UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-8957

ALASKA AIR GROUP, INC.

Delaware	**91-1292054**
(State of Incorporation)	(I.R.S. Employer Identification No.)

19300 International Boulevard, Seattle, WA 98188

Telephone: (206) 392-5040

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Ticker Symbol**	**Name of each exchange on which registered**
Common stock, $0.01 par value	ALK	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 (Do not check if a smaller reporting company)	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by checkmark 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 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes ☐ No ☒

The registrant has 123,663,778 common shares, par value $0.01, outstanding at October 30, 2020.

This document is also available on our website at http://investor.alaskaair.com.

ALASKA AIR GROUP, INC.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2020

TABLE OF CONTENTS

As used in this Form 10-Q, the terms "Air Group," the "Company," "our," "we" and "us" refer to Alaska Air Group, Inc. and its subsidiaries, unless the context indicates otherwise. Alaska Airlines, Inc. and Horizon Air Industries, Inc. are referred to as "Alaska" and "Horizon" and together as our "airlines."

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Cautionary Note Regarding Forward-Looking Statements

In addition to historical information, this Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that predict or describe future events or trends and that do not relate solely to historical matters. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from historical experience or the Company’s present expectations.

You should not place undue reliance on our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. Our forward-looking statements are based on the information currently available to us and speak only as of the date on which this report was filed with the SEC. We expressly disclaim any obligation to issue any updates or revisions to our forward-looking statements, even if subsequent events cause our expectations to change regarding the matters discussed in those statements. For a discussion of our risk factors, see Item 1A. "Risk Factors” of the Company’s annual report on Form 10-K for the year ended December 31, 2019, and Item 1A. "Risk Factors" of Part II of this Form 10-Q. Please consider our forward-looking statements in light of those risks as you read this report.

PART I

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ALASKA AIR GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS *(unaudited)*

(in millions)	September 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 1,855**	$ 221
Marketable securities	**1,904**	1,300
Total cash and marketable securities	**3,759**	1,521
Receivables - net	**321**	323
Inventories and supplies - net	**57**	72
Prepaid expenses, assets held-for-sale, and other current assets	**328**	121
Total Current Assets	**4,465**	2,037
Property and Equipment		
Aircraft and other flight equipment	**7,851**	8,549
Other property and equipment	**1,395**	1,306
Deposits for future flight equipment	**595**	533
	9,841	10,388
Less accumulated depreciation and amortization	**3,460**	3,486
Total Property and Equipment - Net	**6,381**	6,902
Operating lease assets	**1,516**	1,711
Goodwill	**1,943**	1,943
Intangible assets - net	**107**	122
Other noncurrent assets	**337**	278
Other Assets	**3,903**	4,054
Total Assets	**$ 14,749**	$ 12,993

CONDENSED CONSOLIDATED BALANCE SHEETS *(unaudited)*

(in millions, except share amounts)	September 30, 2020	December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	**$ 93**	$ 146
Accrued wages, vacation and payroll taxes	**541**	470
Air traffic liability	**1,071**	900
Other accrued liabilities	**406**	431
Deferred revenue	**663**	750
Current portion of operating lease liabilities	**283**	269
Current portion of long-term debt	**1,150**	235
Total Current Liabilities	**4,207**	3,201
Long-Term Debt, Net of Current Portion	**2,672**	1,264
Noncurrent Liabilities		
Long-term operating lease liabilities, net of current portion	**1,320**	1,439
Deferred income taxes	**499**	715
Deferred revenue	**1,520**	1,240
Obligation for pension and postretirement medical benefits	**601**	571
Other liabilities	**476**	232
	4,416	4,197
Commitments and Contingencies		
Shareholders' Equity		
Preferred stock, $0.01 par value, Authorized: 5,000,000 shares, none issued or outstanding	**—**	—
Common stock, $0.01 par value, Authorized: 400,000,000 shares, Issued: 2020 - 133,011,377 shares; 2019 - 131,812,173 shares, Outstanding: 2020 - 123,661,433 shares; 2019 - 123,000,307 shares	**1**	1
Capital in excess of par value	**366**	305
Treasury stock (common), at cost: 2020 - 9,349,944 shares; 2019 - 8,811,866 shares	**(674)**	(643)
Accumulated other comprehensive loss	**(450)**	(465)
Retained earnings	**4,211**	5,133
	3,454	4,331
Total Liabilities and Shareholders' Equity	**$ 14,749**	$ 12,993

