Treasury and Five Major Airlines Agree on Loan Terms

July 2, 2020

WASHINGTON – Today the U.S. Department of the Treasury 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 would extend loans under Division A, Title IV, Subtitle A of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

“We are pleased that major air carriers intend to use this important program and for Treasury to use its authority under the CARES Act to provide much-needed financial assistance, while ensuring appropriate taxpayer compensation,” said Secretary Steven T. Mnuchin.

“Conversations with other airlines continue, and we look forward to finalizing agreements as soon as possible.”

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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