 43,900 |
| Accrued Salaries, Wages, and Benefits | 15,888 | 16,621 |
| Accrued Transportation Taxes | 3,202 | 13,729 |
| Air Traffic Liabilities | 98,398 | 116,660 |
| Derivative Liabilities (note 9) | 5,874 | — |
| Over-market Liabilities | 9,281 | 10,421 |
| Finance Lease Obligations | 12,767 | 92,318 |
| Loyalty Program Liabilities | 6,037 | 14,092 |
| Operating Lease Obligations | 36,165 | 30,611 |
| Current Maturities of Long-term Debt (note 8) | 31,332 | 13,197 |
| Other Current Liabilities | 8,050 | 2,002 |
| Total Current Liabilities | 259,026 | 353,551 |
| **Long-term Liabilities:** | | |
| Over-market Liabilities | 30,448 | 37,409 |
| Finance Lease Obligations | 98,093 | 105,037 |
| Loyalty Program Liabilities | 16,087 | 8,800 |
| Operating Lease Obligations | 120,308 | 141,879 |
| Long-term Debt (note 8) | 220,654 | 73,720 |
| Derivative Liabilities (note 9) | 128 | — |
| Other Long-term Liabilities | 8,787 | 3,756 |
| Total Long-term Liabilities | 494,505 | 370,601 |
| Total Liabilities | 753,531 | 724,152 |
| **Stockholders' Equity:** | | |
| Common Stock | 239,162 | 239,141 |
| Common stock with no par value; 5,000,000 shares authorized, 2,478,000 and 360,009 shares issued at September 30, 2020 and December 31, 2019, respectively Warrants to acquire common stock at an exercise price of $0.01 per share were zero at September 30, 2020 and 2,117,991 at December 31, 2019 | | |
| Loans to Stockholders | (3,500) | (3,500) |
| Additional Paid In Capital | 8,041 | 5,855 |
| Retained Earnings | 46,366 | 42,228 |
| Total Stockholders' Equity | 290,069 | 283,724 |
| Total Liabilities and Stockholders' Equity | $ 1,043,600 | $ 1,007,876 |

See accompanying Notes to Condensed Consolidated Financial Statements

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Dollars in thousands, except per share amounts)**
**(Unaudited)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| **Operating Revenues:** | | |
| Passenger | $272,299 | $527,327 |
| Cargo | 17,491 | — |
| Other | 3,889 | 10,193 |
| Total Operating Revenue | 293,679 | 537,520 |
| **Operating Expenses:** | | |
| Aircraft Fuel | 69,377 | 127,338 |
| Salaries, Wages, and Benefits | 106,923 | 105,668 |
| Aircraft Rent | 23,376 | 37,959 |
| Maintenance | 15,242 | 25,041 |
| Sales and Marketing | 13,123 | 27,414 |
| Depreciation and Amortization | 35,631 | 25,371 |
| Ground Handling | 15,786 | 31,009 |
| Landing Fees and Airport Rent | 22,377 | 33,730 |
| Special Items, net | (64,333) | 6,378 |
| Other Operating, net | 34,363 | 51,094 |
| Total Operating Expenses | 271,865 | 471,002 |
| Operating Income | 21,814 | 66,518 |
| **Non-operating Income (Expense):** | | |
| Interest Income | 340 | 618 |
| Interest Expense | (16,215) | (12,700) |
| Other, net | (331) | (906) |
| Total Non-operating Expense, net | (16,206) | (12,988) |
| Income before Income Tax | 5,608 | 53,530 |
| Income Tax Expense | 1,470 | 12,476 |
| Net Income | $ 4,138 | $ 41,054 |
| Net Income per share to common stockholders: | | |
| Basic | $ 1.67 | $ 16.58 |
| Diluted | $ 1.62 | $ 16.22 |
| Shares used for computation: | | |
| Basic | 2,478 | 2,476 |
| Diluted | 2,560 | 2,531 |

See accompanying Notes to Condensed Consolidated Financial Statements

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**
**(Dollars in thousands)**
**(Unaudited)**

| | 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Warrants | Shares | Capital Contribution | Loans to Stockholders | APIC | Retained Earnings | Total |
| 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 | — | — | — | — | — | 41,054 | 41,054 |
| Stock-based Compensation | — | — | — | — | 1,543 | — | 1,543 |
| September 30, 2019 | 2,117,991 | 360,009 | $ 239,141 | $ (3,500) | $1,916 | $37,210 | $274,767 |

| | 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Warrants | Shares | Capital Contribution | Loans to Stockholders | APIC | Retained Earnings | Total |
| 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 | — | — | — | — | — | 4,138 | 4,138 |
| Amazon Warrants | — | — | — | — | 933 | — | 933 |
| Stock-based Compensation | — | — | — | — | 1,253 | — | 1,253 |
| September 30, 2020 | — | 2,478,000 | $ 239,162 | $ (3,500) | $8,041 | $46,366 | $290,069 |

See accompanying Notes to Condensed Consolidated Financial Statements

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Dollars in thousands)**
**(Unaudited)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| **Net Income** | $ 4,138 | $ 41,054 |
| **Adjustments to reconcile Net Income to Cash from Operating Activities:** | | |
| Depreciation and Amortization | 35,631 | 25,371 |
| Reduction in Operating Lease Right-of-use Assets | 19,685 | 28,955 |
| Loss on Asset Transactions, net | 381 | 264 |
| Unrealized Loss (Gain) on Fuel Derivatives | 15,766 | (6,894) |
| Amortization of Over-market Liabilities | (8,101) | (10,721) |
| Deferred Income Taxes | 1,493 | 12,428 |
| Amazon Warrants Vested | 933 | — |
| Stock-based Compensation Expense | 1,253 | 1,543 |
| Amortization of Debt Issuance Costs | 1,625 | — |
| Changes in Operating Assets and Liabilities: | | |
| Accounts Receivable | (3,141) | (9,885) |
| Inventory | (696) | (495) |
| Prepaid Expenses | (409) | 2,381 |
| Lessor Maintenance Deposits | (8,293) | (14,274) |
| Aircraft Lease Deposits | 1,290 | (1,385) |
| Other Assets | (4,396) | (543) |
| Accounts Payable | (9,092) | 8,951 |
| Accrued Transportation Taxes | (10,527) | (1,849) |
| Air Traffic Liabilities | (18,262) | (15,157) |
| Loyalty Program Liabilities | (769) | (4,434) |
| Reduction in Operating Lease Obligations | (19,078) | (29,667) |
| Other Liabilities | 4,122 | 11 |
| **Net Cash Provided by Operating Activities** | 3,553 | 25,654 |
| **Cash Flows from Investing Activities:** | | |
| Purchases of Property & Equipment | (94,307) | (37,111) |
| Purchase of Investments | (427) | (2,198) |
| Proceeds from the Sale of Investments | 523 | 2,308 |
| **Net Cash Used in Investing Activities** | (94,211) | (37,001) |
| **Cash Flows from Financing Activities:** | | |
| Proceeds Received from Exercise of Apollo Warrants | 21 | — |
| Proceeds from Borrowings | 220,307 | 13,350 |
| Repayment of Finance Lease Obligations | (84,742) | (6,665) |
| Repayment of Borrowings | (55,594) | (7,522) |
| Debt Issuance Costs | (3,279) | — |
| **Net Cash Provided by (Used in) Financing Activities** | 76,713 | (837) |
| **Net Decrease in Cash, Cash Equivalents and Restricted Cash** | (13,945) | (12,184) |
| **Cash, Cash Equivalents and Restricted Cash—Beginning of the Period** | 64,478 | 43,441 |
| **Cash, Cash Equivalents and Restricted Cash—End of the Period** | $ 50,533 | $ 31,257 |
| **Supplemental information:** | | |
| Cash Payments for Interest | $ 12,027 | $ 12,332 |
| Cash Payments for Income Taxes, net | $ 34 | $ 381 |
| **Non-cash transactions:** | | |
| Aircraft and Flight Equipment Acquired through Finance Leases | $ — | $ 71,982 |
| Right-of-use Assets Acquired through Operating Leases | $ — | $ 5,470 |
| Purchases of Property & Equipment in Accounts Payable | $ 648 | $ 1,595 |

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Dollars in thousands)**
**(Unaudited)**

The following provides a reconciliation of Cash, Cash Equivalents and Restricted Cash to the amounts reported on the Condensed Consolidated Balance Sheets:

| | September 30, 2020 | September 30, 2019 |
|---|---|---|
| Cash and Equivalents | $ 44,288 | $ 15,804 |
| Restricted Cash | 6,245 | 15,453 |
| Total Cash, Cash Equivalents and Restricted Cash | $ 50,533 | $ 31,257 |

See accompanying Notes to Condensed Consolidated Financial Statements

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Dollars in thousands, except per share amounts)**
**(Unaudited)**

## 1. COMPANY BACKGROUND

Sun Country Airlines Holdings, Inc. f/k/a SCA Acquisition Holdings, LLC 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. 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. Services are provided to the general public, military branches and to wholesale tour operators for air transportation to various U.S. and international destinations. 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" or "SCA").

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.

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. Amazon will supply the aircraft and bear directly or reimburse the Company for certain operating expenses, including fuel and heavy maintenance. The aircraft will fly under the Company's air carrier operating certificate and the Company will supply the crew, non-heavy maintenance and insurance for the aircraft. Amazon will pay a fixed monthly fee per aircraft as well as a set rate per 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 represents approximately 15% of the Company's common stock. The exercise period of these warrants is through the eighth anniversary of the issue date.

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 nine months ended September 30, 2020, 6,693.7 warrants vested.

In May 2020, the Company began providing air cargo services under the Amazon Agreement and as of September 30, 2020, 10 Amazon cargo aircraft were being flown by SCA. On June 27, 2020, Amazon and the Company signed an amendment to the December 13, 2019 agreement that added two aircraft to the agreement. Flying under the agreement is expected to be fully ramped up by the end of 2020, at which point Amazon will have 12 Boeing 737-800 cargo aircraft flown by Sun Country Airlines.

### Reorganization Transactions

On January 31, 2020, all 2,117,991 outstanding Apollo Warrants were exercised to purchase common stock of SCA Acquisition Holdings, LLC. 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 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.

## 2. BASIS OF PRESENTATION

The accompanying unaudited Condensed Consolidated Financial Statements of Sun Country Airlines Holdings, Inc. should be read in conjunction with the consolidated financial statements contained in the Company's Annual Report for the year ended December 31, 2019.

Management believes that all adjustments necessary for the fair presentation of results, consisting of normally recurring items, have been included in the unaudited condensed consolidated financial statements for the interim periods presented. All material intercompany balances and transactions have been eliminated in consolidation. The preparation of financial statements in accordance with accounting principles generally accepted in the United States ("GAAP") requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Significant areas of judgment relate to passenger revenue recognition, impairment of goodwill, impairment of long-lived and intangible assets, air traffic liabilities, the loyalty program, as well as the valuation of Amazon warrants.

Due to severe impacts from the global coronavirus ("COVID-19") pandemic, seasonal variations in the demand for air travel, the volatility of aircraft fuel prices and other factors, operating results for the nine months ended September 30, 2020 are not necessarily indicative of operating results for future quarters or for the year ended December 31, 2020. Air travel is also significantly impacted by general economic conditions, the amount of disposable income available to consumers, unemployment levels, corporate travel budgets, extreme or severe weather and natural disasters, disease outbreaks, fears of terrorism or war, and other factors beyond the Company's control.

The Company operates its fiscal year on a calendar year basis.

**Recently Adopted Accounting Standards**

***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 Condensed Consolidated Financial Statements, since it was limited to disclosure requirements around the Company's Level 3 fair value items, including valuation techniques and quantitative inputs.

***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 will be required to estimate lifetime expected credit losses. This accounting standard was adopted prospectively as of April 1, 2020, and it did not have a material impact on the Company's condensed 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 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 as of April 1, 2020, and it did not have an impact on the Company's financial statements and disclosures.

**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*. The update eliminates, clarifies and modifies certain guidance related to the accounting for income taxes. ASU 2019-12 is effective for annual reporting periods beginning after December 15, 2020, with early adoption permitted. The Company is evaluating the impact of adopting ASU 2019-12.

## 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. 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." 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. As of April 15, 2020, approximately 316 million people in at least 42 states, the District of Columbia and Puerto Rico were under instructions to stay home or "shelter in place," and to avoid any non-essential travel. 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 September 2020 quarter improved compared to the June 2020 quarter, 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. Currently, there are restrictions in several international countries that will 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, businesses have 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 cases, hospitalizations, deaths, treatment efficacy and the availability of a vaccine.

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 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. The Company continues to monitor the impacts of the pandemic on its operations and financial condition, and to implement mitigation strategies while working to preserve cash and protect the long-term sustainability of the Company.

Despite the pandemic, the Company began providing air cargo service and generating cargo revenues under the Amazon Agreement in May 2020, with 10 Amazon cargo aircraft in service with Sun Country Airlines as of September 30, 2020. This is planned to grow to 12 aircraft by December 31, 2020.

**Liquidity assessment as a result of COVID-19 impacts**

The Company has identified measures to reduce its operating costs and improve its liquidity position and has implemented or is in the process of implementing such measures, including a temporary reduction of scheduled departures, deferring non-essential capital projects, placing a hiring freeze, if applicable, and negotiating the deferral of aircraft rent payments. On October 8, 2020, the Company announced the elimination of certain management positions.

Based on the foregoing measures that the Company has taken or plans to take, and the $62,312 grant received from the United States Department of the Treasury under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the Company currently believes that it has sufficient liquidity to cover expected near-term operating losses and negative cash flows. This third quarter 2020 liquidity assessment excluded any potential loans issued under the CARES Act Loan Program. In October 2020, the Company was awarded a $45.0 million CARES Act Loan.

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 operating income for the nine months ended September 30, 2020 was driven by cash received from the CARES Act Payroll Support Program. The impact of COVID-19 on overall demand for air travel in the coming months is highly uncertain and cannot be predicted at the present time, however, the Company expects 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 the prior year.

**Impairment Testing as a result of COVID-19 impacts**

***Long-lived Assets***

Accounting Standards Codification (ASC) 360 - Property, Plant, and Equipment (ASC 360) requires long-lived assets to be assessed for impairment when events and circumstances indicate that the assets may be impaired. Long-lived assets primarily consist of owned flight and ground equipment, right-of-use assets and definite-lived intangible assets such as customer relationships.

SCA's operations and liquidity were significantly impacted by decreased passenger demand and U.S. government travel restrictions due to COVID-19. The Company identified these events and circumstances as indictors of potential impairment of its long-lived assets, and, as a result, performed an impairment test on its long-lived assets as of March 31, 2020, June 30, 2020 and September 30, 2020.

In accordance with ASC 360, an impairment of a long-lived asset or group of long-lived assets exists only when the sum of the estimated undiscounted future cash flows expected to be generated directly by the assets are less than the carrying value of the assets. Estimates of future cash flows are based on historical results adjusted to reflect management's best estimate of future market and operating conditions, including SCA's current fleet plan.

As a result of the impairment tests performed, SCA determined that the net carrying values of its long-lived assets are recoverable and no impairment charges were recorded during the nine-months ended September 30, 2020. The Company will continue to monitor the duration and extent of the impact of COVID-19 on its business, and will continue to evaluate its current fleet for impairment accordingly.

***Goodwill and Indefinite-lived Intangible Assets***

ASC 350 - Intangibles - Goodwill and Other (ASC 350) requires goodwill and indefinite-lived intangible assets to be assessed for impairment annually, or more frequently if events or circumstances indicate that the fair values of goodwill and indefinite-lived intangible assets may be lower than their carrying values. Goodwill represents the purchase price in excess of the fair value of the net assets acquired and liabilities assumed in connection with the acquisition of Sun Country Airlines on April 11, 2018. Indefinite-lived intangible assets other than goodwill consists of the Sun Country Airlines tradename.

In each of the first three quarters of 2020, the Company considered whether the projected financial impact of COVID-19 indicated that the fair value of goodwill and tradename 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 assessment, the Company concluded that the assets were recoverable, and no impairment charges were recorded during the nine-months ended September 30, 2020.

As discussed above, due to the inherent uncertainties of the current operating environment, the Company will continue to evaluate its goodwill and indefinite-lived intangible assets for events or circumstances that indicate that their fair values may be lower than their carrying values.

**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.

On April 15, 2020, the Company was informed by the United States Department of the Treasury that it would receive a grant of approximately $60,600 under the CARES Act Payroll Support Program. Approximately $20,200 was received in April 2020, and approximately $10,100 was received in June, July, August and September 2020. In September 2020, the Company was awarded an additional CARES Act grant of approximately $1,700. The amount recognized under the CARES Act grant for the nine months ended September 30, 2020 was $62,312, and is included within Special Items, net on the Condensed 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 U.S. Department of Transportation ("DOT") subject to exemptions granted by the DOT to the Company. As of September 30, 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 $5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages through December 31, 2020. The Company qualified for the credit beginning on April 1, 2020 and expects to continue to receive additional credits for qualified wages through December 31, 2020. During the nine months ended September 30, 2020, the Company recorded $2,069 related to the CARES Employee Retention Credit within Special Items, net on the Company's Condensed 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 September 30, 2020 was approximately $2.5 million and is recorded in Other Long-term Liabilities.

On April 17, 2020, the Company submitted an application to the loan program under the CARES Act. Under the CARES Act Loan Program, the Company requested a loan from the U.S. Department of the Treasury for a term of up to five years. On October 26, 2020, the Company was awarded a $45 million 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 $10 million, 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.

## 4. REVENUE

Sun Country Airlines is a certified air carrier generating Operating Revenues from Scheduled service, Charter service, Ancillary, Cargo and Other revenue. Scheduled service revenue consists of base fares, estimated breakage and expired travel credits. Charter service revenue consists of revenue earned from the Company's charter operations, 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, 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 the Company's co-branded credit card program. In addition, Other revenues also includes revenue from mail on regularly scheduled passenger aircraft. Amounts collected on behalf of other parties including transportation excise taxes, airport and security fees and other fees, are excluded from Operating Revenues in the Condensed Consolidated Statements of Operations.

Services are provided to the general public and to wholesale tour operators for air transportation to numerous U.S. and international destinations. All passenger-based performance obligations are less than one year as passenger tickets expire one year from ticketing, if unused or not exchanged. The Company also provides air cargo services under the Amazon Agreement, for which all performance obligations are fulfilled in less than one year.

*Scheduled Service, Charter Service, and Ancillary Revenue*. Scheduled passenger service, charter service, and most ancillary revenues are recognized when the passenger flight occurs. 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. The Company records an estimate for travel credits that will expire unused in passenger revenue based on historical experience. These estimates are based on historical experience of no-show activity and travel credit activity 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. Due to inherent uncertainly of the current operating environment as a result of COVID-19, the Company will continue to monitor these estimates and 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. 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 for each of the outbound and return flights.

(Dollars in thousands, except per share amounts)

*Cargo.* Cargo revenue is typically recognized based on hours flown, number of flights, and the amount of aircraft resources provided during a reporting period. Revenues for items that are reimbursed through airline service agreements, including consumption of aircraft fuel, are generally recognized net, as the costs are incurred. There is also revenue recognized for the amortization of the start-up cost payments received from Amazon. This revenue is net of the amortization of the value of warrants granted to Amazon.

The significant categories comprising Operating Revenues are as follows:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| Scheduled service | $ 159,063 | $ 312,493 |
| Charter service | 60,983 | 125,715 |
| Ancillary | 52,253 | 89,119 |
| Passenger | 272,299 | 527,327 |
| Cargo | 17,491 | — |
| Other | 3,889 | 10,193 |
| Total Operating Revenue | $ 293,679 | $ 537,520 |

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:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| Domestic | $ 270,062 | $ 506,505 |
| Latin America | 23,289 | 30,262 |
| Other | 328 | 753 |
| Total Operating Revenue | $ 293,679 | $ 537,520 |

**Contract Balances**

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 Condensed 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 Condensed Consolidated Balance Sheets) and 3) Amazon start-up cost payments received (reported within Other Liabilities on the Condensed Consolidated Balance Sheets).

(Dollars in thousands, except per share amounts)

Contract Liabilities are as follows:

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Air Traffic Liabilities | $ 98,398 | $ 116,660 |
| Loyalty Program Liabilities | 22,124 | 22,892 |
| Amazon Deferred Start-up Costs Payments Received | 5,449 | 1,633 |
| Total Contract Liabilities | $ 125,971 | $ 141,185 |

The Air Traffic Liabilities principally represent tickets sold for future travel on Sun Country Airlines. The balance in the Air Traffic Liabilities fluctuates with seasonal travel patterns. Virtually all 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 nine-month period ended September 30, 2020, $110,125 of revenue was recognized in Passenger revenue that was included in the Air Traffic Liabilities as of December 31, 2019.

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 nine months ended September 30, 2020 $184 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 program terms include expiration of loyalty points after 36 months from the date they were earned, except members who are holders of the Company's co-branded credit card are not subject to the expiration terms. For loyalty points earned under the Sun Country Rewards program, the Company has an obligation to provide future services when these loyalty points are redeemed.

The Company allocates a portion of the selling price of each ticket used by a Sun Country Rewards member as the measure of relative selling price for the expected future redemption of the loyalty points. The liability is increased in each accounting period to reflect loyalty points that are earned and is reduced for the loyalty points used, incorporating estimated breakage.

The Company also participates in a co-branded credit card that enables card users to earn Sun Country Rewards loyalty points. Funds received for the marketing of a co-branded Sun Country credit card and delivery of loyalty points are accounted for as a multiple-deliverable arrangement.

The Company used generally accepted valuation practices to determine the standalone selling prices of performance obligations related to the Company's co-branded credit card contract. There are two performance obligations that exist for the co-branded credit card – loyalty points and brand. The standalone selling price for loyalty points was valued by examining the estimated total points to be awarded over the life of the contract, adjusted for a volume discount, breakage, and present value assumptions. The standalone selling price for brand

(Dollars in thousands, except per share amounts)

performance obligation was valued by a royalty approach. The Company allocates the deliverables consideration to the performance obligations on the basis of their relative standalone selling price. The marketing and brand performance obligations are effectively provided each time a Sun Country Rewards member uses the co-branded credit card. Therefore, the Company recognizes revenue for the marketing and brand performance obligations when Sun Country Rewards members use their co-brand credit card and the resulting loyalty points are issued to them, which best correlates with the Company's performance in satisfying the obligation.

The Company maintains relative standalone selling prices of the marketing, passenger benefits and future transportation elements. Consideration allocated to loyalty points is deferred and recognized as Passenger revenue as loyalty 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.

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).

Changes in the Loyalty Program Liabilities are as follows:

| | 2020 | 2019 |
|---|---|---|
| Balance - January 1 | $ 22,892 | $ 23,950 |
| ASC 606 adoption adjustment (January 1, 2019) | — | 4,867 |
| Loyalty Points Earned | 3,124 | 5,132 |
| Loyalty Points Redeemed (1) | (3,892) | (9,921) |
| Balance - September 30 | $ 22,124 | $ 24,028 |

(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 loyalty points 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.

## 5. 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. This method assumes that the proceeds a company receives from an in-the-money option exercise are used to repurchase common shares.

**SUN COUNTRY AIRLINES HOLDINGS, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Dollars in thousands, except per share amounts)**
**(Unaudited)**

The following table shows the computation of basic and diluted earnings per share:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| **Numerator:** | | |
| Net Income | $ 4,138 | $ 41,054 |
| **Denominator:** | | |
| Weighted Average Common Shares Outstanding - Basic | 2,478 | 2,476 |
| Dilutive effect of Stock Options and Warrants (1) | 82 | 55 |
| Weighted Average Common Shares Outstanding - Diluted | 2,560 | 2,531 |
| Basic earnings per share | $ 1.67 | $ 16.58 |
| Diluted earnings per share | $ 1.62 | $ 16.22 |

(1) There were 201,985 and 175,568 performance-based stock options outstanding at September 30, 2020 and 2019, respectively, that were excluded from the calculation of diluted EPS.

Prior to their exercise during the three months ended March 31, 2020, warrants held by Apollo were included in basic and dilutive weighted average shares outstanding as they were equity classified, had an exercise price of $0.01, and all necessary conditions for issuance were met. On January 31, 2020, all 2,117,991 of these warrants were exercised by Apollo.

Warrants held by Amazon are included in dilutive weighted average shares outstanding as of the date the warrants vested. The portion of unvested warrants held by Amazon have not been included in dilutive shares as their performance condition had not been satisfied as of September 30, 2020 and December 31, 2019.

## 6. PROPERTY & EQUIPMENT

The Accumulated Depreciation on owned assets was $40,613 and $21,030 as of September 30, 2020 and December 31, 2019, respectively. Depreciation expense was $20,581 and $12,814 for the nine-month periods ended September 30, 2020 and 2019, respectively.

The Accumulated Amortization on Finance Lease Assets was $13,231 and $6,698 as of September 30, 2020 and December 31, 2019, respectively. Amortization expense was $11,691 and $9,244 for the nine-month periods ended September 30, 2020 and 2019, respectively.

Depreciation expense on owned assets and amortization expense on Finance Lease Assets are each classified in Depreciation and Amortization on the Condensed Consolidated Statements of Operations.

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**(Dollars in thousands, except per share amounts)**
**(Unaudited)**

**Aircraft Fleet**

The following tables summarize the Company's aircraft fleet activity for the nine months ended September 30, 2020 and 2019, respectively:

| | December 31, 2019 | Additions | Removals | September 30, 2020 |
|---|---|---|---|---|
| Passenger: | | | | |
| Owned | 5 | 9 | — | 14 |
| Finance leases | 10 | — | (5) | 5 |
| Operating leases | 14 | — | (2) | 12 |
| Seasonal leases | 2 | — | (2) | — |
| Sun Country Airlines Fleet | 31 | 9 | (9) | 31 |
| Cargo Aircraft Operated for Amazon | — | 10 | — | 10 |
| Total Aircraft Operated | 31 | 19 | (9) | 41 |

The nine passenger aircraft purchased during the nine months ended September 30, 2020 were financed through equipment trust certificates (see Note 8). 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 8).

The 10 cargo aircraft added through September 30, 2020 relate to the Amazon Agreement (see Note 1).

| | December 31, 2018 | Additions | Removals | September 30, 2019 |
|---|---|---|---|---|
| Owned | 3 | 1 | — | 4 |
| Finance leases | 5 | 3 | — | 8 |
| Operating leases | 19 | — | (2) | 17 |
| Seasonal leases | 3 | — | (3) | — |
| Total Aircraft Fleet | 30 | 4 | (5) | 29 |

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 and May 2019. Also, one of the Company's operating leases expired in August 2019.

**Deferral of Aircraft Rent Payments**

During the nine months ended September 30, 2020 the Company negotiated rent payment deferrals with a majority of its aircraft lessors. The deferral as of September 30, 2020 was $10,245, consisting of $3,574 for finance leases and $6,671 for operating leases. These deferrals are classified within the current portion of the respective lease liabilities on the September 30, 2020 Condensed Consolidated Balance Sheet.

**Lessor Maintenance Deposits**

Maintenance reserve payments that are expected to be recoverable via reimbursable expenses are reflected as Lessor Maintenance Deposits on the accompanying Condensed Consolidated Balance Sheets.

(Dollars in thousands, except per share amounts)

When the reimbursable maintenance work on an aircraft is completed, the lessor is invoiced and the receivable is recorded in Accounts Receivable. This maintenance receivable was $828 and $5,862 as of September 30, 2020 and December 31, 2019, respectively.

## 7. GOODWILL AND OTHER INTANGIBLE ASSETS

Components of Goodwill and Other Intangible Assets were as follows:

| | September 30, 2020 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Value |
| Goodwill | $ 222,223 | $ — | $ 222,223 |
| Intangible Assets with Finite Lives: | | | |
| Customer Relationships | 48,000 | (9,890) | 38,110 |
| Intangible Assets with Indefinite Lives: | | | |
| Tradename | 56,000 | — | 56,000 |
| Total Intangible Assets | 104,000 | (9,890) | 94,110 |
| Total Goodwill and Other Intangible Assets | $ 326,223 | $ (9,890) | $ 316,333 |

| | December 31, 2019 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Value |
| 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 Intangible Assets | 104,000 | (6,890) | 97,110 |
| Total Goodwill and Other Intangible Assets | $ 326,223 | $ (6,890) | $ 319,333 |

SCA recognized $3,000 of amortization expense on intangible assets with finite-lives during each of the nine-month periods ended September 30, 2020 and 2019. Amortization is classified in Depreciation and Amortization on the Condensed Consolidated Statements of Operations. As of September 30, 2020, estimated future amortization expense is as follows:

| | |
|---|---|
| Remainder of 2020 | $ 1,000 |
| 2021 | 4,000 |
| 2022 | 4,000 |
| 2023 | 4,000 |
| 2024 | 4,000 |
| Thereafter | 21,110 |
| | $ 38,110 |

## 8. DEBT

**Lines of Credit -** In 2018, the Company entered into a revolving credit agreement with a financial institution which provided available credit based upon defined thresholds to a maximum amount of $20,000 as of December 31, 2019. 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 September 30, 2020 and December 31, 2019 was limited to $24,650 and $19,650, respectively, since it was reduced by 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 September 30, 2020 and December 31, 2019. As of September 30, 2020 and December 31, 2019, there were no outstanding balances on the revolving credit agreement.

**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 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 previously under operating or finance leases occurred in June 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 Condensed 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 Condensed Consolidated Financial Statements.

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**(Dollars in thousands, except per share amounts)**
**(Unaudited)**

Long-term Debt included the following:

| | September 30, 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. | $ 240,997 | $ 28,280 |
| 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. | 10,298 | 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. | 2,834 | 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%. | 531 | 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. | 23 | 97 |
| Total Debt | 254,683 | 89,905 |
| Less: Unamortized debt issuance costs | (2,697) | (2,988) |
| Less: Current Maturities of Long-term Debt | (31,332) | (13,197) |
| Total Long-term Debt | $ 220,654 | $ 73,720 |

(Dollars in thousands, except per share amounts)

Future maturities of the outstanding Debt are as follows:

| | Debt Principal Payments | Amortization of Debt Issuance Costs | Debt, net |
|---|---|---|---|
| Remainder of 2020 | $ 14,302 | $ (658) | $ 13,644 |
| 2021 | 26,930 | (582) | 26,348 |
| 2022 | 28,846 | (521) | 28,325 |
| 2023 | 41,844 | (430) | 41,414 |
| 2024 | 43,962 | (304) | 43,658 |
| Thereafter | 98,799 | (202) | 98,597 |
| Total | $ 254,683 | $ (2,697) | $ 251,986 |

Debt measured at fair value is as follows:

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Carrying Amount | $ 254,683 | $ 89,905 |
| Fair Value | $ 255,875 | $ 96,342 |

The fair value of the Company's debt was based on the discounted amount of future cash flows using the Company's current incremental borrowing rate for similar obligations, which was 4.90% at September 30, 2020 and December 31, 2019. The estimates were based on Level 3 inputs.

## 9. 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 Condensed 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. Derivatives where the payment due date is greater than one year from the balance sheet date are classified as long-term.

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| Balance - January 1 | $ 2,233 | $ (12,006) |
| Non-cash gains (losses) | (15,766) | 7,460 |
| Contract settlements | 7,531 | 3,116 |
| Balance - September 30 | $ (6,002) | $ (1,430) |

As of September 30, 2020 the Company had outstanding fuel derivative contracts covering 25.8 million gallons of crude oil and jet fuel that will settle between October 2020 and October 2021.

(Dollars in thousands, except per share amounts)

Fuel Derivative Gains (Losses) consisted of the following:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| Non-cash gains (losses) | $ (15,766) | $ 7,460 |
| Cash Premiums Paid | (1,954) | (566) |
| Total Fuel Derivative gains (losses) | $ (17,720) | $ 6,894 |

There were fuel derivative gains in the second and third quarters of 2020, primarily due to the partial recovery of oil prices following the decline during the first quarter of 2020. Fuel derivative gains and losses are recognized in Aircraft Fuel expense on the Condensed Consolidated Statements of Operations.

**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 Condensed 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.

## 10. 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.

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.

(Dollars in thousands, except per share amounts)

SCA's portfolio value of fuel derivative contracts were $6,002 of Derivative Liabilities and $2,233 of Derivative Assets as of September 30, 2020 and December 31, 2019, respectively.

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 value 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 2019-1 EETC certificates and fixed-rate notes payable. See Note 8 for debt fair values.

## 11. INCOME TAXES

The Company's effective tax rate for the nine months ended September 30, 2020 and 2019 was 26.2% and 23.3%, respectively. The effective tax rate represents a blend of federal and state taxes and includes the impact of certain nondeductible items. The Company's effective tax rate through 2020 may be subject to change related to additional regulatory guidance that may be issued, and discrete items that may be recorded as additional CARES Act implementation guidance is released.

## 12. 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. These maximums include a non-discretionary 2% Company match for pilots, plus a discretionary Company match of 4% for all participants, including pilots.

The Company made 401(k) contributions as follows:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| Non-Discretionary | $ 771 | $ 676 |
| Discretionary | 3,272 | 3,288 |
| Total 401(k) Contributions | $ 4,043 | $ 3,964 |

Contributions are classified in Salaries, Wages, and Benefits on the Condensed Consolidated Statements of Operations.

(Dollars in thousands, except per share amounts)

## 13. SPECIAL ITEMS, NET

Special Items, net on the Condensed Consolidated Statements of Operations consisted of the following:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| CARES Act grant recognition (1) | $ (62,312) | $ — |
| CARES Act employee retention credit (2) | (2,069) | — |
| Contractual obligations for retired technology (3) | — | 7,578 |
| Sale of airport slot rights (4) | — | (1,200) |
| Other(5) | 48 | — |
| Total Special Items, net | $ (64,333) | $ 6,378 |

(1) Relates to the credit recognized under the CARES Act Payroll Support Program through September 30, 2020. Under the Payroll Support Program, the United States Department of the Treasury provided the Company with a Payroll Support grant of $62.3 million, which is to be used exclusively for the continuation of payments for salaries, wages and benefits. (see Note 3).

(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).

(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) Consists of employee relocation costs due to closing flight attendant bases and costs to exit the Company's prior headquarters building.

## 14. COMMITMENTS AND CONTINGENCIES

The Company has contractual obligations and commitments primarily with regard to lease arrangements and repayment of debt (see Note 8).

The Company is subject to various legal proceedings in the normal course of business and expenses legal costs as incurred. Management believes these proceedings will not have a materially adverse effect on the Company.

## 15. SUBSEQUENT EVENTS

The Company evaluated subsequent events for the period from the Balance Sheet date through December 22, 2020, the date that the Condensed Consolidated Financial Statements were available to be issued.

******

**Shares**

# Sun Country Airlines Holdings, Inc.

**Common Stock**

**PROSPECTUS**

**Barclays** **Morgan Stanley**

**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 | $ |
| Stock exchange listing fee | |
| Financial Industry Regulatory Authority filing fee | |
| Printing expenses | |
| Legal fees and expenses | |
| Accounting fees and expenses | |
| Blue Sky fees and expenses | |
| Transfer agent and registrar fees | |
| Miscellaneous | |
| Total | $ |

### 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.

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.

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* | Specimen of Share Certificate of Sun Country Airlines Holdings, Inc. |
| 4.2** | Pass Through Trust Agreement, dated as of December 9, 2019, between Sun Country Inc. and Wilmington Trust, National Association, as trustee |
| 4.3** | Form of Pass Through Trust Certificate, Series 2019-1A |
| 4.4** | Form of Pass Through Trust Certificate, Series 2019-1B |
| 4.5** | Form of Pass Through Trust Certificate, Series 2019-1C |
| 4.6** | 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 |

| Exhibit Number | Exhibit Description |
|---|---|
| 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** | 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 |
| 10.9**# | Air Transportation Services Agreement, dated as of December 13, 2019, by and between Sun Country, Inc. and Amazon.com Services, Inc. |
| 10.10# | 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. |
| 10.11# | Warrant, dated as of December 13, 2019, issued by SCA Acquisition Holdings, LLC to Amazon.com NV Investment Holdings LLC |
| 10.12** | 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 |
| 10.13** | 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 |
| 10.14** | 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 |
| 10.15** | Inventory Support and Services Agreement, dated as of October 27, 2003, by and between Delta Airlines, Inc. and MN Airlines, LLC |
| 10.16** | 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 |
| 10.17** | 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 |
| 10.18** | 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 |
| 10.19** | 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 |
| 10.20** | 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 |
| 10.21** | 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 |
| 10.22** | 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 |

| Exhibit Number | Exhibit Description |
|---|---|
| 10.23** | 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 |
| 10.24** | 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 |
| 10.25** | 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 |
| 10.26** | 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 |
| 10.27** | 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 |
| 10.28** | 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 |
| 10.29** | 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 |
| 10.30** | 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 |
| 10.31** | 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 |
| 10.32** | 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 |
| 10.33** | 2002 Master Agreement, dated as of May 1, 2019 between J. Aron & Company LLC and MN Airlines, LLC |
| 10.34** | 2002 Master Agreement, dated as of April 12, 2018 between Morgan Stanley Capital Services LLC and MN Airlines, LLC |
| 10.35** | 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 |
| 10.36* | Form of Third Amended and Restated Stockholders' Agreement by and among Sun Country Airlines Holdings, Inc. and the stockholders party thereto |
| 10.37* | Form of Registration Rights Agreement by and between Sun Country Airlines Holdings, Inc. and the Holders party thereto |
| 10.38*† | Form of Indemnification Agreement by and between the Registrant and each of its directors and executive officers |
| 10.39**† | SCA Acquisition Holdings, LLC Amended and Restated Equity Incentive Plan, dated as of July 1, 2019 |
| 10.40*† | Form of Sun Country Airlines Holdings, Inc. 2021 Omnibus Incentive Plan |
| 10.41*† | Form of Option Award Agreement |
| 10.42**† | Second Amended and Restated Employment Agreement, dated as of November 7, 2018, by and between Jude Bricker and SCA Acquisition Holdings, LLC. |
| 10.43**† | Employment Agreement, dated as of April 17, 2019, by and between David Davis and MN Airlines, LLC |
| 10.44**† | Employment Agreement, dated as of July 1, 2019, by and between Gregory A. Mays and Sun Country, Inc. |

| Exhibit Number | Exhibit Description |
|---|---|
| 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) |

* To be filed by amendment.
** Previously filed.
† 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* | Specimen of Share Certificate of Sun Country Airlines Holdings, Inc. |
| 4.2** | Pass Through Trust Agreement, dated as of December 9, 2019, between Sun Country Inc. and Wilmington Trust, National Association, as trustee |
| 4.3** | Form of Pass Through Trust Certificate, Series 2019-1A |
| 4.4** | Form of Pass Through Trust Certificate, Series 2019-1B |
| 4.5** | Form of Pass Through Trust Certificate, Series 2019-1C |
| 4.6** | 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 |
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| 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** | 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 |
| 10.9**# | Air Transportation Services Agreement, dated as of December 13, 2019, by and between Sun Country, Inc. and Amazon.com Services, Inc. |

| Exhibit Number | Exhibit Description |
|---|---|
| 10.10# | 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. |
| 10.11# | Warrant, dated as of December 13, 2019, issued by SCA Acquisition Holdings, LLC to Amazon.com NV Investment Holdings LLC |
| 10.12** | 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 |
| 10.13** | 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 |
| 10.14** | 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 |
| 10.15** | Inventory Support and Services Agreement, dated as of October 27, 2003, by and between Delta Airlines, Inc. and MN Airlines, LLC |
| 10.16** | 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 |
| 10.17** | 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 |
| 10.18** | 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 |
| 10.19** | 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 |
| 10.20** | 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 |
| 10.21** | 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 |
| 10.22** | 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 |
| 10.23** | 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 |
| 10.24** | 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 |
| 10.25** | 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 |
| 10.26** | 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 |
| 10.27** | 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 |
| 10.28** | 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 |
| 10.29** | 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 |

| Exhibit Number | Exhibit Description |
|---|---|
| 10.30** | 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 |
| 10.31** | 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 |
| 10.32** | 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 |
| 10.33** | 2002 Master Agreement, dated as of May 1, 2019 between J. Aron & Company LLC and MN Airlines, LLC |
| 10.34** | 2002 Master Agreement, dated as of April 12, 2018 between Morgan Stanley Capital Services LLC and MN Airlines, LLC |
| 10.35** | 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 |
| 10.36* | Form of Third Amended and Restated Stockholders' Agreement by and among Sun Country Airlines Holdings, Inc. and the stockholders party thereto |
| 10.37* | Form of Registration Rights Agreement by and between Sun Country Airlines Holdings, Inc. and the Holders party thereto |
| 10.38*† | Form of Indemnification Agreement by and between the Registrant and each of its directors and executive officers |
| 10.39**† | SCA Acquisition Holdings, LLC Amended and Restated Equity Incentive Plan, dated as of July 1, 2019 |
| 10.40*† | Form of Sun Country Airlines Holdings, Inc. 2021 Omnibus Incentive Plan |
| 10.41*† | Form of Option Award Agreement |
| 10.42**† | Second Amended and Restated Employment Agreement, dated as of November 7, 2018, by and between Jude Bricker and SCA Acquisition Holdings, LLC. |
| 10.43**† | Employment Agreement, dated as of April 17, 2019, by and between David Davis and MN Airlines, LLC |
| 10.44**† | Employment Agreement, dated as of July 1, 2019, by and between Gregory A. Mays and Sun Country, Inc. |
| 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) |

* To be filed by amendment.
** Previously filed.
† 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 day of , 2021.

**Sun Country Airlines Holdings, Inc.**

By: _____
Name:
Title:

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints Eric Levenhagen and Dave Davis, his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto and any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment or any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agents, proxies and attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he or she might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

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.

| Signature | Title | Date |
|---|---|---|
| Jude Bricker | Chief Executive Officer; Director (Principal Executive Officer) | , 2021 |
| Dave Davis | President and Chief Financial Officer; Director (Principal Financial and Accounting Officer) | , 2021 |
| Joshua Black | Director | , 2021 |
| Antoine Munfakh | Director | , 2021 |
| Kerry Philipovitch | Director | , 2021 |
| David Siegel | Director | , 2021 |
| Juan Carlos Zuazua | Director | , 2021 |

**Exhibit 10.3**

**Execution Version**

AMENDMENT No. 2, dated as of May 15, 2020 (this "Amendment"), to the Asset-Based Revolving Credit Agreement, dated as of December 13, 2017 (as amended by Amendment No. 1, dated as of January 7, 2019, and as further amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Credit Agreement"), among SCA ACQUISITION, LLC, a Delaware limited liability company ("Holdings"), SUN COUNTRY, INC. (f/k/a MN Airlines, LLC), a Minnesota corporation (d/b/a Sun Country Airlines) (the "Borrower"), the Lenders from time to time party thereto and BARCLAYS BANK PLC, as Administrative Agent and Collateral Agent (together with its successors and assigns in such capacities, the "Administrative Agent"). Capitalized terms used but not defined herein have the meaning provided in the Credit Agreement as amended hereby (the "Amended Credit Agreement").

WHEREAS, each institution that executes this Amendment as an Incremental Revolving Lender has agreed to provide Incremental Revolving Commitments pursuant to Section 2.21 of the Credit Agreement in accordance with the terms and subject to the conditions set forth herein;

WHEREAS, pursuant to Section 9.08(b) of the Credit Agreement, Holdings (prior to a Qualified IPO), the Borrower, the Issuing Bank and the Lenders may agree to amend the Credit Agreement as set forth herein; and WHEREAS, the parties hereto desire to amend the Credit Agreement on the terms set forth herein;

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Amendments. As of the Amendment No. 2 Effective Date (as defined below), the Credit Agreement shall be amended as follows:

(a) The Credit Agreement shall be amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Credit Agreement attached as Exhibit A hereto. It is understood and agreed that the effectiveness of the Incremental Revolving Commitments established hereby, and the amendments specifically related thereto, shall occur substantially concurrently with, but immediately prior to, the other amendments set forth in Exhibit A hereto.

(b) Schedule 2.01 to the Credit Agreement is hereby replaced in its entirety with the table attached as Annex A hereto (the "Amended Commitment Schedule").

Section 2. Incremental Revolving Commitments. On the Amendment No. 2 Effective Date, each institution that has executed and delivered a counterpart to this Amendment as an "Incremental Revolving Lender" (each, an "Incremental Revolving Lender") shall become (x) the holder of an Incremental Revolving Commitment, subject to all of the rights, obligations, terms and conditions thereto under the Credit Agreement, in an aggregate principal amount at

any one time outstanding not to exceed the amount set forth on such institution's signature page to this Amendment, as such amount may be adjusted from time to time in accordance with the Amended Credit Agreement and (y) a Lender and a Revolving Lender for all purposes of the Credit Agreement and the other Loan Documents. Such Incremental Revolving Commitments shall form a single Class with the Initial Revolving Facility Commitments (as amended hereby). The parties hereto hereby acknowledge that this Amendment constitutes both a notice to the Administrative Agent as required by Section 2.21(a) of the Credit Agreement and an Incremental Assumption Agreement, in each case, with respect to the Incremental Revolving Commitments established hereby. Each Lender, by execution of this Amendment, agrees that, upon effectiveness of this Amendment, its Revolving Commitment is as set forth on the Amended Commitment Schedule. Each Incremental Revolving Lender agrees that it shall be deemed to have acquired, on the Amendment No. 2 Effective Date, participations in the aggregate Revolving L/C Exposure so that such Lender's participations therein are in accordance with its Revolving Facility Percentage.

Section 3. Representations and Warranties. Each Loan Party represents and warrants to the Lenders as of the Amendment No. 2 Effective Date that:

(a) (i) Such Loan Party (A) is a limited liability company or corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and (B) has the power and authority to execute and deliver this Amendment and to perform its obligations under this Amendment and the Amended Credit Agreement, (ii) the execution and delivery of this Amendment and the performance of this Amendment and the Amended Credit Agreement has been duly authorized by all required limited liability company or corporate action and (iii) this Amendment has been duly executed and delivered by such Loan Party and this Amendment and the Amended Credit Agreement constitute the legal, valid and binding obligations of such Loan Party enforceable in accordance with their terms, subject to (x) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (y) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (z) implied covenants of good faith and fair dealing.

(b) None of the execution or delivery of this Amendment or the performance by such Loan Party of this Amendment and the Amended Credit Agreement or the compliance with the terms and provisions hereof and thereof will violate (i) any provision of law, statute, rule or regulation applicable to such person, (ii) the certificate or articles of organization, incorporation or formation or other constitutive documents (including any limited liability company, bylaws or operating agreements) of such person, (iii) any applicable order of any court or any rule, regulation or order of any Governmental Authority or (iv) any agreement or other instrument to which such person is a party or by which any of them or any of their property is or may be bound, where any such violation, in each case, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) 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 or delivery of this Amendment or for the performance of this Amendment and the Amended Credit Agreement, except for (i) such as have been made or obtained and are in full force and effect or (ii) 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.

(d) Immediately before and immediately after giving effect to this Amendment (which reference shall include, when used herein and for the avoidance of doubt, the Incremental Revolving Commitments established hereby), the representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects (or in all respects to the extent already qualified by or subject to a "material adverse effect," "material adverse change" or similar term or qualification) on and as of the Amendment No. 2 Effective Date, with the same effect as though made on and as of such date; provided that to the extent such representations and warranties expressly relate to an earlier date, such representations and warranties are true and correct in all material respects (or in all respects to the extent already qualified by or subject to a "material adverse effect," "material adverse change" or similar term or qualification) as of such earlier date.

(e) Immediately before and immediately after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

Section 4. Conditions to Effectiveness of Amendment. This Amendment shall become effective on the date (the "Amendment No. 2 Effective Date") when, and only when, each of the following conditions have been satisfied (or waived by the Administrative Agent, each Lender (after giving effect to the Incremental Revolving Commitments established hereby) and the Issuing Bank):

(a) The Administrative Agent shall have received from (i) the Lenders (determined after giving effect to the Incremental Revolving Commitments established hereby), (ii) the Issuing Bank, (iii) Holdings and (iv) the Borrower a duly executed counterpart of this Amendment signed on behalf of such party (which may include facsimile or other electronic transmission of a signed signature page of this Amendment).

(b) The representations and warranties of each Loan Party set forth in Section 3 shall be true and correct in all material respects (or in all respects to the extent already qualified by or subject to a "material adverse effect," "material adverse change" or similar term or qualification) on and as of the Amendment No. 2 Effective Date, with the same effect as though made on and as of such date; provided that to the extent such representations and warranties expressly relate to an earlier date, such representations and warranties shall be true and correct in all material respects (or in all respects to the extent already qualified by or subject to a "material adverse effect," "material adverse change" or similar term or qualification) as of such earlier date.

(c) The Administrative Agent shall have received, on behalf of itself and the Lenders and each Issuing Bank, a favorable written opinion of each of (1) Paul, Weiss, Rifkind, Wharton & Garrison LLP, special counsel for the Loan Parties and (2) Dorsey & Whitney LLP, Minnesota counsel for the Loan Parties, in each case (A) dated the Amendment No. 2 Effective Date, (B) addressed to each Issuing Bank, the Administrative Agent and the Lenders as of the Amendment No. 2 Effective Date and (C) in form and substance reasonably satisfactory to the Administrative Agent, covering such matters relating to this Amendment and the other Loan Documents as the Administrative Agent shall reasonably request.

(d) The Administrative Agent shall have received a certificate of the Secretary or Assistant Secretary or similar officer of each Loan Party, in form and substance reasonably satisfactory to the Administrative Agent and in any event substantially similar in form and substance to the corresponding certificates delivered on the Closing Date.

(e) (i) The Administrative Agent shall have received a Borrowing Base Certificate as of the Amendment No. 2 Effective Date from the Borrower, which Borrowing Base Certificate shall include, for the avoidance of doubt, any Spare Engines that the Borrower proposes to include in Eligible Equipment as of the Amendment No. 2 Effective Date, with such customary supporting information as the Administrative Agent shall have reasonably requested and (ii) substantially concurrently with the effectiveness of this Amendment, the Borrower shall have caused FAA Mortgages to be filed with the FAA in respect of the Spare Engines included in the Borrowing Base Certificate delivered pursuant to the foregoing clause (i).

(f) The Administrative Agent shall have received the results of a search of the Uniform Commercial Code (or equivalent), tax and judgment filings made with respect to the Loan Parties 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.

(g) The Borrower shall have paid (i) all fees payable to any Lender, the Administrative Agent or any of their respective affiliates as agreed between such Lender or the Administrative Agent and the Borrower and (ii) all reasonable fees, expenses and disbursements of Cahill Gordon & Reindel LLP, as counsel for the Administrative Agent, incurred in connection with the preparation, negotiation and execution of this Amendment, in the case of clause (ii), to the extent invoiced at least three (3) Business Days prior to the date hereof.

(h) After giving effect to the Amendment, the Collateral and Guarantee Requirement shall be satisfied.

(i) (i) The Administrative Agent and each applicable Lender shall have received, at least three Business Days prior to the Amendment No. 2 Effective Date, all documentation and other information regarding the Borrower requested in connection with applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act, to the extent requested in writing of the Borrower at least 10 days prior to the Amendment No. 2 Effective Date and (ii) to the extent the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, at least three Business Days prior to the Amendment No. 2 Effective Date, any Lender that has requested, in a written notice to the Borrower at least 10 days prior to the Effective Date, a Beneficial Ownership Certification in relation to the Borrower shall have received such Beneficial Ownership Certification.

Section 5. Post-Closing Requirements. On or prior to the earlier of (x) the date that is ten (10) days after the Amendment No. 2 Effective Date (or such later date as the Administrative Agent may agree in its sole discretion) and (y) the date that is one Business Day after the FAA shall have issued filing numbers in respect of the FAA Mortgages filed pursuant to Section 4(e)(ii) hereof, the Administrative Agent shall have received, on behalf of itself and the Lenders and each Issuing Bank, a favorable written opinion of Daugherty, Fowler, Peregrin, Haught & Jenson, PC, special counsel for the Loan Parties (A) dated the date of delivery, (B) addressed to each Issuing Bank, the Administrative Agent and the Lenders as of the Amendment No. 2 Effective Date and (C) in form and substance reasonably satisfactory to the Administrative Agent, covering such matters relating to this Amendment and the other Loan Documents as the Administrative Agent shall reasonably request.

Section 6. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

Section 7. Governing Law. THIS AMENDMENT 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 AMENDMENT OR THE AMENDED CREDIT AGREEMENT (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 8. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 9. Effect of Amendment. This Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Credit Agreement or any other Loan Document, and, except as expressly set forth herein, shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of the Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Each of the Loan Parties confirms and agrees that the Liens granted pursuant to the Security Documents to which it is a party shall continue without any diminution thereof and shall remain in full force and effect on and after the date hereof. Without limiting the foregoing, by signing this Amendment, each Loan Party hereby confirms that (i) the obligations of the Loan Parties under the Credit Agreement and each other Loan Document, as specifically amended hereby (x) are entitled to the benefits of the guarantees and the security interests set forth or created in the Security Documents and the other Loan Documents and (y) constitute Obligations and (ii) notwithstanding the effectiveness of the terms hereof, the Security Documents and the other Loan Documents are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects. Each Loan Party ratifies and confirms its prior grant and the validity of all Liens granted, conveyed, or assigned to the Administrative Agent by such Person pursuant

to each Loan Document to which it is a party and after giving effect to this Amendment, all such Liens remain in full force and effect, are not released or reduced, and continue to secure full payment and performance of the Obligations (including, without limitation, the obligations in respect of the Incremental Revolving Commitments established hereby). This Agreement shall not constitute a novation of the Credit Agreement or any of the Loan Documents. For the avoidance of doubt, on and after the Amendment No. 2 Effective Date, this Amendment shall for all purposes constitute a Loan Document.

[Signatures begin on the following *page*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

SCA ACQUISITION, LLC

By: /s/ Eric Levenhagen
Name: Eric Levenhagen
Title: Chief Administrative Officer & General Counsel, and Executive Vice President

SCA COUNTRY, INC.

By: /s/ Eric Levenhagen
Name: Eric Levenhagen
Title: Chief Administrative Officer & General Counsel, and Executive Vice President

BARCLAYS BANK PLC, as Administrative Agent, as Issuing Bank and as a Lender

By: /s/ Joseph Jordan
Name: Joseph Jordan
Title: Managing Director

MORGAN STANLEY SENIOR FUNDING, INC.,
as an Incremental Revolving Lender

By: /s/ Alysha Salinger
Name: Alysha Salinger
Title: Vice President

Incremental Revolving Commitment: $5,000,000

# Amendments to Credit Agreement

[see attached]

~~***For Reference Purposes Only***~~Exhibit A
~~EXECUTION VERSION~~
~~Conformed for Amendment No. 1, dated as of January 7, 2019~~
CONFIDENTIAL

# ASSET-BASED REVOLVING CREDIT AGREEMENT

Dated as of December 13, 2017,

Among

SCA ACQUISITION, LLC,

as Holdings,

MN AIRLINES, LLC,
as the Borrower (from and after the Closing Date),

THE LENDERS PARTY HERETO,

BARCLAYS BANK PLC,
as Administrative Agent and Collateral Agent

---

BARCLAYS BANK PLC,
as Lead Arranger, Bookrunner, and Syndication Agent

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Exhibits and Schedules

ASSET-BASED REVOLVING CREDIT AGREEMENT dated as of December 13, 2017 (this "Agreement"), among SCA ACQUISITION, LLC, a Delaware limited liability company ("Holdings"), as of the Closing Date pursuant to a joinder agreement in the form attached hereto as Exhibit L, MN AIRLINES, LLC, a Minnesota limited liability company (d/b/a Sun Country Airlines) (the "Borrower"), the LENDERS party hereto from time to time, and BARCLAYS BANK PLC, as Administrative Agent (in such capacity, the "Administrative Agent") for the Lenders. Capitalized terms used but not defined in this introductory paragraph or the recitals below have the meanings assigned to such terms in Section 1.01.

WHEREAS, Holdings and MINNESOTA AVIATION, LLC, a Minnesota limited liability company (the "Seller"), have entered into that certain Membership Interest Purchase Agreement dated as of December 13, 2017 (as amended or supplemented through the date hereof, the "Purchase Agreement"), pursuant to which Holdings has agreed to acquire from the Seller all of the Equity Interests of the Borrower (the "Acquisition");

WHEREAS, for its general working capital and other limited liability company purposes, Holdings has requested the Lenders to provide the Revolving Facility Commitments (subject to the then applicable Borrowing Base (as hereinafter defined)) in an aggregate principal amount not in excess of $20,000,000;

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% and (c) the Adjusted LIBOR 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 ~~Eurodollar~~Eurocurrency Loan) plus 1.00%. 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 LIBOR 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 LIBOR Rate shall be effective on the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBOR Rate, respectively.

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any Loan bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

"Acceptable Appraiser" shall mean (i) Hilco Appraisal Services, LLC or, (ii) Morten Beyer & Agnew Inc. or (iii) another person listed on Schedule 1.01(F) or (~~ii~~iv) any other experienced and reputable appraiser reasonably acceptable to the Borrower and the Administrative Agent, in each case selected and engaged by the Administrative Agent.

"Account" shall mean, with respect to a person, any of such person's now owned or hereafter acquired or arising Accounts (as defined in the Uniform Commercial Code), including any rights to payment for the sale or lease of goods or rendition of services, whether or not they have been earned by performance.

"Account Control Agreement" shall have the meaning assigned to such term in Section 5.11(a).

"Account Debtor" shall mean, with respect to any Account, each person obligated on such Account.

"Acquisition" shall have the meaning assigned to such term in the first recital hereto.

"Additional Engine" shall mean that certain CFM International, Inc. model CFM56-7B24, also shown on the FAA records as CFM56-7B22, aircraft engine (which engine has 550 or more rated takeoff horsepower or the equivalent thereof) bearing manufacturer's serial no. 888694, to the extent such aircraft engine constitutes a Spare Engine.

"Additional Mortgage" shall have the meaning assigned to such term in Section 5.10(c).

"Adjusted LIBOR Rate" shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum equal to (a) the LIBOR 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 LIBOR Rate shall be less than zero, such interest rate shall be deemed to be zero.

"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 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.

"Agent Advances" shall mean any Overadvances and Protective Advances.

"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 amended, restated, supplemented or otherwise modified from time to time.

"Agreement Currency" shall have the meaning assigned to such term in Section 9.19.

"Amendment No. 2" shall mean Amendment No. 2 to this Agreement dated as of May 15, 2020, among Holdings, the Borrower, the Administrative Agent, the Issuing Bank and the Lenders party thereto.

"Amendment No. 2 Effective Date" shall mean May 15, 2020, the effective date of Amendment No. 2.

"Anti-Corruption Laws" shall have the meaning assigned to such term in Section 3.26.

"Applicable Commitment Fee" shall mean, for any day, 0.50% per annum.

"Applicable Margin" shall mean for any day (i) with respect to any Initial Revolving Facility Loans, 4.00% per annum in the case of any Eurocurrency Loan and 3.00% per annum in the case of any ABR Loan and (ii) with respect to any Extended Revolving Loan, the "Applicable Margin" set forth in the Incremental Assumption Agreement relating thereto.

"Appraisal Triggering Event" shall occur at any time that Availability is less than the greater of (i) 10% of Maximum Availability and (ii) $5,000,000 for five (5) consecutive Business Days.

"Appraised Market Value" shall mean the "current market value" (as defined by ISTAT) of the applicable Spare Engine as reflected on the most recent appraisal for such Spare Engine made by an Acceptable Appraiser, as adjusted for the condition, specification, maintenance record and use of such Spare Engine at the time of delivery of the most recently delivered Borrowing Base Certificate.

"Approved Fund" shall have the meaning assigned to such term in Section 9.04(b)(ii).

"Arranger" shall mean Barclays Bank PLC.

"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 as shall be approved by the Administrative Agent and reasonably satisfactory to the Borrower.

"Availability" shall mean, at any time, an amount equal to the Maximum Availability at such time minus the aggregate Revolving Facility Credit Exposure at such time. If the aggregate Revolving Facility Credit Exposure is equal to or greater than the Revolving Commitments or the Borrowing Base (or the Revolving Commitments have been terminated), Availability is zero.

"Availability Period" shall mean the period from and including the Closing Date to but excluding the earlier of the Maturity Date and the date of termination of the Revolving Commitments.

"Available Unused Commitment" shall mean, as the context may require, (a) with respect to a Lender at any time, an amount equal to the amount by which (i) the Revolving Commitment of such Lender at such time exceeds (ii) the Revolving Facility Credit Exposure of such Lender at such time.

"Bail-In Action" shall mean the exercise of any Write-Down and Conversion Powers by the applicable ~~EEA~~ Resolution Authority in respect of any liability of an ~~EEA~~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" shall mean 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~~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 not a corporation and is owned or managed by a single entity, the board of directors or other governing body of such entity.

"Bookrunner" shall mean Barclays Bank PLC.

"Borrower" shall have the meaning assigned to such term in the introductory paragraph of this Agreement, together with its successors and assigns.

"Borrower Materials" shall have the meaning assigned to such term in Section 9.17.

"Borrowing" shall mean a group of Loans of a single Type and made on a single date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

"Borrowing Base" shall mean, at any time, an amount equal to the sum of the following with respect to the Loan Parties, in each case as determined by reference to the most recently delivered Borrowing Base Certificate:

(a) 90.0% of the Net Amount of Eligible Credit Card Accounts, plus

(b) 85.0% of the Net Amount of Eligible Accounts, plus

(c) 75.0% of the Net Book Value of Eligible Inventory, plus

(d) for Eligible Equipment: (x) in the case of Spare Engines for which an appraisal has been made by an Acceptable Appraiser in the 18-month period immediately preceding delivery of the most recently delivered Borrowing Base Certificate, 90.0% of the applicable Appraised Market Value, (y) in the case of Spare Engines (1) for which an appraisal has not been made by an Acceptable Appraiser in the 18-month period immediately preceding delivery of the most recently delivered Borrowing Base Certificate and (2) such Spare Engine's life limited parts shall at any time of determination have less than 50% of the flight cycles remaining in its scheduled life (calculated on the basis of the average condition of all life limited parts for such Spare Engine), 45.0% of the Net Book Value of such Spare Engine and (z) 75.0% of the Net Book Value of all other Eligible Equipment; provided that, notwithstanding anything herein to the contrary, the Borrowing Base shall at all times be deemed to be no less than $5,000,000.

The Borrowing Base shall be reduced by the then amount of all Reserves, without duplication of any items that are otherwise addressed through eligibility criteria, which the Administrative Agent deems necessary in the exercise of its Reasonable Credit Judgment to maintain with respect to the Loan Parties.

The specified percentages set forth in this definition will not be reduced without the consent of the Borrower. Any determination by the Administrative Agent in respect of the Borrowing Base shall be based on the Administrative Agent's Reasonable Credit Judgment. The parties understand that the exclusionary criteria in the definitions of "Eligible Accounts", "Eligible Credit Card Accounts", "Eligible Equipment" and "Eligible Inventory", any Reserves that may be imposed as provided herein, any deductions or other adjustments to determine "book value" and Net Amount of Eligible Accounts and factors considered in the calculation of Net Book Value of Eligible Equipment and Eligible Inventory have the effect of reducing the Borrowing Base, and, accordingly, whether or not any provisions hereof so state, all of the foregoing shall be determined without duplication so as not to result in multiple reductions in the Borrowing Base for the same facts or circumstances.

In connection with the consummation of any acquisition of a business or other assets, the Borrower may submit a calculation of the Borrowing Base on a Pro Forma Basis with adjustments to reflect such acquisition and the inclusion of the Eligible Accounts, Eligible Credit Card Accounts, Eligible Equipment and Eligible Inventory so acquired in the Borrowing Base, and the Borrowing Base and Availability under the Facility shall be increased accordingly; provided, that if such acquisition is a Material Increase Acquisition, the Administrative Agent shall have completed its review of such acquired assets, including receipt of new (or, if agreed to by the Administrative Agent, recently completed) collateral audits, appraisals or updates of appraisals from one or more Acceptable Appraisers as the Administrative Agent shall require in its Reasonable Credit Judgment with respect to any such acquired assets prior to the inclusion of such assets in the Borrowing Base; it being understood that (i) in the case of any Material Increase Acquisition, the Administrative Agent agrees to use its commercially reasonable efforts to complete its review of such acquired assets prior to consummation of such acquisition so long as the Administrative Agent has been given the opportunity for a reasonable period (which shall not be required to be longer than twenty-eight (28) days) to complete such review (and in any event the Administrative Agent agrees to use its commercially reasonable efforts to complete such review as soon as reasonably possible), (ii) the Borrower shall, for the avoidance of doubt, be allowed to utilize any increase in the Borrowing Base resulting from any such adjustment for the purpose of funding the purchase of any such acquired assets, (iii) if such additional assets are of a different type of collateral from the existing assets included in the Borrowing Base, such additional assets may be included in the Borrowing Base as the Administrative Agent shall determine in its Reasonable Credit Judgment and may be subject to different advance rates or eligibility criteria or may require the imposition of additional Reserves with respect thereto as the Administrative Agent shall in its Reasonable Credit Judgment require, and (iv) subject to the provisions of Section 5.10, the Administrative Agent shall have received in form ready for filing or custody all UCC financing statements or possessory collateral to ensure that, upon such filing, the Collateral Agent will have a perfected security interest in such applicable acquired assets that will meet the requirements therefor set forth in the definition of "Eligible Accounts", "Eligible Credit Card Accounts", "Eligible Equipment" and "Eligible Inventory", as applicable.

Notwithstanding the foregoing, during the period from the Closing Date until the Borrowing Base Effective Date, the Borrowing Base shall be, for all purposes of this Agreement and the other Loan Documents, equal to $17,500,000. Thereafter, the Borrowing Base shall be $5,000,000 until the Administrative Agent shall have received, and is reasonably satisfied with, a field examination and appraisal of the assets comprising the Borrowing Base and the initial Borrowing Base Certificate.

"Borrowing Base Certificate" shall mean a certificate by a Responsible Officer of the Borrower, substantially in the form of Exhibit H (or another form reasonably acceptable to the Administrative Agent and the Borrower) setting forth the calculation of the Borrowing Base, including a calculation of each component thereof (including, to the extent the Borrower has received notice of any such Reserve from the Administrative Agent, any of the Reserves included in such calculation), all in such detail as shall be reasonably satisfactory to the Administrative Agent. All calculations of the Borrowing Base in connection with the preparation of any Borrowing Base Certificate shall be made by the Borrower and certified to the Administrative Agent.

"Borrowing Base Effective Date" shall mean the earlier of (a) the Initial Borrowing Base Certificate Date and (b) the Startup Date.

"Borrowing Minimum" shall mean (a) in the case of Eurocurrency Loans, $200,000, (b) in the case of ABR Loans, $200,000 and (c) in the case of Swingline Loans, $200,000.

"Borrowing Multiple" shall mean (a) in the case of Eurocurrency Loans, $100,000, (b) in the case of ABR Loans, $100,000 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.

"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; provided, however, that Capital Expenditures for the Borrower and the Subsidiaries shall not include:

(a) expenditures to the extent they are made with proceeds of the issuance of Equity Interests (other than Permitted Cure Securities) of, or a cash capital contribution to, the Borrower after the Closing Date,

(b) Capital Expenditures with proceeds of insurance settlements, condemnation awards and other settlements in respect of lost, destroyed, damaged or condemned assets, equipment or other property to the extent such Capital Expenditures are made to replace or repair such lost, destroyed, damaged or condemned assets, equipment or other property or otherwise to acquire, maintain, develop, construct, improve, upgrade or repair assets or properties useful in the business of the Borrower and the Subsidiaries within 15 months of receipt of such proceeds (or, if not made within such period of 15 months, are committed to be made during such period),

(c) interest capitalized during such period,

(d) expenditures that are accounted for as capital expenditures of such person and that actually are paid for by a third party (excluding Holdings, the Borrower or any Subsidiary thereof) and for which neither Holdings, the Borrower nor any Subsidiary has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party or any other person (whether before, during or after such period),

(e) the book value of any asset owned by such person prior to or during such period to the extent that such book value is included as a capital expenditure during such period as a result of such person reusing or beginning to reuse such asset during such period without a corresponding expenditure actually having been made in such period; provided, that (i) any expenditure necessary in order to permit such asset to be reused shall be included as a Capital Expenditure during the period that such expenditure actually is made and (ii) such book value shall have been included in Capital Expenditures when such asset was originally acquired,

(f) the purchase price of equipment purchased during such period to the extent the consideration therefor consists of any combination of (i) used or surplus equipment traded in at the time of such purchase and (ii) the proceeds of a concurrent sale of used or surplus equipment, in each case, in the ordinary course of business,

(g) Investments in respect of a Permitted Business Acquisition, or

(h) the purchase of property, plant or equipment made within 15 months of the sale of any asset to the extent purchased with the proceeds of such sale (or, if not made within such period of 15 months, to the extent committed to be made during such period).

"Capital Lease" shall mean, as applied to any person, any lease of any property (whether real, personal or mixed) by that person as lessee that, in conformity with GAAP, is, or is required to be, accounted for as a capital lease on the balance sheet of that person.

"Capitalized Lease Obligations" shall mean, as applied to any person, all obligations under Capital Leases of such person or any of its subsidiaries, in each case taken at the amount thereof accounted for as liabilities in accordance with GAAP.

"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.

"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 Lenders, as collateral for Revolving L/C Exposure or obligations of the Lenders to fund participations in respect of Revolving L/C Exposure, cash or deposit account balances or, if the Collateral Agent and each 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 Collateral 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 Dominion Triggering Event" shall occur at any time that (a) Availability is less than $3,000,000 for five (5) consecutive Business Days or (b) an Event of Default shall have occurred and be continuing. Once occurred, a Cash Dominion Triggering Event described in clause (a) shall be deemed to be continuing until such time as the Availability is at least equal to $3,000,000 for fifteen (15) consecutive Business Days, and a Cash Dominion Triggering Event described in clause (b) shall be deemed to be continuing until no Event of Default shall be continuing.

"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, less the sum of, without duplication, (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, 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 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.

"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 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 the greater of (A) 35% of the ordinary voting power for the election of directors of the Borrower and (B) the percentage of the ordinary voting power for the election of directors of the Borrower owned in the aggregate, directly or indirectly, beneficially, by the Permitted Holders, 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) at any time on or after a Qualified IPO, during any period of twelve (12) consecutive months, a majority of the seats (other than vacant seats) on the Board of Directors of the Borrower shall be occupied by individuals who were neither (1) nominated by the Board of Directors of the Borrower or a Permitted Holder, (2) appointed by directors so nominated nor (3) appointed by a Permitted Holder; or

(c) a "Change of Control" or similar term (as defined in any Junior or Specified Financing constituting Material Indebtedness) shall have occurred; or

(d) Holdings shall fail to own directly, beneficially and of record, 100% of the issued and outstanding Equity Interests of the Borrower (other than after a Qualified IPO).

"Change in Law" shall mean (a) the adoption of any law, rule or regulation after the Closing Date, (b) any change in law, 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 U.S. or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case under this 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 comparable U.S. 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 Revolving Facility Loans or Extended Revolving Loans; and (b) when used in respect of any Commitment, whether such Commitment is in respect of a Revolving Facility Commitment or an Extended Revolving Commitment.

Extended Revolving Loans that have different terms and conditions (together with the Commitments in respect thereof) shall be construed to be in different Classes.

"Closing Date" shall mean April 11, 2018, the date on which the conditions set forth in Section 4.03 ~~are~~were satisfied (or waived in accordance with the terms hereof).

"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) and (b) the Management Group.

"Collateral" shall mean all the "Collateral" as defined in any Security Document and shall also include the Mortgaged Properties 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 Access Agreement" shall mean any landlord waivers, mortgagee waivers, bailee letters or any similar acknowledgment agreements of any landlord, lessor, warehouseman or processor (other than a Loan Party) in possession of Inventory or Equipment, substantially in the form of Exhibit G-1 or Exhibit G-2, as applicable or another form reasonably acceptable to the Administrative Agent.

"Collateral Agent" shall mean the Administrative Agent acting as collateral agent for the Secured Parties.

"Collateral Agent Account" shall have the meaning assigned to such term in Section 5.11(b).

"Collateral Agreement" shall mean the Collateral Agreement (ABL Facility), substantially in the form of Exhibit M, among the Borrower, each Subsidiary Loan Party (if any) and the Collateral Agent, as amended, restated, supplemented or otherwise modified from time to time.

"Collateral and Guarantee Requirement" shall mean the requirement that (in each case subject to Sections 5.10 (d), (e) and (g), Schedule 5.10, and any Permitted Intercreditor Agreement):

(a) on the Closing Date, the Collateral Agent shall have received (i) from the Borrower and each Subsidiary Loan Party (if any), a counterpart of the Collateral Agreement, (ii) from each Subsidiary Loan Party (if any), a counterpart of the 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, and (ii) the Collateral Agent shall have received certificates or other instruments (if any) representing such Equity Interests and any notes or other instruments 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) a supplement to the Collateral Agreement, (ii) a supplement to the Guarantee Agreement and (iii) 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, 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 Spare Engines, International Interests with the International Registry with respect to Spare Engines, and filings with the United States Copyright Office and the United States Patent and Trademark Office, and all other actions required by the applicable 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 for filing, registration or the recording concurrently with, or promptly following, the (x) 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 (x) 90 days after the Closing Date with respect to the Mortgaged Property set forth on Schedule 1.01(B), if any, (or on such later date as the Collateral Agent may agree in its reasonable discretion) and (y) within the time periods set forth in Section 5.10 with respect to Mortgaged Properties required to be 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 (x) 90 days after the Closing Date with respect to the Mortgaged Property set forth on Schedule 1.01(B), if any, (or on such later date as the Collateral Agent may agree in its reasonable discretion) and (y) within the time periods set forth in Section 5.10 with respect to Mortgaged Properties required to be encumbered pursuant to 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 properties located in the United States of America, 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, 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) 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 and (ii) a survey or survey alternative (such as an express or 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 properties located in the United States of America, which is sufficient for such title insurance company to remove all standard survey exceptions from the title insurance policy relating to such Mortgaged Property or otherwise reasonably acceptable to the Collateral Agent;

(h) on the Closing Date, the Collateral Agent shall have received evidence of the insurance required by the terms of Section 5.02 hereof; and

(i) 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.

"Collateral Audit" shall mean a collateral examination of the inventory, equipment, accounts receivable (including credit card accounts receivable), accounts payable, books and records and the accounting systems, policies and procedures of the Borrower and its Subsidiaries by the Administrative Agent or by a third-party consultant reasonably satisfactory to the Administrative Agent and the Borrower, the results of which audit, if conducted by such consultant, shall be in a form and prepared on a basis reasonably satisfactory to the Administrative Agent.

"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 Commitment (which may include any commitment in respect of Revolving Facility Loans or Extended Revolving Loans) and (b) with respect to any Swingline Lender, its Swingline Commitment (it being understood that the Swingline Commitment does not increase the Swingline Lender's Revolving Commitment).

"Commodity Exchange Act" means 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 Section 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 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 Capitalized Lease Obligations, 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 and its subsidiaries) 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 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 and the Subsidiaries 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 Section 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.

"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.

"Controlled Account" shall mean any account of any Loan Party that is subject to an Account Control Agreement.

"Credit Card Agreements" means all agreements now or hereafter entered into with any Credit Card Issuer or any Credit Card Processor, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

"Credit Card Issuer" means any of the credit card issuers listed on Schedule 1.01(G) (as attached hereto by the Borrower as of the Closing Date) and any other credit card issuer identified by the Borrower to the Administrative Agent from time to time.

"Credit Card Processor" means any of the credit card processors or clearinghouses listed on Schedule 1.01(H) (as attached hereto by the Borrower as of the Closing Date) and any other credit card processor or clearinghouse identified by the Borrower to the Administrative Agent from time to time.

"Credit Card Receivables" means, collectively, all present and future rights of any Loan Party to payment from any Credit Card Issuer, Credit Card Processor or other third party arising from customers who have made purchases using a credit or debit card.

"Credit Event" shall have the meaning assigned to such term in Article IV.

"Cure Amount" shall have the meaning assigned to such term in Section 7.02.

"Cure Right" shall have the meaning assigned to such term in Section 7.02.

"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.

"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 Administrative Agent, the Swingline Lender or any Issuing Bank in writing that it does not intend to comply with its funding obligations hereunder, 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.

"Designated Disbursement Account" shall have the meaning assigned to such term in Section 5.11(f).

"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 the 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 the basis of such valuation, less the amount of cash or cash equivalents received in connection with a subsequent Disposition of such Designated Non-Cash Consideration.

"Designated Pari Passu Amount" shall have the meaning assigned to such term in Section 8.13.

"Designation Notice" shall have the meaning assigned to such term in Section 8.13.

"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 payments 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 the 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 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.

"DOT" shall mean the United States Department of Transportation and any successor thereto.

"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 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 distributions pursuant to Section 6.06(b)(iii) and 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 (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 and 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 and advisory fees and related expenses paid to the Fund or any Fund Affiliate (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 clause (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 and (y) any amendment or other modification of the Obligations or other Indebtedness,

(viii) 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),

(ix) non-operating expenses,

(x) the amount of any loss attributable to a New Project, until the date that is 12 months after the date of completing the undertaking, 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 undertaking, construction, acquisition, assembling or creation, as the case may be, shall not be included in this clause (x),

(xi) 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 clauses (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),

(xii) one-time costs associated with commencing Public Company Compliance and

(xiii) 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" means (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" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means 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.

"Effective Date" shall mean the date on which the conditions set forth in Section 4.02 are satisfied (or waived in accordance with the terms hereof).

"Eligible Accounts" shall mean all Accounts of the Borrower and the Subsidiary Loan Parties reflected in the most recent Borrowing Base Certificate, except any Account with respect to which any of the exclusionary criteria set forth below applies (unless the Administrative Agent in its sole discretion elects to include such Account) and excluding, for the avoidance of doubt, any Eligible Credit Card Accounts. No Account shall be an Eligible Account if:

(i) it arises out of a sale made or services rendered by the applicable Loan Party to a direct or indirect parent or Subsidiary of such Loan Party, or if not on arm's length terms, any other Affiliate of such Loan Party or to a person controlled by an Affiliate of such Loan Party; or

(ii) the Account remains unpaid more than 60 days after the original due date shown on the invoice or more than 120 days after the original invoice date; provided, there shall be excluded from such delinquent amount any credit balances relating to such Accounts with invoice dates more than 120 days prior to the date of determination; or

(iii) the total unpaid Accounts of the Account Debtor to the Loan Parties exceed 20% of all Eligible Accounts owned by the Loan Parties but only to the extent of such excess; provided, that the foregoing percentage shall be (A) 50% with respect to any Account Debtor whose securities or corporate credit are rated investment grade and (B) 25% with respect to any Account Debtor listed on Schedule 1.01(D) (which may be supplemented by the Borrower prior to the Startup Date with the consent of the Administrative Agent (not to be unreasonably withheld, delayed or conditioned)) if, in each case of this subclause (B) to the extent applicable, the securities and corporate credit of such Account Debtor are not rated investment grade; provided, further, that, in each case, the amount of Eligible Accounts that are excluded because they exceed the foregoing percentage shall be determined by the Administrative Agent based on all of the otherwise Eligible Accounts prior to giving effect to any eliminations based upon the foregoing concentration limits; or

(iv) any covenant, representation or warranty contained in this Agreement with respect to such Account has been breached in any material respect; or

(v) the Account Debtor is also a creditor or supplier of the owner of such Account, or the Account Debtor has disputed liability with respect to such Account, or the Account Debtor has made any claim with respect to any other Account due from such Account Debtor to the owner of such Account, or the Account otherwise is or may become subject to right of set-off by the Account Debtor unless, in each case, the Account Debtor has entered into an

agreement with the owner of such Account reasonably acceptable to the Administrative Agent to waive such set-off rights and/or such other rights or the Administrative Agent otherwise agrees in its Reasonable Credit Judgment; provided, that any such Account shall be ineligible under this clause (v) only to the extent of such contract, dispute, claim, set-off or similar right; or

(vi) the Account Debtor (A) has commenced a voluntary case under the U.S. federal bankruptcy laws (or any other applicable insolvency laws in any jurisdiction), (B) made an assignment, composition or arrangement for the benefit of creditors, or a decree or order for relief (including by way of suspension of payments, moratorium of indebtedness and/or suspension of rights of enforcement) has been entered by a court having jurisdiction in the premises in respect of the Account Debtor in an involuntary case under the federal bankruptcy laws (or any other applicable insolvency laws in any jurisdiction) as now constituted or hereafter amended, or any other petition or other application for relief under the U.S. federal bankruptcy laws (or any other applicable insolvency laws in any jurisdiction), as now constituted or hereafter amended, has been filed against or by the Account Debtor or (C) has failed, suspended business, ceased to be solvent, or consented to or suffered a receiver, trustee, liquidator, custodian, administrator receiver or manager, administrative receiver, interim receiver, sheriff, monitor, sequestrator or similar officer or fiduciary to be appointed for it or for all or a significant portion of its assets or affairs; provided, that (I) the Administrative Agent may, in its Reasonable Credit Judgment, include Accounts from Account Debtors subject to such proceedings if and to the extent that such Accounts are fully covered by credit insurance, letters of credit or other sufficient third-party credit support, or are otherwise deemed by the Administrative Agent not to pose an unreasonable risk of non-collectibility and (II) post-petition Accounts of an Account Debtor subject to such proceedings will be Eligible Accounts without the consent of the Administrative Agent so long as (1) such Account Debtor has received "debtor in possession" financing, (2) all Accounts that are Eligible Accounts in accordance with clause (II) of this proviso do not exceed $500,000 in the aggregate and (3) such Accounts do not remain unpaid more than 45 days after the original due date shown on the invoice or more than 75 days after the original invoice date; or (vii) it arises from a sale made or services rendered to an Account Debtor that is headquartered or organized outside the United States of America or Canada which (along with other similar Accounts) exceeds $1,000,000 in the aggregate for all such Account Debtors, unless backed by a letter of credit, credit insurance, guaranty, acceptance or similar terms acceptable to the Administrative Agent in its Reasonable Credit Judgment; or

(viii) (A) it arises from a sale to the Account Debtor on a bill-and-hold, guaranteed sale, sale-or-return, sale-on-approval or any other repurchase or return basis (including any Account relating to Inventory held on consignment and not yet sold by the consignee) or (B) it is subject to a reserve established by the applicable Loan Party for potential returns or refunds, to the extent of such reserve; or (ix) it was not paid in full, and the Borrower created a new receivable for the unpaid portion of the Account without the agreement of the customer, or it is an Account constituting a chargeback, debit memo or other adjustment for unauthorized deductions; or

(x) it is payable in any currency other than in Dollars or in Canadian Dollars; or

(xi) to the extent constituting the obligation of an Account Debtor in respect of interest, service or similar charges or fees; or

(xii) to the extent in excess of $4,000,000 for all such Accounts, the Account Debtor is the United States of America or Canada, unless the applicable Loan Party assigns its right to payment of such Account to the Collateral Agent, in a manner satisfactory to the Administrative Agent, in its Reasonable Credit Judgment, so as to comply with the Assignment of Claims Act of 1940 (31 U.S.C. §3727, 41 U.S.C. §15 et seq.), as amended, or the Financial Administration Act (Canada), as the case may be; or

(xiii) it is not subject to the Collateral Agent's duly perfected security interest, which shall be the only Lien to which such Account is subject other than any Permitted Lien (which Permitted Lien shall be (I) junior to the Collateral Agent's Lien on such Account, (II) arising by operation of law as described in Section 6.02(d), (e), (k) or (r) or (III) subject to a Reserve (as determined by the Administrative Agent in its Reasonable Credit Judgment, in an aggregate amount not to exceed the amount of Indebtedness secured by such Permitted Lien)); or

(xiv) the Account is evidenced by chattel paper or an instrument of any kind, or has been reduced to judgment; or

(xv) the applicable Loan Party or a Subsidiary of the applicable Loan Party has made any agreement with the Account Debtor for any extension or material modification of the Account or deduction therefrom, (A) except for (x) discounts or allowances which are made in the ordinary course of business for prompt payment and (y) volume discounts which are made in the ordinary course of business, all of which discounts (including volume discounts) or allowances are reflected in the calculation of the face value of each invoice related to such Account and (B) except if such extension, modification or deduction is deemed by the Administrative Agent in its Reasonable Credit Judgment not to pose an unreasonable risk of non-collectibility with respect to such Account; or

(xvi) the Account is owing by any governmental, inter-governmental or super-national body, agency, crown, department or regulatory, self-regulatory or other similar authority or organization (in each case, other than with respect to the government of the United States of America or Canada with respect to which provisions of clause (xii) above are satisfied), unless backed by a letter of credit, credit insurance, guaranty, acceptance or similar terms acceptable to the Administrative Agent in its Reasonable Credit Judgment; or

(xvii) 50% or more of all Accounts owing from the Account Debtor or, to the Borrower's knowledge, from any of such Account Debtor's wholly-owned or majority-owned subsidiaries, are not Eligible Accounts hereunder by reason of applicability of clause (ii) above; provided, there shall be excluded from such delinquent amount any credit balances relating to Accounts with invoice dates more than 120 days prior to the date of determination; or

(xviii) the goods giving rise to such Account have not been delivered to and accepted by the Account Debtor or the services giving rise to such Account have not been performed by the applicable Subsidiary Loan Party and accepted by the Account Debtor or the Account otherwise does not represent a final sale by the Borrower or the applicable Subsidiary Loan Party in the ordinary course of business; or

(xix) the invoice with respect to such Account has not been sent to the applicable Account Debtor; or

(xx) the Account is an Unaudited Acquired Asset until such time as the Account is permitted to be included in accordance with the definition of "Borrowing Base".

If any Account at any time ceases to be an Eligible Account, then such Account shall promptly be excluded from the calculation of the Borrowing Base; provided, however, that if any Account ceases to be an Eligible Account because of the adjustment of or imposition of new exclusionary criteria pursuant to the succeeding paragraph, the Administrative Agent will not require exclusion of such Account from the Borrowing Base until five (5) Business Days following the date on which the Administrative Agent gives notice to the Borrower of such ineligibility.

The Administrative Agent reserves the right, at any time and from time to time after the Closing Date, to adjust any of the exclusionary criteria set forth above and to establish new criteria, in its Reasonable Credit Judgment (based on an analysis of material facts or events first occurring, or first discovered by the Administrative Agent, after the Closing Date), subject to the approval of Super Majority Lenders in the case of adjustments or new criteria which have the effect of making more credit available than would have been available based upon the criteria in effect on the Closing Date. The Administrative Agent acknowledges that as of the Closing Date it does not know of any circumstance or condition with respect to the Accounts that would require the adjustment of any of the exclusionary criteria set forth above or the imposition of any new exclusionary criteria.

"Eligible Credit Card Accounts" shall mean, as of any date of determination, Credit Card Receivables due to ~~a~~the Borrower or a Subsidiary Loan Party from major credit card and debit card processors (including, but not limited to, VISA, Mastercard, American Express, Diners Club, DiscoverCard, Interlink, NYCE and other recognized payment processing services reasonably acceptable to Agent) that arise in the ordinary course of business and which have been earned by performance and that are not excluded as ineligible by virtue of one or more of the criteria set forth below. None of the following shall be deemed to be Eligible Credit Card Accounts:

(i) Credit Card Receivables that have been outstanding for five (5) or more Business Days from the date of charge, or for such longer period(s) as may be approved by the Administrative Agent in its reasonable discretion except to the extent the Required Lenders revoke or limit any such longer period;

(ii) Credit Card Receivables with respect to which a Loan Party is not the owner or otherwise does not have good, valid and marketable title, free and clear of any Lien other than Liens permitted hereunder pursuant to Sections 6.02(a), (b), (d), (e), (f), (k), (r) or any Liens junior in priority to the Liens securing the Obligations hereunder;

(iii) Credit Card Receivables not subject to the Collateral Agent's duly perfected security interest, which shall be the only Lien to which such Credit Card Receivables are subject other than any Permitted Lien (which Permitted Lien shall be (I) junior to the Collateral Agent's Lien on such Credit Card Receivables, (II) arising by operation of law as described in Section 6.02(d), (e), (k) or (r) or (III) subject to a Reserve (as determined by the Administrative Agent in its Reasonable Credit Judgment, in an aggregate amount not to exceed the amount of Indebtedness secured by such Permitted Lien));

(iv) Credit Card Receivables which are disputed, or with respect to which a claim, counterclaim, discount, deduction, offset, chargeback or any processing fee has been asserted, by the related credit card processor (but only to the extent of such dispute, counterclaim, discount, deduction, offset chargeback or such fee) or which are not a valid, legally enforceable obligation of the applicable processor with respect thereto;

(v) Credit Card Receivables as to which the credit card processor has the right under certain circumstances to require a Loan Party to repurchase the Accounts from such credit card or debit card processor;

(vi) Credit Card Receivables arising from any private label credit card program of a Loan Party, unless acceptable to Administrative Agent in its Reasonable Credit Judgment;

(vii) Credit Card Receivables which are evidenced by chattel paper or r an instrument of any kind;

(viii) Credit Card Receivables owned by credit card or debit card processor that is subject to a bankruptcy proceeding of the type described in Sections 7.01(h) or (i) or that is liquidating, dissolving or winding up its affairs; and

(ix) Credit Card Receivables due from credit card and debit card processors (other than Visa, Mastercard, American Express, Diners Club, DiscoverCard, Interlink, NYCE, Maestro, Cirrus, PLUS, MAC, STAR, Pulse, as of the date hereof, and other recognized payment processing services reasonably acceptable to Agent) which the Agent in its Reasonable Credit Judgment determines to be unlikely to be collected.

If any Account at any time ceases to be an Eligible Credit Card Account, then such Account shall promptly be excluded from the calculation of the Borrowing Base; provided, however, that if any Account ceases to be an Eligible Credit Card Account because of the adjustment of or imposition of new exclusionary criteria pursuant to the succeeding paragraph, the Administrative Agent will not require exclusion of such Account from the Borrowing Base until five (5) Business Days following the date on which the Administrative Agent gives notice to the Borrower of such ineligibility.

The Administrative Agent reserves the right, at any time and from time to time after the Closing Date, to adjust any of the exclusionary criteria set forth above and to establish new criteria, in its Reasonable Credit Judgment (based on an analysis of material facts or events first occurring, or first discovered by the Administrative Agent, after the Closing Date), subject to the approval of Super Majority Lenders in the case of adjustments or new criteria which have the effect of making more credit available than would have been available based upon the criteria

in effect on the Closing Date. The Administrative Agent acknowledges that as of the Closing Date it does not know of any circumstance or condition with respect to the Accounts that would require the adjustment of any of the exclusionary criteria set forth above or the imposition of any new exclusionary criteria.

"Eligible Equipment" shall mean all Equipment of the Borrower and the Subsidiary Loan Parties reflected in the most recent Borrowing Base Certificate, except any Equipment with respect to which any of the exclusionary criteria set forth below applies (unless the Administrative Agent in its sole discretion elects to include such Equipment). No Equipment shall be Eligible Equipment if:

(i) such Equipment (excluding Equipment (A) in transit to the premises of any Loan Party or a customer of any Loan Party, (B) temporarily stored at a lay-down yard or similar premises for no longer than sixty (60) days or (C) at a repair facility for the purpose of being repaired in the ordinary course of business for no longer than sixty (60) days, thereafter for which the Administrative Agent shall have the right to establish a Reserve for the aggregate amount of payables owing to such repair facility in its Reasonable Credit Judgment) is located at premises other than those owned and controlled by any Loan Party, except any Equipment which would otherwise be deemed Eligible Equipment that is not located at premises owned and controlled by any Loan Party may nevertheless be considered Eligible Equipment if the Administrative Agent shall have received a Collateral Access Agreement from the person in possession and control of such premises and such Equipment, duly authorized, executed and delivered by such person, or if the Administrative Agent shall not have received such Collateral Access Agreement, such Equipment will nonetheless be considered Eligible Equipment under this clause (i) but the Administrative Agent shall have the right to establish Location Reserves with respect to such Equipment; provided, however, that no Equipment owned by such Loan Party shall be ineligible solely by virtue of this clause (i) during the 90 day period following the Closing Date (it being understood that Location Reserves with respect to such Equipment may be established after such time if a Collateral Access Agreement from the person in possession and control of such premises and such Equipment, duly authorized, executed and delivered by such person, is not received by the Administrative Agent by such time); or

(ii) such Equipment is subject to a security interest or lien in favor of any person other than the Collateral Agent except for any Permitted Lien; provided that such Permitted Liens (i) are ~~Junior Liens~~junior to the Collateral Agent's Lien on such Equipment, (ii) arise by operation of law or (iii) are subject to Reserves established in the Administrative Agent's Reasonable Credit Judgment in an aggregate amount not to exceed the amount of liabilities secured by such Permitted Liens; or

(iii) such Equipment is located outside the United States of America; or

(iv) such Equipment (other than Titled Equipment owned by a Loan Party as of the Closing Date or acquired by the Loan Parties after the Closing Date, in each case, as to which the terms of clause (vi) below shall apply) is not subject to the valid and perfected security interest of the Collateral Agent~~; or~~ (which such valid and perfected security interest shall require, with respect to Spare Engines and for the avoidance of doubt, that FAA mortgages with respect to such Spare Engines and International Interests with the International Registry with respect to such Spare Engines, shall have been recorded or registered, as applicable); or

(v) such Equipment is worn or obsolete or not used or usable in the ordinary course of such Loan Party's business; or

(vi) such Equipment consists of Titled Equipment with an aggregate Net Book Value of all such Titled Equipment in excess of $2,500,000, unless, to the extent requested by the Collateral Agent in its sole discretion, within one hundred fifty (150) days (or such later date as the Administrative Agent may agree in its sole discretion) following the date of any such request, the Collateral Agent or the Collateral Agent's titling service shall have received either an original certificate of title or evidence, in form and substance reasonably acceptable to the Administrative Agent, of the recording of an electronic certificate of title, in each case relating to such Titled Equipment which reflects the Collateral Agent as the first priority lienholder in respect of such Titled Equipment in a manner reasonably satisfactory to the Administrative Agent and at all times thereafter such Equipment shall be subject to a valid and perfected security interest of the Collateral Agent; or

(vii) with local laws); or (viii) such Equipment consists of fixtures (as determined in accordance such Equipment is purchased on consignment or being serviced, except for Equipment being serviced which remains perfected without any further action; or

(ix) such Equipment is not covered by casualty or liability insurance (subject to customary deductibles) in accordance with the terms hereof; or

(x) such Equipment is not separately identifiable from goods of third parties stored on the same premises as such Equipment; or

(xi) such Equipment is located at premises owned or leased by any Loan Party where the aggregate Net Book Value of all Eligible Equipment located at such premises is less than $~~50,000~~ 50,000; or

(xii) in respect of any Spare Engines (except to the extent any Spare Engines affected by any of the following exclusionary criteria are nevertheless approved in writing by the Administrative Agent acting at its sole discretion):

1. such Spare Engine has any Parts installed in the hot section of such Spare Engine that are not manufactured by the original equipment manufacturer of such Spare Engine; or

2. such Spare Engine is not a whole engine or has been subject topart-out or tear down arrangements, or such Spare Engine is subject to any Part removal (whether to support maintenance for other Spare Engines or otherwise); or

3. such Spare Engine is installed on any aircraft that is not a Permitted Aircraft; or

4. the Administrative Agent shall not have received (x) FAA, International Registry and UCC searches and (y) such other evidence as the Administrative Agent may reasonably request, indicating that such engine satisfies the relevant requirements of the definition of "Spare Engines"; or

5. the Administrative Agent shall not have received back-to-birth bills of sale for such Spare Engine.

If any Equipment at any time ceases to be ~~an~~ Eligible Equipment, then such Equipment shall promptly be excluded from the calculation of the Borrowing Base; provided, however, that if any Equipment ceases to be ~~an~~ Eligible Equipment because of the adjustment of or imposition of new exclusionary criteria pursuant to the succeeding paragraph, the Administrative Agent will not require exclusion of such Equipment from the Borrowing Base until five (5) Business Days following the date on which the Administrative Agent gives notice to the Borrower of such ineligibility.

The Administrative Agent reserves the right, at any time and from time to time after the Closing Date, to adjust any of the exclusionary criteria set forth above and to establish new criteria, in its Reasonable Credit Judgment (based on an analysis of material facts or events first occurring, or first discovered by the Administrative Agent, after the Closing Date), subject to the approval of the Super Majority Lenders in the case of adjustments or new criteria which have the effect of making more credit available than would have been available based upon the criteria in effect on the Closing Date. The Administrative Agent acknowledges that as of the Closing Date it does not know of any circumstance or condition with respect to the Equipment that would require the adjustment of any of the exclusionary criteria set forth above or the imposition of any new exclusionary criteria.

"Eligible Inventory" shall mean all Inventory of the Borrower and the Subsidiary Loan Parties reflected in the most recent Borrowing Base Certificate, except any Inventory with respect to which any of the exclusionary criteria set forth below applies (unless the Administrative Agent in its sole discretion elects to include such Inventory). No Inventory shall be Eligible Inventory if:

(i) such Inventory (x) to the extent having a Net Book Value in excess of $8,000,000 for all such Inventory, is not subject to the Collateral Agent's duly perfected security interest or (y) is subject to a security interest or lien in favor of any person other than the Collateral Agent except for any Permitted Lien; provided that such Permitted Liens (i) are ~~Junior Liens~~junior to the Collateral Agent's Lien on such Inventory, (ii) arise by operation of law or (iii) are subject to Reserves established in the Administrative Agent's Reasonable Credit Judgment in an aggregate amount not to exceed the amount of liabilities secured by such Permitted Liens; or

(ii) such Inventory (excluding Inventory (A) in transit to the premises of any Loan Party or a customer of any Loan Party, (B) temporarily stored at a lay-down yard or similar premises for no longer than sixty (60) days or (C) at a repair facility for the purpose of being repaired in the ordinary course of business for no longer than sixty (60) days, thereafter for which the Administrative Agent shall have the right to establish a Reserve for the aggregate

amount of payables owing to such repair facility in its Reasonable Credit Judgment) is located at premises other than those owned and controlled by any Loan Party, except any Inventory which would otherwise be deemed Eligible Inventory that is not located at premises owned and controlled by any Loan Party may nevertheless be considered Eligible Inventory if the Administrative Agent shall have received a Collateral Access Agreement from the person in possession and control of such premises and such Inventory, duly authorized, executed and delivered by such person, or if the Administrative Agent shall not have received such Collateral Access Agreement, such Inventory will nonetheless be considered Eligible Inventory under this clause (i) but the Administrative Agent shall have the right to establish Location Reserves with respect to such Inventory; provided, however, that no Inventory owned by such Loan Party shall be ineligible solely by virtue of this clause (i) during the 90 day period following the Closing Date (it being understood that Location Reserves with respect to such Inventory may be established after such time if a Collateral Access Agreement from the person in possession and control of such premises and such Inventory, duly authorized, executed and delivered by such person, is not received by the Administrative Agent by such time); or

(iii) such Inventory is located outside the United States of America; or

(iv) such Inventory is worn or obsolete or not used or usable; or

(v) such Inventory consists of fixtures (as determined in accordance with local laws); or

(vi) such Inventory is purchased on consignment or being serviced, except for Inventory being serviced which remains perfected without any further action; or

(vii) such Inventory is not covered by casualty or liability insurance (subject to customary deductibles) in accordance with the terms hereof; or

(viii) such Inventory is not separately identifiable from goods of third parties stored on the same premises as such Inventory.