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS *(unaudited)*

(in millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Operating Revenues				
Passenger revenue	**$ 572**	$ 2,211	**2,362**	6,038
Mileage Plan other revenue	**84**	118	**266**	346
Cargo and other	**45**	60	**130**	169
Total Operating Revenues	**701**	2,389	**2,758**	6,553
Operating Expenses				
Wages and benefits	**495**	608	**1,579**	1,732
Variable incentive pay	**42**	46	**65**	125
Payroll support program grant wage offset	**(398)**	—	**(760)**	—
Aircraft fuel, including hedging gains and losses	**125**	486	**568**	1,408
Aircraft maintenance	**84**	106	**244**	341
Aircraft rent	**74**	82	**229**	247
Landing fees and other rentals	**109**	143	**323**	388
Contracted services	**36**	72	**138**	214
Selling expenses	**24**	77	**83**	236
Depreciation and amortization	**105**	106	**320**	317
Food and beverage service	**14**	57	**70**	159
Third-party regional carrier expense	**29**	42	**92**	125
Other	**89**	137	**310**	411
Special items - merger-related costs	**1**	5	**5**	39
Special items - impairment charges and other	**121**	—	**350**	—
Special items - restructuring charges	**322**	—	**322**	—
Total Operating Expenses	**1,272**	1,967	**3,938**	5,742
Operating Income (Loss)	**(571)**	422	**(1,180)**	811
Nonoperating Income (Expense)				
Interest income	**7**	11	**23**	31
Interest expense	**(34)**	(18)	**(64)**	(60)
Interest capitalized	**4**	4	**8**	11
Other—net	**5**	(3)	**16**	(20)
Total Nonoperating Income (Expense)	**(18)**	(6)	**(17)**	(38)
Income (Loss) Before Income Tax	**(589)**	416	**(1,197)**	773
Income tax (benefit) expense	**(158)**	94	**(320)**	185
Net Income (Loss)	**$ (431)**	$ 322	**$ (877)**	$ 588
Basic Earnings (Loss) Per Share:	**$ (3.49)**	$ 2.61	**$ (7.12)**	$ 4.76
Diluted Earnings (Loss) Per Share:	**$ (3.49)**	$ 2.60	**$ (7.12)**	$ 4.74
Shares used for computation:				
Basic	**123.647**	123.280	**123.255**	123.330
Diluted	**123.647**	124.067	**123.255**	124.051

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE OPERATIONS *(unaudited)*

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Net Income (Loss)	**$ (431)**	$ 322	**$ (877)**	$ 588
Other Comprehensive Income (Loss):				
Related to marketable securities:				
Unrealized holding gain (loss) arising during the period	**2**	4	**32**	31
Reclassification of (gain) loss into Other - net nonoperating income (expense)	**(2)**	(5)	**(11)**	(3)
Income tax effect	**—**	—	**(5)**	(7)
Total	**—**	(1)	**16**	21
Related to employee benefit plans:				
Reclassification of net pension expense into Wages and benefits and Other - net nonoperating income (expense)	**7**	8	**22**	24
Income tax effect	**(1)**	(2)	**(5)**	(6)
Total	**6**	6	**17**	18
Related to interest rate derivative instruments:				
Unrealized holding gain (loss) arising during the period	**2**	(5)	**(25)**	(17)
Reclassification of loss into Aircraft rent	**1**	1	**2**	2
Income tax effect	**(1)**	—	**5**	3
Total	**2**	(4)	**(18)**	(12)
Other Comprehensive Income (Loss)	**8**	1	**15**	27
Comprehensive Income (Loss)	**$ (423)**	$ 323	**$ (862)**	$ 615

