

Statement from Secretary Steven T. Mnuchin on CARES Act Loans to Major Airlines

July 7, 2020

WASHINGTON – U.S. Treasury Secretary Steven T. Mnuchin issued the following statement on loans to passenger air carriers under Division A, Title IV, Subtitle A of the Coronavirus Aid, Relief, and Economic Security (CARES) Act:

“Last week, the Treasury Department announced that American Airlines, Frontier Airlines, Hawaiian Airlines, Sky West Airlines, and Spirit Airlines have signed letters of intent setting out the terms on which Treasury is prepared to extend loans under the CARES Act. We welcome the news that Alaska Airlines, Delta Air Lines, JetBlue Airways, United Airlines, and Southwest Airlines have now also signed letters of intent.

“The major U.S. airlines play a vital role in our economy and are critical to domestic and international travel and commerce. These airlines are among the companies most heavily affected by the disruptions to social and economic activity caused by the pandemic. Treasury’s authority under the CARES Act to provide up to \$25 billion in liquidity to passenger air carriers and related businesses will help preserve America’s aviation industry while also protecting taxpayers. We look forward to working with the airlines to finalize agreements and provide the airlines the ability to access these loans if they so choose.”

Title IV of the CARES Act authorizes the Department of the Treasury to make loans to eligible businesses related to losses incurred as a result of the coronavirus pandemic. It requires borrowers to provide warrants, equity interests, or senior debt instruments as appropriate taxpayer compensation. Participating borrowers must also commit to certain requirements under the CARES Act to maintain employment levels and limit employee compensation, dividends, and share repurchases. Loan terms are subject to the execution of definitive agreements, and relevant transaction documentation will be posted on www.Treasury.gov/CARES within 72 hours after a transaction is completed.

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