If any Inventory at any time ceases to be Eligible Inventory, such Inventory shall promptly be excluded from the calculation of the Borrowing Base; provided, however, that if any Inventory ceases to be Eligible Inventory because of the adjustment of or imposition of new exclusionary criteria pursuant to the succeeding paragraph, the Administrative Agent will not require exclusion of such Inventory from the Borrowing Base until five (5) Business Days following the date on which the Administrative Agent gives notice to the Borrower of such ineligibility.

The Administrative Agent reserves the right, at any time and from time to time after the Closing Date, to adjust any of the exclusionary criteria set forth above and to establish new criteria, in its Reasonable Credit Judgment (based on an analysis of material facts or events first occurring, or first discovered by the Administrative Agent, after the Closing Date), subject to the approval of the Super Majority Lenders in the case of adjustments or new criteria which have the effect of making more credit available than would have been available based upon the criteria in effect on the Closing Date. The Administrative Agent acknowledges that as of the Closing Date it does not know of any circumstance or condition with respect to the Inventory that would require the adjustment of any of the exclusionary criteria set forth above or the imposition of any new exclusionary criteria.

"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 but excluding Spare Parts and, for the avoidance of doubt, excluding aircraft engines, other than Spare Engines, and aircraft ~~engines~~).

"Equity Financing" shall have the meaning assigned to such term in Section 4.03(f).

"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 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" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Eurocurrency Borrowing" shall mean a Borrowing comprised of Eurocurrency Loans.

"Eurocurrency Loan" shall mean any Revolving Loan bearing interest at a rate determined by reference to the Adjusted LIBOR 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 Deposit Accounts" shall mean accounts solely holding withheld income taxes, payroll taxes or other employment-related taxes or amounts to be paid over to employee health or benefits plans and, in each case, funded in the ordinary course of business.

"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;

(e) any Equity Interests of any person that is not a Wholly Owned Subsidiary of such person 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) (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 Requirements of Law), (B) any organizational documents, joint venture agreement or shareholder agreement (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 (B) 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 or any Unrestricted Subsidiary;

(g) any Equity Interests of any subsidiary of, or other Equity Interests owned by, a Foreign Subsidiary;

(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 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 in the Borrower and (y) any Indebtedness owned by 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 for so long as such restriction or any replacement or renewal thereof is in effect),

(e) any Foreign Subsidiary,

(f) any Domestic Subsidiary (i) that is an FSHCO or (ii) that is a Subsidiary of a Foreign Subsidiary that is a CFC,

(g) 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) 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,

(h) each Unrestricted Subsidiary, and

(i) 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 Borrower and the Administrative Agent. 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 2.16(b) or 2.16(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 ~~2.14~~2.15 and (iii) any 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 attributable to the Administrative Agent's, any Lender's or any other recipient's failure to comply with Section 2.17(d) or (e) or (iv) any Tax imposed under FATCA.

"Exempted Accounts" shall have the meaning assigned to such term in Section 5.11(h).

"Existing Credit Facility" shall mean the Credit Agreement, dated November 7, 2012, among the Borrower, BMO Harris Bank N.A., as agent, and the other parties party thereto, as amended by the First through Fifth Amendments dated September 30, 2013, June 30, 2015, September 2016, June 30, 2017 and July 21, 2017, and as further amended, restated, supplemented or otherwise modified from time to time.

"Extended Revolving Commitment" shall have the meaning assigned to such term in Section 2.21(e).

"Extended Revolving Loans" 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 Mortgage" shall mean any New York law governed mortgage with the FAA with respect to a Spare Engine (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 is one Facility (*i.e.*, 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 Incremental Commitments and the extensions of credit thereunder.

"Facility Termination Event" shall have the meaning assigned to such term in Section 2.05(k).

"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 and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities entered into in connection with the implementation of such Sections of the Code.

"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.

"Fee Letter" shall mean that certain Fee Letter dated as of December 13, 2017 by and among Holdings and the Administrative Agent.

"Fees" shall mean the Commitment Fees, the L/C Participation Fees, the Issuing Bank Fees and the Administrative Agent Fees.

"Financial Officer" of any person shall mean the Chief Financial Officer, principal accounting officer, Treasurer, Assistant Treasurer or Controller of such person.

"Financial Performance Covenant" shall mean the covenant of the Borrower set forth in Section 6.10.

"First Extension Conditions" shall mean that, on each day during the First Extension Period, the Initial Engine (or one or more Replacement Engines in respect thereof) shall constitute Eligible Equipment and form part of the Borrowing Base.

"First Extension Date" shall mean the date that is three (3) years and six (6) months after the Closing Date.

"First Extension Period" shall mean the period from and including the date that is three (3) years after the Closing Date to but excluding the First Extension Date.

"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) after the Startup Date, 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 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), (e) 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 (to the extent a Mortgaged Property is located in a Special Flood Hazard Area, together with 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) a copy of, or a certificate as to coverage under, and a declaration page relating to, the insurance policies required by Section 5.02(b) 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 Act of 1968 as now or hereafter in effect or any successor statute thereto, (ii) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statute thereto, (iii) the National Flood Insurance Reform Act of 1994 as now or hereafter in effect or any successor statute thereto, (iv) the Flood Insurance Reform Act of 2004 as now or hereafter in effect or any successor statute thereto and (v) 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, LLC.

"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 3.12(b), 3.19, 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 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.

"Guarantee Agreement" shall mean the Guarantee (ABL Facility), substantially in the form of Exhibit N, between each Subsidiary Loan Party (if any) and the Collateral Agent, as amended, restated, supplemented or otherwise modified from time to time.

"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, at the time it enters into a Hedging Agreement (or on the Closing Date), is an Agent, an Arranger, a Lender or an Affiliate of any such person, in each case of the foregoing, in its capacity as a party to such Hedging Agreement.

"Hedge Termination Value" shall mean, in respect of any one or more Hedging Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Agreements, (a) for any date on or after the date such Hedging Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedging Agreements, as determined by the counterparty thereto in accordance with the terms thereof and in accordance with customary methods for calculating mark-to-market values under similar arrangements by such counterparty.

"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 (ABL Facility), substantially in the form of Exhibit O, between Holdings and the Collateral Agent, as amended, restated, supplemented or otherwise modified from time to time.

"Hypothetical Tax Rate" shall mean for any given taxable period, the highest hypothetical combined U.S. federal, state and local tax rates for an individual or corporation resident in the City and the State of New York, taking into account the deductibility of state and local income taxes as applicable at the time for United States federal income tax purposes.

"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 Section 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. Each Immaterial Subsidiary as of the Closing Date shall be set forth in Schedule 1.01(C), and the Borrower shall update such Schedule from time to time after the Closing Date as necessary to reflect all Immaterial Subsidiaries at such time (the selection of Subsidiaries to be added to or removed from such Schedule to be made as the Borrower may determine).

"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, the payment of interest in the form of additional Indebtedness or in the form of common stock of the Borrower, the accretion of original issue discount 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 any time, $10,000,000.

"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 Lenders with Incremental Commitments.

"Incremental Commitment" shall mean, with respect to each Lender, such Lender's commitment to make Incremental Revolving Facility Loans and/or Extended Revolving Loans.

"Incremental Revolving Commitment" shall mean the commitment of any Lender, established pursuant to Section 2.21(a), to make Incremental Revolving Facility Loans to the Borrower.

"Incremental Revolving Facility Loans" shall have the meaning assigned to such term in Section 2.21(a).

"Incremental Revolving Lender" shall mean a Lender with an Incremental Revolving Commitment or an outstanding Revolving Loan as a result of an Incremental Revolving Commitment.

"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 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), 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, (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) earn-out obligations until such obligations become a liability on the balance sheet of such person in accordance with GAAP, or (E) in the case of the Borrower and the 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 the persons identified in writing to the Administrative Agent by Holdings on or prior to the Effective Date, and as may be identified in writing to the Administrative Agent by Holdings or the Borrower from time to time thereafter, with the consent of the Administrative Agent (not to be unreasonably withheld or delayed), 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").

"Information" shall have the meaning assigned to such term in Section 3.14(a).

"Initial Borrowing Base Certificate Date" shall mean the date on which the initial Borrowing Base Certificate is delivered (which shall be no later (but may, at the Borrower's discretion, earlier) than the Startup Date).

"Initial Engine" shall mean that certain CFM International, Inc. model CFM56-7B20, also shown on the FAA records as CFM56-7B22, aircraft engine (which engine has 550 or more rated takeoff horsepower or the equivalent thereof) bearing manufacturer's serial no. 889728.

"Initial Revolving Facility Commitment" shall mean, with respect to each Lender, such Lender's commitment to make Initial Revolving Facility Loans.

"Initial Revolving Facility Loans" shall have the meaning assigned to such term in Section 2.21(a).

"Intellectual Property" shall have the meaning assigned to such term in the Collateral Agreement.

"Interest Election Request" shall mean a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.07.

"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 (i) the amortization of debt discounts, (ii) the amortization of all fees (including fees with respect to Hedging Agreements) payable in connection with the incurrence of Indebtedness to the extent included in interest expense and (iii) the portion of any payments or accruals with respect to Capitalized Lease Obligations allocable to interest expense and (b) capitalized interest of such person. 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 the date of repayment or prepayment in accordance with Section 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.

"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.

"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.

"Inventory" shall mean, with respect to a person, all of such person's now owned and hereafter acquired Spare Parts.

"Investment" shall have the meaning assigned to such term in Section 6.04.

"Issuing Bank" shall mean (i) the Administrative Agent and (ii) 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 as provided in Section 2.05(i). An Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate. For the avoidance of doubt, neither Barclays Bank PLC nor any of its branches, Affiliates or subsidiaries shall be required to issue any trade or commercial Letter or Credit.

"Issuing Bank Fees" shall have the meaning assigned to such term in Section 2.12(b).

"ISTAT" means the International Society of Transport Aircraft Trading.

"Judgment Currency" shall have the meaning assigned to such term in Section 9.19.

"Junior or Specified Financing" shall mean (a) any preferred Equity Interests, (b) any Disqualified Stock, (c) any Indebtedness that is subordinated in right of payment to the Loan Obligations and (d) Indebtedness for borrowed money secured by Liens on the Collateral that are junior to the Liens securing the Loan Obligations or unsecured Indebtedness for borrowed money, in each case of this clause (d), incurred pursuant to Section 6.01(r).

"Latest Maturity Date" shall mean, at any date of determination, the latest Maturity Date with respect to Revolving Commitments (including Revolving Commitments resulting from extending Revolving Facility Commitments in accordance with this Agreement) from time to time prior to such date.

"L/C Disbursement" shall mean a payment or disbursement made by Issuing Bank pursuant to a Letter of Credit.

"L/C Participation Fee" shall have the meaning assigned such term in Section 2.12(b).

"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 the maker of Swingline Loans.

"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 have the meaning assigned to such term in Section 2.05(a).

"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 amount not to exceed $10,000,000.

"LIBOR Rate" means 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.

"LIBOR Successor Rate" shall have the meaning assigned to such term in Section 2.14.

"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.

"Loan Documents" shall mean (i) this Agreement, (ii) the Guarantee Agreement, (iii) the Security Documents, (iv) each Incremental Assumption Agreement, (v) any Permitted Intercreditor Agreement, (vi) the Letters of Credit, (vii) any Note issued under Section 2.09(e) and (viii) solely for purposes of Sections 4.02 and 7.01 hereof, the 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 Revolving Loans and the Swingline Loans.

"Local Time" shall mean New York City time (daylight or standard, as applicable).

"Location Reserve" shall mean a reserve established by the Administrative Agent in its Reasonable Credit Judgment (not to exceed the amount payable by any Loan Party for a period of 60 days to each person in possession or control of the premises where the relevant Equipment or Inventory is located as determined by the Administrative Agent in its Reasonable Credit Judgment).

"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 shareholders 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.

"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 Amendment No. 2 Effective Date and ending on the one year anniversary of the Amendment No. 2 Effective 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 Amendment No. 2 Effective 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, ~~or~~ 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 Increase Acquisition" shall mean any acquisition of a business or other assets if the inclusion of the Eligible Accounts, Eligible Credit Card Accounts, Eligible Equipment and/or Eligible Inventory so acquired in the Borrowing Base on a Pro Forma Basis at the time of such acquisition would result in an increase in Availability by (i) more than $4,000,000 in the aggregate for all assets acquired in such acquisition (whether such acquisition is carried out in a single transaction or in multiple substantially concurrent transactions with seller parties that are Affiliates of each other) or (ii) more than $8,000,000 in the aggregate for all assets acquired in such acquisition and any other acquisitions to the extent the assets acquired in such other acquisitions have not yet been subjected to collateral audits, appraisals or updates of appraisals, as applicable, pursuant to either the fourth paragraph of the definition of "Borrowing Base" or Section 5.07 (collectively, "Unaudited Acquired Assets").

"Material Indebtedness" shall mean Indebtedness (other than 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.

"Material Real Property" shall mean any parcel or parcels of Real Property now or hereafter owned in fee by any Loan Party that have a fair market value (on a per-property basis) of at least $5,000,000 as of (x) the Closing Date for Real Property now owned 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.

"Material Subsidiary" shall mean any Subsidiary other than an Immaterial Subsidiary.

"Maturity Date" shall mean, as the context may require, (a) with respect to the Revolving Facility Commitments, the earliest of (1) the date that is ~~three~~four (~~3~~4) years after the Closing Date, (2) the first date, if any, during the First Extension Period that the First Extension Conditions are not satisfied, and (3) the first date, if any, during the Second Extension Period that the Second Extension Conditions are not satisfied, and (b) with respect to any other Class of Loans or Commitments, the maturity dates specified therefor in the applicable Incremental Assumption Agreement.

"Maximum Availability" shall mean, at any time, the lesser of (a) the total Revolving Commitments at such time and (b) the Borrowing Base at such time.

"Maximum Rate" shall have the meaning assigned to such term in Section 9.09.

"Metric Report" means, with respect to the financial statements for which such report is required, a report listing the following metrics for the periods covered by such financial statements: (i) revenue passenger mile, (ii) available seat mile, (iii) revenue per available seat mile, (iv) cost per available seat mile (CASM), (v) CASM ex-fuel, (vi) load factor, (vii) aircraft fleet size (owned and leased) and (viii) fuel gallons consumed.

"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.

"Model" shall mean the financial model provided to the Arranger prior to the date of this Agreement.

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgaged Properties" shall mean the Material Real Properties owned in fee by the Loan Parties that are set forth on Schedule 1.01(B) and each additional Material Real Property encumbered by a Mortgage 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 Mortgaged Properties, each in a form 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 Amount" shall mean, at any time, the gross amount with respect to any Eligible Accounts or Eligible Credit Card Accounts as applicable, less returns, discounts, claims, credits, and allowances of any nature at any time issued, owing, granted, outstanding, available, or claimed (in each case without duplication, whether of the exclusionary criteria set forth in the definition of Eligible Accounts or Eligible Credit Card Accounts or of any Reserve, or otherwise).

"Net Book Value" shall mean, with respect to any Equipment or Inventory, the cost of such Equipment or Inventory, as applicable, minus the accumulated depreciation of such Equipment or Inventory, as applicable, calculated in accordance with GAAP.

"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.

"New Project" shall mean (x) each facility which is either a new facility or an expansion 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 or product line to the extent such business unit or product line commences operations or production or each expansion (in one or a series of related transactions) of business into a new market or distribution or sales channel; provided, that there shall be no New Project within the first six months after the Closing Date other than in connection with a Permitted Business Acquisition or an acquisition of a Similar Business.

"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).

"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 mean the United States Department of the Treasury's Office of Foreign Assets Control.

"Other Taxes" shall mean any and 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 of perfection of security interest under, or otherwise with respect to, the Loan Documents (but excluding any Excluded Taxes), except any such Taxes that are imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19).

"Outside Date" shall mean the date that is 30 days after the End Date (as defined in the Purchase Agreement as in effect on the date hereof and as may be extended in accordance with the terms of the Purchase Agreement as in effect on the date hereof) or, if earlier, the date on which the Purchase Agreement is terminated without the consummation of the Acquisition.

"Overadvance" shall have the meaning assigned thereto in Section 2.01(b).

"Parent Entity" shall mean any direct or indirect parent of the Borrower.

"Pari Passu Secured Hedge Obligations" shall have the meaning assigned to such term in Section 8.13(a).

"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.

"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).

"Payment Conditions" shall mean that (a) prior to and after giving effect to the relevant action as to which the satisfaction of the Payment Conditions is being determined, no Default or Event of Default shall have occurred or been continuing, (b) (A) daily average Availability for the period of 30 consecutive calendar days immediately preceding such action and Availability as of the date of such action, in each case, on a Pro Forma Basis after giving effect to such action and any Borrowings and Letter of Credit issuance incurred in connection therewith, shall be at least equal to $10,000,000, or (B) (1) daily average Availability for the period of 30 consecutive calendars days immediately preceding such action and Availability as of the date of such action, in each case, on a Pro Forma Basis after giving effect to such action and any Borrowings and Letter of Credit issuance incurred in connection therewith, shall be at least equal to $7,000,000 and (2) the Fixed Charge Coverage Ratio for the Test Period most recently ended, determined on a Pro Forma Basis after giving effect to such action, shall be no less than 1.00 to 1.00, and (c) the Borrower shall have delivered to the Administrative Agent an officer's certificate executed by a Responsible Officer of the Borrower setting forth the calculations under, and certifying to the best of such officer's knowledge, compliance with the requirements of, the preceding clause (b).

"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 ten (10) 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 ten (10) 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 Administrative 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 the 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, division or line of business previously acquired in a Permitted Business Acquisition), if immediately after giving effect thereto: (i) no Event of Default 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) all transactions related thereto shall be consummated in accordance with applicable laws; (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 in assets that are not owned by the Borrower or Subsidiary Loan Parties or in Equity Interests in persons that are not Subsidiary Loan Parties or do not become Subsidiary Loan Parties upon consummation of such acquisition shall not exceed the greater of (x) $5,000,000 and (y) 0.046 times EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period.

"Permitted Cure Securities" shall mean any equity securities of the Borrower other than Disqualified Stock.

"Permitted Holder Group" shall have the meaning assigned to such term in the definition of the term "Permitted Holders".

"Permitted Holders" shall mean (i) the Co-Investors, (ii) any person that has no material assets other than the capital stock of the Borrower 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 specified in clause (i), beneficially owns more than 50% (or, following a Qualified IPO, the greater of 35% and the percentage beneficially owned by the Permitted Holders specified in clause (i)) on a fully diluted basis of the voting Equity Interests thereof and (iii) 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 specified in clause (i) 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 and (2) no person or other "group" (other than the other Permitted Holders specified in clause (i)) beneficially owns more than 50% (or, following a Qualified IPO, the greater of 35% and the percentage beneficially owned by the Permitted Holders specified in clause (i)) on a fully diluted basis of the voting Equity Interests held by the Permitted Holder Group.

"Permitted Intercreditor Agreement" shall mean, with respect to any Liens on the Collateral that are intended to be junior to the Liens thereon securing the Loan Obligations, any intercreditor agreement the terms of which are consistent with market terms governing security arrangements for the sharing of current asset collateral on a junior basis at the time such intercreditor agreement is proposed to be established, as mutually determined by the Borrower in good faith and the Administrative Agent in the reasonable exercise of its judgment.

"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;

(b) time deposit accounts, certificates of deposit and money market 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 P1 (or higher) according to Moody's, or A1 (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 or A by Moody's (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 AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000;

(h) time deposit accounts, certificates of deposit and money market 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; and

(i) instruments equivalent to those referred to in clauses (a) through (h) 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 Liens" shall have the meaning assigned to such term in Section 6.02.

"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 being Refinanced (or previous refinancings thereof constituting Permitted Refinancing Indebtedness); provided, that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so Refinanced (plus unpaid accrued interest and premium (including tender premiums) thereon and underwriting discounts, defeasance costs, fees, commissions, expenses, 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 and (ii) the Weighted Average Life to Maturity of such Permitted Refinancing Indebtedness is greater than

or equal to the lesser of (i) the Weighted Average Life to Maturity of the Indebtedness being Refinanced and (ii) the Weighted Average Life to Maturity of the Class of Revolving 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 so Refinanced than the Indebtedness being 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 under this Agreement 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) so long as it complies with Section 6.02.

"Permitted Transferees" means, with respect to any person that is a natural person (and any Permitted Transferee of such person), (x) such person's immediate family, including his or her spouse, ex-spouse, children, stepchildren and their respective lineal descendants and (y) any trust or other legal entity the beneficiary of which is such person's immediate family, including his or her spouse, ex-spouse, children, stepchildren or their respective lineal descendants and which is controlled by such person.

"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 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.

"Pledged Collateral" shall have the meaning assigned to such term in the Collateral Agreement.

"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 ~~Federal Reserve~~ 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 ~~Federal Reserve~~ 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 not otherwise permitted under Section 6.04 or 6.05 that require a waiver or consent of the Required Lenders and 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 the 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 Article II or Article VI, 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, 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 Article II or Article VI, 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) 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) 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.

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 (1) 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), and (2) all adjustments of the type used in connection with the calculation of "Adjusted EBITDAR" as set forth in the Model to the extent such adjustments, without duplication, continue to be applicable to such Reference Period.

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 Rata Extension Offers" shall have the meaning assigned to such term in Section 2.21(e).

"Projections" shall mean the projections of the Borrower and the Subsidiaries included in the Model and any other projections and any forward-looking statements (including statements with respect to booked business) of such entities 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.

"Protective Advances" shall have the meaning assigned to such term in Section 2.01(c).

"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. "Purchase Agreement" shall have the meaning assigned to such term in the first recital hereto.

Stock.

"Qualified Equity Interests" shall mean any Equity Interest other than Disqualified

"Qualified IPO" shall mean an underwritten public offering of the Equity Interests of the Borrower, Holdings, any Parent Entity, which generates cash proceeds of at least $75,000,000.

"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.

"Reasonable Credit Judgment" shall mean the Administrative Agent's commercially reasonable credit judgment exercised in good faith in accordance with customary business practices for comparable asset-based lending transactions and, as it relates to the establishment or increase of Reserves or the adjustment or imposition of exclusionary criteria, shall require that, (x) such establishment, increase, adjustment or imposition after the Closing Date be based on the analysis of facts or events first occurring or first discovered by the Administrative Agent after the Closing Date or that are materially different from facts or events occurring or known to the Administrative Agent on the Closing Date, (y) the contributing factors to the imposition or increase of any Reserve shall not duplicate the exclusionary criteria set forth in the definitions of "Eligible Accounts", "Eligible Credit Card Accounts", "Eligible Equipment" and "Eligible Inventory", as applicable (and vice versa) and (z) the amount of any such Reserve so established or the effect of any adjustment or imposition of exclusionary criteria shall be a reasonable quantification of the incremental dilution of the Borrowing Base attributable to such contributing factors.

"Recognition of Rights Agreement" shall mean an agreement in writing in a form reasonably satisfactory to the Administrative 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 Administrative 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 Administrative 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" shall have a meaning correlative thereto.

"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 Engine" shall mean any Spare Engines that replace the Initial Engine and/or the Additional Engine in the Borrowing Base, to the extent such replacement Spare Engines have a Borrowing Base value in an amount at least as great as the Spare Engine(s) being replaced, as set forth in an updated Borrowing Base Certificate delivered to the Administrative Agent at the time of such replacement. For the avoidance of doubt, no Spare Engine shall constitute a Replacement Engine unless (x) such Spare Engine constitutes Eligible Equipment and (y) the Collateral and Guarantee Requirement is satisfied in respect of such Spare Engine.

"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).

"Reporting Triggering Event" shall occur at any time that (a) Availability is less than $5,000,000 for five (5) consecutive Business Days or (b) an Event of Default shall have occurred and be continuing. Once occurred, a Reporting Triggering Event described in clause (a) shall be deemed to be continuing until such time as Availability is at least equal to $5,000,000 for twenty (20) consecutive Business Days, and a Reporting Triggering Event described in clause (b) shall be deemed to be continuing until no Event of Default shall be continuing.

"Required Lenders" shall mean, at any time, Lenders having (a) Revolving Facility Credit Exposure and (b) Available Unused Commitments, that taken together, represent more than 50% of the sum of (x) all Revolving Facility Credit Exposure and (y) the total Available Unused Commitment; provided, that the Loans of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"Requirement of Law" shall mean, as to any person, any law, treaty, rule, regulation, statute, order, 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.

"Reserves" shall mean (i) Location Reserves and (ii) such reserves against the Borrowing Base that the Administrative Agent has, in the exercise of its Reasonable Credit Judgment, established or increased from time to time upon at least five Business Days' notice to the Borrower, including pursuant to Section 8.13.

"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.

"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).

"Revolving Commitment" shall mean, with respect to each Lender, the commitment of such Lender to make Revolving Loans pursuant to Section 2.01, expressed as an amount representing the maximum aggregate principal amount of such 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 as provided under Section 2.21. The initial amount of each Lender's Revolving 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 Extended Revolving Commitment), as applicable. The ~~initial~~ aggregate amount of the Lenders' Revolving Facility Commitments ~~(prior to any Incremental Revolving Commitments) is $20,000,000~~ as of the Amendment No. 2 Effective Date immediately after giving effect to Amendment No. 2 is $25,000,000.

"Revolving Facility Commitment" shall mean, with respect to each Lender, such Lender's commitment to make Revolving Facility Loans.

"Revolving Facility Credit Exposure" shall mean, at any time, the sum of (a) the aggregate principal amount of the Revolving Facility Loans outstanding at such time, (b) the Swingline Exposure at such time and (c) the Revolving L/C Exposure at such time. The Revolving Facility Credit Exposure of any Revolving Lender at any time shall be the product of (x) such Revolving Lender's Revolving Facility Percentage and (y) the aggregate Revolving Facility Credit Exposure of all Revolving Lenders, collectively, at such time.

"Revolving Facility Loan" shall mean the Initial Revolving Facility Loans and the Incremental Revolving Facility Loans or any of the foregoing.

"Revolving Facility Percentage" shall mean, with respect to any Lender, the percentage of the total Revolving Commitments of all Lenders represented by such Lender's Revolving Commitment. If the Revolving Commitments have terminated or expired, the Revolving Facility Percentages shall be determined based upon the Revolving Commitments most recently in effect, giving effect to any assignments pursuant to Section 9.04.

"Revolving L/C Exposure" shall mean at any time the sum of (a) the aggregate undrawn amount of all Letters of Credit outstanding at such time and (b) the aggregate principal amount of all L/C Disbursements that have not yet been reimbursed at such time. The Revolving L/C Exposure of any Lender at any time shall mean its Revolving Facility Percentage of the aggregate Revolving L/C Exposure 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 Standard 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.

"Revolving Lender" shall mean a Lender other than a Swingline Lender.

"Revolving Loan" shall mean a Loan made pursuant to Section 2.01. Unless the context otherwise requires, the term "Revolving Loans" shall include the Extended Revolving Loans.

"S&P" shall mean Standard & Poor's Ratings Group, Inc.

"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). "SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Second Extension Conditions" shall mean that, on each day during the Second Extension Period, each of the Initial Engine (or one or more Replacement Engines in respect thereof) and the Additional Engine (or one or more Replacement Engines in respect thereof) shall constitute Eligible Equipment and form part of the Borrowing Base.

"Second Extension Period" shall mean the period from and including the First Extension Date to but excluding the date that is four (4) years after the Closing Date.

"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 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 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 in accordance with Section 8.13.

"Secured Hedge Counterparty" shall have the meaning assigned to such term in Section 8.13.

"Secured Parties" shall mean, collectively, the Administrative Agent, the Collateral Agent, each Lender, each Swingline 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.

"Security Documents" shall mean the Mortgages (if any), the FAA Mortgages (if any), the Collateral Agreement, the IP Security Agreements (as defined in the Collateral Agreement), the Holdings Guarantee and Pledge 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.

"Seller" shall have the meaning assigned to such term in the first recital hereto.

"Settlement" shall have the meaning assigned to such term in Section 2.04(d)(i).

"Settlement Date" shall have the meaning assigned to such term in Section 2.04(d)(i).

"Similar Business" shall mean any business, the majority of whose revenues are derived from (i) business or activities conducted by the Borrower and the 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 the Subsidiaries.

"Spare Engines" shall mean any and all serviceable aircraft engines, of a make and model suitable for use in the Borrower's then in service fleet of aircraft, 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, excluding any such aircraft engines to the extent installed on any aircraft as of the Amendment No. 2 Effective Date.

"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).

"Spot Rate" shall mean, with respect to any currency, the rate determined by the Administrative Agent 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 two 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 shall reasonably determine is appropriate under the circumstances; provided, that the Administrative Agent may obtain such spot rate from another financial institution designated by the Administrative Agent if the person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

"Startup Date" shall mean the date that is ninety (90) days after the Closing Date or such later date as the Administrative Agent may agree in its reasonable discretion.

"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). ~~Eurodollar~~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 Loan Party" shall mean (a) each Wholly Owned Domestic Subsidiary that is not an Excluded Subsidiary and (b) any other Subsidiary that may be designated by the Borrower (by way of delivering to the Collateral Agent a supplement to the Collateral Agreement and a supplement to the Guarantee Agreement, 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, whereupon such Subsidiary shall be obligated to comply with the other requirements of Section 5.10(d) as if it were newly acquired.

"Subsidiary Redesignation" shall have the meaning provided in the definition of "Unrestricted Subsidiary" contained in this Section 1.01.

"Super Majority Lenders" shall mean, at any time, Lenders having (a) Revolving Facility Credit Exposure and (b) Available Unused Commitments, that taken together, represent more than 662/3% of the sum of (x) all Revolving Facility Credit Exposure and (y) the total Available Unused Commitments at such time. The Revolving Facility Credit Exposure and Available Unused Commitment of any Defaulting Lender shall be disregarded in determining the Super Majority Lenders at any time.

"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 Borrowing substantially in the form of Exhibit D-2.

"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 $10,000,000.

"Swingline Exposure" shall mean at any time the aggregate principal amount of all outstanding Swingline Borrowings at such time. The Swingline Exposure of any Lender at any time shall mean its Revolving Facility Percentage of the aggregate Swingline Exposure at such time.

"Swingline Lender" shall mean Barclays Bank PLC in its capacity as a lender of Swingline Loans.

"Swingline Loans" shall mean the swingline loans made to the Borrower pursuant to Section 2.04.

"Syndication Agent" shall mean Barclays Bank PLC.

"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.

"Termination Date" shall mean the date on which (a) the 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 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 in accordance with Section 2.05(j) or (k)) have been cancelled or have expired and all amounts drawn or paid thereunder have been reimbursed in full.

"Testing Condition" shall be satisfied at any time if as of such time (i) the sum of without duplication (x) the aggregate principal amount of outstanding Revolving Facility Loans and Swingline Loans at such time and (y) the aggregate stated amount of Letters of Credit issued hereunder at such time (other than up to $3,000,000 of undrawn Letters of Credit and any Letters of Credit that have been Cash Collateralized in accordance with Section 2.05(j)) exceeds (ii) an amount equal to 30% of the aggregate amount of the Revolving Facility Commitments at such time.

"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) and, initially, the four fiscal quarter period ending on the last day of the first full fiscal quarter ending after the Closing Date.

"Third Party Funds" shall mean any 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.

"Titled Equipment" shall mean any and all Equipment (other than Spare Engines) represented by a certificate of title issued under the laws of a State in the United States of America.

"Transaction Documents" shall mean the Purchase Agreement and the Loan Documents.

"Transaction Expenses" shall mean any fees or expenses incurred or paid by the Borrower or any of the Subsidiaries or any of their Affiliates in connection with the Transactions, this Agreement and the other Loan Documents, the Purchase Agreement, and the transactions contemplated hereby and thereby.

"Transactions" shall mean, collectively, the transactions to occur pursuant to the Transaction Documents, including (a) the consummation of the Acquisition; (b) the execution, delivery and performance of the Loan Documents, the creation of the Liens pursuant to the Security Documents, and the initial borrowings hereunder; (c) the Equity Financing; and (d) the funding of cash to the consolidated balance sheet of the Borrower and the Subsidiaries.

"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 LIBOR 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.

"Unaudited Acquired Assets" shall have the meaning assigned to such term in the definition of "Material Increase Acquisition".

"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.

"Unrestricted Cash" shall mean cash or cash equivalents of the Borrower or any of the Subsidiaries that would not appear as "restricted" on a consolidated balance sheet of the Borrower or any of the Subsidiaries.

"Unrestricted Subsidiary" shall mean (1) any Subsidiary identified on Schedule 1.01(E), (2) any other Subsidiary, 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 Default or 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, and (c) without duplication of clause (b),

any assets owned by such Unrestricted Subsidiary at the time of the initial designation thereof shall be treated as Investments pursuant to Section 6.04; provided, further, that at the time of the initial Investment by the Borrower or any of its Subsidiaries in such Subsidiary, the Borrower shall designate such entity as an Unrestricted Subsidiary in a written notice to the Administrative Agent, 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 Default or 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. Dollars", "Dollars" or "$" shall mean lawful money of the United States of America.

"U.S. Lender" shall mean any Lender other than a Foreign Lender.

"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; provided that (i) the Schedules to this Agreement (other than Schedules 1.01(G), 1.01(H), 2.01 and 5.10) shall be updated on the Closing Date by the Borrower as reasonably agreed by the Borrower and the Administrative Agent, (ii) Schedules 1.01(G) and 1.01(H) shall not be attached hereto by the Borrower until the Closing Date and (iii) Schedule 5.10 shall be mutually agreed by the Borrower and the Administrative Agent to the extent needed on the Closing Date. 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 any changes in GAAP after the Closing Date, any lease of the Borrower or the Subsidiaries 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 under this Agreement or any other Loan Document as a result of such changes in GAAP.

Section 1.03 Exchange Rates; Currency Equivalents. 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.

Section 1.04 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 1.05 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 1.06 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) Revolving Loans. Each Lender agrees to make Revolving Loans in Dollars to the Borrower from time to time during the Availability Period, in an aggregate principal amount that will not result in (i) such Lender's Revolving Facility Credit Exposure exceeding the lesser of (x) such Lender's Revolving Commitment and (y) such Lender's Revolving Facility Percentage of the Borrowing Base or (ii) the aggregate Revolving Facility Credit Exposure of all Revolving Lenders exceeding Maximum Availability. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

(b) Overadvances. Insofar as the Borrower may request and the Administrative Agent or Required Lenders may be willing in their sole and absolute discretion to make Revolving Loans to the Borrower at a time when the Revolving Facility Credit Exposure exceeds, or would exceed with the making of any such Revolving Loan, the Borrowing Base (any such Loan or Loans being herein referred to individually as an "Overadvance"), the Administrative Agent shall make such Overadvances available to the Borrower. All Overadvances shall be repaid on demand, shall be secured by the Collateral in accordance with the terms hereof and of the Security Documents and shall bear interest as provided in this Agreement for the Revolving Loans generally. The Required Lenders may at any time revoke the

Administrative Agent's authorization to make future Overadvances (provided, that existing Overadvances shall not be subject to such revocation and any such revocation must be in writing and shall become effective prospectively upon the Administrative Agent's and the Borrower's receipt thereof). All Overadvances shall be ABR Loans. Any Overadvance made pursuant to the terms hereof shall be made by the Lenders ratably in accordance with their Revolving Facility Percentages. The foregoing notwithstanding, in no event (w) unless otherwise consented to by the Required Lenders, shall Overadvances, together with the Protective Advances then outstanding, in the aggregate exceed 10.0% of the then applicable Borrowing Base, (x) shall any Overadvances be outstanding for more than 45 consecutive days, (y) unless otherwise consented to by the Required Lenders, after all outstanding Overadvances have been repaid, shall the Administrative Agent make any additional Overadvances unless 10 days or more have expired since the last date on which any Overadvances were outstanding or (z) unless otherwise consented to by each affected Lender, shall the Administrative Agent make Revolving Loans on behalf of the applicable Lenders under this Section 2.01(b) to the extent such Revolving Loans would cause a Lender's share of the Revolving Facility Credit Exposure to exceed such Lender's Revolving Commitment or the aggregate principal amount of Revolving Loans exceed the aggregate Revolving Commitments.

(c) Protective Advances. Upon the occurrence and during the continuance of a Default or an Event of Default or upon the inability of the Borrower to satisfy the conditions to borrowing set forth in Section 4.01 after the Closing Date, the Administrative Agent, in its sole discretion, may make Revolving Loans to the Borrower on behalf of the Lenders, so long as the aggregate amount of such Revolving Loans shall not, together with the aggregate amount of all Overadvances then outstanding, exceed 10.0% of the then applicable Borrowing Base, if the Administrative Agent, in its Reasonable Credit Judgment, deems that such Revolving Loans are necessary or desirable (i) to protect all or any portion of the Collateral, (ii) to enhance the likelihood, or maximize the amount of, repayment of the Loans and the other Obligations, or (iii) to pay any other amount chargeable to the Borrower pursuant to this Agreement (such Revolving Loans, hereinafter, "Protective Advances"); provided, that (w) all Protective Advances shall be ABR Loans, (x) in no event shall the aggregate Revolving Facility Credit Exposure exceed the total Revolving Commitments of all Revolving Lenders, (y) the Required Lenders may at any time revoke the Administrative Agent's authorization to make future Protective Advances (provided; that existing Protective Advances shall not be subject to such revocation and any such revocation must be in writing and shall become effective prospectively upon the Administrative Agent's receipt thereof) and (z) unless otherwise consented to by each affected Lender, the Administrative Agent may not make Revolving Loans on behalf of the applicable Lenders under this Section 2.01(c) to the extent such Revolving Loans would cause a Lender's share of the Revolving Facility Credit Exposure to exceed such Lender's Revolving Commitment. Any Protective Advance made pursuant to the terms hereof shall be made by the Lenders ratably in accordance with their Revolving Facility Percentages.

(d) The making of any Agent Advance on any one occasion shall not obligate the Administrative Agent to make any Agent Advance on any other occasion. At any time that the conditions precedent set forth in Section 4.01 have been satisfied or waived, the Administrative Agent may request the Lenders to make a Revolving Loan to repay any Agent Advance. At any other time, the Administrative Agent may require the Lenders to fund their risk participations described in Section 2.01(e).

(e) Upon the making of any Agent Advance, each Lender shall be deemed, without further action by any party hereto, unconditionally and irrevocably to have purchased from the Administrative Agent, without recourse or warranty, an undivided interest and participation in such Agent Advance in proportion to their Revolving Facility Percentage. From and after the date, if any, on which any Lender is required to fund its participation in any Agent Advance purchased hereunder, the Administrative Agent shall promptly distribute to such Lender, such Lender's Revolving Facility Percentage of all payments of principal and interest and all proceeds of Collateral received by the Administrative Agent in respect of such Agent Advance.

Section 2.02 Loans and Borrowings.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans of the same Type made by the Lenders ratably in accordance with their respective Commitments (or, in the case of Swingline Loans, by the Swingline Lender in accordance with its Swingline Commitment). 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 composed entirely of ABR Loans or Eurocurrency Loans as the Borrower may request in accordance herewith. 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 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 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 Borrowing may be in an aggregate amount that is equal to the entire unused available balance of the Revolving 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, that there shall not at any time be more than a total of 10 Eurocurrency Borrowings outstanding.

(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 Maturity Date for such Class, as applicable.

Section 2.03 Requests for Borrowings.

(a) To request a Borrowing, the Borrower shall notify the Administrative Agent of such request in writing (which may be via electronic mail or facsimile) (i) in the case of a Eurocurrency Borrowing, not later than 10:00 a.m., Local Time, three Business Days before the date of the proposed Borrowing or (ii) in the case of an ABR Borrowing, not later than 1:00 p.m., Local Time on the date of the proposed Borrowing provided, that, to request a Eurocurrency or ABR Borrowing on the Closing Date, the Borrower shall notify the Administrative Agent of such request by delivering a Borrowing Request not later than 2:00 p.m., Local Time, one Business Day prior to the Closing Date (or such later time as the Administrative Agent may agree). Each such request for a Borrowing shall be irrevocable and shall be confirmed promptly by hand delivery or electronic means to the Administrative Agent of a Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower.

(b) Each such written notice and Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) whether such Borrowing is to be a Borrowing of Revolving Facility Loans or Extended Revolving Loans, as applicable;

(ii) the aggregate amount of the requested Borrowing, which amount shall not result in the Revolving Facility Credit Exposure exceeding the Borrowing Base;

(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"; and

(vi) the location and number of the Borrower's account to which funds are to be disbursed.

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.

(c) Disbursement. The Borrower hereby irrevocably authorizes the Administrative Agent to disburse the proceeds of each Loan requested pursuant to this Section 2.03. The proceeds of each Loan requested under this Section 2.03 shall be disbursed by the Administrative Agent in Dollars in immediately available funds by wire transfer to such bank account as may be agreed upon by the Borrower and the Administrative Agent from time to time or elsewhere if pursuant to a written direction from the Borrower. If at any time any Loan is funded in excess of the amount requested by the Borrower, the Borrower agrees to repay the excess to the Administrative Agent promptly upon the earlier to occur of (a) the Borrower's discovery of the error and (b) notice thereof to the Borrower from the Administrative Agent or any applicable Lender.

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 aggregate Revolving Facility Credit Exposure of all Revolving Lenders exceeding Maximum Availability; 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 in writing (which may be via electronic mail or facsimile) (confirmed by a Swingline Borrowing Request by electronic means), not later than 12:00 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 (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 in accordance with Section 2.02(a) on the proposed date thereof by wire transfer of immediately available funds 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 Lenders 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 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 Lender's Revolving Facility Percentage of such Swingline Loan or Loans. Each 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 Lender's Revolving Facility Percentage of such Swingline Loan. Each 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 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 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 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 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 Administrative Agent, the Swingline Lender and the Lenders agree (which agreement shall not be for the benefit of or enforceable by the Borrower) that in order to facilitate the administration of this Agreement and the other Loan Documents, settlement among them as to the Revolving Loans and the Swingline Loans and the Agent Advances shall take place on a periodic basis in accordance with the following provisions:

(i) The Administrative Agent shall request settlement (a "Settlement") with the Lenders on at least a weekly basis, or on a more frequent basis if so determined by the Administrative Agent, (A) on behalf of the Swingline Lender, with respect to each outstanding Swingline Loan, (B) for itself, with respect to each Agent Advance, and (C) with respect to collections received, in each case, by notifying the Lenders of such requested Settlement by facsimile, telephone, or other similar form of transmission, of such requested Settlement, no later than 12:00 noon, Local Time, on the date of such requested Settlement (the "Settlement Date"). Each Lender (other than the Swingline Lender, in the case of Swingline Loans, and the Administrative Agent, in the case of Agent Advances) shall make the amount of such Lender's Revolving Facility Percentage of the outstanding principal amount of the Swingline Loans and Agent Advances with respect to which Settlement is requested available to the Administrative Agent, to such account of the Administrative Agent as the Administrative Agent may designate, not later than 3:00 p.m., Local Time, on the Settlement Date applicable thereto, which may occur before or after the occurrence or during the continuation of a Default or an Event of Default and whether or not the applicable conditions precedent set forth in Article IV have then been satisfied. Such amounts made available to the Administrative Agent shall be applied against the amounts of the applicable Swingline Loan or Agent Advance and, together with the portion of such Swingline Loan or Agent Advance representing the Swingline Lender's or Administrative Agent's Revolving Facility Percentage thereof, shall constitute Revolving Facility Loans of the Lenders. If any such amount is not made available to the Administrative Agent by any Lender on the Settlement Date applicable thereto, the Administrative Agent shall, on behalf of the Swingline Lender with respect to each outstanding Swingline Loan and for itself with respect to each Agent Advance, be entitled to recover such amount on demand from such Lender together with interest thereon at the Federal Funds Effective Rate for the first three days from and after the Settlement Date and thereafter at the interest rate then applicable to ABR Loans.

(ii) Notwithstanding the foregoing, not more than one Business Day after demand is made by the Administrative Agent (whether before or after the occurrence of a Default or an Event of Default and regardless of whether the Administrative Agent has requested a Settlement with respect to a Swingline Loan or Agent Advance), each Lender (A) shall irrevocably and unconditionally purchase and receive from the Swingline Lender or the Administrative Agent, as the case may be, without recourse or warranty, an undivided interest and participation in such Swingline Loan or Agent Advance equal to such Lender's Revolving Facility Percentage of such Swingline Loan or Agent Advance and (B) if Settlement has not previously occurred with respect to such Swingline Loans or Agent Advances, upon demand by the Swingline Lender or the Administrative Agent, as the case may be, shall pay to the Swingline Lender or Administrative Agent, as applicable, as the purchase price of such participation an amount equal to one hundred percent (100%) of such Lender's Revolving Facility Percentage of such Swingline Loans or Agent Advances. If such amount is not in fact made available to the Administrative Agent by any Lender, the Administrative Agent shall be entitled to recover such amount on demand from such Lender together with interest thereon at the Federal Funds Effective Rate for the first three days from and after such demand and thereafter at the interest rate then applicable to ABR Loans.

(iii) From and after the date, if any, on which any Lender purchases an undivided interest and participation in any Swingline Loan or Agent Advance pursuant to clause (ii) preceding, the Administrative Agent shall promptly distribute to such Lender such Lender's Revolving Facility Percentage of all payments of principal and interest and all proceeds of Collateral received by the Administrative Agent in respect of such Swingline Loan or Agent Advance.

(iv) Between Settlement Dates, to the extent no Agent Advances are outstanding, the Administrative Agent may pay over to the Swingline Lender any payments received by the Administrative Agent, which in accordance with the terms of this Agreement would be applied to the reduction of the Revolving Loans, for application to the Swingline Lender's Revolving Loans or Swingline Loans. If, as of any Settlement Date, collections received since the then immediately preceding Settlement Date have been applied to the Swingline Lender's Revolving Loans, the Swingline Lender shall pay to the Administrative Agent for the accounts of the Lenders, to be applied to the outstanding Revolving Loans of such Lenders, an amount such that each Lender shall, upon receipt of such amount, have, as of such Settlement Date, its Revolving Facility Percentage of the Revolving Loans. During the period between Settlement Dates, the Swingline Lender with respect to Swingline Loans, the Administrative Agent with respect to Agent Advances, and each Revolving Lender with respect to the Revolving Loans, shall be entitled to interest at the applicable rate or rates payable under this Agreement on the actual average daily amount of funds employed by the Swingline Lender, the Administrative Agent and the Revolving Lenders.

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 in U.S. Dollars issued for any lawful purposes of the Borrower and its Subsidiaries (such letters of credit issued for such purposes, "Letters of Credit") for its own account in a form reasonably acceptable to the applicable Issuing Bank, at any time and from time to time during the Availability Period and prior to the date that is five Business Days prior to the Maturity Date; provided, that no Issuing Bank shall be required to issue any Letter of Credit other than standby Letters of Credit. 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; provided, that the Issuing Bank shall not 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) or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or fax (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 (three Business Days in advance of the requested date of issuance, amendment or extension or such shorter period as the Administrative Agent and the 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), the amount of such Letter of Credit, the name and address of the beneficiary thereof 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 total Revolving L/C Exposure shall not exceed the Letter of Credit Sublimit, (ii) the aggregate Revolving Facility Credit Exposure of all Revolving Lenders shall not exceed the total Revolving Commitments and (iii) the aggregate Revolving Facility Credit Exposure of all Revolving Lenders shall not exceed the Borrowing Base.

(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 Issuing Bank in their sole discretion) after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year (unless otherwise agreed upon by the Administrative Agent and the Issuing Bank in their sole discretion) after such renewal or extension) and (ii) the date that is five Business Days prior to the Maturity Date; provided, that any Letter of Credit with 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 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 the Issuing Bank and the Administrative Agent each consent in their sole discretion, the expiration date on any Letter of Credit may extend beyond the date referred to in clause (ii) above; provided, that (x) if any such Letter of Credit is outstanding or the expiration date is extended to a date that is later than five Business Days prior to the Maturity Date the Borrower shall Cash Collateralize each such Letter of Credit in an amount equal to the Minimum L/C Collateral Amount on or prior to the date that is five Business Days prior to the Maturity Date or, if later, such date of issuance and (y) each Lender's participation in any undrawn Letter of Credit that is outstanding on the Maturity Date shall terminate on the Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Revolving Facility Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, in Dollars, such Lender's 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, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each 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, 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 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 of such L/C Disbursement (or the second Business Day, if such notice is received after noon, Local Time), together with accrued interest thereon from the date of such L/C Disbursement at the rate applicable to ABR Loans; 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 Borrowing or a Swingline Borrowing, 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 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 Lender of the applicable L/C Disbursement, the payment then due from the Borrower in respect thereof and, in the case of a Lender, such Lender's Revolving

Facility Percentage. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent in Dollars its Revolving Facility Percentage of the payment then due from the Borrower 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 Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the 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 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 Lender pursuant to this paragraph to reimburse an Issuing Bank for any L/C Disbursement (other than the funding of an ABR Borrowing for Revolving Loans 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 set-off 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 such 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 a final and binding decision of a court of competent jurisdiction to have been caused by such Issuing Bank's gross negligence or willful misconduct when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which 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 by telephone (confirmed by electronic means) or electronic means of any such demand for payment under a Letter of Credit and whether such Issuing Bank has made or will make a 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/or the 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 Loans; 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 Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Bank shall be for the account of such 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.

(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 2.11(b), 2.11(c), 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 Lenders, an amount in cash in Dollars equal to the Revolving L/C Exposure as of such date (or, in the case of Sections 2.11(b), 2.11(c) and 2.22(a)(v), the portion thereof required by such sections). Each deposit of Cash Collateral (x) made pursuant to this paragraph, (y) made by the Administrative Agent under Section 5.11(b)

during the continuation of an Event of Default or (z) made by the Administrative Agent pursuant Section 2.18(b) or 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. Such deposits shall not bear interest, 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. 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(b) or (c) 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(b) and (c) no longer being exceeded, as applicable.

(k) Cash Collateralization Following Termination and Prepayment of the Facility. Notwithstanding anything to the contrary herein, in the event of the prepayment in full of all outstanding Revolving Loans and the termination of all Revolving Commitments by the Borrower pursuant to Section 2.08(b) (a "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 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 each of which agrees (in its sole discretion) to act in such capacity and that 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 the Issuing Bank shall be permitted to issue, amend or extend such Letter of Credit if the Administrative Agent shall not have advised the 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.

(n) No Liability of the Issuing Bank. 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 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 2:00 p.m., 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 of the Borrower as specified in the applicable Borrowing Request; provided, that ABR 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 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 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 Loan shall reimburse the Administrative Agent for all or any portion of such Revolving 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. On each such settlement date, the Administrative Agent will pay to each such Lender the net amount owing to such Lender in connection with such settlement, including amounts relating to Loans, fees, interest and other amounts payable hereunder. The entire amount of interest attributable to such Revolving Loan for the period from and including the date on which such Revolving Loan was made on such Lender's behalf to but excluding the date the Administrative Agent is reimbursed in respect of such Revolving 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. This Section shall not apply to Swingline Borrowings and Agent Advances, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election in writing (which may be via electronic mail or facsimile), 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 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 in the form of Exhibit E and signed by the Borrower.

(c) Each such election request and 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.

(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) Unless previously terminated, the Commitments shall terminate on the date that is the earlier of (x) to the extent the Closing Date has not yet occurred on or prior to such date, the Outside Date and (y) the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Revolving Commitments; provided, that (i) each reduction of the Revolving Commitments shall be in an amount that is an integral multiple of $250,000 and not less than $500,000 (or, if less, the remaining amount of the Revolving Commitments) and (ii) the Borrower shall not terminate or reduce the Revolving Commitments if, after giving effect to any concurrent prepayment of the Revolving 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 (excluding any Cash Collateralized Letter of Credit) would exceed Maximum Availability.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under clause (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, 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 shall be irrevocable; provided, that a notice of termination or reduction of the Revolving Commitments delivered by the Borrower may state that such notice is conditioned on 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. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

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 Lender the then unpaid principal amount of each Revolving Loan, Protective Advance and Overadvance to the Borrower on the Maturity Date and (ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the Maturity Date.

(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, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain the Register pursuant to Section 9.04(b)(iv) in which shall be recorded (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 Register and the accounts of each Lender maintained pursuant to clause (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided, that (i) the Register shall control in the event of any conflict between the Register entries and any such account and (ii) the failure of any Lender or the Administrative Agent to maintain such accounts or the Register, as applicable, 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 Notice of Prepayment of Revolving Loans. Prior to any prepayment of any Revolving Loans pursuant to Section 2.11, the Borrower shall select the Borrowing or Borrowings to be repaid and shall notify the Administrative Agent in writing (which may be via electronic mail or facsimile) of such selection (a) in the case of an ABR Borrowing, not later than 10:00 a.m., Local Time at least one Business Day before the scheduled date of such prepayment and (b) in the case of a Eurocurrency Borrowing , not later than 2:00 p.m., Local Time at least three Business Days before the scheduled date of such prepayment; 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 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. Each repayment of a Borrowing shall be applied to the Revolving Loans included in the repaid Borrowing such that each Lender receives its ratable share of such repayment (based upon the respective Revolving Facility Credit Exposure of the applicable Lenders at the time of such repayment). Notwithstanding anything to the contrary in the immediately preceding sentence, prior to any repayment of a Swingline Loan hereunder, the Borrower shall select the Borrowing or Borrowings to be repaid and shall notify the Administrative Agent in writing (which may be via electronic mail or facsimile) of such selection not later than 12:00 p.m., Local Time, on the scheduled date of such repayment. Repayments of Eurocurrency Borrowings 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.

(b) Subject to Sections 2.01(b) and (c), in the event the aggregate amount of the Revolving Facility Credit Exposure exceeds Maximum Availability in effect at such time, then the Borrower shall promptly repay outstanding Revolving Loans and/or Cash Collateralize Revolving L/C Exposure in accordance with Section 2.05(j) in an aggregate amount equal to such excess.

(c) In the event and on such occasion as the Revolving L/C Exposure exceeds the Letter of Credit Sublimit, at the request of the Administrative Agent, the Borrower shall deposit Cash Collateral in an account with the Administrative Agent pursuant to Section 2.05(j) in an amount equal to such excess.

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 five Business Days after the last Business Day of March, June, September and December in each year, and three Business Days after the date on which the Commitments of all the Lenders shall be terminated as provided herein, a commitment fee (a "Commitment Fee") on the daily amount of the 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. All Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. For the purpose of calculating any Lender's Commitment Fee, the outstanding Swingline Loans during the period for which such Lender's Commitment Fee 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 Commitments of such Lender shall be terminated as provided herein.

(b) The Borrower from time to time agrees to pay (i) to each Lender (other than any Defaulting Lender), through the Administrative Agent, five Business Days after the last day of March, June, September and December of each year and three Business Days after the date on which the Commitments of all the Lenders shall be terminated as provided herein, a fee (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), during the preceding quarter (or shorter period commencing with the Closing Date or ending with the Maturity Date or the date on which the Commitments shall be terminated) at the rate per annum equal to the Applicable Margin for Eurocurrency Borrowings effective for each day in such period and (ii) to each Issuing Bank, for its own account (x) five Business Days after the last Business Day of March, June, September and December of each year and three Business Days after the date on which the Commitments of all the Lenders shall be terminated as provided herein, 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% per annum of the daily average 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 in Dollars 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 the agency fees to the Administrative Agent, for the account of the Administrative Agent (the "Administrative Agent Fees") set forth in the Fee Letter, as amended, restated, supplemented or otherwise modified from time to time, at the times specified therein.

(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, such Fees shall not 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 LIBOR 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 and (ii) upon termination of the Commitments; 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 an ABR Loan or Swingline Loan prior to the end of the Availability Period), 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 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 LIBOR Rate or LIBOR Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.14 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) ~~(a)~~ (a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBOR Rate for such Interest Period; or

(b) (b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBOR 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, ~~and~~ ~~(ii)~~(ii) the Adjusted LIBOR 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.

If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Borrower or Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Borrower) that the Borrower or Required Lenders (as applicable) have determined, that (i) the circumstance set forth in Section 2.14(a) above has arisen and such circumstance is unlikely to be temporary or (ii) the circumstance set forth in Section 2.14(a) has not arisen but the supervisor for the administrator of the LIBOR Rate, or the administrator of the LIBOR Rate, or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the LIBOR Rate shall no longer be published or used for determining interest rates for loans, then (A) if the Administrative Agent and the Borrower reasonably determine that there exists a then prevailing market convention generally accepted for determining a reference rate of interest for syndicated loans in the United States as the successor to interest rates based on the LIBOR Rate, the Administrative Agent and the Borrower shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) (and any such amendment described in this clause (A) shall, notwithstanding anything to the contrary in Section 9.08, immediately become effective), or (B) if the Administrative Agent and the Borrower are unable to reasonably determine that a then prevailing market convention for determining a rate of interest for syndicated loans in the United States as the successor to interest rates based on the LIBOR Rate does exist, the Administrative Agent and the Borrower shall enter into an amendment to this

Agreement to reflect an alternate rate of interest and such other related changes to this Agreement as may be applicable (including any mathematical or other adjustments to the benchmark (if any) incorporated therein), in each case that are acceptable to the Borrower and the Administrative Agent (and any such amendment described in this clause (B) shall, notwithstanding anything to the contrary in Section 9.08, become effective at 5:00 p.m. (New York time) on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders (acting reasonably) have delivered to the Administrative Agent notice that such Required Lenders do not accept such amendment) (any such alternate rate described in the foregoing clauses (A) or (B), a "LIBOR Successor Rate"); provided that, for the avoidance of doubt, no fee shall be payable to the Administrative Agent or the Lenders in connection with an amendment to this Agreement pursuant to this Section 2.14; provided further that if the LIBOR Successor Rate shall be less than zero, such interest rate shall be deemed to be zero. If no LIBOR Successor Rate has been determined and the circumstances under clause (i) or (ii) above exist (as applicable), the Administrative Agent will promptly so notify the Borrower and the Lenders by telephone or electronic means as promptly as practicable thereafter and, thereafter (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 LIBOR 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.

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 LIBOR Rate) or Issuing Bank;

(ii) subject any Lender to any Tax with respect to any Loan Document or any Eurocurrency Loan made by it (other than (i) Taxes indemnifiable under Section 2.17 or (ii) 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 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, 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 Adjusted LIBOR 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) Any and 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) the Administrative Agent or any Lender, as applicable, 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 Requirements 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 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 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 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 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", United States Internal Revenue Service Form W-8BEN or Form W-8BEN-E (or any applicable successor form) (together with a certificate (substantially in the form of Exhibit J 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) Internal Revenue Service Form W-8BEN, Form W-8BEN-E, Form W-8EXP 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) Internal Revenue Service 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 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 law as a basis for claiming exemption from or a reduction in United States federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable 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 form or certification (or any applicable successor form) on or before the date that any such form or certification expires or becomes obsolete or invalid, after the occurrence of any event requiring a change in the most recent form 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 form or certification 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 to the person from which the related participation shall have been purchased.

In addition, each 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 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 properly completed and executed IRS Form W-9 certifying its exemption from U.S. federal backup withholding or such other properly completed and executed documentation prescribed by applicable law certifying its entitlement to an available exemption from applicable U.S. federal withholding taxes in respect of any payments to be made to such Agent by any Loan Party pursuant to any Loan Document including, as applicable, an IRS Form W-8IMY certifying that the 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, an Agent is not required to provide any documentation that it is not legally eligible to provide as a result of any change in Requirements of 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 thereon 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 agrees to 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). 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 challenging 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 Internal Revenue Service Forms W-9 (or substitute or successor form), properly completed and duly executed, certifying that such U.S. Lender is exempt from United States 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 law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable 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 or 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) 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 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 Section 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, 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. 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) If at any time insufficient funds are received by and available to the Administrative Agent from any Loan Party (or proceeds from any Collateral) following an acceleration of the Obligations under this Agreement or any Event of Default under Section 7.01(h) or (i), to pay fully all amounts of principal, unreimbursed L/C Disbursements, interest and fees and other Obligations then due from the Borrower hereunder, such funds shall be applied, subject to any applicable intercreditor agreement: first, ratably, to pay any fees, indemnities, or expense reimbursements then due to the Administrative Agent, the Collateral Agent or any Issuing Bank from the Borrower (other than in connection with obligations in respect of Secured Cash Management Agreements or Secured Hedge Agreements); second, ratably, to pay interest due and payable in respect of any unreimbursed L/C Disbursements, Protective Advances and Overadvances; third, ratably to pay principal of unreimbursed L/C Disbursements, Protective Advances and Overadvances; fourth, ratably, to pay any fees, indemnities or expense reimbursements then due to the Lenders from the Borrower (other than in connection with obligations in respect of Secured Cash Management Agreements or Secured Hedge Agreements); fifth, ratably, to pay interest due and payable in respect of any Revolving Loans; sixth, ratably, to pay principal of Swingline Loans and Revolving Loans (other than Protective Advances and Overadvances) then due from the Borrower hereunder and any Pari Passu Secured Hedge Obligations and to Cash Collateralize Revolving L/C Exposure in accordance with the procedures set forth in Section 2.05(j); seventh, ratably, to the payment of any obligations in respect of Secured Cash Management Agreements and any other Secured Hedge Agreements that do not constitute Pari Passu Secured Hedge Obligations; eighth, ratably, to the payment of any other ~~Secured~~ Obligations due to the Agents or any Lender by the Borrower; and ninth, to the Borrower or as the Borrower shall direct.

(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 Revolving Loans or participations in L/C Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in L/C Disbursements and Swingline Loans 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 Revolving Loans and participations in L/C Disbursements and Swingline Loans of such other Lenders to the extent necessary so that the benefit of all such payments shall be shared by all such Lenders ratably in accordance with the principal amount of each such Lender's respective Revolving Loans and participations in L/C Disbursements and Swingline Loans and accrued interest thereon vis-à-vis the aggregate principal amount of all such Lenders' Revolving Loans and participations in L/C Disbursements and Swingline Loans and the aggregate 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(c), 2.05(d) or (e), 2.06(b) or (c), 2.18(d) or 2.21, 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, 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, as applicable, in the future and (ii) would not subject such Lender to any material 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 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 if 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, the

Swingline Lender and the Issuing Bank, 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 or payments required to be made pursuant to Section 2.17, 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 (or, if such amendment waiver by its terms requires the consent of the Super Majority Lenders, the Super Majority 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 the Administrative Agent, the Swingline Lender and the Issuing Bank (unless such assignee is a Lender, an Affiliate of a Lender or an Approved Fund); provided, that: (a) all Loan Obligations of the Borrower owing to such Non-Consenting Lender (including accrued Fees and any amounts due under Section 2.15, 2.16 or 2.17) 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 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), either 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 prepaid or converted.

Section 2.21 Incremental Commitments.

(a) The Borrower may, after the Closing Date, by written notice to the Administrative Agent from time to time, request Incremental Revolving Commitments in an amount not to exceed the Incremental Amount at the time such Incremental Revolving Commitments are established from one or more Incremental Revolving Lenders (which may include any existing Lender) willing to provide such Incremental Revolving Commitments in their own discretion; provided, that each Incremental Revolving Lender shall be subject to the approval of the Administrative Agent (which approval shall not be unreasonably withheld) unless such Incremental Revolving Lender is a Lender, an Affiliate of a Lender or an Approved Fund. Such notice shall set forth (i) the amount of the Incremental Revolving Commitments being requested (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) and (ii) the date on which such Incremental Revolving Commitments are requested to become effective (the "Increased Amount Date"). All Incremental Revolving Commitments shall be commitments to make additional Revolving Loans (such additional Revolving Loans, the "Incremental Revolving Facility Loans") on the same terms as (and having the same guarantees as and ranking pari passu in right of payment and of security with), and forming a single Class with, the Revolving Loans made pursuant to the Commitments in effect on the Closing Date (the "Initial Revolving Facility Loans") or a then existing Class of Extended Revolving Commitments.

(b) The Borrower and each Incremental Revolving 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 Revolving Commitment of such Incremental Revolving Lender. 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 of the Incremental Revolving 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 with the Borrower's consent (not to be unreasonably withheld) and furnished to the other parties hereto.

(c) Notwithstanding the foregoing, no Incremental Commitment shall become effective under this Section 2.21 unless (i) on the date of such effectiveness, to the extent required by the relevant Incremental Assumption Agreement, the conditions set forth in clauses (b) and (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 (ii) the Administrative Agent shall have received customary legal opinions, board resolutions and other customary closing certificates and documentation as required by the relevant Incremental Assumption Agreement and, to the extent required by the Administrative Agent, consistent with those delivered on the Closing Date and such additional customary documents and filings (including amendments to the Mortgages and other Security Documents and title endorsement bringdowns) as the Administrative Agent may reasonably request to assure that the Loans in respect of Incremental Commitments are secured by the Collateral ratably with one or more Classes of the then existing 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 all Loans in respect of Incremental Commitments, when originally made, are included in each Borrowing 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 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 Revolving Commitments, on a pro rata basis (based on the aggregate outstanding Revolving Commitments under such 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 Commitments of such Class and to otherwise modify the terms of such Lender's 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 Commitments). For the avoidance of doubt, the reference to "on the same terms" in the preceding sentence shall mean, in the case of an offer to the Lenders under any Class of Revolving Commitments, that all of the Revolving Commitments 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. 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 Commitment for such Lender (such extended Revolving Commitment, an "Extended Revolving Commitment", and the Revolving Loans made thereunder "Extended Revolving Loans"). Each Pro Rata Extension Offer shall specify the date on which the Borrower proposes that the Extended Revolving Commitment shall be extended, 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 Revolving Commitments of such Extending Lender. Each Incremental Assumption Agreement shall specify the terms of the applicable Extended Revolving Commitments; provided, that (i) except as to fees (which fees shall be determined by the Borrower and set forth in the Pro Rata Extension Offer), any Extended Revolving Commitment shall have (x) the same terms as an existing Class of Revolving Commitments or (y) have such other terms as shall be reasonably satisfactory to the Administrative Agent and (ii) any Extended Revolving Commitments may participate on a pro rata basis or a less than pro rata basis (but not greater than a pro rata basis) in any voluntary or mandatory repayments or prepayments 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 Revolving 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 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 Commitments in the manner specified in such Incremental Assignment Agreement, including upon effectiveness of such Extended Revolving Commitment or upon or prior to the maturity date for any Class of Revolving Commitment.

(g) Upon the effectiveness of any such Extension, the applicable Extending Lender's Revolving Commitment will be automatically designated an Extended Revolving Commitment. For purposes of this Agreement and the other Loan Documents, such Extending Lender will be deemed to have an Incremental Commitment having the terms of such Extended Revolving 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 Revolving Commitments will not be included in the calculation of the Incremental Amount, (ii) no Extended Revolving 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 Revolving 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 Revolving Commitment), (iv) there shall be no condition to any Extension of any 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 Revolving Commitment implemented thereby pursuant to the applicable Incremental Assumption Agreement, (v) all Extended Revolving Commitments and all obligations in respect thereof shall be 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 of the relevant Loan Parties under this Agreement and the other Loan Documents and (vi) no Issuing Bank or Swingline Lender shall be obligated to provide Swingline Loans or issue Letters of Credit under such Extended Revolving Commitments unless it shall have consented thereto.

(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.

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 definition of Required Lenders or Super Majority Lenders, as applicable.

(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, the Issuing Banks or the 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 the 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 (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 Commitment. Subject to Section 9.22, 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 the (i) Administrative Agent or (ii) the Swingline Lender or any Issuing Bank, as applicable (with a copy to the Administrative Agent),

(vi) (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 Loans of the other Lenders or take such 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 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.

## ARTICLE III

## Representations and Warranties

On the Effective Date (with respect to Holdings only, and only with respect to the representations and warranties of Holdings set forth in Sections 3.01(a) and (d), 3.02(a) and (b)(i)(B), 3.03, 3.11, 3.22, the final sentence of 3.25(b) and the final sentence of 3.26), on the Closing Date, and on the date of each Credit Event, the Borrower (or in the case of representations and warranties made on the Effective Date, Holdings) 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, except where the failure so to qualify would not reasonably be expected to have a Material Adverse Effect, 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.

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 will constitute, a legal, valid and binding obligation of such Loan Party enforceable against the Borrower and each such Subsidiary Loan Party 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 in 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 financial statements consisting of the balance sheet of the Borrower as of December 31, 2016, 2015, and 2014 and the related statements of income and retained earnings, members' equity and cash flow for the years then ended and (b) unaudited financial statements consisting of the balance sheet of the Borrower as of October 31, 2017 and the related statements of income and retained earnings, members' equity and cash flow for the ten-month period then ended, including the notes thereto, if applicable, present fairly in all material respects the consolidated financial position of the Borrower 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 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 valid title in fee simple or equivalent to, or valid leasehold interests in, or easements or other limited property interests in, all its Real Properties (including all Mortgaged Properties) and has good and marketable 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 in each case 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. Except as set forth on Schedule 3.07(b), the Borrower and each of the Subsidiaries enjoys peaceful and undisturbed possession under all such leases, other than leases in respect of which the failure to enjoy peaceful and undisturbed possession would not reasonably be expected to have, individually or in the aggregate, 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 the 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(B) 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 to be consummated on or prior to the Closing Date, 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 Holdings, 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 any such person or any of the Subsidiaries or any business, property or rights of any such person (i) that involve any Loan Document or the Transactions, except as set forth on Schedule 3.09(a), or (ii) 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 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. The Borrower will use the proceeds of the Loans made after the Closing Date (a) to provide for working capital and (b) for general limited liability company purposes (including for acquisitions permitted hereunder).

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 (i) 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, and (ii) as of the Closing Date, have not been modified in any material respect by the Borrower.

(c) As of the Amendment No. 2 Effective Date, the informationincluded 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 the Subsidiaries, and there are no judicial, administrative or other actions, suits or proceedings pending or, to the Borrower's knowledge, threatened, (A) which allege a violation of or liability under any Environmental Laws and (B) relating to the Borrower or any of the Subsidiaries, (ii) each of the Borrower and the 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) except as set forth on Schedule 3.16, no Hazardous Material has been Released at, on or under any property currently owned or, to the Borrower's knowledge, formerly owned, operated or leased by the Borrower or any of the Subsidiaries that would reasonably be expected to give rise to any cost, liability or obligation of the Borrower or any of the 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 by the Borrower or any of the Subsidiaries 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 the Subsidiaries under any Environmental Laws or Environmental Permits, (iv) there are no agreements in which the Borrower or any of the 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 and in the possession, custody or control 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) The Collateral Agreement and the Holdings Guarantee and Pledge Agreement are, in each case, effective to create in favor of the Collateral Agent (for the benefit of the Secured Parties) 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 (x) Liens having priority by operation of law and (y) 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 domestic Intellectual Property, 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, if any, executed and delivered on the Closing Date are, and the Mortgages executed and delivered after the Closing Date pursuant to 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.

(d) Upon the execution and delivery thereof, each FAA Mortgage (i)will create a legal and valid security interest in all the Mortgaged Collateral or analogous term (each as defined in the applicable FAA Mortgage) securing the payment and performance of the Obligations, as applicable, (ii) 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) ~~(d)~~ Notwithstanding anything herein (including this Section ~~3.16~~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.

(a) 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 (if any) own in fee all the Real Property set forth as being owned by them in the Perfection Certificate except to the extent set forth therein.

(b) The Perfection Certificate lists correctly, in all material respects, as of the Closing Date, all Real Property leased by the Borrower and the Subsidiary Loan Parties (if any) and the addresses thereof. As of the Closing Date, the Borrower and the Subsidiary Loan Parties (if any) have in all material respects valid leases in all the Real Property set forth as being leased by them in the Perfection Certificate except to the extent set forth therein.

Section 3.19 Solvency.

(a) Immediately after giving effect to 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, 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 the Subsidiaries owns, or possesses the right to use, all Intellectual Property that is used or held for use in, or is otherwise reasonably necessary for, the present conduct of their respective businesses, (b) to the knowledge of the Borrower, the Borrower and the Subsidiaries are not interfering with, infringing upon, misappropriating or otherwise violating any Intellectual Property of any person, and (c) no claim or litigation regarding any of the foregoing is pending or, to the knowledge of the Borrower, threatened.

Section 3.24 Senior Debt. The Loan Obligations under this Agreement 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) On the Closing Date, each Loan Party is in compliance in all material respects with the material applicable provisions of the USA PATRIOT Act, and 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, 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 the subject of any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"), the U.S. Department of State, the European Union, the United Nations Security Council or Her Majesty's Treasury (collectively, "Sanctions"), or is located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions. 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 to finance the activities of any person that is currently the target of any Sanctions, or to fund, finance or facilitate 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, or in any manner that would result in the violation of any Sanctions applicable to any party hereto.

Section 3.26 Foreign Corrupt Practices Act. 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. Borrower has instituted and maintains policies and procedures designed to ensure compliance by Holdings, the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws. No part of the proceeds of the Loans made hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of any provision of Anti-Corruption Laws.

## ARTICLE IV

## Conditions of Lending

Section 4.01 Conditions Precedent to Credit Events After the Closing Date. The obligations of (a) the Lenders (including the Swingline Lender) to make Loans hereunder (except for Agent Advances) and (b) any Issuing Bank to issue Letters of Credit or increase the stated amounts of Letters of Credit (each, a "Credit Event"), in each case after the Closing Date, are subject to the satisfaction (or waiver in accordance with Section 9.08) of the following conditions:

(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(b)) 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) Except for any Credit Event in respect of 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, 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).

(c) Except for any Credit Event in respect of an amendment, extension or renewal of a Letter of Credit without any increase in the stated amount of such Letter of Credit, at the time of and immediately after such Credit Event, no Event of Default or Default shall have occurred and be continuing.

(d) Each 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 Credit Event, as to the matters specified in clauses (b) and (c) of this Section 4.01.

(e) After giving effect to such Borrowing or such issuance of a Letter of Credit, the aggregate Revolving Facility Credit Exposure shall not exceed the Maximum Availability.

Section 4.02 Conditions Precedent to the Effective Date. The effectiveness of this Agreement, all Commitments hereunder, and any other Loan Document (other than the Fee Letter) executed in connection herewith, is subject to the satisfaction (or waiver in accordance with Section 10.08) of the following conditions:

(a) The Administrative Agent (or its counsel) shall have received (1) a duly executed counterpart of this Agreement from each of the Administrative Agent, the Lenders party hereto as of the Effective Date, and Holdings, and (2) a duly executed counterpart of the Fee Letter, from each of the Administrative Agent and Holdings.

(b) The representations and warranties of Holdings set forth in Sections 3.01(a) and (d), 3.02(a) and (b)(i)(B), 3.03, 3.11, 3.22, the final sentence of 3.25(b) and the final sentence of 3.26 of this Agreement shall be true and correct in all material respects as of the Effective Date, 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).

(c) No Event of Default or Default shall have occurred and be continuing.

(d) The Administrative Agent (or its counsel) shall have received a certificate from a Responsible Officer of Holdings certifying as to the matters specified in clauses (b) and (c) of this Section 4.02.

(e) Holdings and the Seller shall have entered into the Purchase Agreement simultaneously or substantially concurrently with the effectiveness of this Agreement.

For purposes of determining compliance with the conditions specified in 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.

Section 4.03 Conditions Precedent to the Closing Date. The occurrence of the Closing Date is subject to the satisfaction (or waiver in accordance with Section 9.08) of the following conditions:

(a) The Administrative Agent (or its counsel) shall have received (x) a joinder to this Agreement in the form of Exhibit L executed by the Borrower and (y) Schedules 1.01(G) and 1.01(H) to this Agreement.

(b) The Administrative Agent shall have received, on behalf of itself and the Lenders and each Issuing Bank, a favorable written opinion of each of (1) Paul, Weiss, Rifkind, Wharton & Garrison LLP, 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 (or equivalent documentation) 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 (or equivalent documentation) 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) The Acquisition shall be consummated simultaneously or substantially concurrently with the closing under this Agreement in accordance with applicable law and the terms and conditions of the Acquisition as set forth in the Purchase Agreement, without giving effect to any amendment, waiver, consent or other modification thereof by the Borrower that is materially adverse to the interests of the Arranger and the Lenders (in their capacities as such) unless it is approved by the Arranger (which approval shall not be unreasonably withheld or delayed).

(f) Prior to, simultaneously, or substantially concurrently with, the closing under this Agreement, the Co-Investors shall have contributed an aggregate amount in cash of not less than $240,000,000 directly or indirectly to Holdings in the form of cash common equity of Holdings, or other equity of Holdings on terms reasonably acceptable to the Administrative Agent on or prior to the Closing Date (the "Equity Financing").

(g) On the Closing Date, after giving effect to the Transactions and the other transactions contemplated hereby to be consummated on or prior to the Closing Date, none of Holdings, the Borrower or any of the Subsidiaries shall have any 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, (ii) Indebtedness permitted to be incurred or outstanding on or prior to the Closing Date pursuant to the Purchase Agreement and (iii) other Indebtedness permitted under Section 6.01 or approved by the Arranger in its reasonable discretion. Without limiting the foregoing or clause (d) above, the Administrative Agent shall have received an executed payoff letter with respect to the Existing Credit Facility in form and substance reasonably satisfactory to the Administrative Agent, and, simultaneously or substantially concurrently with the closing under this Agreement, 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 Facility, 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.

(h) 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 the Subsidiaries on a consolidated basis after giving effect to the Transactions to be consummated on or prior to the Closing Date.

(i) The Agents shall have received all fees payable thereto or to any Lender on or prior to the Closing Date and, to the extent invoiced, all other amounts due and payable pursuant to the Loan Documents on or prior to the Closing Date, including, 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.

(j) Except as set forth in Schedule 5.10 (which, for the avoidance of doubt, shall override the applicable clauses of the definition of "Collateral and Guarantee Requirement" for the purposes of this Section 4.03) and subject to the grace periods and post-closing periods set forth in such definition, the Collateral and Guarantee Requirement shall be satisfied (or waived) as of the Closing Date.

(k) The Administrative Agent shall have received no later than the day before the Closing Date 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.

(l) The representations and warranties set forth in the Loan Documents shall be true and correct in all material respects as of such the Closing Date, 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).

(m) No Event of Default or Default shall have occurred and be continuing.

(n) The Administrative Agent (or its counsel) shall have received a certificate from a Responsible Officer of the Borrower certifying as to the matters specified in clauses (l) and (m) of this Section 4.03.

For the avoidance of doubt, if the Closing Date has not occurred on or prior to the Outside Date, then the Closing Date shall not occur, and the Commitments and this Agreement (other than the provisions hereof that expressly survive termination of this Agreement) shall terminate on such Outside Date in accordance with Section 2.08 hereof.

For purposes of determining compliance with the conditions specified in this Section 4.03, 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.

## ARTICLE V

## Affirmative Covenants

The Borrower 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, 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, deliver a certificate of an insurance broker to the Collateral Agent; 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 National Flood Insurance Act of 1968 (as now or hereafter in effect or successor act thereto), (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.

(d) In connection with the covenants set forth in this Section 5.02, it is understood and agreed that:

(i) none of the Collateral Agent, the Lenders, the Issuing Bank and their respective agents or employees shall 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 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 on 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 Collateral Agent, the Lenders 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) 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, 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 120 days after the end of the fiscal year ending December 31, 2017 and within 90 days after the end of 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, starting with the fiscal year ending December 31, 2018, setting forth in comparative form the corresponding figures for the prior fiscal year, in each case, together with a Metric Report with respect thereto, which consolidated balance sheet and related statements of operations, cash flows and owners' equity shall be 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 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 90 days after the end of the first full fiscal quarter ending after the Closing Date, and within 60 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the second full fiscal quarter ending after the Closing Date), 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, starting with the fifth full fiscal quarter ending after the Closing Date, 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 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) in each case, together with a Metric Report with respect thereto (it being understood that the delivery by the Borrower of quarterly reports on Form 10-Q 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 and (ii) commencing with the end of the first full fiscal quarter after the Closing Date, setting forth computations in reasonable detail of the Financial Covenant and setting forth the calculation of Availability as of the end of such quarter 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(h)) 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 December 31, 2019), 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 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) 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 Covenant) will satisfy the requirements of such paragraphs;

(i) following the occurrence and during the continuance of a Reporting Triggering Event, monthly inventory reports, summaries of receivables and payables and information concerning aging of receivables and payables, as applicable, in each case in scope and format consistent with the Borrower's systems as determined by the Borrower and the Administrative Agent in its Reasonable Credit Judgment; provided, however, that the foregoing information with respect to any business or assets acquired by a Loan Party after the Closing Date may be of a different scope and/or in a different format as determined by the Borrower and the Administrative Agent in its Reasonable Credit Judgment prior to the time such acquired business or asset is integrated into the Borrower's systems; and

(j) on or before the fifteenth Business Day following the end of each month, commencing with the first full month beginning after the Initial Borrowing Base Certificate Date, a Borrowing Base Certificate from the Borrower as of the last day of such immediately preceding month, with such customary supporting information as the Administrative Agent may reasonably request. Notwithstanding the foregoing, after the occurrence and during the continuance of a Reporting Triggering Event, the Borrower shall, if requested by the Administrative Agent, execute and deliver to the Administrative Agent Borrowing Base Certificates weekly on or before the fifth Business Day following the end of the week. The Borrower may, at its option, deliver Borrowing Base Certificates more frequently than required by the foregoing provisions of this Section 5.04(j). The Borrower shall provide the Administrative Agent and its advisors and consultants with access and information relating to the Borrower, the Subsidiary Loan Parties and their respective assets that is sufficient in the Borrower's good faith determination for the Administrative Agent and its advisors and consultants to complete, no later than the Startup Date and at the expense of the Borrower, a

customary field examination and inventory appraisal, which shall be in addition to the Collateral Audits and appraisals permitted under Section 5.07. The Borrower shall deliver the initial Borrowing Base Certificate no later than the Startup Date; provided, that the Borrower shall not be required to deliver (but may in its discretion elect to deliver) the initial Borrowing Base Certificate before the Startup Date.

The Borrower hereby acknowledges and agrees that all financial statements furnished pursuant to paragraphs (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 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.

Section 5.07 Maintaining Records; Access to Properties and Inspections; Collateral Audits; Appraisals.

(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 (at such Lender's expense) to visit and inspect (other than in connection with a Collateral Audit or an appraisal pursuant to clauses (b) and (c) of this Section 5.07, respectively) 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 (at such Lender's expense) upon reasonable prior notice to Holdings (prior to a Qualified IPO), 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. The visitation and inspection rights of the Administrative Agent and its designees, including in connection with any Collateral Audit or appraisal, shall be subject to at least five (5) Business Days' prior notice (or, if an Event of Default or Appraisal Triggering Event has occurred and is continuing, at least one Business Day's prior notice) and shall be at such reasonable times, during normal business hours and without undue disruption to the business of Holdings, the Borrower or any of the Subsidiaries.

(b) If no Appraisal Triggering Event or an Event of Default has occurred and is continuing during any twelve-month period, the Administrative Agent (either by itself or by a third-party consultant reasonably satisfactory to the Administrative Agent and the Borrower) shall not conduct more than one Collateral Audit during such twelve-month period (or, during the first consecutive twelve-month period after the Closing Date, not more than two Collateral Audits). If an Appraisal Triggering Event has occurred and is continuing during any twelve-month period, the Administrative Agent (either by itself or by a third party consultant reasonably satisfactory to the Administrative Agent and the Borrower) may conduct one additional Collateral Audit during such twelve-month period. If an Event of Default has occurred and is continuing, the Administrative Agent (either by itself or by a third-party consultant reasonably satisfactory to the Administrative Agent and the Borrower) may conduct Collateral Audits as are deemed reasonably necessary by the Administrative Agent without limitation on the number thereof or otherwise counting against the number of Collateral Audits that may be conducted under this clause (b). Any Collateral Audit conducted at the request of the Borrower in connection with a Material Increase Acquisition shall count as a Collateral Audit for purposes of the preceding sentence if such Collateral Audit is not primarily limited in scope to the assets acquired in such Material Increase Acquisition. The Borrower agrees to reimburse the Administrative Agent for its actual and documented out-of-pocket costs and expenses reasonably incurred in connection with the Collateral Audits referred to in this clause (b).

(c) If no Appraisal Triggering Event or Event of Default has occurred and is continuing in any twelve-month period, the Borrower shall provide to the Administrative Agent, upon request of the Administrative Agent and at the expense of the Borrower, during such twelve-month period, one appraisal or update thereof of any or all of the inventory Collateral from one or more Acceptable Appraisers, and prepared in a form and on a basis reasonably satisfactory to the Administrative Agent, which appraisal and/or update shall include information required by applicable law and by the internal policies of the Lenders; provided, that

if an Appraisal Triggering Event has occurred and is continuing during any twelve-month period, the Administrative Agent shall be entitled to receive up to two such appraisals or updates during such twelve-month period. If an Event of Default has occurred and is continuing, the Administrative Agent shall be entitled to receive such appraisals or updates as are deemed reasonably necessary by the Administrative Agent without limitation on the number thereof or otherwise counting against the number of appraisals or updates that may be conducted under this clause (c). Any appraisals or updates conducted at the request of the Borrower in connection with a Material Increase Acquisition shall count as appraisals or updates for purposes of the preceding sentence if such appraisals or updates are not primarily limited in scope to the assets acquired in such Material Increase Acquisition. In addition, the Loan Parties shall have the right (but not the obligation), at their expense, at any time and from time to time to provide the Administrative Agent with additional appraisals or updates thereof of any or all of the inventory Collateral from one or more Acceptable Appraisers selected and engaged by the Administrative Agent, and prepared in a form and on a basis reasonably satisfactory to the Administrative Agent, in which case such appraisals or updates shall be used in connection with the calculation of the Borrowing Base hereunder. With respect to each appraisal made pursuant to this Section 5.07(c), (i) the Administrative Agent and the Loan Parties shall each be given a reasonable amount of time to review and comment on a draft form of the appraisal prior to its finalization and (ii) any adjustments to the Borrowing Base hereunder as a result of such appraisal shall become effective upon the twentieth (20th) day following the finalization of such appraisal (except to the extent otherwise provided in the fourth paragraph of the definition of "Borrowing Base" with respect to Material Increase Acquisitions).

(d) Conduct asset and maintenance monitoring of all Spare Engines constituting Eligible Equipment in a manner consistent with past practices and in accordance with the operating procedures of the Borrower or such Subsidiary Loan Party.

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, mortgages with the FAA with respect to Spare Engines, Mortgages and other documents and the registration of International Interests with the International Registry with respect to Spare Engines) that the Collateral 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, evidence reasonably satisfactory to the Collateral 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) 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.

(c) (i) Grant and cause each of the Subsidiary Loan Parties to grant to the Collateral Agent security interests in, and mortgages on, any Material Real Property of the Borrower or such Subsidiary Loan Parties, as applicable, that are not Mortgaged Property as of the Closing Date, to the extent acquired after the Closing Date, within 90 days after such acquisition (or such later date as the Collateral Agent may agree in its reasonable discretion) pursuant to documentation in such other form as is reasonably satisfactory to the Collateral Agent and the Borrower (each, an "Additional Mortgage"), which security interest and mortgage shall constitute valid and enforceable Liens subject to no other Liens except Permitted Liens, at the time of recordation thereof, (ii) record or file, and cause each such Subsidiary to record or file, the Additional Mortgage or instruments related thereto in such manner and in such places as is required by law to establish, 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 Additional Mortgages and pay, and cause each such Subsidiary 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, and (iii) deliver to the Collateral Agent an updated Schedule 1.01(B) reflecting such additional Mortgaged Properties. Unless otherwise waived by the Collateral Agent, with respect to each such Additional Mortgage, the Borrower shall 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 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 Collateral Agent shall 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 Collateral Agent shall 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 Collateral 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 Collateral 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 Collateral Agent shall 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 organizational identification number, (D) in any Loan Party's jurisdiction of organization or (E) 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 Collateral 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 the 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 to the extent constituting Eligible 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 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 not in violation of Section 6.09(c) (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), (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 Holdings, the Borrower or any Subsidiary 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 Collateral 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 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 with the United States Patent and Trademark Office, (ix) [reserved], (x) any Excluded Securities, (xi) any Excluded Deposit Accounts (xii) any Third Party Funds, (xiii) any equipment or other asset that is subject to a Lien permitted by any of clauses (c), (i), (j) or (ii) 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), (xiv) 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, (xv) aircrafts and (xvi) 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 no asset included in the Borrowing Base 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 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 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, lockbox or similar agreement or arrangement shall be required with respect to any deposit accounts, securities accounts or commodities accounts, (C) no foreign law governed security documents or registrations (other than, for the avoidance of doubt, any registration of International Interests with the International Registry with respect to Spare Engines that are to be included in Eligible Equipment) shall be required, (D) 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, (E) no notices shall be required to be sent to account debtors or other contractual third parties prior to the occurrence and during the continuance of an Event of Default, and (F) 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 reasonably agreed to by the Collateral Agent.

(h) If any person becomes a Loan Party after the Closing Date (whether by acquisition, formation or otherwise), such person shall comply with the provisions of Section 5.11, including, within 90 days after the date on which such Subsidiary is formed or acquired or such longer period as the Collateral Agent shall agree in its reasonable discretion, by entering into Account Control Agreements with the Collateral Agent and any bank or other financial institution with which such Loan Party maintains (i) primary concentration accounts or (ii) such other accounts that do not qualify as Exempted Accounts, in respect of each such account; provided, that no such Account Control Agreement shall be required before the date that is 150 days after the Closing Date.

Section 5.11 Cash Management Systems; Application of Proceeds of Accounts.

(a) Within 150 days after the Closing Date (or such later day as the Administrative Agent may reasonably agree), each Loan Party shall enter into a customary account control agreement, in a form reasonably satisfactory to the Administrative Agent (each, an "Account Control Agreement") with the Collateral Agent and any bank or other financial institution with which such Loan Party maintains (x) primary concentration accounts or (y) such other accounts that exist on the Closing Date and do not qualify as Exempted Accounts, in respect of each such account. In addition, each applicable Loan Party shall enter into an Account Control Agreement with respect to any new account that does not qualify as, or any account that ceases to be, an Exempted Account, in each case within 90 days (or such longer period as the Administrative Agent may reasonably agree) after such account is established or ceases to be an Exempted Account, as applicable; provided, that no such Account Control Agreement shall be required before the date that is 150 days after the Closing Date.

(b) At any time after the occurrence and during the continuance of a Cash Dominion Triggering Event, the Administrative Agent shall have the right to deliver a Notice of Sole Control (or similar term, as defined in each Account Control Agreement) with respect to each Controlled Account and to transfer or cause to be transferred, no less frequently than once per Business Day (unless the Termination Date has occurred), all available cash balances and cash receipts, including the then contents or then entire ledger balance of each Controlled Account net of such minimum balance (not to exceed (i) in the case of any primary concentration account, $100,000 individually and $500,000 in the aggregate and (ii) in the case of any other Controlled Account, $75,000 individually and $250,000 in the aggregate), if any, to an account of, and maintained by, the Collateral Agent in the name of the Borrower (the "Collateral Agent Account"). Subject to the terms of the Collateral Agreement and, if applicable, Section 2.18(b), all amounts received in the Collateral Agent Account shall be distributed and applied on a daily basis by the Administrative Agent to repay outstanding Loans and, if an Event of Default has occurred and is continuing, to Cash Collateralize any Revolving L/C Exposure in respect of outstanding Letters of Credit in accordance with Section 2.05(j); provided, that, for the avoidance of doubt, any repayment or prepayment of the Revolving Loans pursuant to this sentence shall not reduce the Revolving Commitments then in effect.

(c) 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 Permitted Intercreditor Agreement, if applicable.

(d) The Loan Parties may close and/or open any account (including any Controlled Account) maintained at any bank or other financial institution subject to the applicable requirements of Section 5.11(a).

(e) So long as no Cash Dominion Triggering Event has occurred and is continuing, the Loan Parties shall have full and complete access to, and may direct, and shall have sole control over, the manner of disposition of funds in all Controlled Accounts.

(f) At any time after the occurrence and during the continuance of a Cash Dominion Triggering Event, (i) any cash or cash equivalents owned by any Loan Party (other than (x) an amount not to exceed $2,000,000 in the aggregate that is on deposit in a segregated account which the Borrower designates in writing to the Administrative Agent as being the "uncontrolled cash account" (the "Designated Disbursement Account"), (y) de minimis cash or cash equivalents from time to time inadvertently misapplied by any Loan Party and (z) cash or cash equivalents in any Excluded Deposit Accounts) that are deposited to any account, or held or invested in any manner, otherwise than in a Controlled Account, such cash or cash equivalents shall be transferred to a Controlled Account no less frequently than once per Business Day and (ii) no funds on deposit in the Designated Disbursement Account shall be used for any purpose other than (A) general corporate purposes, including the payment of trade payables and operating expenses incurred by the Loan Parties in the ordinary course of business (including any debt service payment due in respect of any Indebtedness of the Loan Parties otherwise permitted hereunder) and (B) up to $500,000 for such other purposes permitted hereunder as the Loan Parties may deem appropriate.

(g) The Administrative Agent shall promptly (but in any event within one (1) Business Day of obtaining knowledge thereof) (a) furnish written notice to each person with whom a Controlled Account is maintained of any termination of a Cash Dominion Triggering Event or (b) take such other action and execute such other documents as may be reasonably requested by the Borrower or the applicable Loan Party in connection with any termination of a Cash Dominion Triggering Event.

(h) Notwithstanding anything herein to the contrary, it is understood and agreed that no blocked account or other control agreements shall be required with respect to (a) any disbursement or payroll accounts used solely for such purposes, (b) any Excluded Deposit Accounts, (c) the Designated Disbursement Account or (d) any other accounts (including deposit accounts) with an average monthly balance of less than $500,000 individually or $1,000,000 in the aggregate (any such excluded accounts in this clause (g), the "Exempted Accounts").

(i) 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 Termination Date or (y) when no Cash Dominion Triggering Event exists, shall (subject in the case of subclause (x) to the provisions of any Permitted Intercreditor Agreement, if applicable) be remitted to an account of the Borrower designated by the Borrower to the Administrative Agent.

Section 5.12 Post-Closing . Take all necessary actions to satisfy the items described on Schedule 5.10 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, from and after the Closing Date and until the Termination Date, unless the Required Lenders 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) Indebtedness existing 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 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) Indebtedness created hereunder (including pursuant to Section 2.21) and under the other Loan Documents and 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 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 practices;

(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 shall be subject to Section 6.04(b) and (ii) Indebtedness owed by any Loan Party to any Subsidiary that is not a Loan Party shall be subordinated to the Loan Obligations under this Agreement on subordination terms described in the intercompany note substantially in the form of Exhibit K hereto or on 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 and completion guarantees and similar obligations, in each case provided in the ordinary course of business or consistent with past practice or industry practices, including those incurred to secure health, safety and environmental obligations in the ordinary course of business or consistent with past practice or industry practices;

(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 the ordinary course of business or other cash management services, in each case incurred in the ordinary course of business;

(h) [Reserved];

(i) Capitalized Lease Obligations and mortgage financings incurred by the Borrower or any Subsidiary prior to or within 270 days after the acquisition, lease, construction, repair, replacement or improvement of the respective property (real or personal, and 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, repair, replacement or improvement, 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(i), would not exceed the sum of (x) the greater of $5,000,000 and 0.046 times EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period and (y) Capitalized Lease Obligations in respect of the hangar known as "Building B" at Minneapolis-Saint Paul International Airport, in the case of this clause (y), in an aggregate amount not to exceed $15,000,000 at any one time outstanding, and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(j) Capitalized Lease Obligations incurred by the Borrower or any Subsidiary in respect of any Sale and Lease-Back Transaction that is permitted under Section 6.03 and any Permitted Refinancing Indebtedness in respect thereof;

(k) [Reserved];

(l) [Reserved];

(m) Guarantees (i) by Holdings, 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 on ordinary business terms so long as such Indebtedness is permitted to be incurred hereunder 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 under this Agreement 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 the Transactions, 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 practices;

(p) Indebtedness to finance the acquisition or ownership of aircrafts 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;

(q) 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;

(r) other unsecured Indebtedness or Indebtedness secured 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 $10,000,000, and any Permitted Refinancing Indebtedness in respect thereof;

(s) [Reserved];

(t) [Reserved];

(u) Indebtedness incurred in the ordinary course of business 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 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 the Subsidiaries, any direct or indirect parent thereof) or any Subsidiary incurred in the ordinary course of business;

(w) obligations in respect of Cash Management Agreements;

(x) [Reserved];

(y) [Reserved];

(z) [Reserved];

(aa) Indebtedness incurred on behalf of, or representing Guarantees of Indebtedness of, joint ventures 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(aa), would not exceed the greater of $5,000,000 and 0.046 times EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period, and any Permitted Refinancing Indebtedness in respect thereof;

(bb) Indebtedness issued by the Borrower or any Subsidiary to current or former officers, directors and employees, their respective estates, spouses or former spouses to finance the purchase or redemption of Equity Interests of Holdings or any Parent Entity permitted by Section 6.06;

(cc) Indebtedness consisting of obligations of the Borrower or any Subsidiary under deferred compensation or other similar arrangements incurred by such person in connection with the Transactions and Permitted Business Acquisitions or any other Investment permitted hereunder;

(dd) 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 in connection with the cash management operations (including with respect to intercompany self-insurance arrangements) of the Borrower and the Subsidiaries;

(ee) [Reserved];

(ff) [Reserved]; and

(gg) 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 (ff) above or refinancings thereof.

For purposes of determining compliance with this Section 6.01, 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), 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 described in Sections 6.01(a) through (gg) but may be permitted in part under any combination thereof and (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 described in Sections 6.01(a) through (gg), the Borrower shall, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such item of Indebtedness (or any portion thereof) in any manner that complies with this Section 6.01 and will only be required to include the amount and type of such item of Indebtedness (or any portion thereof) in one of the above clauses and such item of Indebtedness shall be treated as having been incurred or existing pursuant to only one of such clauses; provided, that (i) all Indebtedness under outstanding on the Closing Date under this Agreement shall at all times be deemed to have been incurred pursuant to clause (p)(i) of this Section 6.01. 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.

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 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(a), 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) [Reserved];

(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 landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's, suppliers', 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 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 and appeal 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, restrictions and declarations 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) subject to the last paragraph of this Section 6.02, Liens securing Indebtedness permitted by Section 6.01(i); 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 and customary security deposits; provided, that individual financings provided by one lender may be cross-collateralized to other financings provided by such lender (and its Affiliates);

(j) Liens arising out of capitalized lease transactions permitted under Section 6.03, so long as such Liens attach only to the property sold and being leased in such transaction and any accessions and additions thereto or proceeds and products thereof and related property;

under Section 7.01(j);

(k) Liens securing judgments that do not constitute an Event of Default

(l) Liens disclosed by the title insurance policies delivered with respect to the Mortgaged Property set forth on Schedule 1.01(B) as of the Closing Date or subsequent to the Closing Date pursuant to Section 5.10 or Schedule 5.10 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; 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 (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 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 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 the 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) subject to the last paragraph of this Section 6.02, Liens with respect to property or assets of any person securing Indebtedness permitted under Section 6.01(aa);

(u) Liens on any amounts held by a trustee 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 their 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;

(y) Liens on Equity Interests in joint ventures (i) securing obligations of such joint venture or (ii) pursuant to the relevant joint venture agreement or arrangement;

(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 non-recourse sales or factoring of receivables owned by any Foreign Subsidiary that extend only to the receivables and associated ancillary rights subject thereto;

(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 on not more than $2,000,000 of deposits securing Hedging Agreements entered into for non-speculative purposes;

(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 the Collateral that are junior to the Liens thereon securing the Loan Obligations securing Indebtedness incurred under Section 6.01(r) so long as such junior Liens are subject to a Permitted Intercreditor Agreement;

(hh) 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;

(ii) Liens on any aircraft and aircraft equipment, including airframes, engines, appliances, equipment, instruments or related property securing Indebtedness permitted by Section 6.01(p);

(jj) [Reserved];

(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 (x) 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 encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business;

(mm) [Reserved]; and

(nn) other Liens with respect to property or assets of the Borrower or any Subsidiary securing obligations in an aggregate principal amount that at the time of, and after giving effect to, the incurrence of such Liens, would not exceed the greater of $5,000,000 and 0.046 times EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period.