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY *(unaudited)*

(in millions)	*Common Stock Outstanding*	Common Stock	Capital in Excess of Par Value	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balances at December 31, 2019	***123.000***	**$ 1**	**$ 305**	**$ (643)**	**$ (465)**	**$ 5,133**	**$ 4,331**
Net loss	—	—	—	—	—	(232)	(232)
Other comprehensive income (loss)	—	—	—	—	(17)	—	(17)
Common stock repurchase	*(0.538)*	—	—	(31)	—	—	(31)
Stock-based compensation	—	—	9	—	—	—	9
Cash dividend declared ($0.375 per share)	—	—	—	—	—	(45)	(45)
Stock issued under stock plans	*0.123*	—	—	—	—	—	—
Balances at March 31, 2020	***122.585***	**$ 1**	**$ 314**	**$ (674)**	**$ (482)**	**$ 4,856**	**$ 4,015**
Net loss	—	—	—	—	—	(214)	(214)
Other comprehensive income (loss)	—	—	—	—	24	—	24
Stock-based compensation	—	—	2	—	—	—	2
CARES Act warrant issuance	—	—	7	—	—	—	7
Stock issued for employee stock purchase plan	*1.000*	—	27	—	—	—	27
Stock issued under stock plans	*0.054*	—	—	—	—	—	—
Balances at June 30, 2020	***123.639***	**$ 1**	**$ 350**	**$ (674)**	**$ (458)**	**$ 4,642**	**$ 3,861**
Net loss	—	—	—	—	—	(431)	(431)
Other comprehensive income (loss)	—	—	—	—	8	—	8
Stock-based compensation	—	—	7	—			7
CARES Act warrant issuance	—	—	9	—	—	—	9
Stock issued under stock plans	0.022	—	—	—	—	—	—
Balances at September 30, 2020	***123.661***	**$ 1**	**$ 366**	**$ (674)**	**$ (450)**	**$ 4,211**	**$ 3,454**

(in millions)	*Common Stock Outstanding*	Common Stock	Capital in Excess of Par Value	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balances at December 31, 2018	***123.194***	**$ 1**	**$ 232**	**$ (568)**	**$ (448)**	**$ 4,534**	**$ 3,751**
Cumulative effect of accounting changes[(a)]	—	—	—	—	—	3	3
Net income	—	—	—	—	—	4	4
Other comprehensive income (loss)	—	—	—	—	15	—	15
Common stock repurchase	*(0.215)*	—	—	(13)	—	—	(13)
Stock-based compensation	—	—	12	—	—	—	12
Cash dividend declared ($0.35 per share)	—	—	—	—	—	(43)	(43)
Stock issued for employee stock purchase plan	*0.391*	—	20	—	—	—	20
Stock issued under stock plans	*0.134*	—	(3)	—	—	—	(3)
Balances at March 31, 2019	***123.504***	**$ 1**	**$ 261**	**$ (581)**	**$ (433)**	**$ 4,498**	**$ 3,746**
Net income	—	—	—	—	—	262	262
Other comprehensive income (loss)	—	—	—	—	11	—	11
Common stock repurchase	*(0.194)*	—	—	(12)	—	—	(12)
Stock-based compensation	—	—	9	—	—	—	9
Cash dividend declared ($0.35 per share)	—	—	—	—	—	(43)	(43)
Stock issued under stock plans	*0.028*	—	—	—	—	—	—
Balances at June 30, 2019	***123.338***	**$ 1**	**$ 270**	**$ (593)**	**$ (422)**	**$ 4,717**	**$ 3,973**
Net income	—	—	—	—	—	322	322
Other comprehensive income (loss)	—	—	—	—	1	—	1
Common stock repurchase	*(0.465)*	—	—	(28)	—	—	(28)
Stock-based compensation	—	—	7	—	—	—	7
Cash dividend declared ($0.35 per share)	—	—	—	—	—	(43)	(43)
Stock issued for employee stock purchase plan	*0.394*	—	20	—	—	—	20
Stock issued under stock plans	*0.011*	—	—	—	—	—	—
Balances at September 30, 2019	***123.278***	**$ 1**	**$ 297**	**$ (621)**	**$ (421)**	**$ 4,996**	**$ 4,252**

(a) Represents the opening balance sheet adjustment recorded as a result of the adoption of the new lease accounting standard.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited)*