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 described in Sections 6.02(a) through (nn) 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 described in Sections 6.02(a) through (nn), the Borrower shall, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such Lien securing such item of Indebtedness (or any portion thereof) in any manner that complies with this covenant and will only be required to include the amount and type of such Lien or such item of Indebtedness secured by such Lien in one of the above clauses and such Lien securing such item of Indebtedness will be treated as being incurred or existing pursuant to only one of such clauses. 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.

With respect to each of clauses (c), (i) and (t)(ii) of this Section 6.02, it is hereby understood that with respect to any Liens on the Collateral being incurred under such clause to secure Permitted Refinancing Indebtedness, if Liens on the Collateral securing the Indebtedness being Refinanced (if any) were secured on a basis junior to the Liens thereon securing the Loan Obligations, then any Liens on such Collateral being incurred under such clause to secure Permitted Refinancing Indebtedness shall also be secured on a basis junior to the Liens thereon securing the Loan Obligations, and any such Liens shall be subject to a Permitted Intercreditor Agreement, as applicable.

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) aircrafts 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 loans or advances in respect of (A) intercompany current liabilities incurred in connection with the cash management 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 industry practices), 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) Investments made pursuant to the Purchase Agreement or in connection with the Transactions;

(b) after giving effect to the applicable Investments, (i) Investments by the Borrower or any Subsidiary in the Equity Interests of the Borrower or any Subsidiary; (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 amount of (A) Investments (valued at the time of the making thereof and without giving effect to any write-downs or write-offs thereof) 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 (1) $5,000,000 and (2) 0.046 times 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 sale of assets permitted under Section 6.05;

(e) loans and advances to officers, directors, employees or consultants of the Borrower or any Subsidiary (i) in the ordinary course of business not to exceed the greater of $1,000,000 and 0.009 times EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period in the aggregate at any time outstanding (calculated without regard to write downs or write offs thereof), (ii) in respect of payroll payments and expenses in the ordinary course of business and (iii) 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 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;

(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 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 as in existence on the Closing Date);

(i) Investments resulting from pledges and deposits under Sections 6.02(f), (g), (o), (r), (s), (ee), (ll) and (nn);

(j) other Investments by the Borrower or any Subsidiary in an aggregate amount (valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) not to exceed the sum of (X) the greater of $5,000,000 and 0.046 times 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 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 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 the 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;

(q) Investments to the extent that payment for such Investments is made with Equity Interests of Holdings or any Parent Entity;

(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) 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 consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Uniform Commercial Code Article 4 customary trade arrangements with customers;

(u) Investments in Subsidiaries that are not Loan Parties after giving effect to the applicable Investments in an aggregate amount (valued at the time of the making thereof and without giving effect to any write-downs or write-offs thereof) not to exceed the sum of the greater of $5,000,000 and 0.046 times EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period in the aggregate 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 Investments theretofore made pursuant to this Section 6.04(u);

(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 the 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 the licensing or contribution of Intellectual Property pursuant to joint marketing arrangements with other persons;

(z) 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;

(aa) Investments received substantially contemporaneously in exchange for Equity Interests of the Borrower, Holdings or any Parent Entity;

(bb) Investments in joint ventures in an aggregate amount not to exceed the sum of (X) the greater of $5,000,000 and 0.046 times 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 by the respective investor in respect of investments theretofore made by it pursuant to this clause (bb); provided, that if any Investment pursuant to this clause (bb) 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(bb);

(cc) Investments in a Similar Business in an aggregate amount (valued at the time of the making thereof, and without giving effect to any write downs or write offs thereof) not to exceed the sum of (X) the greater of $5,000,000 and 0.046 times 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 clause (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 any Unrestricted Subsidiaries in an aggregate amount (valued at the time of the making thereof, and without giving effect to any write downs or write offs thereof) not to exceed the sum of (X) the greater of $2,000,000 and 0.018 times 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); and

(ee) other Investments; provided, that at the time such Investment is made, the Payment Conditions are satisfied;

The amount of Investments that may be made at any time pursuant to Section 6.04(b), 6.04(j) or 6.04(cc) (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 Sections; provided, that the amount of each such increase in respect of one Related Section shall be treated as having been used under one of the other Related Sections.

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 (as determined by the Borrower in good faith) valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof.

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 non-recourse sale or factoring of receivables that are owned by any Foreign Subsidiary, in each case, in the ordinary course of business by the Borrower or any Subsidiary, (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 in the ordinary course of business by

the Borrower or any Subsidiary, (iv) the assignment by the Borrower and any Subsidiary in connection with insurance arrangements of their rights and remedies under, and with respect to, the Purchase Agreement in respect of any breach by any Seller of its representations and warranties set forth therein or (v) 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, (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 in the best interests of the Borrower and is not materially disadvantageous to the Lenders or (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, which shall be a Loan Party if the merging or consolidating Subsidiary was a Loan Party and which together with each of the Subsidiaries shall have complied with the requirements of Section 5.10;

(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 either (i) on terms that are substantially no less favorable to such Loan Party, 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 such Loan Party in good faith or (ii) be counted as an Investment to the extent of any shortfall below fair market value and permitted to the extent permitted by Section 6.07;

(d) Sale and Lease-Back Transactions permitted by Section 6.03;

(e) (i) Investments permitted by Section 6.04, Permitted Liens, and Restricted Payments permitted by Section 6.06 and (ii) any Disposition made pursuant to the Purchase Agreement;

(f) Dispositions of defaulted receivables in the ordinary course of business and not as part of an accounts receivable financing transaction;

(g) Dispositions of assets not otherwise permitted by this Section 6.05;

(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;

(i) leases, licenses or subleases or sublicenses any real or personal property in the ordinary course of business;

(j) Dispositions of inventory of Dispositions or abandonment of Intellectual Property of the Borrower and the 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 (including any Disposition of foreign Intellectual Property rights);

(k) [Reserved];

(l) any exchange of assets for services and/or other assets of comparable or greater value; provided, that (i) 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, as applicable; provided, further, that (A) the aggregate gross consideration (including exchange assets, other non-cash consideration and cash proceeds) of any or all assets exchanged in reliance upon this clause (l) shall not exceed, in any fiscal year of the Borrower, the greater of $5,000,000 and 0.046 times EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period and (B)) no Default or Event of Default exists or would result therefrom;

(m) [Reserved];

(n) Dispositions not otherwise permitted by this Section 6.05; provided, that (i) the aggregate gross proceeds thereof shall not exceed, in any fiscal year of the Borrower, the greater of $5,000,000 and 0.046 times EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period, as applicable (it being understood that amounts not fully utilized in any fiscal year may be carried forward and utilized in subsequent fiscal years); (ii) with respect to any Disposition (in a single transaction or a series of related transactions) of assets constituting Collateral for an aggregate consideration in excess of $500,000, the Borrower shall have delivered a Borrowing Base Certificate to the Administrative Agent in respect of such Disposition; (iii) no Default or Event of Default exists or would result therefrom and (iv) with respect to any Disposition with aggregate gross proceeds (including noncash proceeds) in excess of $5,000,000, the Borrower shall be in compliance with the Financial Performance Covenant on a Pro Forma Basis; and

(o) other Dispositions; provided, that at the time such Disposition is made, the Payment Conditions are satisfied; provided, further, that with respect to any Disposition (in a single transaction or a series of related transactions) of assets constituting Collateral for an aggregate consideration in excess of $500,000, the Borrower shall have delivered a Borrowing Base Certificate to the Administrative Agent in respect of such Disposition.

Notwithstanding anything to the contrary contained in Section 6.05 above, (i) no Disposition of assets under Sections 6.05(d), (g), (n) and (o) shall be permitted unless 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) no Disposition of assets under Sections 6.05(g), (n) and (o) shall be permitted unless such Disposition (except to Loan Parties) is for at least 75% cash consideration; 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 of not more than the greater of $5,000,000 and 0.046 times 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), with respect to Dispositions of assets 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), and (c) any Designated Non-Cash Consideration received by the Borrower or any of the 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 0.009 times EBITDAR calculated on a Pro Forma Basis for the then most recently ended Test Period 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).

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) 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 debt securities 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 (and 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) (A) 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 or local income tax purposes, distributions to any direct or indirect parent of the Borrower in an amount not to exceed the amount of any U.S. federal, state, local or foreign taxes that the Borrower and/or its Subsidiaries, as applicable, would have paid for such taxable period had the Borrower and/or its Subsidiaries, as applicable, been a stand-alone corporate taxpayer or a stand-alone corporate group or (B) in respect of any taxable period for which the Borrower is treated as a partnership or disregarded entity for U.S. federal and/or applicable state, local or foreign tax purposes, except in the case in which the Borrower is treated as 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 or local income tax purposes, distributions to any direct or indirect owners of the Borrower in an amount not to exceed the product of the amount of taxable income of the Borrower and/or the Subsidiaries for such taxable period, and the Hypothetical Tax Rate and (vi) customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers, directors and employees 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 shall be 100% at any time that, as the case may be, (x) Holdings owns no material assets other than the Equity Interests in the Borrower and assets incidental to such equity ownership or (y) any Parent Entity owns directly or indirectly no material assets other than Equity Interests in Holdings and any other Parent Entity and assets incidental to such equity ownership);

(c) Restricted Payments may be made to Holdings, the proceeds of which are used to purchase or redeem the Equity Interests of Holdings, the Borrower or any Parent Entity or Subsidiaries (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 calendar year $1,000,000 (which shall increase to $2,000,000 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, (y) the amount of net proceeds of any key-man life insurance policies received during such calendar year, and (z) the amount of any cash bonuses otherwise payable to members of management, directors or consultants of

Holdings, any Parent Entity, the Borrower or the Subsidiaries in connection with the Transactions that are foregone in return for the receipt of Equity Interests), 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) any Restricted Payments may be made so long as the Payment Conditions are satisfied at the time such Restricted Payments are made;

(f) Restricted Payments may be made under the Purchase Agreement (as in effect on the Closing Date);

(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 net proceeds received by Holdings, the Borrower or any Parent Entity from any public offering of Equity Interests of the Borrower or any Parent Entity;

(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) [Reserved];

(k) other Restricted Payments may be made in an aggregate amount not to exceed $5,000,000; or

(l) Restricted Payments may be made in connection with the Transactions.

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 payment would have complied with the provisions of this Agreement.

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 (or series of related transactions) is (i) otherwise permitted (or required) under this Agreement or (ii) upon terms that are substantially no less favorable 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 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 a Subsidiary is the surviving entity),

(iv) the payment of fees, reasonable out-of-pocket costs and indemnities to 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 in 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 when taken as a whole in any material respect (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 Collateral Agreement,

(ix) payments by the Borrower or any of the Subsidiaries to the Fund or any Fund Affiliate 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, or a majority of Disinterested Directors of the Borrower, in good faith,

(x) transactions for the purchase or sale of goods, equipment, products, parts and 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 (A) in the good faith determination of the Borrower qualified to render such letter and (B) reasonably satisfactory to the Administrative Agent, which letter states that (i) such transaction is on terms that are no less favorable 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 to the Borrower or such Subsidiary, as applicable, from a financial point of view,

(xii) subject to subclause (xiv) below, if applicable, the payment of all fees, expenses, bonuses and awards related to the Transactions, including fees to the Fund or any Fund Affiliate,

(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,

(xiv) any agreement to pay, and the payment of, monitoring, consulting, management, transaction, advisory or similar fees payable to the Fund or any Fund Affiliate (A) in an aggregate amount in any fiscal year not to exceed the sum of (1) the greater of $2,500,000 and.023 times EBITDAR 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 (including the Transactions) with respect to which the Fund or any Fund Affiliate provides any transaction, advisory or other services, 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 the Fund and its Fund Affiliates; 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) the issuance of Equity Interests to the management of Holdings, any Parent Entity, the Borrower or any Subsidiary in connection with the Transactions,

(xvii) payments by Holdings (and 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) 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 the Borrower in good faith, (ii) made in compliance with applicable law and (iii) otherwise permitted under this Agreement,

(xix) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Agreement that are fair to the Borrower or the Subsidiaries,

(xx) 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,

(xxi) transactions permitted by, and complying with, the provisions of Section 6.05,

(xxii) 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

(xxiii) Investments by the Fund or a Fund Affiliate 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, 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.

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.

(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 or Specified 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 or Specified 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 or Specified Financing from constituting "applicable high yield discount obligations" within the meaning of Section 163(i)(l) of the Code, and, to the extent this Agreement is then in effect, principal on the scheduled maturity date of any Junior or Specified Financing,

(C) payments or distributions in respect of all or any portion of the Junior or Specified Financing, as applicable, 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,

(D) the conversion of any Junior or Specified Financing to Equity Interests of Holdings or any Parent Entity,

(E) additional payments and distributions so long as the Payment Conditions are satisfied at the time such payments or distributions are made,

(F) other payments and distributions in an aggregate amount not to exceed $5,000,000; or

(ii) Amend or modify, or permit the amendment or modification of, any provision of any Junior or Specified Financing or any Permitted Refinancing Indebtedness in respect thereof, or any agreement, document or instrument evidencing or relating to any of the foregoing, other than amendments 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, if applicable, 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 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 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;

(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(k), (l), (r), (s) or (ff) or Permitted Refinancing Indebtedness in respect thereof;

(G) customary provisions contained in leases or licenses of Intellectual Property and other similar agreements entered into in the ordinary course of business;

(H) customary provisions restricting subletting or 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 contained in Real Property leases entered into by Subsidiaries, 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 the Subsidiaries to meet their ongoing obligations;

(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; or

(Q) any encumbrances or restrictions of the type referred to in Section 6.09(c)(i) and Section 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 (P) 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, no 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 Minimum EBITDAR. Permit the EBITDAR for any Test Period (beginning with the Test Period ending on the last day of the first full fiscal quarter ending after the Closing Date), solely to the extent that on the last date of such Test Period the Testing Condition is satisfied, to be less than $87,700,000.

Section 6.11 Fiscal Year. In the case of the Borrower, permit its fiscal year to end on any date other than December 31 without prior notice to the Administrative Agent.

## ARTICLE VIA

## Holding Company 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 other Loan Party herein or in any other Loan Document, Borrowing Base Certificate 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 notice thereof from the Administrative Agent to the Borrower or the Borrower becoming aware of such false or misleading representation or warranty;

(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;

(e) default shall be made in the due observance or performance by Holdings (prior to a Qualified IPO) of Article VIA or by the Borrower or any of the Subsidiary Loan Parties of any covenant, condition or agreement contained in (i) Section 5.04(i), 5.04(j), 5.07(b), 5.07(c), or 5.11 and such default shall continue unremedied for a period of seven (7) days after notice thereof from the Administrative Agent to the Borrower, 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) after notice thereof from the Administrative Agent to the Borrower;

(f) (i) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity 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 the Borrower or any of the Material Subsidiaries, or of a substantial part of the property or assets of the Borrower or any Material Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator,

conservator or similar official for the Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of the Borrower or any of the Material Subsidiaries or (iii) the winding-up or liquidation of 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) the Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership or similar 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 the Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of 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 or ERISA Events shall have occurred with respect to any Plan or Multiemployer Plan, (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 in reorganization or 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, (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, 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 and therein) 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 in 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 or take the actions described on Schedule 3.04 and except to the extent that such loss is covered by a lender's title insurance policy and the Collateral 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 an event with respect to the Borrower described in clause (h) or (i) above), 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.

Section 7.02 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 7.02, would fail) to comply with the requirements of the Financial Performance Covenant, until the expiration of the 10th Business Day subsequent to the date the certificate calculating such Financial Performance Covenant is required to be delivered pursuant to Section 5.04(c), the Borrower shall have the right to issue Permitted Cure Securities for cash or otherwise receive cash contributions (collectively, the "Cure Right"), and upon the receipt by the Borrower of such cash (the "Cure Amount") pursuant to the exercise by the Borrower of such Cure Right such Financial Performance Covenant shall be recalculated giving effect to a pro forma adjustment by which EBITDAR shall be increased with respect to such applicable 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) and any four-quarter period that contains such quarter, solely for the purpose of measuring the Financial Performance Covenant and not for any other purpose under this greement, 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 the Cure Right is not exercised, (ii) the Cure Right shall not be exercised more than five times and (iii) for purposes of this Section 7.02, the Cure Amount shall be no greater than the amount required for purposes of complying with the Financial Performance Covenant. If, after giving effect to the adjustments in this Section 7.02, the Borrower shall then be in compliance with the requirements of the Financial Performance Covenant, the Borrower shall be deemed to have satisfied the requirements of the Financial Performance 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 the Financial Performance Covenant that had occurred shall be deemed cured for the purposes of this Agreement.

Section 7.03 Treatment of Certain Payments. 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 in accordance with clauses first through ninth in Section 2.18(b).

## 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 the Agents 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. The Agents shall not 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. The Administrative Agent shall not 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) the Administrative Agent shall not 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) the Administrative Agent shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not 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 the person serving as the Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent 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. The Administrative Agent shall not 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.

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 may deem

and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with such Agent. 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 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 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 each Issuing Bank, in each case in its capacity as such (to the extent not reimbursed by Holdings or the Borrower and without limiting the obligation of such person to do so), in the amount of its pro rata share (based on its aggregate Revolving Facility Credit Exposure and unused Commitments hereunder; provided, that the aggregate principal amount of L/C Disbursements owing to any Issuing Bank thereunder and the aggregate principal amount of Swingline Loans owing to the Swingline Lender shall be considered to be owed to the Revolving 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 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 or such Issuing Bank 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 or such Issuing Bank's gross negligence or willful misconduct. The failure of any Lender to reimburse any Agent or any Issuing Bank, 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 or such Issuing Bank, as the case may be, as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse such Agent or such Issuing Bank, 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 or such Issuing Bank, 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 Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 7.01(b), (c), (h) or (i) shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or

delayed), 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, 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 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 Arranger and Syndication Agent. 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 Bookrunner, Lead Arranger or Syndication Agent 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 Under Security Documents and Guarantees. The Lenders authorize the Collateral Agent to release any Collateral or Guarantors in accordance with Section 9.18.

The Lenders hereby irrevocably authorize and instruct the Collateral Agent to, without any further consent of any Lender, enter into (or acknowledge and consent to) or amend, renew, extend, supplement, restate, replace, waive or otherwise modify any Permitted Intercreditor Agreement or any other intercreditor agreement with the collateral agent or other representatives of the holders of Indebtedness that is permitted to be secured by a Lien on the Collateral that is permitted (including with respect to priority) under this Agreement and to subject the Liens on the Collateral securing the Obligations to the provisions thereof. The Lenders and the other Secured Parties by acceptance of the security granted under the Security Documents 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 referred to in the foregoing sentence, entered into by the Collateral Agent, shall be binding on the Secured Parties, and each Lender and each other Secured Party by acceptance of the security granted under the Security Documents hereby agrees that it will take no actions contrary to the provisions of, if entered into and if applicable, any Permitted 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 (including in their capacities as potential Cash Management Banks and potential Hedge Banks) and the other Secured Parties by acceptance of the security granted under

the Security Documents 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 (c), (i), (j), (ii) and (ll) 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) and, if any restriction referred to in this clause (B) relates to property other than cash, Permitted Investments or joint venture interests, such restriction either existed at the time such property was acquired (and was not created in contemplation of such acquisition) or was permitted by Section 6.09(c)(Q).

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 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 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, 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 any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender 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 Secured Hedge Obligations.

(a) The Borrower and any Hedge Bank (the "Secured Hedge Counterparty") may from time to time designate the Hedging Agreement to which they are parties as being a "Secured Hedge Agreement" upon written notice (a "Designation Notice") to the Administrative Agent from the Borrower and the Secured Hedge Counterparty, in form reasonably acceptable to the Administrative Agent, which Designation Notice shall include (i) a description of such Hedging Agreement and (ii) the maximum amount (expressed in Dollars) of the Hedge Termination Value thereunder, if any, that is elected by the Borrower and the Secured Hedge Counterparty to constitute "Pari Passu Secured Hedge Obligations" and as to which an equal Reserve shall be taken against the Borrowing Base (each, a "Designated Pari Passu Amount" and the Obligations under such Secured Hedge Agreement (to the extent of such Designated Pari Passu Amount), "Pari Passu Secured Hedge Obligations"); provided that no such Designation Notice shall be effective and no such Designated Pari Passu Amount with respect to any Hedging Agreement shall constitute Pari Passu Secured Hedge Obligations (and no such Reserve shall be established by the Administrative Agent in connection therewith) to the extent that, at the time of delivery of the applicable Designation Notice and after giving effect to such Designated Pari Passu Amount (including to the Reserve for Pari Passu Secured Hedge Obligations to be established by the Administrative Agent in connection therewith), the Availability would be less than zero.

(b) The Borrower and the applicable Secured Hedge Counterparty may increase, decrease or terminate any Designated Pari Passu Amount in respect of a Hedging Agreement upon written notice to the Administrative Agent, in which case the Administrative Agent shall promptly make a corresponding adjustment to the reserve against the Borrowing Base with respect thereto; provided that any increase in a Designated Pari Passu Amount shall be deemed to be a new designation of a Designated Pari Passu Amount pursuant to a new Designation Notice and shall be subject to the limitations set forth in Section 8.13(a). For the avoidance of doubt, Obligations under any Hedging Agreement designated pursuant to this Section 8.13 in excess of the applicable Designated Pari Passu Amount shall constitute Obligations under a Secured Hedge Agreement but shall be entitled to a lesser priority of payment as set forth in Section 2.18(b).

Section 8.14 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 Internal Revenue Service 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. 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 or any other Loan Document against any amount due to the Administrative Agent under this Section 8.14.

Section 8.15 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 ~~the Arranger and their respective Affiliates, 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 ~~29 CFR § 2510.3-101, as modified by~~ Section 3(42) of ERISA or otherwise) of one or more Benefit Plans ~~in connection~~ with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit ~~or~~, 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, ~~(I)~~ unless either (1) sub-clause (i) in the immediately preceding clause is true with respect to a Lender or (~~II) if such sub-clause (i) is not true with respect to a Lender and such~~2) a Lender has ~~not~~ provided another representation, warranty and covenant ~~as provided~~ 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 ~~the Arranger and their respective Affiliates, and~~ not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that~~: (i) none of~~ the Administrative Agent ~~or the Arranger or any of their respective Affiliates~~ 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),

(ii) the person making the investment decision on behalf of ~~such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement is independent (within the meaning of 29 CFR § 2510.3-21) and is a bank, an insurance carrier, an investment adviser, a broker-dealer or other person that holds, or has under management or control, total assets of at least $50 million, in each case as described in 29 CFR § 2510.3-21(c)(1)(i)(A)-(E),~~

(iii) the person making the investment decision on behalf of ~~such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the Obligations),~~

(iv) the person making the investment decision on behalf of ~~such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Loans, the Letters of Credit, the Commitments and this Agreement and is responsible for exercising independent judgment in evaluating the~~ transactions hereunder, and(v) no fee or other compensation is being paid directly to the ~~Administrative Agent or the Arranger or any of their respective Affiliates for investment advice (as opposed to other services) in connection with the Loans, the Letters of Credit, the Commitments or this Agreement~~.

(c) The Administrative Agent and the Arranger hereby informs the ~~Lenders that each such person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such person has a financial interest in the transactions contemplated hereby in that such person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.~~

## 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 facsimile or other 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 or the Administrative Agent, the Issuing Bank as of the Closing Date or the Swingline Lender, to the address, facsimile number, electronic mail address or telephone number specified for such person on Schedule 9.01; and

(ii) if to any other Lender or Issuing Bank, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders and the Issuing Bank hereunder may be delivered or furnished by electronic communication (including electronic mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided, that the foregoing shall not apply to notices to any Lender or the Issuing Bank pursuant to Article II if such Lender or the Issuing Bank, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. 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 it; 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 sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). 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 or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(e) Documents required to be delivered pursuant to Section 5.04 (to the extent any such documents are included in materials otherwise filed with the SEC) 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 and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided, that (A) the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender, and (B) the Borrower shall notify the Administrative Agent (by facsimile or 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, 2.17 and 9.05) shall survive the payment in full of the principal and interest hereunder, the expiration of the Letters of Credit and the termination of the Commitments or this Agreement.

Section 9.03 Binding Effect. This Agreement shall become effective when it shall have been executed by Holdings 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 shall become effective with respect to the Borrower upon the Administrative Agent's receipt of the Borrower's joinder hereto), and thereafter shall be binding upon and inure to the benefit of Holdings, upon its joinder hereto, 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) 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 (such consent not to be unreasonably withheld or delayed) of:

(A) the Borrower, which consent will be deemed to have been given if the Borrower has not responded within ten (10) Business Days after its receipt of any request for such consent; provided, that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund (as defined below), 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, 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 Loan or Commitment to a Lender, an Affiliate of a Lender or an Approved Fund; and

(C) the Swingline Lender and each Issuing Bank.

conditions:

(ii) Assignments shall be subject to the following additional

(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 on which the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000, 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 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.

For the purposes of this Section 9.04, "Approved Fund" means 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 the 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 (or a holding company, investment vehicle or trust for, or owned by or for the primary benefit of, a single 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)); provided, that an Assignee shall not be entitled to receive any greater payment pursuant to Section 2.17 than the applicable Assignor would have been entitled to receive had no such assignment occurred. 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 (c) of this Section 9.04.

(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 Bank, 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 Bank, the Swingline Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(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, if applicable, and any written consent to such assignment required by clause (b) of this Section 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) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the Assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its applicable Commitment, and the outstanding balances of its Loans, in each case without giving effect to assignments thereof which have not become effective, are as set forth in such Assignment and Acceptance, (ii) except as set forth in clause (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto, or the financial condition of any Loan Party or any of its subsidiaries or the

performance or observance by any Loan Party or any of its subsidiaries of any of such person's obligations under this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto; (iii) the Assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) the Assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.04, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) the Assignee will independently and without reliance upon the Agents, such assigning Lender 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 decisions in taking or not taking action under this Agreement; (vi) the Assignee appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to such Agent, by the terms of this Agreement, together with such powers as are reasonably incidental thereto; and (vii) the Assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) (i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities other than any Ineligible Institution (to the extent that the list of Ineligible Institutions has been made available to all Lenders) (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 Bank 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 (1) requires the consent of each Lender directly affected thereby pursuant to clause (i), (ii), (iii) or (vi) of the first proviso to Section 9.08(b) and (2) directly 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 (e)(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. 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 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 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. 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) 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, any Lender or any Issuing Bank hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans; 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 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 to the Administrative Agent, the Collateral Agent and the Arranger, and, if necessary, the reasonable fees, charges and disbursements of one local counsel per jurisdiction, and (ii) all out-of-pocket expenses (including Other Taxes) incurred by the Agents 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 such for such affected person).

(b) The Borrower agrees to indemnify the Administrative Agent, the Collateral Agent, the Arranger, the Bookrunner, each Issuing Bank, each Lender, each of their respective Affiliates and each of their respective directors, officers, employees, agents and advisors (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, (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 or an 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), which shall be governed exclusively by Section 2.17 and, to the extent set forth therein, Section 2.15.

(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 Agents, 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 Agents, 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 ~~Section~~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, 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 Agents 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 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 or any amendment to the definitions of "Borrowing Base", "Availability" and the related definitions and the financial definitions in this Agreement 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 or L/C Participation 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 or of a mandatory reduction in the aggregate Commitments shall not constitute an increase of the Commitments of any Lender,

(iii) 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 7.03 (including clauses first through ninth of Section 2.18(b) as used in Section 7.03) in a manner that would by its terms alter the pro rata sharing of payments required thereby, 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" 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 (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 and the Super Majority Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date), except as provided in Section 9.08(e),

(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 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, or

(vii) change the definition of the term "Borrowing Base" or any component definition thereof if as a result thereof the amounts available to be borrowed by the Borrower would be increased (provided, that the foregoing shall not limit the discretion of the Administrative Agent to change, establish or eliminate any Reserves without the prior written consent of any Lenders), in each case without the prior 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, the Collateral Agent or an Issuing Bank hereunder without the prior written consent of the Administrative Agent, the Collateral Agent 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 any Issuing Bank, the Loan Parties and the Administrative 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) [Reserved].

(e) Notwithstanding the foregoing, technical and conforming modifications to the Loan Documents may be made with the consent of the Borrower and the Agents (but without the consent of any Lender) to the extent necessary (A) to cure any ambiguity, omission, defect or inconsistency or (B) to integrate any Incremental Revolving Commitments in a manner consistent with Section 2.21, including, with respect to Extended Revolving Loans, as may be necessary to establish such Extended Revolving Loans as a separate Class or tranche from the existing Loans or Commitments. The Administrative Agent and the Borrower shall modify the Loan Documents to include the commitments to make such Extended Revolving Loans (and any letter of credit and swingline exposure thereunder) in the definition of Required Lenders and Super Majority Lenders on substantially the same basis as the Loans are included on the Closing Date.

(f) 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), 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.

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 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. 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 facsimile transmission (or other electronic transmission pursuant to procedures approved by the Administrative Agent) shall be as effective as delivery of a manually signed original.

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 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.

(a) 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.

(b) 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 National Association of Securities Dealers, Inc., (C) to its parent companies, Affiliates 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).

Section 9.17 Platform; Borrower Materials. The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arranger will make available to the Lenders and the Issuing Bank 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, in the case of a company that is not a public-reporting company, material information of a type that would not be reasonably expected to be publicly available if such company were 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 Arranger, the Issuing Bank and the Lenders to treat such Borrower Materials as solely containing information that is either (A) of a type that would reasonably be expected to be publicly available information if Holdings or the Borrower were a public reporting company 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 Arranger 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 and the Issuing Banks 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 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 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 hereby irrevocably agree that the Guarantors shall be released from the Guarantees upon consummation of any transaction not prohibited hereunder resulting in such Subsidiary ceasing to 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 of the Borrower, 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 Equity Interests or other assets owned by Holdings shall automatically be released (unless the Borrower shall elect in its sole discretion that such release of Holdings shall not be effected).

(c) The Lenders and the Issuing Banks 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, all without the further consent or joinder of any Lender or Issuing Bank. 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 Lenders and the Issuing Banks 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.

(d) Notwithstanding anything to the contrary contained herein or any other Loan Document, on the Termination Date, 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 release its security interest in all Collateral, and to release all obligations under any Loan Document, 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 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 the 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 Etc. 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 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 9.22 Acknowledgement and Consent to Bail-In of ~~EEA~~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 of any ~~EEA~~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 ~~an EEA~~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 ~~an EEA~~the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an ~~EEA~~Affected Financial Institution; and

(b) the effects of any Bail-~~in~~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 ~~EEA~~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 ~~any EEA~~the applicable Resolution Authority.

Section 9.23 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 9.23:

"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.

SCA ACQUISITION, LLC

By: _____
Name:
Title:

[Signature Page to Asset-Based Revolving Credit Agreement]

BARCLAYS BANK PLC, as Administrative Agent and as a Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

[Signature Page to Asset-Based Revolving Credit Agreement]

## Commitments

| Name of Lender | Revolving Commitment |
|---|---|
| Barclays Bank PLC | $ 20,000,000 |
| Morgan Stanley Senior Funding, Inc. | $ 5,000,000 |
| **Total** | **$ 25,000,000** |

**Exhibit 10.4**

**Execution Version**

AMENDMENT No. 3, dated as of September 14, 2020 (this "Amendment"), to 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, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Credit Agreement"), among SCA ACQUISITION, LLC, a Delaware limited liability company ("Holdings"), SUN COUNTRY, INC. (f/k/a MN Airlines, LLC), a Minnesota corporation (d/b/a Sun Country Airlines) (the "Borrower"), the Lenders from time to time party thereto and BARCLAYS BANK PLC, as Administrative Agent and Collateral Agent (in such capacities and together with its successors and assigns, the "Administrative Agent"). Capitalized terms used but not defined herein have the meaning provided in the Credit Agreement as amended hereby (the "Amended Credit Agreement").

WHEREAS, pursuant to Section 9.08(b) of the Credit Agreement, Holdings (prior to a Qualified IPO), the Borrower, the Administrative Agent and the Required Lenders may agree to amend the Loan Documents as set forth herein; and

WHEREAS, the parties hereto desire to amend the Loan Documents on the terms set forth herein;

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. **Amendments**. As of the Amendment No. 3 Effective Date (as defined below), the Credit Agreement shall be amended as follows:

(a) The Credit Agreement shall be amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Credit Agreement attached as Exhibit A hereto.

(b) Schedule A hereto is hereby added as a Schedule thereto.

Section 2. **Representations and Warranties**. Each Loan Party represents and warrants to the Lenders as of the Amendment No. 3 Effective Date that:

(a) (i) Such Loan Party (A) is a limited liability company or corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and (B) has the power and authority to execute and deliver this Amendment and to perform its obligations under this Amendment and the Amended Credit Agreement, (ii) the execution and delivery of this Amendment and the performance of this Amendment and the Amended Credit Agreement has been duly authorized by all required limited liability company or corporate action and (iii) this Amendment has been duly executed and delivered by such Loan Party and this Amendment and the Amended Credit Agreement constitute the legal, valid and

binding obligations of such Loan Party enforceable in accordance with their terms, subject to (x) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (y) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (z) implied covenants of good faith and fair dealing.

(b) None of the execution or delivery of this Amendment or the performance by such Loan Party of this Amendment and the Amended Credit Agreement or the compliance with the terms and provisions hereof and thereof will violate (i) any provision of law, statute, rule or regulation applicable to such person, (ii) the certificate or articles of organization, incorporation or formation or other constitutive documents (including any bylaws or limited liability company or operating agreements) of such person, (iii) any applicable order of any court or any rule, regulation or order of any Governmental Authority or (iv) any agreement or other instrument to which such person is a party or by which any of them or any of their property is or may be bound, where any such violation, in each case, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) 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 or delivery of this Amendment or for the performance of this Amendment and the Amended Credit Agreement, except for (i) such as have been made or obtained and are in full force and effect or (ii) 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.

(d) Immediately before and immediately after giving effect to this Amendment, the representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects (or in all respects to the extent already qualified by or subject to a "material adverse effect," "material adverse change" or similar term or qualification) on and as of the Amendment No. 3 Effective Date, with the same effect as though made on and as of such date; provided that to the extent such representations and warranties expressly relate to an earlier date, such representations and warranties are true and correct in all material respects (or in all respects to the extent already qualified by or subject to a "material adverse effect," "material adverse change" or similar term or qualification) as of such earlier date.

(e) Immediately before and immediately after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

Section 3. **Conditions to Effectiveness of Amendment**. This Amendment shall become effective on the date (the "Amendment No. 3 Effective Date") when, and only when, each of the following conditions have been satisfied (or waived by the Administrative Agent and each Lender party hereto):

(a) The Administrative Agent shall have received from (i) the Required Lenders, (ii) Holdings and (iii) the Borrower a duly executed counterpart of this Amendment signed on behalf of such party (which may include facsimile or other electronic transmission of a signed signature page of this Amendment).

(b) The representations and warranties of each Loan Party set forth in Section 2 shall be true and correct in all material respects (or in all respects to the extent already qualified by or subject to a "material adverse effect," "material adverse change" or similar term or qualification) on and as of the Amendment No. 3 Effective Date, with the same effect as though made on and as of such date; provided that to the extent such representations and warranties expressly relate to an earlier date, such representations and warranties shall be true and correct in all material respects (or in all respects to the extent already qualified by or subject to a "material adverse effect," "material adverse change" or similar term or qualification) as of such earlier date.

(c) The Borrower shall have paid (i) all fees payable to any Lender, the Administrative Agent or any of their respective affiliates as agreed between such Lender or the Administrative Agent and the Borrower and (ii) all reasonable fees, expenses and disbursements of Cahill Gordon & Reindel LLP, as counsel for the Administrative Agent, incurred in connection with the preparation, negotiation and execution of this Amendment, in the case of clause (ii), to the extent invoiced at least three (3) Business Days prior to the date hereof.

(d) The CARES Act Loan Agreement shall have been executed by the Borrower, and the Administrative Agent shall have received a copy of the same.

Section 4. **Counterparts**. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof. Counterparts may be in the form of docusign or any other electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

Section 5. **Governing Law**. THIS AMENDMENT 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 AMENDMENT OR THE AMENDED CREDIT AGREEMENT (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 6. **Headings**. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 7. **Effect of Amendment**. This Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Credit Agreement or any other Loan Document, and, except as expressly set forth herein, shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of the Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Each of the Loan Parties confirms and agrees that the Liens granted pursuant to the Security Documents to which it is a party shall continue without any diminution thereof and shall remain in full force and effect on and after the date hereof. Without limiting the foregoing, by signing this Amendment, each Loan Party hereby confirms that (i) the obligations of the Loan Parties under the Credit Agreement and each other Loan Document, as specifically amended hereby (x) are entitled to the benefits of the guarantees and the security interests set forth or created in the Security Documents and the other Loan Documents and (y) constitute Obligations and (ii) notwithstanding the effectiveness of the terms hereof, the Security Documents and the other Loan Documents are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects. Each Loan Party ratifies and confirms its prior grant and the validity of all Liens granted, conveyed, or assigned to the Administrative Agent by such Person pursuant to each Loan Document to which it is a party and after giving effect to this Amendment and except as specifically set forth in the Amended Credit Agreement, all such Liens (x) remain in full force and effect, (y) other than with respect to the Permitted CARES Act Collateral constituting Excluded Property, are not released or reduced, and (z) continue to secure full payment and performance of the Obligations. This Amendment shall not constitute a novation of the Credit Agreement or any of the Loan Documents. The Loan Parties are hereby authorized to enter into the CARES Act License Agreement. For the avoidance of doubt, on and after the Amendment No. 3 Effective Date, this Amendment shall for all purposes constitute a Loan Document.

[*Signatures begin on the following page*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

SCA ACQUISITION, LLC

By: /s/ Jude I. Bricker
Name: Jude I. Bricker
Title: Chief Executive Officer

SUN COUNTRY, INC.

By: /s/ Jude I. Bricker
Name: Jude I. Bricker
Title: Chief Executive Officer

BARCLAYS BANK PLC, as Administrative Agent and as a Lender

By: /s/ Joseph Jordan
Name: Joseph Jordan
Title: Managing Director

MORGAN STANLEY SENIOR FUNDING, INC., as a Lender

By: /s/ Jack Kuhns
Name: Jack Kuhns
Title: Vice President

**Amendments to Credit Agreement**

[see attached]

**Schedule A**

**Loyalty Program Agreements**

i. Amended and Restated Co-Brand Marketing Agreement, dated as of October 17, 2018, between First National Bank of Omaha and MN Airlines, LLC d/b/a Sun Country Airlines, as amended by (x) Amendment No. 1 to Amended and Restated Co-Brand Marketing Agreement, dated as of November 1, 2018, between First National Bank of Omaha and MN Airlines, LLC d/b/a Sun Country Airlines and (y) Amendment No. 1 to Amended and Restated C0-Brand Marketing Agreement, dated as of March 25, 2019, between First National Bank of Omaha and MN Airlines, LLC d/b/a Sun Country Airlines.

ii. Visa U.S.A. Inc., Co-Brand Merchant Agreement between Visa U.S.A. Inc. and MN Airlines, LLC d/b/a Sun Country Airlines dated August 21, 2013, as amended by First Amendment to Visa U.S.A. Inc. Co-Brand Merchant Agreement between Visa U.S.A. Inc. and MN Airlines, LLC d/b/a Sun Country Airlines effective April 1, 2019.

**Exhibit 10.5**

*Execution Version*

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LOAN AND GUARANTEE AGREEMENT

dated as of

October 26, 2020

among

SUN COUNTRY, INC., as Borrower,

the Guarantors party hereto from time to time,

THE UNITED STATES DEPARTMENT OF THE TREASURY,

and

THE BANK OF NEW YORK MELLON,

as Administrative Agent and Collateral Agent

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GUARANTEE



ARTICLE X

CARES ACT REQUIREMENTS



ARTICLE XI

MISCELLANEOUS

SCHEDULES



EXHIBITS

LOAN AND GUARANTEE AGREEMENT dated as of October 26, 2020 (this "Agreement"), among SUN COUNTRY, INC., a corporation organized under the laws of Minnesota (the "Borrower"), SUN COUNTRY AIRLINES HOLDINGS, INC., a corporation organized under the laws of Delaware (the "Parent"), 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 ("Treasury") and THE BANK OF NEW YORK MELLON as Administrative Agent and Collateral Agent.

WHEREAS, the Borrower has requested that the Initial Lender (as defined below) extend credit as is permissible under the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136 (Mar. 27, 2020), as the same may be amended form time to time (the "CARES Act") to the Borrower, and the Initial Lender is willing to do so on the terms and conditions set forth herein; and

WHEREAS, pursuant to Section 4003(h)(1) of the CARES Act, for purposes of the Code (as defined below) the Loans (as defined below) shall be treated as indebtedness and as having been issued for their aggregate stated principal amount, and the interest payable pursuant to Section 2.09(a) shall be treated as qualified stated interest.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

## ARTICLE I

## DEFINITIONS

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Additional Collateral" shall mean, to the extent identified in the Pledge and Security Agreement, (a) cash and Cash Equivalents pledged to the Collateral Agent for the benefit of the Secured Parties under the Security Documents (and subject to an account control agreement in form and substance satisfactory to the Appropriate Party), (b) airframes, aircraft, engines and Spare Parts, registered, habitually located, or located in a designated location, respectively, in the United States and that are eligible for the benefits of Section 1110 of the Bankruptcy Code, 11 U.S.C. § 1110 or otherwise acceptable to the Required Lenders (provided that any airframe must be less than 20 years old at the time of its designation as Additional Collateral unless otherwise approved by the Appropriate Party), (c) Route Authorities for routes with at least one end point located in the United States and all Slots and Gate Leaseholds related from time to time thereto or otherwise acceptable to the Required Lenders, (d) Qualified Receivables (as defined in the Pledge and Security Agreement) acceptable to the Required Lenders, (e) flight simulators, (f) ground support equipment, (g) real property, (h) Qualified Tooling Inventory (as defined in the Pledge and Security Agreement) and (i) any other assets acceptable to the Required Lenders, and all of which assets shall (i) (other than Additional Collateral of the type described in clause (a)) be valued by a new Appraisal (or, in the case of clause (d), be certified by a Responsible Officer of the Parent pursuant to a new Valuation Certificate) at the time the Parent designates such assets as Additional Collateral, (ii) as of any date of addition of such assets as Collateral, be subject, to the extent purported to be created by the applicable Security Document, to a perfected first priority Lien and/or mortgage (or comparable Lien), in favor of the Collateral Agent for the benefit of the Secured Parties and otherwise subject only to Permitted Liens (excluding those referred to in clause (d) of the definition of "Permitted Lien"), (iii) pledged to the Collateral Agent for the benefit of the Secured Parties pursuant to security agreement(s) or mortgage(s), as applicable, in a form satisfactory to the Appropriate

Party and (iv) at the time of their designation as Additional Collateral, be accompanied by a legal opinion in form satisfactory to the Appropriate Party; provided that, in accordance with Section 8.06, the Collateral Agent may designate a sub-agent to accept the security interest in any Additional Collateral for the benefit of the Secured Parties; provided further that, with respect to Additional Collateral of the type described in clauses (c), (g) and (i), the Borrower agrees to notify the Collateral Agent as promptly as practicable of any new categories of assets which are expected to be designated as Additional Collateral or any new jurisdictions in which any asset is to be secured or located; provided further that, with respect to Additional Collateral of the type described in clause (e), (f), (g) or (h), (i) such assets are acceptable to the Required Lenders, (ii) the Borrower shall have delivered Appraisals acceptable in form and substance to the Required Lenders with respect to such assets, (iii) such assets are subject to a loan to value framework acceptable to the Required Lenders, (iv) such assets are pledged pursuant to documentation acceptable in form and substance to the Required Lenders and (v) the benefits of pledging such assets outweigh the associated cost, burden, difficulty or other consequences, as determined by the Required Lenders in their sole discretion.

"Additional Tax Payer Protection Rate" means 3.00%.

"Adjusted LIBO Rate" means, as to any Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period divided by (b) one minus the Eurodollar Reserve Percentage.

"Administrative Account" means the account opened with the Administrative Agent in the name of the Initial Lender as notified to the Borrower and the Initial Lender, or such other account as the Administrative Agent shall advise the Borrower and each Lender from time to time.

"Administrative Agency Fee Letter" means any fee letter entered into between the Borrower, the Administrative Agent and the Collateral Agent, or with any successor administrative agent or collateral agent, in its capacity as administrative agent and in its capacity as collateral agent under any of the Loan Documents.

"Administrative Agent" means The Bank of New York Mellon, in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by or otherwise acceptable to the Administrative Agent.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means any Person that directly or indirectly controls, is controlled by, or is under common control with, any other Person. For purposes of this definition, "control" of a Person shall mean having the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by ownership of voting equity, by contract, or otherwise.

"Agent Parties" has the meaning specified in Section 11.01(d)(ii).

"Agent Responsible Officer" means, when used with respect to an Agent, any vice president, assistant vice president, assistant treasurer or trust officer in the corporate trust and agency administration of the Agent or any other officer of the Agent customarily performing functions similar to those performed by any of the above-designated officers, and, in each case, who shall have direct responsibility for the administration of this Agreement and also means, with respect to a particular agency matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Agents" means any of the Administrative Agent and the Collateral Agent.

"Agreement" has the meaning specified in introductory paragraph hereof.

"Air Carrier" has the meaning such term has under Section 40102 of Title 49, United States Code.

"Alternate Base Rate" means, for any day, a rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50% and (c) the Adjusted LIBO Rate for a one-month term in effect on such day (taking into account any LIBO Rate floor under the definition of "Adjusted LIBO Rate") plus 1.00%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or such Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or such Adjusted LIBO Rate, respectively.

"AML Laws" means (a) the USA Patriot Act of 2001 (Pub. L. No. 107-56), (b) the U.S. Money Laundering Control Act of 1986, as amended, (c) the Bank Secrecy Act, 31 U.S.C. sections 5301 et seq., (d) Laundering of Monetary Instruments, 18 U.S.C. section 1956, (e) Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity, 18 U.S.C. section 1957, (f) the Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulations (Title 31 Part 103 of the US Code of Federal Regulations), or (g) any other applicable money laundering or financial recordkeeping Laws.

"Applicable Law" means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Outstanding Amount of Loans of all Lenders represented by the aggregate Outstanding Amount of Loans of such Lender at such time.

"Applicable Rate" means 3.50%.

"Appraisal" means any appraisal specifying a value in Dollars (and not a range of values), dated as of the delivery thereof, prepared by an Eligible Appraiser that certifies, at the time of determination, in reasonable detail the Appraised Value of Eligible Collateral; provided that any methodology, form of presentation and all assumptions must be acceptable to the Appropriate Party; provided, further, that the methodology, form of presentation and assumptions in the Appraisal delivered on the Closing Date pursuant to Section 4.01(i) shall be satisfactory for any subsequent Appraisal with respect to the same category and specific type of Eligible Collateral.

"Appraised Value" means, as of any date, (a) the specific value in Dollars (and not a range of values) of any property constituting Eligible Collateral (other than cash, Cash Equivalents and Qualified Receivables) as reflected in the most recent Appraisal, (b) with respect to any cash pledged or being pledged at such time as Collateral, 160% of the face amount, (c) with respect to any Cash Equivalents pledged or being pledged at such time as Collateral, 100% of the fair market value thereof as determined by the Parent in accordance with customary financial market practices determined no earlier than 45 days prior to such date and (d) with respect to any Qualified Receivables pledged or being pledged at such time as Collateral, 170% of the net book value thereof as certified by a Responsible

Officer of the Parent in the most recent Valuation Certificate; provided that (i) if no Appraisal or Valuation Certificate, as applicable, relating to such Eligible Collateral has been delivered to the Collateral Agent prior to such date, the Appraised Value of such Eligible Collateral shall be deemed to be zero, (ii) in the case of any such property consisting of ground support equipment, the Appraised Value shall be deemed to be 50% of the value set forth in the most recent Appraisal and (iii) in the case of any such property consisting of aircraft or airframes that are 20 years old or older as of the date of this Agreement (or, in the case of Additional Collateral, as of the date upon which such Additional Collateral is pledged as Collateral to the Collateral Agent for the benefit of the Secured Parties to secure the Obligations), the Appraised Value shall be deemed to be 70% of the value set forth in the most recent Appraisal.

"Appropriate Party" means (i) while the Initial Lender holds any Commitment or Loan, the Initial Lender and (ii) if the Initial Lender is no longer a Lender, the Administrative Agent (acting at the direction of the Required Lenders).

"Approved Fund" means any Fund 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.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 11.04), and accepted by the Administrative Agent, in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

"ASU" means the Accounting Standards Update 2016-02, Leases (Topic 842) by the Financial Accounting Standards Board issued on February 25, 2016.

"Attributable Indebtedness" means, as of any date of determination, (a) in respect of any Capitalized Lease Obligations of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

"Available Tenor" means, 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 Section 2.10(d).

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by an applicable Resolution Authority in respect of any liability of any Affected Financial Institution.

"Bail-In Legislation" means, (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 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).

"Benchmark" means, initially, USD LIBO Rate; provided that if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to USD LIBO 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 Section 2.10(a).

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Required Lenders for the applicable Benchmark Replacement Date:

(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 (y) so long as the Initial Lender is a Lender, the Initial Lender and (z) otherwise, the Required Lenders and the Borrower, in each case, 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 U.S. dollar-denominated syndicated credit facilities 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 Required Lenders in their reasonable discretion and such screen is administratively acceptable as determined by the Administrative Agent in its reasonable discretion. 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; provided further that any such Benchmark Replacement shall be administratively feasible as determined by the Administrative Agent in its reasonable discretion.

"Benchmark Replacement Adjustment" means, 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 Required Lenders:

(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 (y) so long as the Initial Lender is a Lender, the Initial Lender and (z) otherwise, the Required Lenders and the Borrower, in each case, 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 U.S. dollar-denominated syndicated credit facilities;

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 Required Lenders in their reasonable discretion and such screen is administratively acceptable as determined by the Administrative Agent in its reasonable discretion; provided that, any such Benchmark Replacement Adjustment shall be administratively feasible as determined by the Administrative Agent in its reasonable discretion.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," 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 (after consultation with the Required Lenders) decides 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 (after consultation with the Required Lenders) decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent (after consultation with the Required Lenders) determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent (after consultation with the Required Lenders) decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents). The Required Lenders shall cooperate in good faith with the Administrative Agent so that the Administrative Agent may determine such Benchmark Replacement Conforming Changes.

"Benchmark Replacement Date" means 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; or

(3) in the case of an Early Opt-in Election, (y) so long as the Initial Lender is a Lender, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Administrative Agent and (z) otherwise, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Administrative Agent, so long as 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" means 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 Federal Reserve 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" means 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 Section 2.10 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 Section 2.10.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Blocked Account" means a deposit account in the name of a Credit Party noted as a Blocked Account on Schedule 2.1 (as supplemented from time to time) of the Pledge and Security Agreement that is, or is otherwise required under the terms thereof to be, subject to an agreement, in form and substance satisfactory to the Appropriate Party, establishing Control (as defined in the Pledge and Security Agreement) of such account by the Collateral Agent, and any replacement account thereof.

"Borrower" has the meaning specified in introductory paragraph hereof.

"Borrower Materials" has the meaning specified in Section 11.01(e).

"Borrowing" means a borrowing of Loans.

"Borrowing Request" means a request for a Borrowing in substantially the form of Exhibit E or any other form approved by the Administrative Agent.

"Business Day" means any day on which Treasury and the Federal Reserve Bank of New York are both open for business that is not a Saturday, Sunday or other day that is a legal holiday under the laws of the State of New York or is a day on which banking institutions in such state are authorized or required by Law to close; provided that, when used in connection with a Loan that bears interest by reference to the Adjusted LIBO Rate, the term "Business Day" means any such day that is also a day on which dealings in Dollar deposits are conducted by and between banks in the London interbank market.

"Capital Markets Offering" means any offering of "securities" (as defined under the Securities Act and, including, for the avoidance of doubt, any offering of pass-through certificates by any pass-through trust established by the Parent or any of its Subsidiaries) in (a) a public offering registered under the Securities Act, or (b) an offering not required to be registered under the Securities Act (including, without limitation, a private placement under Section 4(a)(2) of the Securities Act, an exempt offering pursuant to Rule 144A and/or Regulation S of the Securities Act and an offering of exempt securities).

"Capitalized Lease Obligations" means, at the time any determination thereof is to be made, the amount of the liability in respect of a Capitalized Lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP; provided that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance of the ASU shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Agreement (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations for other purposes.

"Capitalized Leases" means all leases that have been or should be, in accordance with GAAP as in effect on the Closing Date, recorded as capitalized leases; provided that for all purposes hereunder the amount of obligations under any Capitalized Lease shall be the amount thereof accounted for as a liability in accordance with GAAP; provided, further, that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance of the ASU shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Agreement (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations for other purposes.

"CARES Act" has the meaning specified in the preamble to this Agreement.

"Carrier Loyalty Programs" means the Loyalty Programs listed on Schedule 1.01(a) and any other Loyalty Program that is operated under a Trademark owned by any Credit Party, or that is otherwise operated, owned or controlled, directly or indirectly by, or principally associated with, any Credit Party or any of its Affiliates, as such program may be in effect from time to time, in each case whether now existing or established, arising or acquired in the future and including any successor program of such program. The term "Carrier Loyalty Program" shall include the provision, operation and promotion of such program and all goods and services relating thereto or associated therewith.

"Cash Equivalents" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within one year from the date of acquisition thereof and having, at such date of acquisition, a rating of at least A-2 from S&P or at least P-2 from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $250,000,000;

(d) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA and Aaa (or equivalent rating) by at least two (2) Credit Rating Agencies and (iii) have portfolio assets of at least $5,000,000,000;

(e) deposits available for withdrawal on demand with commercial banks organized in the United States having capital and surplus in excess of $100,000,000; and

(f) other short-term liquid investments held by the Parent and the Subsidiaries as of the Closing Date in accordance with their normal investment policies and practices for cash management.

"CCR Certificate" has the meaning specified in Section 6.17(b).

"CCR Certificate Delivery Date" has the meaning specified in Section 6.17(b).

"CCR Reference Date" has the meaning specified in Section 6.17(b).

"CFC" means a controlled foreign corporation within the meaning of Section 957 of the Code.

"CFC Holdco" means any Domestic Subsidiary that has no material assets other than Equity Interests of one or more Foreign Subsidiaries that are CFCs.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means the occurrence of any of the following: (a) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Borrower and its Subsidiaries, or if the Borrower is a direct or indirect Subsidiary of the Parent, the Parent and its Subsidiaries, taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)); (b) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" (as defined above)) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Borrower or the Parent, as applicable, (measured by voting power rather than number of shares), other than (i) any such transaction where the Voting Stock of the Borrower or the Parent, as applicable, (measured by voting power rather than number of shares) outstanding immediately prior to such transaction constitutes or is converted into or exchanged for at least a majority of the outstanding shares of the Voting Stock of such Beneficial Owner (measured by voting power rather than number of shares), or (ii) the consummation of any merger or consolidation of the Borrower or the Parent, as applicable, with

or into any Person (including any "person" (as defined above)) which owns or operates (directly or indirectly through a contractual arrangement) a Permitted Business (a "Permitted Person") or a Subsidiary of a Permitted Person, in each case, if immediately after such transaction no Person (including any "person" (as defined above)) is the Beneficial Owner, directly or indirectly, of more than 50% of the total Voting Stock of such Permitted Person (measured by voting power rather than number of shares); (c) if the Borrower is a direct or indirect Subsidiary of the Parent, the Parent ceasing to own, directly or indirectly, 100% of the Equity Interests of the Borrower; (d) the adoption of a plan relating to the liquidation or dissolution of the Borrower or the Parent or (e) the occurrence of a "change of control", "change in control" or similar event under any Material Indebtedness of the Borrower, the Parent or any parent entity of the foregoing.

"Closing Date" means the first date all the conditions precedent in Section 4.01 are satisfied.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" has the meaning assigned to such term in the Pledge and Security Agreement.

"Collateral Account" means any of the Collection Account, the Blocked Account, the Payment Account and the Collateral Proceeds Account.

"Collateral Agent" means The Bank of New York Mellon, in its capacity as collateral agent under any of the Loan Documents, or any successor collateral agent.

"Collateral Cash Flow" means the funds that are deposited into a Collateral Account pursuant to the Direct Agreements or directly by a Credit Party.

"Collateral Coverage Ratio" means, as of any date of determination, the ratio of (i) the Appraised Value of the Eligible Collateral as of the date of the Appraisal or Valuation Certificate most recently delivered with respect to such Eligible Collateral pursuant to Section 5.16 (or in the case of cash and Cash Equivalents, as of such date of determination) to (ii) the aggregate principal amount of all Loans and Commitments outstanding as of such date; provided that for the purposes of calculating clause (i) above, (w) no more than 85% of the Appraised Value of the Eligible Collateral may correspond to Qualified Receivables, (x) no more than 25% of the Appraised Value of the Eligible Collateral may correspond to ground support equipment, (y) no more than 35% of the Appraised Value of the Eligible Collateral may correspond to aircraft or airframes that are 20 years old or older as of the date of this Agreement (or, in the case of Additional Collateral, on the date on which such Additional Collateral is pledged as Collateral to the Collateral Agent for the benefit of the Secured Parties to secure the Obligations) and (z) any amounts held in the Blocked Account, Payment Account and Collateral Proceeds Account shall not be included, provided further that for the purposes of calculating clause (i) above, Loyalty Program Assets (other than any Loyalty Subscription Program) shall not be included unless (x) each Material Loyalty Program Agreement has and (y) Loyalty Program Agreements representing 90% of Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) in the aggregate over the immediately preceding twelve (12) calendar month period then ended have, in each case, an expiration date that is at least six (6) months after the Maturity Date.

"Collateral Proceeds Account" means a deposit account in the name of the Borrower that is subject to an agreement in form and substance satisfactory to the Appropriate Party establishing Control (as defined in the Pledge and Security Agreement) of such account by the Collateral Agent.

"Collection Account" means that certain concentration account at The Bank of New York Mellon in the name of a Credit Party, and any replacement account, which, in each case, must be a segregated deposit account and subject at all times to an account control agreement in form and substance satisfactory to the Appropriate Party.

"Commitment" means the commitment of the Initial Lender to make Loans in the amount of $45,000,000, as such commitment may be reduced or terminated pursuant to Section 2.07.

"Communications" has the meaning specified in Section 11.01(d)(ii).

"Competitor" means (i) any Person operating an Eligible Business and (ii) any Affiliate of any Person described in clause (i) (other than any Affiliate of such Person as a result of common control by a Governmental Authority or instrumentality thereof and any Affiliate of such Person under common control with such Person which Affiliate is not actively involved in the management and/or operations of such Person).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Contingent Payment Event" means any indemnity, termination payment or liquidated damages under a Loyalty Program Agreement.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means 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 ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings analogous thereto.

"Convertible Indebtedness" means Indebtedness of the Parent that is convertible into common Equity Interests of the Parent (and cash in lieu of fractional shares) and/or cash (in an amount determined by reference to the price of such common Equity Interests).

"Corresponding Tenor" with respect to any Available Tenor means, 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.

"Credit Parties" means the Borrower and the Guarantors.

"Credit Rating" means a rating as determined by a Credit Rating Agency of the Parent's non-credit-enhanced, senior unsecured long-term indebtedness.

"Credit Rating Agency" means a nationally recognized credit rating agency that evaluates the financial condition of issuers of debt instruments and then assigns a rating that reflects its assessment of the issuer's ability to make debt payments.

"Currency" means miles, points or other units that are a medium of exchange constituting a convertible, virtual and private currency that is tradable property and that can be sold or issued to Persons.

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Required Lenders in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for business loans; provided that, if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Required Lenders may establish another convention in its reasonable discretion, subject to the determination by the Administrative Agent of the administrative feasibility of such convention.

"Debt Service Amount" means, as of any DSCR Determination Date or any other date of determination, the sum of all accrued interest on the Loans and any other Indebtedness secured by Liens on the Collateral in respect of the most recently ended DSCR Test Period.

"Debt Service Coverage Ratio" means, as of any DSCR Determination Date or any other date of determination, the ratio of (a) the aggregate amount of Collateral Cash Flow received during the relevant DSCR Test Period that has been deposited into a Collateral Account (and for the avoidance of doubt, excluding any amounts on deposit in a Collateral Account in respect of prior periods) to (b) the Debt Service Amount for such DSCR Test Period; provided, however, that for (i) the first calendar quarter ending after the Closing Date, such ratio shall be calculated for the one calendar quarter ending on such date, (ii) the second calendar quarter ending after the Closing Date, such ratio shall be calculated for the two calendar quarters ending on such date and (iii) the third calendar quarter ending after the Closing Date, such ratio shall be calculated for the three calendar quarters ending on such date.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, 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 or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means an interest rate (before as well as after judgment) equal to the applicable interest rate plus 2.00% per annum.

"Direct Agreements" means those certain Loyalty Partner Direct Agreements entered into by and among the applicable Credit Party, the Collateral Agent, the Initial Lender and the applicable counterparty to the Material Loyalty Program Agreements, substantially in the form of Exhibit D hereto.

"Disposition" or "Dispose" means the sale, transfer (including through a plan of division), license, lease or other disposition of any property by any Person (including (i) any sale and leaseback transaction, any issuance of Equity Interests by a Subsidiary of such Person, (ii) with respect to Intellectual Property, any covenant not to sue, release, abandonment, lapse, forfeiture, dedication to the public or other similar disposition of Intellectual Property and (iii) with respect to any Personal Data, any deletion, de-identification, purging or other similar disposition of Personal Data), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Disqualified Equity Interest" means any Equity Interest that, by its terms (or 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 Equity Interests that are not Disqualified 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 Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one (91) days after the Maturity Date; provided that if such Equity Interests are issued pursuant to a plan for the benefit of employees of the Parent or any Subsidiary or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Parent or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability.

"Dollar" and "$" mean lawful money of the United States.

"Domestic Subsidiary" means any Subsidiary that is organized under the Laws of the United States of America, any state thereof, or the District of Columbia.

"DOT" means the U.S. Department of Transportation.

"DSCR Determination Date" means the fifth Business Day following the last day of each March, June, September and December (beginning with December 2020).

"DSCR Test Period" means, at any DSCR Determination Date or other date of determination, the period of twelve (12) calendar months ending on the last day of the calendar month ending immediately prior to such date.

"DSCR Trigger Event" has the meaning specified in Section 6.17(c)(ii).

"Early Opt-in Election" means, if the then-current Benchmark is USD LIBO Rate, the occurrence of:

(1) (x) so long as the Initial Lender is a Lender, the Initial Lender and (y) otherwise, the Required Lenders, in each case notifying to the Administrative Agent that the Initial Lender or the Required Lenders have determined that at least five currently outstanding U.S. 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) (x) so long as the Initial Lender is a Lender, the election by the Initial Lender and (y) otherwise, the joint election by the Required Lenders and the Borrower to trigger a fallback from USD LIBO Rate and, in each case, the provision to the Administrative Agent and the other Lenders of written notice of such election.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country that is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country that is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country that 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" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means 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.

"Eligible Appraiser" means (a) with respect to aircraft or engines: Acumen Aviation, Aircraft Information Services Inc., Alton Aviation Consultancy LLC, Ascend Worldwide Group, Aviation Asset Management Inc., Aviation Specialists Group, AVITAS, Inc., BBC Aviation Enterprises Aviation Advisors Group, LLC, BK Associates, Inc., Collateral Verifications, Inc., IBA Group Ltd., ICF International Inc., International Bureau of Aviation, Morten Beyer & Agnew or PAC Appraisal Inc.; (b) with respect to slots, gates or routes: Alton Aviation Consultancy LLC, BK Associates, Inc., ICF International Inc., Morten Beyer & Agnew or PAC Appraisal Inc.; (c) with respect to parts: Acumen Aviation, Alton Aviation Consultancy LLC, Aviation Asset Management Inc., BBC Aviation Enterprises Aviation Advisors Group, LLC, CBIZ Valuation Group, LLC, Collateral Verifications, Inc., ICF International Inc., Morten Beyer & Agnew, PAC Appraisal Inc. or Sage-Popovich, Inc., (d) with respect to ground support equipment: CBIZ Valuation Group, LLC or Collateral Verifications, Inc.; (e) with respect to any other type of property: Alvarez & Marsal, Andersen Tax LLC, BBC Aviation Enterprises Aviation Advisors Group, LLC, CBRE Group Inc., Deloitte & Touche LLP, Jones Lang LaSalle Incorporated or PricewaterhouseCoopers; and (f) any independent appraisal firm appointed by the Borrower and acceptable to the Appropriate Party.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 11.04(b)(iii), 11.04(b) (v) and 11.04(b) (vi) (subject to such consents, if any, as may be required under Section 11.04(b)(iii)); provided that no Competitor shall be an Eligible Assignee.

"Eligible Business" means an "air carrier" within the meaning of Section 40102 of Title 49 that holds a certificate under Section 41102 of Title 49.

"Eligible Collateral" means, as of any date, all Collateral on which the Collateral Agent has, as of such date, to the extent purported to be created by the applicable Security Document, a valid and perfected first priority Lien and/or mortgage (or comparable Lien) for the benefit of the Secured Parties and which is otherwise subject only to Permitted Liens and satisfies the requirements set out in the Loan Documents for such type of Collateral.

"Eligible Receivables" means all Qualified Receivables (as defined in the Pledge and Security Agreement) that are part of the Collateral.

"Eligible Receivables Account" means that certain concentration account specified to the Administrative Agent in the name of a Credit Party, and any replacement account, which, in each case, must be a segregated deposit account and subject at all times to an account control agreement in form and substance satisfactory to the Appropriate Party.

"Eligible Receivables Determination Date" means the fifth Business Day following the last day of each March, June, September and December (beginning with December 2020).

"Eligible Receivables Revenue" means all payments received by, or otherwise required to be paid to, the Credit Parties (and their Affiliates), and all other amounts the Credit Parties are entitled to, under any Eligible Receivable.

"Eligible Receivables Test Period" means, at any Eligible Receivables Determination Date or other date of determination, the period of twelve (12) calendar months ending on the last day of the calendar month ending immediately prior to such date.

"Environmental Laws" means any and all federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions, including all common law, relating to pollution or the protection of health, safety or the environment or the release of any materials into the environment, including those related to Hazardous Materials, air emissions, discharges to waste or public systems and health and safety matters.

"Environmental Liability" means any liability or obligation, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), directly or indirectly, resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, disposal or permitting or arranging for the disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means, as to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination (other than Convertible Indebtedness or any other debt security that is convertible into or exchangeable for Equity Interests of such Person).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with any Credit Party within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code or Section 302 of ERISA).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) the failure by any Credit Party or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules or the filing of an application for the waiver of the minimum funding standards under the Pension Funding Rules; (c) the incurrence by any Credit Party or any ERISA Affiliate of any liability pursuant to Section 4063 or 4064 of ERISA or a cessation of operations with respect to a Pension Plan within the meaning of Section 4062(e) of ERISA; (d) a complete or partial withdrawal by any Credit Party or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization or insolvent (within the meaning of Title IV of ERISA); (e) the filing of a notice of intent to terminate a Pension Plan under, or the treatment of a Pension Plan amendment as a termination under, Section 4041 of ERISA; (f) the institution by the PBGC of proceedings to terminate a Pension Plan; (g) any event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (h) the determination that any Pension Plan is in at-risk status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or that a

Multiemployer Plan is in endangered or critical status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (i) the imposition or incurrence of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Credit Party or any ERISA Affiliate; (j) the engagement by any Credit Party or any ERISA Affiliate in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; (k) the imposition of a lien upon any Credit Party pursuant to Section 430(k) of the Code or Section 303(k) of ERISA; or (l) the making of an amendment to a Pension Plan that could result in the posting of bond or security under Section 436(f)(1) of the Code.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Eurodollar Reserve Percentage" means, for any day during any Interest Period, the reserve percentage in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D). The Adjusted LIBO Rate for each outstanding Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"Event of Default" has the meaning specified in Article VII.

"Excluded Assets" has the meaning assigned to such term in the Pledge and Security Agreement.

"Excluded Subsidiary" means any Subsidiary of the Parent (other than the Borrower) that (i) is not wholly-owned, directly or indirectly, by the Parent, (ii) is a captive insurance company, (iii) is an Immaterial Subsidiary, (iv) is a Receivables Subsidiary, (v) is a Foreign Subsidiary or a CFC Holdco existing on the Closing Date or (vi) is a Finance Entity; provided that, notwithstanding the foregoing, (1) a Subsidiary will not be an Excluded Subsidiary if it (x) owns assets that are intended to be included in the Collateral, (y) owns individually, or in the aggregate with other Subsidiaries (including any Subsidiary that would otherwise qualify as an Excluded Subsidiary), a majority of the Equity Interests of any Subsidiary that owns any assets that are intended to be included in the Collateral or is party to any agreements that constitute (or would constitute) Collateral or (z) guarantees Material Indebtedness of the Parent or any of its Subsidiaries (other than any acquired Subsidiary that guarantees assumed Indebtedness of a Person acquired pursuant to an acquisition permitted under this Agreement that is existing at the time of such acquisition or investment; provided that such Indebtedness was not created in contemplation of or in connection with such acquisition and the amount of such Indebtedness is not increased) and (2) the Borrower and the Parent shall not be Excluded Subsidiaries.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loans (other than pursuant to an assignment request by the Borrower under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.16(g) and (d) any withholding Taxes imposed under FATCA.

"Export Control Laws" means any applicable export control Laws including the International Traffic in Arms Regulations (22 C.F.R. 120 et seq.) and the Export Administration Regulations (15 C.F.R. 730 et seq.).

"FAA" means the United States Federal Aviation Administration and any successor thereto.

"FATCA" means 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 current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"FCPA" has the meaning specified in Section 3.15(b).

"Federal Funds Effective Rate" means, for any day, the greater of (a) the rate calculated by the Federal Reserve Bank of New York based on such day's Federal funds transactions by depositary 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 and (b) 0%.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States.

"Finance Entity" means any Person created or formed by or at the direction of the Parent or any of its Subsidiaries for the purpose of financing aircraft and aircraft related assets and related pre-delivery payment obligations of the Parent or such Subsidiaries; provided that such (i) Person holds no material assets other than the aircraft or aircraft related assets to be financed or assets pursuant to which related pre-delivery payment obligations arise, (ii) financing is in the ordinary course of business of the Parent and its Subsidiaries or otherwise customary for airlines based in the United States and (iii) Person holds no assets constituting, or otherwise intended to be included in, Collateral.

"Financial Officer" means, as to any Person, the chief financial officer, principal accounting officer, treasurer or controller of such Person.

"Fitch" means Fitch Ratings and any successor to its rating agency business.

"Floor" means 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 USD LIBO Rate. As of the Closing Date, the Floor shall be 0%.

"Foreign Lender" means any Lender that is not a U.S. Person.

"Foreign Plan" means any employee pension benefit plan, program, policy, arrangement or agreement maintained or contributed to by the Parent or any Subsidiary with respect to employees employed outside the United States (other than any governmental arrangement).

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

"GAAP" means, subject to Section 1.03, United States generally accepted accounting principles as in effect from time to time; provided that if at any time any change in GAAP would affect the computation of any financial ratio or financial requirement, or compliance with any covenant, set forth in any Loan Document, the Required Lenders and the Borrower will negotiate in good faith to amend such ratio, requirement or covenant to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided, further, that until so amended, (a) such ratio, requirement or covenant will continue to be computed in accordance with GAAP prior to such change therein and (b) the Borrower will provide to the Administrative Agent and the Lenders reconciliation statements to the extent requested.

"Gate Leasehold" has the meaning assigned to such term in the Pledge and Security Agreement.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, 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 obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow 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 obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, 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 the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guaranteed Obligations" has the meaning specified in Section 9.01.

"Guarantor" means the Parent and each other Guarantor listed on the signature page to this Agreement and any other Person that Guarantees the Obligations under this Agreement and any other Loan Document.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes, and other substances or wastes of any nature regulated under or with respect to which liability or standards of conduct are imposed pursuant to any Environmental Law.

"Immaterial Subsidiaries" means one or more Subsidiaries, for which (a) the assets of all such Subsidiaries constitute, in the aggregate, no more than 7.50% of the total assets of the Parent and its Subsidiaries on a consolidated basis (determined as of the last day of the most recent fiscal quarter of the Parent for which financial statements are available), and (b) the revenues of all such Subsidiaries account for, in the aggregate, no more than 7.50% of the total revenues of the Parent and its Subsidiaries on a consolidated basis for the four (4) fiscal quarter period ending on the last day of the most recent fiscal quarter of the Parent for which financial statements are available; provided that (x) a Subsidiary will not be an Immaterial Subsidiary if it (i) directly or indirectly guarantees, or pledges any property or assets to secure, any Obligations, (ii) owns any assets that are intended to be included in the Collateral or is party to any agreements that constitute (or would constitute) Collateral, or (iii) owns a majority of the Equity Interests of any Subsidiary that owns any assets that are intended to be included in the Collateral or is party to any agreements that constitute (or would constitute) Collateral and (y) the Borrower and the Parent shall not be Immaterial Subsidiaries.

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or contingent obligations of such Person arising under (i) letters of credit (including standby and commercial), bankers' acceptances and bank guaranties and (ii) surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all Attributable Indebtedness;

(g) all obligations of such Person in respect of Disqualified Equity Interests; and

(h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any

Indebtedness of any Person for purposes of clause (e) that is expressly made non-recourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (i) the aggregate principal amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnitee" has the meaning specified in Section 11.03(b).

"Information" has the meaning specified in Section 11.12.

"Initial Lender" means Treasury or its designees (but, for the avoidance of doubt, excluding any assignee of the Loans).

"Intellectual Property" has the meaning assigned to such term in the Pledge and Security Agreement.

"Interest Payment Date" means the first Business Day following the 14th day of each March, June, September and December (beginning with December 15, 2020), and the Maturity Date.

"Interest Period" means, as to any Borrowing, (a) for the initial Interest Period, the period commencing on the date of such Borrowing and ending on the next succeeding Interest Payment Date and (b) for each Interest Period thereafter, the period commencing on the last day of the next preceding Interest Period and ending on the next succeeding Interest Payment Date.

"International Registry" has the meaning assigned to such term in the Pledge and Security Agreement.

"Interpolated Rate" means, at any time, the rate per annum determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the rate as displayed on the Bloomberg "LIBOR01" screen page (or any successor or replacement screen on such service; in each case the "Screen Rate") for the longest period (for which that Screen Rate is available) that is shorter than three (3) months and (b) the Screen Rate for the shortest period (for which that Screen Rate is available) that is equal to or exceeds three (3) months, in each case, at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor incurs Indebtedness of the type referred to in clause (h) of the definition of "Indebtedness" in respect of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment but giving effect to any returns or distributions of capital or repayment of principal actually received in case by such Person with respect thereto.

"IP Licenses" has the meaning assigned to such term in the Pledge and Security Agreement.

"IRS" means the United States Internal Revenue Service.

"ISDA Definitions" means 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.

"IT Systems" has the meaning specified in Section 3.27.

"Laws" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lenders" means the Initial Lender and any other Person that shall have become party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

"LIBO Rate" means, the greater of (a) the rate appearing on the Bloomberg "LIBOR01" screen page (or any successor or replacement screen on such service) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity of three (3) months; provided that (i) if such rate is not available at such time for any reason, then the "LIBO Rate" shall be the Interpolated Rate, and (ii) if the Interpolated Rate is not available (except as set forth in Section 2.10), the "LIBO Rate" shall be the LIBO Rate for the immediately preceding Interest Period, two (2) Business Days prior to the commencement of such Interest Period and (b) 0%.

"Lien" means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, any option or other agreement to sell or give a security interest in an asset, or preference, priority, or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Liquidity" means the sum of (i) all unrestricted cash and Cash Equivalents of the Parent and its Subsidiaries, (ii) cash or Cash Equivalents of the Parent and its Subsidiaries restricted in favor of the Obligations or in connection with the Payroll Support Program Agreement (other than any amounts held in the Blocked Account, Payment Account and Collateral Proceeds Account), (iii) the aggregate principal amount committed and available to be drawn by the Parent and its Subsidiaries (taking into account all borrowing base limitations or other restrictions) under all revolving credit facilities of the Parent and its Subsidiaries, (iv) any remaining aggregate principal amount committed and available to be drawn (taking into account any applicable restrictions) by the Parent 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 Parent 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" means a loan made by a Lender to the Borrower pursuant to this Agreement.

"Loan Application Form" means the application form and any related materials submitted by the Borrower to the Initial Lender in connection with an application for the Loans under Division A, Title IV, Subtitle A of the CARES Act.

"Loan Documents" means, collectively, this Agreement, any Security Document, any promissory notes issued pursuant to Section 2.11(b) and any other documents entered into in connection herewith (including an Administrative Agency Fee Letter, if any).

"Loyalty Program" means (a) any frequent flyer program, co-branded card program or any other program (whether now existing or established, arising or acquired in the future) that grants members in such program or co-branded cardholders Currency based on such member's or co-branded cardholder's purchasing or other behavior and that entitles a member or co-branded cardholder to accrue, redeem or otherwise exploit such Currency for a benefit or reward, including flights, priority access, lounge or "club" access, discounts, upgrades (including in seat or class) or other goods or services or (b) any Loyalty Subscription Program.

"Loyalty Program Agreement" means each contract, agreement, transaction or other undertaking described on Schedule 1.01(b) and any other current or future contract, agreement, transaction or other undertaking between any Credit Party (or any of its Affiliates, as applicable) and a Loyalty Program Participant entered into connection with any Carrier Loyalty Program, including any card marketing agreement with respect to credit cards co-branded by a Credit Party and a Loyalty Program Participant and any card network agreement, and any amendment, supplement or modification thereto, but excluding all reciprocal passenger Currency accrual and redemption agreements with other Air Carriers.

"Loyalty Program Assets" has the meaning assigned to such term in the Pledge and Security Agreement.

"Loyalty Program Data" means all data (whether or not constituting Personal Data) Processed in connection with, or generated or produced in the course of the operation of, any Carrier Loyalty Program, but, with respect to Personal Data, solely to the extent Processed, generated or produced regarding Loyalty Program Members as Loyalty Program Members, including all such data consisting of (a) a list of all Loyalty Program Members and (b) data concerning each Loyalty Program Member as a member of any of the Carrier Loyalty Programs, including such Loyalty Program Member's (i) name, mailing address, email address, date of birth, gender and phone number and other identifiers, (ii) communication and promotion opt-ins and opt-outs, (iii) financial information and transaction histories, (iv) total miles and awards, (v) third-party engagement history and customer experience, (vi) accrual and redemption activity, (vii) member tier and status designations and member tier and status activity and qualifications, (viii) internet or network activity (including information regarding interaction with a website), (ix) profile preferences, (x) login information, (xi) Loyalty Program Member spend activity, (xii) geolocation data and (xiii) any inferences drawn or enrichments created from any of the foregoing. Loyalty Program Data also includes any Proceeds relating to any of the foregoing (other than any such Proceeds to the extent arising from a Credit Party's non-Loyalty Program operations). For the avoidance of doubt, the definition of "Loyalty Program Data" does not impose an obligation on any Credit Party to collect any data inconsistent with its past or current practices.

"Loyalty Program Intellectual Property" has the meaning assigned to such term in the Pledge and Security Agreement.

"Loyalty Program Member" means, as of any date, any individual who is an applicant or member of any Carrier Loyalty Program (or a legal guardian of such applicant or member).

"Loyalty Program Participant" means (a) a financial institution or other Person that is a party to any card agreement with a Credit Party or (b) any other Person (i) to which a Credit Party or any of its Affiliates sells, leases or otherwise transfers Currency in connection with any Carrier Loyalty Program, including partner airline, co-branded card, hotel and car rental partners, (ii) that provides goods, services or other consideration to Loyalty Program Members in exchange for, or redemption of, Currency or (iii) that, in connection with the provision of goods, services or other consideration by such Person to Loyalty Program Members or the use of the services of such Person by Loyalty Program Members, such Person offers Currency to such Loyalty Program Members or provides any Credit Party (or any Affiliate thereof) with sufficient information so that such Credit Party (or any Affiliate thereof) may post Currency to such Loyalty Program Members' accounts.

"Loyalty Program Revenue" means all payments received by, or otherwise required to be paid to, the Credit Parties (and their Affiliates), and all other amounts the Credit Parties are entitled to, under the Loyalty Program Agreements and any Loyalty Subscription Program.

"Loyalty Revenue Advance Transaction" means (i) any Pre-paid Currency Purchase or (ii) any other transaction between any Credit Party and a counterparty to a Loyalty Program Agreement providing for the advance of cash that is expected to be paid from or set off against future payments otherwise required to be made by the counterparty to such Credit Party.

"Loyalty Subscription Program" means any program (whether now existing or established, arising or acquired in the future) that grants members in such program access to discounted goods or services in exchange for a periodic cash payment. The Loyalty Subscription Programs in existence as of the Closing Date are listed on Schedule 1.01(c) of this Agreement.

"Margin Stock" means margin stock within the meaning of Regulations T, U and X.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Parent and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Borrower or any Credit Party to perform its Obligations, (ii) the legality, validity, binding effect or enforceability against the Borrower or any Credit Party of any Loan Document to which it is a party or the validity, perfection and first priority of the Liens on the Collateral in favor of the Collateral Agent taken as a whole or with respect to a substantial portion of the Collateral, (iii) the rights, remedies and benefits available to, or conferred upon, the Lenders or the Agents under any Loan Documents, (iv) the ability of the Borrower or any Credit Party to perform its obligations under any Material Loyalty Program Agreement, (v) the legality, validity, binding effect or enforceability against the Borrower or any Credit Party of any Material Loyalty Program Agreement or (vi) the business and operations of any Carrier Loyalty Program, in each case, taken as a whole; provided that the impacts of the COVID-19 disease outbreak will be disregarded for purposes of clauses (a) and(b)(vi) of this definition to the extent (i) publicly disclosed in any SEC filing of the Parent or otherwise provided to the Initial Lender prior to the Closing Date and (ii) the scope of such adverse effect is no greater than that which has been disclosed as of the Closing Date.

"Material Indebtedness" means Indebtedness of the Parent or any of its Subsidiaries (other than the Loans) outstanding under the same agreement in a principal amount exceeding $7,000,000.

"Material Loyalty Program Agreements" means (a) each Loyalty Program Agreement identified as a Material Loyalty Program Agreement as set forth on Schedule 1.01(b), as updated from time to time pursuant to the terms of the Pledge and Security Agreement and (b) any other Loyalty Program Agreements between a Credit Party and a Loyalty Program Participant such that, at all times, the Credit Parties have identified to Lender Loyalty Program Agreements then in full force and effect and generating not less than 90% of aggregate Loyalty Program Revenue (excluding revenues generated under any Loyalty Subscription Program).

"Material Modification" means any amendment or waiver of, or modification or supplement to, any term or condition of a Loyalty Program Agreement agreed to, executed or effected on or after the Closing Date, which:

(a) extends, waives, delays or contractually or structurally subordinates one or more payments due to any Credit Party with respect to such Loyalty Program Agreement;

(b) reduces the rate or amount of payments due to any Credit Party with respect to such Loyalty Program Agreement or reduces the frequency or timing of payments due to any Credit Party;

(c) gives any Person other than Credit Parties party to such Loyalty Program Agreement additional or improved termination rights with respect to such Loyalty Program Agreement;

(d) shortens the term of such Loyalty Program Agreement (other than in connection with the replacement of such Loyalty Program Agreement with another Loyalty Program Agreement on terms at least as favorable to the Lenders, as determined by the Appropriate Party in its reasonable discretion (or in the case of the Initial Lender, its sole discretion)) or expands or improves any counterparty's rights or remedies following a termination;

(e) limits, or requires or results in the limitation of (x) the right or ability of any Credit Party, any of its Affiliates, any of its or their successors or assigns or the Collateral Agent to, or to authorized others to, use, exploit, share or transfer the Loyalty Program Intellectual Property or the IP Licenses included in the Collateral (other than third-party Intellectual Property that ceases to be required or useful for the conduct of any Carrier Loyalty Program as currently conducted and as currently contemplated to be conducted) or (y) the right or ability of any Credit Party, any of its Affiliates, any of its or their successors or assigns or the Collateral Agent to, or to authorized others to, Process any Loyalty Program Data, including such amendment, waiver, modification or supplement that removes or narrows, or requires or results in the removal or narrowing of any disclosure to individuals existing as of the date hereof regarding the potential future transfer, sharing or disclosure of Loyalty Program Data, in each case other than pursuant to a change required under applicable Law; or

(f) imposes new financial obligations on any Credit Party under such Loyalty Program Agreement,

in each case, to the extent such amendment, waiver, modification or supplement would reasonably be expected to (1) be materially adverse to the Lenders or any Secured Party (as defined in the Pledge and Security Agreement) or (2) result in a Material Adverse Effect; provided that any amendment to a Loyalty Program Agreement that (i) shortens the scheduled maturity or term thereof (other than changes that are permitted under (d) above), (ii) amends, modifies or otherwise changes the calculation or rate of fees, expenses, guarantee payments or termination payments due and owing thereunder, including changes to interchange rates, in each case as defined in the applicable Loyalty Program Agreement and any other term related to the calculation of fees related to the purchase of the applicable Currency, and in a manner materially reducing the amount owed to the Credit Parties, (iii) changes the contractual subordination of payments thereunder in a manner materially adverse to the Lenders, reduces the frequency of payments thereunder or permits payments due to the applicable Credit Parties to be deposited to an account other than the Collection Account, (iv) changes the amendment standards applicable to such Loyalty Program Agreement in a manner that would reasonably be expected to result in a Material Adverse Effect, (v) materially impairs the rights of the Collateral Agent or the Initial Lender to enforce or consent to amendments to any provisions of a Loyalty Program Agreement in accordance therewith, or (vi) constitutes an action set forth in clause (e) shall be deemed to result in a Material Adverse Effect and shall be considered a Material Modification.

"Material Subsidiary" means any Subsidiary that is not an Immaterial Subsidiary.

"Maturity Date" means the date that is five (5) years after the Closing Date (except that, if such date is not a Business Day, the Maturity Date shall be the preceding Business Day); provided that, to the extent either (x) any Material Loyalty Program Agreement (other than Material Loyalty Program Agreements that have been replaced as permitted under this Agreement) or (y) Loyalty Program Agreements representing 90% of Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) in the aggregate over the immediately preceding twelve (12) calendar month period then ended, in each case, expires prior to such date (after giving effect to any extension thereto pursuant to an agreement in form and substance satisfactory to the Initial Lender that has been executed by the applicable parties thereto and delivered to the Initial Lender no later than six (6) months prior to the then effective Maturity Date (an "Extension Agreement")), the Maturity Date shall be the date that is the earlier of (i) six (6) months prior to the earliest such expiration date (after giving effect to any Extension Agreement) and (ii) five (5) years after the Closing Date.

"Maximum Rate" has the meaning specified in Section 11.14.

"Moody's" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Credit Party or any ERISA Affiliate makes or is obligated to make contributions, during the preceding five (5) plan years has made or been obligated to make contributions, or has any liability.

"Multiple Employer Plan" means a Plan with respect to which any Credit Party or any ERISA Affiliate is a contributing sponsor, and that has two (2) or more contributing sponsors at least two (2) of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

"Net Proceeds" means in connection with any Disposition, Recovery Event or Contingent Payment Event, the aggregate cash and Cash Equivalents received by the Parent or any of its Subsidiaries in respect of a Disposition of Collateral (including, without limitation, any cash or Cash Equivalents received in respect of or upon the Disposition of any non-cash consideration received in any such

Disposition of Collateral), Recovery Event or Contingent Payment Event, net of the direct costs and expenses relating to such Disposition and incurred by the Parent or a Subsidiary (including the sale or disposition of such non-cash consideration) or any such Recovery Event or Contingent Payment Event, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Disposition, Recovery Event, or Contingent Payment Event taxes paid or reasonably estimated to be payable as a result of the Disposition, Recovery Event or Contingent Payment Event, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements.

"Non-Consenting Lender" means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all or all affected Lenders in accordance with the terms of Section 11.02 and (b) has been approved by the Required Lenders.

"Note" means the promissory note executed by the Borrower pursuant to Section 2.11(b).

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, each Credit Party arising under any Loan Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or required to be performed, or to become due or to be performed, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Credit Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by the Borrower or any other Credit Party under any Loan Document, (b) the obligation of any Credit Party to reimburse any amount in respect of any of the foregoing that the Lenders, in each case in their sole discretion, may elect to pay or advance on behalf of any Credit Party and (c) the obligation of any Credit Party or any of its Subsidiaries to take any action or refrain from taking any action as required by the covenants and other provisions contained in this Agreement and any other Loan Document.

"Obligee Guarantor" has the meaning specified in Section 9.06.

"Organizational Documents" means (a) as to any corporation, the charter or certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) as to any limited liability company, the certificate or articles of formation or organization and the operating or limited liability agreement (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction) and (c) as to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in the Loans or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19(b)).

"Outstanding Amount" means, with respect to Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Loans occurring on such date.

"Parent" has the meaning specified in introductory paragraph hereof.

"Participant" has the meaning specified in Section 11.04(d).

"Participant Register" has the meaning specified in Section 11.04(d).

"Payment Account" has the meaning specified in Section 5.21(b).

"Payment Event" means (a), the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than or equal to 1.50 to 1.00 (including if the Debt Service Coverage Ratio is less than or equal to 1.25 to 1.00), or (b) an Event of Default or Term Trigger Event has occurred. A Payment Event shall be deemed continuing until (i) with respect to clause (a), the Debt Service Coverage Ratio is greater than 1.50 to 1.00 on a DSCR Determination Date or (ii) such Event of Default or Term Trigger Event shall no longer be continuing.

"Payroll Support Program Agreement" means that certain Payroll Support Program Agreement dated as of April 20, 2020, between the Borrower and Treasury.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Act" means the Pension Protection Act of 2006.

"Pension Funding Rules" means the rules of the Code and ERISA (as modified by the CARES Act) regarding minimum funding standards and minimum required contributions (including any installment payment thereof) to Pension Plans and Multiemployer Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"Pension Plan" means any employee pension benefit plan (including a Multiple Employer Plan, but excluding a Multiemployer Plan) that is maintained or is contributed to by any Credit Party or any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

"Perfection Requirement" has the meaning specified in the Pledge and Security Agreement.

"Permitted Bond Hedge Transaction" means any call or capped call option (or substantively equivalent derivative transaction) on the Parent's common Equity Interests purchased by the Parent in connection with the issuance of any Convertible Indebtedness; provided that the purchase price for such Permitted Bond Hedge Transaction does not exceed the net proceeds received by the Parent from the sale of such Convertible Indebtedness issued in connection with the Permitted Bond Hedge Transaction.

"Permitted Business" means any business that is the same as, or reasonably related, ancillary, supportive or complementary to, the business in which the Parent and its Subsidiaries are engaged on the date of this Agreement.

"Permitted Liens" means:

(a) Liens created for the benefit of (or to secure the payment and performance of) the Obligations or any Guaranteed Obligations;

(b) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(c) Liens imposed by law, including carriers', vendors', materialmen's, warehousemen's, landlord's, mechanics', repairmen's, employees' or other like Liens, in each case, incurred in the ordinary course of business;

(d) Liens arising by operation of law in connection with judgments, attachments or awards which do not constitute an Event of Default hereunder;

(e) any licenses or sublicenses (x) granted on a non-exclusive basis to customers or service providers in the ordinary course of business or to business partners in the ordinary course of business in a manner and subject to terms consistent with past practice or (y) granted pursuant to any Loyalty Program Agreement in full force and effect as of the Closing Date, any successor agreement thereto or any new Loyalty Program Agreement, in each case that is included in the Collateral (provided that any such grant pursuant to such new or successor agreement is made in the ordinary course of business in a manner and subject to terms substantially similar with those of the predecessor Loyalty Program Agreement or with any Loyalty Program Agreement in full force and effect as of the Closing Date, as the case may be);

(f) to the extent constituting Liens on Collateral, Dispositions permitted pursuant to Section 6.04(a), (c)(2), (d), (e) or (f);

(g) 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 in the ordinary course of business;

(h) to the extent applicable, salvage or similar rights of insurers, in each case as it relates to Collateral; and

(i) Liens expressly permitted by the Pledge and Security Agreement.

"Permitted Refinancing" means with respect to any Person, any refinancings, renewals, or extensions of any Indebtedness of such Person so long as: (a) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended, other than by the amount of premiums paid thereon and the fees and expenses incurred in connection therewith and by the amount of unfunded commitments with respect thereto; (b) such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity

(measured as of the refinancing, renewal, or extension) of the Indebtedness so refinanced, renewed, or extended, nor are they on terms or conditions that, taken as a whole, are or could reasonably be expected to be materially adverse to the interests of the Lenders; (c) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension must include subordination terms and conditions that are at least as favorable to the Lenders as those that were applicable to the refinanced, renewed, or extended Indebtedness; (d) the Indebtedness that is refinanced, renewed, or extended is not recourse to any Person that is liable on account of the Obligations other than those Persons which were obligated with respect to the Indebtedness that was refinanced, renewed, or extended and (e) to the extent the Indebtedness that is refinanced, renewed, or extended is unsecured, the Indebtedness resulting from such refinancing, renewal or extension must be unsecured.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Personal Data" means any information or data that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household, or any other data or information that constitutes personal data, personally identifiable information, personal information or a similar defined term under any Privacy Law or any policy of a Credit Party or any of its Affiliates relating to privacy or the Loyalty Program Data.

"PIK Interest Amount" means, in respect of any Interest Payment Date, the amount of interest accrued during an Interest Period calculated based on the PIK Interest Rate applicable during such Interest Period.

"PIK Interest Rate" means (a) in respect of any Interest Period, the Additional Tax Payer Protection Rate plus (b) in respect of any Interest Period ending on or prior to the first anniversary of the date hereof, the Adjusted LIBO Rate plus the Applicable Rate.

"Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA, maintained for employees of the Parent or any Subsidiary, or any such plan to which the Parent or any Subsidiary is required to contribute on behalf of any of its employees or with respect to which any Credit Party has any liability.

"Platform" means Debt Domain, Intralinks, Syndtrak, DebtX or a substantially similar electronic transmission system.

"Pledge and Security Agreement" means the Pledge and Security Agreement executed and delivered by the Borrower and each Guarantor on the Closing Date in form and substance acceptable to the Initial Lender and the Collateral Agent, as it may be amended, supplemented, restated or otherwise modified from time to time. For the avoidance of doubt, the terms of the "Pledge and Security Agreement" shall include the terms of all Applicable Annexes (as defined in the Pledge and Security Agreement).

"Pre-paid Currency Purchases" means the sale, lease or other transfer by any Credit Party or any Subsidiary of a Credit Party of pre-paid Currency to a counterparty of a Loyalty Program Agreement.

"Prepayment Notice" means a notice by the Borrower to prepay Loans, which shall be in such form as the Appropriate Party may approve.

"Prime Rate" means the rate of interest per annum 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 Federal Reserve 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 Required Lenders) or any similar release by the Federal Reserve Board (as determined by the Required Lenders). Any change in the Prime Rate shall take effect at the opening of business on the day such change is publicly announced or quoted as being effective.

"Privacy Law" means all Applicable Laws worldwide relating to the Processing, privacy or security of Personal Data and all regulations issued thereunder, including, to the extent applicable, the EU General Data Protection Regulation (EU) 2016/679 (and all Laws implementing it), Section 5 of the Federal Trade Commission Act, the California Consumer Privacy Act, the Children's Online Privacy Protection Act, Title V, Subtitle A of the Gramm-Leach-Bliley Act, 15 U.S.C. 6801 et seq. (and the rules and regulations promulgated thereunder), state data breach notification Laws, state data security Laws, and any Law concerning requirements for website and mobile application privacy policies and practices, or any outbound communications (including e-mail marketing, telemarketing and text messaging), tracking and marketing.

"Proceeds" means "proceeds," as defined in Article 9 of the UCC.

"Processed", "Processing" or "Process", with respect to data (including Loyalty Program Data), means collected, accessed, recorded, acquired, stored, organized, altered, adapted, retrieved, disclosed, used, disposed, erased, disclosed, destructed, transferred or otherwise processed; in each case, whether or not by automated means.

"Public Lender" has the meaning specified in Section 11.01(e).

"Receivables Subsidiary" means (x) a Wholly-Owned Subsidiary of the Parent formed for the purpose of and which engages in no activities other than in connection with the financing or securitization of accounts receivables (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (1) is guaranteed by the Parent or by any Subsidiary of the Parent, excluding any guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings, (2) is recourse to or obligates the Parent or any Subsidiary of the Parent in any way other than pursuant to Standard Securitization Undertakings or (3) subjects any property or asset of the Parent or any Subsidiary of the Parent (other than accounts receivable and related assets) or any property or asset of the type that is intended to be include in the Collateral, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings, (b) with which neither the Parent nor any Subsidiary of the Parent (other than another Receivables Subsidiary) has any material contract, agreement, arrangement or understanding (other than pursuant to the related financing of accounts receivable) other than on terms no less favorable to the Parent or such Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Parent and (c) with which neither the Parent nor any Subsidiary of the Parent has any obligation to maintain or preserve such Subsidiary's financial condition, other than a minimum capitalization in customary amounts, or to cause such Subsidiary to achieve certain levels of operating results or (y) any Subsidiary of a Receivables Subsidiary. For the avoidance of doubt, the Parent and any Subsidiary of the Parent may enter into Standard Securitization Undertakings for the benefit of a Receivables Subsidiary.

"Recipient" means (a) the Administrative Agent, (b) the Collateral Agent or (c) any Lender, as applicable.

"Recovery Event" means any settlement of or payment in respect of any property or casualty insurance claim or any condemnation proceeding relating to any Collateral or any Event of Loss (as defined in the Pledge and Security Agreement).

"Reference Time" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is USD 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 USD LIBO Rate, the time determined by the Required Lenders in their reasonable discretion, provided that such time is determined to be administratively feasible by the Administrative Agent.

"Register" has the meaning specified in Section 11.04(c).

"Regulation D" means Regulation D of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation T" means Regulation T of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation U" means Regulation U of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation X" means Regulation X of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Relevant Governmental Body" means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty (30)-day notice period has been waived.

"Required Filings" shall have the meaning specified in the Pledge and Security Agreement.

"Required Lenders" means, at any time, Lenders having Loans representing more than 50% of the aggregate Outstanding Amount of Loans of all Lenders at such time.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer" means (a) the chief executive officer, president, executive vice president or a Financial Officer of the Borrower or such Credit Party, as applicable, (b) solely for purposes of the delivery of incumbency certificates and certified Organizational Documents and resolutions pursuant to Section 4.01, any vice president, secretary or assistant secretary of the Borrower or such Credit Party and (c) solely for purposes of Borrowing Requests, prepayment notices and notices for Commitment terminations or reductions given pursuant to Article II, any other officer or employee of the Borrower so designated from time to time by one of the officers described in clause (a) in a notice to the

Administrative Agent (together with evidence of the authority and capacity of each such Person to so act in form and substance satisfactory to the Administrative Agent). Any document delivered hereunder that is signed by a Responsible Officer of a Credit Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership or other action on the part of such Credit Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Credit Party.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of any Person, or any payment (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 of any such Equity Interest, or on account of any return of capital to such Person's shareholders, partners or members (or the equivalent Persons thereof).

"Route Authority" has the meaning assigned to such term in the Pledge and Security Agreement.

"S&P" means S&P Global Ratings, and any successor to its rating agency business.

"Sanctioned Country" has the meaning specified in Section 3.15(a).

"Sanctioned Person" has the meaning specified in Section 3.15(a).

"Sanctions" has the meaning specified in Section 3.15(a).

"Screen Rate" has the meaning specified in the definition of the term "Interpolated Rate".

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Secured Parties" has the meaning assigned to such term in the Pledge and Security Agreement.

"Securities Act" means the Securities Act of 1933, as amended.

"Security Document" means the Pledge and Security Agreement and any security or pledge agreement, mortgage, hypothecation or other agreement, instrument or document relating to collateral for the Loans (including any short form agreements, supplements, control agreements, collateral access agreements and registrations executed or made) that may exist at any time and from time to time, as amended from time to time.

"Slot" has the meaning assigned to such term in the Pledge and Security Agreement.

"SOFR" means, 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 at approximately 8:00 a.m. (New York City time) on the immediately succeeding Business Day.

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means 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.

"Solvent" means, as to any Person as of any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability. For the avoidance of doubt, a Person shall not fail to be Solvent on any date solely as a result of such person's audit having a "going concern" or like qualification, exception or explanatory paragraph or any qualification, exception or explanatory paragraph as to the scope of such audit solely due to the COVID-19 disease outbreak.

"Spare Parts" has the meaning assigned to such term in the Pledge and Security Agreement.

"Standard Securitization Undertakings" means all representations, warranties, covenants, indemnities, performance Guarantees and servicing obligations entered into by the Parent or any Subsidiary (other than a Receivables Subsidiary), which are customary in connection with any financing of accounts receivable.

"Subsidiary" of a Person means a corporation, partnership, limited liability company, association or joint venture or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time owned or the management of which is controlled, directly, or indirectly through one or more intermediaries, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Parent.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, as to any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term SOFR" means, 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 Trigger Event" has the meaning specified in Section 2.06(b).

"Trade Date" means the date on which an assigning Lender enters into a binding agreement to sell and assign all or a portion of its rights and obligations under this Agreement to another Person.

"Trade Secrets" has the meaning assigned to such term in the Pledge and Security Agreement.

"Trademark" has the meaning assigned to such term in the Pledge and Security Agreement.

"Treasury" has the meaning specified in the preamble to this Agreement.

"UK Financial Institution" means 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" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Uniform Commercial Code" and "UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction.

"United States" and "U.S." mean the United States of America.

"USD LIBO Rate" means the LIBO Rate for U.S. dollars.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning specified in Section 2.16(g).

"Valuation Certificate" means a certificate, in form and substance satisfactory to the Required Lenders, executed by a Responsible Officer of the Parent specifying a value in Dollars (and not a range of values), dated as of the delivery thereof, that certifies, at the time of determination, in reasonable detail the Appraised Value of the Qualified Receivables specified therein.

"Voting Stock" of any specified Person as of any date means the equity interests of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

"Wholly-Owned" means, as to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (a) director's qualifying shares and (b) shares issued to foreign nationals to the extent required by Applicable Law) are owned by such Person and/or by one or more Wholly-Owned Subsidiaries of such Person.

"Withholding Agent" means the Borrower and the Administrative Agent or other person making or transferring to any Lender any payment on behalf of the Borrower.

"Write-Down and Conversion Powers" means, (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 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 such 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 power.

SECTION 1.02 Terms Generally. The definitions of terms herein shall apply equally to 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." The word "will" shall be construed to have the same meaning and effect as the word "shall." The word "or" is not exclusive. The word "year" shall refer (i) in the case of a leap year, to a year of three hundred sixty-six (366) days, and (ii) otherwise, to a year of three hundred sixty-five (365) days. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.03 Accounting Terms; Changes in GAAP.

(a) Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall be construed in conformity with GAAP. Financial statements and other information required to be delivered by the Parent to the Lenders pursuant to Sections 5.01(a) and 5.01(b) shall be prepared in accordance with GAAP as in effect at the time of such preparation. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Parent and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) Changes in GAAP. If the Borrower notifies the Administrative Agent (who will forward such notification to the Lenders) that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof 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, the Required Lenders shall have notified the Borrower (with a copy to the Administrative Agent) of their objection to such amendment or such provision shall have been amended in accordance herewith.

SECTION 1.04 Rates. The Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the rates in the definition of "LIBO Rate" or with respect to any comparable or successor rate thereto.

SECTION 1.05 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 on the first date of its existence by the holders of its Equity Interests at such time.

## ARTICLE II

## COMMITMENT AND BORROWING

SECTION 2.01 Commitment. Subject to the terms and conditions set forth herein, the Initial Lender agrees to make the Loans to the Borrower in one installment on the Closing Date in an aggregate principal amount not to exceed the Initial Lender's Commitment. Amounts borrowed under this Section 2.01 and repaid or prepaid may not be reborrowed.

SECTION 2.02 Loans and Borrowing.

(a) Borrowing. The Borrower shall make the Borrowing of the Loans on the Closing Date.

(b) Amount. The Borrowing shall be in an aggregate amount of $45,000,000.

(c) PIK Interest. In accordance with Section 2.09(e), the principal amount of the Loan shall also be increased on each Interest Payment Date by the PIK Interest Amount with respect to such Interest Payment Date unless the Borrower pays such PIK Interest Amount in cash on such Interest Payment Date pursuant to an election to do so in accordance with Section 2.09(e).

(d) Funding of Borrowings. Each Lender shall make the amount of each Borrowing to be made by it hereunder available to the Administrative Agent by wire transfer of immediately available funds to the Administrative Account not later than 12:00 noon (New York City time) on the proposed date thereof. The Administrative Agent will make all such funds so received available to the Borrower in like funds, by wire transfer of such funds in accordance with the instructions provided in the applicable Borrowing Request; provided that if all such requested funds are not received by the Administrative Agent by 12:00 noon (New York City time) on the proposed date for such Borrowing, the Administrative Agent shall distribute such funds on the next succeeding Business Day.

SECTION 2.03 Borrowing Request.

(a) Notice by Borrower. In order to request a Borrowing, the Borrower shall notify the Administrative Agent of such request in writing not later than 11:00 a.m. (New York City time), three (3) Business Days prior to the date of the requested Borrowing. Such notice shall be irrevocable and shall be in the form of a written Borrowing Request, appropriately completed and signed by a Responsible Officer of the Borrower. The Administrative Agent shall promptly advise the applicable Lenders of any Borrowing Request given pursuant to this Section 2.03(a) (and the contents thereof), and of each Lender's portion of the requested Borrowing.

(b) Content of Borrowing Request. The Borrowing Request for a Borrowing pursuant to this Section shall specify the following information in compliance with Section 2.02: (i) the aggregate amount of the requested Borrowing; (ii) the date of such Borrowing (which shall be a Business Day); and (iii) the location and number of the Borrower's account to which funds are to be disbursed.

SECTION 2.04 [Reserved].

SECTION 2.05 [Reserved].

SECTION 2.06 Prepayments.

(a) Optional Prepayments. The Borrower may, upon written notice to the Administrative Agent, at any time and from time to time prepay the Loans in whole or in part without premium or penalty, subject to the requirements of this Section. Partial prepayments of the Loans shall be in a minimum aggregate principal amount of $1,000,000 or a whole multiple of $100,000 in excess thereof. Notwithstanding anything herein to the contrary, the Borrower may at any time elect to prepay the Loans with funds contained in the Eligible Receivables Account or the Collateral Proceeds Account.

(b) Mandatory Prepayments.

(i) Dispositions of Collateral. Within three (3) Business Days of the receipt by the Parent or any of its Subsidiaries of any Net Proceeds from a Disposition of Collateral not permitted by Section 6.04, the Borrower shall prepay the Loans in an amount equal to 100% of such Net Proceeds.

(ii) Recovery Events. Within three (3) Business Days of the receipt by the Parent or any of its Subsidiaries of any Net Proceeds from a Recovery Event in respect of Collateral, the Borrower shall either (x) prepay the Loans in an amount equal to 100% of such Net Proceeds or (y) (except with respect to Collateral in respect of any Loyalty Program) deposit such Net Proceeds into the Collateral Proceeds Account for such purpose and thereafter such Net Proceeds shall be applied (to the extent not otherwise applied pursuant to the immediately succeeding proviso) to prepay the Loans; provided that (I) the Borrower may use such Net Proceeds to (A) replace the assets which are the subject of such Recovery Event with assets that are of the same type of Collateral or (B) repair the assets which are the subject of such Recovery Event, in each case, within 270 days after such deposit is made, (II) all such Net Proceeds amount may, at the option of the Borrower at any time, be applied to repay the Loans, and (III) upon the occurrence of an Event of Default, the amount of any such deposit may be applied by the Administrative Agent to repay the Loans.

(iii) Certain Debt Issuances. Immediately upon receipt by the Parent or any of its Subsidiaries of any proceeds from the incurrence of any Indebtedness that is secured by Liens on the Collateral (other than Permitted Liens), the Borrower shall prepay the Loans in an amount equal to 100% of any such proceeds from any such Indebtedness.

(iv) Change of Control. Immediately upon the occurrence of a Change of Control, the Borrower shall prepay the Loans in an amount equal to 100% of the aggregate outstanding principal amount of Loans.

(v) Contingent Payment Events. Within three (3) Business Days of the receipt by the Parent or any of its Subsidiaries of any Net Proceeds from a Contingent Payment Event under a Loyalty Program Agreement, which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from Contingent Payment Events, are in excess of $5,000,000 the Borrower shall prepay the Loans in an amount equal to 100% of such Net Proceeds.

(vi) Loyalty Revenue Advance Transactions. Within three (3) Business Days of the receipt by the Parent or any of its Subsidiaries of any Net Proceeds from a Loyalty Revenue Advance Transaction, which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from Loyalty Revenue Advance Transactions during the term of this Agreement, are in excess of an amount equal to the greater of (x) $750,000 and (y) 10% of the aggregate amount of Collateral Cash Flow received during the most recently ended DSCR Test Period that has been deposited into a Collateral Account, the Borrower shall prepay the Loans in an amount equal to 100% of such excess Net Proceeds.

(vii) Payment Events.

(A) The Loans shall be required to be repaid if the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than 1.50 to 1.00 or 1.25 to 1.00, as the case may be, as set forth in Section 6.17(c).

(B) After the occurrence and during the continuation of an Event of Default, the Loans shall be repaid in an amount equal to 100% of all Loyalty Program Revenue received thereafter, and the Parent and the Subsidiaries shall wire transfer daily such Loyalty Program Revenue to the Payment Account (from the Collection Account or otherwise) with all such amounts deposited into the Payment Account to be applied to the prepayment of any Loans then outstanding.

(C) If at any time (x) any Material Loyalty Program Agreement has a remaining term of less than two and a half (2.5) years (after giving effect to any Extension Agreement) or (y) Loyalty Program Agreements representing 90% of Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) in the aggregate over the immediately preceding twelve (12) calendar month period then ended have remaining terms of less than two and a half (2.5) years (after giving effect to any Extension Agreement) (a "Term Trigger Event") and such Term Trigger Event is continuing, then the Loans shall be repaid in an amount equal to 100% of all Loyalty Program Revenue received thereafter and the Parent and the Subsidiaries shall wire transfer daily such Loyalty Program Revenue to the Payment Account (from the Collection Account or otherwise) with all such amounts deposited into the Payment Account to be applied to the prepayment of any Loans then outstanding.

(c) Notices. Each such notice pursuant to this Section shall be in the form of a written Prepayment Notice, appropriately completed and signed by a Responsible Officer of the Borrower, and must be received by the Administrative Agent not later than 11:00 a.m. (New York City time) three (3) Business Days before the date of prepayment (which delivery may initially be by electronic communication including fax or email and shall be followed by an original authentic counterpart thereof). Each Prepayment Notice shall specify (x) the prepayment date and (y) the principal amount of the Loans or portion thereof to be prepaid. Each Prepayment Notice shall be irrevocable.

(d) Payments. Any prepayment of the Loans pursuant to this Section 2.06 shall be accompanied by accrued interest on the principal amount prepaid as set forth in Section 2.09(c).

SECTION 2.07 Reduction and Termination of Commitments. The Initial Lender's Commitment shall automatically and permanently be reduced by the amount of any Borrowing of a Loan. The Borrower may, upon not less than three (3) Business Days' notice to the Initial Lender and the Administrative Agent, terminate the Commitment or, from time to time, reduce the Commitment. Any such reduction in the Commitment shall be in an amount equal to $1,000,000 or a whole multiple thereof, and shall permanently reduce the Commitment.

SECTION 2.08 Repayment of Loans. The Borrower shall repay to the Administrative Agent for the ratable account of the Lenders the aggregate principal amount of all Loans outstanding on the Maturity Date.

SECTION 2.09 Interest.

(a) Interest Rates. Subject to paragraph (b) of this Section, the Loans shall bear interest at a rate per annum equal to the Adjusted LIBO Rate plus the Applicable Rate plus the Additional Tax Payer Protection Rate.

(b) Default Interest. If any amount payable by the Borrower under this Agreement or any other Loan Document (including principal of any Loan, interest, fees and other amount) is not paid when due, whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a rate per annum equal to the applicable Default Rate. Upon the request of the Required Lenders, while any Event of Default exists, the Borrower shall pay interest on the principal amount of all Loans outstanding hereunder at a rate per annum equal to the applicable Default Rate.

(c) Payment Dates. Accrued interest on each Loan shall be payable in cash in arrears on or before 12:00 noon (New York City time) on each Interest Payment Date applicable thereto and at such other times as may be specified herein; provided that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (including mandatory prepayments under Section 2.06(b)), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) any PIK Interest Amount may be paid in kind in accordance with Section 2.09(e).

(d) Interest Computation. All interest hereunder shall be computed on the basis of a year of three hundred sixty (360) days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(e) Payment of Interest in Kind. By written notice to the Administrative Agent at least thirty (30) days prior to each Interest Payment Date, the Borrower may elect to pay all of the PIK Interest Amount in respect of such Interest Payment Date in cash on such Interest Payment Date. If the Borrower does not elect to pay any such PIK Interest Amount in cash as set forth in this clause, such PIK Interest Amount shall be paid by increasing the principal amount of the Loan by an amount equal to such PIK Interest Amount as of the applicable Interest Payment Date.

SECTION 2.10 Benchmark Replacement Setting.

(a) Benchmark Replacement. 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, as notified by the Required Lenders to the Administrative Agent in writing, 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 at or after 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 and the Administrative Agent by the Required Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document, so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent (after consultation with the Required Lenders) will have the right 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.

(c) Notices; Standards for Decisions and Determinations. The Initial Lender or the Required Lenders, as the case may be, will promptly notify the Administrative Agent, which will then promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark 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 removal or reinstatement of any tenor of a Benchmark pursuant to paragraph (d) below and (iv) the commencement or conclusion of any Benchmark Unavailability Period. The Administrative Agent will promptly notify the Borrower and the Lenders of the effectiveness of any Benchmark Replacement Conforming Changes. Any determination, decision or election that may be made by any Lender (or group of Lenders) or the Administrative Agent, if applicable, pursuant to this Section 2.10 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 2.10. Notwithstanding anything in this Agreement to the contrary, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, any determination made by it in connection with the adoption of Benchmark Replacement Conforming Changes or for the impact of such Benchmark Replacement Conforming Changes, nor for the failure to adopt any Benchmark Replacement Conforming Changes due to the failure of the Required Lenders to cooperate in good faith in connection with the determination of any Benchmark Replacement Conforming Changes.

(d) Unavailability of Tenor of Benchmark. 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 USD 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 definition of "Interest Period" may be modified 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) used by the Administrative Agent 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 definition of "Interest Period" may be modified for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Benchmark Unavailability Period. During any Benchmark Unavailability Period, all calculations of interest by reference to a LIBO Rate hereunder shall instead be made by reference to the Alternate Base Rate.

SECTION 2.11 Evidence of Debt.

(a) Maintenance of Records. The Administrative Agent shall maintain the Register in accordance with Section 11.04(c). The entries made in the records maintained pursuant to this paragraph (a) shall be prima facie evidence absent manifest error of the existence and amounts of the obligations recorded therein. Any failure of the Administrative Agent to maintain such records or make any entry therein or any error therein shall not in any manner affect the obligations of the Borrower under this Agreement and the other Loan Documents.

(b) Promissory Notes. The Borrower shall prepare, execute and deliver to such Lender a promissory note of the Borrower payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) in the form attached as Exhibit C hereto, which shall evidence such Lender's Loan.

SECTION 2.12 Payments Generally.

(a) Payments by Borrower. All payments to be made by the Borrower hereunder and the other Loan Documents shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all such payments shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, to the Administrative Account in immediately available funds not later than 12:00 noon (New York City time) on the date specified herein. All amounts received by a Lender or the Administrative Agent after such time on any date shall be deemed to have been received on the next succeeding Business Day and any applicable interest or fees shall continue to accrue. The Administrative Agent will promptly distribute to each Lender its ratable share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's applicable lending office (or otherwise distribute such payment in like funds as received to the Person or Persons entitled thereto as provided herein). If any payment to be made by the Borrower shall fall due on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be; provided that, if such next succeeding Business Day would fall after the Maturity Date, payment shall be made on the immediately preceding Business Day. Except as otherwise expressly provided herein, all payments hereunder or under any other Loan Document shall be made in Dollars.

(b) Application of Insufficient Payments. Subject to Section 7.02, if at any time insufficient funds are received by and available to the Lenders or the Administrative Agent to pay fully all amounts of principal, interest, fees and other amounts then due hereunder, such funds shall be applied (i) first, to pay interest, fees and other amounts then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest, fees and other amounts then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) Presumptions by Administrative Agent. 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 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, but shall not be obligated to, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, 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. Notwithstanding the foregoing, the Administrative Agent is not required to make any payment to the Lenders until it is in possession of cleared funds from the Borrower.

(d) Deductions by Administrative Agent. If any Lender (other than the Initial Lender) shall fail to make any payment required to be made by it pursuant to Section 2.13 or 11.03(c), then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender for

the benefit of the Administrative Agent to satisfy such Lender's obligations to the Administrative Agent until all such unsatisfied obligations are fully paid or (ii) hold any such amounts in a segregated account as cash collateral for, and for application to, any future funding obligations of such Lender under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

(e) Several Obligations of Lenders. The obligations of the Lenders hereunder to make Loans and to make payments pursuant to Section 11.03(c) are several and not joint. The failure of any Lender to make any Loan or to make any such payment on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or to make its payment under Section 11.03(c).

SECTION 2.13 Sharing of Payments. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; 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 paragraph shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).

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 setoff 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.

SECTION 2.14 Compensation for Losses. In the event of (a) the payment of any principal of the Loans other than on the last day of an Interest Period (including as a result of an Event of Default), (b) the failure to borrow or prepay the Loans (or any portion thereof) on the date specified in any notice delivered pursuant hereto, or (c) the assignment of the Loans (or any portion thereof) 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(b), then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender 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 Adjusted 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, for the date that would have been the applicable Interest Period), over (ii) the amount of interest that would

accrue on such principal amount for such period at the interest rate that such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the London interbank eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 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 promptly after receipt thereof.

SECTION 2.15 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Adjusted LIBO Rate);

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making or maintaining any Loan or to reduce the amount of any sum received or receivable by such Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or other Recipient, the Borrower will pay to such Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) [Reserved].

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 2.16 Taxes.

(a) Defined Terms. For purposes of this Section, the term "Applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made. The Borrower acknowledges and agrees that, absent a Change in Law, the Borrower is not required to withhold or deduct from any such payments to the Initial Lender on account of any U.S. federal withholding taxes or Taxes imposed pursuant to FATCA.

(c) Payment of Other Taxes by Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Initial Lender, the Required Lenders or the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by Borrower. The Borrower shall indemnify each Recipient, within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent if such Lender is not the Initial Lender), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender (other than the Initial Lender) shall severally indemnify the Administrative Agent, within thirty (30) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.04(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any such Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender (other than the Initial Lender) hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to such Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders. (i) Any Lender (other than the Initial Lender) that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower (or, if such Lender is not the Initial Lender, the Administrative Agent) as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender (other than the Initial Lender), if reasonably requested by the Borrower (or the Administrative Agent), shall deliver such other documentation prescribed by Applicable 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. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (g)(ii)(A), (ii)(B) and (ii)(D) of this Section) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender (other than the Initial Lender) that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI (or any successor forms) and, in the case of an Agent, a withholding certificate that satisfies the requirements of Treasury Regulation Sections 1.1441-1(b)(2)(iv) and 1.1441-1(e)(3)(v) as applicable to a U.S. branch that has agreed to be treated as a U.S. Person for withholding tax purposes;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit B-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-2 or Exhibit B-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by Applicable 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 Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender (other than the Initial Lender) under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender 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 shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by Applicable 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 and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so. Notwithstanding anything to the contrary in this Agreement, the Initial Lender shall be entitled to the benefits of this Section 2.16 and all related provisions under this Agreement without regard to whether it provides any documentation described in this Section 2.16(g).

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

SECTION 2.17 [Reserved].

SECTION 2.18 [Reserved].

SECTION 2.19 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.15, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall (at the request of the Borrower) 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 judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.16, as the case may be, 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. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with paragraph (a) of this Section, or if any Lender is a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.04), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.15 or Section 2.16) and obligations under this Agreement and the related Loan Documents to an Eligible 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 paid to the Administrative Agent the assignment fee (if any) specified in Section 11.04;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 2.14) 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);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with Applicable Law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

## ARTICLE III

## REPRESENTATIONS AND WARRANTIES

The Credit Parties represent and warrant to the Administrative Agent, the Collateral Agent and the Lenders on the date hereof and on the Closing Date that:

SECTION 3.01 Existence, Qualification and Power. Each of the Credit Parties and their respective Material Subsidiaries (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a) (other than with respect to any Credit Party), (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.02 Authorization; No Contravention. The execution, delivery and performance by each Credit Party of each Loan Document to which it is party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which each Credit Party is a party or affecting each Credit Party or the material properties of any Credit Party or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which any Credit Party or its property is subject or (c) violate any Law, except to the extent such violation could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, each Credit Party of this Agreement or any other Loan Document, except for (i) such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect and (ii) filings and consents contemplated by the Security Documents or Section 5.14.

SECTION 3.04 Execution and Delivery; Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Credit Party. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of each Credit Party, enforceable against each Credit Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

SECTION 3.05 Financial Statements; No Material Adverse Change.

(a) Financial Statements. The financial statements described in Schedule 3.05 were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the financial condition of the Parent and its Subsidiaries as of the date thereof and their results of operations and cash flows for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

(b) No Material Adverse Change. Since the date of the most recent audited balance sheet included in the financial statements described in Schedule 3.05, there has been no event or circumstance that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

SECTION 3.06 Litigation. Except for those matters which have been publicly disclosed in any SEC filing of the Parent filed prior to the Closing Date, there are no actions, suits, proceedings, claims, disputes or investigations pending or, to the knowledge of any Credit Party, threatened, at Law, in equity, in arbitration or before any Governmental Authority, by or against any Credit Party or any of its Subsidiaries or against any of their properties or revenues that (a) either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect or (b) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby.

SECTION 3.07 Contractual Obligations; No Default. None of the Credit Parties and their respective Subsidiaries is in default under or with respect to any Contractual Obligation that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No 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 3.08 Property.

(a) Ownership of Properties and Collateral. Each of the Credit Parties and their respective Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Each Credit Party has good title to the Collateral owned by it, free and clear of all Liens other than Permitted Liens.

(b) Intellectual Property and Personal Data. Each of the Credit Parties and their respective Subsidiaries owns, licenses or possesses the valid and enforceable right to use all of the material Intellectual Property and data (including Personal Data) that is used in or necessary for the operation of each Carrier Loyalty Program. The use of Loyalty Program Intellectual Property and the Loyalty Program Data by the Credit Parties and the conduct of the Carrier Loyalty Programs as currently conducted do not materially infringe upon, misappropriate, dilute or otherwise violate any Privacy Law nor any rights held by any other Person. No claim or litigation regarding any of the foregoing, or challenging the ownership, validity or enforceability of any Loyalty Program Intellectual Property is pending or, to the knowledge of any of the Credit Parties, threatened that could reasonably be expected to be material to any of the Credit Parties, and to the knowledge of the Credit Parties, there is no basis for any such claim.

SECTION 3.09 Taxes. The Credit Parties and their respective Subsidiaries have filed all federal, state and other tax returns and reports required to be filed, and have paid all federal, state and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (a) Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.10 Disclosure. (a) The Credit Parties and their respective Subsidiaries have disclosed to the Administrative Agent, the Collateral Agent and the Lenders all agreements, instruments and corporate or other restrictions to which they are subject, and all other matters known to them, that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The Loan Application Form, reports, financial statements, certificates and other written information (other than projected or pro forma financial information) furnished by or on behalf of the Credit Parties and their respective Subsidiaries to any Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (as modified or supplemented by other information so furnished), taken as a whole, do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected or pro forma financial information, the Credit Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation and delivery (it being understood that such projected information may vary from actual results and that such variances may be material) and (b) as of the Closing Date, the information included in the Beneficial Ownership Certification is true and correct in all respects.

SECTION 3.11 Compliance with Laws. Each of the Credit Parties and their respective Subsidiaries is in compliance with the requirements of all Laws (including Environmental Laws and Privacy Laws) and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to so comply, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.12 ERISA Compliance.

(a) Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, (i) each Plan is in compliance with the applicable provisions of ERISA, the Code and other federal or state Laws and (ii) each Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter, opinion letter or advisory letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS, and, to the knowledge of any Credit Party, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of any Credit Party, threatened or contemplated claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(c) No ERISA Event has occurred, and neither any Credit Party nor any ERISA Affiliate is aware of any fact, event or circumstance that, either individually or in the aggregate, could reasonably be expected to constitute or result in an ERISA Event that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(d) Except as would not reasonably be expected to have individually or in the aggregate, a Material Adverse Effect, the present value of all accrued benefits under each Pension Plan (based on those assumptions used to fund such Pension Plan) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Pension Plan allocable to such accrued benefits by a material amount.

(e) To the extent applicable, each Foreign Plan has been maintained in compliance with its terms and with the requirements of any and all applicable requirements of Law and has been maintained, where required, in good standing with applicable regulatory authorities, except to the extent that the failure so to comply could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect. Neither the Parent nor any Subsidiary has incurred any obligation in connection with the termination of or withdrawal from any Foreign Plan that, either individually or in the aggregate, would reasonably be expected to have individually or in the aggregate, a Material Adverse Effect. Except as would not reasonably be expected to have individually or in the aggregate, a Material Adverse Effect, the present value of the accrued benefit liabilities (whether or not vested) under each Foreign Plan that is funded, determined as of the end of the most recently ended fiscal year of the Parent or Subsidiary, as applicable, on the basis of actuarial assumptions, each of which is reasonable, did not exceed the current value of the property of such Foreign Plan by a material amount, and for each Foreign Plan that is not funded, the obligations of such Foreign Plan are properly accrued.

SECTION 3.13 Environmental Matters. Except with respect to any matters that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, none of the Credit Parties and their respective Subsidiaries (a) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (b) knows of any basis for any permit, license or other approval required under any Environmental Law to be revoked, canceled, limited, terminated, modified, appealed or otherwise challenged, (c) has or could reasonably be expected to become subject to any Environmental Liability, (d) has received notice of any claim, complaint, proceeding, investigation or inquiry with respect to any Environmental Liability (and no such claim, complaint, proceeding, investigation or inquiry is pending or, to the knowledge of the Parent, is threatened or contemplated) or (e) knows of any facts, events or circumstances that could give rise to any basis for any Environmental Liability with respect thereto.

SECTION 3.14 Investment Company Act. None of the Credit Parties is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.15 Sanctions; Export Controls; Anti-Corruption; AML Laws.

(a) None of the Credit Parties and their respective Subsidiaries and no director, officer, or affiliate of the foregoing is a Person that is: (i) the subject of any sanctions administered or enforced by the United States (including, but not limited to, those administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, and the U.S. Department of Commerce's Bureau of Industry and Security) ("Sanctions"), (ii) organized or resident in a country or territory that is the subject of country-wide or region-wide Sanctions (including, currently, Crimea, Cuba, Iran, North Korea, and Syria) (each a "Sanctioned Country") or located in a Sanctioned Country except to the extent authorized under Sanctions or (iii) a Person with whom dealings are restricted or prohibited by Sanctions as a result of a relationship of ownership or control with a Person listed in (i) or (ii) (each of (i), (ii) and (iii) is a "Sanctioned Person").

(b) For the period beginning eight (8) years prior to the date hereof, each of the Credit Parties and their respective Subsidiaries and their respective directors, officers and employees and, to the knowledge of the Credit Parties, such respective affiliates, have been, in all material respects, in compliance with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") and any other applicable anti-bribery or anti-corruption laws and regulations (collectively with the FCPA, the "Anticorruption Laws") and all applicable Sanctions, Export Control Laws, and AML Laws.

SECTION 3.16 Solvency. The Borrower and its Subsidiaries are Solvent on a consolidated basis after giving effect to the borrowing of the Loans.

SECTION 3.17 Subsidiaries. Schedule 3.17 sets forth the name of, and the ownership interests of the Parent and each of its Subsidiaries in, each Subsidiary of the Parent, and indicates which of such Subsidiaries are Excluded Subsidiaries as of the date hereof.

SECTION 3.18 Senior Indebtedness. The Loans, the Obligations and the Guaranteed Obligations constitute "senior indebtedness" (or any other similar or comparable term) under and as defined in the documentation governing any Indebtedness of the Credit Parties that is subordinated in right of payment to any other Indebtedness thereof.

SECTION 3.19 Insurance Matters. The properties of the Credit Parties are insured pursuant to Section 5.06 hereof. Each insurance policy required to be maintained by the Credit Parties pursuant to Section 5.06 is in full force and effect and all premiums in respect thereof that are due and payable have been paid.

SECTION 3.20 Labor Matters. Except as would not reasonably be expected to have individually or in the aggregate, a Material Adverse Effect, (a) there are no strikes, lockouts, slowdowns or other material labor disputes against any Credit Party or any of its Subsidiary thereof pending or, to the knowledge of the Credit Parties, threatened, (b) the Credit Parties and their respective Subsidiaries have complied with all applicable federal, state, local and foreign Laws relating to the employment (or termination thereof), the hours worked by and payments made to employees of the Parent and its Subsidiaries comply with the Fair Labor Standards Act and any other applicable federal, state, local or foreign Law dealing with such matters and (c) all payments due from the Credit Parties and their respective Subsidiaries, or for which any claim may be made against the Credit Parties and their respective Subsidiaries, on account of wages and employee health and welfare insurance and other benefits, have been paid or properly accrued in accordance with GAAP as a liability on the books of the Parent or such Subsidiary. There are no complaints, unfair labor practice charges, grievances, arbitrations, unfair employment practices charges or any other claims or complaints against the Credit Parties or their respective Subsidiaries pending or, to the knowledge of the Credit Parties, threatened to be filed with any Governmental Authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment of any employee of the Credit Parties and their respective Subsidiaries that would, individually or in the aggregate, be reasonably expected to result in a Material Adverse Effect.

SECTION 3.21 Insolvency Proceedings. None of the Credit Parties has taken, and none of the Credit Parties is currently evaluating taking, any action to seek relief or commence proceedings under any Debtor Relief Law in any applicable jurisdiction.

SECTION 3.22 Margin Regulations. The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of any Borrowing hereunder will be used to buy or carry any Margin Stock. Following the application of the proceeds of each Borrowing, not more than 25% of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) will be Margin Stock.

SECTION 3.23 Liens. There are no Liens of any nature whatsoever on any Collateral other than Liens permitted under Section 6.02 hereof.

SECTION 3.24 Perfected Security Interests.

(a) As of the Closing Date (or such later date as permitted under Section 5.14) and as of the date of each Borrowing, the Security Documents, taken as a whole, are effective to create in favor of the Collateral Agent for the benefit of the Secured Parties a legal, valid and enforceable first priority security interest in all of the Collateral to the extent purported to be created thereby.

(b) As of the Closing Date (or such later date as permitted under Section 5.14) and as of the date of each Borrowing, each Credit Party has or shall have satisfied the Perfection Requirement with respect to the Collateral.

SECTION 3.25 US Citizenship. The Borrower is a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49 and as that statutory provision has been interpreted by the DOT pursuant to its policies.

SECTION 3.26 Eligible Business Status. The Borrower is an Eligible Business and, during the time period from April 1, 2019 to September 30, 2019, derived more than 50% of its air transportation revenue from the transportation of passengers. The Borrower possesses all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions, frequencies and consents which relate to the operation of the routes flown by it and the conduct of its business and operations as currently conducted, except where failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.27 Cybersecurity. Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, the information technology assets, equipment, systems, networks, software, hardware, and the computers, websites, applications and databases used by or on behalf of the Credit Parties in connection with any of the Carrier Loyalty Programs (collectively, "IT Systems") are adequate for the operation of the Carrier Loyalty Programs as currently conducted, and are free and clear of all bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, (i) the Credit Parties have implemented and maintained commercially reasonable (taking into account the nature, scope and sensitivity of the information) policies, procedures, and safeguards designed to maintain and protect all Loyalty Program Data and confidential information (including Trade Secrets) included in the Collateral and the integrity, continuous operation, redundancy and security of all IT Systems and data and (ii) there have been no breaches, cyberattacks (including ransomware attacks) or unauthorized uses of or accesses to the IT Systems or any Loyalty Program Data, Trade Secrets or confidential information stored therein or processed thereby, except for those that have been fully remedied.

SECTION 3.28 Loyalty Program Agreements. The Credit Parties have delivered or made available to the Initial Lender complete and correct copies of each of the Material Loyalty Program Agreements. Each of the Material Loyalty Program Agreements is in full force and effect and except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, none of the Credit Parties has knowledge of or has received notice of (i) any breach, (ii) change in law or (iii) force majeure event, in the case of (ii) and (iii) as defined under the applicable Material Loyalty Program Agreement, that would prevent such Credit Party and/or the applicable counterparty from performing its respective obligations under such Material Loyalty Program Agreement.

## ARTICLE IV

## CONDITIONS

SECTION 4.01 Closing Date Conditions. The effectiveness of this Agreement and the funding of the Borrowing hereunder are subject to the satisfaction (or waiver in accordance with Section 11.02) of the following conditions (and, in the case of each document specified in this Section to be received by the Initial Lender (and the applicable Agent or Agents), such document shall be in form and substance satisfactory to the Initial Lender and/or the applicable Agent or Agents):

(a) Executed Counterparts. The Initial Lender and the Agents shall have received from each party hereto a counterpart of this Agreement, any Security Documents to which it is a party and the Note, each signed on behalf of such party. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Agreement or any Security Documents by telecopy or other electronic means, or confirmation of the execution of this Agreement on behalf of a party by an email from an authorized signatory of such party shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Certificates. The Initial Lender and any applicable Agent shall have received such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Credit Parties as the Lenders may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with the Loan Documents;

(c) Organizational Documents. The Initial Lender shall have received customary resolutions or evidence of corporate authorization, secretary's certificates and such other documents and certificates (including Organizational Documents and good standing certificates) as the Initial Lender may request relating to the organization, existence and good standing of each Credit Party and any other legal matters relating to the Credit Parties, the Loan Documents or the transactions contemplated thereby.

(d) Opinion of Counsel to Credit Parties. The Initial Lender and the applicable Agent or Agents shall have received all opinions of counsel (including any additional opinions of counsel as required under any Security Document) to the Credit Parties that is acceptable to the Initial Lender, addressed to the Initial Lender and the applicable Agent or Agents and dated the Closing Date, in form and substance satisfactory to the Initial Lender and the applicable Agent (and the Parent hereby instructs such counsel to deliver such opinions to such Persons).

(e) Beneficial Ownership Regulation Information. At least five (5) days prior to the Closing Date, the Borrower shall deliver to the Initial Lender a Beneficial Ownership Certification.

(f) Expenses. The Borrower shall have paid all reasonable fees, expenses (including the fees and expenses of legal counsel) and other amounts due to the Initial Lender, the Administrative Agent and the Collateral Agent (to the extent that statements for such expenses shall have been delivered to the Borrower on or prior to the Closing Date); provided that such expenses payable by the Borrower may be offset against the proceeds of the Loans funded on the Closing Date.

(g) Officer's Certificate. The Initial Lender shall have received a certificate executed by a Responsible Officer of the Parent confirming (i) that the representations and warranties contained in Article III of this Agreement are true and correct on and as of the Closing Date, (ii) that the information provided in the Loan Application Form submitted by the Borrower was true and correct on and as of the date of delivery thereof and (iii) that no Default or Event of Default exists or will result from the borrowing of the Loans on the Closing Date.

(h) Other Documents. The Initial Lender and the Agents shall have received such other documents as it may request.

(i) Appraisals. The Initial Lender shall have received Appraisals and, in the case of Qualified Receivables, a Valuation Certificate, in each case satisfactory in form and substance and, in the case of Appraisals, performed by an Eligible Appraiser.

(j) Security Interests. Each Credit Party shall have, and shall have caused its Subsidiaries to, take any action and execute and deliver, or cause to be executed and delivered, any agreement, document or instrument required in order to create a valid, perfected first priority security interest in the Collateral in favor of the Collateral Agent for the benefit of the Secured Parties (including delivery of UCC financing statements in appropriate form for filing under the UCC and of the Intellectual Property security agreements included in the Required Filings and entering into control agreements). Each Credit Party shall have satisfied, and caused its Subsidiaries to satisfy, the Perfection Requirement with respect to the Collateral. In addition, the Credit Parties shall have delivered a completed Perfection Certificate (as defined in the Pledge and Security Agreement).

(k) Consents and Authorizations. Each Credit Party shall have obtained all consents and authorizations from Governmental Authorities and all consents of other Persons (including shareholder approvals, if applicable) that are necessary or advisable in connection with this Agreement, any Loan Document, any of the transactions contemplated hereby or thereby or the continuing operations of the Credit Parties and each of the foregoing shall be in full force and effect and in form and substance satisfactory to the Initial Lender.

(l) Lien Searches. The Initial Lender shall have received (i) UCC, and upon the request of the Initial Lender, Intellectual Property and other lien searches conducted in the jurisdictions and offices where liens on material assets of the Credit Parties are required to be filed or recorded and (ii) to the extent Collateral consists of (x) Aircraft and Engine Assets (as defined in the Pledge and Security Agreement), aircraft registry lien searches conducted with the FAA and the International Registry, and (y) Spare Part Assets (as defined in the Pledge and Security Agreement), registry lien searches conducted with the FAA (with reference to each Designated Spare Parts Location set forth on Schedule 2.1 of the Pledge and Security Agreement), in each case, reflecting the absence of Liens on the assets of the Credit Parties, other than Permitted Liens or Liens to be discharged on or prior to the Closing Date pursuant to documentation satisfactory to the Initial Lender.

(m) Collateral Coverage Ratio. On the Closing Date (and after giving pro forma effect to any Borrowings on such date), the Collateral Coverage Ratio shall not be less than 2.0 to 1.0, as evidenced by a certificate of a Responsible Officer of the Parent.

(n) Solvency Certificate. The Initial Lender shall have received a certificate of the chief financial officer or treasurer (or other comparable officer) of the Parent certifying that the Borrower and its Subsidiaries (taken as a whole) are, and will be immediately after giving effect to any Loans borrowed on the Closing Date, Solvent.

(o) Loyalty Revenue Advance Transactions. On the Closing Date, the aggregate outstanding balance of Loyalty Revenue Advance Transactions shall not exceed an aggregate amount equal to $1,000,000.

(p) Control Agreements. The Initial Lender and the Collateral Agent shall have received fully executed copies of account control agreements in form and substance satisfactory to the Initial Lender with respect to the Eligible Receivables Account, if any, and the Collection Account, Blocked Account and Payment Account.

(q) Loyalty Partner Direct Agreements. The Initial Lender and the Collateral Agent shall have received duly executed Direct Agreements from the counterparties to each Material Loyalty Program Agreement in effect on the Closing Date substantially in the form of Exhibit D hereto.

(r) Other Matters. Since December 31, 2019, (i) there has been no event or circumstance that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect and (ii) none of the Credit Parties has made a Disposition (including any sale of Currency) of any assets constituting Collateral had this Agreement been in effect at such time, other than as would have been permitted under Section 6.04(a), (c), (d) or (f).

(s) Waivers. The Initial Lender shall have received an executed copy of one or more amendments or waivers, in form and substance satisfactory to the Initial Lender, with respect to the Asset-Based Revolving Credit Agreement among certain of the Credit Parties and BARCLAYS BANK PLC, as amended, restated, supplemented or otherwise modified from time to time, including with respect to the absence of any Liens on the Collateral in connection with the aforementioned agreement.

SECTION 4.02 Additional Borrowing Conditions. The funding by the Lenders of the Borrowing to occur on the Closing Date is additionally subject to the satisfaction of the following conditions:

(a) the Administrative Agent shall have received a written Borrowing Request in accordance with the requirements of Section 2.03(a), with a copy to the Initial Lender;

(b) the representations and warranties of the Credit Parties set forth in this Agreement and in any other Loan Document shall be true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date of such Borrowing (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date);

(c) no Default shall have occurred and be continuing or would result from such Borrowing or from the application of proceeds thereof;

(d) on the date of the funding of such Borrowing (and after giving pro forma effect thereto and the pledge of any Additional Collateral), the Collateral Coverage Ratio shall not be less than 2.0 to 1.0 as evidenced by a certificate of a Responsible Officer of the Parent;

(e) the Initial Lender shall have received satisfactory evidence that (x) each Material Loyalty Program Agreement has and (y) Loyalty Program Agreements representing 90% of Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) in the aggregate over the immediately preceding twelve (12) calendar month period then ended have, in each case, an expiration date that is at least six (6) months after the Maturity Date;

(f) on the date of such Borrowing, the opinion of the independent public accountants (after giving effect to any reissuance or revision of such opinion) on the most recent audited consolidated financial statements delivered by the Parent pursuant to Section 5.01(a) shall not include a "going concern" qualification under GAAP as in effect on the date of this Agreement or, if there is a change in the relevant provisions of GAAP thereafter, any like qualification or exception under GAAP after giving effect to such change; and

(g) on or prior to the date of such Borrowing, each Credit Party shall have satisfied the Perfection Requirement with respect to the Collateral.

Each Borrowing Request by the Borrower hereunder and each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on and as of the date of the applicable Borrowing as to the matters specified in clauses (b) and (c) above in this Section.

ARTICLE V

AFFIRMATIVE COVENANTS

Until all the later of (i) the date on which all of the Obligations shall have been paid in full and (ii) such later date specified in this Agreement, the Credit Parties covenant and agree with the Lenders that:

SECTION 5.01 Financial Statements. The Parent will furnish to the Administrative Agent and each Lender:

(a) as soon as available, and in any event within ninety (90) days after the end of each fiscal year of the Parent (or, if earlier, five (5) days after the date required to be filed with the SEC) (commencing with the fiscal year ended prior to the Closing Date), a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited and accompanied by a report and opinion of independent public accountants of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards (and shall not be subject to any "going concern" or like qualification (other than a qualification solely resulting from (x) the impending maturity of any Indebtedness or (y) any prospective or actual default under any financial covenant), exception or explanatory paragraph or any qualification, exception or explanatory paragraph as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) as soon as available, but in any event within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Parent (or, if earlier, five (5) days after the date required to be filed with the SEC) (commencing with the first of such fiscal quarters ended prior to the Closing Date), a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of the Parent's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, certified by a Financial Officer of the Parent as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject only to normal year-end audit adjustments and the absence of notes;

(c) for so long as the Initial Lender is the only Lender, as soon as available, but in any event no later than seventy-five (75) days after the beginning of each fiscal year of the Parent, forecasts prepared by management of the Parent and a summary of material assumptions used to prepare such forecasts, in form satisfactory to the Initial Lender, including projected consolidated balance sheets and statements of income or operations and cash flows of the Parent and its Subsidiaries on a quarterly basis for such fiscal year; and

(d) solely at the request of the Appropriate Party (which shall be no more than quarterly), at a time mutually agreed with the Appropriate Party and the Parent, participate in a conference call for Lenders to discuss the financial condition and results of operations of the Parent and its Subsidiaries and any forecasts which have been delivered pursuant to this Section 5.01.

SECTION 5.02 Certificates; Other Information. The Parent will deliver to the Administrative Agent and each Lender:

(a) [reserved];

(b) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b), a duly completed certificate signed by a Responsible Officer of the Parent certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto;

(c) [reserved];

(d) promptly after the furnishing thereof, copies of any notice of default or potential default or other material written notice received by the Parent or any Subsidiary from, or furnished by the Parent or any Subsidiary to, any holder of Material Indebtedness of the Parent or any Subsidiary;

(e) promptly after receipt thereof by any Credit Party or any Subsidiary thereof, copies of each material notice or other material written correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding material financial or other material operational results of any Credit Party or any Subsidiary thereof;

(f) [reserved];

(g) promptly following any request therefor, (i) such other information regarding the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of any Credit Party or any Subsidiary, or compliance with the terms of the Loan Documents (including Section 6.16), as the Administrative Agent, the Initial Lender or any other Lender (acting through the Administrative Agent) may from time to time request; or (ii) beneficial ownership information and documentation reasonably requested by the Administrative Agent or any Lender from time to time for purposes of ensuring compliance with Sanctions and AML Laws. For purposes of determining whether or not a representation with respect to any indirect ownership is true or a covenant is being complied with under this Section, the Parent shall not be required to make any investigation into (i) the ownership of publicly traded stock or other publicly traded securities or (ii) the ownership of assets by a collective investment fund that holds assets for employee benefit plans or retirement arrangements;

(h) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b), a duly completed certificate signed by a Responsible Officer of the Borrower certifying as to its compliance with Article X of this Agreement;

(i) knowledge or notice of any event or circumstance that has had or is reasonably expected to (i) result in a material reduction or suspension of payments under any Material Loyalty Program Agreement or any Loyalty Subscription Program or (ii) have a material adverse effect on the ability of a Credit Party and/or any counterparty to a Material Loyalty Program Agreement to perform its material obligations thereunder;

(j) certificates with reasonably detailed calculations of the Collateral Coverage Ratio on each CCR Certificate Delivery Date and the Debt Service Coverage Ratio on each DSCR Determination Date; and

(k) no later than ten (10) Business Days following the last day of each March, June, September and December (commencing December 31, 2020), deliver a certificate of a Responsible Officer of the Parent (i) setting forth the name of each new Material Loyalty Program Agreement entered into as of such date and each of the parties thereto, (ii) certifying that all Loyalty Program Revenue for the immediately preceding calendar quarter were deposited, directly or indirectly, into the Collection Account or another Collateral Account (and at least 90% of all Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) for the immediately preceding calendar quarter were deposited directly into a Collateral Account) and (iii) setting forth in reasonable detail and in form satisfactory to the Appropriate Party (x) all Loyalty Program Revenues and related cash flows for the immediately preceding calendar quarter and (y) for so long as the Initial Lender is the only Lender, projected Loyalty Program Revenues for the current calendar quarter.

Documents required to be delivered pursuant to Section 5.01(a) or (b) or Section 5.02(d) or (e) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR); or (ii) on which such documents are posted on the Parent's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (A) upon written request by the Administrative Agent, the Parent shall deliver paper copies of such documents to the Administrative Agent or any Lender upon its request to the Parent to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (B) the Parent shall notify the Administrative Agent and each Lender (by facsimile or electronic mail) of the posting of any such documents and provide to the Lenders by electronic mail electronic versions (i.e., soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above.

SECTION 5.03 Notices. The Parent will promptly notify the Administrative Agent and each Lender of:

(a) promptly after any Responsible Officer of the Parent or any of its Subsidiaries obtains knowledge thereof, the occurrence of any Default;

(b) the filing or commencement of any action, suit, investigation or proceeding by or before any arbitrator or Governmental Authority against or affecting the Parent or any Controlled Affiliate thereof, including pursuant to any applicable Environmental Laws, that could reasonably be expected to be adversely determined, and, if so determined, could reasonably be expected to have a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, either individually or together with any other ERISA Events, could reasonably be expected to have a Material Adverse Effect;

(d) notice of any action arising under any Environmental Law or of any noncompliance by any Credit Party or any Subsidiary with any Environmental Law or any permit, approval, license or other authorization required thereunder that, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(e) to the extent not publicly disclosed pursuant to an SEC filing of the Parent, any material change in accounting or financial reporting practices by the Parent, any Credit Party or any Subsidiary;

(f) any change in the Credit Ratings from a Credit Rating Agency with negative implications, or the cessation by a Credit Rating Agency of, or its intent to cease, rating the Borrower's or the Parent's debt; and

(g) any matter or development that has had or could reasonably be expected to have a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of the Parent setting forth the details of the occurrence requiring such notice and stating what action the Parent has taken and proposes to take with respect thereto.

SECTION 5.04 Preservation of Existence, Etc. Each Credit Party will, and will cause each of its Subsidiaries to, (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 6.03 or Section 6.04; (b) take all reasonable action to maintain all rights, licenses, permits, privileges and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

SECTION 5.05 Maintenance of Properties. Each Credit Party will, and will cause each of its Subsidiaries to, (a) maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in good working order and condition (ordinary wear and tear excepted) and (b) make all necessary repairs thereto and renewals and replacements thereof, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.06 Maintenance of Insurance. Subject to any additional requirements under any Security Document, each Credit Party will maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Parent and its Subsidiaries; provided that insurance in respect of Collateral shall be maintained with such third party insurance companies except to the extent expressly permitted in the Pledge and Security Agreement) as are customarily carried under similar circumstances by such Persons.

SECTION 5.07 Payment of Obligations. Each Credit Party will pay, discharge or otherwise satisfy as the same shall become due and payable, all of its obligations and liabilities, including Tax liabilities, except to the extent (a) the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Parent or such Credit Party or (b) the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.08 Compliance with Laws. Each Credit Party will, and will cause each of its Subsidiaries to, comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.09 Environmental Matters. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, each Credit Party will, and will cause each of its Subsidiaries to, (a) comply with all Environmental Laws, (b) obtain, maintain in full force and effect and comply with any permits, licenses or approvals required for the facilities or operations of the Parent or any of its Subsidiaries, and (c) conduct and complete any investigation, study, sampling or testing, and undertake any corrective, cleanup, removal, response, remedial or other action necessary to identify, report, remove and clean up all Hazardous Materials present or released at, on, in, under or from any of the facilities or real properties of the Parent or any of its Subsidiaries.

SECTION 5.10 Books and Records. Each Credit Party will maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Parent or such Subsidiary, as the case may be.

SECTION 5.11 Inspection Rights. Each Credit Party will, and, to the extent relevant for inspections of Collateral will cause each of its Subsidiaries to, permit representatives, agents and independent contractors of the Administrative Agent, the Initial Lender, the Treasury Inspector General and the Special Inspector General for Pandemic Recovery to visit and inspect any of its properties (including all Collateral), to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the reasonable expense of the Parent and at such reasonable times during normal business hours and as often as may be reasonably requested; provided that, other than with respect to such visits and inspections during the continuation of an Event of Default or by the Initial Lender, the Treasury Inspector General or the Special Inspector General for Pandemic Recovery, (a) only the Administrative Agent (or its representatives, agents and independent contractors) at the direction of a Lender may exercise rights under this Section and (b) the Administrative Agent (or its representatives, agents and independent contractors) shall not exercise such rights more often than two (2) times during any calendar year; provided, further, that when an Event of Default exists the Administrative Agent, any Lender, the Treasury Inspector General or the Special Inspector General for Pandemic Recovery (or any of their respective representatives, agents or independent contractors) may do any of the foregoing under this Section at the expense of the Parent and at any time during normal business hours and without advance notice.

SECTION 5.12 Sanctions; Export Controls; Anti-Corruption Laws and AML Laws. Each Credit Party and its Subsidiaries will remain in compliance in all material respects with applicable Sanctions, Export Control Laws, Anticorruption Laws, and AML Laws. Until all Obligations have been paid in full, neither any Credit Party, any Subsidiary of a Credit Party, nor any director or officer of any Credit Party or any Subsidiary of a Credit Party shall become a Sanctioned Person or a Person that is organized or resident in a Sanctioned Country or located in a Sanctioned Country except to the extent authorized under Sanctions.

SECTION 5.13 Guarantors; Additional Collateral.

(a) The Guarantors listed on the signature page to this Agreement hereby Guarantee the Guaranteed Obligations as set forth in Article IX. If any Subsidiary (other than an Excluded Subsidiary) is formed or acquired after the Closing Date, if any Subsidiary ceases to be an Excluded Subsidiary or if required in connection with the addition of Additional Collateral, then the Parent will cause such Subsidiary, promptly (in any event, within thirty (30) days of such Subsidiary being formed or acquired or of such Subsidiary ceasing to be an Excluded Subsidiary) (i) to become a Guarantor of the Loans pursuant to joinder documentation reasonably acceptable to the Appropriate Party and on the terms and conditions set forth in Article IX, (ii) to become a party to each applicable Security Document and all other agreements, instruments or documents that create or purport to create and perfect a first priority Lien (subject to Permitted Liens) in favor of the Collateral Agent for the benefit of the Secured Parties in its assets that are of a type that are intended to be included in the Collateral (other than any Excluded

Assets), subject to and in accordance with the terms, conditions and provisions of the Loan Documents, (iii) to satisfy the Perfection Requirement, (iv) to deliver a secretary's certificate of such Subsidiary, in form and substance reasonably acceptable to the Appropriate Party, with appropriate insertions and attachments, and (v) to deliver legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, satisfactory to the Appropriate Party.

(b) If the Parent or any Subsidiary desires, or is required pursuant to the terms of this Agreement, to add Additional Collateral or, if any Subsidiary acquires any existing Collateral from a Grantor (as defined in the Pledge and Security Agreement) that it is required pursuant to the terms of this Agreement to maintain as Collateral, in each case, after the Closing Date, the Parent shall, in each case at its own expense, promptly (in any event, unless any other time period is specified in this Agreement or any other Loan Document, within thirty (30) days of the relevant date) (i) cause any such Subsidiary to become a Grantor (to the extent such Subsidiary is not already a Grantor) pursuant to joinder documentation acceptable to the Appropriate Party and on the terms and conditions set forth in the relevant Security Documents, (ii) cause any such Subsidiary to become a party to each applicable Security Document and all other agreements, instruments or documents that create or purport to create and perfect a first priority Lien (subject to Permitted Liens) in favor of the Collateral Agent for the benefit of the Secured Parties applicable to such Collateral, in form and substance satisfactory to the Appropriate Party (it being understood that in the case of any Additional Collateral of a type, or in a jurisdiction, that has not been theretofore included in the Collateral, such Additional Collateral may be subject to such additional terms and conditions as requested by the Appropriate Party), (iii) promptly execute and deliver (or cause such Subsidiary to execute and deliver) to the Collateral Agent such documents and take such actions to create, grant, establish, preserve and perfect the first priority Liens (subject to Permitted Liens) (including to obtain any release or termination of Liens not permitted under the definition of "Additional Collateral" in Section 1.01 or under Section 6.02 and to satisfy all Perfection Requirements, including the filing of UCC financing statements, filings with the FAA and registrations with the International Registry, as applicable) in favor of the Collateral Agent for the benefit of the Secured Parties on such assets of the Parent or such Subsidiary, as applicable, to secure the Obligations to the extent required under the applicable Security Documents or reasonably requested by the Appropriate Party, and to ensure that such Collateral shall be subject to no other Liens other than Permitted Liens and (iv) if requested by the Appropriate Party, deliver (or cause such Subsidiary to deliver) legal opinions to the Collateral Agent, for the benefit of the Secured Parties, relating to the matters described above, which opinions shall be in form and substance, and from counsel, satisfactory to the Appropriate Party.

SECTION 5.14 Post-Closing Matters. As promptly as practicable, and in any event within the time periods after the Closing Date specified on Schedule 5.14 or such later date as the Initial Lender may agree to in writing in its sole discretion, the Parent shall deliver the documents or take the actions specified on Schedule 5.14 that would have been required to be delivered or taken on the Closing Date.

SECTION 5.15 Further Assurances. In each case subject to the terms, conditions and limitations in the Loan Documents, (a) each Credit Party shall remain in compliance with the Perfection Requirement with respect to all Collateral (including any assets, rights and properties that (x) become Collateral after the Closing Date and (y) any permitted replacement or substitute assets, rights and properties thereof (including any Additional Collateral) and (b) each Credit Party shall, promptly and at its expense, execute any and all further documents and instruments and take all further actions, that may be required or advisable under applicable law or that the Initial Lender, the Administrative Agent or the Collateral Agent may request, in order to create, grant, establish, preserve, protect, renew or perfect the validity, perfection or first priority of the Liens and security interests created or intended to be created by the Security Documents, in each case to the extent required under this Agreement or the Security Documents (including with respect to any additions to the Collateral (including any Additional Collateral)

or replacements, substitutes or proceeds thereof or with respect to any other property or assets hereafter acquired by any Credit Party that are of a type that are intended to be included in the Collateral). Promptly following the entry by any Credit Party into any Material Loyalty Program Agreement after the Closing Date, the Parent will enter into and cause the counterparty to enter into a Direct Agreement substantially in the form of Exhibit D hereto.

SECTION 5.16 Delivery of Appraisals. The Parent shall (1) (x) with respect to Eligible Collateral other than Eligible Collateral constituting Qualified Receivables, within ten (10) Business Days prior to the last Business Day of March and September of each year, beginning with March 31, 2021, deliver to the Administrative Agent one or more Appraisals and (y) with respect to Eligible Collateral constituting Qualified Receivables, within ten (10) Business Days prior to the last Business Day of March, June, September and December of each year, beginning with December 31, 2020, deliver to the Administrative Agent one or more Valuation Certificates and (2) promptly (but in any event within thirty (30) days) following request by the Administrative Agent (acting at the direction of the Required Lenders) if an Event of Default has occurred and is occurring, deliver to the Administrative Agent one or more Appraisals, in each case of clauses (1) and (2) above, determining the Appraised Value of the relevant Collateral. In addition, on the date upon which any Additional Collateral is pledged as Collateral to the Collateral Agent for the benefit of the Secured Parties to secure the Obligations, but only with respect to such Additional Collateral, the Parent shall deliver to the Administrative Agent one or more Appraisals or Valuation Certificates, as applicable, determining the Appraised Value of such Additional Collateral.

SECTION 5.17 Ratings. At any time when the Initial Lender is a Lender, the Borrower shall, upon request by the Initial Lender, use its reasonable best efforts to obtain a public rating in respect of the Loans by any two of S&P, Moody's and Fitch in connection with any contemplated assignment of, or participation in, the Loans.

SECTION 5.18 Regulatory Matters.

(a) US Citizenship. The Borrower will at all times maintain its status as a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49 and as that statutory provision has been interpreted by the DOT pursuant to its policies.

(b) Eligible Business Status. The Borrower will at all times maintain its status as an Eligible Business. The Borrower will at all times possess all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions, frequencies and consents which relate to the operation of the routes flown by it and the conduct of its business and operations as currently conducted, except where failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. The Borrower will at all times possess an air carrier operating certificate issued pursuant to Chapter 447 of Title 49.

SECTION 5.19 Eligible Receivables.

(a) The Credit Parties shall (x) instruct and use their reasonable best efforts to cause counterparties to all Eligible Receivables to direct payments of all Eligible Receivables Revenue into the Eligible Receivables Account and (y) cause sufficient counterparties to the Eligible Receivables to direct payments of Eligible Receivables Revenue into the Eligible Receivables Account such that during any Eligible Receivables Test Period, at least 90% of Eligible Receivables Revenue for such period is deposited directly into the Eligible Receivables Account. To the extent the Parent, any Subsidiary or any of their respective Controlled Affiliates receives any payments of Eligible Receivables Revenue to an account other than the Eligible Receivables Account, 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 Eligible Receivables Account. All amounts in the Eligible Receivables Account shall be conclusively presumed to be Collateral and proceeds of Collateral, and the Agents and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in the Eligible Receivables Account. On each Eligible Receivables Determination Date, the Parent shall deliver to the Administrative Agent a certificate of a Responsible Officer of the Parent certifying that all Eligible Receivables Revenue for such Eligible Receivables Test Period was deposited into the Eligible Receivables Account (and at least 90% of all Eligible Receivables Revenues were deposited directly into the Eligible Receivables Account).

(b) If the Collateral Coverage Ratio as of any CCR Reference Date is less than 1.60 to 1.00, then all amounts on deposit in the Eligible Receivables Account or transferred thereto shall be required to be held in the Eligible Receivables Account uninvested, and the Parent and the Subsidiaries shall not transfer any funds from the Eligible Receivables Account (except for application to prepay the Loans then outstanding in accordance with Section 2.06(a)), until the first CCR Reference Date on which the Collateral Coverage Ratio is 1.60 to 1.00 or more, whereupon funds may once again be transferred from the Eligible Receivables Account for purposes other than prepayment of the Loans.

SECTION 5.20 Loyalty Programs; Loyalty Program Agreements.

(a) Loyalty Progams. The Parent will, and will cause each of its Subsidiaries to, take all actions necessary to maintain the existence, business and operations of the Carrier Loyalty Programs as in effect on the Closing Date or on terms at least as favorable to the Lenders, as determined by the Appropriate Party in its sole discretion, except as otherwise expressly permitted under this Agreement.

(b) Loyalty Program Agreements. The Parent will, and will cause each of its Subsidiaries to, take any action permitted under the Material Loyalty Program Agreements and applicable law that it, in its reasonable business judgment, determines is advisable, in order to diligently and promptly (i) enforce its rights and any remedies available to it under the Material Loyalty Program Agreements, (ii) perform its obligations under the Material Loyalty Program Agreements and (iii) use reasonable best efforts to cause the applicable counterparties to perform their obligations under the related Material Loyalty Program Agreements, including such counterparties' obligations to make payments to and indemnify the applicable Credit Parties in accordance with the terms thereof, in each case except as would not (1) be materially adverse to the Lenders or (2) reasonably be expected to result in a Material Adverse Effect.

SECTION 5.21 Collections; Accounts; Payments.

(a) The Credit Parties shall (x) instruct and use their reasonable best efforts to cause counterparties to all Material Loyalty Program Agreements to direct payments of all Loyalty Program Revenue into the Collection Account and (y) cause sufficient counterparties to the Loyalty Program Agreements to direct payments of Loyalty Program Revenue into the Collection Account such that during any DSCR Test Period, at least 90% of Loyalty Program Revenue (excluding revenues generated under any Loyalty Subscription Program) for such period is deposited directly into the Collection Account. Promptly following the entry by any Credit Party into any Material Loyalty Program Agreement after the Closing Date, the applicable Credit Party will enter into and cause the counterparty to enter into a Direct Agreement with respect to such Material Loyalty Program Agreement. To the extent the Parent, any Subsidiary or any of their respective Controlled Affiliates receives any payments of Loyalty Program Revenues to an account other than the Collection Account, 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 Collection Account. All amounts in the Collection Account shall be conclusively presumed to be Collateral and proceeds of Collateral, and the Agents and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in the Collection Account. No Credit Party shall revoke, or permit to be revoked, any payment direction included in any Direct Agreement other than in connection with a replacement Collection Account (which shall be at a depository institution satisfactory to the Appropriate Party).

(b) Each account control agreement with respect to each Blocked Account shall require, after the occurrence and during the continuance of a Payment Event, the wire transfer no less frequently than once per Business Day (unless the Obligations are no longer outstanding), of all collected and available funds in such Blocked Account (net of such minimum balance, not to exceed $25,000, as may be required to be kept in the subject Blocked Account by the account bank), to an account in the name of the Borrower maintained by the Administrative Agent at The Bank of New York Mellon (the "Payment Account") or such other account as directed by the Administrative Agent. The Payment Accounts and the Blocked Accounts shall be non-interest bearing accounts. Funds on deposit in the Blocked Accounts and the Payment Accounts shall be uninvested. All amounts in the Blocked Account shall be conclusively presumed to be Collateral and proceeds of Collateral, and the Agents and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in the Blocked Account. The Borrower may at any time elect to apply amounts on deposit in the Blocked Account to prepay the Loans, by requesting that the Collateral Agent instruct the account bank to withdraw such amounts for such prepayment.

(c) The Payment Account shall at all times be under the sole dominion and control of the Collateral Agent and shall be subject to an account control agreement in form and substance satisfactory to the Appropriate Party. The Credit Parties hereby acknowledge and agree that (i) the Credit Parties have no right of withdrawal from the Payment Account, (ii) the funds on deposit in the Payment Account shall at all times be collateral security for all of the Obligations, and (iii) the funds on deposit in the Payment Account shall be applied to repay the Loans. All amounts in the Payment Account shall be conclusively presumed to be Collateral and proceeds of Collateral, and the Agents and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in the Payment Account. Upon payment in full of the Loans and all Obligations under this Agreement (other than contingent indemnification or reimbursement obligations not yet accrued and payable) and termination of the Commitment, any remaining amounts in the Payment Account will be released and transferred to a deposit account of the Credit Parties as the Borrower shall direct.

## ARTICLE VI

## NEGATIVE COVENANTS

Until all the later of (i) the date on which all of the Obligations shall have been paid in full and (ii) such later date specified in this Agreement, the Credit Parties covenant and agree with the Lenders that:

SECTION 6.01 [Reserved].

SECTION 6.02 Liens. The Parent will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any property or assets constituting Collateral, whether now owned or hereafter acquired, except for Permitted Liens.

SECTION 6.03 Fundamental Changes. The Parent will not, and will not permit any of its Subsidiaries to, merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(a) any Subsidiary may merge with (i) the Borrower; provided that the Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries; provided that (x) when any Wholly-Owned Subsidiary is merging with another Subsidiary, a Wholly-Owned Subsidiary shall be the continuing or surviving Person and (y) when any Subsidiary that is a Credit Party is merging with another Subsidiary, then such other Subsidiary shall be a Credit Party;

(b) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Parent or to another Subsidiary; provided that (x) if the transferor in such a transaction is a Wholly-Owned Subsidiary, then the transferee shall either be the Parent or another Wholly-Owned Subsidiary and (y) if the transferor in such a transaction is a Credit Party, then the transferee shall be a Credit Party;

(c) the Parent and its Subsidiaries may make Dispositions permitted by Section 6.04;

(d) any Investment permitted by Section 6.06 may be structured as a merger, consolidation or amalgamation;

(e) any Subsidiary may dissolve, liquidate or wind up its affairs if it owns no material assets, engages in no business and otherwise has no activities other than activities related to the maintenance of its existence and good standing; and

(f) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise), provided that such assets do not constitute all or substantially all of the consolidated assets of the Parent and its Subsidiaries.

SECTION 6.04 Dispositions. The Parent will not, and will not permit any of its Subsidiaries to, sell or otherwise make any Disposition of Collateral or enter into any agreement to make any sale or other Disposition of Collateral (in each case, including by way of any sale or other Disposition of any Guarantor), except, subject to Article X and so long as no Default shall have occurred and be continuing at the time of any action described below, or would result therefrom:

(a) any licenses or sublicenses (i) granted on a non-exclusive basis to customers or service providers in the ordinary course of business or to business partners in the ordinary course of business in a manner and subject to terms consistent with past practice or (ii) granted pursuant to any Loyalty Program Agreement in full force and effect as of the Closing Date, any successor agreement thereto or any new Loyalty Program Agreement, in each case that is included in the Collateral (provided that any such grant pursuant to such new or successor agreement is made in the ordinary course of business in a manner and subject to terms substantially similar with those of the predecessor Loyalty Program Agreement or with any Loyalty Program Agreement in full force and effect as of the Closing Date, as the case may be);

(b) any abandonment, lapse, forfeiture or dedication to the public, in the ordinary course of business, of any Intellectual Property that, in the applicable Credit Party's reasonable good faith judgment, is no longer used and no longer useful in the business of the Borrower or its Subsidiaries;

(c) any (1) deletion, de-identification or purge of any Personal Data that is required under applicable Privacy Laws, under any of the Credit Parties' public-facing privacy policies in full force and effect as of the Closing Date or in the ordinary course of business (including in connection with terminating inactive Carrier Loyalty Program accounts) pursuant to the applicable Credit Party's privacy and data retention policies in full force and effect as of the Closing Date consistent with past practice, (2) transfer of any Loyalty Program Data to services providers for their Processing of such data on behalf of any of the Credit Parties in the ordinary course of business, subject to a prohibition on deletion, de-identification and purging, except as permitted under clause (1) or (3) transfer of any Loyalty Program Data to a third party in the ordinary course of business to the extent such Credit Party also retains a copy of such Loyalty Program Data;

(d) the sale, lease or other transfer any Currency under any Loyalty Program in accordance with any Loyalty Program Agreement as in existence on the Closing Date (or any (i)permitted successor agreement thereto or (ii) new Loyalty Program Agreement permitted under this Agreement, in each case that is included in the Collateral) or subsequently approved by the Appropriate Party;

(e) Loyalty Revenue Advance Transactions in an aggregate amount not to exceed an amount equal to the greater of (x) $1,000,000 and (y) 15% of the aggregate amount of Collateral Cash Flow received during the most recently ended DSCR Test Period that has been deposited into a Collateral Account;

(f) to the extent constituting a Disposition of Collateral, (1) the sale or other transfer of Currency in the ordinary course of business under the terms of the Loyalty Program Agreements and (2) transfers of Currency to Loyalty Program Members in the ordinary course of business in accordance with program terms

(g) Dispositions of Collateral among the Credit Parties (including any Person that shall become a Credit Party simultaneous with such Disposition in the manner contemplated by Section 5.13); provided that:

(i) such Collateral remains at all times subject to a Lien with the same priority and level of perfection as was the case immediately prior to such Disposition (and otherwise subject only to Permitted Liens) in favor of the Collateral Agent for the benefit of the Secured Parties following such Disposition;

(ii) concurrently therewith, the Credit Parties shall execute any documents and take any actions reasonably required to create, grant, establish, preserve or perfect such Lien in accordance with the other provisions of this Agreement or the Security Documents;

(iii) if requested by the Appropriate Party, concurrently therewith the Appropriate Party shall receive an opinion of counsel to the applicable Credit Party (x) in the case of Collateral that consists of Route Authorities, Slots and/or Gate Leaseholds, as to the creation and perfection under Article 9 of the UCC of the Lien of the security agreement or mortgage, as applicable, and subject to assumptions and qualifications (including as provided in the opinion(s) delivered on the Closing Date), and (y) in the case of any other Collateral, as to the creation and perfection of the Lien of such security agreement or mortgage, as applicable, in form and substance satisfactory to the Appropriate Party; and

(iv) concurrently with any Disposition of Collateral to any Person that shall become a Credit Party simultaneous with such Disposition in the manner contemplated by Section 5.13, such Person shall have complied with the requirements of Section 5.13;

(h) to the extent constituting a Disposition of Collateral, the incurrence of Liens that are permitted to be incurred pursuant to Section 6.02;

(i) Dispositions of cash or Cash Equivalents in exchange for other cash or Cash Equivalents constituting Collateral and having reasonably equivalent value therefor;

(j) the abandonment or Disposition of assets no longer useful or used in the business; provided that such abandonment or Disposition is (A) in the ordinary course of business and (B) with respect to assets that are not material to the business of the Parent and the Subsidiaries taken as a whole;

(k) [reserved];

(l) any Disposition of property resulting from an event of loss with respect to any aircraft, airframe, engine, spare engine or Spare Parts if the Credit Party is replacing such aircraft, airframe, engine, spare engine or Spare Parts in accordance with the terms of the Loan Documents; and

(m) any Disposition of Collateral permitted by any of the Security Documents.

SECTION 6.05 Restricted Payments. The Parent will not, and will not permit any of its Subsidiaries to, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except, subject to additional restrictions set forth in Article X, so long as no Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

(a) each Subsidiary may make Restricted Payments to the Parent and any other Person that owns an Equity Interest in such Subsidiary, ratably according to their respective holdings of such Equity Interests in respect of which such Restricted Payment is being made;

(b) the Parent and each Subsidiary may declare and make dividend payments or other distributions payable solely in common Equity Interests of such Person;

(c) the Parent and each Subsidiary may purchase, redeem or otherwise acquire Equity Interests issued by it with the proceeds received from the substantially concurrent issue of new common Equity Interests;

(d) the Parent and each Subsidiary may pay withholding or similar taxes payable by any future, present or former employee, director or officer (or any spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees of any of the foregoing) in connection with any repurchases of Equity Interests or the exercise of stock options;

(e) the repurchase of Equity Interests or other securities deemed to occur upon (A) the exercise of stock options, warrants or other securities convertible or exchangeable into Equity Interests or any other securities, to the extent such Equity Interests or other securities represent a portion of the exercise price of those stock options, warrants or other securities convertible or exchangeable into Equity Interests or any other securities or (B) the withholding of a portion of Equity Interests issued to employees and other participants under an equity compensation program of the Parent or its Subsidiaries to cover withholding tax obligations of such persons in respect of such issuance;

(f) payments of cash, dividends, distributions, advances, common stock or other Restricted Payments by the Parent or any of its Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (A) the exercise of options or warrants, (B) the conversion or exchange of capital stock of any such Person or (C) the conversion or exchange of Indebtedness or hybrid securities into capital stock of any such Person;

(g) the Parent may make cash payments in connection with any conversion or exchange of Convertible Indebtedness in amount equal to the sum of (i) the principal amount of such Convertible Indebtedness and (ii) the proceeds of any payments received by the Parent or any of its Subsidiaries pursuant to the exercise, settlement or termination of any related Permitted Bond Hedge Transaction;

(h) the Parent may make payments in connection with a Permitted Bond Hedge Transaction (i) by delivery of shares of the Parent's Equity Interests upon net share settlement thereof or (ii) by (A) set-off against the related Permitted Bond Hedge Transaction and (B) payment of an early termination amount thereof in common Equity Interests of the Parent upon any early termination thereof;

(i) Restricted Payments not to exceed the amount allowable pursuant to Schedule 6.05(i); and

(j) the Parent and each Subsidiary, to the extent they are an S corporation or other tax pass-through entity, may make distributions to the extent reasonably required to cover its owners' tax obligations in respect of the Parent's or Subsidiary's earnings.

SECTION 6.06 Investments. The Parent will not, and will not permit any of its Subsidiaries to, make any Investments, except:

(a) Investments held by the Parent or such Subsidiary in the form of cash or Cash Equivalents;

(b) (i) Investments in Subsidiaries in existence on the Closing Date, (ii) other Investments in existence on the Closing Date and listed in Section I to Schedule 6.06 and (iii) other Investments described on Section II to Schedule 6.06, and, in each case, any refinancing, refunding, renewal or extension of any such Investment that does not increase the amount thereof;

(c) advances to officers, directors and employees of the Parent and its Subsidiaries in an aggregate amount not exceeding, at any time outstanding, an amount that is customary and consistent with past practice, for travel, entertainment, relocation and similar ordinary business purposes;

(d) (x) Investments of the Parent in the Borrower or any other Credit Party, (y) Investments of any Subsidiary in the Parent or any other Credit Party and (z) Investments made between Subsidiaries that are not Credit Parties; provided that any such Investments made pursuant to this clause (d) in the form of intercompany indebtedness incurred by a Credit Party and owed to a Subsidiary that is not a Credit Party shall be subordinated to the Obligations and the Guaranteed Obligations on customary terms (it being understood and agreed that any Investments permitted under this clause (d) in the form of intercompany indebtedness that are not already subordinated on such terms as of the Closing Date shall not be required to be so subordinated until the date that is thirty (30) days after the Closing Date);

(e) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(f) Investments consisting of the indorsement by the Parent or any Subsidiary of negotiable instruments payable to such Person for deposit or collection in the ordinary course of business;

(g) to the extent constituting an Investment, transactions otherwise permitted by Sections 6.03 and 6.05;

(h) any Investments received in compromise or resolution of (i) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Parent or any of its Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (ii) litigation, arbitration or other disputes;

(i) Investments represented by obligations in respect of Swap Contracts that are not speculative in nature and that are entered into to hedge or mitigate risks to which the Parent or any of its Subsidiaries has (or will have) actual exposure (other than those in respect of the Equity Interests or Indebtedness of the Parent or any of its Subsidiaries);

(j) accounts receivable arising in the ordinary course of business;

(k) any guarantee of Indebtedness of the Parent or any Subsidiary of the Parent, other than any guarantee of Indebtedness secured by Liens that would not be permitted under Section 6.02;

(l) Investments to the extent that payment for such Investment is made with the capital stock of the Parent;

(m) Investments having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value other than a reduction for all returns of principal in cash and capital dividends in cash), when taken together with all Investments made pursuant to this clause (n) that are at the time outstanding, not to exceed 30% of the total consolidated assets of the Parent and its Subsidiaries at the time of such Investment;

(n) Permitted Bond Hedge Transactions to the extent constituting Investments; and

(o) Investments in Finance Entities in the ordinary course of business of the Parent and its Subsidiaries or that are otherwise customary for airlines based in the United States.

SECTION 6.07 Transactions with Affiliates. The Parent will not, and will not permit any of its Subsidiaries to, enter into any transaction of any kind involving aggregate payments or consideration in excess of $5,000,000 with any Affiliate of the Parent, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Parent or such Subsidiary as would be obtainable by the Parent or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate, subject to delivery of (x) with respect to any transaction or series of related transactions involving aggregate consideration in excess of $25,000,000, a certificate of a Responsible Officer of the Parent certifying as to compliance with the foregoing and (y) with respect to any transaction or series of related transactions involving aggregate consideration in excess of $50,000,000, an opinion as to the fairness to the Parent or such Subsidiary of such transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing (provided that this clause (y) shall not apply to any transaction between or among any of the Parent or any of its Subsidiaries and any Finance Entities); provided that, subject to Article X, the foregoing restriction shall not apply to:

(a) transactions between or among any of the Parent and any Wholly-Owned Subsidiaries,

(b) Restricted Payments permitted by Section 6.05,

(c) Investments permitted by Section 6.06(b), or (c) or (d),

(d) transactions described in Schedule 6.07,

(e) any employment agreement, confidentiality agreement, non-competition agreement, incentive plan, employee stock option agreement, long-term incentive plan, profit sharing plan, employee benefit plan, officer or director indemnification agreement or any similar arrangement entered into by the Parent or any of its Subsidiaries in the ordinary course of business and payments pursuant thereto, and

(f) payment of fees, compensation, reimbursements of expenses (pursuant to indemnity arrangements or otherwise) and reasonable and customary indemnities provided to or on behalf of officers, directors, employees or consultants of the Parent or any of its Subsidiaries.

SECTION 6.08 [Reserved].

SECTION 6.09 [Reserved].

SECTION 6.10 Changes in Nature of Business. The Parent will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than those businesses conducted by the Parent and its Subsidiaries on the date hereof or any business reasonably related or incidental thereto or representing a reasonable expansion thereof.

SECTION 6.11 Sanctions; AML Laws. The Parent will not, and will not permit any of its Subsidiaries to, directly or knowingly indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person to fund any activities or business of or with any Person in a manner that would result in a violation of Sanctions or AML Laws by any Person.

SECTION 6.12 Amendments to Organizational Documents. The Parent will not, and will not permit any of its Subsidiaries to amend, modify, or grant any waiver or release under or terminate in any manner, any Organizational Documents in any manner materially adverse to, or which would impair the rights of, the Lenders.

SECTION 6.13 [Reserved]

SECTION 6.14 Prepayments of Junior Indebtedness. The Parent will not, and will not permit any of its Subsidiaries to, make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case prior to any scheduled repayment, sinking fund payment or maturity, any Indebtedness secured by junior Liens on the Collateral or that is subordinated in right of payment to the Obligations, in each case other than in connection with a Permitted Refinancing of such Indebtedness.

SECTION 6.15 Lobbying. The Parent will not, and will not permit any of its Subsidiaries to, directly, or to the Parent or such Subsidiary's knowledge, indirectly, use the proceeds of the Loans, or lend, contribute, or otherwise make available such proceeds to any other Person (i) for publicity or propaganda purposes designated to support or defeat legislation pending before the U.S. Congress or (ii) to fund any activities that would constitute "lobbying activities" as defined under 2 U.S.C. § 1602. The Parent shall, and shall cause its subsidiaries to, comply with the provisions of 31 U.S.C. § 1352, as amended, and with the regulations at 31 C.F.R. Part 21.

SECTION 6.16 Use of Proceeds. The Parent will not, and will not permit any of its Subsidiaries to, use the proceeds of the Loans for any purpose other than for general corporate purposes and operating expenses (including payroll, rent, utilities, materials and supplies, repair and maintenance, and scheduled interest payments on other Indebtedness incurred before February 15, 2020), in each case in compliance with all Applicable Law to the extent permitted by the CARES Act; provided, however, that the proceeds of the Loans shall not be used for any non-operating expenses (including capital expenses, delinquent taxes and payments of principal on other Indebtedness), unless the Parent can demonstrate, to the satisfaction of the Initial Lender, that payment of any such non-operating expense is necessary to optimize the continued operations of the Parent's business and does not merely constitute a transfer of risk from an existing creditor or investor to the Federal taxpayer.

SECTION 6.17 Financial Covenants.

(a) Liquidity. The Parent will not permit the aggregate amount of Liquidity at the close of any Business Day to be less than $10,000,000.

(b) Collateral Coverage Ratio.

(i) Within ten (10) Business Days after (x) the last day of March and September of each year (beginning with March 2021) or (y) any date on which an Appraisal is delivered pursuant to clause (2) of Section 5.16 (each such date in clauses (x) and (y), a "CCR Reference Date" and the tenth Business Day after a CCR Reference Date, a "CCR Certificate Delivery Date"), the Parent shall deliver to the Administrative Agent a certificate of a Responsible Officer of the Parent containing a calculation of the Collateral Coverage Ratio (a "CCR Certificate").

(ii) If the Collateral Coverage Ratio with respect to any CCR Reference Date is less than 1.60 to 1.00, the Borrower shall, no later than ten (10) Business Days after the applicable CCR Certificate Delivery Date, (x) prepay any outstanding Loans such that following such prepayment, the Collateral Coverage Ratio with respect to such CCR Reference Date, recalculated by subtracting any such prepaid portion of the Loans, shall be no less than 1.60 to 1.00 and/or (y) designate Additional Collateral as additional Eligible Collateral and comply with Sections 5.13 and 5.15, collectively, in an amount such that following such designation, the Collateral Coverage Ratio with respect to such CCR Reference Date, recalculated by adding such Additional Collateral, shall be no less than 1.60 to 1.00.

(iii) At the Parent's request, the Lien on any Collateral will be released, provided, in each case, that the following conditions are satisfied or waived: (a) no Event of Default shall have occurred and be continuing, (b) either (x) after giving effect to such release, the Collateral Coverage Ratio is not less than 2.00 to 1.00 (or in the case of a swap or exchange of existing Additional Collateral with new Additional Collateral, less than 1.60 to 1.00) or (y) the Parent shall prepay or cause to be prepaid the Loans and/or shall designate Eligible Collateral as Additional Collateral and comply with Sections 5.13 and 5.15, collectively, in an amount necessary to cause the Collateral Coverage Ratio to not be less than 2.00 to 1.00 (or in the case of a swap or exchange of existing Additional Collateral with new Additional Collateral, less than 1.60 to 1.00) and (c) the Parent shall deliver a certificate executed by a Responsible Officer demonstrating compliance with this Section 6.17(b)(iii).

(c) Debt Service Coverage Ratio.

(i) On each DSCR Determination Date, the Parent shall deliver to the Administrative Agent a certificate of a Responsible Officer of the Parent (x) containing a calculation of the Debt Service Coverage Ratio and (ii) certifying that all Loyalty Program Revenue for such DSCR Test Period has been deposited, directly or indirectly into the Collection Account or another Collateral Account (and at least 90% of all Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) were deposited directly into a Collateral Account); and

(ii) if the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than 1.75 to 1.00 (a "DSCR Trigger Event"), then the Parent and the Subsidiaries shall cause an amount equal to at least 50% of all Loyalty Program Revenues received thereafter to be transferred (as such payments are received) from the Collection Account to a Blocked Account to be held for the benefit of the Lenders (which amounts on deposit in the Blocked Account may be used to prepay the Loans at the option of the Borrower, upon request to the Collateral Agent) until the first DSCR Determination Date on which the Debt Service Coverage Ratio is 1.75 to 1.00 or more, whereupon such amounts may be transferred from the Blocked Account to the Collection Account following a request to the Collateral Agent;

(iii) if the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than or equal to 1.50 to 1.00 but greater than 1.25 to 1.00, then (x) all amounts then deposited in the Blocked Account shall be applied to prepay the Loans and (y) the Parent and the Subsidiaries shall cause an amount equal to at least 50% of all Loyalty Program Revenues received thereafter to be transferred (as such payments are received) from the Collection Account to the Payment Account with all such amounts deposited into the Payment Account to be applied to the prepayment of any Loans then outstanding until the first DSCR Determination Date on which the Debt Service Coverage Ratio is greater than 1.50 to 1.00; and

(iv) if the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than or equal to 1.25 to 1.00, then (x) all amounts then deposited in the Blocked Account shall be applied to prepay the Loans and (y) the Parent and the Subsidiaries shall cause an amount equal to at least 75% of all Loyalty Program Revenues received thereafter to be transferred (as such payments are received) from the Collection Account to the Payment Account with all such amounts deposited into the Payment Account to be applied to the prepayment of any Loans then outstanding until the first DSCR Determination Date on which the Debt Service Coverage Ratio is greater than 1.25 to 1.00.

## ARTICLE VII

## EVENTS OF DEFAULT

SECTION 7.01 Events of Default. If any of the following events (each, an "Event of Default") shall occur:

(a) the Borrower shall fail to pay 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 otherwise;

(b) the Borrower shall fail to pay any interest on any Loan, or any fee or any other amount (other than an amount referred to in clause (a) of this Section) payable under this Agreement or under any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of two (2) or more Business Days;

(c) any representation or warranty made or deemed made by or on behalf of any Credit Party, including those made prior to the Closing Date, in or in connection with this Agreement, the Loan Application Form or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement, the Loan Application Form or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty under this Agreement, the Loan Application Form or any other Loan Document already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made;

(d) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.03(a), 5.04 (with respect to the Borrower's existence), Section 5.19(b) or in Article VI or Article X;

(e) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document (other than those specified in clause (a), (b) or (d) of this Section) and such failure shall continue unremedied for a period of thirty (30) or more days after notice thereof by the Administrative Agent or the Initial Lender to the Parent;

(f) (i) Any Credit Party or any Subsidiary thereof shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Material Indebtedness (other than Indebtedness under this Agreement) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument governing such Material Indebtedness; or (ii) any Credit Party or any Subsidiary thereof shall fail to observe or perform any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event results in the holder or holders or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) causing such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or causing an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; provided that this clause (f)(ii) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer (or disposition of property as a result of a casualty or condemnation event) of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness and such Indebtedness is repaid when required under the documents providing for such Indebtedness;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Credit Party or any Material Subsidiary thereof or its debts, or of a substantial part of its assets, under any Debtor Relief Law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Credit Party or any Material Subsidiary thereof or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of sixty (60) or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) any Credit Party or any Material Subsidiary thereof shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Debtor Relief Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Parent or any of its Subsidiaries or for a substantial part of its assets, (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) take any action for the purpose of effecting any of the foregoing;

(i) any Credit Party or any Material Subsidiary thereof shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) there is entered against any Credit Party or any Material Subsidiary thereof (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding $7,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied or failed to acknowledge coverage), or (ii) a non-monetary final judgment or order that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect;

(k) an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of any Credit Party under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect;

(l) [reserved];

(m) any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or any Credit Party or any other Person who is a party to any Loan Document contests in writing the validity or enforceability of any provision of any Loan Document; or any Credit Party denies in writing that it has any or further liability or obligation under any Loan Document, or purports in writing to revoke, terminate or rescind any Loan Document;

(n) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted in writing by any Credit Party not to be, a legal, valid and perfected Lien on any material portion of the Collateral (individually or in the aggregate), with the priority required by the applicable Security Documents, except (i) as a result of the sale or other Disposition of the applicable Collateral to a Person that is not a Credit Party in a transaction not prohibited under the Loan Documents or (ii) as a result of either Agent's failure to maintain possession of any stock certificates, promissory notes or other instruments delivered to it under the Security Documents or (iii) as a result of acts or omissions with respect to possessory collateral held by the Collateral Agent pursuant to this Agreement;

(o) any Guarantee of any Obligations by any Credit Party under any Loan Document shall cease to be in full force in effect (other than in accordance with the terms of the Loan Documents);

(p) a default or breach by any Credit Party of its material obligations under a Material Loyalty Program Agreement beyond any applicable notice and cure periods thereunder;

(q) an exit from, or a termination or cancellation of, any Carrier Loyalty Program (and in the case of any Loyalty Subscription Program, such program as a whole by a Credit Party, and not any individual cancellation or termination by a consumer) in effect on the Closing Date or any Material Loyalty Program Agreement other than in connection with any replacement expressly permitted hereunder;

(r) any material provision of any Material Loyalty Program Agreement, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or any Credit Party contests in writing the validity or enforceability of any provision of any Material Loyalty Program Agreement; or any Credit Party denies in writing that it has any or further liability or obligation under any Material Loyalty Program Agreement, or purports in writing to revoke, terminate or rescind any Material Loyalty Program Agreement; or

(s) any Credit Party makes a Material Modification to a Material Loyalty Program Agreement without the prior written consent of the Required Lenders;

then, and in every such event (other than an event described in clause (g) or (h) of this Section), and at any time thereafter during the continuance of such event, the Initial Lender may, and the Administrative Agent may, and at the request of the Required Lenders or the Initial Lender shall, by notice to the Borrower, take any or all of the following actions, at the same or different times:

(i) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Credit Parties accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower and the other Credit Parties; and

(ii) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents and Applicable Law;

provided that, in case of any event described in clause (g) or (h) of this Section, the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Credit Parties.

SECTION 7.02 Application of Payments. Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, and notice thereof to the Initial Lender and the Administrative Agent by the Borrower or the Required Lenders, all payments received on account of the Obligations shall be applied by the Administrative Agent as follows:

(i) first, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees and disbursements and other charges of counsel payable under Section 11.03 and amounts payable under an Administrative Agency Fee Letter (if any)) payable to the Administrative Agent and the Collateral Agent in their respective capacities as such;

(ii) second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including fees and disbursements and other charges of counsel payable under Section 11.03) arising under the Loan Documents, ratably among them in proportion to the respective amounts described in this clause (ii) payable to them;

(iii) third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans, ratably among the Lenders in proportion to the respective amounts described in this clause (iii) payable to them;

(iv) fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans ratably among the Lenders in proportion to the respective amounts described in this clause (iv) payable to them;

(v) fifth, to the payment in full of all other Obligations, in each case ratably among the Administrative Agent and the Lenders based upon the respective aggregate amounts of all such Obligations owing to them in accordance with the respective amounts thereof then due and payable; and

(vi) finally, the balance, if any, after all Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

## ARTICLE VIII

## AGENCY

SECTION 8.01 Appointment and Authority. Each Lender hereby irrevocably appoints The Bank of New York Mellon to act on its behalf as the Administrative Agent and as the Collateral Agent hereunder and under the other Loan Documents and authorizes the Agents to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental or related thereto; provided that notwithstanding anything in this Article VIII or this Agreement to the contrary, the terms and conditions of the relationship between the Initial Lender and the Agents shall be governed by a separate agreement between the Initial Lender and the Agents. The Borrower and the Guarantors acknowledge and agree that the Agents are Agents of the Lenders and not of the Borrower or the Guarantors. In connection with an assignment of the Loans by the Initial Lender, upon the Administrative Agent's request, the Borrower and the Agents shall enter into an Administrative Agency Fee Letter. The provisions of this Article are solely for the benefit of the Agents and the Lenders, and the Borrower shall not have rights as a third-party beneficiary of any of such provisions. Without limiting the generality of the foregoing, the Agents are hereby expressly authorized to (i) execute any and all documents (including releases) with respect to the Collateral and the rights of the Secured Parties with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the other Loan Documents and (ii) negotiate, enforce or settle any claim, action or proceeding affecting the Lenders in their capacity as such, at the direction of the Required Lenders, which negotiation, enforcement or settlement will be binding upon each Lender.

SECTION 8.02 Collateral Matters. Each of the Lenders hereby irrevocably 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 Credit Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto and to enter into and perform the other Loan Documents.

SECTION 8.03 Removal or Resignation of Administrative Agent. While the Initial Lender is a Lender, the Administrative Agent may be removed or give notice of its resignation subject to any conditions as separately agreed between the Initial Lender and the Administrative Agent. Any such resignation as Administrative Agent pursuant to this Section 8.03 shall also constitute its resignation as the Collateral Agent; provided that in the case of any collateral security held by the Collateral Agent on

behalf of the Lenders under any of the Loan Documents, the retiring or removed Collateral Agent shall continue to hold such collateral security until such time as a successor Collateral Agent is appointed. Upon such removal or receipt of any such notice of resignation, the Initial Lender shall have the right to appoint a successor. After the Initial Lender is no longer a Lender, either Agent may resign at any time by notifying the Lenders and the Borrower in writing, and either Agent may be removed at any time with or without cause by an instrument or concurrent instruments in writing delivered to the Borrower and such Agent and signed by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right, with the consent of the Borrower (which consent shall not be required during the continuance of an Event of Default), to appoint a successor. If no successor shall have been so appointed by the Required Lenders (with the consent of the Borrower (which consent shall not be required during the continuance of an Event of Default)) and shall have accepted such appointment within 30 days after (i) the retiring Agent gives notice of its resignation or (ii) the Required Lenders deliver removal instructions, then the retiring or removed Agent may, on behalf of the Lenders (with the consent of the Borrower (which consent shall not be required during the continuance of an Event of Default)), appoint a successor Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. If no successor Agent has been appointed pursuant to the immediately preceding sentence, such Agent's resignation or removal shall become effective and the Required Lenders shall thereafter perform all the duties of such Agent hereunder and/or under any other Loan Document until such time, if any, as the Required Lenders (with the consent of the Borrower (which consent shall not be required during the continuance of an Event of Default)) appoint a successor Administrative Agent and/or Collateral Agent, as the case may be. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of its predecessor Agent, and its predecessor Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After an Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while acting as Agent.

SECTION 8.04 Exculpatory Provisions.

(a) The Agents shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents or as separately agreed between the Initial Lender and the Agents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing:

(i) neither Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, except that The Bank of New York Mellon shall always have a fiduciary duty to Treasury while serving as its Agent in accordance with the provisions of the separate writing between The Bank of New York Mellon and Treasury;

(ii) neither Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that such Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); and

(iii) except as expressly set forth herein and in the other Loan Documents, neither Agent shall have any duty to disclose, nor shall it be liable for the failure to disclose, any information relating to the Borrower or any of the Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent and/or Collateral Agent or any of its Affiliates in any capacity.

(b) Neither Agent shall be required to expend or risk its own funds or otherwise incur liability in the performance of any of its duties hereunder or under any other Loan Document or in the exercise of any of its rights or powers. Notwithstanding anything in any Loan Document to the contrary, prior to taking any action under this Agreement or any other Loan Document, each Agent shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses in connection with taking such action. Neither Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Sections 7.01 and 11.02) or in the absence of its own gross negligence or willful misconduct as determined by the final non-appealable judgment of a court of competent jurisdiction. Notwithstanding the foregoing, no action nor any omission to act, taken by either Agent at the direction of the Required Lenders (or such other number of percentage of Lenders as shall be expressly provided for herein or in the other Loan Documents) shall constitute gross negligence or willful misconduct. Neither Agent shall be deemed to have knowledge of any Default unless and until written notice thereof, conspicuously labeled as a "notice of default" and specifically describing such Default, is given to an Agent Responsible Officer by the Borrower or a Lender.

(c) Neither 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, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) 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.

(d) In no event shall either Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder or under any other Loan Document arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, epidemics, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services (it being understood that such Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances).

(e) 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 believed by it in good faith to be genuine and to have been signed or sent by the proper Person. Each Agent may also rely upon any statement made to it orally or by telephone and believed by it in good faith to have been made by the proper Person, and shall not incur any liability for relying thereon. Delivery of reports, information and documents to an Agent is for informational purposes only and an Agent's receipt of the foregoing will not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Borrower's compliance with any of its covenants hereunder. Each Agent may consult with legal counsel (who may be counsel for 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 reliance on the advice of any such counsel, accountants or experts. Any funds held by an Agent shall, unless otherwise agreed in writing with the Borrower, be held uninvested in a non-interest bearing account.

(f) Neither Agent shall have any obligation to calculate or confirm the calculation of any financial covenant contained herein.

(g) Notwithstanding anything to the contrary in any Loan Document, neither Agent shall be responsible for the existence, genuineness or value of any of the Collateral; for filing any financing or continuation statements or recording any documents or instruments in any public office or otherwise perfecting or maintaining the perfection of any security interest in the Collateral (except, in the case of possessory Collateral, for the Collateral Agent maintaining possession of any such Collateral received by it in accordance with the terms of the Loan Documents); for the validity, perfection, priority or enforceability of the Liens in any of the Collateral; for the validity or sufficiency of the Collateral or any agreement or assignment contained therein; for the validity of the title of any grantor to the Collateral; for insuring the Collateral; or for the payment of taxes, charges or assessments on the Collateral. The Collateral Agent agrees that it will check any possessory Collateral received by it against any itemized list in the Pledge and Security Agreement of Collateral to be delivered to it in accordance with the Pledge and Security Agreement.

SECTION 8.05 Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, opinion, consent, statement, instrument, document or other writing believed by it in good faith to be genuine and to have been signed or sent by the proper Person. Each Agent may also rely upon any statement made to it orally or by telephone and believed by it in good faith to have been made by the proper Person, and shall not incur any liability for relying thereon. Delivery of reports, information and documents to an Agent is for informational purposes only and an Agent's receipt of the foregoing will not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Borrower's compliance with any of its covenants hereunder. Each Agent may consult with legal counsel (who may be counsel for 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.

SECTION 8.06 Delegation of Duties. Each Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents or attorneys appointed by it and will not be responsible for the misconduct or negligence of any agent appointed with due care. Each Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers by or through their respective Related Parties.

SECTION 8.07 Non-Reliance on Agents and Other Lenders. Each Lender (other than the Initial Lender) acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender (other than the Initial Lender) also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 8.08 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Credit Party, the Administrative Agent (irrespective of whether the principal of any Loan 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 (but not obligated) 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 the Loans and all other 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 and the Agents (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Agents and their respective agents and counsel and all other amounts due the Lenders and the Agents under Section 11.03) 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 any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agents and their respective agents and counsel, and any other amounts due the Agents 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 any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

## ARTICLE IX

## GUARANTEE

SECTION 9.01 Guarantee of the Obligations. Each Guarantor jointly and severally hereby irrevocably and unconditionally guarantees to the Secured Parties, the due and punctual payment in full and performance of all Obligations (or such lesser amount as agreed by the Required Lenders in their sole discretion with respect to Obligations owed to the Lenders) when the same shall become due or required to be performed, whether at stated maturity, by required prepayment, declaration, acceleration, performance, demand or otherwise (including amounts that would become and any performance that would have been required to be taken due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the "Guaranteed Obligations").

SECTION 9.02 Payment or Performance by a Guarantor. Each Guarantor hereby jointly and severally agrees, in furtherance of the foregoing and the other terms of this Article IX and not in limitation of any other right which the Secured Parties may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of the Borrower to pay or perform any of the Guaranteed Obligations when and as the same shall become due or required to be performed, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), such Guarantor will pay, or cause to be paid, in cash, or perform, or cause to be performed, to the Secured Parties an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for the Borrower's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the Borrower for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed or required to be performed to the Secured Parties as aforesaid.