(in millions)	Nine Months Ended September 30, 2020	2019
Cash flows from operating activities:		
Net income (Loss)	**$ (877)**	$ 588
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	**320**	317
Stock-based compensation and other	**14**	20
Special items - impairment charges and other	**350**	—
Special items - restructuring charges	**322**	—
Payroll support program grant wage offset	**(760)**	—
Changes in certain assets and liabilities:		
Payroll support program grant funding	**753**	—
Changes in deferred tax provision	**(220)**	187
Increase in air traffic liability	**171**	244
Increase in deferred revenue	**193**	97
Pension contribution	—	(65)
Other - net	**(150)**	(7)
Net cash provided by operating activities	**116**	1,381
Cash flows used in investing activities:		
Property and equipment additions:		
Aircraft and aircraft purchase deposits	**(61)**	(286)
Other flight equipment	**(49)**	(125)
Other property and equipment	**(94)**	(116)
Total property and equipment additions, including capitalized interest	**(204)**	(527)
Purchases of marketable securities	**(2,092)**	(1,446)
Sales and maturities of marketable securities	**1,520**	1,228
Other investing activities	**9**	37
Net cash used in investing activities	**(767)**	(708)
Cash flows from financing activities:		
Proceeds from issuance of debt	**2,581**	356
Common stock repurchases	**(31)**	(752)
Dividends paid	**(45)**	(53)
Long-term debt payments	**(238)**	(129)
Other financing activities	**19**	40
Net cash provided by (used in) financing activities	**2,286**	(538)
Net increase in cash, cash equivalents, and restricted cash	**1,635**	135
Cash, cash equivalents, and restricted cash at beginning of year	**232**	114
Cash, cash equivalents, and restricted cash at end of the period	**$ 1,867**	$ 249
Cash paid during the period for:		
Interest (net of amount capitalized)	**$ 38**	$ 48
Income taxes	**—**	2
Reconciliation of cash, cash equivalents, and restricted cash at end of the period		
Cash and cash equivalents	**$ 1,855**	$ 237
Restricted cash included in Prepaid expenses, assets held-for-sale and other current assets	**12**	12
Total cash, cash equivalents, and restricted cash at end of the period	**$ 1,867**	$ 249

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(unaudited)*

NOTE 1. GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The condensed consolidated financial statements include the accounts of Air Group, or the Company, and its primary subsidiaries, Alaska and Horizon. The condensed consolidated financial statements also include McGee Air Services (McGee), a ground services subsidiary of Alaska. The Company conducts substantially all of its operations through these subsidiaries. All significant intercompany balances and transactions have been eliminated. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information. Consistent with these requirements, this Form 10-Q does not include all the information required by GAAP for complete financial statements. It should be read in conjunction with the consolidated financial statements and accompanying notes in the Form 10-K for the year ended December 31, 2019. In the opinion of management, all adjustments have been made that are necessary to fairly present the Company’s financial position as of September 30, 2020 and the results of operations for the three and nine months ended September 30, 2020 and 2019. Such adjustments were of a normal recurring nature.

In preparing these statements, the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities, as well as the reported amounts of revenues and expenses, including impairment charges. Due to the impacts of the novel coronavirus (COVID-19) pandemic on the Company's business, these estimates and assumptions require more judgment than they would otherwise given the uncertainty of the future demand for air travel, among other considerations. Further, due to seasonal variations in the demand for air travel, the volatility of aircraft fuel prices, changes in global economic conditions, changes in the competitive environment and other factors, operating results for the three and nine months ended September 30, 2020 are not necessarily indicative of operating results for the entire year.

Recently Adopted Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The ASU requires the use of an "expected credit loss model" on certain financial instruments. The ASU also amends the impairment model for available-for-sale debt securities, and requires the estimation of credit losses to be recorded as allowances instead of reductions to amortized cost. The ASU was effective for the Company beginning January 1, 2020, and was adopted prospectively, but it did not have a significant impact on the Company's financial statements and disclosures.

NOTE 2. COVID-19 PANDEMIC

The public health and economic crises resulting from the outbreak of COVID-19 beginning in the first quarter of 2020 has had an unprecedented impact on the Company. Travel restrictions, event cancellations and social distancing guidelines implemented throughout the country drove significant declines in demand beginning in February, and adversely impacted revenues beginning in March. Although the Company has experienced several months of modest improvement in demand, traffic remains well below 2019 levels. It is uncertain when the impacts of the crisis may resolve and when demand may return to normal levels.