SECTION 9.03 Liability of Guarantors Absolute. Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment and performance in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

(a) this Guarantee is a guarantee of payment and performance when due and not merely of collection;

(b) either Agent and any of the other Secured Parties may enforce this Guarantee upon the occurrence of an Event of Default notwithstanding the existence of any dispute between the Borrower and the Secured Parties with respect to the existence of such Event of Default;

(c) a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against the Borrower or any other Guarantors and whether or not Borrower or such Guarantors are joined in any such action or actions;

(d) payment or performance by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any other Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid or performed;

(e) the Required Lenders, upon such terms as they deem appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment or performance of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or subordinate the payment of the same to the payment of any other obligations; (iii) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment or performance of the Guaranteed Obligations, any other guarantees of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations; and (iv) enforce its rights and remedies even though such action may operate to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against the Borrower or any security for the Guaranteed Obligations; and

(f) this Guarantee and the obligations of each Guarantor hereunder shall be legal, valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment or performance in full of the Guaranteed Obligations), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any of the Guaranteed Obligations, any impossibility in the performance of any of the Guaranteed Obligations, or otherwise. Without limiting the generality of the foregoing, except for the payment and performance in full of the Guaranteed Obligations and to the fullest extent permitted by Applicable Law, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by: (i) any failure, delay or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy with respect to the Guaranteed Obligations, or with respect to any security for the payment and performance of the Guaranteed Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions hereof or any other Loan Document; (iii) the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the Lender's consent to the change, reorganization or termination of the

corporate structure or existence of the Borrower or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (v) the release of, or any impairment of or failure to perfect or continue perfection of or protect a security interest in, any collateral which secures any of the Guaranteed Obligations; (vi) any defenses, set-offs or counterclaims which the Borrower or any Guarantor may allege or assert against either Agent or the Lenders in respect of the Guaranteed Obligations, including failure of consideration, lack of authority, validity or enforceability, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; (vii) any change in the corporate existence, structure or ownership of any Credit Party, or any insolvency, bankruptcy, reorganization, examinership or other similar proceeding affecting any Credit Party or its assets or any resulting release or discharge of any of the Guaranteed Obligations; (viii) the fact that any Person that, pursuant to the Loan Documents, was required to become a party hereto may not have executed or is not effectually bound by this Agreement, whether or not this fact is known to the Secured Parties; (ix) any action permitted or authorized hereunder; (x) any other circumstance, or any existence of or reliance on any representation by the Agents, any Secured Party or any other Person, that might otherwise constitute a defense to, or a legal or equitable discharge of, the Borrower, any Guarantor or any other guarantor or surety; and (xi) any other event or circumstance that might in any manner vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations.

SECTION 9.04 Waivers by Guarantors. Each Guarantor hereby waives, for the benefit of the Lender: (a) any right to require the Lender, as a condition of payment or performance by such Guarantor, to (i) proceed against Borrower, any Guarantor or any other Person; (ii) proceed against or exhaust any security in favor of the Lender; or (iii) pursue any other remedy in the power of the Agents or Secured Parties whatsoever or (b) presentment to, demand for payment or performance from and protest to the Borrower or any Guarantor or notice of acceptance; and (c) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof. The Agents and the other Secured Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure or exercise any other right or remedy available to them against the Borrower or any other Credit Party without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been paid in full. To the fullest extent permitted by Applicable Law, each Credit Party waives any defense arising out of any such election even though such election operates, pursuant to Applicable Law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Credit Party against the Borrower or any other Credit Party, as the case may be, or any security.

SECTION 9.05 Guarantors' Rights of Subrogation, Contribution, Etc. Until the Guaranteed Obligations shall have been paid in full, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against the Borrower or any other Guarantor or any of its assets in connection with this Guarantee or the performance by such Guarantor of its obligations hereunder, including without limitation (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against the Borrower with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that the Agents or the Secured Parties now has or may hereafter have against the Borrower, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by the Agents or the Secured Parties. In addition, until the Guaranteed Obligations shall have been paid in full, each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been finally and paid in full, such amount shall be held in trust for the Secured Parties and shall forthwith be paid over to the Secured Parties to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

SECTION 9.06 Subordination. Any Indebtedness of the Borrower or any Guarantor now or hereafter and all rights of indemnity, contribution or subrogation under Applicable Law or otherwise, held by any Guarantor (the "Obligee Guarantor") are hereby subordinated in right of payment or performance to the Guaranteed Obligations until the Guaranteed Obligations is paid and performed in full. Any amount in respect of such indebtedness or rights collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for the Secured Parties and shall forthwith be paid over to the Secured Parties to be credited and applied against the Guaranteed Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

SECTION 9.07 Continuing Guarantee. This Guarantee is a continuing guarantee and shall remain in effect until all of the Guaranteed Obligations shall have been paid and performed in full. Each Guarantor hereby irrevocably waives any right to revoke this Guarantee as to future transactions giving rise to any Guaranteed Obligations.

SECTION 9.08 Financial Condition of the Borrower. The Loans may be made to the Borrower without notice to or authorization from any Guarantor regardless of the financial or other condition of the Borrower at the time of such grant. Each Guarantor has adequate means to obtain information from the Borrower on a continuing basis concerning the financial condition of the Borrower and its ability to perform its obligations under the Loan Documents, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Borrower and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations.

SECTION 9.09 Reinstatement. In the event that all or any portion of the Guaranteed Obligations are paid by the Borrower or any Guarantor, the obligations of any other Guarantor hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from the Secured Parties as a preference, fraudulent transfer or otherwise must be so recovered or returned, and any such payments and amounts which are so rescinded, recovered or returned shall constitute Guaranteed Obligations for all purposes hereunder.

SECTION 9.10 Discharge of Guarantees. If, in compliance with the terms and provisions of the Loan Documents, (x) all of the Equity Interests of any Guarantor that is a Subsidiary of the Parent or any of its successors in interest hereunder shall be sold or otherwise disposed of (including by merger or consolidation) to any Person (other than to the Parent or to any other Subsidiary of the Parent), the Guarantee of such Guarantor or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by any beneficiary or any other Person effective as of the time of such asset sale or (y) a Guarantor becomes an Excluded Subsidiary (other than as a result of a Guarantor becoming a non-Wholly Owned Subsidiary), the Borrower may request the release of the Guarantee of such Guarantor, whereupon the Guarantee of such Guarantor shall be discharged and released.

## ARTICLE X

## CARES ACT REQUIREMENTS

Notwithstanding anything in this Agreement to the contrary, the Credit Parties, on behalf of themselves and their Affiliates, represent, warrant, and agree with the Lenders that:

SECTION 10.01 CARES Act Compliance. Each Credit Party and its Subsidiaries are in compliance, and will at all times comply, with all applicable requirements under Title IV of the CARES Act, including any applicable requirements pertaining to the Borrower's eligibility to receive the Loans. The Parent, the Borrower and their Subsidiaries will provide any information requested by the Initial Lender or Agents to assess the Borrower's compliance with applicable requirements under Title IV of the CARES Act, its obligations under this Article X or its eligibility to receive the Loans under the CARES Act. The Borrower is not a "covered entity" as defined in Section 4019 of the CARES Act.

SECTION 10.02 Dividends and Buybacks.

(a) Until the date that is twelve (12) months after the date on which the Loans are no longer outstanding, neither any Borrower Eligible Business nor any of its Affiliates (other than an Affiliate that is a natural person) shall, in any transaction, purchase an equity security of any Borrower Eligible Business or of any direct or indirect parent company of a Borrower Eligible Business or of any Subsidiary of the Parent that, in each case, is listed on a national securities exchange, except to the extent required under a contractual obligation in effect as of the date of enactment of the CARES Act.

(b) Until the date that is twelve (12) months after the date on which the Loans are no longer outstanding, no Borrower Eligible Business shall pay dividends, or make any other capital distributions, with respect to the common stock of any Borrower Eligible Business, except that an S corporation or other tax pass-through entity that is a Borrower Eligible Business may make distributions to the extent reasonably required to cover its owners' tax obligations in respect of the Borrower Eligible Business's earnings.

SECTION 10.03 Maintenance of Employment Levels. Until September 30, 2020, each Borrower Eligible Business shall maintain its employment levels as of March 24, 2020, to the extent practicable, and in any case shall not reduce its employment levels by more than ten percent (10%) from the levels on March 24, 2020.

SECTION 10.04 United States Business. Each Borrower Eligible Business is created or organized in the United States or under the laws of the United States and has significant operations in and a majority of its employees based in the United States.

SECTION 10.05 Limitations on Certain Compensation.

(a) Beginning on the Closing Date, and ending on the date that is one (1) year after the date on which the Loans are no longer outstanding, each Borrower Eligible Business and its Affiliates shall not pay any of each Borrower Eligible Business's Corporate Officers or Employees whose Total Compensation exceeded $425,000 in calendar year 2019 or the Subsequent Reference Period (other than an Employee whose compensation is determined through an existing collective bargaining agreement entered into before March 1, 2020):

(i) Total Compensation which exceeds, during any twelve (12) consecutive months of the period beginning on the Closing Date and ending on the date that is one (1) year after the date on which the Loans are no longer outstanding, the Total Compensation the Corporate Officer or Employee received in calendar year 2019 or the Subsequent Reference Period; or

(ii) Severance Pay or Other Benefits in connection with a termination of employment with any Borrower Eligible Business which exceed twice the maximum Total Compensation received by such Corporate Officer or Employee in calendar year 2019 or the Subsequent Reference Period.

(b) Beginning on the Closing Date, and ending on the date that is one (1) year after the date on which the Loans are no longer outstanding, each Borrower Eligible Business and its Affiliates shall not pay any of each Borrower Eligible Business's Corporate Officers or Employees whose Total Compensation exceeded $3,000,000 in calendar year 2019 or the Subsequent Reference Period, Total Compensation which exceeds, during any twelve (12) consecutive months of such period, in excess of the sum of:

(i) $3,000,000; and

(ii) Fifty percent (50%) of the excess over $3,000,000 of the Total Compensation received by such Corporate Officer or Employee in calendar year 2019 or the Subsequent Reference Period.

(c) For purposes of determining applicable amounts under this Section with respect to any Corporate Officer or Employee who was employed by any Borrower Eligible Business or any of their Affiliates for less than all of calendar year 2019, the amount of Total Compensation in calendar year 2019 shall mean such Corporate Officer's or Employee's Total Compensation on an annualized basis.

SECTION 10.06 Continuation of Certain Air Service. Until March 1, 2022, each Borrower Eligible Business shall comply with any applicable requirement issued by the Secretary of Transportation under section 4005 of the CARES Act to maintain scheduled air transportation service to any point served by any Borrower Eligible Business before March 1, 2020. The Borrower acknowledges that neither Treasury, nor any other actor, department, or agency of the Federal Government, shall condition the issuance of any Loan under this Agreement on the Borrower's implementation of measures to enter into negotiations with the certified bargaining representative of a craft or class of employees of the Borrower Eligible Business under the Railway Labor Act (45 U.S.C. 151 et seq.) or the National Labor Relations Act (29 U.S.C. 151 et seq.), regarding pay or other terms and conditions of employment.

SECTION 10.07 Treasury Access. The Borrower Eligible Business and its Affiliates will provide Treasury, the Treasury Inspector General, the Special Inspector General for Pandemic Recovery, and such other entities as authorized by Treasury timely and unrestricted access to all documents, papers, or other records, including electronic records, of the Borrower related to the Loans, to enable Treasury, the Treasury Inspector General, and the Special Inspector General for Pandemic Recovery to make audits, examinations, and otherwise evaluate the Borrower's compliance with the terms of this Agreement. This right also includes timely and reasonable access to the Borrower's and its Affiliates' personnel for the purpose of interview and discussion related to such documents.

SECTION 10.08 Additional Defined Terms. As used in this Article, the following terms have the meanings specified below:

"Borrower Eligible Business" means, collectively, the Borrower, its Affiliates that are Eligible Businesses, and their respective heirs, executors, administrators, successors, and assigns. Notwithstanding anything to the contrary herein, for purposes of this Article X, an "Affiliate" of the Borrower shall not include any Person(s) that become affiliated with the Borrower solely by virtue of the consummation of a Change of Control transaction resulting in repayment of the Loans in full.

"Corporate Officer" means, with respect to any Borrower Eligible Business, its president; any vice president in charge of a principal business unit, division, or function (such as sales, administration or finance); any other officer who performs a policy-making function; or any other person who performs similar policy making functions for the Borrower Eligible Business. Executive officers of subsidiaries or parents of any Borrower Eligible Business may be deemed Corporate Officers of the Borrower Eligible Business if they perform such policy-making functions for the Borrower Eligible Business.

"Employee" has the meaning given to the term in section 2 of the National Labor Relations Act (29 U.S.C. 152 and includes any individual employed by an employer subject to the Railway Labor Act (45 U.S.C. 151 et seq.), and for the avoidance of doubt includes all individuals who are employed by the Borrower Eligible Business who are not Corporate Officers.

"Severance Pay or Other Benefits" means any severance payment or other similar benefits, including cash payments, health care benefits, perquisites, the enhancement or acceleration of the payment or vesting of any payment or benefit or any other in-kind benefit payable (whether in lump sum or over time, including after March 24, 2022) by any Borrower Eligible Business or its Affiliates to a Corporate Officer or Employee in connection with any termination of such Corporate Officer's or Employee's employment (including, without limitation, resignation, severance, retirement, or constructive termination), which shall be determined and calculated in respect of any Employee or Corporate Officer of the Borrower Eligible Business in the manner prescribed in 17 C.F.R. 229.402(j) (without regard to its limitation to the five (5) most highly compensated executives and using the actual date of termination of employment rather than the last business day of the Borrower Eligible Business's last completed fiscal year as the trigger event).

"Subsequent Reference Period" means (i) for a Corporate Officer or Employee whose employment with the Borrower Eligible Business or an Affiliate started during 2019 or later, the twelve (12) month period starting from the end of the month in which the officer or employee commenced employment, if such officer's or employee's total compensation exceeds $425,000 (or $3,000,000) during such period and (ii) for a Corporate Officer or Employee whose Total Compensation first exceeds $425,000 during a 12-month period ending after 2019, the 12-month period starting from the end of the month in which the Corporate Officer's or Employee's Total Compensation first exceeded $425,000 (or $3,000,000).

"Total Compensation" means compensation including salary, wages, bonuses, awards of stock, and any other financial benefits provided by the Borrower Eligible Business or an Affiliate, as applicable, which shall be determined and calculated for the 2019 calendar year or any applicable twelve (12)-month period in respect of any Employee or Corporate Officer of the Borrower Eligible Business in the manner prescribed under paragraph e.5 of the award term in 2 C.F.R. part 170, App. A, but excluding any Severance Pay or Other Benefits in connection with a termination of employment.

## ARTICLE XI

## MISCELLANEOUS

SECTION 11.01 Notices; Public Information.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing in English and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email as follows:

(i) if to a Credit Party, to Sun Country, Inc., at 2005 Cargo Road, Minneapolis, MN 55450, Attention of Dave Davis, President & CFO (Telephone No. 651-905-2718; Email: Dave.Davis@suncountry.com with a copy to Eric.Levenhagen@suncountry.com);

(ii) if to the Administrative Agent or the Collateral Agent, to The Bank of New York Mellon at 240 Greenwich Street, 7th Floor, New York, NY 10286, Attention of Joanna Shapiro, Managing Director (Telephone No. 212-815-4949; Email: joanna.g.shapiro@bnymellon.com with a copy to UST.Cares.Program@bnymellon.com);

(iii) if to Treasury, as the Initial Lender, to The Department of the Treasury of the United States at 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220, Attention of Assistant General Counsel (Banking and Finance) (Telephone No. 202-622-0283; Email: eric.froman@treasury.gov); and

(iv) if to any other Lender, to it at its address (or facsimile number or email address) set forth in its Administrative Questionnaire.

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 paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail, FpML, and Internet or intranet websites) pursuant to procedures approved by the Lenders and reasonably acceptable to the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the Collateral Agent, the Parent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent, the Collateral Agent or a Lender otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) The Borrower and the Lenders agree that the Administrative Agent may, but shall not be obligated to, make the Communications (as defined below) available to the other Lenders by posting the Communications on the Platform.

(ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Credit Parties, any Lender or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of communications through the Platform. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Credit Parties pursuant to any Loan Document or the transactions contemplated therein that is distributed to the Administrative Agent or any Lender by means of electronic communications pursuant to this Section, including through the Platform.

(e) Public Information. The Borrower hereby acknowledges that certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the materials and information provided by or on behalf of the Borrower hereunder and under the other Loan Documents (collectively, "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 and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of U.S. federal and state securities Laws (provided, however, that to the extent that such Borrower Materials constitute Information, they shall be subject to Section 11.12); (iii) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (iv) the Administrative Agent 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 Side Information". Each Public Lender will designate one or more representatives that shall be permitted to receive information that is not designated as being available for Public Lenders. Notwithstanding the foregoing, financial statements and related documentation, in each case, provided pursuant to Section 5.01(a) or 5.01(b) shall be deemed to be marked "PUBLIC", unless the Parent notifies the Administrative Agent promptly that any such document contains material non-public information.

SECTION 11.02 Waivers; Amendments.

(a) No Waiver; Remedies Cumulative; Enforcement. No failure or delay by the Administrative Agent, the Collateral Agent or any Lender in exercising any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or discontinuance of steps to enforce such a right remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right remedy, power or privilege. The rights, remedies, powers and privileges of the Administrative Agent, the Collateral Agent and the Lenders hereunder and under the Loan Documents are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Credit Parties shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, (i) so long as the Initial Lender is a Lender, either the Initial Lender or, at the Initial's Lender's option, the Administrative Agent in accordance with Section 7.01 for the benefit of all the Lenders and (ii) if the Initial Lender is no longer a Lender, the Required Lenders or the Administrative Agent (acting at the direction of the Required Lenders) in accordance with Section 7.01 for the benefit of all the Lenders; provided that the foregoing shall not prohibit (i) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacities as Administrative Agent and as Collateral Agent) hereunder and under the other Loan Documents, (ii) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13) or (iii) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to a Credit Party under any Debtor Relief Law; provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (x) the Required Lenders shall have the rights otherwise provided to the Administrative Agent pursuant to Section 7.01 and (y) in addition to the matters set forth in clauses (ii) and (iii) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights or remedies available to it and as authorized by the Required Lenders.

(b) Amendments, Etc. Except as otherwise expressly set forth in this Agreement (including Section 2.10 and Section 8.01), no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower therefrom, shall be effective unless in writing executed by the Borrower and the Required Lenders, and acknowledged by the Administrative Agent, or by the Borrower and the Administrative Agent with the consent of the Required Lenders, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no such amendment, waiver or consent shall:

(i) extend or increase any Commitment of any Lender without the written consent of such Lender;

(ii) reduce the principal of, or rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document, without the written consent of each Lender directly and adversely affected thereby (provided that only the consent of the Required Lenders shall be necessary (x) to amend the definition of "Default Rate" or to waive the obligation of the Borrower to pay interest at the Default Rate or (y) to amend any financial covenant (or any defined term directly or indirectly used therein), even if the effect of such amendment would be to reduce the rate of interest on any Loan or other Obligation or to reduce any fee payable hereunder);

(iii) postpone any date scheduled for any payment of principal of, or interest on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document, or reduce the amount of, waive or excuse any such payment, without the written consent of each Lender directly and adversely affected thereby;

(iv) change Section 2.12(b) or Section 2.13 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly and adversely affected thereby;

(v) waive any condition set forth in Section 4.01 without the written consent of the Initial Lender; or

(vi) change any provision of this Section or the percentage in the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

provided, further, that no such amendment, waiver or consent shall amend, modify or otherwise affect the rights or duties hereunder or under any other Loan Document of either of the Agents, unless in writing executed by such Agent, in each case in addition to the Borrower and the Lenders required above.

In addition, notwithstanding anything in this Section to the contrary, (i) if the Borrower shall have identified an obvious error or any error or omission of a technical nature, in each case, in any provision of the Loan Documents, then, upon the delivery of a certificate of a Responsible Officer of the Borrower to the Administrative Agent identifying such error and directing the Administrative Agent to execute an amendment to correct such error, the Administrative Agent and the Borrower shall be permitted to amend such provision, and, in each case, such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Lenders to the Administrative Agent within ten (10) Business Days following receipt of notice thereof and (ii) that any Security Document may be amended, supplemented or otherwise modified with the consent of the applicable Grantor (as defined in the Pledge and Security Agreement) and the Administrative Agent to add assets (or categories of assets) to the Collateral covered by such Security Document, as contemplated by the definition of Additional Collateral, or to remove any assets or categories of assets (including after-acquired assets of that category) from the Collateral covered by such Security Document to the extent the release thereof is permitted by Section 6.17(b)(iii).

SECTION 11.03 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Initial Lender, the Administrative Agent, the Collateral Agent and their Affiliates (including the reasonable fees, charges and disbursements of any counsel for the Initial Lender, the Administrative Agent or the Collateral Agent), and shall pay all fees and time charges and disbursements for attorneys who may be employees of the Administrative Agent or the Collateral Agent, in connection with the preparation, negotiation, execution, delivery and administration of this Agreement, the Loan Documents, any other agreements or documents executed in connection herewith or therewith or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent or any Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent, the Collateral Agent or any Lender), and shall pay all fees and time charges for attorneys who may be employees of the Administrative Agent, the Collateral Agent or any Lender, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the Loan Documents, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) including its rights under this Section, or (B) in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of this Agreement, the Loan Documents and other agreements or documents executed in connection herewith or therewith.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent and Collateral Agent (and any sub-agents thereof) and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, obligations,

penalties, fines, settlements, judgments, disbursements and related costs and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Parent) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Parent or any of its Subsidiaries, or any Environmental Liability related in any way to the Parent or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Parent, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee other than the Initial Lender, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. This paragraph (b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Administrative Agent or Collateral Agent (or any sub-agents thereof) or any Related Party of any of the foregoing, each Lender (other than the Initial Lender) severally agrees to pay to the Administrative Agent or Collateral Agent (or any such sub-agents) or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's Applicable Percentage at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or Collateral Agent (or any such sub-agents), or against any Related Party of any of the foregoing acting for the Administrative Agent or Collateral Agent (or any such sub-agents) in connection with such capacity. The obligations of the Lenders under this paragraph (c) are subject to the provisions of Section 2.12(e).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, no Credit Party shall assert, and each hereby waives, 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 the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above 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) Payments. All amounts due under this Section shall be payable not later than five (5) days after demand therefor; provided that the terms of this Section shall not apply to the Initial Lender.

(f) Survival. Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder and the resignation or removal of the Administrative Agent or the Collateral Agent.

SECTION 11.04 Successors and Assigns.

(a) Successors and Assigns Generally. 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, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender (and any other attempted assignment or transfer by any party hereto shall be null and void), and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (e) of this Section. 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, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of the Loans at the time owing to it); provided that any such assignment by any Lender (other than the Initial Lender) shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Loans at the time owing to it or contemporaneous assignments to and/or by related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $1,000,000, unless each of the Administrative Agent and, so long as no Default or Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans assigned.

(iii) Required Consents. No consent shall be required for any assignment by the Initial Lender. The consent of the Borrower (such consent not to be unreasonably withheld, delayed or conditioned) shall be required for any assignment by any Lender other than the Initial Lender unless (x) a Default or Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender or an Affiliate of a Lender; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person).

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, 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 Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption 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 Section 11.03 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender other than the Initial Lender of rights or obligations under this Agreement that does not comply with this paragraph 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 paragraph (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the principal amounts (and stated interest) of the Loans 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 Collateral Agent 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. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a Competitor, a natural person, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person, or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties

hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent, the Collateral Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 11.03(b) with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 11.02(b)(i) through (v) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 (subject to the requirements and limitations therein, including the requirements under Section 2.16(g) (it being understood that the documentation required under Section 2.16(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Section 2.15 or 2.16, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.19(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.13 as though it were a Lender. 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 stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender 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. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. 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; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 11.05 Survival. All covenants, agreements, representations and warranties made by any Credit Party herein and in any Loan Document or other documents delivered in connection herewith or therewith or pursuant hereto or thereto shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery hereof and thereof and the making of the Borrowings hereunder, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Collateral Agent or any Lender may have had notice or knowledge of any Default at the time of any Borrowing, and shall continue in full force and effect as

long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied and so long as the Commitments have not expired or been terminated. The provisions of Sections 2.14, 2.15, 11.03, 11.15 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the payment in full of the Obligations, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 11.06 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution. The words "execution," "signed," "signature," and words of like import in this Agreement and in any Assignment and Assumption shall be deemed to include electronic signatures 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. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic means, or confirmation of the execution of this Agreement on behalf of a party by an email from an authorized signatory of such party shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 11.07 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender or any such Affiliate, to or for the credit or the account of the Borrower against any and all of the due and unpaid Obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender or its respective Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch office or Affiliate of such Lender different from the branch office or Affiliate holding such deposit or obligated on such indebtedness. The

rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or its respective Affiliates may have. Each Lender (other than the Initial Lender) agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 11.09 Governing Law; Jurisdiction; Etc.

(a) Governing Law. This Agreement and the other Loan Documents will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the law of the State of New York applicable to contracts made and to be performed entirely within such State.

(b) Jurisdiction and Venue. Each of the Credit Parties and each Lender agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Agreement, the Loan Documents, or the transactions contemplated hereby or thereby.

(c) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 11.01. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

SECTION 11.10 Waiver of Jury Trial. To the extent permitted by Applicable Law, each Credit Party and each Lender hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement, the Loan Documents or the transactions contemplated hereby or thereby.

SECTION 11.11 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 shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 11.12 Treatment of Certain Information; Confidentiality. Each of the Agents and the Lenders (other than the Initial Lender) agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by Applicable Laws or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as (or no less restrictive than) those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder; provided that, in each case under this clause (f)(ii), such actual or prospective party is not a Competitor; (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or the Loans or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Loans; (h) with the consent of the Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to either Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower who did not acquire such information as a result of a breach of this Section.

For purposes of this Section, "Information" means all information received from the Parent or any of its Subsidiaries relating to the Parent or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Parent or any of its Subsidiaries; provided that, in the case of information received from the Parent or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 11.13 Money Laundering; Sanctions. The Borrower shall provide to the Administrative Agent, the Collateral Agent, and the Lenders information and documentation that the Lenders may reasonably request that identifies the Borrower and its Affiliates, which information may include the name and address of the Borrower and its Affiliates and other information regarding beneficial ownership of the Borrower and its Affiliates that will allow the Lenders to ensure compliance with Sanctions and the AML Laws. For purposes of determining whether or not a representation with respect to any indirect ownership is true or a covenant is being complied with under this Section 11.13, the Borrower shall not be required to make any investigation into (i) the ownership of publicly traded stock or other publicly traded securities or (ii) the ownership of assets by a collective investment fund that holds assets for employee benefit plans or retirement arrangements.

SECTION 11.14 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under Applicable Law (collectively, "charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with Applicable Law, the rate of interest payable in respect of such Loan hereunder, together with all charges payable in respect thereof, shall be limited to the Maximum Rate. To the extent lawful, the interest and charges that would have been paid in respect of such Loan but were not paid as a result of the operation of this Section shall be cumulated and the interest and charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the amount collectible at the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate for each day to the date of repayment, shall have been received by such Lender. Any amount collected by such Lender that exceeds the maximum amount collectible at the Maximum Rate shall be applied to the reduction of the principal balance of such Loan or refunded to the Borrower so that at no time shall the interest and charges paid or payable in respect of such Loan exceed the maximum amount collectible at the Maximum Rate.

SECTION 11.15 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent or any Lender, or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender (other than the Initial Lender) severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Effective Rate from time to time in effect.

SECTION 11.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) no fiduciary, advisory or agency relationship between any Credit Party and any of their respective Subsidiaries and the Administrative Agent, the Collateral Agent or any Lender is intended to be or has been created in respect of the transactions contemplated hereby or by the other Loan Documents, irrespective of whether the Administrative Agent, the Collateral Agent or any Lender has advised or is advising any Credit Party or any of their respective Subsidiaries on other matters, (ii) the lending and other services regarding this Agreement provided by the Administrative Agent, the Collateral Agent and the Lenders are arm's-length commercial transactions between Credit Parties and their Affiliates, on the one hand, and the Administrative Agent, the Collateral Agent and the Lenders, on the other hand, (iii) the Credit Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent that they has deemed appropriate and (iv) the Credit Parties are capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; and (b) (i) the Administrative Agent, the Collateral Agent and the Lenders each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Credit Parties or any of their respective Affiliates, or any other Person; (ii) none of the Administrative Agent, the Collateral Agent and the Lenders has any obligation to the Credit Parties or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Collateral Agent and the Lenders and their respective Affiliates may be engaged, in a broad range of transactions that involve interests that differ from those of the Credit Parties and their respective Affiliates, and none of the Administrative Agent, the Collateral Agent and the Lenders has any obligation to disclose any of such interests to the Credit Parties or any of their respective Affiliates. To the fullest extent permitted by Law, the Credit Parties hereby waive and release any claims that they may have against any of the Administrative Agent, the Collateral Agent and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

SECTION 11.17 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among the parties, each party hereto (including each Credit Party) acknowledges that any liability arising under a Loan Document of any Credit Party that is an Affected Financial Institution, 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 under any Loan Documents which may be payable to it by any Credit Party that is an Affected Financial Institution; and (b) the effects of any Bail-In Action on any such liability, including (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 any 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.

[*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 above written.

SUN COUNTRY, INC.,
as Borrower

By: /s/ Jude I. Bricker
Name: Jude I. Bricker
Title: Chief Executive Officer

[*Signature Page to Loan and Guarantee Agreement – Sun Country*]

SUN COUNTRY AIRLINES HOLDINGS, INC.,
as Parent and Guarantor

By: /s/ Jude I. Bricker
Name: Jude I. Bricker
Title: Chief Executive Officer

[*Signature Page to Loan and Guarantee Agreement – Sun Country*]

SCA ACQUISITION INTERMEDIATE, LLC,
as Guarantor

By: /s/ Jude I. Bricker
Name: Jude I. Bricker
Title: Chief Executive Officer

[*Signature Page to Loan and Guarantee Agreement – Sun Country*]

SCA ACQUISITION, LLC,
as Guarantor

By: /s/ Jude I. Bricker
Name: Jude I. Bricker
Title: Chief Executive Officer

[*Signature Page to Loan and Guarantee Agreement – Sun Country*]

THE BANK OF NEW YORK MELLON,
as Administrative Agent

By: /s/ Bret S. Derman
Name: Bret S. Derman
Title: Vice President

THE BANK OF NEW YORK MELLON,
as Collateral Agent

By: /s/ Bret S. Derman
Name: Bret S. Derman
Title: Vice President

UNITED STATES DEPARTMENT OF THE TREASURY, as the Initial Lender

By: /s/ Brent J. McIntosh
Name: Brent J. McIntosh
Title: Under Secretary for International Affairs

**Exhibit 10.6**

**Execution Version**

# PLEDGE AND SECURITY AGREEMENT

**dated as of October 26, 2020**

**between**

**EACH OF THE GRANTORS PARTY HERETO**

**and**

**THE BANK OF NEW YORK MELLON**

**as Collateral Agent**

**TABLE OF CONTENTS**

This PLEDGE AND SECURITY AGREEMENT, dated as of October 26, 2020 (together with the Annexes and Schedules, this "**Agreement**"), is entered into among each Grantor, whether as an original signatory hereto or as an Additional Grantor, and The Bank of New York Mellon, as collateral agent for the Secured Parties (in such capacity as collateral agent, together with its successors and assigns, the "**Collateral Agent**").

Reference is made to that certain Loan and Guarantee Agreement, dated as of the date hereof (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"), among SUN COUNTRY, INC. (the "**Borrower**"), SUN COUNTRY AIRLINES HOLDINGS, INC. (the "**Parent**"), the Guarantors party thereto from time to time, the UNITED STATES DEPARTMENT OF THE TREASURY ("**Treasury**") and THE BANK OF NEW YORK MELLON, as Administrative Agent and Collateral Agent.

**NOW, THEREFORE**, in consideration of the premises and the agreements, provisions and covenants herein contained, each Grantor and the Collateral Agent agree as follows:

## SECTION 1. DEFINITIONS

### 1.1 General Definitions

All capitalized terms used herein (including the preamble and recitals hereto) shall have the meanings assigned to such terms as set forth below or in any Applicable Annex, in the Loan Agreement, or if not defined therein, in the UCC.

"**Account Debtor**" shall mean any Person who is obligated on an Account.

"**Additional Grantor**" shall have the meaning assigned in Section 6.2.

"**Agreement**" shall have the meaning set forth in the preamble.

"**Annex Remedies Section**" shall mean, with respect to an Applicable Annex, the section in such Applicable Annex named "Defaults and Remedies" (or the remedies provisions set forth in any security instrument referenced in any Applicable Annex).

"**Applicable Annex"** shall mean, with respect to any Collateral and any Grantor, (i) each of Annex 1 (Loyalty Program Assets) and Annex 2 (Control Collateral) that is applicable to such Collateral and such Grantor and any other Annexes incorporated by reference in such Annex and (ii) any other Annexes attached hereto.

"**Collateral"** shall have the meaning assigned in Section 2.1.

"**Collateral Agent**" shall have the meaning set forth in the preamble.

"**Control**" shall mean the completion and satisfaction of those conditions and steps necessary for the secured party to have "control" when used with respect to any (i) Certificated Security, under UCC Section 8-106(a) or (b), as applicable, (ii) Securities Account, including any Financial Asset credited to such Securities Account and all related Security Entitlements, under UCC Section 8-106(d) and (iii) Deposit Account, under UCC Section 9-104(a).

"**Control Collateral**" shall mean Collateral consisting of the Deposit Accounts and Securities Accounts identified in Schedule 2.1.

"**Excluded Asset**" shall mean (i) any asset of a Grantor subject to a Permitted Lien, if, to the extent and only for so long as the grant of a Lien on such asset to secure the Secured Obligations is prohibited by, or requires additional action (that has not been taken) under, any agreement permitted under Section 6.02 of the Loan Agreement (unless the counterparty to such agreement is an Affiliate of any Grantor), (ii) any lease, license, contract, property right or agreement to which any Grantor is a party to the extent (A) (1) any such lease, license, contract, property right or agreement by its terms in effect on the date hereof or (2) any Applicable Law, prohibits, or requires consent (unless such consent has been received or is of an Affiliate of any Grantor) to the granting of a Lien in the rights of such Grantor thereunder or (b) any Lien thereon would be invalid or unenforceable upon any such grant, in each case in this clause (ii), except to the extent that the UCC or any other Applicable Law provides that such grant of Lien is effective irrespective of any prohibitions to such grant, (iii) any "intent-to-use" application for registration of a Trademark filed with the United States Patent and Trademark Office pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. §1051, prior to the filing of a "Statement of Use" pursuant to Section 1(d) of the Lanham Act or an "Amendment to Allege Use" pursuant to Section 1(c) of the Lanham Act with respect thereto, but solely to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of any registration that issues from such "intent-to-use" application under applicable Federal law, (iv) motor vehicles subject to certificates of title (other than to the extent a Lien thereon can be perfected by the filing of a financing statement under the UCC), (v) margin stock (within the meaning of Regulation U of the Board of Governors, as in effect from time to time), (vi) any Deposit Account or Securities Account that is used solely as a pension fund, escrow (including any escrow accounts for the benefit of customers), trust, or similar account, in each case, for the benefit of third parties and (vii) any Equity Interest of an Excluded Subsidiary; provided, however, that Excluded Assets shall not include any Material Loyalty Program Agreement, and licenses and property rights thereunder and, for the avoidance of doubt, any other Loyalty Program Agreement as to which consent to the grant of the security interest hereunder has been obtained; and provided, further, that Excluded Assets shall not include any Control Collateral or Proceeds, substitutions or replacements of any Excluded Assets referred to in clauses (i) through (vii) (unless such Proceeds, substitutions or replacements would independently constitute Excluded Assets referred to in clauses (i) through (vii)).

"**Grantor**" shall mean each of the signatories hereto (including any Additional Grantor) other than the Collateral Agent.

"**Loan Agreement**" shall have the meaning set forth in the recitals.

"**Insurance**" shall mean (i) all insurance policies covering any or all of the Collateral (regardless of whether the Collateral Agent is the loss payee thereof), (ii) any key man life insurance policies and (iii) in each case, all claims thereunder.

"**Perfection Certificate**" shall mean a perfection certificate, executed and delivered by each of the Grantors, dated as of the date hereof, in substantially the form of Exhibit B attached hereto (as supplemented from time to time).

"**Perfection Requirement"** shall mean, at any time and with respect to any property, the requirement that:

(i) each Grantor, at its sole cost and expense, shall have executed a grant of a security interest in such property in one or more applicable Security Documents (as specified in this Agreement) in favor of the Collateral Agent for the benefit of the Secured Parties;

(ii) each Grantor, at its sole cost and expense, shall have prepared and duly and timely filed, registered, recorded or made, or shall have caused to be prepared and duly and timely filed, registered, recorded or made, the Required Filings in favor of the Collateral Agent for the benefit of the Secured Parties with respect to the security interest in such property;

(iii) each Grantor shall have completed and satisfied, or shall have caused to be completed and satisfied, all conditions and steps constituting the Perfection Requirement under the terms of any Applicable Annex with respect to such property; and

(iv) each Grantor shall have obtained all consents and approvals required to be obtained by it in connection with the execution and delivery of this Agreement and any other Security Documents to which it is a party, the performance of its obligations thereunder and the granting by it of the Liens hereunder and thereunder and delivered such consent or approval to the Collateral Agent.

"**Pledge Supplement**" shall mean any supplement to this Agreement in substantially the form of Exhibit A attached hereto.

"**Pledged Tooling Inventory**" means all Qualified Tooling Inventory set forth on Schedule 2.1.

"**Qualified Tooling Inventory**" means all of the Inventory and Equipment owned by a Grantor and used for the maintenance, repair and overhaul of aircraft that are not excluded as ineligible by virtue of one or more of the excluding criteria set forth below:

(i) it is not solely owned by a Grantor, or is leased by or is on consignment to a Grantor, or a Grantor does not have title thereto;

(ii) it is Inventory or Equipment on which the Collateral Agent, on behalf of the Secured Parties, does not have a first priority perfected Lien, or which is subject to any other Lien (other than a Permitted Lien);

(iii) (A) it is stored at a location not owned by a Grantor unless (x) the Required Lenders have given their prior consent thereto (which, for the avoidance of doubt, shall include any location specified on Schedule 2.1) or (y) a collateral access agreement reasonably satisfactory to the Required Lenders has been delivered to the Collateral Agent or (B) it is stored with a bailee or warehouseman unless either (x) the Required Lenders have given their prior consent thereto (which, for the avoidance of doubt, shall include any location specified on Schedule 2.1) or (y) an acknowledged bailee waiver letter reasonably satisfactory to the Required Lenders has been received by the Collateral Agent;

(iv) (A) it is placed on consignment, unless a valid consignment agreement which is reasonably satisfactory to the Required Lenders is in place with respect to such Inventory, (B) it is in transit, unless such Inventory or Equipment (x) is purchased under documentary letter of credit and is in transit (1) from any location in the United States for receipt by a Grantor within fifteen (15) days of the date of determination or (2) from any location outside of the United States for receipt by a Grantor within 60 days of the date of determination, and the document of title, to the extent applicable, reflects a Grantor as consignee (along with delivery to such Grantor of the documents of title, to the extent applicable, with respect thereto), and further as to which the Collateral Agent has control over the documents of title, to the extent applicable, which evidence ownership of the subject Inventory or Equipment, or (y) is in transit between locations in the United States that are leased, owned or occupied by a Grantor, or (C) it is not located within the United States (except as otherwise permitted under subclause (B)(2) above);

(v) it is covered by a negotiable document of title, unless such document has been delivered to the Collateral Agent with all necessary endorsements, free and clear of all Liens except Liens in favor of landlords, carriers, bailees and warehousemen if clause (ii) has been complied with;

(vi) it is not in new and salable condition, or is shopworn, seconds, damaged, defective or otherwise unfit for sale;

(vii) it consists of work-in-process inventory;

(viii) it is slow-moving, obsolete, unmerchantable, or constitutes returned or repossessed goods;

(ix) it does not meet all standards imposed by a Governmental Authority;

(x) it is not of a type held for sale in the ordinary course of the applicable Grantor's business;

(xi) except as otherwise agreed by the Required Lenders, it does not conform in all material respects to the representations or warranties pertaining to Inventory or Equipment, as applicable, set forth in the Loan Documents;

(xii) it is subject to any licensing arrangement or any other trademark or other proprietary rights of any Person, the effect of which would be to limit the ability of the Collateral Agent, or any Person selling the Inventory or Equipment on behalf of the Collateral Agent, to sell such Inventory or Equipment in enforcement of the Collateral Agent's Liens without further consent or payment to the licensor or such other Person (unless such consent has then been obtained); provided that the removal of private labels from finished goods and the placement of new labels thereon shall not be deemed to constitute such a limitation under this clause (xii);

(xiii) it is not covered by casualty insurance maintained as required by Section 5.06 of the Loan Agreement; or

(xiv) in the case of Equipment, is not in good operating condition.

"**Qualified Receivables**" shall mean those Accounts created by a Grantor in the ordinary course of its business that arise out of its sale of goods or rendition of services that are not excluded as ineligible by virtue of one or more of the excluding criteria set forth below:

(i) Accounts (other than those set forth in the parenthetical of clause (g) below) that are unpaid more than the earlier of ninety (90) days after the invoice date or forty-five (45) days after the due date of the original invoice for them;

(ii) Accounts owed by an Account Debtor where fifty percent (50%) or more of all Accounts owed by that Account Debtor and its Affiliates are deemed ineligible under clause (a) above;

(iii) Accounts with respect to which the Account Debtor is an Affiliate of any Credit Party or an employee or agent of any Credit Party or any Affiliate of any Credit Party;

(iv) Accounts arising in a transaction wherein goods are placed on consignment or are sold pursuant to a guaranteed sale, a sale or return, a sale on approval, a bill and hold, or any other terms by reason of which the payment by the Account Debtor may be conditional (it being understood that the right of an Account Debtor to return goods to a Credit Party in the ordinary course of such Credit Party's business consistent with past practices shall not constitute conditional payment);

(v) Accounts that are not payable in Dollars;

(vi) Accounts with respect to which the Account Debtor either (i) does not maintain its chief executive office in the United States, or (ii) is not organized under the laws of the United States or any state thereof, or (iii) is the government of any foreign country or sovereign state, or of any state, province, municipality, or other political subdivision thereof, or of any department, agency, public corporation, or other instrumentality thereof, unless (A) the Account is supported by an irrevocable letter of credit satisfactory to the Appropriate Party (as to form, substance, and issuer or domestic confirming bank) that has been delivered to the Appropriate Party and is directly drawable by the Collateral Agent, (B) the Account is covered by credit insurance in form, substance, and amount, and by an insurer, satisfactory to the Appropriate Party, or (C) such Account is otherwise acceptable in all respects to the Appropriate Party;

(vii) Accounts with respect to which the Account Debtor is either (i) the United States or any department, agency, or instrumentality of the United States or (ii) any state of the United States;

(viii) Accounts with respect to which the Account Debtor is a creditor of any Credit Party and has or has asserted a right of recoupment or setoff, or has disputed its obligation to pay all or any portion of the Account, to the extent of such claim, right of recoupment or setoff, or dispute;

(ix) Accounts with respect to an Account Debtor and its Affiliates whose total obligations owing to the Credit Parties exceed twenty percent (20%) of the Appraised Value of all Qualified Receivables, to the extent of the obligations owing by such Account Debtor and its Affiliates in excess of such percentage;

(x) Accounts with respect to which the Account Debtor is subject to a proceeding under any Debtor Relief Laws, is not Solvent, has gone out of business, or as to which any Credit Party has received notice of an imminent proceeding under any Debtor Relief Law or a material impairment of the financial condition of such Account Debtor;

(xi) Accounts, the collection of which the Appropriate Party believes to be doubtful, including by reason of the Account Debtor's financial condition;

(xii) Accounts with respect to which (i) the goods giving rise to such Account have not been shipped and billed to the Account Debtor, or (ii) the services giving rise to such Account have not been performed and billed to the Account Debtor;

(xiii) Accounts with respect to which the Account Debtor is a Sanctioned Person or Sanctioned Country; or

(xiv) Accounts that (i) represent the right to receive progress payments or other advance billings that are due prior to the completion of performance by the applicable Grantor of the subject contract for goods or services, or (ii) represent credit card sales.

"**Receivables**" shall mean all rights to payment, whether or not earned by performance, for goods or other property sold, leased, licensed, assigned or otherwise Disposed of, or services rendered or to be rendered, including, but not limited to, all such rights constituting or evidenced by any Account, Chattel Paper, Instrument or General Intangible, together with all of Grantor's rights, if any, in any goods or other property giving rise to such right to payment and all Collateral Support and Supporting Obligations related thereto and all Receivables Records.

"**Receivables Records**" shall mean all original copies of all documents, instruments or other writings or electronic records or other Records evidencing the Receivable, relating thereto or obtained or maintained in connection therewith.

"**Required Filing**" shall mean (i) each UCC financing statement (including any fixture filing, as applicable) in favor of the Collateral Agent for the benefit of the Secured Parties required to perfect the security interest in the Collateral the security interest in which may be perfected by the filing of UCC financing statements, constituted hereby (based upon the information provided to the Collateral Agent in the Perfection Certificate and for filing in each governmental, municipal or other office specified in Schedule 5 to the Perfection Certificate) and (ii) any Required Filing under each Applicable Annex in favor of the Collateral Agent for the benefit of the Secured Parties (including, without limitation, the recordation of any mortgages, deeds of trust or deeds to secure debt referenced in Annex 4 with respect to any Collateral constituting Real Estate Assets).

"**Secured Obligations**" shall have the meaning assigned in Section 3.1.

"**Secured Parties**" shall mean the Lenders (including the Treasury as the Initial Lender), the Administrative Agent and the Collateral Agent.

"**Title 14**" shall mean Title 14 of the United States Code, as amended from time to time.

"**Title 49**" shall mean Title 49 of the United States Code, as amended from time to time.

"**Treasury**" shall have the meaning set forth in the recitals.

**"UCC"** shall mean the Uniform Commercial Code as in effect from time to time in the State of New York or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction.

**1.2 Definitions; Interpretation**

References to "Annexes," "Sections," "Exhibits" and "Schedules" shall be to Annexes, Sections, Exhibits and Schedules, as the case may be, of this Agreement unless otherwise specifically provided. References to "Schedules" shall be as supplemented from time to time. References to this "Agreement" shall include all Annexes, Exhibits and Schedules hereto. Section, Annex, Exhibit and Schedule headings and the Table of Contents in this Agreement are included herein for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. The word "or" is not exclusive. The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. If any conflict or inconsistency exists between this Agreement and the Loan Agreement, the Loan Agreement shall govern. All references herein to provisions of the UCC shall include all successor provisions under any subsequent version or amendment to any Article of the UCC.

**SECTION 2. GRANT OF SECURITY INTERESTS.**

**2.1 Grant of Security**

(a) As security for the payment and performance in full of all Secured Obligations, each Grantor hereby grants to the Collateral Agent for the benefit of the Secured Parties a security interest in and continuing lien on all of such Grantor's right, title and interest in, to and under the following assets of such Grantor, in each case, whether now owned or existing or hereafter acquired, developed, created or arising and wherever located (all of which being hereinafter collectively referred to as the "**Collateral**"):

(i) all Loyalty Program Assets (including the Loyalty Program Assets described on Schedule 2.1);

(ii) the Deposit Accounts and Securities Accounts described on Schedule 2.1 (which shall include the Collateral Accounts) and all cash deposited or held therein and financial assets credited thereto, as applicable;

(iii) all Documents (including the Documents described on Schedule 2.1) relating to assets described in the foregoing;

(iv) all Accounts (including the Accounts described on Schedule 2.1) relating to assets described in the foregoing;

(v) to the extent not otherwise included above, all books and records and Supporting Obligations relating to any of the foregoing; and

(vi) to the extent not otherwise included above, all Proceeds, products, accessions, rents and profits of or with respect to any of the foregoing.

(b) Notwithstanding anything herein to the contrary, in no event shall the Collateral include, or the security interest granted under this Section 2.1 attach to, any Excluded Asset.

(c) Each Grantor shall file and make all Required Filings and also hereby authorizes the Collateral Agent to file and make all Required Filings, including any financing or continuation statements, and amendments thereto, in any jurisdictions and with any filing offices as the Collateral Agent may determine, in its sole discretion, are necessary or advisable to perfect the security interest granted to the Collateral Agent herein. Such Required Filings may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as the Collateral Agent may determine, in its sole discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in all of the Collateral granted to the Collateral Agent herein. Each Grantor shall furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Appropriate Party may request, all in such detail as the Appropriate Party may require.

(d) If any Collateral (or any portion thereof) constitutes a type of asset covered by an Applicable Annex, the Applicable Annex (and any security instrument referenced in any Applicable Annex) for such type of asset shall apply and be deemed to have been incorporated in its entirety into this Agreement as if such Applicable Annex (and/or the security instrument(s) referenced in any Applicable Annex) constituted a part of this Agreement.

**SECTION 3. SECURITY FOR OBLIGATIONS; GRANTORS REMAIN LIABLE.**

**3.1 Security for Obligations**

This Agreement secures, and the Collateral is collateral security for, the prompt and complete payment and performance in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under any Debtor Relief Law), of all Obligations and Guaranteed Obligations of the Borrower and each Grantor (collectively, the "**Secured Obligations**").

**3.2 Continuing Liability Under Collateral**

Notwithstanding anything herein to the contrary:

(a) nothing contained herein is intended or shall be a delegation of duties to any Secured Party;

(b) each Grantor shall remain liable under each agreement included in or relating to the Collateral and observe and perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof, and neither the Collateral Agent nor any other Secured Party shall have any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related thereto nor shall the Collateral Agent nor any other Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in or relating to the Collateral; and

(c) the exercise by the Collateral Agent of any of its rights or remedies hereunder, any other Security Document or the Loan Agreement, shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral.

**SECTION 4. REPRESENTATIONS AND WARRANTIES.**

**4.1 Generally.**

Each Grantor hereby represents and warrants, on the Closing Date and on the date of each Borrowing (and, in the case of an Additional Grantor or Additional Collateral, on the date of such Grantor's execution and delivery of a Pledge Supplement, or the date such Additional Collateral becomes subject to the security interest created hereby, as applicable; provided that if Additional Collateral becomes subject to the security interest created hereby without the execution and delivery of a Pledge Supplement, the following representations and warranties are repeated only with respect to such Additional Collateral):

(a) It owns and has good and valid rights in all Collateral free and clear of any Lien except for Permitted Liens.

(b) Subject to applicable Privacy Laws, it has the full corporate power, authority and right to pledge, grant a security interest in, sell, assign or transfer the Collateral pursuant to, and as provided in, this Agreement.

(c) All information supplied by the Grantors with respect to Collateral, including Schedules 2.1 and 4.1, is true, correct and complete in all material respects; provided that the Grantors may, to the extent applicable, deliver to the Collateral Agent certified supplements to (or restated versions of) Schedules 2.1 and 4.1 and the Perfection Certificate in advance of any making of this representation.

(d) The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein is true, correct and complete.

(e) This Agreement grants to the Collateral Agent for the benefit of the Secured Parties a legal, valid and enforceable security interest in all of the Collateral and, upon the filing, recording or registration of the applicable UCC financing statements and any other Required Filing, the security interest granted hereunder constitute a perfected first priority security interest in all of the Collateral, subject to no Liens other than Permitted Liens.

(f) The applicable UCC financing statements and the other Required Filings are all the financing statements, filings, recordings and registrations that are necessary to publish notice of, protect the validity of, and establish a legal, valid and perfected first priority security interest in favor of the Collateral Agent for the benefit of the Secured Parties with respect to, all Collateral, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration nor any other step or action is necessary in any jurisdiction in connection with the grant, perfection or first priority status of the security interest of the Collateral Agent in any Collateral, except as provided (x) under Applicable Law with respect to the filing of continuation statements and (y) expressly (by reference to this Section 4.1(f)) in any Applicable Annex.

(g) Other than the financing statements, filings, recordings or registrations filed or to be filed in favor of the Collateral Agent for the benefit of the Secured Parties, no financing statement, filing, recording, registration or other document similar in effect under any Applicable Law covering or purporting to cover any security interest in Collateral is on file or of record in any filing or recording office except for (x) financing statements for which proper termination statements have been properly filed and (y) financing statements filed in connection with Permitted Liens.

(h) No authorization, approval, consent or other action by, and no notice to or filing with, any Person, Governmental Authority or regulatory body is required for either (A) the pledge or grant by any Grantor of the security interest purported to be created hereunder to be legal, valid and enforceable or (B) the exercise by the Collateral Agent of any rights or remedies with respect to any Collateral (whether specifically granted or created hereunder or created or provided for by Applicable Law), except (w) such as have been obtained, (x) the filing of UCC financing statements and filing or recordation of any other Required Filings, in each case, in favor of the Collateral Agent for the benefit of the Secured Parties, (y) any required continuation statements and (z) with respect to clause (B), to the extent expressly specified (by reference to this Section 4.1(h)) in any Applicable Annex.

**SECTION 5. COVENANTS AND AGREEMENTS**

**5.1 Affirmative Covenants.**

Each Grantor hereby covenants and agrees that:

(a) It shall have satisfied the Perfection Requirement (i) with respect to the Collateral now owned or existing, on or prior to the Closing Date or, in the case of an Additional Grantor or Additional Collateral, on the date of execution and delivery of a Pledge Supplement or the date such Additional Collateral becomes subject to the security interest created hereby, as applicable, (except that

the Perfection Requirement with respect to UCC financing statements and any FAA or International Registry filings may be satisfied by filing thereof by such Grantor on the Closing Date or such date of execution and delivery of a Pledge Supplement, or the date such Additional Collateral becomes subject to the security interest created hereby, as applicable, or, in each case, within one (1) Business Day thereafter) and (ii) with respect to any Collateral acquired or arising after the Closing Date requiring satisfaction of any Perfection Requirement that has not already been undertaken, as promptly as practicable after the date on which such Collateral was acquired or arose (in any event, unless any other timeframe is specifically provided, within thirty (30) days).

(b) On the Closing Date and at any time at which an additional Perfection Requirement is required to be satisfied with respect to any Collateral of any Grantor, such Grantor shall deliver opinions of counsel that are acceptable to the Appropriate Party, addressed to the Secured Parties and dated the Closing Date or the date at which such Perfection Requirement is required to be satisfied, as applicable, in form and substance satisfactory to the Appropriate Party with respect to the creation, validity and perfection of the Lien granted hereunder and under the other Security Documents in the applicable item(s) of Collateral, fulfillment of all Perfection Requirements, no governmental or third-party consents that have not been obtained, U.S. Bankruptcy Code Section 1110 treatment for any Aircraft and Engine Assets or Spare Parts, in each case, constituting Collateral, no contravention of agreements and such other matters relating to the Collateral as the Appropriate Party requests.

(c) Concurrently with the Appraisals and any Valuation Certificate required to be delivered under Section 5.16 of the Loan Agreement, it shall provide to the Collateral Agent:

(i) a certificate of a Responsible Officer of the applicable Grantor confirming that Schedules 2.1 and 4.1 (after giving effect to the supplements and restatements in clause (ii) below) remain true, correct and complete in all material respects; and

(ii) to the extent applicable, supplements to (or restated versions of) Schedules 2.1 and 4.1 and the Perfection Certificate (which supplements in connection with any Additional Collateral shall, for the avoidance of doubt, be approved by the Required Lenders).

(d) At the expense of such Grantor, it shall maintain the security interest created by this Agreement as a perfected first-priority security interest and shall defend such security interest against claims and demands of all Persons at any time claiming any interest therein and the priority of such security interest against any Lien (other than Permitted Liens). Without limiting the foregoing, the applicable Grantor, at its sole cost and expense, will cause the Required Filings to be prepared, duly authorized and executed (if applicable) and duly and timely filed and recorded.

(e) It shall provide to the Collateral Agent statements and schedules (or supplements thereto) further identifying and describing in detail the assets and property of such Grantor constituting Collateral and such other reports therewith as the Appropriate Party may request from time to time.

(f) Concurrently with any supplementing or changing of the Schedules to this Agreement or the Schedules to the Perfection Certificate, it shall, at its expense, cause to be delivered to the Collateral Agent, at the request of the Appropriate Party, (i) an opinion of counsel, in form and substance satisfactory to the Appropriate Party, to the effect that all Perfection Requirements have been satisfied, including that all Required Filings and any amendments or supplements thereto or continuation statements in respect thereof (except any continuation statements specified in such opinion of counsel that are to be filed more than six (6) months after the date thereof), have been filed or recorded in each office necessary to create and perfect the Liens of the Secured Parties and (ii) a certificate of a Responsible Officer as to any additional matters set forth in any Applicable Annex.

(g) Each Grantor shall remain liable, as between such Grantor and the relevant counterparty under each contract, agreement or instrument relating to the Collateral, to observe and perform all the conditions and obligations to be observed and performed by it under such contract, agreement or instrument, all in accordance with the terms and conditions thereof, and each Grantor jointly and severally agrees to indemnify and hold harmless the Collateral Agent and the other Secured Parties from and against any and all liability for such performance.

**5.2 Negative Covenants.**

Each Grantor hereby covenants and agrees that:

(a) It shall not change the information provided in Schedule 2.1, Schedule 4.1 or the Perfection Certificate delivered to the Collateral Agent or the Lenders at any time unless (i) prior to such change or within the time period specified herein, it shall have satisfied all conditions and taken all actions, if not already satisfied and taken, necessary or advisable to maintain the continuous legality, validity, enforceability, perfection and the first priority (subject to Permitted Liens) of the Collateral Agent's security interest (for the benefit of the Secured Parties) in the Collateral (including making any and all filings under the UCC or any other Applicable Law that are required to have a valid, legal, perfected first-priority (subject to Permitted Liens) security interest in the Collateral and satisfying any applicable Perfection Requirement, any other action required under any Applicable Annex and any other actions requested by the Collateral Agent or an Appropriate Party in connection therewith) and (ii) in connection with a change at any time to remove any Collateral identified at that time on Schedule 2.1, Schedule 4.1 or the Perfection Certificate, such change shall have been made in connection with a release or disposition permitted under, and made in accordance with, Section 6.17(b)(iii) of the Loan Agreement or otherwise in accordance with the applicable Loan Documents.

(b) It shall not authorize the filing of any financing statements or other registrations, recordations or filings naming it as debtor covering all or any portion of the Collateral, except to cover security interests created hereunder or other Permitted Liens.

(c) It shall not move any Pledged Equipment or Pledged Tooling Inventory (other than Equipment or Inventory sold in the ordinary course of business) to any location (i) other than any location that is listed in Schedule 2.1, or to such other location designated by a Grantor in the supplements delivered pursuant to Section 5.1(c)(ii) and approved by the Required Lenders and (ii) unless, to the extent applicable with respect to such new location, such Grantor shall have complied, upon the request of the Required Lenders, with Section 5.3(a); provided that Pledged Equipment or Pledged Tooling Inventory may from time to time be temporarily relocated to other locations in order to perform maintenance, repair and overhaul of aircraft and engines, provided that such Pledged Equipment or Pledged Tooling Inventory must promptly be restored to one of the locations listed on Schedule 2.1 following such temporary relocation; provided, further that in no event shall any Pledged Equipment or Pledged Tooling Inventory be moved to any location outside of the United States. The supplement to the Perfection Certificate delivered pursuant to Section 5.1(c)(ii) shall include a description in reasonable detail of any Pledged Tooling Inventory (including the book value and current location thereof) that has been acquired, sold or otherwise disposed of, or moved from the location at which it was located, in each case since the date of the immediately preceding supplement (or the date of the Perfection Certificate, in the case of the first such supplement).

**5.3 Other Actions.**

In order to further ensure the attachment, perfection and priority of, and the ability of the Collateral Agent to enforce, the Security Interest, each Grantor agrees, in each case at such Grantor's own expense, to take the following actions with respect to the following Collateral:

(a) Each Grantor shall obtain, upon the request of the Required Lenders, with respect to each location where such Grantor maintains Spare Parts Assets, Pledged Equipment or Pledged Tooling Inventory, a collateral access agreement reasonably satisfactory to the Required Lenders or an acknowledged bailee waiver letter reasonably satisfactory to the Required Lenders, in each case in favor of the Collateral Agent.

**SECTION 6. FURTHER ASSURANCES; ADDITIONAL GRANTORS.**

**6.1 Further Assurances.**

(a) Each Grantor shall from time to time, at the sole expense of such Grantor, promptly execute and deliver, or cause to be executed and delivered, all further instruments and documents, and take or cause to be taken all further action, that may be necessary or advisable, or that the Appropriate Party or the Collateral Agent may request, in order to create or maintain the validity, perfection or priority of and protect any security interest granted hereby or to enable the Collateral Agent to obtain, preserve, exercise and enforce its rights and remedies hereunder with respect to any Collateral (including the satisfaction and completion of all conditions and steps constituting any applicable Perfection Requirement and any other steps required under any Applicable Annex). Without limiting the generality of the foregoing, each Grantor shall file or deliver to the Collateral Agent such Required Filings, or continuation statements or amendments thereto, and execute and deliver, or cause to be executed and delivered, such other agreements, instruments, endorsements, powers of attorney or notices, as may be necessary or advisable, or as the Appropriate Party may request, in order to perfect and preserve the security interests granted or purported to be granted hereby.

(b) Each Grantor shall provide any information on the Collateral that the Appropriate Party or the Collateral Agent may request in order to ensure the Collateral Agent's security interest in all of the Collateral is perfected and is first priority.

(c) Notwithstanding anything herein to the contrary, with respect to pledges of, or grants of security interests in, assets acquired by a Grantor after the Closing Date or that cease to be an Excluded Asset and thereby become an item of Collateral after the Closing Date, unless any other timeframe is specifically provided, within thirty (30) days after the date of such acquisition (or after the date such assets cease to be Excluded Asset), the applicable Grantor shall satisfy the requirements of clause (a) above (including the satisfaction and completion of all conditions and steps constituting any applicable Perfection Requirement and any other action required under any Applicable Annex).

**6.2 Additional Grantors; Additional Collateral**

From time to time after the Closing Date, additional Persons may become parties hereto as additional Grantors (each, an "**Additional Grantor**") or assets eligible to be Additional Collateral may be added to the Collateral, in each case, by an Additional Grantor or applicable Grantor, as relevant, by executing a Pledge Supplement and, as applicable, satisfying the Perfection Requirements. Upon delivery of such Pledge Supplement to the Collateral Agent, notice of which is hereby waived by the Grantors, each Additional Grantor shall be a Grantor and shall be as fully a party hereto as if such Additional Grantor were an original signatory hereto as a Grantor. Each Grantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Grantor hereunder, nor by any election of Collateral Agent (acting at the direction of the Required Lenders) not to

cause any Subsidiary of the Parent or any Grantor to become an Additional Grantor hereunder. This Agreement shall be fully effective as to any Grantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Grantor hereunder.

**SECTION 7. COLLATERAL AGENT APPOINTED PROXY ATTORNEY-IN-FACT.**

**7.1 Power of Attorney**

Each Grantor hereby irrevocably appoints the Collateral Agent (such appointment being coupled with an interest and terminable only upon the payment in full of the Secured Obligations (other than contingent indemnification or reimbursement obligations not yet accrued and payable) as such Grantor's proxy and attorney-in-fact) with full authority in the place and stead of such Grantor and in the name of such Grantor, the Collateral Agent or otherwise, from time to time in the Collateral Agent's discretion to take any action and to execute any instrument that the Appropriate Party may deem necessary or advisable to accomplish the purposes of this Agreement, all of which shall be at the Grantors' expense and constitute Secured Obligations, including, the following:

(a) to prepare and file any UCC financing statements and any other Required Filing against such Grantor as debtor;

(b) to prepare, sign and file any documents with the United States Patent and Trademark Office, the United States Copyright Office or any Governmental Authority in any jurisdiction that the Collateral Agent deems appropriate in connection with the perfection, protection, priority or enforcement of the security interest on the Collateral, and to remove any ineffective filings;

(c) upon the occurrence and during the continuance of any Event of Default:

(i) to take any actions set forth in any Applicable Annex (or in any security instrument referenced in any Applicable Annex);

(ii) to do, at the Collateral Agent's option, at any time or from time to time, all acts and things that the Appropriate Party deems necessary or advisable to protect, preserve, perfect, establish the first priority of or realize upon the Collateral and the Collateral Agent's security interest therein in order to effect the intent of this Agreement, all as fully and effectively as such Grantor might do, including any access to pay or discharge Taxes or Liens levied or placed upon or threatened against the Collateral, the legality or validity thereof and the amounts necessary to discharge the same to be determined by the Collateral Agent (acting at the direction of the Required Lenders), any such payments made by the Collateral Agent to become obligations of such Grantor to the Collateral Agent, due and payable immediately without demand;

(iii) to exercise control in respect of any Deposit Account or Securities Account that is part of the Collateral, and issue instructions and entitlement orders to any bank or securities intermediary in respect thereof;

(iv) to obtain and adjust insurance required to be maintained by such Grantor or paid to the Collateral Agent pursuant to the Loan Agreement;

(v) to ask for, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or with respect to any of the Collateral;

(vi) to receive, endorse and collect any drafts or other instruments, documents and chattel paper;

(vii) to file any claims or take any action or institute any proceedings that the Required Lenders may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral;

(viii) to use information relating to the Collateral for purposes of Disposing or collecting the Collateral; provided that with respect to any information granted to a Grantor by a third party, the Collateral Agent shall comply with any of such Grantor's existing contractual obligations and restrictions that, in each case, such Grantor places the Collateral Agent on written notice of (in reasonable detail);

(ix) to sign the name of any Grantor on any invoice or bill of lading relating to any of the Collateral;

(x) to send verifications of Accounts Receivable to any Account Debtor;

(xi) to notify, or to require any Grantor to notify, Account Debtors to make payment directly to the Collateral Agent; and

(xii) to Dispose, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, including to file any documents necessary or advisable to implement, effectuate or reflect the Disposition.

None of the rights granted in this Section 7.1 shall be construed as duties, and the Collateral Agent shall have no liability for omitting to take such actions.

**7.2 No Duty on the Part of Collateral Agent or Secured Parties.**

(a) The powers conferred on the Collateral Agent hereunder are solely to protect the interests of the Secured Parties in the Collateral and shall not impose any duty upon the Collateral Agent or any Secured Party to exercise any such powers. The Collateral Agent and the other Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct. The failure to act in the absence of any duty to act shall not be deemed an act of gross negligence or willful misconduct.

(b) The Collateral Agent has been appointed to act as Collateral Agent hereunder by the Lenders and, by their acceptance of the benefits hereof, the other Secured Parties. The Collateral Agent shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including any release or substitution of Collateral), solely in accordance with this Agreement and the Loan Agreement.

(c) Notwithstanding any rights granted to the Collateral Agent hereunder to file or make filings to perfect the security interest granted to the Collateral Agent herein, the Collateral Agent shall not be responsible for the existence, genuineness or value of any of the Collateral; for filing any financing or continuation statements or recording any documents or instruments in any public office or otherwise perfecting or maintaining the perfection of any security interest in the Collateral (all of which shall be each Grantor's responsibility); for the validity, perfection, priority or enforceability of the Liens in any of the Collateral; for the validity or sufficiency of the Collateral or any agreement or assignment contained therein; for the validity of the title of any grantor to the Collateral; for insuring the Collateral; or for the payment of taxes, charges or assessments on the Collateral.

**7.3 Standard of Care; Collateral Agent May Perform.**

(a) Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral or any income therefrom or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

(b) The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property.

(c) The Collateral Agent shall not be liable or responsible for any loss or damage to any Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by the Collateral Agent in good faith, except to the extent that such liability arises from the Collateral Agent's gross negligence or willful misconduct.

(d) Neither the Collateral Agent nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise Dispose of any Collateral upon the request of any Grantor or otherwise.

(e) If any Grantor fails to perform any agreement contained herein, the Collateral Agent may itself (but shall have no obligation to) perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by each Grantor in a manner consistent with Section 11.03 of the Loan Agreement.

(f) The Collateral Agent has been appointed by the Lenders under the Loan Agreement and has the benefit of the rights and protections set forth therein, including that, notwithstanding any discretion given to it in any Loan Document, the Collateral Agent need not exercise discretion, but shall act as directed by the Required Lenders.

**SECTION 8. REMEDIES.**

**8.1 Generally.**

(a) If any Event of Default shall have occurred and be continuing, the Collateral Agent may exercise (at the direction of the Required Lenders) with respect to the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it at law or in equity, all the

rights and remedies that the Collateral Agent may have or that are afforded to a secured party under the UCC or any other Applicable Law to collect, enforce or satisfy any Secured Obligations then owing, whether by acceleration or otherwise, and also may pursue any of the following separately, successively or simultaneously, subject to Applicable Laws, including applicable Privacy Laws:

(i) require any Grantor to, and each Grantor hereby agrees that it shall, at its expense and promptly upon request of the Appropriate Party or the Collateral Agent forthwith, (A) provide to the Appropriate Party or the Collateral Agent additional information concerning the Collateral and (B) assemble all or part of the Collateral as directed by the Appropriate Party or the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent;

(ii) enter onto the property where any Collateral is located, if applicable and take possession thereof with or without judicial process (to the extent possession is not otherwise granted to the Collateral Agent by the applicable Grantors), with or without prior notice or demand for performance and without liability for trespass to enter any premises where any Collateral may be located for the purposes of taking possession of or removing any Collateral; provided that the Collateral Agent shall take commercially reasonable measures to protect the confidentiality of any Trade Secrets and other confidential information contained thereon;

(iii) prior to the Disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for Disposition in any manner to the extent the Collateral Agent deems appropriate;

(iv) give notice of exclusive control or any other instruction under any control agreement, collateral access agreement or other similar agreement and take any action provided therein with respect to the applicable Collateral;

(v) seek the appointment of a receiver, keeper or any agent to take possession of the Collateral and enforce any of the Collateral Agent's remedies (for the benefit of the Collateral Agent and the Secured Parties) with respect to such appointment without prior notice or hearing as to such appointment;

(vi) subject to compliance with the terms of Section 8.1(f), without notice except as specified below or under the UCC, sell, assign, lease, license (on an exclusive or non-exclusive basis), sublicense or otherwise Dispose of the Collateral or any part thereof in one or more parcels at public or private sale or on any securities exchange, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as the Collateral Agent may deem appropriate (provided that such direct licenses or sublicenses survive even when the Event of Default no longer exists);

(vii) require any applicable Grantor, and each applicable Grantor hereby agrees that it shall, in connection with any foreclosure, collection, sale or other enforcement of the Liens granted hereunder: (1) to cooperate with the Collateral Agent to obtain all regulatory licenses, consents and other governmental approvals necessary or advisable to conduct all aviation operations with respect to the Collateral, as applicable, (2) to continue to operate and manage the Collateral and maintain all applicable licenses until the Collateral Agent or its designee does so and (3) to cooperate with the transition of the operations to a new operator; and

(viii) take any other actions specified in any Applicable Annex (or in any security instrument referenced in any Applicable Annex).

(b) The Collateral Agent, the Administrative Agent or any other Secured Party may be the purchaser of any or all of the Collateral at any public or private (to the extent the portion of the Collateral being privately sold is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations) sale in accordance with the UCC, and the Collateral Agent, as collateral agent for and representative of the Secured Parties, 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 sale made in accordance with the UCC, to use and apply any of the Secured Obligations as a credit on account of the purchase price for any Collateral payable by the Collateral Agent at such sale. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by Applicable Law) all rights of redemption, stay or appraisal which it now has or may at any time in the future have under any rule of Law now existing or hereafter enacted. Each Grantor agrees that, to the extent notice of sale shall be required by Law, at least ten (10) days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor agrees that it would not be commercially unreasonable for the Collateral Agent to Dispose of the Collateral or any portion thereof by using Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets. Each Grantor hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any Disposition of the Collateral are insufficient to pay all the Secured Obligations, the Grantors shall be liable for the deficiency and the fees of any attorneys employed by the Collateral Agent to collect such deficiency. Each Grantor further agrees that a breach of any of its covenants contained in this Section will cause irreparable injury to the Secured Parties, that the Secured Parties have no adequate remedy at law with respect to such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no default has occurred giving rise to the Secured Obligations becoming due and payable prior to their stated maturities. Nothing in this Section shall in any way alter the rights of the Secured Parties hereunder.

(c) The Collateral Agent may sell the Collateral without giving any warranties as to the Collateral. The Collateral Agent may specifically disclaim or modify any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(d) To the maximum extent permitted by the Applicable Law, each Grantor absolutely and irrevocably waives (which waiver may not be withdrawn without the written consent of the Collateral Agent acting at the direction of the Required Lenders):

(i) all claims, damages, and demands against the Collateral Agent or any other Secured Party arising out of the repossession, retention or Disposition of the Collateral (after the occurrence of and during the continuance of an Event of Default), except such as arise out of the gross negligence or willful misconduct of the Collateral Agent or such Secured Party as finally determined by a court of competent jurisdiction; and

(ii) the benefit and advantage of, and covenants not to assert against the Collateral Agent or any other Secured Party, any valuation, stay, appraisal, extension, moratorium, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral (after the occurrence of and during the continuance of an Event of Default), made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Security Agreement, or otherwise.

(e) The Collateral Agent shall have no obligation to marshal any of the Collateral.

(f) Each Grantor hereby grants each Secured Party a non-exclusive, irrevocable, worldwide, transferable license (or sublicense) to use, license, sublicense and otherwise exercise such Grantor's rights in or to any Intellectual Property and any data (in each case, (i) whether or not included in the Collateral, (ii) subject to Applicable Laws, including applicable Privacy Laws and (iii) to the extent not in conflict with such Grantor's contractual obligations (not otherwise overridden by the UCC or Applicable Law) that exist as of the Closing Date with third parties), without payment of royalty or other compensation to such Grantor, solely to enable the Collateral Agent to exercise its rights and remedies under Section 8 of this Agreement and under the Annex Remedies Section of any Applicable Annex (or in any security instrument referenced in any Applicable Annex) after the occurrence, and solely during the continuance, of an Event of Default. This license is in addition to the Secured Parties' other rights with respect to the Collateral and is subject to the following:

(i) to the extent that this license is a sublicense of such Grantor's rights as a licensee under any license, this license is subject to any limitations in the primary license;

(ii) without limiting the foregoing, this license does not include Intellectual Property if the primary license for such Intellectual Property by its terms or as a matter of law prohibits sublicenses, requires the licensor's consent or entails additional consideration;

(iii) for licensed Trademarks, this license is subject to such Grantor's standards of quality control and inspection, as necessary to avoid the risk of invalidation of the Trademarks;

(iv) the Collateral Agent shall take commercially reasonable measures to protect the confidentiality of any Trade Secrets and other confidential information licensed pursuant to this Section 8.1(f); and

(v) the termination or expiration of the license granted pursuant to this Section 8.1(f) shall not terminate the rights of the sublicensees of any sublicenses granted by the Collateral Agent or its assignee in connection with and in accordance with this Section 8.1(f).

(g) Solely to the extent required to exploit or exercise the license rights granted in Section 8.1(f) and solely to the extent not already in the possession of the Collateral Agent, each Grantor shall provide to the Collateral Agent any Intellectual Property and data, including any embodiments thereof, licensed pursuant to Section 8.1(f) that are in the possession or control of such Grantor, and shall not interfere with the rights provided in Section 8.1(f) to such Intellectual Property (including such embodiments) including any right to obtain such Intellectual Property (or such embodiments) from another entity, in each case subject to Applicable Laws, including applicable Privacy Laws.

**8.2 Application of Proceeds**

Upon the occurrence of an Event of Default, all proceeds received by the Collateral Agent with respect to any sale, any collection from, or other realization upon all or any part of the Collateral shall be applied in full or in part by the Collateral Agent against the Secured Obligations in accordance with Section 7.02 of the Loan Agreement.

**8.3 Sales on Credit**

If the Collateral Agent sells any of the Collateral upon credit, the Collateral Agent may retain such Collateral until the sale price is paid by the purchaser thereof, and the Grantor will be credited only with payments actually made by the purchaser and received by the Collateral Agent and applied to indebtedness of such purchaser. In the event such purchaser fails to pay for the Collateral, neither the Collateral Agent nor any other Secured Party shall incur any liability, and such Collateral may be sold again upon like notice, and the Collateral Agent may resell the Collateral and Grantor shall be credited with proceeds of the sale.

**SECTION 9. CONTINUING SECURITY INTEREST; TRANSFER OF LOANS; REINSTATEMENT.**

**9.1 Continuing Security Interest; Transfer of Loans**

This Agreement shall create a continuing security interest in all of the Collateral and shall remain in full force and effect until the payment in full of all Secured Obligations (other than contingent indemnification or reimbursement obligations not yet accrued and payable) and the Lenders no longer have a commitment to make any Loan to the Borrower, be binding upon each Grantor, its successors and assigns, and inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and its successors, transferees and assigns. Without limiting the generality of the foregoing, but subject to the terms of the Loan Agreement, each Lender may assign or otherwise transfer any Loans held by it to any other Person, and such other Person shall thereupon become vested with all the benefits with respect thereto granted to such Lender herein or otherwise. Upon the payment in full of all Secured Obligations (other than contingent indemnification or reimbursement obligations not yet accrued and payable) and the Lenders no longer having a commitment to make any Loan to the Borrower, the security interest granted hereby shall automatically terminate hereunder and of record and all rights to

the Collateral shall revert to Grantors. Upon any such termination, the Collateral Agent shall, at the Grantors' expense, execute and deliver or otherwise authorize the filing of such documents as Grantors shall reasonably request (including financing statement amendments to evidence such release) and return to the applicable Grantors any possessory Collateral held by the Collateral Agent. Upon any Disposition of property expressly permitted by the Loan Agreement, the security interest granted herein with respect to such property shall be deemed to be automatically released and such property shall automatically revert to the applicable Grantor with no further action on the part of any Person. Upon any such termination or Disposition or any release of Collateral pursuant to the provisions of any Applicable Annex (or in any security instrument referenced in any Applicable Annex), or otherwise expressly permitted by the Loan Agreement, the Collateral Agent shall, at the Grantors' expense, execute and deliver or otherwise authorize the filing of such documents as Grantors shall reasonably request (including financing statement amendments to evidence such release) and return to the applicable Grantors any corresponding possessory Collateral held by the Collateral Agent. Releases of the Collateral may also be made in accordance with the express terms of any Applicable Annex (or of any security instrument referenced in any Applicable Annex).

**9.2 Reinstatement**

This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Credit Party, any Grantor or any Affiliates thereof for liquidation or reorganization, should any Credit Party or any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of the Borrower's or such Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to Applicable Law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

**SECTION 10. MISCELLANEOUS.**

**10.1 Notices.**

All notices and other communications provided hereunder shall be given in a manner consistent with Section 11.01 of the Loan Agreement (i) if to any Grantor, as it applies to a Credit Party and (ii) if to the Collateral Agent, as it applies to the Collateral Agent.

**10.2 Waiver; Amendment.**

(a) No failure or delay by the Collateral Agent in exercising any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or discontinuance of steps to enforce such a right remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right remedy, power or privilege. The rights, remedies, powers and privileges of the Collateral Agent hereunder are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Grantor or Grantors with respect to which such waiver, amendment or modification is to apply,

and subject, in each case, to any restrictions set forth in the Loan Agreement. This Agreement shall be construed as a separate agreement with respect to each Grantor and may be amended, modified, supplemented, waived or released with respect to any Grantor without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder.

**10.3 Relation to Other Security Documents.**

The provisions of this Agreement supplement the provisions of any Security Document or any other mortgage granted by any Grantor, which secure the payment or performance of any of the Secured Obligations. Nothing contained in any such Security Document or mortgage shall derogate from any of the rights or remedies of the Secured Parties hereunder. In the case of a conflict between this Agreement and any mortgage with respect to the creation, perfection, priority or enforcement of a lien or security interest in any Collateral consisting of real property or Fixtures, such mortgage shall govern. In all other conflicts between this Agreement and any other Security Document, this Agreement shall govern.

**10.4 Collateral Agent's Fees and Expenses; Indemnification.**

(a) The Grantors jointly and severally agree to reimburse the Collateral Agent for its fees and expenses incurred hereunder as provided in Section 11.03(a) of the Loan Agreement; provided that each reference therein to the "Borrower" shall be deemed to include a reference to the Grantors.

(b) The Grantors jointly and severally agree to indemnify the Collateral Agent and the other Indemnitees as provided in Section 11.03(b) of the Loan Agreement mutatis mutandis; provided that each reference therein to the "Borrower" shall be deemed to be a reference to "each Grantor".

(c) Any such amounts payable as provided hereunder shall be additional Secured Obligations secured hereby and by the other Security Documents.

(d) To the fullest extent permitted by applicable law, no Grantor shall assert, and each Grantor hereby waives, any claim against any Indemnitee (i) for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such damages are determined by a court of competent jurisdiction by final, non-appealable judgment to have resulted from the gross negligence or willful misconduct of, or a material breach of the Loan Documents by, such Indemnitee or its Related Parties, or (ii) 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, any Loan Document or any agreement or instrument contemplated thereby, any Loan or the use of the proceeds thereof.

(e) The provisions of this Section 10.4 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby or thereby, the repayment of any of the Secured 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 any Secured Party. All amounts due under this Section shall be payable not later than 10 days after written demand therefor; provided, however, any Indemnitee shall promptly refund an indemnification payment received hereunder to the extent that there is a final judicial determination that such Indemnitee was not entitled to indemnification with respect to such payment pursuant to this Section 10.4. Any such amounts payable as provided hereunder shall be additional Secured Obligations.

**10.5 Successors and Assigns.**

Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any Grantor or the Collateral Agent that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

**10.6 Survival of Agreement.**

All covenants, agreements, representations and warranties made by any Grantor herein and in any Loan Document or other documents delivered in connection herewith or therewith or pursuant hereto or thereto shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery hereof and thereof and the making of the Loan hereunder, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Secured Parties may have had notice or knowledge of any Default at the time of the Loan, and shall continue in full force and effect as long as any Loan or any other Secured Obligation hereunder shall remain unpaid or unsatisfied. The provisions of this Section 10.6 shall survive and remain in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby or thereby, the repayment of any of the Secured 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 Collateral Agent or any other Secured Party.

**10.7 Counterparts; Effectiveness.**

(a) This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by the Collateral Agent and when the Collateral Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) The words “execution,” “signed,” “signature,” and words of like import shall be deemed to include electronic signatures 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. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic means, or confirmation of the execution of this Agreement on behalf of a party by an email from an authorized signatory of such party shall be effective as delivery of a manually executed counterpart of this Agreement.

**10.8 Severability.**

If any provision of this Agreement is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**10.9 Governing Law; Jurisdiction, Etc.**

(a) This Agreement will be governed by and construed in accordance with the law of the State of New York.

(b) Each of the parties hereto agrees to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Agreement, the Loan Documents, or the transactions contemplated hereby or thereby.

(c) To the extent permitted by Applicable Law, each parties hereto hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement or the transactions contemplated hereby.

(d) The Collateral Agent hereby notifies the Borrower and the Lenders that pursuant to the requirements of The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, it is required to obtain, verify and record information that identifies the Borrower and the Lenders, which information includes the name and address of the Borrower and the Lenders and other information that will allow the Collateral Agent to identify the Borrower and the Lenders, in accordance with The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001.

**10.10 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 shall not affect the construction of, or to be taken into consideration in interpreting, this Agreement.

**10.11 Security Interest Absolute.**

All rights of the Collateral Agent hereunder, the Security Interest and all obligations of each Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Loan Agreement, any other Loan Document, any agreement with respect to any of the Secured Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Loan Agreement, any other Loan Document or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee securing or guaranteeing all or any of the Secured Obligations or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Secured Obligations or this Agreement.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, each Grantor and the Collateral Agent have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**SUN COUNTRY, INC.**, as Grantor

By: /s/ Jude I. Bricker
Name: Jude I. Bricker
Title: Chief Executive Officer

**SUN COUNTRY AIRLINES HOLDINGS, INC.**,
as Grantor

By: /s/ Jude I. Bricker
Name: Jude I. Bricker
Title: Chief Executive Officer

**SCA ACQUISITION INTERMEDIATE, LLC**,
as Grantor

By: /s/ Jude I. Bricker
Name: Jude I. Bricker
Title: Chief Executive Officer

**SCA ACQUISITION, LLC**, as Grantor

By: /s/ Jude I. Bricker
Name: Jude I. Bricker
Title: Chief Executive Officer

**THE BANK OF NEW YORK MELLON,**
as Collateral Agent

By: /s/ Bret S. Derman
Name: Bret S. Derman
Title: Vice President

**EXCLUDED INTELLECTUAL PROPERTY (IF ANY)**

U.S. Federal Trademarks:

| No. | Mark | Registration Number | Registration Date | Jurisdiction | Owner |
|---|---|---|---|---|---|
| **1.** | Sun Country Rewards | 6000367 | March 3, 2020 | United States | Sun Country, Inc. |
| **2.** | Sun Country Logo:  | 1303139 | October 30, 1984 | United States | Sun Country, Inc. |
| **3.** | Sun Country Logo | N/A | N/A | United States | Sun Country, Inc. |
| **4.** | S  | 4703155 | March 17, 2015 | United States | Sun Country, Inc. |
| **5.** | S  | 4703156 | March 17, 2015 | United States | Sun Country, Inc. |
| **6.** | SUN COUNTRY SUN COUNTRY | 4703000 | March 17, 2015 | United States | Sun Country, Inc. |

| No. | Mark | Registration Number | Registration Date | Jurisdiction | Owner |
|---|---|---|---|---|---|
| **7.** | SUN COUNTRY<br>SUN COUNTRY | 4703001 | March 17, 2015 | United States | Sun Country, Inc. |
| **8.** | SUN COUNTRY VACATIONS | 2126040 | December 30, 1997 | United States | Sun Country, Inc. |
| **9.** | SUN COUNTRY AIRLINES | 1303139 | October 30, 1984 | United States | Sun Country, Inc. |

U.S. State Trademarks:

| No. | Mark | Registration Number | Registration Date | State | Owner |
|---|---|---|---|---|---|
| **1.** | SUN COUNTRY AIRLINES | 1117489 | October 18, 2017 | Alabama | Sun Country, Inc.* |
| **2.** | SUN COUNTRY AIRLINES | 2017003036 | October 18, 2017 | Wisconsin | Sun Country, Inc.* |
| **3.** | SUN COUNTRY | 2111257 | April 20, 2015 | Puerto Rico | Sun Country, Inc.* |

Foreign Trademarks:

| No. | Mark | Serial No./<br>Filing Date | Reg. No./<br>Reg. Date | Country | Owner |
|---|---|---|---|---|---|
| **1.** | SUN COUNTRY | 1604811 (1604811T)<br>29-APR-2015 | 1543218<br>01-JUN-2015 | Mexico | Sun Country, Inc.* |
| **2.** | SUN COUNTRY | 2015-0003999<br>28-APR-2015 | N/A | Costa Rica | Sun Country, Inc.* |
| **3.** | SUN COUNTRY | 39210<br>09-JUN-2015 | N/A | Bahamas | Sun Country, Inc.* |

* Public records identify the owner of this Trademark as MN AIRLINES, LLC, which has converted to a corporation and is now known as Sun Country, Inc.

| No. | Mark | Serial No./ Filing Date | Reg. No./ Reg. Date | Country | Owner |
|---|---|---|---|---|---|
| **4.** | SUN COUNTRY | 15/16190<br>26-MAY-2015 | N/A | Dominican Republic | Sun Country, Inc.* |
| **5.** | SUN COUNTRY | 067014<br>27-APR-2015 | N/A | Jamaica | Sun Country, Inc.* |
| **6.** | SUN COUNTRY | SD15129<br>26-JUN-2015 | 14824 | Saint Maarten | Sun Country, Inc.* |

The following Internet Domain Names:

| No. | Domain Name | Owner |
|---|---|---|
| **1.** | https://www.suncountry.com/sun-country-visa | Sun Country, Inc. |

* Public records identify the owner of this Trademark as MN AIRLINES, LLC, which has converted to a corporation and is now known as Sun Country, Inc.

**CERTAIN LISTED COLLATERAL**

ITEM 1 (LOYALTY PROGRAM ASSETS):

Loyalty Program Assets (certain non-Loyalty Program Agreement components):

a. Loyalty Program Agreements

i. Amended and Restated Co-Brand Marketing Agreement, dated as of October 17, 2018, between First National Bank of Omaha and MN Airlines, LLC d/b/a Sun Country Airlines, as amended by (x) Amendment No. 1 to Amended and Restated Co-Brand Marketing Agreement, dated as of November 1, 2018, between First National Bank of Omaha and MN Airlines, LLC d/b/a Sun Country Airlines and (y) Amendment No. 1 to Amended and Restated Co-Brand Marketing Agreement, dated as of March 25, 2019, between First National Bank of Omaha and MN Airlines, LLC d/b/a Sun Country Airlines.‡

ii. Visa U.S.A. Inc., Co-Brand Merchant Agreement between Visa U.S.A. Inc. and MN Airlines, LLC d/b/a Sun Country Airlines dated August 21, 2013, as amended by First Amendment to Visa U.S.A. Inc. Co-Brand Merchant Agreement between Visa U.S.A. Inc. and MN Airlines, LLC d/b/a Sun Country Airlines effective April 1, 2019.

b. Trademark Registration

c. Trademark Application

d. Issued Patents

‡ Denotes a Material Loyalty Program Agreement.

e. Patent Applications

f. Copyright Registration

g. Copyright Applications

h. Exclusive Copyright Licenses

i. Internet Domain Names

j. Material Unregistered Trademarks

k. Material Proprietary Software

l. IP Licenses

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ITEM 2 (AIRCRAFT AND ENGINES):

N/A

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ITEM 3 (Spare Parts Assets):

N/A

ITEM 4 (SLOTS, GATES AND ROUTES):

N/A

ITEM 5 (CONTROL COLLATERAL):

Control Collateral

a. Deposit Accounts

| No. | Grantor | Name of Account Bank | Account Number | Account Name | Type of Account |
|---|---|---|---|---|---|
| 1. | SUN COUNTRY, INC. | THE BANK OF NEW YORK MELLON | 3823128400 | Sun Country Collection Account | Collection Account |
| 2. | SUN COUNTRY, INC. | THE BANK OF NEW YORK MELLON | 9149138400 | Sun Country Payment Account | Payment Account |
| 3. | SUN COUNTRY, INC. | THE BANK OF NEW YORK MELLON | 3823908400 | Sun Country Blocked Account | Blocked Account |

b. Securities Accounts

N/A

ITEM 6 (PLEDGED COLLATERAL):

N/A

ITEM 7 (PLEDGED EQUIPMENT):

N/A

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ITEM 8 (QUALIFIED RECEIVABLES):

N/A

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ITEM 9 (PLEDGED TOOLING INVENTORY):

N/A

**GENERAL INFORMATION**

| No. | Legal Name | Entity Type | Jurisdiction of Organization | Address of Chief Executive Office/Principal Place of Business | Federal Taxpayer Identification Number or Organizational Identification Number |
|---|---|---|---|---|---|
| 1. | Sun Country, Inc. (f/k/a MN Airlines, LLC) | Corporation | Minnesota | 1300 Corporate Center Curve, Eagan, MN 55121 | 35-2159124 |
| 2. | SCA Acquisition, LLC | Limited liability company | Delaware | 1300 Corporate Center Curve, Eagan, MN 55121 | 82-4375938 |
| 3. | SCA Acquisition Intermediate, LLC | Limited liability company | Delaware | 1300 Corporate Center Curve, Eagan, MN 55121 | N/A (disregarded entity) |
| 4. | Sun Country Airlines Holdings, Inc. | Corporation | Delaware | 1300 Corporate Center Curve, Eagan, MN 55121 | 82-4092570 |

**[FORM OF] PLEDGE SUPPLEMENT**

This **PLEDGE SUPPLEMENT**, dated [●], is executed and delivered by the undersigned (a **"Grantor"**) pursuant to the Pledge and Security Agreement, dated as of [●], [2020] (as it may be from time to time amended, restated, modified or supplemented, the "**Security Agreement**"), among the Grantors and The Bank of New York Mellon, as Collateral Agent. Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed thereto in the Security Agreement.

By executing and delivering this Pledge Supplement, the Grantor hereby confirms the grant to the Collateral Agent set forth in the Security Agreement of, and does hereby grant to the Collateral Agent, a security interest in all of such Grantor's right, title and interest in, to and under all Collateral pledged by it to secure the Secured Obligations, in each case whether now or hereafter existing or in which such Grantor now has or hereafter acquires an interest and wherever the same may be located. If the Grantor is not an existing Grantor under the Security Agreement, such Grantor hereby becomes a party to the Security Agreement as an Additional Grantor and a Grantor under the Security Agreement, in each case with the same force and effect as if originally named therein as a Grantor under the Security Agreement and subject to all Annexes applicable to the Collateral being pledged by it (which for the avoidance of doubt are hereby incorporated by reference). If the Grantor is an existing Grantor under the Security Agreement and is providing, as Additional Collateral thereunder, the items specified in the attached Schedule hereto, such Additional Collateral is subject to the Security Agreement with the same force and effect as if originally a part thereof and to all Annexes applicable to such Additional Collateral (which for the avoidance of doubt are hereby incorporated by reference).

The Grantor represents and warrants that each of the representations and warranties contained in Section 4 of the Security Agreement and all Applicable Annexes are true, correct and complete on and as of the date hereof (after giving effect to this Pledge Supplement) and agrees that the Schedule attached hereto shall supplement the equivalent schedules of the Security Agreement and the Perfection Certificate. The Grantor hereby additionally represents and warrants that the Grantor has taken the perfection actions with respect to the Collateral specified in the Security Agreement and all Applicable Annexes, including the Perfection Requirement.

This Pledge Supplement will be governed by and construed in accordance with the law of the State of New York.

**IN WITNESS WHEREOF**, the Grantor has caused this Pledge Supplement to be duly executed and delivered by its duly authorized officer as of the date hereof.

**[NAME OF GRANTOR]**

By: _____
Name:
Title:

ITEM 1 (Loyalty Program Assets):

Loyalty Program Assets (certain non-Loyalty Program Agreement components):

a. Loyalty Program Agreements (please denote any Loyalty Program Agreement which is a Material Loyalty Program Agreement with a ‡ and include the expiration date for each Material Loyalty Program Agreement)

b. Trademark Registration

| No. | Mark | Registration Number | Registration Date | Jurisdiction | Owner |
|---|---|---|---|---|---|
| **1.** | [●] | [●] | [●] | [●] | [●] |

c. Trademark Application

| No. | Mark | Application Number | Filing Date | Jurisdiction | Owner |
|---|---|---|---|---|---|
| **1.** | [●] | [●] | [●] | [●] | [●] |

d. Issued Patents

| No. | Title | Patent Number | Date Issued | Jurisdiction | Owner |
|---|---|---|---|---|---|
| **1.** | [●] | [●] | [●] | [●] | [●] |

e. Patent Applications

‡ Denotes a Material Loyalty Program Agreement.

| No. | Title | Application Number | Filing Date | Jurisdiction | Owner |
|---|---|---|---|---|---|
| **1.** | [●] | [●] | [●] | [●] | [●] |

f. Copyright Registration

| No. | Title | Registration Number | Registration Date | Jurisdiction | Owner |
|---|---|---|---|---|---|
| **1.** | [●] | [●] | [●] | [●] | [●] |

g. Copyright Applications

| No. | Title | Registration Number | Registration Date | Owner |
|---|---|---|---|---|
| **1.** | [●] | [●] | [●] | [●] |

h. Exclusive Copyright Licenses

i. Internet Domain Names

| No. | Domain Name | Owner |
|---|---|---|
| **1.** | [●] | [●] |

j. Material Unregistered Trademarks

k. IP Licenses[1]

1 **NTD:** Schedule will not be publicly filed.

ITEM 2 (AIRCRAFT AND ENGINES):

(i) Aircraft and Engine Assets:

a. Airframes

| No. | Owner | U.S. Registration No. | Airframe Manufacturer | Airframe Model | Airframe Serial No. |
|---|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] | [●] |

b. Engines

| No. | Owner | Manufacturer | Model | Generic Manufacturer and Model | Manufacturer's Serial No. |
|---|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] | [●] |

(Each of which Engines having at least 550 rated takeoff horsepower, or in the case of jet propulsion at least 1,750 lb of thrust, or the equivalent thereof)

c. Insurance

ITEM 3 (Spare Parts Assets):

Spare Parts Assets:

a. Spare Parts

| No. | Grantor | Type of Spare Part | Manufacturer Part Number | Designated Spare Parts Location (and address) |
|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] |

b. Insurance

ITEM 4 (SLOTS, GATES AND ROUTES):

(i) SGR Assets:

a. Route Authorities

b. Scheduled Service

| No. | Domestic Airport | Foreign Airport |
|---|---|---|
| 1. | [●] | [●] |

c. Slots

d. Copies of Routes Certificates and Orders

ITEM 5 (CONTROL COLLATERAL)

Control Collateral

a. Deposit Accounts

| No. | Grantor | Name of Account Bank | Account Number | Account Name | Type of Account[2] |
|---|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] | [●] |

b. Securities Accounts

2 Note to Form: Indicate whether Eligible Receivables Account, Collection Account, Blocked Account, Payment Account, Collateral Proceeds Account or Other

| No. | Grantor | Name of Securities Intermediary | Account Number | Account Name | Type of Account[3] |
|---|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] | [●] |

ITEM 6 (PLEDGED COLLATERAL)

Pledged Collateral

a. Pledged Debt

| No. | Grantor | Issuer | Original Principal Amount | Outstanding Principal Balance | Issue Date | Maturity Date |
|---|---|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] | [●] | [●] |

b. Pledged Equity Interests

| No. | Grantor | Issuer | Type of issuer | If Stock, Class of Stock | Certificated (Y/N) | Certificate No. | Par Value | No. of Shares or Interests | % of Outstanding Equity Interest of the issuer |
|---|---|---|---|---|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |

ITEM 7 (PLEDGED EQUIPMENT):

Pledged Equipment

a. Pledged Flight Simulators

3 Note to Form: Indicate whether Eligible Receivables Account, Collection Account, Blocked Account, Payment Account, Collateral Proceeds Account or Other

| No. | Grantor | FAA ID# | Type | Specifications | Location |
|---|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] | [●] |

b. Flight Simulator Intellectual Property

c. Flight Simulator IP Licenses

d. Pledged Ground Support Equipment

| No. | Grantor | Serial Number | Type | Specifications | Location |
|---|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] | [●] |

ITEM 8 (QUALIFIED RECEIVABLES):

Qualified Receivables

a. Qualified Receivables[4]

| No. | Grantor | Counterparty | Dated as of | Amount |
|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] |

ITEM 9 (PLEDGED TOOLING INVENTORY):

a. Pledged Tooling Inventory

4 Note to Form: Method of presentation to be determined based on nature of pledged receivables.

| No. | Grantor | Name of Entity in Possession of Collateral, including Place of Business, if different from Location of Collateral | Address/Location of Collateral | County | State | Owned/Leased | Serial/Registration Number |
|---|---|---|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] | [●] | [●] | [●] |

Schedule 4.1 – General Information

| No. | Legal Name | Entity Type | Jurisdiction of Organization | Address of Chief Executive Office/ Principal Place of Business | Federal Taxpayer Identification Number or Organizational Identification Number |
|---|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] | [●] |

**Form of Perfection Certificate**

[*See attached*]

Each Grantor and the Collateral Agent hereby agree that (i) the terms of this Annex shall apply with respect to Collateral consisting of Loyalty Program Assets and Grantors of such Collateral and (ii) the terms of Annex 2 (for Control Collateral) (an "**Incorporated Annex**") shall apply to the Collateral consisting of assets noted in the parenthetical for such Annex and the Grantors of such Collateral.

1. **Perfection Requirement**. The following requirements shall be included in the definition of "Perfection Requirement" and shall constitute an additional "Perfection Requirement":

   (a) Notwithstanding anything to the contrary herein or in the Loan Agreement, in no event shall any Grantor be required to make any Intellectual Property filing in a jurisdiction other than the United States (or any state thereof) to perfect the Secured Parties' security interest in the Loyalty Program Intellectual Property.

   (b) Notwithstanding anything to the contrary herein or in the Loan Agreement, in no event shall any Grantor be required to make any Required Filings for any Loyalty Program Assets set forth in Section 9(a)(viii)(H) of this Annex other than the filing of UCC financing statements (including any fixture filing, as applicable) in each governmental, municipal or other office specified in Schedules 2(a) and 2(b) to the Perfection Certificate.

2. **Required Filings**. Each of the following financing statement, filing, recording or other document shall be included in the definition of Required Filing and shall constitute an additional "Required Filing":

   (a) A copy (or short-form memorialization) of all exclusive licenses (i) granted to any Grantor under any registered or applied-for United States Copyrights and (ii) included in the Collateral, for filing with the United States Copyright Office in favor of Grantor;

   (b) With respect to each Grantor's United States registered and applied-for Copyrights and any exclusive IP License granted to any Grantor under any registered or applied-for United States Copyrights, in each case, included in the Collateral, a Copyright security agreement substantially in the form attached hereto as Exhibit 1, for filing with the United States Copyright Office;

   (c) With respect to such Grantor's issued and applied-for United States Patents included in the Collateral, a Patent Security Agreement substantially in the form attached hereto as Exhibit 2, for filing with the United States Patent and Trademark Office; and

   (d) With respect to such Grantor's registered and applied-for United States Trademarks included in the Collateral, a Trademark Security Agreement in the form attached hereto as Exhibit 3, for filing with the United States Patent and Trademark Office.

3. **Representations and Warranties**. Each Grantor (as applicable) hereby represents and warrants, on the Closing Date and on the date of each Borrowing (or, in the case of an Additional Grantor or Additional Collateral, on the date of such Grantor's execution and delivery of a Pledge Supplement, or the date such Additional Collateral becomes subject to the security interest created hereby, as applicable) as set forth below:

*Relevant IP & Data Representations*

(a) The Loyalty Program Intellectual Property, the Loyalty Program Data and the IP Licenses included in the Collateral are fully transferable and alienable by such Grantor without restriction and without payment of any kind to any Person (other than, with respect to the Loyalty Program Intellectual Property, the fees and costs necessary to record such transfers with an IP Filing Office, as applicable and other than off-the-shelf inbound third-party computer software IP Licenses).

*Relevant Data Representations*

(b) Except as set forth on Schedule 3(b), such Grantor is, and at all times has been, in compliance in all material respects with (i) all Privacy Laws, (ii) its and its Affiliates' internal and public-facing privacy policies, notices and statements and (iii) its contractual commitments and obligations, in each case in connection with the Loyalty Program Data. Such public-facing policies are accurate, not misleading and consistent with the actual practices of such Grantor.

(c) The consummation of the transactions contemplated by this Agreement, the Loan Agreement and the other Security Documents will not cause any Grantor to be in material violation or breach of any internal or public-facing privacy policy, notice or statement of such Grantor, any Privacy Law or any Loyalty Program Agreement.

(d) Except as set forth on Schedule 3(d), none of such Grantor's current or previous privacy policies, notices or statements include or included any restrictions on, or fail or failed to include any disclosures to permit, the potential transfer, sharing and disclosure of Loyalty Program Data to an unaffiliated third party in connection with a bankruptcy or in connection with an asset sale.

(e) Except as set forth on Schedule 3(e), to such Grantor's knowledge, no notice of enforcement or investigation, or prohibition, warning or audit requests have been served in relation to the Processing by or on behalf of any Grantor or its Affiliates of any Loyalty Program Data and no fact or circumstance exists which would reasonably be expected to give rise to an such notice, warning or audit request. No judgment, decree, ruling, writ, award, injunction or order of any Governmental Authority is pending, threatened or active against any Grantor, its Affiliates or any of its or their service providers relating to the Processing of Loyalty Program Data.

*Relevant IP Representations*

(f) Schedule 2.1 hereto sets forth a true and accurate list of (i) all United States and foreign registrations of, issuances of and applications for Patents, Trademarks (including Internet domain names) and Copyrights, in each case owned by a Grantor and included in the Collateral, (ii) all exclusive IP Licenses included in the Collateral granted to any Grantor under any Copyrights registered with or applied for at the United States Copyright Office, (iii) all United States and foreign Trademarks that are material to any Carrier Loyalty Program that are not registered or applied for in any IP Filing Office and (iv) all proprietary software that is material to the Carrier Loyalty Program whether registered or unregistered. Each item of Intellectual Property listed on Schedule 2.1 is valid and enforceable.

(g) It is the record owner of all of its Intellectual Property listed on Schedule 2.1, and there are no gaps or inaccuracies in the chain of title of such Intellectual Property. It has the full power, right and authority to grant the licenses set forth in the IP License Agreement,

and the licenses granted thereunder do not and the rights granted to Treasury thereunder if exercised by the Treasury would not conflict with or breach any prior agreements or understandings entered into between such Grantor and any third party.

(h) It has sole and exclusive rights to sue third parties for the infringement, misappropriation or other violation of its Loyalty Program Intellectual Property and Licensed Trademarks and to collect royalties, revenues, income, damages or other payments arising therefrom.

(i) Schedule 2.1 is a true and complete list of all IP Licenses included in the Collateral that (i) involve payments in excess of $1 million per year, (ii) contain a grant of exclusivity or (iii) are otherwise material.

(j) To such Grantor's knowledge, no Person is materially infringing, diluting, misappropriating or otherwise violating any Grantors' Loyalty Program Intellectual Property or Licensed Trademarks, and such Grantor has not made any such claim that has not been resolved.

(k) No holding, decision, judgment, order, or other final determination has been rendered by any Governmental Authority that would materially limit, cancel or question the validity or enforceability of, or such Grantor's right, title or interest in, any material Loyalty Program Intellectual Property or any of the Licensed Trademarks.

(l) It uses standards of quality sufficient to protect the validity and enforceability of the Loyalty Program Trademarks in all products marketed and sold, and in the performance of services provided, under the Loyalty Program Trademarks. To the extent applicable, such Grantor has taken all reasonable actions necessary to ensure that all licensees of such Grantor's Loyalty Program Trademarks adhere to such Grantor's established standards of quality for the goods and services provided by the licensee using such licensed Loyalty Program Trademarks.

*Loyalty Program Agreement Representations*

(m) Schedule 2.1 to this Agreement sets forth all Loyalty Program Agreements (including Material Loyalty Program Agreements and the expiration date for each Material Loyalty Program Agreement) that constitute Collateral and all Collateral Accounts.

(n) [Reserved.]

(o) With respect to each Material Loyalty Program Agreement:

(i) [Reserved.];

(ii) to the knowledge of the Grantors, no default by any party thereto exists and no party thereto is delinquent in payment of any other amounts required to be paid thereunder that (x) would be materially adverse to any Secured Party or (y) would, or would be reasonably expected to, result in a Material Adverse Effect;

(iii) [Reserved.];

(iv) except as disclosed to the Collateral Agent, such Loyalty Program Agreement permits such Grantor to grant a security interest in such Grantor's rights therein granted to the Collateral Agent and permits the Collateral Agent's exercise of its rights and remedies as secured party, including its rights of Disposition; and

(v) the Collateral includes substantially all of the Loyalty Program Revenue.

*Other Collateral Representations*

(p) No Credit Party has any plan to terminate or suspend any existing or established Loyalty Subscription Program.

(q) The Collateral to which the Collateral Agent has been granted a security interest hereunder together with the rights the Collateral Agent has been granted under the Loan Documents (including Section 6 of this Annex) and the IP License Agreement constitute all the assets, properties and rights (other than off-the-shelf third-party computer software that is generally available and Equipment) reasonably necessary for the operation of the Carrier Loyalty Programs as currently conducted in all material respects.

4. **Covenants**. Each Grantor (as applicable) hereby covenants and agrees as set forth below:

(a) [Reserved].

*Affirmative Covenants—Data*

(b) It will take all reasonable action requested by the Appropriate Party or any of its or their successors or assigns for purposes of complying with applicable Privacy Laws, including in issuing notices, opt-outs and similar communications to data subjects, including to Loyalty Program Members, to allow the full use and transfer of Loyalty Program Data, including full use by and transfer to an unaffiliated third party, in the Event of a Default.

(c) Within sixty (60) days of the Closing Date, the Loyalty Program Data shall be physically segregated, compiled, hosted and maintained on a database that is separated and segregated from each of such Grantor's databases that store data not included in the Loyalty Program Data, and each of the applicable Grantors shall provide the Collateral Agent with a signed certification certifying that the requirements of this Section 4(c) have been satisfied; provided that if there is any Loyalty Program Data with respect to which there is concurrently, (i) with respect to any Loyalty Program Data collected on or prior to the Closing Date, (x) at least one copy stored in connection with such Grantor's Carrier Loyalty Program immediately prior to the Closing Date and (y) at least one copy stored in connection with such Grantor's non-Loyalty Program operations immediately prior to the Closing Date as a result of such Grantor's collection or usage of such data in connection with such Grantor's non-Loyalty Program operations, or (ii) with respect to any Loyalty Program Data collected following the Closing Date, (x) at least one copy stored in connection with such Grantor's Carrier Loyalty Program and (y) at least one copy stored in connection with such Grantor's non-Loyalty Program operations as a result of such Grantor's collection or usage of such data in connection with such Grantor's non-Loyalty Program operations (such copies in clauses (i)(y) and (ii)(y), the "**Non-Loyalty Copies**"), this Section 4(c) shall not apply to the Non-Loyalty Copies.

(d) It will maintain and be in compliance with commercially reasonable disaster recovery, backup and security plans and procedures, and have taken reasonable steps to test such plans and procedures on no less than an annual basis and to ensure that all employees and any other Persons acting on behalf of such Grantor or any of its Affiliates in connection with the Processing of the Loyalty Program Data are aware of and adhere to such plans and procedures.

(e) It shall maintain in effect and implement commercially reasonable privacy and data security policies and procedures and administrative, physical and technical safeguards, and shall comply in all material respects with (i) all applicable Privacy Laws, (ii) its internal and public-facing privacy policies, notices and statements and (iii) its contractual commitments and obligations, in each case in connection with Loyalty Program Data.

(f) It shall (i) promptly notify the Appropriate Party and the Collateral Agent, in accordance with Section 10.1 of this Agreement, providing such details as the Appropriate Party or the Collateral Agent may require, of (x) the institution of any enforcement or investigation, or prohibition, warning or audit request that has been served, or judgment, decree, ruling, writ, award, injunction or order of any Governmental Authority pending, threatened or active against any Grantor, its Affiliates or any of its or, to such Grantor's knowledge, their service providers, related to the Processing of any Loyalty Program Data or (y) any material breaches, cyberattacks (including ransomware attacks), violations or unauthorized uses of or accesses to the IT Systems or any Loyalty Program Data, Trade Secrets or confidential information stored therein or processed thereby and (ii) take all commercially reasonable steps to (x) defend its rights in the Loyalty Program Data in any such enforcement, investigation, audit or other proceeding and (y) as promptly as practicable, fully remediate any such breaches, attacks, violations or unauthorized uses or accesses and, to the extent required under Applicable Law, including applicable Privacy Laws, notify the applicable data subjects thereof.

(g) It shall maintain and, to the extent not already in its possession, obtain cyber insurance sufficient to cover the Loyalty Program Data and shall ensure that at all times the Collateral Agent, for the benefit of the Secured Parties, shall be named as an additional insured and lender loss payee under such cyber insurance, in each case to the fullest extent permitted under such insurance policy and by the applicable insurance provider, with respect to any Loyalty Program Data.

(h) Notwithstanding anything to the contrary herein or in the other Loan Documents, any reference to "Loyalty Program Data" in this Annex (including in Section 9(a)(viii)(E)) will not include Non-Loyalty Copies.

*Affirmative Covenants – Intellectual Property*

(i) To the extent not already registered or issued or the subject of a pending application (for the avoidance of doubt, including to the extent not already registered or the subject of a pending application in a material class of goods and services), each Grantor will take commercially reasonable efforts to promptly register all material Trademarks included in the Collateral or in the Licensed Trademarks with the applicable IP Filing Office, including those set forth on Schedule 4(i). It shall promptly (i) file (A) a "Statement of Use" with the United States Patent and Trademark Office pursuant to Section 1(d) of the Lanham Act or (B) an "Amendment to Allege Use" whereby such intent-to-use trademark application is converted to a "use in commerce" application pursuant to Section 1(c) of the Lanham Act, in each case of (A) and (B) against all Loyalty Program Trademarks or Licensed Trademarks to the extent such Trademarks have been used in commerce by Grantor or any of its Affiliates and (ii) take all other actions necessary to facilitate the acceptance of such "Statement of Use" or "Amendment to Allege Use" by the United States Patent and Trademark Office.

(j) It shall (i) promptly notify in the manner set forth in Section 10.1 of this Agreement the Appropriate Party and the Collateral Agent, providing such details as the Appropriate Party or the Collateral Agent may require, of the institution of any material proceeding before a Governmental Authority regarding the validity or enforceability of, or such Grantor's right to register, own or use, any Loyalty Program Intellectual Property or any Licensed Trademarks, and of any adverse determination on the merits in any such proceeding (in each case, other than "office actions" by IP Filing Office examiners in the ordinary course of prosecution of applications), (ii) take all reasonable steps to defend its rights in the Loyalty Program Intellectual Property (other than any Loyalty Program Intellectual Property that is, and immediately prior to the institution of such proceeding was, no longer used and no longer useful in the business of any Grantor or its Subsidiaries) or the Licensed Trademarks, as applicable, in such proceedings and other interference, reexamination, opposition, cancellation, infringement, dilution, misappropriation and other proceedings and (iii) take all reasonable steps to protect the security, integrity and confidentiality of all Trade Secrets and any other confidential or proprietary information or data included in the Collateral.

(k) It shall defend all material challenges to the validity and enforceability of, and its title to and ownership of, any Loyalty Program Intellectual Property (other than any Loyalty Program Intellectual Property that is, and immediately prior to the initiation of such challenge was, no longer used and no longer useful in the business of any Grantor or its Subsidiaries) and any Licensed Trademarks, and in the event that any Loyalty Program Intellectual Property or, subject to the IP License Agreement, any Licensed Trademarks is materially infringed, misappropriated, diluted or otherwise violated by a third party, promptly take all reasonable actions, as permitted by Applicable Law, to stop such infringement, misappropriation, dilution or other violation and protect its rights in such Intellectual Property, including any initiation of a suit for injunctive relief, and to recover damages; for the avoidance of doubt, the Collateral Agent hereby permits Grantors to take the actions set forth in this Section 4(k) of this Annex prior to an Event of Default notwithstanding the IP License Agreement.

(l) It will maintain the standards of quality of all products marketed or sold, and in the performance of services provided, under the Loyalty Program Trademarks, at a level at least as high as on the date hereof and will take all reasonable actions necessary to ensure that all licensees of its Loyalty Program Trademarks adhere to such Grantor's then-established standards of quality for the services provided by the licensee using such licensed Trademarks.

(m) Within sixty (60) days of the Closing Date, a copy of all software code (in both object code and source code form) included in the Loyalty Program Intellectual Property, and all associated documentation, in each case (i) owned by any Grantor or any of its Affiliates or (ii) in any Grantor's or any of its Affiliates' possession or control, shall be stored in physically separated and segregated media from any of Grantors' other software code not included in the Loyalty Program Intellectual Property, and each of the applicable Grantors shall provide the Collateral Agent with a signed certification certifying that the requirements of this Section 4(m) have been satisfied. For the avoidance of doubt, additional copies of such software code and associated documentation can concurrently remain stored in their current locations.

(n) For the avoidance of doubt, Section 6.1(c) of this Agreement shall apply to any and all "intent-to-use" Loyalty Program Trademark applications included in the Excluded Assets with respect to which any Grantor files with the United States Patent and Trademark Office a "Statement of Use" pursuant to Section 1(d) of the Lanham Act or an "Amendment to Allege Use" pursuant to Section 1(c) of the Lanham Act.

*Affirmative Covenants—Other*

(o) It shall notify the Collateral Agent of any Loyalty Program Agreement entered into after the Closing Date, together with copies if such agreement constitutes a Material Loyalty Program Agreement, (x) immediately after the execution thereof (in the case of a Material Loyalty Program Agreement), at which time Schedule 1.01(b) of the Loan Agreement will be deemed updated to include such agreement designated as a Material Loyalty Program Agreement, or (y) within ten (10) Business Days thereof (in the case of any Loyalty Program Agreement that is not a Material Loyalty Program Agreement).

(p) It shall honor Currency according to the Loyalty Program Rules, except to the extent that would not, or would not be reasonably expected to, cause a Material Adverse Effect.

(q) It shall promptly give notice to the Appropriate Party and the Collateral Agent (it being understood that such requirement will constitute a notice required under Section 5.03 of the Loan Agreement) of (i) a default or breach by any Grantor or counterparty to a Material Loyalty Program Agreement of its material obligations under such agreement and (ii) knowledge or notice of any event or circumstance that would, or would reasonably be expected to, reduce or offset the rate or amount of payments due to any Grantor under any Material Loyalty Program Agreement, including an explanation of impact of such event or circumstance on such Grantor's portion of the Loyalty Program Revenue in form and substance reasonably satisfactory to the Collateral Agent.

(r) Concurrently with the Appraisals required to be delivered under Section 5.16 of the Loan Agreement, it shall additionally identify any material change to the terms of the Loyalty Program Agreements since the date of delivering the latest Appraisal and, to the extent such changes affect any Loyalty Program Agreements that constitute Material Loyalty Program Agreements, provide to the Collateral Agent copies of such change (including the relevant amendment, supplement, restatement or other modification).

(s) [Reserved.]

*Negative Covenants—Data*

(t) Except to the extent required by Applicable Law, it will not modify, publish, provide or deliver any privacy policies, notices or statements in a manner that impairs (as compared with the last updated policies, notices or statements, as applicable, existing as of the date hereof) the right or ability of any Grantor, any of its Affiliates, any of its or their successors or assigns or the Collateral Agent to Process any Loyalty Program Data substantially in the manner Processed as of the Closing Date or removes or narrows any disclosure existing as of the date hereof regarding the potential future transfer, sharing or disclosure of Loyalty Program Data.

*Negative Covenants – Data & Intellectual Property*

(u) It will not enter into any agreement (i) with respect to the Loyalty Program Data, Loyalty Program Intellectual Property or outbound IP Licenses included in the Collateral, after the Closing Date, that prohibits the assignment of, grant of a security interest in, or

license of any such Collateral (other than to Treasury or the Collateral Agent) or (ii) that conflicts with or breaches any of the terms of the IP License Agreement or that would conflict with or breach the rights granted to Treasury thereunder if exercised by Treasury.

(v) It will not take any action or omit to take any action (other than such Grantor's actions or omissions of action that are in the ordinary course of business and consistent with past practice) that could reasonably be expected to have a material negative effect on the Loyalty Program Data, the Loyalty Program Intellectual Property or the IP Licenses included in the Collateral (other than any Loyalty Program Intellectual Property that is no longer used and no longer useful), including diminishing, diluting, tarnishing, invalidating or rendering unenforceable Loyalty Program Trademarks, or otherwise materially impairing or harming the value or reputation thereof or the goodwill associated therewith.

*Negative Covenants—Other*

(w) No Grantor nor any of its Affiliates shall create, establish, operate or otherwise permit to exist any other Loyalty Program or Loyalty Subscription Program unless (i) substantially all Loyalty Program Assets (including all income and revenue, Intellectual Property, data (including Personal Data) and third-party contracts and intercompany agreements, related to such other Loyalty Program) are Collateral (to the extent not already constituting Collateral pursuant to Section 2.1) and (ii) the Perfection Requirements with respect to such Collateral are satisfied (A) immediately (in the case of a Material Loyalty Program Agreement and related Loyalty Program Assets (other than Loyalty Program Intellectual Property)), (B) as promptly as practicable and in any event within thirty (30) days (in the case of the Loyalty Program Intellectual Property related to a Material Loyalty Program Agreement) or (C) within thirty (30) days (in the case of any Loyalty Program Agreement that is not a Material Loyalty Program Agreement and related Loyalty Program Assets), upon the creation, establishment or existence thereof, in the same manner and to the same extent as other Loyalty Program Assets constituting Collateral, on a first-priority basis (in each case, subject only to Permitted Liens); provided that (x) for purposes of this Section 4(w), the definition "Carrier Loyalty Program" included in the definition of "Loyalty Program Assets" shall refer to such new Loyalty Program or Loyalty Subscription Program and the definition of "Grantor" included in the definition of "Loyalty Program Assets" shall refer to Grantor or any of its Affiliates and (y) any Trademarks under which such new Loyalty Program or Loyalty Subscription Program are primarily operated shall be deemed to be removed from Schedule 1.1.

(x) [Reserved.]

(y) It shall not substantially reduce, or permit any of its Subsidiaries to reduce, the Carrier Loyalty Programs business as of the Closing Date.

5. **Defaults and Remedies.** Without limiting the generality of Section 8.1 of this Agreement and in addition to any rights and remedies that the Collateral Agent may have under the Loan Documents and the Applicable Law:

(a) If any Event of Default shall have occurred and be continuing, the Collateral Agent (acting at the direction of the Required Lenders) may, and each Grantor hereby irrevocably appoints the Collateral Agent (such appointment being coupled with an interest and terminable only upon the payment in full of the Secured Obligations as such Grantor's proxy and attorney-in-fact) with full authority in the place and stead of such Grantor and in the name of such Grantor, to:

(i) Subject to applicable Privacy Laws and consistent with Grantor's public-facing privacy policies in effect at the time of issuance, issue and circulate notices, opt-outs and similar communications to data subjects, including Loyalty Program Members, to allow the full use and transfer of Loyalty Program Data in the Event of a Default, including full use by and transfer to an unaffiliated third-party purchaser;

(ii) bring suit or otherwise commence any action or proceeding in the name of any Grantor, as directed by the Required Lenders to the Collateral Agent, to enforce any Loyalty Program Intellectual Property, in which event such Grantor shall, at the request of the Appropriate Party or the Collateral Agent, do any and all lawful acts and execute any and all documents required by the Appropriate Party or the Collateral Agent in aid of such enforcement and such Grantor shall promptly, upon demand, reimburse and indemnify the Appropriate Party and the Collateral Agent in connection with the exercise of its rights under this Section 5 or Section 8 of this Agreement, and, to the extent that the Appropriate Party or the Collateral Agent shall elect not to bring suit to enforce any Loyalty Program Intellectual Property as provided in this Section 5 or Section 8 of this Agreement, each Grantor agrees to use all commercially reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement, misappropriation, dilution or other violation of any of such Grantor's rights in the Loyalty Program Intellectual Property by others and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing as shall be necessary to prevent such infringement, misappropriation, dilution or violation;

(iii) notify, or require each Grantor to notify, any obligors with respect to amounts due or to become due to such Grantor in respect of the Loyalty Program Intellectual Property or the IP Licenses included in the Collateral, of the existence of the security interest created herein, to direct such obligors to make payment of all such amounts directly to the Collateral Agent, and, upon such notification and at the expense of such Grantor, to enforce collection of any such amounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done;

(iv) take any actions that the Appropriate Party deems appropriate to maintain the applicable Grantor's standards of quality, as referenced in Section 3(l) of this Annex, for products marketed or sold, or in the performance of services provided, under the Loyalty Program Trademarks; and

(v) institute, defend or settle legal proceedings to collect on or enforce the applicable Grantor's rights and remedies against third parties, including account debtors, licensors, licensees, sublicensors, sublicensees and other parties to IP Licenses, under or on account of any Loyalty Program Intellectual Property or IP License included in the Collateral, without becoming a party to or incurring any liability under any IP License.

(b) In connection with the Collateral Agent's exercise of its rights and remedies under of this Section 5 or Section 8 of this Agreement, each Grantor will, at the Collateral Agent's or the Appropriate Party's request and to the extent within such Grantor's power and authority and subject to Grantor's existing third-party contractual restrictions, give the Collateral Agent or the Appropriate Party access to:

(i) all software, technology, networks, systems, databases, information technology environments and other tangible assets used for the management of the Collateral or any Intellectual Property licensed under Section 8(e) of this Agreement or under the IP License Agreement, and access to and possession of all media and files in which any of such Collateral or Intellectual Property may be recorded or stored;

(ii) such Grantor's know-how and expertise regarding the Collateral or the manufacture, sale, distribution or provision of any goods or services in connection with any Carrier Loyalty Program; and

(iii) such Grantor's personnel responsible for either of the foregoing matters.

(c) The Collateral Agent shall take commercially reasonable measures to protect the confidentiality of any Trade Secrets and other confidential information accessed pursuant to Section 5(b) of this Annex.

6. **Provision of Services.**

(i) Until the time of an Event of Default and following an Event of Default, each Grantor shall, and shall cause its Affiliates to, provide to the Collateral Agent, at such Grantor's cost and expense, any (i) services and (ii) access to any technology, networks, systems, databases or other tangible assets, in the case of (i) or (ii), that are required for, the operation of any Carrier Loyalty Program as such Carrier Loyalty Program was operated prior to the occurrence of such Event of Default, solely to enable the Collateral Agent to exercise its rights and remedies under Section 8 of this Agreement and Section 5 of this Annex after the occurrence, and solely during the continuance, of an Event of Default; provided that (x) with respect to any such services or assets which, at the time of the Collateral Agent's exercise of the right described in this paragraph, were provided to such Grantor by any third party and with respect to which the consent of such third party is necessary for such third party or such Grantor to provide such services or access to the Collateral Agent, such Grantor shall use its commercially reasonable efforts to obtain the consent of such third party to provide such services to the Collateral Agent and (y) this Section 6(i) of Annex 1 is exercisable solely upon and during the continuance of an Event of Default.

(ii) Each Grantor shall work together, and cause its Affiliates, as applicable, to work together in good faith with any assignee of any Collateral and any applicable third-party service providers to provide the services and access set forth in clause (i) and Section 5(b) above to such assignee on commercially reasonable terms until such assignee is able to secure an adequate replacement or substitute for such services or access from a third party and such Grantor shall continue to provide such services and access to such assignee, on an actual cost basis, for the duration of a reasonable negotiation period.

7. **Closing Deliverables**. On the Closing Date, (a) the Grantors shall deliver to the Treasury and the Collateral Agent counterparts of the IP License Agreement duly executed by each of the applicable Grantors and (b) the Treasury shall deliver to a Grantor a counterpart of the IP License Agreement duly executed by the Collateral Agent.

8. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

   (a) The terms of this Annex shall be deemed incorporated into and part of this Agreement.

   (b) The terms of this Annex cumulative in nature and shall not limit the applicability or scope of the other terms of this Agreement.

9. **Terms**.

   (a) The following capitalized terms used in this Agreement shall have the following meanings:

      (i) **"Copyrights"** shall mean all United States and foreign (A) copyrights, whether registered or unregistered, whether in published or unpublished works of authorship, (B) copyright registrations or applications in any IP Filing Office, (C) copyright renewals or extensions and (D) rights corresponding, derived from or analogous to any of the foregoing.

      (ii) **"Intellectual Property"** shall mean all intellectual property rights or other similar proprietary rights, whether registered or unregistered, arising out of the laws of any jurisdiction throughout the world, including such rights in and to: (A) Copyrights, (B) Patents, (C) Trademarks, (D) Trade Secrets, (E) software, firmware and computer programs and applications, whether in source code, object code, human-readable or other form, including data files, algorithms, analytical models, computerized databases, plugins, subroutines, tools, application programming interfaces and libraries, and development documentation, programming tools, drawings, specifications and data, (F) designs and databases, (G) IP addresses and (H) all tangible embodiments and fixations thereof and documentation related thereto.

      (iii) **"IP Filing Office"** means, as applicable, the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any jurisdiction.

      (iv) **"IP License Agreement"** shall mean that certain perpetual, transferable, worldwide, royalty-free Intellectual Property license agreement, dated as of the date hereof, by and among each of the Grantors that owns Loyalty Program Intellectual Property, on the one hand, and Treasury, on the other hand.

      (v) **"IP Licenses"** shall mean any and all agreements, whether or not styled as a "license," that (A) grant a Person an exclusive or non-exclusive license or other right to use or exercise any Intellectual Property, (B) that obligate a Person to refrain from using or enforcing any Intellectual Property, including settlements, co-existence agreements, consents-to-use, non-assertion agreements and covenants not to sue and (C) any option or right of first refusal or first offer on any of the foregoing in clauses (A) or (B).

(vi) **"IP-Related Rights"** shall mean, (A) with respect to any Loyalty Program Intellectual Property or IP Licenses included in the Collateral, any Proceeds thereof, and (B) with respect to any Loyalty Program Intellectual Property, Loyalty Program Data or IP Licenses included in the Collateral, (1) all rights to royalties, revenues, income, payments, claims, damages and proceeds of suit and other payments arising therefrom and (2) all other accrued and unaccrued causes of action (whether in contract, tort or otherwise) or rights to claim, sue or collect damages for or enjoin or obtain other legal or equitable relief for, an infringement, misuse, misappropriation, dilution, violation, unfair competition, injury to goodwill or other impairment (whether past, present or future) thereof, including expired items.

(vii) **"Licensed Trademarks"** shall mean the Carrier Licensed Trademarks as defined in the IP License Agreement.

(viii) **"Loyalty Program Assets"** shall mean each Grantor's right, title and interest in, to and under the following, in each case, whether now owned or existing or hereafter acquired, developed, created or arising:

(A) [Reserved];

(B) the Loyalty Program Agreements, including all Loyalty Program Revenues and all:

a. Accounts;

b. Instruments; and

c. Receivables and Receivable Records

in each case, representing such Grantor's rights and claims arising under or in connection with any Carrier Loyalty Program (including the Loyalty Program Agreements) and the Loyalty Program Revenues;

(C) All Trademarks used or held for use in a material respect in connection with any Carrier Loyalty Program and owned by a Grantor or any of its Affiliates (other than the items set forth on Schedule 1.1, the Carrier Licensed Trademarks and the Transitional Trademarks (as defined in the IP License Agreement)), and all Trademarks set forth on Schedule 2.1, in each case and any successor or replacement Trademarks thereto;

(D) All:

a. Intellectual Property (other than Trademarks);

b. General Intangibles (other than Intellectual Property);

c. IT Systems; and

d. Equipment;

in each case, (i) owned by a Grantor or any of its Affiliates (A) exclusively used or held for use in connection with any Carrier Loyalty Program or (B) primarily used in, and required to operate, any Carrier Loyalty Program (which, for the avoidance of doubt, shall not include any aircraft, airframe, engines, Spare Parts or SGR Assets unless otherwise specified on Schedule 2.1 or in any Pledge Supplement), or (ii) as set forth on Schedule 2.1;

(E) All IP Licenses (x) set forth on subsection (l) of Schedule 2.1, (y) exclusively used or held for use in connection with any Carrier Loyalty Program (other than such Grantor's rights under the IP License Agreement) or (z) granted by a Grantor to a third party under any Loyalty Program Intellectual Property (other than non-exclusive trademark licenses, non-disclosure agreements and similar agreements entered into in the ordinary course of business, in each case that do not provide for the payment of royalties for the use of such Loyalty Program Intellectual Property), in each case other than all reciprocal passenger Currency accrual and redemption agreements with other Air Carriers and any Loyalty Program Agreement;

(F) All Loyalty Program Data;

(G) All IP-Related Rights;

(H) Any other assets or property (i) exclusively used or held for use in connection with any Carrier Loyalty Program or (ii) primarily used in, and required to operate, any Carrier Loyalty Program (which, for the avoidance of doubt, shall not include any Intellectual Property, IT Systems, aircraft, airframe, engines, Spare Parts or SGR Assets unless otherwise specified in this Section 9(a)(viii), Schedule 2.1 or in any Pledge Supplement); and

(I) 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).

(ix) **"Loyalty Program Intellectual Property"** shall mean the Intellectual Property included in the Loyalty Program Assets.

(x) **"Loyalty Program Rules"** shall mean the rules, policies and procedures that govern the applicable Carrier Loyalty Program.

(xi) **"Loyalty Program Trademarks"** shall mean the Trademarks included in the Loyalty Program Assets.

(xii) **"Patents"** shall mean all United States and foreign issued patents (whether utility, design, or plant) and certificates of invention, and similar industrial property rights, and applications for any of the foregoing, including: (A) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations thereof, (B) all rights corresponding, derived from or analogous thereto throughout the world and (C) all inventions and improvements described or claimed therein.

(xiii) **"Trademarks"** shall mean all United States, and foreign trademarks, trade names, corporate names, company names, business names, fictitious business names, Internet domain names, trade dress, service marks, certification marks, collective marks, logos, social media identifiers, handles, other source or business identifiers, designs and general intangibles of a like nature, whether arising under a statute, common law, or the laws of any jurisdiction throughout the world, whether registered or unregistered, including: (A) all registrations, applications, extensions, renewals or other filings of any of the foregoing and (B) all of the goodwill of the business connected with the use of or symbolized by the foregoing.

(xiv) **"Trade Secrets"** shall mean all trade secrets and all other confidential or proprietary information, data and know-how, whether arising under a statute, common law, or the Laws of any jurisdiction throughout the world, whether or not such trade secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating, or referring in any way to such trade secret.

(b) For the avoidance of doubt, each of the following terms shall have the meaning ascribed to such term in the Loan Agreement: (i) Carrier Loyalty Program; (ii) Currency; (iii) Loyalty Program; (iv) Loyalty Program Agreement; (v) Loyalty Program Data; (vi) Loyalty Program Member; (vii) Loyalty Program Participant; (ix) Loyalty Program Revenue; (x) Material Loyalty Program Agreement; and (xi) IT Systems.

**FORM OF IP SECURITY AGREEMENT—COPYRIGHTS**

**COPYRIGHT SECURITY AGREEMENT**

COPYRIGHT SECURITY AGREEMENT, dated as of [●], made by and between [●] ("***Grantor***") and THE BANK OF NEW YORK MELLON (the "***Collateral Agent***").

WHEREAS, the Initial Lender has agreed to make Loans to the Grantor under that certain Loan and Guarantee Agreement, dated as of [●], by and among [●], as Borrower, the Guarantors party thereto, the Collateral Agent, the Administrative Agent named therein and the United States Department of the Treasury, as Lender (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***").

WHEREAS, the Collateral Agent entered into that certain Pledge and Security Agreement, dated as of as of [•], by and among Grantor, the grantors party thereto and the Collateral Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Security Agreement***").

WHEREAS, pursuant to the Security Agreement, the Grantor granted a security interest to the Collateral Agent in the Copyright Collateral (as defined below) and is required to execute and deliver this Copyright Security Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, Grantor and the Collateral Agent hereby agree as follows:

**1. Defined Terms**

All capitalized terms used in this Copyright Security Agreement and not otherwise defined herein will have the meanings assigned to them in the Security Agreement or Loan Agreement, as applicable.

**2. Supplement to Security Agreement**

This Copyright Security Agreement has been entered into in conjunction with the security interest granted to the Collateral Agent under the Security Agreement, and Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. The terms of this Copyright Security Agreement are supplemental to and not in replacement of the terms of the Security Agreement, and the rights and remedies of the Collateral Agent with respect to the security interests granted herein are without prejudice to, but in addition to, those set forth in the Security Agreement. If there is any conflict between this Copyright Security Agreement and the Security Agreement, the Security Agreement will govern.

**3. Security Interest and Collateral**

Grantor hereby grants to the Collateral Agent a security interest in and continuing lien on all of such Grantor's right, title and interest in, to and under the following, in each case whether now owned or existing or hereafter acquired, developed, created or arising and wherever located (collectively, the "***Copyright Collateral***"):

a. any United States or foreign: (i) copyrights, whether registered or unregistered, whether in published or unpublished works of authorship; (ii) copyright registrations or applications in any IP Filing Office; (iii) copyright renewals or extensions; and (iv) rights corresponding, derived from or analogous to the foregoing, in each case included in the Collateral, including any copyright listed in Schedule 1 attached hereto (as such schedule may be amended or supplemented from time to time) (collectively "***Copyrights***");

b. any agreements, whether or not styled as a "license," that grant to Grantor an exclusive license to use or exercise rights in any registered or applied-for Copyright, included in the Collateral, including any agreement listed in Schedule 1 attached hereto (as such schedule may be amended or supplemented from time to time) (collectively, "***Copyright Licenses***"); and

c. for any Copyright or Copyright License, any (i) Proceeds and rights to royalties, revenues, income, payments, claims, damages and proceeds of suit and other payments arising therefrom; and (ii) all other accrued and unaccrued causes of action (whether in contract, tort or otherwise) or rights to claim, sue or collect damages for or enjoin or obtain other legal or equitable relief for, an infringement, misuse, violation, unfair competition or other impairment (whether past, present or future) thereof, including expired items.

For the avoidance of doubt, this Copyright Security Agreement is not to be construed as an assignment of any Copyright Collateral.

**4. Recordation**

Grantor hereby authorizes the Register of Copyrights and any other government officials to record and register, and Grantor hereby agrees to file at the United States Copyright Office, this Copyright Security Agreement upon request by the Collateral Agent, and Grantor hereby agrees to furnish to the Collateral Agent evidence of such recordation and registration.

**5. Termination**

When all Secured Obligations have been completely and indefeasibly paid and performed in full and the Lender no longer has a commitment to make any Loan to the Borrower, this Copyright Security Agreement will terminate.

**6. Governing law**

This Copyright Security Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

**7. Counterparts; Electronic communications**

This Copyright Security Agreement may be executed (including through electronic signatures) in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Notices and other communications may be delivered electronically (including by e-mail) and will be effective upon receipt, except that any record required to be signed, executed or authenticated will only be effective when authenticated and delivered by electronic imaging means (e.g., .pdf or .tiff).

**[Remainder of page left intentionally blank]**

IN WITNESS WHEREOF, [each][the] Grantor and the Collateral Agent have caused this Copyright Security Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

[GRANTOR], as Grantor

By: _____
[NAME]
[TITLE]

THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____
[NAME]
[TITLE]

**SCHEDULE 1**
**TO COPYRIGHT SECURITY AGREEMENT**

REGISTERED COPYRIGHTS

| NO. | TITLE OF WORK | REGISTRATION NUMBER | REGISTRATION DATE | GRANTOR |
|---|---|---|---|---|
| 1. | | | | |

COPYRIGHT APPLICATIONS

| NO. | TITLE OF WORK | APPLICATION DATE | GRANTOR |
|---|---|---|---|
| 1. | | | |

EXCLUSIVE COPYRIGHT IP LICENSES

| NO. | TITLE OF WORK | REGISTRATION NUMBER | REGISTRATION DATE | GRANTOR |
|---|---|---|---|---|
| 1. | | | | |

**FORM OF IP SECURITY AGREEMENT—PATENTS**

**PATENT SECURITY AGREEMENT**

PATENT SECURITY AGREEMENT, dated as of [●], made by and between [●] ("***Grantor***") and [●] (the "***Collateral Agent***").

WHEREAS, the Initial Lender has agreed to make Loans to the Grantor under that certain Loan and Guarantee Agreement, dated as of [●], by and among [●], as Borrower, the Guarantors party thereto, the Collateral Agent, the Administrative Agent named therein and the United States Department of the Treasury, as Lender (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***").

WHEREAS, the Collateral Agent entered into that certain Pledge and Security Agreement, dated as of as of [•], by and among Grantor, the grantors party thereto and the Collateral Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Security Agreement***").

WHEREAS, pursuant to the Security Agreement, the Grantor granted a security interest to the Collateral Agent in the Patent Collateral (as defined below) and is required to execute and deliver this Patent Security Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, Grantor and the Collateral Agent hereby agree as follows:

**1. Defined Terms**

All capitalized terms used in this Patent Security Agreement and not otherwise defined herein will have the meanings assigned to them in the Security Agreement or Loan Agreement, as applicable.

**2. Supplement to Security Agreement**

This Patent Security Agreement has been entered into in conjunction with the security interest granted to the Collateral Agent under the Security Agreement, and Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. The terms of this Patent Security Agreement are supplemental to and not in replacement of the terms of the Security Agreement, and the rights and remedies of the Collateral Agent with respect to the security interests granted herein are without prejudice to, but in addition to, those set forth in the Security Agreement. If there is any conflict between this Patent Security Agreement and the Security Agreement, the Security Agreement will govern.

**3. Security Interest and Collateral**

Grantor hereby grants the Collateral Agent a security interest in and continuing lien on all of such Grantor's right, title and interest in, to and under the following, in each case whether now owned or existing or hereafter acquired, developed, created or arising and wherever located (collectively, the "***Patent Collateral***"):

a. Any United States and foreign issued patents (whether utility, design, or plant) and certificates of invention, and similar industrial property rights, and applications for any of the foregoing, in each case included in the Collateral, including: (i) all reissues, divisions, continuations, continuations-in-part, extensions, renewals, and reexaminations thereof, (ii) all rights corresponding, derived from or analogous thereto throughout the world and (iii) all inventions and improvements described or claimed therein, including any patent listed in Schedule 1 attached hereto (as such schedule may be amended or supplemented from time to time) (collectively, "***Patents***"); and

b. for any Patent, any (i) Proceeds therefrom and all rights to royalties, revenue, income, payments, claims, damages, and proceeds of suit and other payments arising therefrom; and (ii) all other accrued and unaccrued causes of action (whether in contract, tort or otherwise) or rights to claim, sue or collect damages for or enjoin or obtain other legal or equitable relief for, an infringement, misuse, violation, unfair competition or other impairment (whether past, present or future) thereof, including expired items.

For the avoidance of doubt, this Patent Security Agreement is not to be construed as an assignment of any Patent Collateral.

**4. Recordation**

Grantor hereby authorizes the Commissioner for Patents and any other government officials to record and register, and Grantor hereby agrees to file at the United States Patent and Trademark Office, this Patent Security Agreement upon request by the Collateral Agent, and Grantor hereby agrees to furnish to the Collateral Agent evidence of such recordation and registration.

**5. Termination**

When all Secured Obligations have been completely and indefeasibly paid and performed in full and the Lender no longer has a commitment to make any Loan to the Borrower, this Patent Security Agreement will terminate.

**6. Governing law**

This Patent Security Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

**7. Counterparts; Electronic communications**

This Patent Security Agreement may be executed (including through electronic signatures) in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Notices and other communications may be delivered electronically (including by e-mail) and will be effective upon receipt, except that any record required to be signed, executed or authenticated will only be effective when authenticated and delivered by electronic imaging means (e.g., .pdf or .tiff).

**[Remainder of page left intentionally blank]**

IN WITNESS WHEREOF, [each][the] Grantor and the Collateral Agent have caused this Patent Security Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

[GRANTOR], as Grantor

By: _____
[NAME]
[TITLE]

THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____
[NAME]
[TITLE]

**SCHEDULE 1**

**TO PATENT SECURITY AGREEMENT**

ISSUED PATENTS

| NO. | PATENT NUMBER | DATE ISSUED | TITLE | GRANTOR |
|---|---|---|---|---|
| 1. | | | | |

PATENT APPLICATIONS

| NO. | APPLICATION NUMBER | FILING DATE | TITLE | GRANTOR |
|---|---|---|---|---|
| 1. | | | | |

**FORM OF IP SECURITY AGREEMENT—TRADEMARKS**

**TRADEMARK SECURITY AGREEMENT**

TRADEMARK SECURITY AGREEMENT, dated as of [●], made by and between [●] ("***Grantor***") and [●] (the "***Collateral Agent***").

WHEREAS, the Initial Lender has agreed to make Loans to the Grantor under that certain Loan and Guarantee Agreement, dated as of [●], by and among [●], as Borrower, the Guarantors party thereto, the Collateral Agent, the Administrative Agent named therein and the United States Department of the Treasury, as Lender (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***").

WHEREAS, the Collateral Agent entered into that certain Pledge and Security Agreement, dated as of as of [●], by and among Grantor, the grantors party thereto and the Collateral Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Security Agreement***").

WHEREAS, pursuant to the Security Agreement, the Grantor granted a security interest to the Collateral Agent in the Trademark Collateral (as defined below) and is required to execute and deliver this Trademark Security Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, Grantor and the Collateral Agent hereby agree as follows:

**1. Defined Terms**

All capitalized terms used in this Trademark Security Agreement and not otherwise defined herein will have the meanings assigned to them in the Security Agreement or Loan Agreement, as applicable.

**2. Supplement to Security Agreement**

This Trademark Security Agreement has been entered into in conjunction with the security interest granted to the Collateral Agent under the Security Agreement, and Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. The terms of this Trademark Security Agreement are supplemental to and not in replacement of the terms of the Security Agreement, and the rights and remedies of the Collateral Agent with respect to the security interests granted herein are without prejudice to, but in addition to, those set forth in the Security Agreement. If there is any conflict between this Trademark Security Agreement and the Security Agreement, the Security Agreement will govern.

**3. Security Interest and Collateral**

Grantor hereby grants the Collateral Agent a security interest in and continuing lien on all of such Grantor's right, title and interest in, to and under the following, in each case whether now owned or existing or hereafter acquired, developed, created or arising and wherever located (collectively, the "***Trademark Collateral***"):

a. all United States and foreign trademarks, trade names, corporate names, company names, business names, fictitious business names, Internet domain names, trade dress, service marks, certification marks, collective marks, logos, social media identifiers, handles, other source or business identifiers, designs and general intangibles of a like nature, whether arising under a statute, common law, or the laws of any jurisdiction throughout the world, whether registered or unregistered, in each case included in the Collateral, including: (i) all registrations, applications, extensions, renewals or other filings of any of the foregoing and (ii) all of the goodwill of the business connected with the use of and symbolized by the foregoing, including any trademark listed in Schedule 1 attached hereto (as such schedule may be amended or supplemented from time to time), in each case and any successor or replacement trademarks thereto, (collectively, "***Trademarks***"); and

b. for any Trademark, any (i) Proceeds therefrom and rights to royalties, revenues, income, payments, claims, damages and proceeds of suit and other payments arising therefrom; and (ii) all other accrued and unaccrued causes of action (whether in contract, tort or otherwise) or rights to claim, sue or collect damages for or enjoin or obtain other legal or equitable relief for, an infringement, misuse, dilution, violation, unfair competition, injury to goodwill or other impairment (whether past, present or future) thereof, including expired items.

Notwithstanding the foregoing, the Trademark Collateral shall not include any "intent-to-use" application for registration of a Trademark filed with the USPTO pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. § 1051, prior to the filing of a "Statement of Use" pursuant to Section 1(d) of the Lanham Act or an "Amendment to Allege Use" pursuant to Section 1(c) of the Lanham Act with respect thereto, but solely to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of any registration that issues from such "intent-to-use" application under applicable federal law. For the avoidance of doubt, this Trademark Security Agreement is not to be construed as an assignment of any Trademark Collateral.

For the avoidance of doubt, this Trademark Security Agreement is not to be construed as an assignment of any Trademark Collateral.

**4. Recordation**

Grantor hereby authorizes the Commissioner for Trademarks and any other government officials to record and register, and Grantor hereby agrees to file at the United States Patent and Trademark Office, this Trademark Security Agreement upon request by the Collateral Agent, and Grantor hereby agrees to furnish to the Collateral Agent evidence of such recordation and registration.

**5. Termination**

When all Secured Obligations have been completely and indefeasibly paid and performed in full and the Lender no longer has a commitment to make any Loan to the Borrower, this Trademark Security Agreement will terminate.

**6. Governing law**

This Trademark Security Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

**7. Counterparts; Electronic communications**

This Trademark Security Agreement may be executed (including through electronic signatures) in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Notices and other communications may be delivered electronically (including by e-mail) and will be effective upon receipt, except that any record required to be signed, executed or authenticated will only be effective when authenticated and delivered by electronic imaging means (e.g., .pdf or .tiff).

**[Remainder of page left intentionally blank]**

IN WITNESS WHEREOF, [EACH][THE] GRANTOR AND THE COLLATERAL AGENT HAVE CAUSED THIS TRADEMARK SECURITY AGREEMENT TO BE DULY EXECUTED AND DELIVERED BY THEIR RESPECTIVE OFFICERS THEREUNTO DULY AUTHORIZED AS OF THE DATE FIRST WRITTEN ABOVE.

[GRANTOR], as Grantor

By: _____
[NAME]
[TITLE]

THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____
[NAME]
[TITLE]

**SCHEDULE 1**

**TO TRADEMARK SECURITY AGREEMENT**

REGISTERED TRADEMARKS

| NO. | MARK | REGISTRATION NUMBER | REGISTRATION DATE | GRANTOR |
|---|---|---|---|---|
| 1. | | | | |

TRADEMARK APPLICATIONS

| NO. | MARK | APPLICATION NUMBER | FILING DATE | GRANTOR |
|---|---|---|---|---|
| 1. | | | | |

Each Grantor and the Collateral Agent hereby agree that the terms of this Annex shall apply with respect to Collateral consisting of Deposit Accounts and Securities Accounts (including each Collateral Account).

1. **Perfection Requirement.** The following requirements shall be included in the definition of "Perfection Requirement" and shall constitute an additional "Perfection Requirement."

   With respect to Collateral consisting of:

   (a) a Deposit Account, each applicable Grantor shall, on or prior to the Closing Date or on the date of the establishment of a Deposit Account constituting Collateral, execute and deliver a control agreement with respect to such Collateral in form and substance satisfactory to the Appropriate Party and agreed to by the relevant depositary institution such that, upon the effectiveness of such control agreement, the Collateral Agent has Control over such Collateral. Without limiting the generality of the foregoing, such control agreement shall require such depositary institution to comply with the Collateral Agent's instructions with respect to Disposition of funds held in such Deposit Account without further instruction or consent by any other Person; provided that the Collateral Agent agrees with respect to the Collateral Account not to give any such instructions unless an Event of Default has occurred and is continuing.

   (b) a Securities Account (including any Security Entitlement with respect thereto), each applicable Grantor shall, on or prior to the Closing Date or on the date of the establishment of a Securities Account constituting Collateral, execute and deliver a control agreement with respect to such Collateral in form and substance satisfactory to the Appropriate Party and agreed to by the relevant securities intermediary such that, upon the effectiveness of such control agreement, the Collateral Agent has Control over such Collateral. Without limiting the generality of the foregoing, such control agreement shall require such securities intermediary to comply with the Collateral Agent's entitlement orders with respect to such Securities Account without further consent by any other Person.

   (c) any Collateral Account, each applicable Grantor shall, on or prior to the Closing Date and, for any Collateral Account established after the Closing Date, on the date of the establishment of such Collateral Account, in addition to the above requirements, cause to be included in the applicable control agreement such further provisions required or advisable to implement the provisions of the Loan Agreement applicable to such Collateral Account, all in form and substance satisfactory to the Appropriate Party.

2. **Representations and Warranties**. Each Grantor (as applicable) hereby additionally represents and warrants, on the Closing Date and on the date of each Borrowing (or, in the case of an Additional Grantor or Additional Collateral, on the date of such Grantor's execution and delivery of a Pledge Supplement, or the date such Additional Collateral becomes subject to the security interest created hereby, as applicable):

   (a) Schedule 2.1 to this Agreement sets forth the Deposit Accounts and Securities Accounts constituting Collateral (including any Collateral Account). Each Grantor is the sole account holder thereof, as applicable.

   (b) It has not consented to, and is not otherwise aware of, any Person having Control over, or any other interest in, any Deposit Account or Securities Accounts (including any Security Entitlement in respect thereof) constituting Collateral or any property deposited therein or credited thereto.

(c) Upon satisfaction and completion of the Perfection Requirements under this Annex, the Collateral Agent will (i) have Control over all Deposit Accounts and Securities Accounts (including any Security Entitlement in respect thereof) constituting Collateral and (ii) obtain a legal, valid and perfected first-priority security interest upon and in all Deposit Accounts and Securities Accounts (including any Security Entitlement in respect thereof) constituting Collateral, subject to no Lien (other than Permitted Liens).

3. **Covenants**. Each Grantor (as applicable) hereby agrees and covenants that:

(a) It shall not grant Control of any Collateral to any Person other than the Secured Parties or any depositary bank or securities intermediary of any Deposit Account or Securities Account constituting Collateral, respectively.

(b) Each Grantor of Collateral consisting of a Collateral Account agrees to comply with the provisions of the Loan Agreement applicable to such Collateral Account.

4. **Defaults and Remedies**. If any Event of Default shall have occurred and be continuing, without limiting the generality of Section 8.1 of this Agreement and in addition to any rights and remedies that the Collateral Agent may have under the Loan Documents and the Applicable Law, the Collateral Agent may:

(a) give a notice of exclusive control or any other instruction under any control agreement and take any action provided therein with respect to Collateral consisting of Deposit Accounts or Securities Accounts, including any Collateral Account;

(b) instruct the relevant depositary institution or securities intermediary to pay the balance of or credited to such Deposit Account or Securities Account, including any Collateral Account as it shall direct; and

(c) apply funds held in or credited to Collateral consisting of Deposit Accounts and Securities Accounts, including any Collateral Account, to the Secured Obligations as set forth in Section 7.02 of the Loan Agreement.

5. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

(a) The terms of this Annex shall be deemed incorporated into and part of this Agreement.

(b) The terms of this Annex are cumulative in nature and shall not limit the applicability or scope of the other terms of this Agreement.

Each Grantor and the Collateral Agent hereby agree that the terms of this Annex shall apply with respect to Collateral consisting of Aircraft and Engine Assets.

1. **Perfection Requirement**. The following requirements shall be included in the definition of "Perfection Requirement" and shall constitute an additional "Perfection Requirement" with respect to Collateral consisting of Aircraft and Engine Assets:

   (a) The applicable Grantor, at its sole cost and expense, shall on or within one (1) Business Day after the Closing Date or the date of execution of any Pledge Supplement:

      (i) execute and deliver, or cause to be executed and delivered, the Mortgage Supplements in form and substance satisfactory to the Appropriate Party;

      (ii) duly prepare and file, or cause to be duly prepared and filed, the FAA Filed Documents for recordation with the FAA in accordance with Title 49 and the regulations thereunder; and

      (iii) duly prepare and make, or cause to be duly prepared and made, all registrations of the International Interests with respect to such Collateral in the International Registry.

   (b) The applicable Grantor, at is sole cost and expense, will on or within a commercially reasonable time after the Closing Date or the date of execution of any Pledge Supplement, as applicable, cause to be affixed to, and maintained in, the cockpit of all Airframes constituting Collateral and on all Engines constituting Collateral, in a clearly visible location, a placard of a reasonable size and shape bearing the legend: "Subject to a security interest in favor of The Bank of New York Mellon, as Collateral Agent for the benefit of the Secured Parties."

2. **Required Filings**. Each of the following filings, recordings or other documents shall be included in the definition of "Required Filing" and shall constitute an additional "Required Filing" with respect to Collateral consisting of Aircraft and Engine Assets:

   (a) Filing of an FAA Filed Document with respect to such Collateral with the FAA; and

   (b) Registration of each International Interest with respect to such Collateral in the International Registry.

3. **Representations and Warranties**. Each Grantor (as applicable) represents and warrants, on the Closing Date and on the date of each Borrowing (or, in the case of an Additional Grantor or Additional Collateral, including any Additional Airframe or Additional Engine, on the date of such Grantor's execution and delivery of a Pledge Supplement, or the date such Additional Collateral becomes subject to the security interest created hereby, as applicable):

   (a) Schedule 2.1 sets forth all Aircraft and Engine Assets constituting Collateral. Each Grantor that is listed as owner in Schedule 2.1 is the registered owner as shown in FAA records, and the registration of each Airframe constituting Collateral has not expired.

(b) Necessary Filings. Upon (x) the filing of UCC financing statements (and continuation statements at periodic intervals) with respect to the security and other interests created hereby under the UCC as in effect in any applicable jurisdiction, (y) the recording and the filing of each Mortgage Supplement in the office of the FAA pursuant to Title 49 and (z) the registration of each International Interest in the International Registry, in each case, with respect to each Airframe and Engine constituting Collateral, (i) all filings, registrations and recordings necessary in the United States or in the International Registry to create, preserve, protect and perfect the security interest granted by the Grantors to the Collateral Agent hereby in respect of the Collateral have been accomplished or, as to Collateral to become subject to the security interest of this Agreement after the date hereof, will be so filed, registered and recorded simultaneously with such Collateral being subject to the Lien of this Agreement and (ii) the security interest granted to the Collateral Agent pursuant to this Agreement in and to the Collateral will constitute a perfected security interest therein prior to the rights of all other Persons therein, but subject to no other Liens (other than Permitted Liens), and is entitled to all the rights, priorities and benefits afforded by Title 49, the Cape Town Treaty, and any other Applicable Law to perfected security interests or Liens.

(c) Other Filings or Registrations. There is no registration covering or purporting to cover any interest of any kind in Airframes and Engines constituting Collateral (other than Permitted Liens), and there are no International Interests registered on the International Registry in respect of such. Each Grantor will not execute or authorize or permit to be filed in any public office any registration covering International Interests on the International Registry (other than the Lien created under this Agreement and the related Mortgage Supplement(s)) relating to such Collateral or location.

(d) All Engines constituting Collateral have been first placed in service after October 22, 1994.

(e) All Airframes constituting Collateral have been duly certified by the FAA as to type and airworthiness.

(f) All Engines constituting Collateral have been duly certified by the FAA as to type.

(g) All Airframes are registered and all Engines are habitually located, as applicable, in the United States.

4. **Covenants**. Each Grantor (as applicable) covenants and agrees that:

*Filings and Registrations*

(a) Such Grantor (as applicable) will take, or cause to be taken, at such Grantor's cost and expense, such action with respect to the recording, filing, re-recording and refiling of each Mortgage Supplement in the office of the FAA, pursuant to Title 49, and such other documents in such other places as may be required or desirable under any Applicable Law, and any other instruments, or registrations on the International Registry, as are necessary or desirable by the Appropriate Party or the Collateral Agent, to maintain the existence, perfection, priority and preservation of the Lien created by this Agreement, the related Mortgage Supplement(s) and the International Interests of the Collateral Agent in the Aircraft and Engines Assets constituting Collateral. The Grantors will furnish to the Collateral Agent timely notice of the necessity or desirability of such action, together with, if requested by the Collateral Agent, such instruments, in execution form, and such other information as may be required to enable the Collateral Agent to take such action or otherwise requested by the Appropriate Party.

*Possession, Operation and Use, Maintenance, Registration and Markings.*

(b) General. Except as otherwise expressly provided herein, it shall be entitled to operate, use, locate, employ or otherwise utilize or not utilize any Airframe, Engine or Part in any lawful manner or place in accordance with such Grantor's business judgment.

(c) Possession. It shall not lease or otherwise in any manner deliver, transfer or relinquish possession of any Airframe or Engine, or install any Engine, or permit any Engine to be installed, on any airframe other than an Airframe, in each case, to the extent constituting Collateral; except that the applicable Grantor may, so long as no Event of Default has occurred:

(i) Deliver possession of any Airframe, Engine or Part constituting Collateral (x) to the Manufacturer thereof or to any third-party maintenance provider for testing service, repair, maintenance or overhaul work on such Airframe, Engine or Part, or, to the extent required or permitted by Section 4(k) of this Annex, for alterations or modifications in or additions to such Airframe or Engine or (y) to any Person for the purpose of transport to a Person referred to in the preceding clause (x); provided that such Grantor covenants to promptly pay when due any payment obligation resulting in a mechanic's or other Lien related to such testing service, repair, maintenance, overhaul, alternation, modification, addition or transport;

(ii) Transfer possession of the Aircraft, Airframe or any Engine constituting Collateral to the U.S. Government, in which event such Grantor shall promptly notify the Appropriate Party of any such transfer of possession and, in the case of any transfer pursuant to CRAF, in such notification shall identify by name, address and telephone numbers the Contracting Office Representative or Representatives for the Military Airlift Command of the United States Air Force to whom notices must be given and to whom requests or claims must be made to the extent applicable under CRAF; and

(iii) Install an Engine on an airframe owned (including any Airframe) or leased by such Grantor; provided that upon such installation, such Grantor shall be deemed to covenant to the Collateral Agent for the benefit of the Secured Parties that such installation shall not result in any material impairment (as compared to if such Engine had not so been installed) of the Collateral Agent's rights and remedies in respect of such Engine and access in connection therewith and to comply with the Appropriate Party's requests in furtherance of the exercise of such rights and remedies (including access). With respect to this clause (c)(iii), (A) the Collateral Agent hereby agrees on behalf of the Secured Parties, and for the benefit of each lessor, conditional seller, indenture trustee or secured party of any airframe leased to, or owned by, the applicable Grantor subject to a lease, conditional sale, trust indenture or other security agreement that the Collateral Agent, on behalf of the Secured Parties, will not acquire or claim, as against such lessor, conditional seller, indenture trustee or secured party, any right, title or interest in such airframe as the result of any Engine being installed on such airframe at any time while such airframe is subject to such lease, conditional sale, trust indenture or other security agreement and (B) such Grantor shall cause any lessor, conditional seller, indenture trustee or secured party of any airframe leased to, or owned by, the applicable Grantor subject to any lease, conditional sale, trust indenture or other security agreement to acknowledge that it will not acquire or claim, as against the

Collateral Agent or any other Secured Parties, any right, title or interest in an Engine as the result of such Engine being installed on such airframe at any time which such airframe is subject to such lease, conditional sale, trust indenture or other security agreement.

(d) Operation and Use. It shall not operate, use or locate such Airframe or Engine, or allow such Airframe or Engine to be operated, used or located, (i) in any area excluded from coverage by any insurance required by any Loan Document, except in the case of a requisition by the U.S. Government where the Grantor obtains indemnity in lieu of such insurance from the U.S. Government, or insurance from the U.S. Government, against substantially the same risks and for at least the amounts of insurance required by any Loan Document covering such area, or (ii) in any recognized area of hostilities unless covered in accordance with this Annex by war risk insurance, or in either case unless the Airframe or Engine is only temporarily operated, used or located in such area as a result of an emergency, equipment malfunction, navigational error, hijacking, weather condition or other similar unforeseen circumstance, so long as such Grantor diligently and in good faith proceeds to remove such Airframe or Engine from such area. No Grantor shall permit such Airframe or Engine to be used, operated, maintained, serviced, repaired or overhauled (x) in violation of any Applicable Law or (y) in violation of any airworthiness certificate, license or registration of any Governmental Authority relating to such Airframe or Engine, except to the extent the validity or application of any such law or requirement relating to any such certificate, license or registration is being contested in good faith by such Grantor in any reasonable manner which does not involve any material risk of the sale, forfeiture or loss of such Airframe or Engine, any material risk of criminal liability or material civil penalty against the Collateral Agent or any Secured Party or impair the Appropriate Party's security interest in such Airframe or Engine.

(e) Maintenance and Repair. It shall cause all Aircraft and Engine Assets to be maintained, serviced, repaired and overhauled in accordance with maintenance standards required by or substantially equivalent to those required by the FAA so as to keep such Aircraft and Engine Assets in such operating condition as may be necessary to enable the applicable airworthiness certification of such Airframe or, in the case of any Engine that is installed on an Aircraft, the applicable Aircraft to be maintained under the regulations of the FAA. Each Grantor further agrees that each Airframe or Engine constituting Collateral will be maintained, used, serviced, repaired, overhauled or inspected in compliance with Applicable Laws with respect to the maintenance of the Airframes and Engines and in compliance with each applicable airworthiness certificate, license and registration relating to such Airframe or Engine issued by the applicable Aviation Authority.

(f) Registration. It shall cause each Airframe to remain duly registered in its name under Title 49, except as otherwise expressly permitted under any Loan Document.

(g) Markings. The placards described under "Perfection Requirement" in this Annex may be removed temporarily, if necessary, in the course of maintenance of the Airframes and Engines. If any such placard is damaged or becomes illegible, the applicable Grantor shall promptly replace it with a placard complying with the requirements of this Annex. If the Collateral Agent is replaced or its name is changed, such Grantor shall replace such placards with new placards reflecting the correct name of the Collateral Agent promptly after such Grantor receives notice of such replacement or change (in any event within fifteen (15) days).

*Replacement of Parts, Alterations, Modification and Additions.*

(h) Replacement of Parts. Except as otherwise provided herein, so long as the security interest created herein has not been released in accordance with the Loan Agreement, each applicable Grantor, at its own cost and expense, will, at its own cost and expense, promptly replace (or cause to be replaced) all Parts which may from time to time be incorporated or installed in or attached to such Airframe or Engine and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. In addition, each Grantor may, at its own cost and expense, remove in the ordinary course of maintenance, service, repair, overhaul or testing any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; provided, however, that such Grantor, except as otherwise provided herein, at its own cost and expense, will, promptly replace such Parts. All replacement parts shall be free and clear of all Liens, except Permitted Liens and shall be in as good an operating condition and have a value and utility not less than the value and utility of the Parts replaced (assuming such replaced Parts were in the condition required hereunder).

(i) Parts Subject to Lien. Except as otherwise provided herein, any Part at any time removed from an Airframe or Engine shall remain subject to the security interest created in this Mortgage, no matter where located, until such time as such Part shall be replaced by a part that has been incorporated or installed in or attached to such Airframe or Engine and that meets the requirements for replacement parts specified above. Immediately upon any replacement part becoming incorporated or installed in or attached to such Airframe or Engine as provided in this Annex, without further act, (i) the replaced Part shall thereupon be free and clear of all rights of the Collateral Agent and shall no longer be deemed a Part hereunder and (ii) such replacement part shall become subject to this Agreement and be deemed part of such Airframe or Engine, as the case may be, for all purposes hereof to the same extent as the Parts originally incorporated or installed in or attached to such Airframe or Engine.

(j) [Reserved.]

(k) Alterations, Modifications and Additions. It shall make alterations and modifications in and additions to each Airframe and Engine as may be required to be made from time to time to meet the applicable standards of the FAA, to the extent made mandatory in respect of such Airframe or Engine (a "**Mandatory Alteration**"); provided, however, that each Grantor may, in good faith and by appropriate procedure, contest the validity or application of any law, rule, regulation or order in any reasonable manner which does not materially adversely affect the Appropriate Party's interest in such Airframe or Engine and does not involve any material risk of sale, forfeiture or loss of such Airframe or Engine or the interest of the Appropriate Party therein, or any material risk of material civil penalty or any material risk of criminal liability being imposed on the Collateral Agent or any Secured Party. In addition, each Grantor, at its own expense, may from time to time make such alterations and modifications in and additions to any Airframe or Engine (each an "**Optional Alteration**") as such Grantor may deem desirable in the proper conduct of its business including the removal of Parts which such Grantor deems are obsolete or no longer suitable or appropriate for use in such Airframe or Engine ("**Obsolete Parts**"); provided, however, that no such Optional Alteration to an Airframe or Engine shall (i) materially diminish the fair market value, utility or remaining useful life of such Airframe or Engine below its fair market value, utility or remaining useful life immediately

prior to such Optional Modification (assuming such Airframe or Engine was in the condition required by this Agreement immediately prior to such Optional Modification) or (ii) cause such Airframe to cease to have the applicable standard certificate of airworthiness. All Parts incorporated or installed in or attached to any Airframe or Engine as the result of any alteration, modification or addition effected by each applicable Grantor shall be free and clear of any Liens except Permitted Liens and become subject to the Lien of this Agreement; provided that such Grantor may, at any time so long as any Airframe or Engine is subject to the Lien of this Agreement, remove any Part (such Part being referred to herein as a "**Removable Part**") from such Airframe or Engine if (i) such Part is in addition to, and not in replacement of or in substitution for, any Part originally incorporated or installed in or attached to such Airframe or Engine at the time of original delivery thereof by the Manufacturer or any Part in replacement of, or in substitution for, any such original Part, (ii) such Part is not required to be incorporated or installed in or attached or added to such Airframe or Engine pursuant to the terms of this Annex and (iii) such Part can be removed from such Airframe or Engine without materially diminishing the fair market value, utility or remaining useful life which such Airframe or Engine would have had at the time of removal had such removal not been effected by such Grantor, assuming such Airframe or Engine was otherwise maintained in the condition required by this Agreement and such Removable Part had not been incorporated or installed in or attached to such Airframe or Engine. Upon the removal by any applicable Grantor of any such Removable Part or Obsolete Part as above provided, (A) title thereto shall, without further act, be free and clear of all rights of the Collateral Agent and (B) such Removable Part or Obsolete Part shall no longer be deemed a Part hereunder.

*Loss, Destruction or Requisitions: Addition of Airframes and Engines.*

(l) Event of Loss. Upon the occurrence of an Event of Loss with respect to an Airframe or an Engine:

(i) each applicable Grantor shall promptly upon obtaining knowledge of such Event of Loss (and in any event within fifteen (15) Business Days after such occurrence) give the Collateral Agent written notice of such Event of Loss.

(ii) prior to the occurrence of a Recovery Event with respect to such Airframe or Engine, each applicable Grantor shall have the right to replace and substitute such Airframe or Engine in accordance with Sections 4(p) and 4(q) of this Annex, as applicable.

(iii) each Grantor shall comply with the applicable requirements of Section 2.06(b)(ii) of the Loan Agreement with respect to any Recovery Event relating to such Event of Loss, and upon such compliance, the Airframe or Engine suffering such Event of Loss shall be released from the Lien of this Agreement.

(m) Requisition for Use. In the event of a requisition for use by any Governmental Authority or a CRAF activation of an Airframe, Engine (whether or not installed on an Airframe), or engine installed on such Airframe while such Airframe is subject to the Lien of this Agreement, each applicable Grantor shall promptly notify the Collateral Agent of such requisition or activation and all of such Grantor's obligations under this Agreement and the Loan Agreement shall continue to the same extent as if such requisition or activation had not occurred and shall not be reduced or delayed by such requisition or activation. So long as no Event of Default shall have occurred and be continuing, any payments received by the Collateral Agent or any Grantor from such Governmental Authority with respect to such requisition of use or activation may be paid over to, or retained by, such Grantor and shall not be required to be paid over to the Collateral Agent to hold as Collateral.

(n) Conditions to Addition of Airframe. When any Grantor (including any Additional Grantor) is granting a security interest to the Collateral Agent for the benefit of the Secured Parties in an additional Airframe (an "**Additional Airframe**") pursuant to the requirements under the Loan Documents, such Grantor shall, at such Grantor's sole cost and expense, fulfill the following conditions:

(i) an executed counterpart of a Pledge Supplement covering such Additional Airframe;

(ii) an executed counterpart of a Mortgage Supplement (in form and substance satisfactory to the Appropriate Party) covering such Additional Airframe, which shall have been duly filed for recordation pursuant to the Act or such other Applicable Law or as required under the terms of this Agreement;

(iii) each applicable Grantor shall have furnished to the Collateral Agent such evidence of compliance with the insurance provisions of this Annex with respect to such Additional Airframe;

(iv) (A) the Additional Airframe shall have been duly certified by the FAA as to type and airworthiness, (B) application for registration of the Additional Airframe in accordance with the terms of this Annex shall have been duly made with and granted by the FAA and each applicable Grantor shall own and have the authority to operate the Additional Airframe and (C) each applicable Grantor shall have caused the sale of such Additional Airframe to the such Grantor (if occurring after February 28, 2006) and the International Interest granted under the Mortgage Supplement in favor of the Collateral Agent for the benefit of the Secured Parties with respect to such Additional Airframe, each to be registered on the International Registry as a sale or an International Interest, respectively;

(v) the Collateral Agent and the Appropriate Party, at the expense of the Grantors, shall have received (A) an opinion of counsel, reasonably satisfactory to the Appropriate Party and addressed to the Secured Parties, to the effect that this Agreement creates a valid security interest in each applicable Grantor's interest in the Additional Airframe, the Secured Parties will be entitled to the benefits of Section 1110 of the U.S. Bankruptcy Code with respect to the Additional Airframe and a UCC filing has been filed with respect thereto resulting in a perfected security interest to the extent the UCC is applicable and (B) an opinion of such Grantor's aviation law counsel reasonably satisfactory to and addressed to the Appropriate Party as to the due registration of any such Additional Airframe and the due filing for recordation of the Mortgage Supplement with respect to such Additional Airframe under the Act and any other Applicable Law, and the perfection and first priority (other than with respect to any Liens permitted under the Loan Agreement) of the security interest in the Additional Airframe, granted to the Appropriate Party hereunder and the registration with the International Registry of the sale of such Additional Airframe, to such Grantor (if occurring after February 28, 2006) and the International Interest granted under the Mortgage Supplement with respect to such Additional Airframe;

(vi) the Grantor shall have delivered an Appraisal of such Additional Airframe to the Appropriate Party and, if such Additional Airframes were delivered to such grantor by the manufacturers within ninety (90) days prior to the date such Additional Airframe is added as Collateral, in an officer's certificate attesting to the foregoing; and

(vii) the Grantor shall have taken such other actions and furnished such other certificates and documents as the Appropriate Party may require in order to assure that the Additional Airframe is duly and properly subjected to the Lien of this Agreement.

(o) Conditions to Addition of Engine. When any Grantor (including any Additional Grantor) is granting a security interest to the Collateral Agent for the benefit of the Secured Parties in an additional Engine (an "**Additional Engine**") pursuant to the requirements under the Loan Documents, such Grantor shall, at such Grantor's sole cost and expense, fulfill the following conditions:

(i) an executed counterpart of a Pledge Supplement covering such Additional Engine;

(ii) an executed counterpart of a Mortgage Supplement covering the Additional Engine, which shall have been duly filed for recordation pursuant to the Act;

(iii) such Grantor shall have furnished to the Appropriate Party such evidence of compliance with the insurance provisions of this Agreement with respect to such Additional Engine;

(iv) such Grantor shall have furnished to the Collateral Agent and the Appropriate Party an opinion of counsel from counsel satisfactory to the Appropriate Party to the effect that (A) this Agreement creates a valid security interest in such Grantor's interest in the Additional Engine and (B) the Secured Parties will have the benefits of Section 1110 of the U.S. Bankruptcy Code with respect to the Additional Engine, and a UCC filing has been filed with respect thereto resulting in a perfected security interest to the extent the UCC is applicable;

(v) such Grantor shall have furnished to the Appropriate Party an opinion of such Grantor's aviation law counsel satisfactory to the Appropriate Party as to the due filing for recordation of the Mortgage Supplement with respect to such Additional Engine under the Act or any other Applicable Law, and the perfection and first priority (other than with respect to any Permitted Lien) of the security interest in the Additional Engine granted to the Appropriate Party hereunder, and the registration with the International Registry of the sale to the Grantor of such Additional Engine (if occurring after February 28, 2006) and the International Interest granted under such Mortgage Supplement with respect to such Additional Engine;

(vi) such Grantor shall have caused the sale of such Additional Engine to such Grantor (if occurring after February 28, 2006) and the International Interest granted under such Mortgage Supplement in favor of the Appropriate Party with respect to such Additional Engine each to be registered on the International Registry as a sale or an International Interest, respectively;

(vii) such Grantor shall have delivered an Appraisal of such Additional Engine to the Appropriate Party and, if such Additional Engine were delivered new to such Grantor by the manufacturers within ninety (90) days prior to the date such Additional Engine is added as Collateral, in an officer's certificate attesting to the foregoing; and

(viii) such Grantor shall have taken such other actions and furnished such other certificates and documents as the Appropriate Party may require in order to assure that the Additional Engine is duly and properly subjected to the Lien of this Agreement.

Promptly after the recordation of the Mortgage Supplement or other requisite documents or instruments covering such Additional Engine, if any, pursuant to the Act, the Grantor shall cause to be delivered to the Appropriate Party an opinion of counsel, satisfactory in form and substance to the Appropriate Party, as to the due recordation of the Mortgage Supplement or other requisite documents or instruments covering such Additional Engine and the perfection and first priority (other than with respect to any Liens permitted under the Loan Agreement) of the security interest in such Additional Engine granted to the Appropriate Party hereunder.

(p) Substitution of Airframes.

(i) Each Grantor shall have the right at its option at any time, on at least five (5) days' prior notice to the Collateral Agent and the Appropriate Party, at such Grantor's sole cost and expense, to substitute an Additional Airframe to replace any Airframe (such replaced Airframe, the "**Replaced Airframe**") (including, if so elected by such Grantor, in satisfaction of any applicable obligations in relation to an Event of Loss with respect to such Airframe prior to the occurrence of a related Recovery Event) in accordance with the requirements of Section 6.17(b)(iii) of the Loan Agreement and Section 4(n) of this Annex. Such Additional Airframe shall be an airframe manufactured by the Manufacturer of the Replaced Airframe that is the same model as the Replaced Airframe, or an improved model, and that has a value and utility (without regard to hours and cycles remaining until overhaul) at least equal to the Replaced Airframe (assuming that such Airframe had been maintained in accordance with this Agreement (and, as applicable, had not suffered such Event of Loss), which value and utility shall be established by an Appraisal delivered pursuant to the terms of this Agreement; provided, that, until an Appraisal is obtained for such Additional Airframe, it shall be deemed to have the same Appraised Value of zero).

(ii) Each Grantor's right to make a substitution hereunder shall be subject to the delivery of (A) a written request from the applicable Grantor, requesting release of the Replaced Airframe from Collateral and specifically describing such Airframe and (B) a certificate of a Responsible Officer of such Grantor providing:

1. a description of the Replaced Airframe which shall be identified by Manufacturer, model, FAA registration number and Manufacturer's serial number;

2. a description of the Additional Airframe (including the Manufacturer, model, FAA registration number and manufacturer's serial number) to be received as consideration for the Replaced Airframe;

3. that on the date of the Mortgage Supplement relating to the Additional Airframe, such Grantor will be the legal owner of such Additional Airframe free and clear of all Liens (other than the Lien under this Agreement and Permitted Liens), and that such Additional Airframe has been duly registered in the name of such Grantor under Chapter 441 of the Transportation Code and that an airworthiness certificate has been duly issued under Chapter 447 of the Transportation Code with respect to such Additional Airframe, and that such registration and certificate is in full force and effect, and that such Grantor has the full right and authority to use such Additional Airframe;

4. that the insurance required by this Agreement is in full force and effect with respect to such Additional Airframe and all premiums then due thereon have been paid in full;

5. that no Event of Default has occurred and is continuing or would result from the making and granting of the request for release and the addition of such Additional Airframe; and

6. that the conditions set forth in Section 6.17(b)(iii) of the Loan Agreement and Section 4(n) of this Annex have been satisfied after giving effect to such substitution (it being understood and agreed, for the avoidance of doubt, that any reference in Section 6.17(b)(iii) of the Loan Agreement to existing Additional Collateral shall include such Replaced Airframe).

(iii) Immediately upon the satisfaction of conditions set forth in this Section 4(p) of this Annex and without further act, (A) the Replaced Airframe shall thereupon be released from and be free and clear of the Lien of this Agreement and shall no longer be deemed Collateral and (B) such Additional Airframe shall become subject to this Agreement as an Airframe and as Collateral.

(q) Substitution of Engines.

(i) Each Grantor shall have the right at its option at any time, on at least five (5) days' prior notice to the Collateral Agent and the Appropriate Party, at such Grantor's sole cost and expense, to substitute an Additional Engine to replace any Engine (such replaced Engine, the "**Replaced Engine**") (including, if so elected by such Grantor, in satisfaction of any applicable obligations in relation to an Event of Loss with respect to such Engine) in accordance with the requirements of Section 6.17(b)(iii) of the Loan Agreement and Section 4(o) of this Annex. Such Additional Engine shall be an engine manufactured by the Manufacturer of the Replaced Engine that is the same model as the Replaced Engine, or an improved model, and that has a value and utility (without regard to hours and cycles remaining until overhaul) at least equal to the Replaced Engine (assuming that the Replaced Engine had been maintained in accordance with this Agreement (and, as applicable, had not suffered such Event of Loss), which value and utility shall be established by an Appraisal delivered pursuant to the terms of this Agreement; provided that, until an Appraisal is obtained for such Additional Engine, it shall be deemed to have the same Appraised Value of zero).

(ii) Each Grantor's right to make a substitution hereunder shall be subject to the delivery of (A) a written request from the applicable Grantor, requesting release of the Replaced Engine from Collateral and specifically describing the Replaced Engine and (B) a certificate of a Responsible Officer of such Grantor providing:

1. a description of the Replaced Engine which shall be identified by Manufacturer's name and serial number;

2. a description of the Additional Engine (including the Manufacturer's name and serial number) to be received as consideration for the Replaced Engine;

3. that on the date of the Mortgage Supplement relating to the Additional Engine, such Grantor will be the legal owner of such Additional Engine free and clear of all Liens (other than the Lien under this Agreement and Permitted Liens);

4. that the insurance required by this Agreement is in full force and effect with respect to such Additional Engine and all premiums then due thereon have been paid in full;

5. that no Event of Default has occurred and is continuing or would result from the making and granting of the request for release and the addition of such Additional Engine; and

6. that the conditions set forth in Section 6.17(b)(iii) of the Loan Agreement and Section 4(o) of this Annex have been satisfied after giving effect to such substitution (it being understood and agreed, for the avoidance of doubt, that any reference in Section 6.17(b)(iii) of the Loan Agreement to existing Additional Collateral shall include such Replaced Engine).

(iii) Immediately upon the satisfaction of conditions set forth in this Section 4(q) of this Annex and without further act, (A) the Replaced Engine shall thereupon be released from and be free and clear of the Lien of this Agreement and shall no longer be deemed Collateral and (B) such Additional Engine shall become subject to this Agreement as an Engine and as Collateral.

*Insurance.*

(r) Each applicable Grantor shall furnish to the Collateral Agent such evidence of compliance with the insurance provisions of this Annex with respect to Airframe and Engines constituting Collateral.

(s) Each Grantor shall ensure that at all times the Collateral Agent, for the benefit of the Secured Parties, shall be named as an additional insured and lender loss payee with respect to the insurance policies referenced in Appendix I with respect to any Aircraft and Engine Assets constituting Collateral and take any other steps required under this Annex.

(t) Obligation to Insure. Each Grantor (as applicable) shall comply with, or cause to be complied with, each of the provisions of Appendix I to this Annex, which provisions are hereby incorporated by this reference as if set forth in full herein.

(u) Insurance for Own Account. Nothing in this Annex shall limit or prohibit (i) any Grantor's from maintaining the policies of insurance required under Appendix I of this Annex with higher coverage than those specified in Appendix I, or (ii) the Collateral Agent or any other

Additional Insured from obtaining, upon the occurrence of an Event of Default, at the Grantors' expense, insurance for its own account (and any proceeds payable under such separate insurance shall be payable as provided in the policy relating thereto); provided, however, that no insurance may be obtained or maintained that would limit or otherwise adversely affect the coverage of any insurance required to be obtained or maintained by any Grantor pursuant to this Annex and Appendix I of this Annex.

(v) Application of Insurance Proceeds. As between each applicable Grantor and the Collateral Agent, all insurance proceeds received as a result of the occurrence of an Event of Loss with respect to any Airframe or Engine constituting Collateral at the time of such receipt shall be applied in accordance with Section 2.06(b) of the Loan Agreement.

5. **Defaults and Remedies**. If any Event of Default shall have occurred and be continuing, without limiting the generality of Section 8.1 of this Agreement, the Collateral Agent may:

(a) Exercise all of the rights and remedies of a secured party under the UCC and the Cape Town Treaty.

6. **Release of Collateral**. Each Grantor and the Collateral Agent agree that

(a) Upon satisfaction and completion, as determined by the Appropriate Party, of the conditions for release of any Aircraft and Engine Assets, Replaced Airframe or Replaced Engine constituting Collateral from the Lien granted hereby in accordance with to Section 6.17(b)(iii) of the Loan Agreement, such Aircraft and Engine Assets, Replaced Airframe or Replaced Engine, as the case may be, shall be released from the Lien granted under this Agreement, and the Collateral Agent will thereupon execute and deliver to the applicable Grantor, at such Grantor's sole expense, all appropriate UCC termination statements and other documents that such Grantor shall reasonably request to evidence such release and shall take necessary action to permit such Grantor to register with the International Registry the discharge of the International Interest created by this Agreement in such released Aircraft and Engine Assets, Replaced Airframe or Replaced Engine. The Collateral Agent shall have no liability whatsoever to any Secured Party as a result of its execution of any such documentation with respect to any such release. The release of an Airframe or Engine from the Lien of this Agreement shall have effect without further action of releasing all other Collateral, including the related Airframe Documents and Engine Documents, respectively, relating to such released Airframe or Engine.

7. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

(a) The terms of this Annex shall be deemed incorporated into and part of this Agreement.

(b) The terms of this Annex are cumulative in nature and shall not limit the applicability or scope of the other terms of this Agreement.

(c) It is the intention of the parties that the Appropriate Party shall be entitled to the benefits of Section 1110 with respect to the right to take possession of the Airframes and Engines as provided herein in the event of a case under Chapter 11 of the Bankruptcy Code in which the Grantor is a debtor, and in any instance where more than one construction is possible of the terms and conditions hereof or any other pertinent Loan Document, each such party agrees that a construction which would preserve such benefits shall control over any construction which would not preserve such benefits.

(d) The applicable Grantor shall deliver to the Collateral Agent a certificate from a Responsible Officer of such Grantor in the form set forth in Exhibit B hereto, dated as of the Closing Date (and, in the case of such Grantor's execution and delivery of a Mortgage Supplement or Pledge Supplement, the date thereof) which shall contain representations that such Grantor (i) is an "air carrier" within the meaning of Section 40102 of Title 49 and holds a certificate under Section 40102 of Title 49, (ii) has exclusive title in all Aircraft and Engine Assets constituting Collateral, and (iii) each Airframe constituting Collateral has been duly registered in the name of the Grantor under Chapter 441 of the Transportation Code and an airworthiness certificate has been duly issued under Chapter 447 of the Transportation Code with respect to each Airframe constituting Collateral.

8. **Terms**. The following capitalized terms used in this Annex shall have the following meanings:

(a) "**Additional Insureds**" is defined in Appendix I to this Annex.

(b) "**Aircraft**" shall mean, in the case of any Engine, the Airframe or airframe on which such Engine is then installed (if any).

(c) "**Aircraft and Engine Assets**" shall mean:

(i) Each Airframe as the same is now and will hereafter be constituted, together with (a) all Parts of whatever nature, which are from time to time included within the definition of "Airframe", including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Airframes (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and (b) all Airframe Documents owned by, or in the possession of, the applicable Grantor;

(ii) Each Engine as the same is now and will hereafter be constituted, and whether or not any such Engine shall be installed on or attached to an Airframe or any other airframe, together with (a) all Parts of whatever nature, which are from time to time included within the definition of "Engines", including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Engines (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and (b) all Engine Documents owned by, or in the possession of, the applicable Grantor;

(iii) Any continuing rights of any Grantor in respect of any warranty, indemnity or agreement, express or implied, as to title, materials, workmanship, design or patent infringement with respect to such Airframes or Engines (reserving in each case to the Grantor, however, all of the Grantor's other rights and interest in and to such warranty, indemnity or agreement) together in each case under this clause with all rights, powers, privileges, options and other benefits of such Grantor thereunder (subject to such reservations) with respect to such Airframes or Engines, including the right to make all waivers and agreements, to give and receive all notices and other instruments or communications, to take such action upon the occurrence of a default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by law, and to do any and all other things which such Grantor is or may be entitled to do thereunder (subject to such reservations);

(iv) All General Intangibles which are owned by such Grantor (including the General Intangibles described on Schedule 2.1) relating to Aircraft and Engine Assets described in the foregoing; and

(v) All Insurance with respect to any of the foregoing.

(d) "**Aircraft Protocol**" means the official English language text of the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment adopted on November 16, 2001, at a diplomatic conference in Cape Town, South Africa, and all amendments, supplements and revisions thereto, as in effect in the United States.

(e) "**Airframe**" means (a) each airframe that is identified by Manufacturer model, United States registration number and Manufacturer's serial number in Schedule 2.1 or in the initial Mortgage Supplement or any subsequent Mortgage Supplement or any subsequent Pledge Supplement, in each case, executed and delivered by any Grantor and (b) any and all Parts incorporated or installed in or attached or appurtenant to such airframe, and any and all Parts removed from such airframe, unless the Lien of this Agreement shall not be applicable to such Parts in accordance with Section 4 of this Annex, but excluding any such airframe that has subsequently been released from the Lien of this Agreement pursuant to the Loan Agreement.

(f) "**Airframe Documents**" means, with respect to any Airframe, all technical data, manuals and log books, and all inspection, modification and overhaul records and other service, repair, maintenance and technical records that are required by the FAA (or the relevant Aviation Authority), to be maintained with respect to such Airframe, and such term shall include all additions, renewals, revisions and replacements of any such materials from time to time made, or required to be made, by the FAA (or other Aviation Authority) regulations, and in each case in whatever form and by whatever means or medium (including any microfiche, microfilm, paper or computer disk) such materials may be maintained or retained by or on behalf of the applicable Grantor; provided that such term shall not include manuals and data relating to aircraft generally of the same fleet type as the Airframe as opposed to the Airframe specifically.

(g) "**Aviation Authority**" means, in the case of any Aircraft or Airframe, the FAA or, if such Aircraft or Airframe is permitted to be, and is, registered with any other Governmental Authority, such other Governmental Authority.

(h) "**Cape Town Convention**" shall mean the official English language text of the Convention on International Interests in Mobile Equipment, adopted on November 16, 2001 at a diplomatic conference in Cape Town, South Africa, and all amendments, supplements and revisions thereto, as in effect in the United States.

(i) "**Cape Town Treaty**" shall mean, collectively, (a) the Cape Town Convention, (b) the Aircraft Protocol, and (c) all rules and regulations (including the Regulations and Procedures for the International Registry) adopted pursuant thereto and all amendments, supplements and revisions thereto.

(j) "**CRAF**" means the Civil Reserve Air Fleet Program established pursuant to 10 U.S.C. Section 9511-13 or any similar substitute program.

(k) "**Engine**" means (a) each of the engines identified by Manufacturer, model and Manufacturer's serial number in Schedule 2.1 or in the initial Mortgage Supplement or any subsequent Mortgage Supplement or any subsequent Pledge Supplement, in each case, executed and delivered by any Grantor and whether or not from time to time installed on an Airframe or installed on any other airframe, and (b) any and all Parts incorporated or installed in or attached or appurtenant to such engine, and any and all Parts removed from such engine, unless the Lien created hereunder shall not apply to such Parts in accordance with Section 4 of this Annex, but excluding any such engine that has subsequently been released from the Lien in accordance with the terms of this Agreement.

(l) "**Engine Documents**" means, with respect to any Engine, all technical data, manuals and log books, and all inspection, modification and overhaul records and other service, repair, maintenance and technical records that are required by the FAA (or the relevant Aviation Authority), to be maintained with respect to such Engine, and such term shall include all additions, renewals, revisions and replacements of any such materials from time to time made, or required to be made, by the FAA (or other Aviation Authority) regulations, and in each case in whatever form and by whatever means or medium (including any microfiche, microfilm, paper or computer disk) such materials may be maintained or retained by or on behalf of any Grantor; provided that such term shall not include manuals and data relating to engines generally of the same type as the Engine as opposed to the Engine specifically.

(m) "**Event of Loss**" means with respect to any Airframe or Engine, any of the following circumstances, conditions or events with respect to such property, for any reason whatsoever:

(i) the destruction of such property, damage to such property beyond economic repair or rendition of such property permanently unfit for normal use by the applicable Grantor;

(ii) the actual or constructive total loss of such property or any damage to such property, or requisition of title or use of such property, which results in an insurance settlement with respect to such property on the basis of a total loss or constructive or compromised total loss;

(iii) any theft, hijacking or disappearance of such property for a period of one hundred and eighty (180) consecutive days or more; or

(iv) any seizure, condemnation, confiscation, taking or requisition (including loss of title) of such property by any Governmental Authority or purported Governmental Authority for a period exceeding one hundred and eighty (180) consecutive days.

(n) "**FAA Filed Document**" shall mean the Mortgage Supplement executed by a Grantor.

(o) "**International Interest**" shall mean an "international interest" as defined in the Cape Town Treaty.

(p) "**International Registry**" shall mean the "International Registry" as defined in the Cape Town Treaty.

(q) "**Mandatory Alteration**" shall have the meaning given in this Annex.

(r) "**Manufacturer**" shall mean, with respect to any Airframe, Engine or Part, the manufacturer thereof.

(s) "**Mortgage Supplement**" shall mean an FAA Mortgage, substantially in the form of Exhibit A to this Annex, with appropriate modifications to reflect the purpose for which it is being used in form and substance satisfactory to the Appropriate Party.

(t) "**Obsolete Part**" shall have the meaning given in Section 4(j) of this Annex.

(u) "**Optional Alteration**" shall have the meaning given in Section 4(j) of this Annex.

(v) "**Parts**" means all appliances, parts, components, instruments, appurtenances, accessories, furnishings, seats and other equipment of whatever nature (other than Engines or engines), that may from time to time be installed or incorporated in or attached or appurtenant to any Airframe or any Engine or removed therefrom unless the Lien created under this Agreement shall not be applicable to such Parts in accordance with Section 4 of this Annex.

**APPENDIX I**

**INSURANCE**

A. Liability Insurance.

1. Except as provided in Section A.2 below, the applicable Grantor will carry at all times, at no expense to the Collateral Agent or any Secured Party, commercial airline legal liability insurance (including any passenger liability, property damage, baggage liability, cargo and mail liability, hangarkeeper's liability and contractual liability insurance) with respect to each Airframe and Engine (including, as applicable, in respect of an applicable Aircraft or airframe on which an Engine is then installed) which is (i) in an amount not less than the amount of commercial airline legal liability insurance from time to time applicable to aircraft (and airframes and engines) owned or leased and operated by the applicable Grantor of the same type and operating on similar routes as such aircraft, airframe or engine and (ii) of the type and covering the same risks as from time to time applicable to aircraft operated by the applicable Grantor of the same type as such aircraft, airframe or engine; and (iii) maintained in effect with insurers of nationally or internationally recognized responsibility (such insurers being referred to herein as "Approved Insurers").

2. During any period that an Aircraft, Airframe or Engine is on the ground and not in operation, the applicable Grantor may carry, in lieu of the insurance required by Section A.1 above, insurance otherwise conforming with the provisions of said Section A.1 except that (i) the amounts of coverage shall not be required to exceed the amounts of liability and property damage insurance from time to time applicable to aircraft owned or operated by the applicable Grantor of the same type as such Aircraft, Airframe or Engine which is on the ground and not in operation and (ii) the scope of the risks covered and the type of insurance shall be the same as from time to time shall be applicable to aircraft, airframes or engines, as applicable, owned or operated by the applicable Grantor of the same type which are on the ground and not in operation by the applicable Grantor on the ground, not in operation, and stored or hangared.

B. Hull Insurance.

1. Except as provided in Section B.2 below, the applicable Grantor will carry, at no expense to the Collateral Agent or any Secured Party, with Approved Insurers "all-risk" aircraft hull insurance covering the Airframes and Engines (including when the Engine is not installed on any airframe) which is of the type as from time to time applicable to airframes and engines owned by the applicable Grantor of the same type as such Airframe or Engine for an amount denominated in United States Dollars not less than, for each Aircraft, Airframe or Engine, 100% of the Appraised Value (which, as applicable based on the relevant Appraisal, may at the applicable Grantor's option be a combined value for an Aircraft comprised of its Airframe and associated Engines, or separate such values for any Airframe or Engine) as set forth in the most recent Appraisal delivered pursuant to the Loan Agreement before the date (or renewal date) of the applicable insurance policies (the "Agreed Value"), or, prior to the delivery of the initial Appraisal covering such Aircraft, Airframe or Engine, the applicable "Agreed Value" set forth in the initial insurance certificate delivered with respect thereto, but in no event, in all cases, less than applicable replacement value (as reasonably determined by the applicable Grantor and its insurers); and in each case such insurance shall include all-risk property damage insurance covering Engines temporarily removed from an Aircraft and Parts while temporarily removed from

any Airframe or Engine, in each case and not replaced by similar components for not less than the replacement value thereof which are of the type as from time to time applicable to components owned by the applicable Grantor of the same type as such Engine and Parts for an amount denominated in United States Dollars (which replacement value shall, for an Engine with a separate Agreed Value pursuant to the foregoing, be not less than such Agreed Value).

All losses will be adjusted by the applicable Grantor with the insurers; provided, however, that during a period when an Event of Default shall have occurred and be continuing, the applicable Grantor shall not agree to any such adjustment without the consent of the Appropriate Party.

Any policies of insurance carried in accordance with this Section B.1 or Section C covering any Aircraft, Airframe or Engine and any policies taken out in substitution or replacement for any such policies shall provide that insurance proceeds under such policies shall be payable directly to the Collateral Agent for prompt deposit into a Collateral Proceeds Account if such insurance proceeds are in respect of an Event of Loss. The Collateral Agent shall be entitled to notify an insurer that such insurance proceeds shall be paid directly to the Collateral Agent as provided in the immediately preceding sentence.

For the avoidance of doubt, this Section B.1 shall not prohibit standard deductibles for hull insurance carried by the applicable Grantor.

2. During any period that an Aircraft, Airframe or Engine is on the ground and not in operation, the applicable Grantor may carry, in lieu of the insurance required by Section B.1 above, insurance otherwise conforming with the provisions of said Section B.1 except that the scope of the risks and the type of insurance shall be the same as from time to time applicable to aircraft owned by the applicable Grantor of the same type as such Aircraft, Airframe or Engine similarly on the ground and not in operation; provided that the applicable Grantor shall maintain insurance against risk of loss or damage to such Aircraft, Airframe or Engine in an amount at least equal to the Agreed Value for such Aircraft, Airframe or Engine during such period that it is on the ground and not in operation.

C. War-Risk, Hijacking and Allied Perils Insurance.

If the applicable Grantor shall at any time operate or propose to operate the Aircraft, Airframe or any Engine (i) in any area of recognized hostilities or (ii) on international routes and war-risk, hijacking or allied perils insurance is maintained by the applicable Grantor with respect to other aircraft owned or operated by the applicable Grantor on such routes or in such areas, the applicable Grantor shall maintain war-risk, hijacking and related perils insurance of substantially the same type carried by major United States commercial air carriers operating the same or comparable models of aircraft on similar routes or in such areas and in no event in an amount less than the Agreed Value.