In response to the COVID-19 pandemic, the Company implemented a "Peace-of-Mind" waiver, which allows travelers to book tickets for travel for a specified period of time that can be changed or canceled without incurring change fees. In the third quarter, the waiver was extended to cover all ticketed travel purchased through December 31, 2020, and beginning in 2021, all change fees will be eliminated for first class and main cabin fares. Cancellations and postponement of travel exceeded new bookings in March and April, and had a material impact on second and third quarter passenger revenues, air traffic liability, and cash position. Refer to Note 3 for further discussion.

The Company has taken decisive action to reduce costs and preserve cash and liquidity. In the first quarter, the Company implemented a company-wide hiring freeze, reduced salaries of senior management and hours for management employees, suspended annual pay increases and solicited voluntary leaves of absence. In addition to these payroll saving measures, the Company has actively negotiated with vendor partners to reduce contractual minimums and spending in line with the reduction in demand. In the third quarter, management made the difficult decision to reduce the Company's workforce through voluntary and involuntary leaves.

With demand dramatically depressed, the Company has significantly reduced its planned flying capacity. As a result, many aircraft have been parked or removed from service. As of September 30, 2020, 64 mainline aircraft were temporarily grounded. The Company made the decision in the first quarter of 2020 to permanently remove 12 Airbus aircraft from the operating fleet. In the third quarter of 2020, an additional eight Airbus aircraft were permanently removed from the operating fleet. As of September 30, 2020, all operating regional aircraft were in service.

Valuation of long-lived assets

The Company reviews its long-lived assets for impairment whenever events or changes indicate that the total carrying amount of an asset or asset group may not be recoverable.

To determine if impairment exists, a recoverability test is performed comparing the sum of estimated undiscounted future cash flows expected to be directly generated by the assets to the asset carrying value. Assets are grouped at the individual fleet level, which is the lowest level for which identifiable cash flows are available. The Company developed estimates of future cash flows utilizing historical results, adjusted for the current operating environment, including the impact of parked aircraft.

Given the temporary and permanent parking of certain aircraft described above, the Company performed impairment tests on certain long-lived assets in each of the quarters of 2020. All individual fleets passed the recoverability test, except for the Q400 fleet and the permanently parked Airbus aircraft, which did not pass in the first and third quarters of 2020.

In the first quarter, the Company recorded an impairment charge of $83 million for the 12 permanently parked Airbus aircraft, which was comprised of operating lease right of use assets, estimable return costs, and related leasehold improvements. In the second quarter, the Company identified additional estimable return costs relating to those permanently parked aircraft, and recorded an additional $70 million charge.

Also in the first quarter, the Company recorded an impairment charge of $58 million reflecting the amount for which carrying value exceeded fair value of the Q400 fleet. The Company also recorded additional impairment charges relating to two non-operating Q400 aircraft, which remain parked and held-for-sale, in the first quarter of 2020.

In the third quarter, the Company determined that ten owned Airbus A320 aircraft were impaired, as those aircraft have been specifically identified for retirement prior to the end of their expected useful lives. The Company decided to permanently park eight of these aircraft as of September 30, 2020. As such, the Company recorded an impairment charge of $121 million, representing the amount by which carrying value exceeded fair value for the aircraft and related capital improvements and spare parts inventory. The adjusted net book value of $219 million for the eight aircraft that have been permanently parked and the two Q400 aircraft mentioned above has been transferred to held-for-sale assets in Other current assets on the condensed consolidated balance sheet.

A summary of the impairment charges recorded for aircraft and other flight equipment for the nine months ended September 30, 2020 is as follows (in millions):

	Airbus Aircraft	Q400 Aircraft	Total Impairment
Aircraft and other flight equipment, net	$ 132	$ 58	$ 190
Operating lease assets	62	—	62
Inventory and supplies - net	2	—	2
Prepaid expenses and other current assets	—	3	3
Other accrued liabilities	78	—	78
Total impairment charges - Long-lived assets	$ 274	$ 61	$ 335

The Company will continue to evaluate the need for further impairment of long-lived assets as expectations of future demand, market conditions and fleet decisions evolve.