D. General Provisions.

Any policies of insurance carried in accordance with Sections A, B and C, including any policies taken out in substitution or replacement for such policies:

in the case of Section A, shall name the Collateral Agent and each other Secured Party (collectively, the "Additional Insureds"), as an additional insured, as its interests may appear;

shall apply worldwide and have no territorial restrictions or limitations (except only in the case of war, hijacking and related perils insurance required under Section C, which shall apply to the fullest extent available in the international insurance market);

shall provide that, in respect of the coverage of the Additional Insureds in such policies, the insurance shall not be invalidated by any act or omission (including misrepresentation and nondisclosure) by the applicable Grantor which results in a breach of any term, condition or warranty of the polices; provided that the Additional Insured so protected has not caused, contributed to or knowingly condoned said act or omission. However, the coverage afforded the Additional Insured will not apply in the event of exhaustion of policy limits or to losses or claims arising from perils specifically excluded from coverage under the policies;

shall provide that, if the insurers cancel such insurance for any reason whatsoever, or if any material change is made in the insurance policies by insurers which adversely affects the interest of any of the Additional Insureds, such cancellation or change shall not be effective as to the Additional Insureds for thirty (30) days (seven (7) days in the case of war risk, hijacking and allied perils insurance and ten (10) days in the case of nonpayment of premium) after receipt by the Additional Insureds of written notice by such insurers of such cancellation or change; provided that, if any notice period specified above is not reasonably obtainable, such policies shall provide for as long a period of prior notice as shall then be reasonably obtainable;

shall waive any rights of setoff (including for unpaid premiums), recoupment, counterclaim or other deduction, whether by attachment or otherwise, against each Additional Insured;

shall waive any right of subrogation against any Additional Insured;

shall be primary without right of contribution from any other insurance that may be available to any Additional Insured;

shall provide that all of the liability insurance provisions thereof, except the limits of liability, shall operate in all respects as if a separate policy had been issued covering each party insured thereunder;

shall provide that none of the Additional Insureds shall be liable for any insurance premium; and

shall contain a 50/50 Clause per Lloyd's Aviation Underwriters' Association Standard Policy Form AVS 103 or U.S. market equivalent.

E. Reports and Certificates; Other Information.

On or prior to the Closing Date or on the date of delivery of any Pledge Supplement with respect to each Airframe and Engine constituting Collateral, and on or prior to each renewal date of the insurance policies required hereunder, the applicable Grantor will furnish or cause to be furnished to the Collateral Agent insurance certificates describing in reasonable detail the commercial insurance maintained by the applicable Grantor hereunder and a report, signed by the applicable Grantor's regularly retained independent insurance broker (the "Insurance Broker"), stating the opinion of such Insurance Broker that (a) all premiums in connection with the commercial insurance then due have been paid and (b) such insurance complies with the terms of this Appendix I. To the extent such agreement is reasonably obtainable the applicable Grantor will also cause the Insurance Broker to agree to advise the Secured Parties in writing of any default in the payment of any premium and of any other act or omission on the part of the applicable Grantor of which it has knowledge and which might invalidate or render unenforceable, in whole or in part, any commercial insurance on such Airframe or Engine or cause the cancellation or termination of such insurance, and to advise the Secured Parties in writing at least thirty (30) days (seven (7) days in the case of war-risk and allied perils coverage and ten (10) days in the case of nonpayment of premium, or such shorter period as may be available in the international insurance market, as the case may be) prior to the cancellation or material adverse change of any commercial insurance maintained pursuant to this Appendix I.

F. Right to Pay Premiums.

The Additional Insureds shall have the rights but not the obligations of an additional named insured. None of the Collateral Agent or the other Additional Insureds shall have any obligation to pay any premium, commission, assessment or call due on any such insurance (including reinsurance). Notwithstanding the

foregoing, in the event of cancellation of any insurance due to the nonpayment of premiums, the Collateral Agent shall have the option, as directed by the Required Lenders, to pay any such premium in respect of the Aircraft that is due in respect of the coverage pursuant to this Agreement and to maintain such coverage, as the Collateral Agent or the Appropriate Party may require, until the scheduled expiry date of such insurance and, in such event, the applicable Grantor shall, upon demand, reimburse the Collateral Agent or any Lender for amounts so paid by it, together with interest therein at the Default Rate from the date of payment.

G. Salvage Rights; Other.

All salvage rights to each Airframe and Engine shall remain with the applicable Grantor's insurers at all times, and any insurance policies of the Collateral Agent insuring any Airframe or Engine shall provide for a release to the applicable Grantor of any and all salvage rights in and to any Airframe and Engine.

**[FORM OF MORTGAGE SUPPLEMENT]_**

**FAA MORTGAGE**

THIS FAA MORTGAGE dated _____ (herein, this "FAA Mortgage") made by [_____], a [_____] (together with its permitted successors and assigns, the "Grantor"), in favor of The Bank of New York Mellon, as the Collateral Agent (together with its successors and permitted assigns, the "Collateral Agent").

**W I T N E S S E T H:**

WHEREAS, the Pledge and Security Agreement, dated as of [●] (herein called the "PSA"; capitalized terms used herein but not defined shall have the meaning ascribed to them in the PSA), a partially redacted copy of which is appended hereto as Appendix I, between the Grantor and the Collateral Agent, provides for the execution and delivery of this FAA Mortgage substantially in the form hereof, which shall particularly describe certain collateral, and shall specifically mortgage the same to the Collateral Agent;

WHEREAS, the PSA was entered into between the Grantor and the Collateral Agent in order to secure the Secured Obligations; and

WHEREAS, the Grantor wishes to subject the Airframes and Engines described in Schedule 2.1 of the PSA, a copy of which is attached hereto as Exhibit A, to the security interest created by the PSA by execution and delivery of this FAA Mortgage, and by reference herein to the terms of the PSA which are hereby made a part hereof, and this FAA Mortgage is being filed for recordation on the date hereof with the FAA pursuant to Title 49 by the FAA at Oklahoma City, Oklahoma;

NOW, THEREFORE, THIS FAA MORTGAGE , in order to secure the prompt payment and performance of the Secured Obligations from time to time outstanding and to secure the performance and observance by the Grantor and each of the other Credit Parties of all the agreements, covenants and provisions contained in the Loan Documents for the benefit of the Secured Parties, the Grantor has mortgaged, assigned, pledged, hypothecated, transferred, conveyed and granted, and does hereby mortgage, assign, pledge, hypothecate, transfer, convey and grant, unto the Collateral Agent, for the security and benefit of the Secured Parties, a continuing first priority security interest, and in respect of the Cape Town Treaty, an International Interest, in all right, title and interest of the Grantor in, to and under the following described property:

1. [The Airframes as further described on Exhibit A hereto, in each case together with any and all Parts of whatever nature, which are from time to time included within the definitions of "Airframe", including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to each such Airframe (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and all Airframe Documents relating to each such Airframe; and

2. The Engines as further described on Exhibit A hereto, in each case together with any and all Parts of whatever nature, which are from time to time included within the definition of "Engines", including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to each such Engine (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts) and all Engine Documents relating to each such Engine.][5]

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Collateral Agent, its successors and assigns, for the uses and purposes and subject to the terms and provisions set forth in the PSA.

This FAA Mortgage shall be governed by, and construed in accordance with, the law of the State of New York.

This FAA Mortgage shall be construed in every way in accordance to the terms of the PSA and as a part thereof, and the PSA is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

[remainder of page intentionally left blank]

5 Note to Form: Revise as appropriate to reflect what is listed on Exhibit A.

IN WITNESS WHEREOF, the Grantor has caused this FAA Mortgage to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

[_____]

By: _____
Name:
Title:

EXHIBIT A
TO
FAA MORTGAGE

THE AIRFRAMES:[6]

| No. | Owner | U.S. Registration No. | Airframe Manufacturer | Airframe Model | Airframe Serial No. |
|---|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] | [●] |

THE ENGINES:[7]

| No. | Manufacturer | Model | Generic Manufacturer and Model | Manufacturer's Serial No. |
|---|---|---|---|---|
| 1. | [●] | [●] | [●] | [●] |

(Each of which Engines having at least 550 rated takeoff horsepower, or in the case of jet propulsion at least 1,750 lb of thrust, or the equivalent thereof)

6 Note to Form: Eliminate if no Airframes are listed.
7 Note to Form: Eliminate if no Engines are listed.

[REDACTED COPY OF PSA]

Annex 3

**Form of Officer's Certificate**

[*See attached*]

Annex 3

Each Grantor and the Collateral Agent hereby agree that [(i)] the terms of this Annex shall apply with respect to Collateral consisting of SGR Assets and the Grantors of such Collateral[ and (ii) the terms of Annex 2 shall apply to the Control Collateral relating to any SGR Assets constituting Collateral and Annex 2 is incorporated herein][8].

1. **Perfection Requirement**. The following requirements shall be included in the definition of "Perfection Requirement" and shall constitute an additional "Perfection Requirement":

   (a) [All conditions and steps constituting Perfection Requirement under Annex 2.][9]

2. **Required Filings**. Each of the following financing statement, filing, recording or other document shall be included in the definition of "Required Filing" and shall constitute an additional "Required Filing":

   (a) UCC financing statements for any SGR Assets constituting Collateral in such filing offices as the Appropriate Party deems advisable to perfect or protect the security interest set forth therein.

3. **Representations and Warranties**. Each Grantor (as applicable) hereby represents and warrants, on the Closing Date and on the date of each Borrowing (or, in the case of an Additional Grantor or Additional Collateral, on the date of such Grantor's execution and delivery of a Pledge Supplement, or the date such Additional Collateral becomes subject to the security interest created hereby, as applicable):

   (a) Schedule 2.1 sets forth (i) all Route Authorities that constitute Collateral, including the departing airport and the arriving airport for each such Route Authority, (ii) a true, correct and complete list of the Slots as of the date hereof (assuming full operation of the Route Authorities) and (iii) a copy of each certificate or order issued by the United States Department of Transportation (and any successor thereto) representing all Route Authorities constituting Collateral as of the date hereof.

   (b) There are no filings, registrations or recordings under Title 49 necessary to create, preserve, protect or perfect the security interests granted by such Grantor to the Collateral Agent for the benefit of the Secured Parties in respect of the SGR Assets constituting Collateral.

   (c) The Grantor holds its Pledged Gate Leaseholds being used for operation of the Scheduled Services pursuant to authority granted by the applicable Airport Authority or Foreign Aviation Authority, and there exists no material violation of the regulations, terms, conditions or limitations of the relevant Airport Authority or Foreign Aviation Authority applicable to any Pledged Gate Leasehold or any provision of law applicable to the Pledged Gate Leasehold that gives any applicable Airport Authority or Foreign Aviation Authority the right to terminate, cancel, withdraw or modify the rights of the Grantor in any such Pledged Gate Leasehold.

8 Note to Form: Use if any deposit accounts will be pledged with SGR Assets.
9 Note to Form: Use if any deposit accounts will be pledged with SGR Assets.

(d) Except for matters that would not reasonably be expected to result in a Material Adverse Effect or a Collateral Material Adverse Effect, no consent of any other party, and no consent, authorization, approval, or other action by, and (except in connection with the perfection of the Lien created in the SGR Assets) no notice to or filing with, any Governmental Authority or other Person is required either (x) for the pledge by the Grantor of the SGR Assets constituting Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement or (y) for the exercise by the Collateral Agent of its rights and remedies in respect of the SGR Assets constituting Collateral; provided, however, that (A) the transfer of (other than the grant or pledge of a security interest in) the Route Authorities is subject to the consent of the DOT pursuant to Section 41105 of Title 49 and is subject to Presidential review pursuant to Section 41307 of Title 49, (B) the FAA Route Slots, if any, may not be transferred (other than the lease or trade of, or the grant or pledge of a security interest in, such FAA Route Slots), (C) the transfer of Gate Leaseholds may be subject to the foregoing actions by Governmental Authorities, Foreign Aviation Authorities or Airport Authorities, aviation authorities, air carriers or other lessors and (D) the transfer of Foreign Route Slots may be subject to approval by the applicable Foreign Aviation Authority or Airport Authorities. Section 4.1(f) and 4.1(h) of this Agreement shall be subject to, and deemed qualified by, the foregoing.

(e) Pledged Slots. Except for matters that would not reasonably be expected to result in a Material Adverse Effect or a Collateral Material Adverse Effect, and taking into account any waivers or other relief granted to the applicable Grantor by the applicable authorities, each Grantor holds its respective Pledged Slots pursuant to authority granted by the applicable Governmental Authorities and Foreign Aviation Authorities, and there exists no material violation by such Grantor of the terms, conditions or limitations of any rule, regulation or order of the applicable Governmental Authorities or Foreign Aviation Authorities regarding such Pledged Slots or any provisions of law applicable to such Pledged Slots that gives any applicable Governmental Authority or Foreign Aviation Authority the right to modify in any material respect, terminate, cancel or withdraw the rights of such Grantor in any such Pledged Slots to the extent such Governmental Authority or Foreign Aviation Authority would not have such right in the absence of such violation.

(f) Pledged Route Authorities. Each Grantor holds or co-holds the requisite authority to operate over such Grantor's Pledged Route Authorities pursuant to Title 49 and all rules and regulations promulgated thereunder, subject only to the regulations of the DOT, the FAA and the applicable Foreign Aviation Authorities and applicable treaties and bilateral and multilateral air transportation agreements, and there exists no material violation by such Grantor of any certificate or order issued by the DOT authorizing such Grantor to operate over such Pledged Route Authorities, the rules and regulations of any applicable Foreign Aviation Authority with respect to such Pledged Route Authorities or the provisions of Title 49 and rules and regulations promulgated thereunder applicable to such Pledged Route Authorities that gives the FAA, DOT or any applicable Foreign Aviation Authority the right to modify in any material respect, terminate, cancel or withdraw the rights of such Grantor in any such Pledged Route Authorities.

4. **Covenants**. Each Grantor (as applicable) covenants and agrees that:

(a) It shall promptly notify the Collateral Agent (which notice shall constitute notice required under Section 5.03 of the Loan Agreement) notice or knowledge of any violation of any Applicable Laws or agreements with respect to the SGR Assets constituting Collateral or such Grantor's use thereof that could result in, or could reasonably be expected to result in, a Material Adverse Effect or a Collateral Material Adverse Effect.

(b) [Reserved].

(c) [Reserved].

(d) It will at all times (i) possess and maintain all certificates, exemptions, licenses, permits, designations, authorizations, frequencies and consents required by the FAA, the DOT or any applicable Foreign Aviation Authority or Airport Authority or any other Governmental Authority that are material to the operation of the Pledged Route Authorities and Pledged Slots operated by it, and to the conduct of its business and operations as currently conducted, in each case, to the extent necessary for the Grantor's operation of the Scheduled Services, (ii) maintain Pledged Gate Leaseholds sufficient to ensure its ability to operate the Scheduled Services and to preserve its right in and to its Pledged Slots, (iii) utilize its Pledged Slots in a manner consistent with applicable regulations, rules, foreign law and contracts in order to preserve its right to hold and use its Pledged Slots, taking into account any waivers or other relief granted to it by the FAA, the DOT, any Foreign Aviation Authority or any Airport Authority, (iv) cause to be done all things reasonably necessary to preserve and keep in full force and effect its rights in and to use its Pledged Slots, including satisfying any applicable Use or Lose Rule, taking into account any waivers or other relief granted to it by the FAA, the DOT, any Foreign Aviation Authority or any Airport Authority, (v) utilize its Pledged Route Authorities in a manner consistent with Title 49, applicable foreign law, the applicable rules and regulations of the FAA, the DOT and any applicable Foreign Aviation Authorities, and any applicable treaty in order to preserve its rights to operate the Scheduled Services and (vi) cause to be done all things reasonably necessary to preserve and keep in full force and effect its authority to operate the Scheduled Services, except in each case, to the extent that any failure to do so would not reasonably be expected to result in a Material Adverse Effect or a Collateral Material Adverse Effect. Without in any way limiting the foregoing, each Grantor will promptly take all such steps as may be necessary to obtain renewal of its Pledged Route Authorities from the DOT and any applicable Foreign Aviation Authorities, in each case to the extent necessary to operate the Scheduled Services, within a reasonable time prior to the expiration of such authority (as prescribed by law or regulation, if any), and promptly notify the Appropriate Party if it has been informed that such authority will not be renewed, except to the extent that any failure to take such steps would not reasonably be expected to result in a Material Adverse Effect or a Collateral Material Adverse Effect. Each Grantor will pay any applicable filing fees and other expenses related to the submission of applications, renewal requests, and other filings as may be reasonably necessary to maintain or obtain its rights in its Pledged Route Authorities and have access to its Pledged Gate Leaseholds in each case to the extent necessary to operate the Scheduled Services.

(e) It will not Dispose of any SGR Assets constituting Collateral except for:

i. Dispositions permitted by Section 6.04(b) or (c) of the Loan Agreement;

ii. exchanges of Slots in the ordinary course of business that in Grantor's reasonable judgment are of reasonably equivalent value (so long as the Slots received in such exchange are concurrently pledged under this Agreement and constitute Eligible Collateral, and such exchange would not result in a Material Adverse Effect or a Collateral Material Adverse Effect);

iii. the termination of leases or subleases or airport use or license agreements in the ordinary course of business to the extent such terminations do not have a Material Adverse Effect or a Collateral Material Adverse Effect;

iv. abandonment or return of Slots and Gate Leaseholds (A) required by the DOT, the FAA, Airport Authorities, Foreign Aviation Authorities or other Governmental Authority or (B) in the ordinary course of business consistent with past practices and does not materially and adversely affect the business of the Parent and its Restricted Subsidiaries, taken as a whole and, in each case, which would not reasonably be expected to result in a Material Adverse Effect or a Collateral Material Adverse Effect; and

v. any leasing, licensing and use agreements with respect to assets and properties that constitute Slots or Gate Leaseholds in the ordinary course of business and swap agreements or similar arrangements with respect to Slots in the ordinary course of business and, in each case, which leasing, licensing and use agreement or swap agreement or similar agreement (A)(i)(x) has a term of one year or less, or does not extend beyond two comparable IATA traffic seasons (and contains no option to extend beyond either of such periods), or (y) if longer (including any option period), is expressly subject and subordinate to the rights (including remedies) of the Collateral Agent under this Agreement on terms reasonably satisfactory to the Collateral Agent (acting at the direction of the Appropriate Party), or (ii) is for purposes of operations by another airline operating under a brand associated with the applicable Grantor or otherwise operating routes at such Grantor's direction under a code share agreement, capacity purchase agreement, pro-rate agreement or similar arrangement between such airline and such Grantor, and (B) in each case, would not reasonably be expected to result in a Material Adverse Effect or a Collateral Material Adverse Effect; provided that, at any time, the aggregate of the most recently Appraised Value of such Slots and Gate Leaseholds subject to any leasing, licensing and use agreements at such time and of such Slots subject to any swap agreements or similar arrangements at such time, in each case permitted under clause (A)(i)(y) above, is no greater than the lesser of (x) $[●] or (y) [●]% of the most recently Appraised Value of the Collateral consisting of SGR Assets; and provided, further, that the applicable Grantor's rights under any such leasing, licensing, use, swap or similar agreement or arrangement shall constitute Collateral hereunder (but no representations or covenants shall apply in respect thereof).

(f) Upon the request of the Collateral Agent (acting at the direction of the Appropriate Party), it shall use commercially reasonable efforts to deliver, in respect of each of the FAA Slots, undated slot transfer documents in form and substance reasonably satisfactory to the Collateral Agent (acting at the direction of the Appropriate Party) (considering any requirements by the DOT, the FAA and/or Airport Authority), executed in blank to be held in escrow by the Collateral Agent.

5. **Defaults and Remedies.**

(a) If any Event of Default shall have occurred and be continuing, without limiting the generality of Section 8.1 of this Agreement, the Collateral Agent may:

i. declare the entire right, title and interest of any Grantor in, to and under the SGR Assets constituting Collateral vested in the Collateral Agent, in which event such right, title and interest shall immediately vest in the Collateral Agent. Such Grantor agrees to execute and deliver such deeds of conveyance, assignments and other documents or instruments (including any notices or applications to the DOT, the FAA, applicable Foreign Aviation Authorities, Governmental Authorities or Airport Authorities having jurisdiction over any such SGR Assets constituting Collateral or the use thereof) necessary or advisable to effectuate the transfer of such SGR Assets constituting Collateral (and as requested by the Appropriate Party or the Collateral Agent), together with copies of the certificates or orders issued by the DOT and the Foreign Aviation Authorities representing the same and any other rights of such Grantor with respect thereto, to any designee or designees selected by the Collateral Agent and approved by all necessary Governmental Authorities, Foreign Aviation Authorities and Airport Authorities (provided that if any of the foregoing is not permitted under the Law or by the DOT or applicable Governmental Authority, Foreign Aviation Authority or Airport Authority, the Collateral Agent for the benefit of the Secured Parties shall nevertheless continue to have all of such Grantor's right, title and interest in, to and under all of the Proceeds (of any kind) received or to be received by such Grantor upon the use, transfer or other disposition of such SGR Assets constituting Collateral); it being understood that each Grantor's obligation to deliver such SGR Assets constituting Collateral and such documents and instruments with respect thereto, subject to the aforesaid limitations, is of the essence of this Agreement;

ii. require any Grantor, and each Grantor hereby agrees and covenants to, upon the occurrence and during the continuance of an Event of Default, use its reasonable best efforts to obtain all approvals and consents that would be required to transfer or assign all SGR Assets constituting Collateral as the Collateral Agent, acting on behalf of the Secured Parties, may designate; and

iii. use the blank, undated, signed Slot transfer documents held in escrow (in form and substance reasonably satisfactory to the Collateral Agent (acting at the direction of the Appropriate Party) (considering any requirements by the DOT, the FAA and/or Airport Authority)) from time to time as a means to effectuate a transfer as contemplated herein.

(b) Notwithstanding any other provision of this Agreement, subject to Section 5(a) of this Annex 4, if any Transfer Restriction applies to the transfer or assignment of (but not the creation of a security interest in) any of the right, title or interest referred to SGR Assets constituting Collateral, any provision of this Agreement permitting the Collateral Agent to cause the Grantor to transfer or assign to it or any other person any of the Grantor's right, title or interest in any such SGR Assets constituting Collateral (and any right the Collateral Agent may have under Applicable Law to do so by virtue of the security interest granted to it under this Agreement) shall be subject to such Transfer Restriction.

6. **Release of Collateral**. Each Grantor and the Collateral Agent agree that:

(a) For the avoidance of doubt, (i) if any Slot ceases to be included in the SGR Assets constituting Collateral because it ceases to be actually utilized in connection with the Scheduled Services or any Foreign Gate Leasehold ceases to be included in the SGR Assets constituting Collateral because it ceases to be used for servicing the Scheduled

Services relating to the airport at which such Foreign Gate Leasehold is located, such Slot or Foreign Gate Leasehold shall be automatically released from the Lien of this Agreement and (ii) subject to Section 5(b) of this Annex, if any FAA Slot or Foreign Slot now held or hereafter acquired by any Grantor becomes an FAA Route Slot or a Foreign Route Slot, respectively, or any right, title, privilege, interest and authority now held or hereafter acquired by such Grantor in connection with the right to use or occupy space in an airport terminal becomes a Foreign Gate Leasehold, such FAA Slot, Foreign Slot or right, title, privilege, interest and authority shall be automatically subject to the Lien of this Security Agreement.

(b) Upon satisfaction and completion, as determined by the Appropriate Party, of the conditions for release of any SGR Assets constituting Collateral from the Lien granted hereby in accordance with Section 6.17(b)(iii) of the Loan Agreement, such SGR Assets shall be released from the Lien granted under this Agreement, and the Collateral Agent will thereupon execute and deliver to the applicable Grantor, at such Grantor's sole expense, all appropriate UCC termination statements and other documents that such Grantor shall reasonably request to evidence such release. The Collateral Agent shall have no liability whatsoever to any Secured Party as a result of its execution of any such documentation with respect to any such release.

(c) In connection with any release of any SGR Assets constituting Collateral pursuant to this Section 6, the Collateral Agent will execute and deliver to the applicable Grantor, at such Grantor's sole expense, all appropriate UCC termination statements and other documents that such Grantor shall reasonably request to evidence such release. The Collateral Agent shall have no liability whatsoever to any Secured Party as a result of any release of SGR Assets constituting Collateral by it as permitted by this Section 6.

7. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

(a) The terms of this Annex shall be deemed incorporated into and part of this Agreement.

(b) The terms of this Annex are cumulative in nature and shall not limit the applicability or scope of the other terms of this Agreement.

(c) It is understood and agreed that, notwithstanding anything to the contrary in this Agreement (including Section 5.2(a)), Schedule 2.1(c) (Slots) is intended to be descriptive of the Slots listed on such Schedule as of the date hereof and shall not be construed as limiting in any way the SGR Assets constituting Collateral subject to this Agreement, except as may otherwise be expressly set forth herein.

(d) Any amendment or modification of the Scheduled Services in Schedule 2.1 identified as of a certain date shall be in form and content similar to the information provided for such Collateral in Schedule 2.1 on the Closing Date.

8. **Terms**. The following capitalized terms used in this Annex shall have the following meanings:

(a) "**Airport Authority**" means any city or any public or private board or other body or organization chartered or otherwise established for the purpose of administering, operating or managing an airport or related facilities.

(b) "**Collateral Material Adverse Effect**" means a material adverse effect on the Appraised Value (as defined in the Loan Agreement) of the Collateral consisting of SGR Assets, taken as a whole.

(c) "**Domestic Airport**" means any international airport located in the United States.

(d) "**Domestic Gate Leasehold**" means, at any time of determination, all of the right, title, privilege, interest and authority of a Grantor to use or occupy space in an airport terminal at any Domestic Airport, in each case, to the extent necessary at the relevant time of determination for servicing the scheduled air carrier service authorized by a Route Authority relating to such airport.

(e) "**Excluded Asset**" means, solely for purposes of this Annex and any SGR Assets constituting Collateral, in lieu of the same term in the Agreement, (i) any asset of a Grantor, if, to the extent and only for so long as the grant of a Lien on such asset to secure the Secured Obligations is prohibited or otherwise restricted by, or requires additional action or consent (that has not been taken or obtained) under, any agreement (unless the counterparty of such agreement is an Affiliate of any Grantor) or Applicable Law, or entitles any Governmental Authority or third party to terminate or suspend any right, title or interest in any such asset (or the Grantor's interest in any agreement or license related thereto) in each case in this clause (i) except (A) to the extent that the UCC or any other Applicable Law provides that such grant of Lien is effective irrespective of any prohibitions to such grant or (B) so long as any such agreement was not entered into for the purpose of prohibiting or restricting such grant of Lien and (ii) any lease, license, contract, property right or agreement to which any Grantor is a party to the extent any such lease, license, contract, property right or agreement by its terms or Applicable Law, prohibits, or requires consent (unless such consent has been received or is of an Affiliate of any Grantor) to the granting of a Lien in the rights of such Grantor thereunder or which Lien would be invalid or unenforceable upon any such grant, in each case in this clause (ii) except (A) to the extent that the UCC or any other Applicable Law provides that such grant of Lien is effective irrespective of any prohibitions to such grant of Lien or (B) so long as any such lease, license, contract, property right or agreement was not entered into for the purpose of prohibiting or restricting such grant of Lien; provided, however, that clauses (i) and (ii) shall not apply to the pledge of any Route Authorities or FAA Slots ;and provided, further, that Excluded Assets shall not include any Control Collateral or Proceeds, substitutions or replacements of any Excluded Assets referred to in clauses (i) through (ii) (unless such Proceeds, substitutions or replacements would independently constitute Excluded Assets referred to in clauses (i) through (ii)).

(f) "**FAA Route Slot**" means, at any time of determination, any FAA Slot of such Grantor at any Domestic Airport, in each case (i) to the extent such FAA Slot is actually being utilized at the relevant time of determination in connection a Scheduled Service and (ii) excluding any Temporary Slot.

(g) "**FAA Slot**" means, at any time of determination, the right and operational authority to conduct an Instrument Flight Rule (as defined in Title 14) scheduled landing or take-off operation at a specific time or during a specific time period at such Domestic Airport, including slots, arrival authorizations and operating authorizations, whether pursuant to FAA or DOT regulations or orders pursuant to Title 14, Title 49 or other federal statutes or regulations now or hereinafter in effect.

(h) "**Foreign Airport**" means each international airport not located in the United States that is an origin and/or destination point with respect to any Scheduled Service.

(i) "**Foreign Aviation Authority**" means any non-U.S. governmental, quasi-governmental, regulatory or other agency, public corporation or private entity that exercises jurisdiction over the issuance or authorization (i) to serve any non-U.S. point on any Scheduled Service that any Grantor is serving at any time and/or to conduct operations related to any Scheduled Service and Gate Leaseholds at any time and/or (ii) to hold and operate any Foreign Route Slots at any time.

(j) "**Foreign Gate Leasehold**" means all of the right, title, privilege, interest and authority, now held or hereafter acquired, of the Grantor in connection with the right to use or occupy space at an airport terminal at any Foreign Airport but in each case excluding any Foreign Gate Leasehold of Grantor that, at such time, is held, acquired, used, allocated to or available for use by another air carrier pursuant to an agreement (including any loan agreement, lease agreement, or other gate leasehold use arrangement).

(k) "**Foreign Route Slot**" means, at any time of determination, any Foreign Slot of a Grantor at any Foreign Airport, but in each case excluding (i) any Temporary Slot and (ii) any Foreign Slot of Grantor that, at such time, is held, acquired, used, allocated to or available for use by another air carrier pursuant to an agreement (including any loan agreement, lease agreement, slot exchange agreement or a slot release agreement).

(l) "**Foreign Slot**" means, at any time of determination, in the case of airports outside the United States, the right and operational authority to conduct one landing or take-off operation at a specific time or during a specific time period at such airport.

(m) "**Gate Leasehold**" means each Domestic Gate Leasehold and each Foreign Gate Leasehold, or any of the foregoing.

(n) "**Governmental Authority**" has the meaning set forth in the Loan Agreement, except that for purposes of this Annex, Governmental Authority shall not include any Person in its capacity as an Airport Authority.

(o) "**IATA**" means the International Air Transport Association and any successor thereto.

(p) "**Material Adverse Effect**" shall have the meaning given in Section 1.01 of the Loan Agreement except that, in the case of SGR Assets, clause (b)(ii) of Material Adverse Effect shall refer to "the legality, validity, binding effect or enforceability against the Borrower or any Credit Party of any Loan Document to which it is a party or the validity, perfection and first priority of the Liens on the Collateral in favor of the Collateral Agent taken as a whole or with respect to a material portion of the Collateral".

(q) "**Pledged Gate Leaseholds**" means, as of any date, the Gate Leaseholds included in the Collateral as of such date.

(r) "**Pledged Route Authorities**" means, as of any date, the Route Authorities included in the Collateral as of such date.

(s) "**Pledged Slots**" means, as of any date, the Slots included in the Collateral as of such date.

(t) "**Route Authorities**" means, at any time of determination, any route authority whether currently in effect or hereafter granted to each Grantor to operate Scheduled Services between the points identified in Schedule 2.1 to this Agreement (as such Schedule may be amended or modified from time to time pursuant to this Agreement), including applicable frequencies, notices, approvals, orders, exemptions and certificate authorities issued to such Grantor from time to time, in each case whether or not utilized by the Grantor.

(u) "**Scheduled Services**" means, at any time of determination, (i) each non-stop scheduled air carrier service between any Domestic Airport listed on Schedule 2.1 and any Foreign Airport listed on Schedule 2.1 of this Agreement (as such Schedule may be amended, or modified from time to time pursuant to this Agreement) (x) being operated by a Grantor or (y) available for operation by a Grantor (to the extent, with respect to clause (y), included in the then most recent Appraisal delivered under the Loan Agreement) and (ii) any other non-stop scheduled air carrier service (x) being operated by a Grantor at such time or (y) available for operation by a Grantor (to the extent, with respect to clause (y), included in the then most recent Appraisal delivered under the Loan Agreement) that has been designated as an additional "Scheduled Service" pursuant to any Pledge Supplement, and "Scheduled Service" shall mean any of such Scheduled Services as the context requires.

(v) "**SGR Assets**" shall consist of:

i. Gate Leaseholds;

ii. Route Authorities;

iii. Slots;

iv. Grantor's rights under any leasing, licensing and use agreements with respect to any of the foregoing Slots and Gate Leaseholds and under swap or similar agreements or arrangements with respect to any of the foregoing Slots; and

v. All General Intangibles which are owned by such Grantor (including the General Intangibles described on Schedule 2.1) relating to the SGR Assets.

(w) "**Slot**" means each FAA Route Slot and each Foreign Route Slot, or any of the foregoing.

(x) "**Temporary Slot**" means, a Slot that was obtained by any Grantor from another air carrier pursuant to an agreement (including any loan agreement, lease agreement, slot exchange agreement, a slot release agreement or other use arrangement) and is held by such Grantor on a temporary basis.

(y) "**Title 49**" means Title 49 of the United States Code, which, among other things, recodified and replaced the U.S. Federal Aviation Act of 1958, and the rules and regulations promulgated pursuant thereto, as amended from time to time or any subsequent legislation that amends, supplements or supersedes such provisions.

(z) "**Transfer Restriction**" means any restriction or consent requirement relating to the transfer or assignment by a Grantor of any right, title or interest in (but not the creation of a security interest in) any type of property or any claim, right or benefit arising thereunder or resulting therefrom, if an attempted transfer or assignment thereof without

the consent of any third party would (i) constitute a violation of the terms under which the Grantor was granted such right, title or interest (or the Grantor's interest in any agreement or license related thereto), (ii) entitle any Governmental Authority or third party to terminate or suspend any such right, title or interest (or the Grantor's interest in any agreement or license related thereto), or (iii) violate any Applicable Law, rule or regulation, except, in any case, to the extent such "Transfer Restriction" shall be rendered ineffective (both to the extent that it (x) prohibits, restricts or requires consent and (y) gives rise to a default, breach, right of recoupment, claim, defense, termination, right of termination or remedy) by virtue of any Applicable Law, including Sections 9-406, 9-407, 9-408 or 9-409 of the UCC as in effect, from time to time, in the State of New York, to the extent applicable (or any corresponding sections of the UCC in a jurisdiction other than the State of New York to the extent applicable).

(aa) "**Use or Lose Rule**" means, with respect to Slots, any applicable utilization requirements issued by the FAA, other Governmental Authorities, any Foreign Aviation Authorities or any Airport Authorities.

Each Grantor and the Collateral Agent hereby agree that the terms of this Annex shall apply with respect to Collateral consisting of Pledged Collateral.

1. **Perfection Requirement**. The following requirements shall be included in the definition of "Perfection Requirement" and shall constitute an additional "Perfection Requirement" with respect to Collateral consisting of:

   (a) Certificated Securities, each applicable Grantor shall, on or prior to the Closing Date and immediately upon the issuance thereof after the Closing Date, deliver or cause to be delivered to the Collateral Agent, for it to hold in its possession, the Security Certificates evidencing such Certificated Securities duly indorsed by an effective indorsement (within the meaning of Section 8-107 of the UCC) or accompanied by undated share transfer powers or other instruments of transfer duly endorsed by such an effective endorsement, in each case, to the Collateral Agent or in blank. In addition, each Grantor shall cause any certificates evidencing any Pledged Equity Interests to be similarly delivered to the Collateral Agent, for it to hold in its possession, regardless of whether such Pledged Equity Interests constitute Certificated Securities. Each delivery after the Closing Date pursuant to the requirement under this clause (a) shall be accompanied by a schedule describing the Certificated Securities and Pledged Equity Interests so delivered, which schedule shall supplement Schedule 2.1; provided that failure to provide any such schedule or any error therein shall not affect the validity of the pledge of any Certificated Securities or Pledged Equity Interests.

   (b) Instruments constituting Pledged Debt, each applicable Grantor shall on or prior to the Closing Date and immediately upon the issuance thereof after the Closing Date, deliver to the Collateral Agent, for it to hold in its possession, all such Instruments duly indorsed or accompanied by an undated transfer powers or other instruments of transfer duly endorsed by such an effective endorsement, in each case, to the Collateral Agent or in blank. Each delivery after the Closing Date pursuant to the requirement under this clause (b) shall be accompanied by a schedule describing the Instruments so delivered, which schedule shall supplement Schedule 2.1; provided that failure to provide any such schedule or any error therein shall not affect the validity of the pledge of any such Instruments.

2. **Representations and Warranties**. Each Grantor (as applicable) represents and warrants, on the Closing Date and on the date of each Borrowing (or, in the case of an Additional Grantor or Additional Collateral, on the date of such Grantor's execution and delivery of a Pledge Supplement, or the date such Additional Collateral becomes subject to the security interest created hereby, as applicable):

   (a) Schedule 2.1 sets forth all Pledged Collateral that constitutes Collateral.

   (b) All Pledged Equity Interests and Pledged Debt issued by the Parent, the Borrower, a Grantor (or, in each case, a Subsidiary thereof), (A) have been duly and validly authorized, (B) are fully paid and nonassessable and (C) are legal, valid and binding obligations of the issuers thereof.

   (c) (i) The Pledged Collateral is and will continue to be freely transferable and assignable and (ii) there are and will be no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any Pledged Equity Interests.

(d) Upon satisfaction and completion of all conditions and steps that constitute Perfection Requirement in this Agreement and this Annex, the Collateral Agent will obtain a legal, valid and perfected first-priority security interest upon and in such all Pledged Collateral subject to no Lien (other than the Liens created hereunder and other Permitted Liens).

(e) Unless otherwise specified in Schedule 2.1 of this Agreement, any Pledged Equity Interests consisting of an interest in a limited liability company, a partnership or limited partnership are not represented by a certificate and are not a "security" within the meaning of the UCC.

3. **Covenants**. Each Grantor (as applicable) covenants and agrees that:

(a) In the event such Grantor receives any dividends, interest or distributions on any Pledged Collateral upon the merger, consolidation, liquidation or dissolution of any issuer or obligor thereof, then (a) such dividends, interest or distributions and securities or other property shall be included in the definition of Collateral without further action and (b) such Grantor shall immediately take all steps, if any, necessary or advisable to ensure the validity, perfection, priority and, if applicable, Control of the Collateral Agent over such Pledged Collateral and pending any such action, such Grantor shall be deemed to hold such dividends, interest, distributions, securities or other property in trust for the benefit of the Collateral Agent and shall segregate such dividends, distributions, Securities or other property from all other property of such Grantor. Notwithstanding the immediately foregoing sentence, without limiting the restrictions and limitations contained in Section 6.05 of the Loan Agreement, all cash dividends, interest or distributions on any Pledged Collateral may be retained and used by the applicable Grantor so long as no Event of Default shall have occurred and be continuing.

(b) The Pledged Equity Interests consisting of an interest in a limited liability company, a partnership or limited partnership shall not be represented by a certificate, and no Grantor shall elect to treat any such Pledged Equity Interests as a "security" within the meaning of the UCC other than to the extent any Pledged Equity Interests were represented by a certificate as of the Closing Date.

(c) So long as no Event of Default shall have occurred and be continuing, except as otherwise provided in this Agreement or other Loan Documents, each Grantor shall be entitled to exercise or refrain from exercising any and all voting and other consensual rights pertaining to the Pledged Collateral or any part thereof for any purpose not inconsistent with the terms of the Loan Agreement, this Agreement or any other Loan Documents; provided that no Grantor shall exercise or refrain from exercising such voting and powers in any manner that (y) would reasonably be expected to materially and adversely affect the rights and remedies of the Collateral Agent with respect to the Pledged Collateral or (z) would result in, or would reasonably be expected to result in, a Material Adverse Effect.

(d) [If, after the Closing Date, any Grantor forms or acquires a Subsidiary that is a party to a contract, agreement, transaction or other undertaking constituting a Material Loyalty Program Agreement or Loyalty Program Agreement, then such Grantor will, as promptly as practicable and, in any event, within one (1) Business Day (in the case of a Material Loyalty Program Agreement) and ten (10) Business Days (in the case of a Loyalty

Program Agreement) after such Subsidiary is formed or acquired, notify that Appropriate Party thereof and, at the request of the Appropriate Party, pledge, in favor of the Appropriate Party, all such Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of any Grantor.]

4. **Defaults and Remedies.** Without limiting the generality of Section 8.1 of this Agreement and in addition to any rights and remedies that the Collateral Agent may have under the Loan Documents and the Applicable Law:

(a) Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Pledged Collateral conducted without prior registration or qualification of such Pledged Collateral under the Securities Act and/or such state securities laws, to limit purchasers to those who will agree, among other things, to acquire the Pledged Collateral for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sale may be at prices and on terms less favorable than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act) and, notwithstanding such circumstances, each Grantor agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Collateral Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Pledged Collateral for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would, or should, agree to so register it. If the Collateral Agent determines to exercise its right to sell any or all of the Pledged Collateral, upon written request, each Grantor shall and shall cause each issuer of the Pledged Collateral to be sold hereunder from time to time to furnish to the Collateral Agent all such information as the Collateral Agent may request in order to determine the number and nature of interest, shares or other instruments included in the Pledged Collateral which may be sold by the Collateral Agent in exempt transactions under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

(b) Each Grantor hereby authorizes and instructs each issuer of any Pledged Collateral that constitute Collateral to (i) comply with any instruction received by it from the Collateral Agent that (x) states that an Event of Default (or another applicable similar trigger event) has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from any other Person, and each Grantor agrees that each issuer shall be fully protected in so complying, and (ii) upon the occurrence and continuance of any Event of Default, unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Pledged Collateral directly to the Collateral Agent.

(c) If an Event of Default has occurred and is continuing:

(i) at the direction of the Collateral Agent (acting at the direction of the Required Lenders), all rights of each Grantor to exercise or refrain from exercising the voting and other consensual rights which it would otherwise be entitled to exercise pursuant hereto shall cease and all such rights shall thereupon become vested in the Collateral Agent, which shall thereupon have the sole and exclusive right to exercise such voting and other consensual rights.

(ii) all rights of any Grantor to dividends, interest, principal or other distributions that such Grantor is authorized to receive as otherwise which it would otherwise be entitled to exercise pursuant hereto shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, interest, principal or other distributions. All dividends, interest, principal or other distributions received by any Grantor contrary to this provision shall be held in trust for the benefit of, or for and on behalf of, the Collateral Agent and the other Secured Parties, shall be segregated from other property or funds of such Grantor and shall be forthwith delivered to the Collateral Agent upon demand in the same form as so received (with any necessary endorsements, stock or note powers or other instruments of transfer). Any and all money and other property paid over to or received by the Collateral Agent pursuant to this provision shall be retained by the Collateral Agent in an account in the name of the relevant Grantor to be established by the Collateral Agent and held as security for the payment and performance of the Secured Obligations and shall be applied in accordance with the provisions of Section 7.02 of the Loan Agreement.

(iii) each Grantor will promptly give to the Collateral Agent copies of any notices or other communications received by it with respect to Pledged Collateral registered in the name of such Grantor.

(iv) the Collateral Agent may (and to the extent that action by it is required, the relevant Grantor, if directed to do so by the Collateral Agent, will as promptly as practicable) cause each of the Pledged Collateral (or any portion thereof specified in such direction) to be transferred of record into the name of the Collateral Agent or its nominee, for the benefit of the Secured Parties.

(v) the Collateral Agent may exercise all other rights, powers, privileges and remedies to which a holder of the Pledged Equity Interests would be entitled (including, with respect to the Pledged Equity Interests, giving or withholding written consents of members, calling special meetings of members and voting at such meetings).

(vi) each Grantor agrees to use its best efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Equity Interests pursuant to this Agreement valid and binding and in compliance with any and all other Applicable Law. Each Grantor further agrees that a breach of any of the covenants contained in this Section of this Annex will cause irreparable injury to the Collateral Agent and the Secured Parties, that the Collateral Agent and the Secured Parties have no adequate remedy at law with respect to such breach and, as a consequence, that each and every covenant contained in this Annex shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred under the Loan Agreement and is continuing.

(vii) the Collateral Agent may complete any stock, bond or other power, to receive, endorse and collect all instruments made payable to any Grantor representing any dividend or other distribution with respect to the Pledged Equity Interests or any part thereof and to give full discharge for the same.

**5.** **Release of Collateral.** Each Grantor and the Collateral Agent agree that:

(a) Upon satisfaction and completion, as determined by the Appropriate Party, of the conditions for release of any Pledged Collateral from the Lien granted hereby in accordance with Section 6.17(b)(iii) of the Loan Agreement, such Pledged Collateral shall be released from the Lien granted under this Agreement, and the Collateral Agent will thereupon execute and deliver to the applicable Grantor, at such Grantor's sole expense, all appropriate UCC termination statements and other documents that such Grantor shall reasonably request to evidence such release. The Collateral Agent shall have no liability whatsoever to any Secured Party as a result of its execution of any such documentation with respect to any such release.

6. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

(a) The terms of this Annex shall be deemed incorporated into and part of this Agreement.

(b) The terms of this Annex are cumulative in nature and shall not limit the applicability or scope of the other terms of this Agreement.

7. **Terms**. The following capitalized terms used in this Annex shall have the following meanings:

(a) "**Pledged Collateral**" shall mean (i) Pledged Debt, (ii) Pledged Equity Interests, (iii) all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed with respect to, in exchange for or upon the conversion of, and all other Proceeds received with respect to, the securities and instruments referred to in clauses (i) and (ii) above; (iv) all rights and privileges of such Grantor with respect to the securities, instruments and other property referred to in clauses (i), (ii) and (iii) above; and (v) all Proceeds of any and all of the foregoing.

(b) **"Pledged Debt"** shall mean all Indebtedness owed to any Grantor issued by the obligors named therein, the promissory notes and any other instruments evidencing such Indebtedness, and all interest, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed with respect to or in exchange for any or all of such Indebtedness, listed opposite the name of such Grantor on Schedule 2.1.

(c) **"Pledged Equity Interests"** shall mean (i) Equity Interests set forth opposite the name of such Grantor on Schedule 2.1, (ii) all rights, privileges, authorities, and powers of such Grantor as an owner or holder of such Equity Interests, including all economic rights, all control rights, authority, and powers, all status rights of such Grantor as a member, shareholder, or other owner (as applicable), and all rights and interests, if any, to participate in the management of each applicable issuer, (iii) all of such Grantor's options and other rights and interests, contractual or otherwise, with respect to the Pledged Equity Interests, (iv) all of the certificates, if any, evidencing or representing the Pledged Equity Interests and (v) all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed with respect to or in exchange for any or all of any of the foregoing.

Each Grantor and the Collateral Agent hereby agree that the terms of this Annex shall apply with respect to Collateral consisting of Spare Parts Assets.

1. **Perfection Requirement**. The following requirements shall be included in the definition of "Perfection Requirement" and shall constitute an additional "Perfection Requirement" with respect to Collateral consisting of Spare Parts Assets:

   (a) The applicable Grantor, at its sole cost and expense, will cause the FAA Filed Documents to be prepared and duly and timely filed and recorded, or filed for recordation with the FAA to the extent permitted or required under Title 49.

   (b) The applicable Grantor, at its sole cost and expenses, shall:

      (i) Execute and deliver, or cause to be executed and delivered, the Mortgage Location Supplements in form and substance satisfactory to the Appropriate Party.

      (ii) Duly prepare and file, or cause to be duly prepared and filed, the FAA Filed Documents for recordation with the FAA in accordance with Title 49 and the regulations thereunder.

2. **Required Filings**. Each of the following financing statement, filing, recording or other document shall be included in the definition of "Required Filing" and shall constitute an additional "Required Filing":

   (a) Each FAA Filed Document.

3. **Representations and Warranties**. Each Grantor represents and warrants, on the Closing Date and on the date of each Borrowing (or, in the case of an Additional Grantor or Additional Collateral, on the date of such Grantor's execution and delivery of a Pledge Supplement, or the date such Additional Collateral becomes subject to the security interest created hereby, as applicable):

   (a) Schedule 2.1 sets forth all Spare Parts Assets that constitute Collateral and information with respect thereto, including the Designated Spare Parts Location for all such Spare Parts Assets.

   (b) Upon satisfaction and completion of the Perfection Requirements under this Annex, the Collateral Agent for the benefit of the Secured Parties will obtain a legal, valid and perfected first-priority security interest upon and in all Collateral consisting of Spare Parts Assets, subject to no Lien (other than the Lien created hereunder and other Permitted Liens) and will be entitled to all the rights, priorities and benefits afforded by Title 49 and other Applicable Laws to perfected security interests or Liens.

   (c) All Spare Parts Assets constituting Collateral have been first placed in service after October 22, 1994.

   (d) There is no registration or filing covering or purporting to cover any interest of any kind in the Spare Parts Assets (other than Permitted Liens).

(e) All Spare Parts Assets constituting Collateral are located at a Designated Spare Parts Location in the United States.

(f) The applicable Grantor, in compliance with 14 C.F.R. 49.53(a)(1) and (2), certifies that it is an air carrier, certificated by the FAA under 49 U.S.C. 44705, and that the Spare Parts Assets constituting Collateral are maintained by or on behalf of such Grantor at the Designated Spare Parts Locations.

(g) Each Designated Spare Parts Location shall be either owned or leased by the Grantor.[10]

4. **Covenants**. Each Grantor (as applicable) covenants and agrees that:

(a) It shall not execute or authorize or permit to be filed in any public office any filing (other than with respect to Liens hereunder or other Permitted Liens) relating to any Spare Parts Assets or the location thereof.

(b) Tracking System. It shall maintain the Tracking System in a manner sufficient to monitor the Spare Parts Assets and its perpetual inventory procedures for Spare Parts Assets that provide a continuous internal audit of Spare Parts Assets. Notwithstanding the limitations herein, the Collateral Agent and the Appropriate Party, or their respective agents (as designated by the Lenders) shall be entitled to access and inspect the Tracking System to monitor the types, quantities and locations of any Spare Parts Assets and to ensure the Grantors' compliance with the terms hereof in a manner consistent with Section 5.11 of the Loan Agreement. If requested by the Appropriate Party or the Collateral Agent, the applicable Grantor will obtain a written acknowledgment of the Collateral Agent's, the Appropriate Party's and their respective agents' access and inspection rights hereunder from any third party that owns or operates the Tracking System.

(c) Designated Spare Parts Locations.

(i) For so long as any Spare Parts Assets constitute Collateral hereunder, the applicable Grantor shall remain certified as an air carrier, certificated by the FAA under 49 U.S.C. 44705. Except in connection with any utilization or Disposition thereof that is permitted hereunder or under the Loan Agreement, the Spare Parts Assets constituting Collateral shall be maintained by or on behalf of such Grantor at one or more of the Designated Spare Parts Locations, and the nature of such Grantor's interest in and to each such location (e.g., owner, leasehold, tenant) is and shall remain as described to the Collateral Agent pursuant to this Agreement.

(ii) Each Grantor will promptly notify (in any event, within fifteen (15) days thereof) the Collateral Agent if any of the representations, warranties or agreements contained in the preceding sentence become inaccurate in any respect with respect to any of the Spare Parts Assets or the interest of the applicable Grantor therein.

(iii) If any Grantor acquires at any time after the Closing Date a location at which such Grantor keeps Spare Parts of a type or model which, if located at a Designated Spare Parts Location would be subject to a Lien by this Agreement, then such Grantor shall promptly (and in any event within 5 days) furnish to the Collateral Agent, at such Grantor's sole expense, the documents listed in Section 4(c)(iv)(A)-(C).

10 Note to Form: To discuss if not applicable.

(iv) If any Grantor desires at any time after the Closing Date to add a Designated Spare Parts Location, such Grantor shall promptly furnish the following to the Collateral Agent, at Grantors' sole expense:

(A) not less than fifteen (15) days prior to the utilization of such new Designated Spare Parts Location, a Mortgage Location Supplement duly executed by the applicable Grantor, identifying each location that is to become a Designated Spare Parts Location and specifically subjecting the applicable Spare Parts Assets at such location to the Lien of this Agreement;

(B) not less than five (5) days prior to the utilization of such new Designated Spare Parts Location, an opinion of counsel, dated the date of execution of said Mortgage Location Supplement, in form and substance satisfactory to the Appropriate Party, addressed to the Secured Parties, stating that said Mortgage Location Supplement has been duly filed for recording in accordance with the provisions of Title 49, and either: (a) no other filing or recording is required in any other place within the United States in order to perfect the Lien of this Mortgage on the Spare Parts Assets held at the Designated Spare Parts Locations specified in such Mortgage Location Supplement under the laws of the United States, or (b) if any such other filing or recording shall be required that said filing or recording has been accomplished in such other manner and places, which shall be specified in such opinion of counsel, as are necessary to perfect the Lien of this Mortgage with respect to such Spare Parts Assets; and

(C) not less than five (5) days prior to the utilization of such new Designated Spare Parts Location, a certificate of the Responsible Officer stating that in the opinion of the Responsible Officer executing the certificate, all conditions precedent provided for in this Mortgage relating to the subjection of such property to the Lien of this Mortgage have been complied with.

(d) Maintenance. At its own cost and expense, it:

(i) shall maintain, or cause to be maintained, at all times the Spare Parts Assets in accordance with all Applicable Laws, including making any modifications, alterations, replacements and additions necessary therefor, and shall utilize, or cause to be utilized, the same manner and standard of maintenance with respect to each model of Spare Parts or Appliance included in the Collateral as is utilized for such model of Spare Parts or Appliance owned by such Grantor and not included in the Collateral;

(ii) shall maintain, or cause to be maintained, all records, logs and other materials required by the FAA or under Title 49 to be maintained in respect of the Spare Parts Assets and shall not modify its record retention procedures in respect of the Spare Parts Assets unless such modification is consistent with such Grantor's FAA approved maintenance program;

(iii) shall maintain, or cause to be maintained, all Spare Parts Documents in respect of the Spare Parts Assets in the English language;

(iv) shall maintain, or cause to be maintained on a timely basis, the Spare Parts Assets in good working order (other than during periods of maintenance, repair, inspection and testing) and condition and shall perform all maintenance thereon necessary for that purpose, excluding (x) Spare Parts Assets that have become worn out or unfit for use, beyond economic repair or become obsolete or scrap, (y) Spare Parts Assets and quick change engine kits that are not required for such Grantor's normal operations and (z) Expendables that have been consumed or used in the such Grantor's operations; and

(v) notwithstanding anything herein to the contrary, all Rotables and Repairables constituting Collateral and, to the extent customary, Expendables constituting Collateral, located at Designated Spare Parts Locations other than as excluded under clause (x), (y) or (z) above of clause (iv) above, shall have a current and valid serviceable tag and shall be in compliance with such tag, in each case in compliance with applicable FAA regulations.

(e) Possession. No Grantor may (A) Dispose of or relinquish possession of any Spare Parts Asset to anyone except that the applicable Grantors shall have the right (w) to Dispose to the extent permitted under Section 6.04 of the Loan Agreement and in the ordinary course of business, (x) to transfer possession of any Spare Parts Asset in the ordinary course of business to the manufacturer thereof or any other organization for testing, overhaul, repairs, maintenance, alterations or modifications (to the extent required or permitted by the terms hereof) or to any Person for the purpose of transport to any of the foregoing; provided that such Grantor covenants to promptly pay when due any payment obligation resulting in a mechanic's or other Lien related to such testing service, repair, maintenance, overhaul, alternation, modification, or transport, (y) to subject any Spare Parts Asset to a maintenance servicing agreement arrangement entered into and operated in the ordinary course of business or (z) to transfer in the ordinary course of business any Spare Parts Asset between any Designated Spare Parts Locations; provided, however, that if the applicable Grantor's title to any such Spare Parts Asset shall be divested under any situation described in clauses (x) through (z) above, such divestiture shall be deemed to be a Disposition with respect to such Spare Parts Asset subject to the provisions of Section 2.06(b) of the Loan Agreement or (B) commingle at any location its Spare Parts Assets that constitute Collateral with (i) other Spare Parts of the applicable Grantor not constituting Collateral or (ii) the Spare Parts of another Affiliate if such other Affiliate has pledged Spare Parts which are not Collateral to secure any other Indebtedness or obligations, unless (x) the ownership of each such commingled Spare Parts can be definitely determined at all times by reference to the applicable Grantor's or Affiliate's Spare Parts tracking number and system, as applicable, or (y) the Spare Parts of such Grantor or Affiliate are not of a type or category of spare parts that corresponds to a type of category of Spare Parts Assets that is included in the Collateral; provided that Spare Parts that are segregated on a separate aisle, shelf or in a separate storage bin or other storage unit or area shall not be considered as having been commingled even though such Spare Parts are present at the same location so long as the applicable Grantor install signs in or on each such aisle, shelf, bin or other storage unit or area containing Collateral bearing the inscription: "Property of [GRANTOR], Mortgaged to THE BANK OF NEW YORK MELLON as Collateral Agent for the benefit of the Secured Parties" (such sign to be replaced if there is a successor Collateral Agent).

(f) Use; Modifications.

(i) Use. At its own cost and expense, without the necessity of any release from or consent by the Collateral Agent, it may: (1) incorporate in, install on, attach or make appurtenant to, or use in, any aircraft, engine, or spare part in its fleet (whether or not subject to any Lien and whether or not operated by such Grantor) the Spare Parts Assets constituting Collateral and, as a result thereof, if such Spare Parts Assets are incorporated in, installed in, attached or made appurtenant to an airframe, engine or spare engine, such Spare Parts Asset shall thereupon be free from the Lien of this Mortgage; provided that, except as provided for in Sections 4(e)(A)(x) and 4(f)(i)(2) of this Annex, if the Spare Part incorporated in, installed on, attached or made appurtenant to, or used in, any aircraft, engine, or spare part in its fleet is used to replace a part that would otherwise be covered by a Lien of this Mortgage if it were located at a Designated Spare Parts Location, then the applicable Grantor shall return that part to a Designated Spare Parts Location and (2) dismantle any Spare Parts Asset that has become worn out or obsolete or unfit for use, and to scrap, sell or Dispose of any such Spare Parts Asset or any salvage resulting from such dismantling, in which case such Spare Parts Asset shall thereupon be free from the Lien of this Agreement.

(g) Insurance.

(i) Each Grantor shall ensure that at all times the Collateral Agent, for the benefit of the Secured Parties, shall be named as an additional insured and lender loss payee with respect to any Spare Parts Assets constituting Collateral and take any other steps required under this Annex.

(ii) Obligation to Insure. Each Grantor (as applicable) shall comply with, or cause to be complied with, each of the provisions of Appendix I to this Annex, which provisions are hereby incorporated by this reference as if set forth in full herein.

(iii) Insurance for Own Account. Nothing in this Annex shall limit or prohibit (i) any Grantor from maintaining the policies of insurance required under Appendix I of this Annex with higher coverage than those specified in Appendix I, or (ii) the Collateral Agent (without a duty to do so) or any other Additional Insured from obtaining insurance, upon the occurrence of an Event of Default, at the applicable Grantor's expense, for its own account (and any proceeds payable under such separate insurance shall be payable as provided in the policy relating thereto); provided, however, that no insurance may be obtained or maintained that would limit or otherwise adversely affect the coverage of any insurance required to be obtained or maintained by any Grantor pursuant to this Annex and Appendix I of this Annex.

(iv) Application of Insurance Proceeds. As between each applicable Grantor and the Collateral Agent, all insurance proceeds received as a result of the occurrence of an Event of Loss with respect to any Spare Parts Asset constituting Collateral at the time of such receipt shall be applied in accordance with Section 2.06(b) of the Loan Agreement.

(h) Inspection.

(i) The Appropriate Party and the Collateral Agent, or their respective authorized representatives, as designated by the Lenders may exercise inspection rights with respect Aircraft and Engine Assets constituting Collateral to the fullest extent permitted under Section 5.11 of the Loan Agreement.

(ii) With respect to such rights of inspection, the Secured Parties shall not have any duty or liability to make, or any duty or liability by reason of not making, any such visit, inspection or survey.

(i) Data Reports. After the occurrence and during the continuance of an Event of Default and as may be requested by the Collateral Agent or the Appropriate Party from time to time, the applicable Grantor shall furnish the Collateral Agent and the Appropriate Party with a Data Report.

5. **Release of Collateral**. Each Grantor and the Collateral Agent agree that:

(a) Upon satisfaction and completion, as determined by the Appropriate Party, of the conditions for release of any Spare Parts Assets constituting Collateral from the Lien granted hereby in accordance with Section 6.17(b)(iii) of the Loan Agreement, such Spare Parts Assets shall be released from the Lien granted under this Agreement, and the Collateral Agent will thereupon execute and deliver to the applicable Grantor, at such Grantor's sole expense, all appropriate UCC termination statements and other documents that such Grantor shall reasonably request to evidence such release. The Collateral Agent shall have no liability whatsoever to any Secured Party as a result of its execution of any such documentation with respect to any such release.

6. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

(a) The terms of this Annex shall be deemed incorporated into and part of this Agreement.

(b) The terms of this Annex are cumulative in nature and shall not limit the applicability or scope of the other terms of this Agreement.

7. **Terms**.

(a) The following capitalized terms used in this Annex shall have the following meanings:

(i) "**Additional Insureds**" is defined in Appendix I to this Annex.

(ii) "**Aircraft**" shall mean any contrivance invented, used, or designed to navigate, or fly in, the air.

(iii) "**Appliance**" shall mean any instrument, equipment, apparatus, part, appurtenance, or accessory used, capable of being used, or intended to be used, in operating or controlling aircraft in flight, including a parachute, communication equipment, and another mechanism installed in or attached to aircraft during flight, and not a part of an aircraft, engine, or propeller (including "appliances" (as defined in Section 40102 of Title 49)).

(iv) "**Data Report**" means information and data relating to the Spare Part Assets supplied by the Grantor to the Collateral Agent and the Appropriate Party and substantially in the form of Exhibit B to this Annex.

(v) "**Designated Spare Parts Locations**" shall mean the locations designated from time to time by the Grantor at which the Spare Parts Assets may be maintained by or on behalf of the Grantor, which shall be the locations set forth on Schedule 2.1 to this Agreement.

(vi) "**Engine**" shall mean an engine used, or intended to be used, to propel an Aircraft, including a part, appurtenance, and accessory of the Engine, except a propeller.

(vii) "**Event of Loss**" means, with respect to any Spare Parts Asset, any of the following circumstances, conditions or events with respect to such property, for any reason whatsoever:

(A) the destruction of such property, damage to such property beyond economic repair or rendition of such property permanently unfit for normal use by the Grantor (other than the use of Expendables in Grantor's operations);

(B) the actual or constructive total loss of such property or any damage to such property, or requisition of title or use of such property, which results in an insurance settlement with respect to such property on the basis of a total loss or constructive or compromised total loss;

(C) any theft, hijacking or disappearance of such property for a period of one hundred and eighty (180) consecutive days or more; or

(D) any seizure, condemnation, confiscation, taking or requisition (including loss of title) of such property by any Governmental Authority or purported Governmental Authority (other than a requisition of use by the U.S. Government) for a period exceeding one hundred and eighty (180) consecutive days.

(viii) "**Expendables**" shall mean Spare Parts, other than Rotables and Repairables.

(ix) "**FAA Filed Document**" shall mean the Mortgage Location Supplement executed by a Grantor.

(x) "**Mortgage**" shall mean this Pledge and Security Agreement.

(xi) "**Mortgage Location Supplement**" means an FAA Spare Parts Location Mortgage, substantially in the form of Exhibit A to this Annex, with appropriate modifications to reflect the purpose for which it is being used.

(xii) "**Repairable**" shall mean any Spare Part that wears over time and can be commonly restored to a serviceable condition until the expected point of being beyond economic repair, excluding any such Spare Parts that qualifies as, and is designated by any Grantor to be, a Rotable.

(xiii) "**Rotable**" means any Spare Part that wears over time and can be repeatedly restored to a serviceable condition over a period approximating the life of the flight equipment to which it relates, excluding any such Spare Parts that qualifies as, and is designated by any Grantor to be, a Repairable.

(xiv) "**Spare Parts**" shall mean all accessories, appurtenances, or parts of (A) an aircraft (except an engine or propeller), (B) an engine (except a propeller), (C) a propeller, or (D) an Appliance, that are to be installed at a later time in an aircraft, engine, propeller or Appliance (including "spare parts" (as defined in Section 40102 of Title 49)) including, in all cases, any replacements, substitutions or renewals therefor, and accessions thereto.

(xv) "**Spare Parts Assets**" shall mean:

(A) All Spare Parts of the Grantor (including Expendables, Repairables and Rotables (and all substitutions or replacements of any of the foregoing), including all such Spare Parts from time to time located at a Designated Spare Parts Location described on Schedule 2.1;

(B) Any continuing rights of any Grantor in respect of any warranty, indemnity or agreement, express or implied, as to title, materials, workmanship, design or patent infringement with respect to such Spare Parts (reserving in each case to the Grantor, however, all of the Grantor's other rights and interest in and to such warranty, indemnity or agreement) together in each case under this clause with all rights, powers, privileges, options and other benefits of such Grantor thereunder (subject to such reservations) with respect to such Spare Parts, including, the right to make all waivers and agreements, to give and receive all notices and other instruments or communications, to take such action upon the occurrence of a default thereunder, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted thereby or by law, and to do any and all other things which such Grantor is or may be entitled to do thereunder (subject to such reservations);

(C) All Appliances with respect to the foregoing;

(D) All General Intangibles which are owned by such Grantor (including the General Intangibles described on Schedule 2.1) relating to Spare Parts Assets described in the foregoing; and

(E) All Insurance with respect to the foregoing.

(xvi) "**Spare Parts Documents**" means all repair, maintenance and inventory records, logs, manuals and all other documents and materials similar thereto (including any such records, logs, manuals, documents and materials that are computer print-outs) at any time maintained, created or used by the applicable Grantor, and all records, logs, documents and other materials required at any time to be maintained by the applicable Grantor pursuant to the FAA or under Title 49, in each case with respect to any of the Spare Parts Assets.

(xvii) **"Tracking System"** shall mean Grantor's centralized computer system for monitoring and tracking the location, condition and status of its Spare Parts Assets, and any and all improvements, upgrades or replacement systems.

**APPENDIX I**

**INSURANCE**

A. Liability Insurance.

Each Grantor (as applicable) will carry or cause to be carried at all times, at no expense to the Collateral Agent or any Secured Party, third party liability insurance with respect to the Spare Parts Assets, which is (i) of an amount and scope as may be customarily maintained by such Grantor for equipment similar to the Spare Parts Assets and (ii) maintained in effect with insurers of nationally or internationally recognized responsibility (such insurers being referred to herein as "**Approved Insurers**").

B. Property Insurance.

Each Grantor (as applicable) will carry or cause to be carried at all times, at no expense to any additional insured/loss payee, with Approved Insurers insurance covering physical damage to the Spare Parts Assets providing for the reimbursement of the actual expenditure incurred in repairing or replacing any damaged or destroyed Spare Parts Asset or, if not repaired or replaced, for the payment of the amount it would cost to repair or replace such Spare Parts Asset, on the date of loss, with proper deduction for obsolescence and physical depreciation.

Any policies of insurance carried in accordance with this Section B covering the Spare Parts Assets and any policies taken out in substitution or replacement for any such policies shall provide that insurance proceeds under such policies shall be payable directly to the Collateral Agent for prompt deposit into a Collateral Proceeds Account in a manner consistent with Section 2.06(b)(ii) of the Loan Agreement as it applies to a Recovery Event.

All losses will be adjusted by the applicable Grantor with the insurers; provided, however, that during a period when an Event of Default shall have occurred and be continuing, no Grantor shall agree to any such adjustment without the written consent of the Collateral Agent (acting at the direction of the Required Lenders).

C. Reports and Certificates; Other Information.

On or prior to the Closing Date, and on or prior to each renewal date of the insurance policies required hereunder, each applicable Grantor will furnish or cause to be furnished to the Collateral Agent insurance certificates describing in reasonable detail the commercial insurance maintained by the applicable Grantors hereunder, together with endorsements satisfactory to the Collateral Agent and the Appropriate Party designating the Secured Parties as loss payees and additional insureds with respect to the Spare Parts Assets constituting Collateral and with a report, signed by the applicable Grantors' regularly retained independent insurance broker (the "**Insurance Broker**"), stating the opinion of such Insurance Broker that (a) all premiums in connection with the commercial insurance then due have been paid and (b) such insurance complies with the terms of this Appendix I. To the extent such agreement is reasonably obtainable, the applicable Grantors will also cause the Insurance Broker to agree to advise the Secured Parties in writing of any default in the payment of any premium and of any other act or omission on the part of the applicable Grantors of which it has knowledge and which might invalidate or render unenforceable, in whole or in part, any commercial insurance on such Spare Parts Assets or cause the cancellation or termination of such

insurance, and to advise the Secured Parties in writing at least thirty (30) days (ten (10) days in the case of nonpayment of premium, or such shorter period as may be available in the international insurance market, as the case may be) prior to the cancellation or material adverse change of any commercial insurance maintained pursuant to this Appendix I.

D. Right to Pay Premiums.

The additional insureds/loss payees shall have the rights but not the obligations of an additional named insured. None of the Collateral Agent or the other additional insureds/loss payees shall have any obligation to pay any premium, commission, assessment or call due on any such insurance (including reinsurance). Notwithstanding the foregoing, in the event of cancellation of any insurance due to the nonpayment of premiums, the Collateral Agent may, at the direction of the Required Lenders, to pay any such premium in respect of the Spare Parts Assets that is due in respect of the coverage pursuant to this Agreement and to maintain such coverage, as the Secured Parties may require, until the scheduled expiry date of such insurance and, in such event, the applicable Grantor shall, upon demand, reimburse the Collateral Agent for amounts so paid by it, together with interest therein at the Default Rate from the date of payment.

E. Salvage Rights; Other.

All salvage rights to Spare Parts Assets shall remain with the applicable Grantor's insurers at all times, and any insurance policies of the Collateral Agent insuring Spare Parts Assets shall provide for a release to the applicable Grantor of any and all salvage rights in and to any Spare Parts Assets.

**[FORM OF MORTGAGE LOCATION SUPPLEMENT]**

THIS FAA SPARE PARTS LOCATION MORTGAGE, dated [●] (herein, this "FAA Spare Parts Location Mortgage") made by [NAME(S) OF GRANTOR(S)], [a] [●] (together with its permitted successors and assigns, the "Grantor"), in favor of THE BANK OF NEW YORK MELLON, as the Collateral Agent (together with its successors and assigns, the "Collateral Agent") for the benefit of the Secured Parties.

**W I T N E S S E T H:**

WHEREAS, the Pledge and Security Agreement, dated as of [●], 2020 (as amended, supplement, restated or otherwise modified from time to time, the "PSA"; capitalized terms used herein but not defined shall have the meaning ascribed to them in the PSA), between the Grantors (as defined in the PSA) party thereto from time to time and the Collateral Agent, provides for the execution and delivery of supplements thereto substantially in the form hereof;

WHEREAS, the Grantor has previously designated the locations at which the Spare Parts Assets may be maintained by or on behalf of the Grantor in the PSA [and in Mortgage Location Supplement No. [●]];

WHEREAS[11], the Mortgage [and the Mortgage Location Supplements] has [have] been duly recorded with the FAA, pursuant to Title 49 on the following date as a document or conveyance bearing the following number:

| Mortgage | DATE OF RECORDING | DOCUMENT OR CONVEYANCE NO. |
|---|---|---|

WHEREAS, the Grantor hereby confirms that it is a certificated U.S. air carrier under Sections 41102 and 44705 of Title 49 of the United States Code, and the Spare Parts described in this FAA Spare Parts Location Mortgage are maintained by it or on its behalf at the applicable Designated Spare Parts Locations described herein;

WHEREAS, the Grantor, as provided in the PSA, is hereby executing and delivering to the Collateral Agent this FAA Spare Parts Location Mortgage for the purposes of adding locations at which the Spare Parts Assets may be maintained by or on behalf of the Grantor; and

WHEREAS, all things necessary to make this FAA Spare Parts Location Mortgage the valid, binding and legal obligation of the Grantor, including all proper corporate action on the part of the Grantor, have been done and performed and have happened;

NOW, THEREFORE, in order to secure the prompt payment and performance of the Secured Obligations from time to time outstanding and to secure the performance and observance by the Grantor and each of the other Credit Parties of all the agreements and provisions contained in the Loan Documents

11 Note to Form: Do not use this recital when filing for the first time.

(as such term is defined in the PSA for the benefit of the Secured Parties, the Grantor has mortgaged, assigned, pledged, hypothecated, transferred, conveyed and granted, and does hereby mortgage, assign, pledge, hypothecate, transfer, convey and grant, unto the Collateral Agent, for the benefit and security of the Secured Parties, a continuing first priority security interest in, and mortgage lien on, the property comprising all its right, title and interest in and to the Spare Parts Assets at the Designated Spare Parts Location(s) described on Schedule 1 hereto and the Designated Spare Parts Locations listed on Schedule 1 hereto shall be deemed to amend and supplement Schedule 2.1 to the PSA;

To have and to hold all and singular the aforesaid property unto the Collateral Agent, its successors and assigns, for the benefit and security of the Secured Parties and for the uses and purposes and subject to the terms and provisions set forth in the PSA.

This FAA Spare Parts Location Mortgage shall be construed in every way in accordance to the terms of the PSA and as a part thereof, and the PSA is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

This FAA Spare Parts Location Mortgage will be governed by and construed in accordance with the law of the State of New York.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Grantor has caused this Mortgage Location Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

[_____], as Grantor

By: _____
Name:
Title:

Schedule 1

**DESIGNATED SPARE PARTS LOCATIONS**

[●]

Exhibit A to Annex 6 - 4

[Address to Appropriate Party]

_____, 20__

**Data Report For Spare Parts Assets**

Ladies and Gentlemen:

We refer to the Pledge and Security Agreement, dated as of [●], 2020 (as amended, supplement, restated or otherwise modified from time to time, the "**Security Agreement**"), between each Grantor, whether as an original signatory thereto or as an Additional Grantor, and The Bank of New York Mellon, as collateral agent for the Secured Parties (in such capacity as collateral agent, together with its successors and assigns, the "**Collateral Agent**"). Terms defined in the Security Agreement and used herein have such respective defined meanings. The Grantor hereby certifies that:

Attached hereto as Exhibit 1[12] is a report that correctly sets forth the following information as of the date hereof with respect to each Pledged Spare Part:

1. Manufacturer's part number;
2. part description;
3. related aircraft model(s) in summary form;
4. classification as Rotable or Expendable or Repairable;
5. quantity on hand;
6. Designated Spare Parts Location;
7. each Spare Parts Asset out for repair; and
8. each Spare Parts Asset in transit.

Very truly yours,

[GRANTOR]

By: _____
Name:
Title:
Date:

12 Note to Form: Report to be attached as Exhibit 1 with a cover page.

Each Grantor and the Collateral Agent hereby agree that the terms of this Annex shall apply with respect to Collateral consisting of Pledged Equipment and Pledged Tooling Inventory.

1. **Perfection Requirement**. The following requirements shall be included in the definition of "Perfection Requirement" and shall constitute an additional "Perfection Requirement":

   (a) Notwithstanding anything to the contrary herein or in the Loan Agreement, in no event shall any Grantor be required to make any Intellectual Property filing in a jurisdiction other than the United States (or any state thereof) to perfect the Secured Parties' security interest in the Flight Simulator Intellectual Property.

2. **Required Filings**. Each of the following financing statement, filing, recording or other document shall be included in the definition of Required Filing and shall constitute an additional "Required Filing":

   (a) A copy (or short-form memorialization) of all exclusive licenses (i) granted to any Grantor under any registered or applied-for United States Copyrights and (ii) included in the Collateral, for filing with the United States Copyright Office in favor of Grantor;

   (b) With respect to each Grantor's United States registered and applied-for Copyrights and any exclusive IP License granted to any Grantor under any registered or applied-for United States Copyrights, in each case, included in the Collateral, a Copyright security agreement substantially in the form attached hereto as Exhibit 1, for filing with the United States Copyright Office;

   (c) With respect to such Grantor's issued and applied-for United States Patents included in the Collateral, a Patent Security Agreement substantially in the form attached hereto as Exhibit 2, for filing with the United States Patent and Trademark Office; and

   (d) With respect to such Grantor's registered and applied-for United States Trademarks included in the Collateral, a Trademark Security Agreement in the form attached hereto as Exhibit 3, for filing with the United States Patent and Trademark Office.

3. **Representations and Warranties**. Each Grantor (as applicable) represents and warrants, on the Closing Date and on the date of each Borrowing (or, in the case of an Additional Grantor or Additional Collateral, on the date of such Grantor's execution and delivery of a Pledge Supplement, or the date such Additional Collateral becomes subject to the security interest created hereby, as applicable):

   (a) Schedule 2.1 sets forth all Pledged Equipment and Pledged Tooling Inventory that constitutes Collateral.

   (b) Such Grantor's Pledged Ground Support Equipment, Pledged Flight Simulators and Pledged Tooling Inventory and books and records concerning such Pledged Equipment and Pledged Tooling Inventory are kept at the locations listed on Schedule 2.1, except such Pledged Ground Support Equipment and Pledged Tooling Inventory may from time to time be temporarily relocated to other locations in order to perform ground support for aircraft operations or maintenance, repair and overhaul of aircraft and engines, respectively, provided that such Pledged Ground Support Equipment and Pledged Tooling Inventory must promptly be restored to one of the locations listed on Schedule 2.1 following such temporary relocation.

(c) Upon satisfaction and completion of all conditions and steps that constitute Perfection Requirement in this Agreement and this Annex, the Collateral Agent will obtain a legal, valid and perfected first-priority security interest upon and in all such Pledged Equipment (including all such Flight Simulator Assets) and Pledged Tooling Inventory subject to no Lien (other than the Liens created hereunder and other Permitted Liens).

(d) Except for possessory interests of landlords and warehousemen and any Pledged Equipment and Pledged Tooling Inventory in the possession of third parties for repair in the ordinary course of business, such Grantor has exclusive possession and control of the Pledged Equipment and Pledged Tooling Inventory of such Grantor. In the case of Pledged Equipment and Pledged Tooling Inventory located on leased premises or in warehouses, no lessor or warehouseman of any premises or warehouse upon or in which such Pledged Equipment and Pledged Tooling Inventory is located has (i) issued any warehouse receipt or other receipt in the nature of a warehouse receipt in respect of any Pledged Equipment and Pledged Tooling Inventory, (ii) issued any document for any of such Grantor's Pledged Equipment and Pledged Tooling Inventory and (iii) received notification of any secured party's interest (other than the security interest granted hereunder, any security interest released on or prior to the Closing Date and other than any Permitted Lien) in such Grantor's Pledged Equipment and Pledged Tooling Inventory.

(e) The Flight Simulator Intellectual Property and the Flight Simulator IP Licenses included in the Collateral are fully transferable and alienable by such Grantor without restriction and without payment of any kind to any Person (other than, with respect to the Flight Simulator Intellectual Property, the fees and costs necessary to record such transfers with an IP Filing Office, as applicable and other than off-the-shelf inbound third-party computer software IP Licenses).

(f) Schedule 2.1 hereto sets forth a true and accurate list of (i) all United States and foreign registrations of, issuances of and applications for Patents, Trademarks (including Internet domain names) and Copyrights, in each case owned by a Grantor and included in the Collateral, (ii) all exclusive IP Licenses included in the Collateral granted to any Grantor under any Copyrights registered with or applied for at the United States Copyright Office, (iii) all United States and foreign Trademarks that are material to any Pledged Flight Simulator that are not registered or applied for in any IP Filing Office and (iv) all proprietary software that is material to the Pledged Flight Simulators whether registered or unregistered. Each item of Intellectual Property listed on Schedule 2.1 is valid and enforceable.

(g) It is the record owner of all of its Intellectual Property listed on Schedule 2.1, and there are no gaps or inaccuracies in the chain of title of such Intellectual Property.

(h) It has sole and exclusive rights to sue third parties for the infringement, misappropriation or other violation of its Flight Simulator Intellectual Property and to collect royalties, revenues, income, damages or other payments arising therefrom.

(i) Schedule 2.1 is a true and complete list of all Flight Simulator IP Licenses included in the Collateral that (i) involve payments in excess of $250,000 per year, (ii) contain a grant of exclusivity or (iii) are otherwise material.

(j) To such Grantor's knowledge, no Person is materially infringing, diluting, misappropriating or otherwise violating any Grantors' Flight Simulator Intellectual Property, and such Grantor has not made any such claim that has not been resolved.

(k) No holding, decision, judgment, order, or other final determination has been rendered by any Governmental Authority that would materially limit, cancel or question the validity or enforceability of, or such Grantor's right, title or interest in, any material Flight Simulator Intellectual Property.

(l) The Collateral to which the Collateral Agent has been granted a security interest hereunder together with the rights the Collateral Agent has been granted under the Loan Documents (including Section 7 of this Annex) constitute all the assets, properties and rights (other than off-the-shelf third-party computer software that is generally available) reasonably necessary for the operation of the Pledged Flight Simulators as currently conducted in all material respects.

4. **Covenants**. Each Grantor (as applicable) covenants and agrees that:

(a) It shall not execute or authorize or permit to be filed in any public office any filing (other than with respect to Liens hereunder or other Permitted Liens) relating to any Pledged Equipment and Pledged Tooling Inventory or the location thereof.

(b) Designated Locations.

(i) Prior to any utilization or Disposition thereof that is permitted hereunder or under the Loan Agreement, the Pledged Ground Support Equipment, Pledged Flight Simulators and Pledged Tooling Inventory shall be maintained by or on behalf of the applicable Grantor at one or more of the locations specified in Schedule 2.1, except such Pledged Ground Support Equipment and Pledged Tooling Inventory may from time to time be temporarily relocated to other locations in order to perform ground support for aircraft operations or maintenance, repair and overhaul of aircraft and engines, respectively, provided that such Pledged Ground Support Equipment and Pledged Tooling Inventory must promptly be restored to one of the locations listed on Schedule 2.1 following such temporary relocation, and the nature of each Grantor's interest in and to each such location (e.g., owner, leasehold, tenant) is and shall remain as described to the Collateral Agent pursuant to this Agreement.

(ii) Each Grantor will promptly notify (in any event, within fifteen (15) days thereof) the Collateral Agent if any of the representations, warranties or agreements contained in the preceding sentence become inaccurate in any respect with respect to any of the Pledged Equipment and Pledged Tooling Inventory or the interest of the applicable Grantor therein.

(c) Maintenance. At its own cost and expense, it:

(i) shall maintain, or cause to be maintained, at all times the Pledged Equipment and Pledged Tooling Inventory constituting Equipment in accordance with all Applicable Laws, including making any modifications, alterations, replacements and additions necessary therefor, and shall utilize, or cause to be utilized, the same manner and standard of maintenance with respect to each model of Pledged Equipment and Pledged Tooling Inventory constituting Equipment included in the Collateral as is utilized for such model of Pledged Equipment and Pledged Tooling Inventory constituting Equipment owned by such Grantor and not included in the Collateral;

(ii) shall maintain, or cause to be maintained on a timely basis, the Pledged Equipment and Pledged Tooling Inventory constituting Equipment in good operating condition and repair, and all necessary replacements and repairs shall be made so that the value and operating efficiency of such Pledged Equipment and Pledged Tooling Inventory constituting Equipment is preserved at all times, reasonable wear and tear excepted and shall ensure that such Pledged Equipment and Pledged Tooling Inventory constituting Equipment is mechanically and structurally sound, and capable of performing the functions for which it was designed, in accordance with manufacturer specifications; and

(iii) shall not permit any Pledged Equipment or Pledged Tooling Inventory to become affixed to real property unless any landlord or mortgagee (other than the Collateral Agent) delivers a collateral access agreement reasonably satisfactory to the Collateral Agent with respect to such real property and Grantor makes any Required Filing (including any fixture filing, as applicable) in favor of the Collateral Agent for the benefit of the Secured Parties.

(d) Possession. No Grantor may (A) Dispose of or relinquish possession of any Pledged Equipment and Pledged Tooling Inventory to anyone except that the applicable Grantors shall have the right (w) to Dispose to the extent permitted under Section 6.04 of the Loan Agreement and in the ordinary course of business, (x) to transfer possession of any Pledged Equipment and Pledged Tooling Inventory in the ordinary course of business to the manufacturer thereof or any other organization for testing, overhaul, repairs, maintenance, alterations or modifications (to the extent required or permitted by the terms hereof) or to any Person for the purpose of transport to any of the foregoing; provided that such Grantor covenants to promptly pay when due any payment obligation resulting in a mechanic's or other Lien related to such testing service, repair, maintenance, overhaul, alternation, modification, or transport, (y) to subject any Pledged Equipment and Pledged Tooling Inventory to a maintenance servicing agreement arrangement entered into and operated in the ordinary course of business or (z) to transfer in the ordinary course of business any Pledged Equipment and Pledged Tooling Inventory between any of the locations specified in Schedule 2.1; provided, however, that if the applicable Grantor's title to any such Pledged Equipment and Pledged Tooling Inventory shall be divested under any situation described in clauses (x) through (z) above, such divestiture shall be deemed to be a Disposition with respect to such Pledged Equipment and Pledged Tooling Inventory subject to the provisions of Section 2.06(b) of the Loan Agreement or (B) commingle at any location its Pledged Equipment and Pledged Tooling Inventory that constitute Collateral with (i) other Pledged Equipment and Pledged Tooling Inventory of the applicable Grantor not constituting Collateral or (ii) the Pledged Equipment and Pledged Tooling Inventory of another Affiliate if such other Affiliate has pledged Pledged Equipment and Pledged Tooling Inventory which are not Collateral to secure any other Indebtedness or obligations, unless the ownership of each such commingled Pledged Equipment and Pledged Tooling Inventory can be definitely determined at all times by reference to the applicable Grantor's or Affiliate's Pledged Equipment and Pledged Tooling Inventory tracking number and system, as applicable; provided that Pledged Equipment and Pledged Tooling Inventory that are segregated on a separate aisle, shelf or in a separate storage bin or other storage unit or area shall not be considered as having been

commingled even though such Pledged Equipment and Pledged Tooling Inventory are present at the same location so long as the applicable Grantor install signs in or on each such aisle, shelf, bin or other storage unit or area containing Collateral bearing the inscription: "Property of [GRANTOR], Mortgaged to THE BANK OF NEW YORK MELLON as Collateral Agent for the benefit of the Secured Parties" (such sign to be replaced if there is a successor Collateral Agent).

(e) Documents of Title.

(i) No Pledged Equipment or Pledged Tooling Inventory shall be covered by a negotiable document of title, unless such document has been delivered to the Collateral Agent with all necessary endorsements, free and clear of all Liens.

(ii) With respect to any Pledged Equipment or Pledged Tooling Inventory in the possession of a bailee that has issued a nonnegotiable document of title covering such Pledged Equipment or Pledged Tooling Inventory, (x) no Grantor shall allow any such nonnegotiable document of title to be issued in the name of any Person other than the Collateral Agent for the benefit of the Secured Parties and (y) no Grantor shall allow the bailee to receive notification of any secured party's interest in such Pledged Equipment or Pledged Tooling Inventory other than the interest in such Pledged Equipment or Pledged Tooling Inventory in favor of the Collateral Agent for the benefit of the Secured Parties granted pursuant to the Security Documents.

(f) Intellectual Property.

(i) To the extent not already registered or issued or the subject of a pending application (for the avoidance of doubt, including to the extent not already registered or the subject of a pending application in a material class of goods and services), each Grantor will take commercially reasonable efforts to promptly register all material Trademarks included in the Collateral with the applicable IP Filing Office. It shall promptly (1) file (A) a "Statement of Use" with the United States Patent and Trademark Office pursuant to Section 1(d) of the Lanham Act or (B) an "Amendment to Allege Use" whereby such intent-to-use trademark application is converted to a "use in commerce" application pursuant to Section 1(c) of the Lanham Act, in each case of (A) and (B) against all Trademarks to the extent such Flight Simulator Trademarks have been used in commerce by Grantor or any of its Affiliates and (2) take all other actions necessary to facilitate the acceptance of such "Statement of Use" or "Amendment to Allege Use" by the United States Patent and Trademark Office.

(ii) It shall (1) promptly notify in the manner set forth in Section 10.1 of this Agreement the Appropriate Party and the Collateral Agent, providing such details as the Appropriate Party or the Collateral Agent may require, of the institution of any material proceeding before a Governmental Authority regarding the validity or enforceability of, or such Grantor's right to register, own or use, any Flight Simulator Intellectual Property, and of any adverse determination on the merits in any such proceeding (in each case, other than "office actions" by IP Filing Office examiners in the ordinary course of prosecution of applications), (2) take all reasonable steps to defend its rights in the Flight Simulator Intellectual Property (other than any Flight Simulator Intellectual Property that is, and immediately prior to the institution of such proceeding was, no longer used and no longer useful in

the business of any Grantor or its Subsidiaries) in such proceedings and other interference, reexamination, opposition, cancellation, infringement, dilution, misappropriation and other proceedings and (3) take all reasonable steps to protect the security, integrity and confidentiality of all Trade Secrets and any other confidential or proprietary information or data included in the Collateral.

(iii) It shall defend all material challenges to the validity and enforceability of, and its title to and ownership of, any Flight Simulator Intellectual Property (other than any Flight Simulator Intellectual Property that is, and immediately prior to the initiation of such challenge was, no longer used and no longer useful in the business of any Grantor or its Subsidiaries) and in the event that any Flight Simulator Intellectual Property is materially infringed, misappropriated, diluted or otherwise violated by a third party, promptly take all reasonable actions, as permitted by Applicable Law, to stop such infringement, misappropriation, dilution or other violation and protect its rights in such Intellectual Property, including any initiation of a suit for injunctive relief, and to recover damages; for the avoidance of doubt, the Collateral Agent hereby permits Grantors to take the actions set forth in this Section 4(f)(iii) of this Annex prior to an Event of Default.

(iv) Within sixty (60) days of the Closing Date, a copy of all software code (in both object code and source code form) included in the Flight Simulator Intellectual Property, and all associated documentation, in each case (1) owned by any Grantor or any of its Affiliates or (2) in any Grantor's or any of its Affiliates' possession or control, shall be stored in physically separated and segregated media from any of Grantors' other software code not included in the Flight Simulator Intellectual Property, and each of the applicable Grantors shall provide the Collateral Agent with a signed certification certifying that the requirements of this Section 4(f)(iv) have been satisfied. For the avoidance of doubt, additional copies of such software code and associated documentation can concurrently remain stored in their current locations.

(v) For the avoidance of doubt, Section 6.1(c) of this Agreement shall apply to any and all "intent-to-use" Flight Simulator Trademark applications included in the Excluded Assets with respect to which any Grantor files with the United States Patent and Trademark Office a "Statement of Use" pursuant to Section 1(d) of the Lanham Act or an "Amendment to Allege Use" pursuant to Section 1(c) of the Lanham Act.

(vi) It will not enter into any agreement with respect to the Flight Simulator Intellectual Property or outbound Flight Simulator IP Licenses included in the Collateral, after the Closing Date, that prohibits the assignment of, grant of a security interest in, or license of any such Collateral (other than to Treasury or the Collateral Agent).

(vii) It will not take any action or omit to take any action (other than such Grantor's actions or omissions of action that are in the ordinary course of business and consistent with past practice) that could reasonably be expected to have a material negative effect on the Flight Simulator Intellectual Property or the Flight Simulator IP Licenses included in the Collateral (other than any Flight Simulator Intellectual Property that is no longer used and no longer useful), including diminishing, diluting, tarnishing, invalidating or rendering unenforceable Flight Simulator Trademarks, or otherwise materially impairing or harming the value or reputation thereof or the goodwill associated therewith.

5. **Release of Collateral.** Each Grantor and the Collateral Agent agree that:

(a) Upon satisfaction and completion, as determined by the Appropriate Party, of the conditions for release of Pledged Equipment (including on Flight Simulator Assets) and Pledged Tooling Inventory constituting Collateral from the Lien granted hereby in accordance with Section 6.17(b)(iii) of the Loan Agreement, such Pledged Equipment and Pledged Tooling Inventory shall be released from the Lien granted under this Agreement, and the Collateral Agent will thereupon execute and deliver to the applicable Grantor, at such Grantor's sole expense, all appropriate UCC termination statements and other documents that such Grantor shall reasonably request to evidence such release. The Collateral Agent shall have no liability whatsoever to any Secured Party as a result of its execution of any such documentation with respect to any such release.

6. **Defaults and Remedies**. Without limiting the generality of Section 8.1 of this Agreement and in addition to any rights and remedies that the Collateral Agent may have under the Loan Documents and the Applicable Law:

(a) If any Event of Default shall have occurred and be continuing, the Collateral Agent (acting at the direction of the Required Lenders) may, and each Grantor hereby irrevocably appoints the Collateral Agent (such appointment being coupled with an interest and terminable only upon the payment in full of the Secured Obligations as such Grantor's proxy and attorney-in-fact) with full authority in the place and stead of such Grantor and in the name of such Grantor, to:

(i) bring suit or otherwise commence any action or proceeding in the name of any Grantor, as directed by the Required Lenders to the Collateral Agent, to enforce any Flight Simulator Intellectual Property, in which event such Grantor shall, at the request of the Appropriate Party or the Collateral Agent, do any and all lawful acts and execute any and all documents required by the Appropriate Party or the Collateral Agent in aid of such enforcement and such Grantor shall promptly, upon demand, reimburse and indemnify the Appropriate Party and the Collateral Agent in connection with the exercise of its rights under this Section 6 or Section 8 of this Agreement, and, to the extent that the Appropriate Party or the Collateral Agent shall elect not to bring suit to enforce any Flight Simulator Intellectual Property as provided in this Section 6 or Section 8 of this Agreement, each Grantor agrees to use all commercially reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement, misappropriation, dilution or other violation of any of such Grantor's rights in the Flight Simulator Intellectual Property by others and for that purpose agrees to diligently maintain any action, suit or proceeding against any Person so infringing as shall be necessary to prevent such infringement, misappropriation, dilution or violation;

(ii) notify, or require each Grantor to notify, any obligors with respect to amounts due or to become due to such Grantor in respect of the Flight Simulator Intellectual Property or the Flight Simulator IP Licenses included in the Collateral, of the existence of the security interest created herein, to direct such obligors to make payment of all such amounts directly to the Collateral Agent, and, upon such notification and at the expense of such Grantor, to enforce collection of any such amounts and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done;

(iii) institute, defend or settle legal proceedings to collect on or enforce the applicable Grantor's rights and remedies against third parties, including account debtors, licensors, licensees, sublicensors, sublicensees and other parties to Flight Simulator IP Licenses, under or on account of any Flight Simulator Intellectual Property or Flight Simulator IP License included in the Collateral, without becoming a party to or incurring any liability under any Flight Simulator IP License.

(b) In connection with the Collateral Agent's exercise of its rights and remedies under this Section 6 of this Annex or Section 8 of this Agreement, each Grantor will, at the Collateral Agent's or the Appropriate Party's request and to the extent within such Grantor's power and authority and subject to Grantor's existing third-party contractual restrictions, give the Collateral Agent or the Appropriate Party access to:

(i) all software, technology, networks, systems, databases, information technology environments and other tangible assets used for the management of the Collateral or any Intellectual Property licensed under Section 8(e) of this Agreement, and access to and possession of all media and files in which any of such Collateral or Intellectual Property may be recorded or stored;

(ii) such Grantor's know-how and expertise regarding the Collateral; and

(iii) such Grantor's personnel responsible for either of the foregoing matters.

(c) The Collateral Agent shall take commercially reasonable measures to protect the confidentiality of any Trade Secrets and other confidential information accessed pursuant to Section 6(b) of this Annex.

7. **Provision of Services.**

(i) Until the time of an Event of Default and following an Event of Default, each Grantor shall, and shall cause its Affiliates to, provide to the Collateral Agent, at such Grantor's cost and expense, any (1) services and (2) access to any technology, networks, systems, databases or other tangible assets, in the case of (1) or (2), that are required for, the operation of any Pledged Flight Simulator as such Pledged Flight Simulator was operated prior to the occurrence of such Event of Default, solely to enable the Collateral Agent to exercise its rights and remedies under Section 8 of this Agreement and Section 6 of this Annex after the occurrence, and solely during the continuance, of an Event of Default; provided that (x) with respect to any such services or assets which, at the time of the Collateral Agent's exercise of the right described in this paragraph, were provided to such Grantor by any third party and with respect to which the consent of such third party is necessary for such third party or such Grantor to provide such services or access to the Collateral Agent, such Grantor shall use its commercially reasonable efforts to obtain the consent of such third party to provide such services to the Collateral Agent and (y) this Section 7(i) of this Annex is exercisable solely upon and during the continuance of an Event of Default.

(ii) Each Grantor shall work together, and cause its Affiliates, as applicable, to work together in good faith with any assignee of any Collateral and any applicable third-party service providers to provide the services and access set forth in clause (i) and Section 6(b) above to such assignee on commercially reasonable terms until such assignee is able to secure an adequate replacement or substitute for such services or access from a third party and such Grantor shall continue to provide such services and access to such assignee, on an actual cost basis, for the duration of a reasonable negotiation period.

8. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

(a) The terms of this Annex shall be deemed incorporated into and part of this Agreement.

(b) The terms of this Annex are cumulative in nature and shall not limit the applicability or scope of the other terms of this Agreement.

9. **Terms**. The following capitalized terms used in this Annex shall have the following meanings:

(a) **"Copyrights"** shall mean all United States and foreign (i) copyrights, whether registered or unregistered, whether in published or unpublished works of authorship, (i) copyright registrations or applications in any IP Filing Office, (iii) copyright renewals or extensions and (iv) rights corresponding, derived from or analogous to any of the foregoing.

(b) "**Flight Simulator Assets**" shall mean each Grantor's right, title and interest in, to and under the following, in each case, whether now owned or existing or hereafter acquired, developed, created or arising:

(i) the Pledged Flight Simulators;

(ii) all

1. Intellectual Property;

2. General Intangibles (other than Intellectual Property);

3. IT Systems; and

4. Equipment;

in each case, (A) owned by a Grantor or any of its Affiliates (1) exclusively used or held for use in connection with any Pledged Flight Stimulator or (2) primarily used in, and required to operate, any Pledged Flight Simulator (which, for the avoidance of doubt, shall not include any aircraft, airframe, engines or Spare Parts unless otherwise specified on Schedule 2.1 or in any Pledge Supplement) or (B) as set forth on Schedule 2.1;

(iii) all IP Licenses (x) set forth on Schedule 2.1, (y) exclusively used or held for use in connection with any Pledged Flight Simulator or (z) granted by a Grantor to a third party under any Flight Simulator Intellectual Property (other than non-exclusive trademark licenses, non-disclosure agreements and similar agreements entered into in the ordinary course of business, in each case that do not provide for the payment of royalties for the use of such Flight Simulator Intellectual Property).

(iv) all IP-Related Rights

(v) any other assets or property (A) exclusively used or held for use in connection with any Pledged Flight Simulator or (B) primarily used in, and required to operate, any Pledged Flight Simulator (which for the avoidance of doubt, shall not include any Intellectual Property, IT Systems, aircraft, airframe, engines or Spare Parts unless otherwise specified in this Section 9(b), Schedule 2.1 or in any Pledge Supplement); and

(vi) 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).

(c) **"Flight Simulator Intellectual Property"** shall mean the Intellectual Property included in the Flight Simulator Assets.

(d) "**Flight Simulator Trademarks**" shall mean the Trademarks included in the Flight Simulator Assets.

(e) **"Intellectual Property"** shall mean all intellectual property rights or other similar proprietary rights, whether registered or unregistered, arising out of the laws of any jurisdiction throughout the world, including such rights in and to: (i) Copyrights, (ii) Patents, (iii) Trademarks, (iv) Trade Secrets, (v) software, firmware and computer programs and applications, whether in source code, object code, human-readable or other form, including data files, algorithms, analytical models, computerized databases, plugins, subroutines, tools, application programming interfaces and libraries, and development documentation, programming tools, drawings, specifications and data, (vi) designs and databases, (vii) IP addresses and (viii) all tangible embodiments and fixations thereof and documentation related thereto.

(f) **"IP Filing Office"** means, as applicable, the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any jurisdiction.

(g) **"IP Licenses"** shall mean any and all agreements, whether or not styled as a "license," that (i) grant a Person an exclusive or non-exclusive license or other right to use or exercise any Intellectual Property, (ii) that obligate a Person to refrain from using or enforcing any Intellectual Property, including settlements, co-existence agreements, consents-to-use, non-assertion agreements and covenants not to sue and (iii) any option or right of first refusal or first offer on any of the foregoing in clauses (i) or (ii).

(h) **"IP-Related Rights"** shall mean, (A) with respect to any Flight Simulator Intellectual Property or IP Licenses included in the Collateral, any Proceeds thereof, and (B) with respect to any Flight Simulator Intellectual Property or IP Licenses included in the Collateral, (1) all rights to royalties, revenues, income, payments, claims, damages and proceeds of suit and other payments arising therefrom and (2) all other accrued and unaccrued causes of action (whether in contract, tort or otherwise) or rights to claim, sue or collect damages for or enjoin or obtain other legal or equitable relief for, an infringement, misuse, misappropriation, dilution, violation, unfair competition, injury to goodwill or other impairment (whether past, present or future) thereof, including expired items.

(i) **"IT Systems"** shall mean the information technology assets, equipment, systems, networks, software, hardware, and the computers, websites, applications and databases used in connection with the Pledged Flight Simulators.

(j) **"Patents"** shall mean all United States and foreign issued patents (whether utility, design, or plant) and certificates of invention, and similar industrial property rights, and applications for any of the foregoing, including: (i) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations thereof, (ii) all rights corresponding, derived from or analogous thereto throughout the world and (iii) all inventions and improvements described or claimed therein.

(k) "**Pledged Equipment**" shall mean collectively, all Flight Simulator Assets and all Pledged Ground Support Equipment.

(l) "**Pledged Flight Simulators**" shall mean all of the flight simulators set forth in Schedule 2.1 hereto.

(m) "**Pledged Ground Support Equipment**" shall mean the ground support equipment set forth in Schedule 2.1 hereto.

(n) **"Trademarks"** shall mean all United States, and foreign trademarks, trade names, corporate names, company names, business names, fictitious business names, Internet domain names, trade dress, service marks, certification marks, collective marks, logos, social media identifiers, handles, other source or business identifiers, designs and general intangibles of a like nature, whether arising under a statute, common law, or the laws of any jurisdiction throughout the world, whether registered or unregistered, including: (i) all registrations, applications, extensions, renewals or other filings of any of the foregoing and (ii) all of the goodwill of the business connected with the use of or symbolized by the foregoing.

(o) **"Trade Secrets"** shall mean all trade secrets and all other confidential or proprietary information, data and know-how, whether arising under a statute, common law, or the Laws of any jurisdiction throughout the world, whether or not such trade secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating, or referring in any way to such trade secret.

**FORM OF IP SECURITY AGREEMENT—COPYRIGHTS**

**COPYRIGHT SECURITY AGREEMENT**

COPYRIGHT SECURITY AGREEMENT, dated as of [●], made by and between [●] ("***Grantor***") and THE BANK OF NEW YORK MELLON (the "***Collateral Agent***").

WHEREAS, the Initial Lender has agreed to make Loans to the Grantor under that certain Loan and Guarantee Agreement, dated as of [●], by and among [●], as Borrower, the Guarantors party thereto, the Collateral Agent, the Administrative Agent named therein and the United States Department of the Treasury, as Lender (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***").

WHEREAS, the Collateral Agent entered into that certain Pledge and Security Agreement, dated as of as of [●], by and among Grantor, the grantors party thereto and the Collateral Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Security Agreement***").

WHEREAS, pursuant to the Security Agreement, the Grantor granted a security interest to the Collateral Agent in the Copyright Collateral (as defined below) and is required to execute and deliver this Copyright Security Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, Grantor and the Collateral Agent hereby agree as follows:

**1. Defined Terms**

All capitalized terms used in this Copyright Security Agreement and not otherwise defined herein will have the meanings assigned to them in the Security Agreement or Loan Agreement, as applicable.

**2. Supplement to Security Agreement**

This Copyright Security Agreement has been entered into in conjunction with the security interest granted to the Collateral Agent under the Security Agreement, and Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. The terms of this Copyright Security Agreement are supplemental to and not in replacement of the terms of the Security Agreement, and the rights and remedies of the Collateral Agent with respect to the security interests granted herein are without prejudice to, but in addition to, those set forth in the Security Agreement. If there is any conflict between this Copyright Security Agreement and the Security Agreement, the Security Agreement will govern.

**3. Security Interest and Collateral**

Grantor hereby grants to the Collateral Agent a security interest in and continuing lien on all of such Grantor's right, title and interest in, to and under the following, in each case whether now owned or existing or hereafter acquired, developed, created or arising and wherever located (collectively, the "***Copyright Collateral***"):

a. any United States or foreign: (i) copyrights, whether registered or unregistered, whether in published or unpublished works of authorship; (ii) copyright registrations or applications in any IP Filing Office; (iii) copyright renewals or extensions; and (iv) rights corresponding, derived from or analogous to the foregoing, in each case included in the Collateral, including any copyright listed in Schedule 1 attached hereto (as such schedule may be amended or supplemented from time to time) (collectively "***Copyrights***");

b. any agreements, whether or not styled as a "license," that grant to Grantor an exclusive license to use or exercise rights in any registered or applied-for Copyright, included in the Collateral, including any agreement listed in Schedule 1 attached hereto (as such schedule may be amended or supplemented from time to time) (collectively, "***Copyright Licenses***"); and

c. for any Copyright or Copyright License, any (i) Proceeds and rights to royalties, revenues, income, payments, claims, damages and proceeds of suit and other payments arising therefrom; and (ii) all other accrued and unaccrued causes of action (whether in contract, tort or otherwise) or rights to claim, sue or collect damages for or enjoin or obtain other legal or equitable relief for, an infringement, misuse, violation, unfair competition or other impairment (whether past, present or future) thereof, including expired items.

For the avoidance of doubt, this Copyright Security Agreement is not to be construed as an assignment of any Copyright Collateral.

**4. Recordation**

Grantor hereby authorizes the Register of Copyrights and any other government officials to record and register, and Grantor hereby agrees to file at the United States Copyright Office, this Copyright Security Agreement upon request by the Collateral Agent, and Grantor hereby agrees to furnish to the Collateral Agent evidence of such recordation and registration.

**5. Termination**

When all Secured Obligations have been completely and indefeasibly paid and performed in full and the Lender no longer has a commitment to make any Loan to the Borrower, this Copyright Security Agreement will terminate.

**6. Governing law**

This Copyright Security Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

**7. Counterparts; Electronic communications**

This Copyright Security Agreement may be executed (including through electronic signatures) in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Notices and other communications may be delivered electronically (including by e-mail) and will be effective upon receipt, except that any record required to be signed, executed or authenticated will only be effective when authenticated and delivered by electronic imaging means (e.g., .pdf or .tiff).

**[Remainder of page left intentionally blank]**

IN WITNESS WHEREOF, [each][the] Grantor and the Collateral Agent have caused this Copyright Security Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

[GRANTOR], as Grantor

By: _____
[NAME]
[TITLE]

THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____
[NAME]
[TITLE]

**SCHEDULE 1**
**TO COPYRIGHT SECURITY AGREEMENT**

REGISTERED COPYRIGHTS

| NO. | TITLE OF WORK | REGISTRATION NUMBER | REGISTRATION DATE | GRANTOR |
|---|---|---|---|---|
| 1. | | | | |

COPYRIGHT APPLICATIONS

| NO. | TITLE OF WORK | APPLICATION DATE | GRANTOR |
|---|---|---|---|
| 1. | | | |

EXCLUSIVE COPYRIGHT IP LICENSES

| NO. | TITLE OF WORK | REGISTRATION NUMBER | REGISTRATION DATE | GRANTOR |
|---|---|---|---|---|
| 1. | | | | |

**FORM OF IP SECURITY AGREEMENT—PATENTS**

**PATENT SECURITY AGREEMENT**

PATENT SECURITY AGREEMENT, dated as of [●], made by and between [●] ("***Grantor***") and [●] (the "***Collateral Agent***").

WHEREAS, the Initial Lender has agreed to make Loans to the Grantor under that certain Loan and Guarantee Agreement, dated as of [●], by and among [●], as Borrower, the Guarantors party thereto, the Collateral Agent, the Administrative Agent named therein and the United States Department of the Treasury, as Lender (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***").

WHEREAS, the Collateral Agent entered into that certain Pledge and Security Agreement, dated as of as of [●], by and among Grantor, the grantors party thereto and the Collateral Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Security Agreement***").

WHEREAS, pursuant to the Security Agreement, the Grantor granted a security interest to the Collateral Agent in the Patent Collateral (as defined below) and is required to execute and deliver this Patent Security Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, Grantor and the Collateral Agent hereby agree as follows:

**1. Defined Terms**

All capitalized terms used in this Patent Security Agreement and not otherwise defined herein will have the meanings assigned to them in the Security Agreement or Loan Agreement, as applicable.

**2. Supplement to Security Agreement**

This Patent Security Agreement has been entered into in conjunction with the security interest granted to the Collateral Agent under the Security Agreement, and Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. The terms of this Patent Security Agreement are supplemental to and not in replacement of the terms of the Security Agreement, and the rights and remedies of the Collateral Agent with respect to the security interests granted herein are without prejudice to, but in addition to, those set forth in the Security Agreement. If there is any conflict between this Patent Security Agreement and the Security Agreement, the Security Agreement will govern.

**3. Security Interest and Collateral**

Grantor hereby grants the Collateral Agent a security interest in and continuing lien on all of such Grantor's right, title and interest in, to and under the following, in each case whether now owned or existing or hereafter acquired, developed, created or arising and wherever located (collectively, the "***Patent Collateral***"):

a. Any United States and foreign issued patents (whether utility, design, or plant) and certificates of invention, and similar industrial property rights, and applications for any of the foregoing, in each case included in the Collateral, including: (i) all reissues, divisions, continuations, continuations-in-part, extensions, renewals, and reexaminations thereof, (ii) all rights corresponding, derived from or analogous thereto throughout the world and (iii) all inventions and improvements described or claimed therein, including any patent listed in Schedule 1 attached hereto (as such schedule may be amended or supplemented from time to time) (collectively, "***Patents***"); and

b. for any Patent, any (i) Proceeds therefrom and all rights to royalties, revenue, income, payments, claims, damages, and proceeds of suit and other payments arising therefrom; and (ii) all other accrued and unaccrued causes of action (whether in contract, tort or otherwise) or rights to claim, sue or collect damages for or enjoin or obtain other legal or equitable relief for, an infringement, misuse, violation, unfair competition or other impairment (whether past, present or future) thereof, including expired items.

For the avoidance of doubt, this Patent Security Agreement is not to be construed as an assignment of any Patent Collateral.

**4. Recordation**

Grantor hereby authorizes the Commissioner for Patents and any other government officials to record and register, and Grantor hereby agrees to file at the United States Patent and Trademark Office, this Patent Security Agreement upon request by the Collateral Agent, and Grantor hereby agrees to furnish to the Collateral Agent evidence of such recordation and registration.

**5. Termination**

When all Secured Obligations have been completely and indefeasibly paid and performed in full and the Lender no longer has a commitment to make any Loan to the Borrower, this Patent Security Agreement will terminate.

**6. Governing law**

This Patent Security Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

**7. Counterparts; Electronic communications**

This Patent Security Agreement may be executed (including through electronic signatures) in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Notices and other communications may be delivered electronically (including by e-mail) and will be effective upon receipt, except that any record required to be signed, executed or authenticated will only be effective when authenticated and delivered by electronic imaging means (e.g., .pdf or .tiff).

**[Remainder of page left intentionally blank]**

IN WITNESS WHEREOF, [each][the] Grantor and the Collateral Agent have caused this Patent Security Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

[GRANTOR], as Grantor

By: _____
[NAME]
[TITLE]

THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____
[NAME]
[TITLE]

**SCHEDULE 1**

**TO PATENT SECURITY AGREEMENT**

ISSUED PATENTS

| NO. | PATENT NUMBER | DATE ISSUED | TITLE | GRANTOR |
|---|---|---|---|---|
| 1. | | | | |

PATENT APPLICATIONS

| NO. | APPLICATION NUMBER | FILING DATE | TITLE | GRANTOR |
|---|---|---|---|---|
| 1. | | | | |

**FORM OF IP SECURITY AGREEMENT—TRADEMARKS**

**TRADEMARK SECURITY AGREEMENT**

TRADEMARK SECURITY AGREEMENT, dated as of [●], made by and between [●] ("***Grantor***") and [●] (the "***Collateral Agent***").

WHEREAS, the Initial Lender has agreed to make Loans to the Grantor under that certain Loan and Guarantee Agreement, dated as of [●], by and among [●], as Borrower, the Guarantors party thereto, the Collateral Agent, the Administrative Agent named therein and the United States Department of the Treasury, as Lender (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***").

WHEREAS, the Collateral Agent entered into that certain Pledge and Security Agreement, dated as of as of [●], by and among Grantor, the grantors party thereto and the Collateral Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Security Agreement***").

WHEREAS, pursuant to the Security Agreement, the Grantor granted a security interest to the Collateral Agent in the Trademark Collateral (as defined below) and is required to execute and deliver this Trademark Security Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, Grantor and the Collateral Agent hereby agree as follows:

**1. Defined Terms**

All capitalized terms used in this Trademark Security Agreement and not otherwise defined herein will have the meanings assigned to them in the Security Agreement or Loan Agreement, as applicable.

**2. Supplement to Security Agreement**

This Trademark Security Agreement has been entered into in conjunction with the security interest granted to the Collateral Agent under the Security Agreement, and Grantor hereby acknowledges and affirms that the rights and remedies of the Collateral Agent with respect to the security interest in Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. The terms of this Trademark Security Agreement are supplemental to and not in replacement of the terms of the Security Agreement, and the rights and remedies of the Collateral Agent with respect to the security interests granted herein are without prejudice to, but in addition to, those set forth in the Security Agreement. If there is any conflict between this Trademark Security Agreement and the Security Agreement, the Security Agreement will govern.

**3. Security Interest and Collateral**

Grantor hereby grants the Collateral Agent a security interest in and continuing lien on all of such Grantor's right, title and interest in, to and under the following, in each case whether now owned or existing or hereafter acquired, developed, created or arising and wherever located (collectively, the "***Trademark Collateral***"):

a. all United States and foreign trademarks, trade names, corporate names, company names, business names, fictitious business names, Internet domain names, trade dress, service marks, certification marks, collective marks, logos, social media identifiers, handles, other source or business identifiers, designs and general intangibles of a like nature, whether arising under a statute, common law, or the laws of any jurisdiction throughout the world, whether registered or unregistered, in each case included in the Collateral, including: (i) all registrations, applications, extensions, renewals or other filings of any of the foregoing and (ii) all of the goodwill of the business connected with the use of and symbolized by the foregoing, including any trademark listed in Schedule 1 attached hereto (as such schedule may be amended or supplemented from time to time), in each case and any successor or replacement trademarks thereto, (collectively, "***Trademarks***"); and

b. for any Trademark, any (i) Proceeds therefrom and rights to royalties, revenues, income, payments, claims, damages and proceeds of suit and other payments arising therefrom; and (ii) all other accrued and unaccrued causes of action (whether in contract, tort or otherwise) or rights to claim, sue or collect damages for or enjoin or obtain other legal or equitable relief for, an infringement, misuse, dilution, violation, unfair competition, injury to goodwill or other impairment (whether past, present or future) thereof, including expired items.

Notwithstanding the foregoing, the Trademark Collateral shall not include any "intent-to-use" application for registration of a Trademark filed with the USPTO pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. § 1051, prior to the filing of a "Statement of Use" pursuant to Section 1(d) of the Lanham Act or an "Amendment to Allege Use" pursuant to Section 1(c) of the Lanham Act with respect thereto, but solely to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of any registration that issues from such "intent-to-use" application under applicable federal law. For the avoidance of doubt, this Trademark Security Agreement is not to be construed as an assignment of any Trademark Collateral.

For the avoidance of doubt, this Trademark Security Agreement is not to be construed as an assignment of any Trademark Collateral.

**4. Recordation**

Grantor hereby authorizes the Commissioner for Trademarks and any other government officials to record and register, and Grantor hereby agrees to file at the United States Patent and Trademark Office, this Trademark Security Agreement upon request by the Collateral Agent, and Grantor hereby agrees to furnish to the Collateral Agent evidence of such recordation and registration.

**5. Termination**

When all Secured Obligations have been completely and indefeasibly paid and performed in full and the Lender no longer has a commitment to make any Loan to the Borrower, this Trademark Security Agreement will terminate.

**6. Governing law**

This Trademark Security Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

**7. Counterparts; Electronic communications**

This Trademark Security Agreement may be executed (including through electronic signatures) in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Notices and other communications may be delivered electronically (including by e-mail) and will be effective upon receipt, except that any record required to be signed, executed or authenticated will only be effective when authenticated and delivered by electronic imaging means (e.g., .pdf or .tiff).

**[Remainder of page left intentionally blank]**

IN WITNESS WHEREOF, [EACH][THE] GRANTOR AND THE COLLATERAL AGENT HAVE CAUSED THIS TRADEMARK SECURITY AGREEMENT TO BE DULY EXECUTED AND DELIVERED BY THEIR RESPECTIVE OFFICERS THEREUNTO DULY AUTHORIZED AS OF THE DATE FIRST WRITTEN ABOVE.

[GRANTOR], as Grantor

By: _____
[NAME]
[TITLE]

THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____
[NAME]
[TITLE]

**SCHEDULE 1**

**TO TRADEMARK SECURITY AGREEMENT**

REGISTERED TRADEMARKS

| NO. | MARK | REGISTRATION NUMBER | REGISTRATION DATE | GRANTOR |
|---|---|---|---|---|
| 1. | | | | |

TRADEMARK APPLICATIONS

| NO. | MARK | APPLICATION NUMBER | FILING DATE | GRANTOR |
|---|---|---|---|---|
| 1. | | | | |

Each Grantor and the Collateral Agent hereby agree that the terms of this Annex shall apply with respect to Collateral consisting of Eligible Real Property.

1. **Perfection Requirement**. The following requirements shall be included in the definition of "Perfection Requirement" and shall constitute an additional "Perfection Requirement" with respect to Collateral consisting of Eligible Real Property:

   (a) [●].[13]

2. **Required Filings**. Each of the following financing statement, filing, recording or other document shall be included in the definition of "Required Filing" and shall constitute an additional "Required Filing":

   (a) [●].[14]

3. **Representations and Warranties**. Each Grantor (as applicable) represents and warrants, on the Closing Date and on the date of each Borrowing (or, in the case of an Additional Grantor or Additional Collateral, on the date of such Grantor's execution and delivery of a Pledge Supplement, or the date such Additional Collateral becomes subject to the security interest created hereby, as applicable):

   (a) Upon satisfaction and completion of all conditions and steps that constitute Perfection Requirement in this Agreement and this Annex, the Collateral Agent will obtain a legal, valid and perfected first-priority security interest upon and in such all Eligible Real Property subject to no Lien (other than the Liens created hereunder and other Permitted Liens).

4. **Covenants**. Each Grantor (as applicable) covenants and agrees that:

   (a) Each Grantor that owns any such Eligible Real Property will enter into such mortgages, deeds of trust, deeds to secure debt or other similar instruments as the Appropriate Party may require, and shall deliver such other documentation and opinions, in form and substance satisfactory to the Appropriate Party, in connection therewith as the Appropriate Party shall request, including title insurance policies, financing statements, fixture filings, flood insurance policies and environmental audits, and such Grantor shall pay all recording costs, intangible taxes and other fees and costs incurred in connection therewith.

   (b) If, at any time, the area in which any Eligible Real Property is located is designated a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), the Credit Party that owns such Eligible Real Property shall obtain flood insurance in such total amount and on terms that are satisfactory to the Appropriate Party and all Lenders from time to time, and otherwise comply with the Flood Laws or as is otherwise satisfactory to the Collateral Agent, the Appropriate Party and all Lenders.

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13 Note to Form: Insert any necessary mortgages, etc., depending on the nature of the Eligible Real Property.

14 Note to Form: Insert any necessary filings, registrations, etc., depending on the nature of the Eligible Real Property.

5. **Release of Collateral.** Each Grantor and the Collateral Agent agree that:

   a. Upon satisfaction and completion, as determined by the Appropriate Party, of the conditions for release of any Eligible Real Property from the Lien granted hereby in accordance with Section 6.17(b)(iii) of the Loan Agreement, such Eligible Real Property shall be released from the Lien granted under this Agreement, and the Collateral Agent will thereupon execute and deliver to the applicable Grantor, at such Grantor's sole expense, all appropriate UCC termination statements and other documents that such Grantor shall reasonably request to evidence such release. The Collateral Agent shall have no liability whatsoever to any Secured Party as a result of its execution of any such documentation with respect to any such release.

6. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

   a. The terms of this Annex shall be deemed incorporated into and part of this Agreement.

   b. The terms of this Annex are cumulative in nature and shall not limit the applicability or scope of the other terms of this Agreement.

7. **Terms**. The following capitalized terms used in this Annex shall have the following meanings:

   a. "**Eligible Real Property**" means [●].[15]

   b. "**Flood Laws**" means the National Flood Insurance Act of 1968, Flood Disaster Protection Act of 1973, and related laws, rules and regulations, including any amendments or successor provisions.

15 Note to Form: Insert description of relevant real property.

**Exhibit 10.7**

***Execution Copy***

**PAYROLL SUPPORT PROGRAM AGREEMENT**

Recipient: Sun Country, Inc. dba Sun Country Airlines
2005 Cargo Road, Minneapolis, MN 55450

**PSP Participant Number:** PSA-2004062397
**Employer Identification Number:** 35-2159124
**DUNS Number:** 114370096

**Amount of Initial Payroll Support Payment:** $20,186,288.56

The Department of the Treasury (Treasury) hereby provides Payroll Support (as defined herein) under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act. The Signatory Entity named above, on behalf of itself and its Affiliates (as defined herein), agrees to comply with this Agreement and applicable Federal law as a condition of receiving Payroll Support. The Signatory Entity and its undersigned authorized representatives acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact in connection with this Agreement may result in administrative remedies as well as civil and/or criminal penalties.

**The undersigned hereby agree to the attached Payroll Support Program Agreement.**

/s/ Brett McIntosh

**Department of the Treasury**
**Authorized Representative:** Brent McIntosh
**Title:** Under Secretary for International Affairs
**Date:** 4/20/2020

/s/ Dave Davis

Sun Country, Inc. dba Sun Country Airlines
First Authorized Representatives: David M. Davis
Title: President and CEO
Date: April 16, 2020

/s/ Eric Levenhagen

Sun Country, Inc. dba Sun Country Airlines
Second Authorized Representatives
Title: General Counsel and Chief Administrative Officer
Date: April 16, 2020

**PAYROLL SUPPORT PROGRAM AGREEMENT**

**INTRODUCTION**

The Coronayirus Aid, Relief; and Economic Security Act (CARBS Acts or Act) directs the department of the Treasury (Treasury) to provide Payroll Support (as defined herein) to passenger air carriers, cargo air *carriers, and* certain contractors that must be exclusively used forte continuation of payment of Employee Salaries, Wages, and Benefits (as defined herein). The Act permits Treasury to provide Payroll Support in such form, and on such terms and conditions, as the Secretary of the Treasury determines appropriate, and requites certain assurances from the Recipient (as defined herein).

**This**. Payroll Support Program Agreement, including the application and all supporting documents submitted by the Recipient and the Payroll Support Certification attached hereto (collectively, Agreement), memorialize the binding terms and conditions applicable to the Recipient.

**DEFINITIONS**

As used in this Agreement, the following terms shall have the following respective meanings, 11111CSS the context. Clearly requires otherwise. In addition, this Agreement shall be construed in a manner consistent with any public guidance Treasury may from time to time issue regarding the implementation of Division A, Title IV, Subtitle B of the CARES Act.

*Actor CARES Act* means the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. No: 116-136).

*Additional Payroll Support Payment means* any disbursement Payroll Support occurring after the first disbursement of Payroll Support under this Agreement.

*Affiliate means* any Person that directly or indirectly. Controls, is controlled by, or.is under common control with, the Recipient. For purposes of this definition, “control” of a Person shall mean having the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by ownership of voting equity, by contract, or otherwise.

*Benefits* means, without duplication of any amounts counted as Salary or Wages, pension expenses in respect of Employees, all expenses for accident, sickness; hospital, and death benefits to Employees, and the cost of insurance to provide such benefits; any Severance Pay or Other Benefits payable to ‘Employees ;pursuant to a bona fide voluntary early retirement program voluntary furlough; and any other similar expenses paid by the Recipient for the benefit of Employees, including any other fringe benefit expense described in lines 10 and 11 of Financial Reporting Schedule P-6, Form 41) as, published by the Department of Transportation, excluding any Federal, state, or local payroll taxes paid by the Recipient:

*Corporate Officer* means, with respect to the Recipient, its president; any vice president in charge of a principal business unit, division, or function (such as sales, administration or finance); any either officer who performs a policy-making functions for, or any other person who performs similar policy making functions for the Recipient. Executive officers of subsidiaries or parents of the Recipient maybe deemed Corporate Officers of the Recipient if they perform such policy-making functions for the Recipient.

Employee means an individual who is employed by the Recipient and whose principal of employment is in the United States (including its territories and possessions), including salaried, hourly, full-time, part-time, temporary, and leased employees, but excluding any individual who is a Corporate Officer independent contractor.

*Involuntary Termination or Furlough* means the Recipient terminating the employment of one or more. Employees or requiring one or more Employees to take a temporary suspension or unpaid leave for any reason, including a shut-down or slow-down of business; provided, however; that an involuntary 'Termination or Furlough .does not include a Permitted Termination or Furlough.

*Maximum Awardable Amount* means the amount determined by the Secretary With respect to the Recipient pursuant to section 4113(a)(1), (2), or (3) (as applicable) of the CARES Act.

*Payroll Support* means funds disbursed by the Secretary to the Recipient under this Agreement, including the first disbursement of Payroll Support and any Additional Payroll Support Payment.

*Permitted Termination or Furlough* means, with respect to an Employee, (1) a voluntary furlough, voluntary leave of absence, voluntary resignation, or voluntary retirement, (2) termination of employment resulting from such Employee's death or disability, or (3) the Recipient terminating the employment of such Employee for cause or placing such Employee on a temporary suspension or unpaid leave of absence for disciplinary reasons, in either case; as reasonably determined by the Recipient acting in good faith.

*Person* Means any natural person, corporation, limited liability company, Partnership, joint venture, trust, business association, governmental entity, or other entity.

*Recipient* means, collectively, the Signatory Entity; its Affiliates that are air carrier as defined in 49 U.S.C. 1401.92; and their respective heirs, executors, administrators, successors; and assigns.

*Salary means,* without duplication of any amounts counted *as* Benefits, a predetermined regular payment, typically paid on a weekly or less frequent basis but which may be expressed as an hourly, weekly, annual or other rate, as well as cost-of-living differentials, vacation time, paid time off, sick leave, and overtime pay, paid by the Recipient to its Employees, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

*Secretary* means the Secretary of the Treasury.

*Severance Pap or Other Benefits* means any severance payment or other similar benefits, including cash payments, health care benefits, perquisites, the enhancement or acceleration of the payment or vesting of any payment or benefit or any other in-kind benefit payable (whether in Jump sum or over time, including after March 24, 2022) by the Recipient to a Corporate Officer or Employee in connection with any termination of such Corporate Officer's or Employee's employment (including, without limitation, resignation; severance, retirement, Or constructive termination), which shall-be-determined and calculated in respect of any Employee or Corporate Officer of the Recipient in the manner prescribed in l7 CFR. 229.402(j) (without regard to its limitation to the five MOM highly compensated executives and using the actual date of termination of employment rather than the last business day of the Recipient's last completed fiscal year as the trigger event).

*Signatory Entity* means, the passenger air carrier, cargo air carrier, or contractor that has entered into this Agreement.

*Taxpayer Protection Instruments* means warrants, options, preferred stock, debt securities, notes, or other financial instruments issued by the Recipient to Treasury as compensation for the Payroll Support under this Agreement, if applicable.

*Total Compensation* means compensation including salary, wages, bonuses, awards of stock, and any other financial benefits provided by the Recipient or an Affiliate, as applicable. Which shall be determined and calculated for the 2019 calendar year or any applicable 12-month period in respect of any Employee or Corporate Officer of the Recipient in the manner prescribed under paragraph e.5 of the award term 2 CFR part 170, App. A, but excluding any Severance Pay or Other Benefits in connection with termination of employment,

*Wage* means, without duplication of any amounts counted as Benefits, a payment, typically paid on an hourly, daily, or piecework basis, including cost-of-living differentials, vacation; paid time off, sick leave, land overtime pay; paid by the Recipient to its Employees, but excluding any Federal, state, or local payroll taxes paid by the Recipient.

**PAYROLL SUPPORT PAYMENTS**

1. Upon the execution of this Agreement by Treasury and the Recipient, the Secretary shall approve the Recipient's application for Payroll Support.
2. The Recipient may receive payroll Support in multiple payments up to the Maximum Awardable Amount, and the amounts (individually and in the aggregate) and timing of such payments will be determined by the Secretary in his sole discretion. The Secretary may, in his sole discretion, increase or reduce. the Maximum Awardable Amount (a) consistent with section 4113(a) of the CARES Act and (b) on a pro rata basis in order to address any shortfall in available funds, pursuant to section 4113(c) of the CARES Act:

3. The Secretary may determine in his sole discretion that any Payroll Support shall be conditioned on, and subject to, such additional terms and conditions (including the receipt of, and any terms regarding, Taxpayer Protection Instruments) to which the parties may agree in writing.

**TERMS AND CONDITIONS**

Retaining and Paying Employees

4. The Recipient shall use the Payroll Support exclusively for the continuation of payment of Wages, Salaries, and Benefit to the Employees of the Recipient.

    a. Furloughs and Layoffs. The Recipient shall not conduct an Involuntary Termination or Furlough of any Employee between the date of this Agreement and September 30, 2020.

    b. Employee Salary, Wages, and Benefits

        i. Salary and Wages. Except in the case of a Permitted. Termination or Furlough; the Recipient shall not, between the date of this Agreement and September 30, 2020, reduce, Without the Employee's consent, (A) the pay rate of any Employee...earning a Salary, or (B) the: pay rate of any Employee earning Wages.

        ii. Benefits. Except in the case of a Permitted Termination or Furlough, the Recipient shall not, between the date of this Agreement and September' 30, 2020, reduce, without the Employee's consent, the Benefits of any Employee; provided, however, that for purposes of this paragraph, personnel expenses associated with the performance of work duties, including those described in line 1Q of Financial: Reporting Schedule P-6, Form.41, as published by the Department pf Transportation, may be reduced to the extent the associated work duties are not performed.

Dividends and Buybacks

5. Through September 30, 2021, neither the Recipient nor any Affiliate: shall, in any transaction, purchase an equity security of the Recipient or of any direct or indirect parent company of the Recipient that, in either case, is listed on a national securities exchange.

6. Through September 30, 2021, the Recipient shall not pay dividends, or make any other capital distributions, with respect to the common stock (or equivalent equity interest) of the Recipient.

Limitations on Certain Compensation

7. Beginning March 24, 2020, and ending March 24, 2022, the Recipient and its Affiliates shall not pay any of the Recipients Corporate Officers or Employees whose Total Compensation exceeded $425,000 in calendar year 2019 (other than an Employee whose compensation is determined through an existing collective bargaining agreement entered into before March 27, 2020):

    a. Total Compensation which exceeds, during any 12 consecutive months of such two-year period, the Total Compensation the Corporate Officer or Employee received in calendar year 2019; or

    b. Severance Pay or Other Benefits in connection with a termination of employment With the Recipient which exceed twice the maximum Total Compensation received by such Corporate Officer or Employee in calendar year 2019.

8. Beginning March 24, 2020, and ending March *2A,* 2022, the Recipient and its Affiliates shall not pay any of the Recipient's Corporate Officers or Employees whose Total Compensation exceeded $3,000,000 in calendar year 2019 Total Compensation in excess of the sum of:

    a. $1,000,000; and

    b. 50 percent of the excess over $3,000,000 of the Total Compensation received by such Corporate Officer or Employee in calendar year 2019.

9. For purposes of determining applicable amounts under paragraphs 7 and 8 with respect to any Corporate Officer or Employee Who *Was* employed by the Recipient or an Affiliate for less than all of calendar year 2019, the amount of Total Compensation in calendar year 2019 shall mean such Corporate Officer's or Employee's Total Compensation on an annualized basis.

Continuation of Service.

10. If the Recipient is an air carrier, until March 1, 2022, the Recipient shall comply with any applicable requirement issued by the Secretary of Transportation under section 4114(b) of the CARES Act to maintain scheduled air transportation service to any point served by the Recipient before March 1, 2020.

Effective Date

11. This Agreement shall be effective as of the date of its execution by both parties.

Reporting and Auditing

12. Until the calendar quarter that begins after the later of March 24, 2022, and the date on which no Taxpayer Protection Interests outstanding, not later than 45 days after the end of each of the first three calendar quarters of each calendar year and 90 days after the end of each calendar year, the Signatory Entity, on behalf of

itself and each other Recipient, shall certify to Treasury that it is in compliance with the terms and conditions of this Agreement and provide a report containing the following:

a. the amount of Payroll Support funds expended during such quarter;

b. the Recipient's financial statements (audited by an independent certified public accountant; in the gate of annual financial statements); and

c. a copy of the Recipient's IRS Form 941 filed with respect to such quarter; and

d. a detailed summary describing, with 'respect to the Recipient, (a) any changes in Employee headcount during such quarter and the reasons therefor, including any Involuntary Termination or Furlough, (b) any changes in the amounts spent by the Recipient on Employee Wages, Salary, and Benefits during such quarter, and (c) any changes in Total Compensation for, and any Severance Pay or Other Benefits in connection with the termination of, Corporate Officers and Employees subject to limitation under this Agreement during such quarter; and the reason for any such changes.

13. If the Recipient or any Affiliate, or any Corporate Officer of the Recipient or any Affiliate, becomes aware of facts, clients, or circumstances that may materially affect the Recipient's compliance with the terms and conditions of this Agreement, the Recipient or Affiliate shall promptly provide Treasury with a written description of the events or circumstances and any action taken, or contemplated, to address the issue.

14. In the event the Recipient contemplates any action to commence a bankruptcy or insolvency proceeding in any jurisdiction, the Recipient shall promptly notify Treasury.

15. The Recipient shall:

a. Promptly provide to Treasury and the Treasury Inspector General a copy of any Department of Transportation Inspector General report, audit report, or report of any other oversight body, that it. Received by the Recipient relating to this Agreement.

b. Immediately notify Treasury and the Treasury Inspector General of any indication of fraud, waste, abuse, or potentially criminal activity pertaining to the Payroll Support.

c. Promptly provide Treasury with any information Treasury may request relating to compliance by the Recipient and its Affiliates with this Agreement.

16. The Recipient and Affiliates will provide Treasury, the Treasury Inspector General, and such other entities as authorized by Treasury timely and unrestricted access to all documents, papers, or other records, including electronic records, of the recipient related to the Payroll Support, to enable Treasury and the-Treasury Inspector General to make audits, examinations, and otherwise evaluate the Recipient's compliance with the terms of this Agreement. This-right also includes timely and reasonable access to the Recipient's and its Affiliates' personnel for the purpose of interview and. discussion related to such documents. This right of access. Shall continue as long as records are required to be retained.

Recordkeeping and Internal Controls

17. If Treasury notifies the Recipient that the first disbursement of Payroll Support to the Recipient under this Agreement is the Maximum Awardable Amount (subject to any pro rata reductions and as determined by the Secretary as of the date of such disbursement), the Recipient shall maintain the Payroll Support funds in a separate account over which Treasury shall have a perfected security interest to continue the payment of Wages, Salary, and Benefits to the Employees. For the avoidance of doubt, regardless whether the first disbursement of Payroll Support to the Recipient under this Agreement is the Maximum Awardable Mount if the Recipient is a debtter.as defined under 11 U.S.C. § 101(13), the Payroll Support funds; any claim or account receivable arising under this Agreement, and any segregated account holding funds received under this Agreement shall not constitute or become property of the estate wader 11111J.S.C..§ 541.

18. The Recipient shall expend and ambient for Payroll Support funds in a manner sufficient to:

    a. Permit the preparation of accurate, current, and complete quarterly reports as required under this Agreement.

    b. Permit the tracing of funds to a level of expenditures adequate to establish that such funds have been used as required under this Agreement.

19. The Recipient shall establish and Maintain effective internal controls over the Payroll. Summit; comply with all requirements related to the Payroll Support established under applicable Federal statutes and regulations; monitor Compliance-with Federal statutes, regulations; and the terms and conditions of this. Agreement; and take prompt affective actions in accordance with audit recommendations. The Recipient shall promptly remedy any identified instances of noncompliance with this Agreement

20. The Recipient and Affiliates shall retain: all records pertinent to the receipt of Payroll Support and compliance with the terms and conditions of this Agreement (including by suspending any automatic deletion functions for electronic records. including emails) for a period of three years following the period of performance. Such record shall include all information necessary to substantiate factual

representations made in the Recipient's application for Payroll Support, including, ledgers and sub-ledgers, and the Recipient's and Affiliates' compliance with this Agreement. While electronic storage of records (backed up as appropriate) is preferable, the Recipient and Affiliates may store records in hard copy (paper) format The term "records" includes all relevant financial and accounting records and all supporting documentation forte information reported on the Recipient's quarterly reports.

21. If any litigation, claim, investigation, or audit relating to the Payroll Support is started before the expiration of the three-year period, the Recipient and Affiliates shall retain all records described in paragraph 20 until all such litigation, claims; investigations; or audit findings have been completely resolved and filial judgment entered or final action taken.

Remedies

22. If Treasury believes that an instance of noncompliance by the Recipient Oran Affiliate with (a) this Agreement, (b) sections 41:14 or 4116 of the CARES .Act, or:(t) the Internal Revenue Code of 1986 as it applies to the receipt of Payroll Support has occurred, Treasury may notify the Recipient in writing of its proposed determination of noncompliance, provide an explanation of the nature of the noncompliance, and specify a proposed remedy upon receipt of such notice, the Recipient shall, within seven days, accept Treasury's proposed remedy, propose an alternative remedy, or provide information and documentation contesting Treasury's proposed determination. Treasury shall consider any such submission by the Recipient and make a final written, determination, which will state Treasury's findings regarding noncompliance and the remedy to be imposed.

23. If Treasury makes a final determination under paragraph 22 that an instance of noncompliance has occurred, Treasury may, in. its sole discretion, withheld any Additional Payroll Support Payments; require the repayment: of the amount' of any previously disbursed Payroll. Support, with appropriate interest require additional reporting or monitoring; initiate suspension or debarment proceedings as authorized under 2 CFR Fart 180;.terminate this Agreement or take any such other action as. Treasury, in its 'sole discretion, deems appropriate.

24. Treasury may make a final determination regarding noncompliance without regard to paragraph 22 if 'treasury determines, in its sole discretion, that such determination is necessary to protect a material interest of the Federal Government. In such event Treasury shall notify the Recipient of the remedy that Treasury, in its sole discretion, shall impose, after which the Recipient may contest Treasury's final determination or propose an alternative remedy in writing to Treasury. Following the receipt of such a submission by the Recipient, Treasury may, in its sole discretion, maintain or alter its final determination.

25. Any final determination of noncompliance and any final determination to take any remedial action described herein shall fret be subject to further review. To the extent permitted by law, the Recipient Waives any fight to judicial review of any suet determinations and further agrees not to assert in any court any claim arising from or relating to any Such determination of remedial action..

26. Instead of, or in addition to, the remedies listed above, Treasury may refer any noncompliance or any allegations of fraud, waste, *at* abuse to the Treasury Inspector General.

27. Treasury, in its sole discretion, may grant any request by the Recipient for termination of this Agreement, Which such request shall be in writing and shall %chide the reasons for such termination, the proposed effective date of the-termination, and the amount of any unused Payroll Support funds the Recipient requests to return to Treasury. Treasury may, in its sole discretion, determine the extent to which the requirements under this Agreement may cease to apply following any such termination.

28. If Treasury determines that any remaining portion of the Payroll Support will not accomplish the purpose of this Agreement, Treasury may terminate this Agreement in its entirety to-the extent permitted by law.

Debts

29. Any Payroll Support in excess of the amount Which Treasury determines, at any time, the Recipient is authorized to receive or retain under the terms of this Agreement constitutes a debt to the Federal Government.

30. Any debts determined to be owed by the Recipient to the Federal Government shall be paid promptly by the Recipient. A debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for payment, unless other satisfactory arrangements have been made. Interest, penalties, and administrative charges shall be charged on delinquent debts in accordance with 31 U.S.C. § 3717, 31 CFR 901.9, and paragraphs 31 and 32. Treasury will refer any debt that is more than 180 days delinquent to Treasury's Bureau of the Fiscal Service for debt collection services.

31. Penalties on any debts shall accrue at attire of not more than 6 percent per year or such other higher rate as authorized by law.

32. Administrative charges relating to the costs of processing and handling delinquent debt shall be determined by Treasury.

33. The Recipient shall not use funds from other federally sponsored programs to pay a debt to the. Government arising under this Agreement.

Protections for Whistleblowers

34. In addition to other applicable whistleblower protections, in accordance with 41 U.S.C. § 4712, the Recipient shall not discharge, demote, or otherwise discriminate against an Employee as a reprisal for disclosing information to a Person listed below that the Employee reasonably believes is evidence of gross mismanagement of a Federal contract or grant, a gross waste of Federal funds; an abuse of authority relating to a Federal contractor grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a Federal Contract (including the competition for or negotiation of a contract) or grant:

    a. A Member of Congress or a representative of a committee of Congress;

    b. An Inspector General;

    c. The Government Accountability Office;

    d. A Treasury employee responsible for contractor or grant oversight or management;

    e. An authorized official of the Department of Justice or other law enforcement agency;

    f. A court or grand jury; or

    g. A management officiator other Employee of the Recipient who has the responsibility to investigate, discover, or address misconduct.

Lobbying

35. The recipient shall comply with the provisions of 31 U.S.C. § 1352, as amended, and with the regulations at 31 CFR Part 21.

Non-Discrimination

36. The Recipient shall comply with, and hereby assures that it will comply with, all applicable Federal statutes and regulations relating to nondiscrimination including:

    a. Title V1 of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.), including Treasury's implementing regulations at 31 CFR Part 22;

    b. Section 504 of the Rehabilitation Act of 1973, as amended § 794);

    c. The Age Discrimination Act of 1975, as amended (42 U. S.C. §§ 6101-6107), including Treasury's implementing regulations it 31 CFR Part 23 and the general age discrimination at 45 CFR Part 90; and

    d. The Air Carrier Access of 1986 (49 U.S.C. § 41705).

Additional Reporting

37. Within seven days after the date of this Agreement the Recipient shall register in SAM.gov, and thereafter maintain the currency of the information in SAM.gov until at least March 24, 2022. The Recipient shall review and update such information at least annually after the initial registration, and more frequently if rewired by changes in the Recipient's information. The Recipient agrees that this Agreement and information, related thereto, including the Maximum Awardable Amount and any executive total compensation reported pursuant to paragraph 38; may be made available to the public through a U.S. Government website, including SAM.gov.

38. For purposes of paragraph 37, the Recipient shall report total compensation as defined in paragraph e.5 of the award term in 2 CFR part 170, App. A for each of the Recipient's five most highly compensated executives for the preceding completed fiscal year, if

    a. the total Payroll Support is $25,000 or more;

    b. in the preceding fiscal year, the Recipient received:

        i. 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance, as deemed at 2 CFR 170:320 (and subawards); and

        ii. $25,000,000 or More in annual gross revenues from Federal procurement contacts (and subcontracts) and Federal financial assistance, as defined at 2 CFR 170.320 (and subawards); and

    c. the public does not have access to information about the compensation of the executives through periodic repeals filed under section 13(a) or I5(d).of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. To determine if the public has access to the compensation information, the Recipient shall refer to U.S. Securities and Exchange Commission total Compensation filings http://www.sec.gov/answers/execomp.htm.

39. The Recipient shall report executive total compensation described in paragraph 38:

    a. as part of its registration profile at https://www.sam.gov; and

    b. within five business days after the end of each month following the month in which this Agreement becomes effective, and annually thereafter.

40. The Recipient agrees that, from time to time, it will, at its own expense, promptly upon reasonable request by Treasury, execute and deliver, of cause to be executed and delivered, or use its commercially reasonable efforts to procure, all instruments, documents and information, all inform and substance reasonably satisfactory to Treasury; to enable Treasury to ensure compliance with; or effect

the purposes this Agreement, which may include; among other documents or information, (a) certain audited financial statements of: he Recipient, (b) documentation regarding the Recipient's revenues derived from its busirteas.as a passenger or cargo air carrier or regarding the passenger air carriers for which the Recipient provides services as contractor (as the case may be), and (c) the Recipient's most recent quarterly Federal tax returns. The Recipient agrees to provide Treasury with such documents or information promptly.

41. 1f the total value of the Recipient's currently active grants, cooperative. agreements and procurement contacts from all Federal awarding agencies exceeds $10,000,000 for any, period before termination of this Agreement then the Recipient shall make such reports as required by 2 CFR part 200; Appendix XII.

Other

42. The Recipient acknowledges that neither Treasury, nor any other actor; department, or agency of the. Federal Government, shall condition the provision of Payroll Support on the Recipient's implementation of measures to enter into negotiations with the certified bargaining representative of a craft or class of employees of the Recipient under the Railway Labor Act (45. U.S.C. 151 et seq.) or the National Labor Relations Mt (29 U.S.C. 151 et seq.), regarding pay or other terms and condition of employment.

43. Notwithstanding any other provision of this Agreement, the Recipient has no right to, and shall not, transfer, pledge, mortgage, encumber, or otherwise assign this Agreement or any Payroll Support provided under this Agreement, or any interest therein or any claim, account receivable, or funds arising thereunder or accounts holding Payroll Support, to any party, bank, trust company; or other· Person without the express written approval of Treasury.

44. The Signatory Entity will pause its Affiliates to comply with all of their obligations under or relating to this Agreement.

45. Unless otherwise provided in guidance issued by Treasury or the Internal Revenue Service, the form of any Taxpayer Protection Instrument held by Treasury and any subsequent holder will be treated as such form for purposes of the Internal Revenue Code of 1986 (for example, a Taxpayer Protection Instrument in the form of a note will be treated as indebtedness for purposes of the Internal Revenue Code of 1986).

46. This Agreement may not be amended or modified except pursuant to an agreement in writing entered into by the Recipient and Treasury, except that Treasury may unilaterally amend this Agreement if required in Order to comply with applicable Federal law or regulation.

47. Subject to applicable law; Treasury may, in its sole discretion, waive any term or condition under this Agreement imposing a requirement on the Recipient or any Affiliate.

48. This Agreement shall bind and inure to the benefit of the parties and their respective heirs, executors, administrators, successors, and assigns.

49. The Recipient represents and warrants to Treasury that this Agreement, and the issuance and delivery to Treasury of the Taxpayer Protection Instruments, if applicable, have been duly authorized by all requisite corporate and; if required, stockholder action, and will not result in the violation by the Recipient of any provision of law, statute, or regulation, or of the articles of incorporation or other constitutive documents or by laws of the Recipient, or breach or constitute ‘an event of default under any material contract to which the Recipient is a party.

50. The Recipient represents and Warrants to Treasury that this Agreement has been duly executed and delivered by the Recipient and constitutes a legal, valid, and binding, obligation of the Recipient enforceable against the Recipient an accordance with its terms.

51. This Agreement maybe excepted in counterparts, each of which shall constitute an original, but all of which together shall constitute a tingle contract.

52. The words “execution,” ”signed,” “signature,” and words of like import in any assignment shall be. deemed to include electronic Signatures 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. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Agreement by electronic means, or confirmation of the execution of this Agreement on behalf of a party by an email from an authorized signatory of such party, shall be effective as delivery of a manually executed counterpart of this Agreement.

53. The captions and paragraph headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

54. This Agreement is governed by and shall be construed in accordance with federal law. Insofar as there may be no applicable Federal law, this Agreement shall be construed in. accordance with the laws of the State of New York, without regard *to* any rule of conflicts of law (other than Section 5-1401 of the New York General Obligations taw).that would result in the application of the substantive law of any jurisdiction other than the State of New York.

55. Nothing in this Agreement shall require any unlawful action or inaction by either party.

56. The requirement pertaining to trafficking in persons at 2 CPR 175.15(b) is incorporated herein and made applicable to the Recipient.

57. This Agreement, together with the attachments hereto, including the Payroll Support Certification and any attached terms regarding Taxpayer Protection Instruments, constitute the entire agreement of the parties relating to the subject matter hereof and previous agreements and understandings, oral or written, relating to the subject matter hereof. There may exist other agreements between the parties as to other matters, which are not affected by this Agreement and are not included within this integration clause.

58. No failure by either party to insist upon the strict performance of any provision of this Agreement or to exercise any right or remedy hereunder, and no acceptance of full or partial Payroll Support (if applicable) or other performance by either party during the continuance of any such breach, shall constitute a waiver of any such breach of such provision.

**ATTACHMENT**

Payroll Support Program Certification of Corporate Officer of Recipient

**PAYROLL SUPPORT PROGRAM**

**CERTIFICATION OF CORPORATE OFFICER OF RECIPIENT**

In connection with the Payroll Support Program Agreement (Agreement) between: Sun Country, Inc. dba· Sun Country Airlines and the Department of the Treasury (Treasury) relating to Payroll Support being provided by Treasury to the Recipient under Division A, Title IV, Subtitle B. of the Coronavirus Aid, Relief and Economic Security Act, I hereby certify under penalty of perjury to the Treasury that all of the following are true and correct. Capitalized terms used but not defined herein have the meanings set forth, in the Agreement.

(1) I have the authority to make the following representations on behalf of myself and the Recipient. I understand that these representations will be relied upon at material in the decision by Treasury to provide Payroll Support to the Recipient

(2) The information and certifications provided by the Recipient in an application for Payroll Support, and in any attachments ox other information provided by the Recipient to Treasury related to the application, are true and correct and do not contain any materially, false; fictitious, or fraudulent statement, nor any concealment or omission of any material fact.

(3) The Recipient has the legal authority to apply for the Payroll Support, and it has the institutional, managerial, and financial capability to comply with all obligations, tetras, and conditions set forth in the Agreement and any attachment thereto.

(4) The Recipient and any Affiliate will give Treasury, Treasury's designee. or the Treasury Office of Inspector General (as. applicable) access to, and opportunity to examine, all documents papers, or other records of the Recipient or Affiliate pertinent to the provision of Payroll Support made by Treasury based on the application, in order to make audits, examinations, excerpts, and transcripts.

(5) No Federal appropriated funds including Payroll Support, have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress; an of der or employee of Congress, or an employee of Member of Congress in connection with the awarding of. any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into Of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(6) If the Payroll Support exceeds $100,000, the Recipient shall comply with the disclosure requirements in 31 CFR Part 21 regarding any amounts paid for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the Payroll Support.

**I acknowledge that a materially false, fictitious, or fraudulent statement (or concealment or omission of a material fact) in this certification, or in the application that it supports, may be the subject of criminal prosecution and also may subject me and the Recipient to civil penalties and/or administrative remedies for false claims or otherwise.**

**Exhibit 10.10**

***Execution Copy***

**Certain identified information has been excluded from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed. [***] indicates that information has been redacted.**

# AMENDMENT NO. 1 TO AIR TRANSPORTATION SERVICES AGREEMENT

This Amendment No. 1 to Air Transportation Services Agreement ("Amendment No. 1"), dated as of June 30, 2020 ("Amendment No. 1 Effective Date"), will amend that certain Air Transportation Services Agreement dated as of December 13, 2019 ("Agreement") by and between Sun Country, Inc., a Minnesota corporation ("Sun Country"), and Amazon.com Services LLC (successor to Amazon.com Services, Inc.), a Delaware company ("Amazon"). Sun Country and Amazon are also referred to collectively herein as the "Parties" or each, individually, as a "Party".

## RECITALS

Pursuant to the Agreement, Sun Country provides air cargo transportation services to Amazon; and

The Parties have agreed to further amend the Agreement as described in this Amendment No. 1.

NOW, THEREFORE, for and in consideration of the mutual terms and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

## AGREEMENT

1. Defined Terms. All capitalized terms used herein and not otherwise defined will have the meanings given to those terms in the Agreement.

2. Amendment. As of the Amendment No. 1 Effective Date, the Agreement is amended as follows:

   2.1 Section 2.10.1 is amended by striking the following sentence capping the number of Block Hours in March 2021: "The Parties agree that the Flight Schedule for the calendar month of March 2021 will not exceed an average of 220 Block Hours per Aircraft then subject to a Carrier Work Order."

   2.2 Exhibit A is amended by adding two additional Committed Aircraft with Services Commencement Dates in October 2020 and November 2020. For clarity, no additional start-up costs will be payable by Amazon to Sun Country under Section 3.2 of the Agreement or otherwise with respect to such Committed Aircraft. The updated Exhibit A is attached hereto as Attachment 1.

2.3 Exhibit F is amended by reducing the Fixed Monthly Charge to [***], provided that: (a) Amazon will continue to pay Sun Country the current Fixed Monthly Charge of [***] for the first 10 Committed Aircraft listed on Exhibit A (the "**Initial Committed Aircraft**") between the Amendment No. 1 Effective Date and the date on which Sun Country takes delivery of the 12th Committed Aircraft under an Aircraft Sublease (the "**Holdback Period**"); and (b) Sun Country will credit Amazon an amount equal to difference between (i) the aggregate Fixed Monthly Charges of [***] that Amazon will have paid Sun Country for the Initial Committed Aircraft during the Holdback Period and (ii) the aggregate amount of Fixed Monthly Charges of [***] that Amazon would have otherwise paid Sun Country for the Initial Committed Aircraft during the Holdback Period, on the next Monthly Invoice (the "**Credit Amount**"), provided that, in any case, the Credit Amount will not exceed [***]. The updated Exhibit F is attached hereto as Attachment 2.

3. December 2020 Block Hours. Subject to Section 2.3 of the Agreement, Amazon estimates the Flight Schedule will include an average of approximately 254 Block Hours per Aircraft for the month of December 2020.

4. Ratification. All of the terms and provisions of this Amendment No. 1 are incorporated by reference into the Agreement as appropriate and as indicated as if such terms and provisions were set forth in full in the Agreement. The Agreement is, and will continue to be, in full force and effect and is ratified and confirmed by the Parties in all respects.

5. No Limitation. Nothing contained in this Amendment No. 1 will in any way limit, waive, modify or terminate any of the liabilities or obligations of either Party under the Agreement except as expressly provided in this Amendment No. 1.

6. Counterparts. Each Party may effect the execution and delivery of this Amendment No. 1 by facsimile or electronic transmission (including in portable document format or by electronic signature) of one or more signed counterparts that together will constitute one and the same instrument.

7. Governing Law. The internal laws of the State of New York, excluding its conflicts of law rules, govern this Amendment No. 1. The Parties irrevocably submit to the exclusive personal jurisdiction and venue in the federal and state courts in New York County, New York for any dispute arising out of this Amendment No. 1 and waive all objections to jurisdiction and venue of such courts.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

This Amendment No. I to Air Transportation Services Agreement is signed by duly authorized representatives of the Parties as of the Amendment No. I Effective Date.

AMAZON:

Amazon.com Services LLC

By: /s/ Sarah Rhoads
Name: Sarah Rhoads
Title: Vice President
Date Signed: June 27, 2020

Address:

Amazon.com Services LLC
Attention: Vice President, Amazon Global Air
(if by USPS)
P.O. Box 81226
(if by courier):
410 Terry Avenue North
Seattle, WA 98109-5210
Facsimile: (206) 266-2009
Phone: (206) 266-1000

With a copy to:

Attention: General Counsel
(same P.O. box and courier address)
Email: contracts-legal@amazon.com
Facsimile: (206) 266-1440

SUN COUNTRY:

Sun Country, Inc.

By: /s/ Jude Bricker
Name: Jude Bricker
Title: Chief Executive Officer
Date Signed: June 30, 2020

Address:
At
Sun County, Inc.
Attention: CEO
2005 Cargo Rd
Minneapolis, MN 55450

With a copy to:
Attention: General Counsel
2005 Cargo Road
Minneapolis, MN 55450

**ATTACHMENT 1**

Exhibit A
Committed Aircraft

| Manufacturer | Model Number | Serial Number | Services Commencement Date |
|---|---|---|---|
| 1. Boeing | 737-800 | 32348 | April 2020 |
| 2. Boeing | 737-800 | 32601 | April 2020 |
| 3. Boeing | 737-800 | 32579 | May 2020 |
| 4. Boeing | 737-800 | 29947 | May 2020 |
| 5. Boeing | 737-800 | 32577 | May 2020 |
| 6. Boeing | 737-800 | 32607 | May 2020 |
| 7. Boeing | 737-800 | 32605 | May 2020 |
| 8. Boeing | 737-800 | 32578 | June 2020 |
| 9. Boeing | 737-800 | 33677 | July 2020 |
| 10. Boeing | 737-800 | 32739 | August 2020 |
| 11. Boeing | 737-800 | 34030 | October 2020 |
| 12. Boeing | 737-800 | 29120 | November 2020 |

**ATTACHMENT 2**

**Exhibit F**
**Price Schedule**

| | | |
|---|---|---|
| **AMAZON AIR - PRICING MODEL FOR CARRIER'S CMI ON 737-800 OPERATING AIRCRAFT** | | |
| | | **PER AIRCRAFT** |
| **TOTAL FIXED MONTHLY CHARGE** | **$** | **[***]** |
| **TOTAL VARIABLE CHARGE PER BLOCK HOUR** | **$** | **[***]** |
| **TOTAL VARIABLE CHARGE PER CYCLE** | **$** | **[***]** |
| **AMAZON AIR - PRICING MODEL FOR CARRIER'S CMI ON 737-800 NETWORK SPARE AIRCRAFT** | | |
| | | **PER 8 HOUR SPARE PERIOD** |
| **Total Fixed Spare Period (8 hours) Charge for any Network Spare Aircrafts** | **$** | **[***]** |

* The amount of the Fixed Monthly Charge to be paid by Amazon to Sun Country for the Initial Committed Aircraft during the Holdback Period will be subject to Section 2.3 of Amendment No. 1.

**Certain identified information has been excluded from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed. [***] indicates that information has been redacted.**

***Execution Copy***

THIS WARRANT AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***SECURITIES ACT***"), OR ANY STATE SECURITIES OR BLUE SKY LAWS, AND MAY NOT BE SOLD, DISTRIBUTED, ASSIGNED, OFFERED, PLEDGED, OR OTHERWISE TRANSFERRED UNLESS SUCH TRANSACTION IS REGISTERED OR EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES OR BLUE SKY LAWS.

Issue Date: December 13, 2019

# SCA ACQUISITION HOLDINGS, LLC
# WARRANT TO PURCHASE SHARES

This Warrant is issued to Amazon.com NV Investment Holdings LLC (the "***Holder***") by SCA Acquisition Holdings, LLC (the "***Company***"). The Holder is entitled to exercise this Warrant to purchase equity of the Company (the "***Warrant Shares***") as more particularly described in ***Exhibit A*** hereto (the "***Schedule of Terms***"), on the terms provided herein and in the Schedule of Terms. The Warrant Shares will vest and become exercisable in accordance with the vesting terms provided in the Schedule of Terms, and this Warrant is non-forfeitable with respect to vested Warrant Shares.

## 1. Exercise of Warrant

**1.1 Exercise Period.** This Warrant may be exercised by the Holder, in whole or in part, at any time during the Exercise Period (as defined in the Schedule of Terms); provided, however, that if such exercise would result in the Holder acquiring beneficial ownership of Warrant Shares (together with all other equity of the Company owned by the Holder at such time) with a value of or in excess of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "***HSR Act***"), notification threshold applicable to the Holder (the "***HSR Threshold***"), and no exemption to filing a notice and report form under the HSR Act is applicable, then only such portion of this Warrant, which when exercised does not exceed the HSR Threshold, shall be exercised and the applicable Notice of Exercise shall be deemed to relate only to such portion of this Warrant, and the exercise of the remaining portion of this Warrant in excess of the HSR Threshold shall not occur until the expiration or early termination of the applicable waiting periods or receipt of applicable approval. The Exercise Period will be stayed during any waiting period imposed by the HSR Act or any other applicable antitrust or competition law.

**1.2 Method of Exercise.** The Holder may exercise this Warrant by delivering to the Company (a) this Warrant, (b) the Notice of Exercise attached as ***Exhibit B*** hereto, duly executed by the Holder, indicating whether the Holder elects to purchase Warrant Shares for cash or if the Holder elects to exercise on a net issuance basis and (c) if the Holder is not then a party thereto, a joinder to the Company's Amended and Restated Limited Liability Company Agreement, as may be amended and restated from time to time (the "***Company LLCA***") and Amended and Restated Stockholders' Agreement, as may be amended and restated from time to time (the "***Company SHA***"); provided, that (a) the Holder shall not be bound by or subject to any term in the Company LLCA and/or the Company SHA that would (i) in any way, directly or indirectly, restrict, limit, impair, or restrain, or impose any requirement in respect of, the conduct and operation of the businesses of Amazon.com, Inc. or its affiliates, or permit any restriction, limitation, impairment, or restraint on, or the imposition of any requirement in respect of, the conduct and operation of the businesses of Amazon.com, Inc. or its affiliates, (ii) restrict the Holder from transferring any Warrant Shares to Amazon.com, Inc. or any of its affiliates or (iii) result in the grant of any proxy or power of attorney by the Holder, and (b) in the event that the Company LLCA or Company SHA contains a come-along or drag-along right with respect to a sale of the Company binding on the Holder with respect to its Warrant Shares, such come-along or drag-along right shall be subject to the following requirements: (1) all Warrant Shares held by the Holder are entitled to receive the same form and amount of consideration with respect to such shares upon consummation of the proposed transaction (the "***Drag-Along Transaction***") as all other holders of shares of the same class as the Warrant Shares are entitled to receive with respect to their shares upon consummation of the Drag-Along Transaction; (2) any representations and warranties to be made by the Holder in connection with the Drag-Along Transaction are limited to representations and warranties related to authority, ownership of the Warrant Shares held by the Holder and the ability to convey title to such Warrant Shares; (3) the Holder shall not be required to enter into any indemnity agreement or otherwise be liable for the inaccuracy or breach of any representation or warranty made by any other person in connection with the Drag-Along Transaction (except for payments from an escrow covering such breach or inaccuracy by (A) the Company or (B) other shareholders of the Company with respect to identical representations and warranties provided by all shareholders), and the Holder's aggregate liability in connection with the Drag-Along Transaction is pro rata in proportion to, and does not exceed, Holder's net proceeds actually received in such Drag-Along Transaction; (4) the Holder shall not be required to enter into any covenant, obligation, or release, except, in the case of a release, solely to the extent the release is limited to claims arising in the Holder's capacity as a stockholder of the Company; (5) the Drag-Along Transaction shall have been approved by the Board (as defined below); (6) all other equityholders of the Company are required to participate in such Drag-Along Transaction or shall have agreed to participate in such Drag-Along Transaction, in each case on terms no more beneficial to them than those set forth in this Section 1.2; and (7) the Company shall have complied with its obligations under the section titled "Right of First Notice" in the Schedule of Terms.

**1.3 Cash Exercise.** If the Holder elects to exercise this Warrant to purchase Warrant Shares for cash, the Holder will make payment by check or wire transfer, in the amount of the Exercise Price (as defined in the Schedule of Terms, subject to adjustment as provided herein) multiplied by the number of Warrant Shares for which this Warrant is being exercised. The Exercise Price is the product of an arms'-length negotiation and is intended to reflect the present fair market value of the Warrant Shares.

**1.4. Net Issuance.** If the Holder elects to exercise this Warrant on a net issuance basis, the Holder will not be required to make a cash payment, and the Company will issue to the Holder a number of Warrant Shares computed using the following formula:

$$X = \frac{(A - B) \times C}{A}$$ where:

X = the number of Warrant Shares to be issued to the Holder;

A = the Fair Market Value of one Warrant Share on the date of net issuance exercise;

B = the Exercise Price (as adjusted to the date of such calculation); and

C = the number of Warrant Shares issuable under this Warrant or, if only a portion of this Warrant is being exercised, the number of Warrant Shares as to which the Holder elects to exercise.

**2. Delivery of Certificates; No Fractional Shares**

Within five days after exercise of this Warrant, the Company will at its expense issue and deliver to the Holder (a) a certificate or certificates for the number of Warrant Shares to which the Holder is entitled upon such exercise or, if the Company does not issue certificates for its securities, an electronic certificate or other evidence of the valid issuance of the number of Warrant Shares to which the Holder is entitled upon such exercise, and (b) if applicable, a new warrant with terms identical to this Warrant to purchase that number of Warrant Shares as to which this Warrant has not been exercised. The Holder will for all purposes be deemed to have become the holder of record of such Warrant Shares on the date this Warrant is exercised, irrespective of the date of delivery of certificate(s) representing the Warrant Shares. No fractional shares or scrip will be issued upon the exercise of this Warrant. In lieu of a fractional share or scrip, the Company will pay the Holder an amount in cash equal to the Fair Market Value of the fractional share on the date of exercise.

**3. Representations, Warranties, and Covenants**

**3.1** The Company represents and warrants that it is duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation. Assuming the accuracy of the representations of the Holder under Section 9, the Company represents and warrants that all corporate actions, approvals, and consents on the part of the Company, its officers, directors, equityholders, and any third party, necessary for the sale and issuance of this Warrant and the Warrant Shares have been taken, including the reservation of sufficient Warrant Shares.

**3.2** The Company represents and warrants that the capitalization table attached as ***Exhibit C*** hereto accurately and completely reflects the Company's authorized and issued equity capital as of the Issue Date. All of the outstanding shares of equity of the Company have been duly authorized, are fully paid and nonassessable, and were issued in compliance with applicable law.

**3.3** The Company covenants that at all times during the Exercise Period there will be reserved for issuance such number of shares as is necessary for exercise in full of this Warrant. All Warrant Shares issued pursuant to the exercise of this Warrant will, upon their issuance, be validly issued and outstanding, fully paid and nonassessable, free and clear of all liens and other encumbrances or restrictions on sale, and free and clear of all preemptive rights, and such Warrant Shares will be issued free from all taxes, liens, and charges with respect to the issuance thereof.

**3.4** The Company will not, directly or indirectly, by charter amendment or by reorganization, sale or transfer of assets, consolidation, merger, dissolution, issuance or sale of securities, or any other voluntary action (excluding for this purpose ordinary course operation of the Company's business), (a) except as otherwise permitted by the terms of this Warrant, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times and in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights and interests of the Holder against impairment, or (b) take any action which is adverse to the rights and interests granted to the Holder in this Warrant without making appropriate provision to preserve such rights and interests or otherwise conflicts with the provisions hereof in a manner adverse to the Holder. The Company will not amend the Warrant Agreement, dated as of April 11, 2018, by and between the Company and AP VIII (SCA Warrant AIV), L.P. in a manner that is adverse to the rights and interests granted to the Holder in this Warrant without making appropriate provision to preserve such rights and interests.

**4. Certain Events**

**4.1 Change of Control.** Subject to, for the avoidance of doubt, the Schedule of Terms, in the event of (i) a Change of Control (as defined below) or (ii) a Significant Minority Event during the Exercise Period in which the consideration to be received by the Company or the stockholders of the Company, as the case may be, consists solely of cash (a "***Cash Sale***") and at the time of such Change of Control or Significant Minority Event the Holder has not exercised this Warrant in full prior to consummation of such Cash Sale, and if the Fair Market Value of one Warrant Share (as of the closing date of such Cash Sale) is greater than the Exercise Price, then, in the case of such a Change of Control, or in the case of such a Significant Minority Event at the election of the Holder in its sole

discretion (it being understood that any such election shall apply only to such Significant Minority Event and not to any other Change of Control or Significant Minority Event), this Warrant will be deemed automatically exercised with respect to each vested Warrant Share (including any Warrant Shares that vest immediately prior to the consummation of such Cash Sale in accordance with the Schedule of Terms) pursuant to a net issuance exercise under Section 1.4 (even if not surrendered) immediately before the consummation of such Cash Sale, and the Holder shall have the right to receive a portion of the proceeds payable in the Cash Sale equal to the amount payable to holders of the same number and class of shares as the Holder is entitled to receive pursuant to such exercise. This Warrant will automatically terminate (without relieving the Company or its successor of any obligations arising from a prior breach or non-compliance) with respect to such vested Warrant Shares following the payment of the amounts due to the Holder in connection with such Cash Sale. If any Warrant Shares are not vested at the consummation of any Cash Sale (taking into account any Warrant Shares that vest immediately prior to the consummation of such Cash Sale), and if the Fair Market Value of one Warrant Share (as of the closing date of such Cash Sale) is greater than the Exercise Price, then the Company will cause the acquiring, surviving, or successor person to assume the obligations of this Warrant with respect to such then-unvested Warrant Shares, and this Warrant will thereafter be exercisable with respect to such then-unvested Warrant Shares for securities of the acquiring, surviving, or successor person (and in any such case, appropriate adjustment shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder after such Cash Sale such that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, in relation to any securities deliverable after that event upon the exercise of this Warrant) and any reference herein to "Warrant Shares" shall include any other securities of the acquiring, surviving or successor person. If there is a Change of Control during the Exercise Period in which the consideration to be received by the stockholders of the Company consists of securities or other non-cash property (such Change of Control, a "***Non-Cash Sale***"), then the Company will cause the acquiring, surviving, or successor person to assume the obligations of this Warrant, and this Warrant will thereafter be exercisable for the same securities or other property that a holder of the same class of shares as the Warrant Shares would have been entitled to receive in connection with such transaction if such holder held the same number of shares as were purchaseable under this Warrant if this Warrant had been exercised immediately before the consummation of such Non-Cash Sale, subject to further adjustment from time to time in accordance with the provisions of this Warrant. For purposes of this Warrant, the term "***Significant Minority Event***" means any transaction or series of related transactions in which 30% or more of the Company's voting power is transferred to a person or group (within the meaning of the Exchange Act) other than the Company's equityholders or their affiliates immediately prior to such transaction or series of transactions.

**4.2. Listing Event.**

(a) In the event that the Company undertakes a Listing Event (as defined below), the Company will provide the Holder with notice prior to filing or submitting a registration statement (including a draft registration statement) that includes disclosure of beneficial owners of the Company's equity in connection with a Listing Event (a "***Listing Event Notice***"). The Listing Event Notice must be provided at least 14 days prior to the earlier of (i) the "as of" date used by the Company for disclosure of beneficial owners and (ii) the date on which a Listing Event occurs.

(b) In the event that the Company determines that this Warrant or the terms hereof are required to be disclosed in connection with the Listing Event, the Company will provide the Holder with prompt written notice and an opportunity to comment on the proposed disclosure before such disclosure is made and, if reasonably requested by the Holder, will use commercially reasonable efforts (in cooperation with the Holder) to redact, seek a protective order or confidential treatment, or take other appropriate action to avoid such disclosure.

(c) Notwithstanding anything in this Warrant to the contrary: (i) from and after Holder's receipt of a Listing Event Notice properly provided pursuant to Section 4.2(a), the Company will not honor any exercise of this Warrant, and the Holder will not have the right to exercise any portion of this Warrant, to the extent that, after giving effect to an attempted exercise set forth on the applicable Notice of Exercise, the Holder (or any of its affiliates and other persons whose beneficial ownership of the relevant securities would be aggregated with Holder's for purposes of Section 13(d) or Section 16 of the Exchange Act) would beneficially own in excess of 4.999% of any class of voting equity securities subject to the Exchange Act, calculated in accordance with Section 13(d) of the Exchange Act and the related rules and regulations and after giving effect to the exercise of this Warrant; (ii) none of the limitations of clause (i) will be taken into account when determining the amount of securities or other non-cash property subject to the assumed Warrant or the amount of cash the Holder is entitled to receive in the event of a Change of Control or Significant Minority Event; (iii) if a Listing Event Notice is not properly provided, the limitations of clause (i) will go into effect immediately prior to the "as of" date used by the Company for disclosure of beneficial owners in any registration statement; (iv) the provisions of this sentence should be construed and implemented in a manner otherwise than in strict conformity with the terms of this sentence to correct this sentence (or any portion hereof) which may be defective or inconsistent with the intended beneficial ownership limitation of clause (i) or to make changes or supplements necessary or desirable to properly give effect to such limitation; and (v) the limitations in clause (i) may be waived or amended by the Holder, in its sole discretion, upon written notice to the Company, which waiver or amendment will not be effective until the 61st day after such notice is delivered by the Holder to the Company.

(d) In the event that there is an initial public offering or listing of shares on a national or foreign exchange of one of the Company's equityholders, the Company will make appropriate provision so that the Holder will thereafter be entitled to receive, upon exercise of this Warrant, securities of such equityholder (and in any such case, appropriate adjustment shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder such that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, in relation to any securities deliverable after that event upon the exercise of this Warrant).

**4.3 Automatic Exercise before Expiration.** To the extent this Warrant is not previously exercised as to all of the Warrant Shares issuable hereunder, and if the Fair Market Value of one Warrant Share (at such measurement date) is greater than the Exercise Price, this Warrant will be deemed automatically exercised pursuant to a net issuance exercise under Section 1.4 (even if not surrendered) immediately before its expiration. To the extent this Warrant or any portion thereof is deemed automatically exercised pursuant to this Section, the Company agrees promptly to notify the Holder in writing of the number of Warrant Shares, if any, the Holder is to receive by reason of such automatic exercise.

**5. Adjustments**

**5.1 Reorganization.** Upon any reorganization, reclassification, capital reorganization, or change in the capital stock of the Company (other than a Change of Control transaction covered by Section 4.1) affecting the same class of shares as the Warrant Shares, the Company will make appropriate provision so that the Holder will thereafter be entitled to receive, upon exercise of this Warrant, the number and type of securities or other property that a holder of the same class of shares as the Warrant Shares would have been entitled to receive in connection with such transaction if such holder held the same number of shares as were purchaseable under this Warrant if this Warrant had been exercised immediately before such reorganization, reclassification, reorganization, or change.

**5.2 Adjustments for Stock Splits, Dividends.** If the Company, directly or indirectly, issues any shares of the same class as the Warrant Shares as a stock dividend, or subdivides or combines such class of shares in a stock split, or issues any shares, options, warrants or other securities to the Company's equityholders or their affiliates that are not on arms-length terms, then the Exercise Price in effect before such dividend, subdivision, combination or issuance will be proportionately decreased or increased, as applicable, and the number of Warrant Shares at that time issuable pursuant to the exercise of this Warrant will be proportionately increased or decreased, as applicable. Each adjustment in the number of Warrant Shares issuable will be to the nearest whole share and each adjustment of the Exercise Price will be calculated to the nearest cent. Any adjustment under this Section will become effective at the close of business on the date the subdivision or combination or issuance becomes effective, or as of the record date of such dividend.

**5.3 Anti-Dilution Protection.** If any shares of the same class as the Warrant Shares are entitled, under the Company's constituent documents or any contract to which the Company is a party, to an adjustment in the event of dilutive issuances of equity, then the Warrant Shares will be entitled to the same adjustment.

**5.4 Certificate as to Adjustments.** If any adjustment is required to be made in the Exercise Price or number and type of securities issuable upon exercise of this Warrant, the Company will promptly give written notice to the Holder in the form of a certificate signed by an officer of the Company, setting forth the adjustment in reasonable detail.

**6. Registration Rights; Information Rights**

**6.1 Registration Rights.** All Warrant Shares issuable upon exercise of this Warrant will be subject to customary registration rights to be agreed upon by the Holder, the Company, and, to the extent applicable, the Company's then-existing equityholders, promptly following the initial exercise of this Warrant (and, in any event, prior to consummation of any Listing Event). The Company shall not provide to the Holder any registration rights that are less favorable to the Holder than any registration rights that the Company has provided to any of its other equityholders holding an equal or smaller percentage equity interest in the Company at such time (provided, that all Warrant Shares issuable upon exercise of this Warrant, whether vested or unvested, will be taken into account in the determination of the Holder's equity interest in the Company at such time).

**6.2 Information Rights.**

(a) The Company will deliver to the Holder:

(i) as soon as practicable, and in any event within 90 days, after the end of each fiscal year of the Company, an audited or reviewed consolidated balance sheet of the Company and its subsidiaries and statement of stockholders' equity of the Company, in each case as of the last day of such year, and an audited or reviewed consolidated income statement and statement of cash flows of the Company and its subsidiaries, in each case for the period then ended, along with the notes to the financial statements, prepared in accordance with generally accepted accounting principles in the United States (as applicable);

(ii) as soon as practicable, and in any event within 60 days, after the end of each fiscal quarter of the Company, an unaudited income statement, an unaudited cash flow statement, an unaudited balance sheet, and a statement of stockholder's equity, year to date and as of the end of such fiscal quarter;

(iii) as soon as practicable, and in any event within 30 days, after the consummation of any third party equity financing or any other material change in the equity capitalization of the Company, (A) an updated capitalization table for the Company (similar in format to the capitalization table attached as Exhibit C) as of the closing of such financing event or as of the date of such other material change, and (B) a copy of any amendments to the Company's constituent documents, if applicable.

(iv) as soon as practicable, and in any event within 30 days, after any 409A reports or other similar opinions or reports setting forth a valuation of the Company's equity interests, a copy of such opinion or report or a summary of the valuation set forth therein; and

(v) annual budgets of the Company, but only to the extent that, and at substantially the same time as, annual budgets are delivered to holders of shares of the same class as the Warrant Shares.

(b) On or before February 15th of each calendar year (or otherwise as provided herein), the Company will:

(i) provide such other information relating to the Company or its affiliates (at no out of pocket cost to the Company) as requested by the Holder and as may be reasonably required for the Holder or any of its affiliates to prepare or file any tax return or to prepare such filings with respect to the Company or any of its affiliates as may be required by any tax authority; and

(ii) reasonably cooperate (at no out of pocket cost to the Company) in preparing for any audit of, or dispute with a tax authority regarding any tax return of, the Holder or any of its affiliates relating to the Company or any of its affiliates.

(c) Information received by the Holder pursuant to this Section 6.2 will be used by the Holder and its affiliates for purposes of permitting the Holder and its affiliates to comply with their respective financial reporting and tax obligations (and any similar requirements of any governmental authority) and will be treated as confidential in accordance with the terms of the applicable non-disclosure agreement between the Holder and its affiliates and the Company.

**7. Lost or Damaged Warrant Certificate**

Upon receipt by the Company of a letter from the Holder stating loss, theft, destruction, or damage of this Warrant and evidence of indemnity or other security reasonably satisfactory to the Company of the loss, theft, destruction, or damage, the Company will execute and deliver to the Holder, without charge, a new warrant with identical terms as this Warrant.

**8. Notices of Record Date, etc.**

In the event of any corporate action requiring the Company to establish a record date for its stockholders, the Company will mail to the Holder, at least 14 calendar days prior to the earlier of the record date or such corporate action, a written notice specifying (a) the date on which any such event is to occur or such record is to be taken, (b) the amount and character of any stock or other securities, or rights or warrants, proposed to be issued or granted, the date of such proposed issuance or grant, and the persons or class of persons to whom such proposed issuance or grant is to be offered or made, and (c) in reasonable detail, the facts, including the proposed date, concerning any other such event.

**9. Investment Intent**

By accepting this Warrant, the Holder represents that it (a) is acquiring this Warrant for investment and not with a view to, or for sale in connection with, any distribution or public offering thereof within the meaning of the Securities Act, (b) understands that this Warrant and the Warrant Shares subject to this Warrant have not been registered under the Securities Act by reason of their issuance in a transaction exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) thereof and may be transferred only in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom, and (c) is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act.

**10. Miscellaneous**

**10.1 Certain Definitions.** For purposes of this Warrant:

(a) "***affiliate***" means, as to any person, any person that directly or indirectly controls, is controlled by, or is under common control with that person.

(b) "***Code***" means the U.S. Internal Revenue Code of 1986, as amended.

(c) "***Change of Control***" means (i) any consolidation, merger, reorganization, or similar transaction involving the Company or its subsidiaries in which the Company's equityholders and their affiliates immediately prior to such transaction own, immediately after such transaction, less than 50% of the voting securities of the surviving entity, (ii) any transaction or series of related transactions in which 50% or more of the Company's voting power is transferred to a person or group (within the meaning of the Exchange Act) other than the Company's equityholders and their affiliates immediately prior to such transaction or series of transactions, or (iii) the sale, lease, exclusive license, or other transfer, in any transaction or series of related transactions, of all or substantially all of the assets of the Company and its subsidiaries.

(d) "***Fair Market Value***" of a Warrant Share means:

(i) if shares of the same class as the Warrant Shares are traded on an exchange or an over-the-counter market, the average of the closing price for the five business days immediately preceding the date of net issuance exercise;

(ii) if the net issuance exercise is in connection with a Change of Control, the value of the consideration to be received pursuant to such Change of Control by the holder of a share of the same class as the Warrant Shares; and

(iii) if neither of the above clauses applies, the Fair Market Value will be the price for a share of the same class as the Warrant Shares that the Company could obtain from an arms'-length buyer who is not a current or former employee, officer, or director of the Company or its affiliates (such price to be exclusive of any control or other similar premium), as determined in good faith by the Company's board of directors (or equivalent governing body) (the "***Board***"). The Company will promptly provide the Holder a written summary of such determination.

(e) "***Listing Event***" means any of the following: (i) the closing of the Company's initial public offering of securities pursuant to an effective registration statement filed under the Securities Act in which the securities are listed on a national securities exchange, or the listing of the Company's shares on a stock exchange outside of the United States; or (ii) the registration of the Company's securities under Section 12 of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), or any successor statute, in connection with its initial public offering, or the occurrence of any other event that results in the Warrant Shares becoming a class of "equity security," as such term is defined in Rule 13d-1(i) under such Act.

(f) "***person***" means any individual, corporation, partnership, trust, joint venture, limited liability company, association, organization, other entity, or governmental or regulatory authority.

**10.2 No Stockholder Rights or Liabilities.** Prior to exercise, this Warrant will not entitle the Holder to any voting rights or other rights as a stockholder of the Company other than as set forth in this Warrant. In no event will the Holder have any liability hereunder, other than the consideration payable upon exercise of this Warrant pursuant to Section 1.1 hereof.

**10.3 Notices.** Any notice under this Warrant will be given in writing and will be sent by nationally recognized overnight courier service, certified mail (return receipt requested), receipted facsimile, or personal delivery to the other party at the address below. A party may change its notice address by giving notice in accordance with this Section.

If to the Holder:
Amazon.com NV Investment Holdings LLC
c/o Amazon.com, Inc.
P.O. Box 81226
Seattle, WA 98108-1226
Fax: (206) 266-7010
Attn: General Counsel

If to the Company: to the address set forth below the Company's signature at the end of this Warrant.

**10.4 Amendments and Waivers.** Any term of this Warrant may be amended, and the observance of any term may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Holder.

**10.5 Governing Law; Severability; Jurisdiction; Venue.** This Warrant will be governed by and construed under the laws of the State of Delaware without regard to principles of conflict of laws. If any Section or provision of this Warrant is found or be held to be illegal, invalid, or unenforceable, the remainder of this Warrant will be valid and enforceable and the parties in good faith will negotiate a substitute, valid, and enforceable provision that most nearly effects the parties' intent in entering into this Warrant. The parties irrevocably consent to the jurisdiction and venue of the Chancery Court of the State of Delaware (or, if the Chancery Court of the State of Delaware declines to accept jurisdiction, any state or federal court within the State of Delaware) in connection with any action relating to this Warrant.

**10.6 Transfer; Successors and Assigns.** This Warrant and all rights hereunder are transferable by the Holder, (a) in whole or in part, to any affiliate of the Holder, or (b) in whole to any non-affiliate of the Holder with the prior written consent of the Company (not to be unreasonably withheld or delayed), provided that the rights of the Holder described under the headings "Right of First Notice" and "Additional Terms" of the Schedule of Terms are non-transferrable except to an affiliate of the Holder, in each case upon surrender of this Warrant properly endorsed or accompanied by written instructions of transfer attached as ***Exhibit D*** hereto, and the Company will issue a new warrant reflecting such transfer but otherwise identical to this Warrant. The Company may not assign this Warrant or its obligations under this Warrant without the prior written consent of the Holder. The terms and conditions of this Warrant will inure to the benefit of, and be binding on, the respective successors and permitted assigns of, the Company and the Holder, respectively.

**10.7 Income Tax Treatment.** The parties acknowledge that this Warrant is not being issued in connection with the performance of services within the meaning of Section 83 of the Code, the Holder will control the valuation of this Warrant for all relevant tax purposes, and the issuance of this Warrant represents a closed transaction for income tax purposes. The parties will not take a position on any income tax return inconsistent with the foregoing sentence.

**10.8 Headings; Construction.** The headings in this Warrant are for purposes of reference only and will not limit or otherwise affect the meaning of any provision of this Warrant. The words "include" and "including" will be deemed in each case to be followed by the words "without limitation."

**11. Additional Terms**

**11.1 Use of Terms.** All references in this Warrant to "stock" or "shares" will be interpreted to refer to units, membership interests, or limited liability company interests, as applicable with respect to the Company, and all references to "stockholders" will be interpreted to refer to unitholders or interest holders, as applicable with respect to the Company. For the avoidance of doubt, the term "***Warrant Shares***" refers to the number and class of equity as more particularly described in the Schedule of Terms.

**11.2 No Capital Contribution.** In the event that the Holder exercises this Warrant, in whole or in part, the Holder will not be required to make any capital contribution to the Company as a condition of its admission as a member of the Company.

**11.3 Tax Treatment.** The Company represents and warrants that it has made a valid U.S. tax election to be treated as an association taxable as a corporation for U.S. tax purposes and the Company covenants that it will not make a U.S. tax election to be treated as anything other than an association taxable as a corporation without receiving the prior written consent of the Holder, such consent to not be unreasonably withheld.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Company has executed this Warrant as of the date first written above.

**SCA ACQUISITION HOLDINGS, LLC**

**By:** /s/ Jude Bricker
**Name:** Jude Bricker
**Title:** CEO

**Company address for notices:**
2005 Cargo Road, Minneapolis, MN 55450
Attention: CFO
with a copy to:
Attention: General Counsel
same address as above

***Exhibit A***

**SCHEDULE OF TERMS OF WARRANT SHARES**

Capitalized terms used in this Schedule of Terms have the meanings ascribed to those terms in the Warrant.

| | |
|---|---|
| **Name of Company:** | SCA Acquisition Holdings, LLC |
| **Jurisdiction of formation and type of entity:** | Delaware limited liability company |
| **Class of equity subject to Warrant:** | Common Stock |
| **Number of Warrant Shares (as of Issue Date, assuming full vesting of the Warrant):** | 502,028 |
| **Assumed valuation (as of Issue Date) on a fully diluted, post-exercise basis:** | $715,000,000 |
| **Exercise Price (as of Issue Date):** | $286.46 per Warrant Share |
| **Holder's fully diluted ownership percentage of the Company (as of Issue Date, assuming full vesting of the Warrant):** | 15% |
| **Exercise Period:** | From the Issue Date until the 8th anniversary of the Issue Date |
| **Vesting Schedule:** | The Warrant Shares will vest and become exercisable on the following schedule:<br>• 33,469 Warrant Shares will vest on Issue Date of this Warrant;<br>• [***] Warrant Shares will vest on the date on which the cumulative total amount of fees or other amounts paid to the Company or any of its controlled affiliates by or on behalf of the Holder, Amazon.com, or any of their affiliates (such fees or other amounts, "***Payments***"; provided that "Payments" will not include reimbursable and direct pass-through expenses (but will include start-up payments and termination payments) pursuant to the Commercial Agreement) equals or exceeds $[***];<br>• [***] Warrant Shares will vest for each additional incremental $[***] in cumulative Payments (a "***Milestone***"), on each date on which a Milestone is achieved. For the avoidance of doubt, all of the Warrant Shares will be vested once the cumulative total amount of Payments equals or exceeds $1,120,000,000. |

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| **Acceleration of Vesting:** | Any unvested Warrant Shares will become fully vested and immediately exercisable (i) immediately prior to the consummation of any Change of Control (other than a Non-Qualifying Change of Control), (ii) immediately prior to the consummation of any Significant Minority Event (other than a Non-Qualifying Significant Minority Event), or (iii) upon termination of the Commercial Agreement (as defined below) by the Holder, Amazon.com Services, Inc., or any of their affiliates following an "Event of Default" by Sun Country, Inc. pursuant to Section 4.5 thereof on the terms set forth in the Commercial Agreement and subject to any cure periods set out therein, following a Non-Qualifying Change of Control or any Significant Minority Event whereby the ultimate acquirer is a financial sponsor.<br><br>Fifty percent (50%) of the then-unvested Warrant Shares will become fully vested and immediately exercisable upon termination of the Commercial Agreement (as defined below) by the Holder, Amazon.com Services, Inc., or any of their affiliates based on Sun Country, Inc.'s failure to maintain required "Arrival Performance" pursuant to Section 4.2.2 thereof on the terms set forth in the Commercial Agreement and subject to any cure periods set out therein, following a Non-Qualifying Change of Control.<br><br>For purposes of this Schedule of Terms, a "***Non-Qualifying Change of Control***" means a Change of Control whereby the ultimate acquirer is a financial sponsor (provided that this Warrant remains outstanding as a warrant for a class of equity in the Company or an entity that is a parent company of (or successor, as holding company of the business operated by the Company and its direct or indirect subsidiaries, to) the Company, and in either case, such entity is the sole entity in which investors hold equity and such entity is therefore the relevant entity for any future liquidity event or change of control transaction (as determined by the Holder and the Company in good faith), and such warrant entitles the Holder (or its permitted assignee) to the same rights (including the right to continue to vest Warrant Shares) and includes (as closely as reasonably practicable) the same economic terms and economic interest as are set forth in this Warrant (as determined by Holder and the Company in good faith)), and a "***Non-Qualifying Significant Minority Event*** " means (i) any initial public offering or follow-on equity offering by the Company or the Company's equityholders that are affiliates of Apollo Global Management, Inc. (for the avoidance of doubt, without prejudice to the last sentence of Section 4.2) conducted pursuant to an effective registration statement; provided that no person or group (within the meaning of the Exchange Act) acquires more than 50% of the voting interests of the Company in such initial public offering or follow-on offering or (ii) any Significant Minority Event whereby the ultimate acquirer is a financial sponsor (provided in |

| | |
|---|---|
| | each case that this Warrant remains outstanding as a warrant for a class of equity in the Company or an entity that is a parent company of (or successor, as holding company of the business operated by the Company and its direct or indirect subsidiaries, to) the Company, and in either case, such entity is the sole entity in which investors hold equity and such entity is therefore the relevant entity for any future liquidity event or change of control transaction (as determined by the Holder and the Company in good faith), and such warrant entitles the Holder (or its permitted assignee) to the same rights (including the right to continue to vest Warrant Shares) and includes (as closely as reasonably practicable) the same economic terms and economic interest as are set forth in this Warrant (as determined by Holder and the Company in good faith)). |
| **Commercial Agreement related to Warrant (the "Commercial Agreement"):** | Air Transportation Services Agreement, dated as of the date hereof, by and between Sun Country, Inc. and Amazon.com Services, Inc., as the same may be amended, modified, supplemented or replaced from time to time. |
| **Right of First Notice:** | In the event the Company or the direct or indirect equityholders of the Company propose to initiate a process to explore a Change of Control, or to accept any offer from any person for, or enter into negotiations with any person with respect to, a Change of Control (each such proposed Change of Control, and negotiations with respect thereto, a "***Proposed Sale***"), the Company will provide to the Holder written notice thereof (a "***Sale Notice***") at least 30 days prior to entering into any definitive agreement or binding letter of intent with respect to such Proposed Sale, stating in reasonable detail the terms and conditions of such Proposed Sale, and the Holder will have the right to enter into non- exclusive, good faith negotiations with the Company and the direct or indirect equityholders of the Company in respect of the Proposed Sale or another similar transaction, and the Company and the direct or indirect equityholders of the Company will not be permitted to enter into any definitive agreement or binding letter of intent with respect to such Proposed Sale before the expiration of such period (such period, as may be extended by the occurrence of an Adverse Change (as defined below), the "***Negotiation Period***"). In the event of any price decrease or other changes to the terms and conditions set forth in the Sale Notice which are materially more favorable to the person making the offer for a Proposed Sale (such decrease or change, an "***Adverse Change***"), the Company and the direct or indirect equityholders of the Company will not be permitted to enter into any definitive agreement or binding letter of intent with respect to such Proposed Sale unless the Company has first provided a new Sale |

Notice to the Holder with at least 10 calendar days' advance notice. In the event that the Holder makes an offer with respect to a Proposed Sale or another similar transaction during any period contemplated by this paragraph that the Company and its equityholders do not accept, the Company and its equityholders may only consummate a Proposed Sale with a third party at a price that is greater than that contained in such offer from the Holder. If the Company or its equityholders do not execute a definitive agreement with respect to a Proposed Sale within 6 months of the expiration of the Exclusivity Period, the Company and its equityholders shall be required to again comply with the requirements of this paragraph with respect to a Proposed Sale.

**Additional Terms:**

**Board Director or Observer:**

For so long as the (i) Holder holds the Warrant or any Warrant Shares issued upon exercise of the Warrant and (ii) the Commercial Agreement remains in effect, prior to a Change of Control (other than a Non-Qualifying Change of Control) (it being understood that in connection with any such Change of Control, the Company and the Board shall use commercially reasonable efforts to request the prospective acquirer to continue the Holder's director and observer rights as set forth herein), but subject to any applicable stock exchange or listing rules, the Company agrees that the Holder will have the right, but not the obligation, to designate (or, following a Listing Event, nominate) at the Holder's option (i) an individual to serve on the Board (the "***Holder Director***") or (ii) an individual to attend meetings of the Board (any such individual, a "***Holder Observer***"). The Holder Director will have the same protections and rights as other directors of the Company, including voting rights, indemnification, exculpation, and advancement of expenses. The Holder Observer will have full rights to participate in meetings of the Board as an observer and to receive notice and all materials and information in respect thereof at the same time as members of the Board, but will not have the right to vote at any such meeting or act on behalf of the Board. The Company will reimburse the reasonable out-of- pocket expenses incurred by the Holder Director and/or the Holder Observer in connection with any of the foregoing matters in accordance with the terms of the Company LLCA (if applicable). The Company acknowledges any Holder Observer shall not owe any fiduciary duties or any other similar obligations or duties, including in law or equity, to the Company, its subsidiaries or its stockholders, and may act all times in the best interests of the Holder and its affiliates. The Company shall prepare and provide, or cause to be prepared and provided to the Holder Director and/or the Holder Observer, as applicable, any materials or other

information generally prepared for or given to other members of the Board, as and when prepared for or given to such other members, as well as any other materials or other information relating to the management, operations, and finances of the Company, as and when generally provided to members of the Board or as and when reasonably requested by the Holder Director and/or Holder Observer, as applicable; provided that the failure to deliver or make available one or more of the items described in this sentence to the Holder Observer shall not affect the validity of any action taken by the Board; provided, further, that the Company shall not be required to provide to the Holder Observer any such information, the provision of which the Company determines based on advice from external counsel would reasonably be expected to jeopardize an attorney-client or similar privilege or cause a loss of attorney work product protection (provided, however, that the Company withholds only such portion of the information that is subject to the privilege or protection, and provides the Holder Observer with any portions of such information that would not reasonably be expected to jeopardize an attorney-client or similar privilege or cause a loss of attorney work product protection); provided, further, that the Company will not be obligated to provide access to, or to disclose, and may withhold, and the applicable Holder Director and/or Holder Observer shall not be entitled to attend and otherwise participate in, or observe such meetings or portions thereof if Board determines in good faith that such information (i) relates to the Company's relationship to the Holder and its affiliates under the Commercial Agreement or this Warrant, and (ii) poses a genuine conflict of interest between the Company, on the one hand, and the Holder and its affiliates, on the other.

**Management Meetings:**

From time to time during the Exercise Period, and no less than once per fiscal quarter of the Company, the Company's senior management will meet with representatives of the Holder and its affiliates, at such times and places as are mutually agreed upon by the Holder and the Company, to assess their existing business relationship.

**Additional Issuances of Certain Securities:**

If, at any time prior to the second anniversary of the Issue Date of this Warrant, the Company shall, directly or indirectly, issue or be deemed to have issued (i) any options or warrants to purchase or rights to subscribe for shares of any class of capital stock of the Company, or (ii) any securities or instruments that by their terms are convertible into or exchangeable for shares of any class

of capital stock of the Company, or options or warrants to purchase or rights to subscribe for any such convertible or exchangeable securities or instruments, in each case, to a customer or commercial partner of the Company or its affiliates in connection with such customer or partner relationship (clauses (i) and (ii) collectively, "***Covered Securities***"), then the Company shall not provide to the holder of any such Covered Securities any rights, benefits, or other terms that are more favorable to such holder than the rights, benefits, and terms provided to the Holder under this Warrant unless, in any such case, this Warrant has been amended (or is amended concurrently with the issuance of such Covered Securities) to provide the Holder with such favorable rights, benefits, and terms.

***Exhibit B***

**NOTICE OF EXERCISE**

To: Company Name: _____ (the "***Company***")

Address: _____

The undersigned hereby irrevocably elects to exercise the attached Warrant as follows:

☐ purchase _____ Warrant Shares pursuant to the terms of the attached Warrant, for an aggregate purchase price of $_____.

☐ net issuance exercise with respect to _____ Warrant Shares pursuant to the terms of the attached Warrant, for such number of shares of equity of the Company as is determined pursuant to Section 1.4 of the attached Warrant.

The undersigned requests that certificates for such shares be issued in the name of and delivered to the address of the undersigned, at the address stated below and, if such number of shares are not all the shares that may be issued pursuant to the attached Warrant, that a new Warrant evidencing the right to purchase the balance of such shares be registered in the name of, and delivered to, the undersigned at the address stated below.

Balance shares for new Warrant to be issued: _____

Dated: _____

Name of Holder of Warrant: _____
(please print)

Address: _____

Signature: _____

*Exhibit C*

**COMPANY CAPITALIZATION AS OF ISSUE DATE**

| | Authorized Shares | Issued and Outstanding Shares | Fully Diluted Shares | Fully Diluted Ownership % |
|---|---|---|---|---|
| **Common Stock:** | | | | |
| Total Common Stock | 5,000,000 | 360,009 | 360,009 | **10.76%** |
| **Warrants:** | | | | |
| Existing warrant to purchase Common Stock | | 2,117,991 | 2,117,991 | 63.28% |
| Amazon Warrant | | 502,028 | 502,028 | 15.000% |
| **Total Warrants** | | 2,620,019 | 2,620,019 | **78.28%** |
| **Equity Incentive Plan:** | | | | |
| Vested (time based) Management Options | | 27,637 | 27,637 | 0.83% |
| Allocated but Unvested Management Options | | 272,597 | 272,597 | 8.14% |
| Unallocated Management Options | | 66,594 | 66,594 | 1.99% |
| **Total Incentive Plan Shares** | | **366,828** | **366,828** | **10.96%** |
| **TOTAL** | | | | **100.000%** |

***Exhibit D***

**ASSIGNMENT**

For value received the undersigned sells, assigns and transfers to the transferee named below the attached Warrant, together with all right, title and interest, and does irrevocably constitute and appoint the transfer agent of the Company as the undersigned's attorney, to transfer said Warrant on the books of the Company, with full power of substitution in the premises.

Name of Company: _____

Dated: _____

Name of Holder of Warrant: _____
(please print)

Address: _____

Signature: _____

Name of transferee: _____
(please print)

Address of transferee: _____