Valuation of intangible assets and goodwill

The Company reviews definite- and indefinite-lived intangible assets and goodwill for impairment on an annual basis in the fourth quarter, or more frequently should events or circumstances indicate that an impairment may exist.

Given the strain in the general economic environment and a significant decline in Alaska Air Group market capitalization, the Company performed impairment tests on all three asset types at the end of each quarter in 2020. As a result of these analyses, indefinite-lived intangible assets and goodwill were deemed recoverable, and no impairment charges were recorded. Of the company's definite-lived intangibles, leased gates at Dallas-Love Field (DAL Gates) were deemed not recoverable and an impairment charge of $10 million was recorded in the first quarter. No additional impairment charges were identified for definite-lived intangibles as a result of the second and third quarter impairment tests.

Workforce restructuring

The Company expects that demand will remain depressed into 2021 and expects to rebuild capacity levels to approximately 80% by summer 2021. Accordingly, the Company reduced its workforce in the third quarter of 2020 to better align with the expected size of the business. To mitigate the need for involuntary furloughs, various early-out and voluntary leave programs were made available to all frontline work groups, in addition to incentive leave programs made available to Alaska pilots and mechanics. Through these programs over 600 employees took permanent early-outs, and over 3,300 employees took voluntary or incentive leaves. As a result of the participation in these mitigation programs, the involuntary furloughs that became effective October 1, 2020 were limited to approximately 400 employees. The Company recalled approximately 220 flight attendants on November 1, 2020. In addition to these furloughs, the Company permanently eliminated approximately 300 non-union management positions.

As a result of these programs, the Company recorded expense of $322 million to Special items - restructuring charges in the condensed consolidated statement of operations in the third quarter of 2020. The charge is primarily comprised of wages for those pilots and mechanics on incentive leaves, ongoing medical benefit coverage, and lump-sum termination payments.

Other considerations

The Company evaluated outstanding receivable balances for risk of non-payment. The Company identified a $5 million receivable from a vendor that filed for bankruptcy during the first quarter. The Company expects to file a bankruptcy claim but, as the note is unsecured, management determined that collectability is not probable. Therefore, the full $5 million was reserved and charged to Special items - impairment charges and other in the condensed consolidated statement of operations in the first quarter.

For the three and nine months ended September 30, 2020, the Company concluded that the use of a year-to-date effective tax rate estimate was more appropriate than the annual effective tax rate method as estimates of the Company's full-year tax loss are not reliable at this time given the uncertainty of the travel demand environment.

Although it is not certain when the impacts of COVID-19 will subside and demand for air travel will return, the Company has implemented meaningful plans to reduce expenses, build liquidity and preserve cash. At September 30, 2020, given the balance of cash, cash equivalents and marketable securities, as well as anticipated access to liquidity and cash flows from future operations, the Company expects it will meet all cash obligations, as well as remain in compliance with the financial debt covenants in its existing financing arrangements, for the next 12 months. Refer to Note 5. Long-Term Debt for further information regarding liquidity obtained in response to the COVID-19 crisis.

CARES Act Funding

During the second quarter, Alaska, Horizon, and McGee finalized agreements with the U.S. Department of the Treasury (the Treasury) through the payroll support program (PSP) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. Under the PSP and associated agreements, Alaska and Horizon received $992 million in the second quarter. In the third quarter of 2020, Alaska and Horizon were informed by the Treasury of $29 million in additional funds available under the PSP. Similarly, McGee entered into an agreement to receive a total of $30 million, which was received in three installments in the second and third quarters.

Total funds of approximately $1.1 billion are to be used exclusively toward continuing to pay employee salaries, wages and benefits. Upon receipt of the funds, the Company is subject to various conditions, including, but not limited to, refraining from conducting involuntary furloughs or reducing employee rates of pay through September 30, 2020 and placing limits on executive compensation. Other conditions also prohibit the Company from repurchasing common stock and from paying dividends until September 30, 2021, and required the Company to continue to maintain essential air service as directed by the U.S. Department of Transportation through September 30, 2020.

The funds received took the form of debt, warrants and a grant. The unsecured debt portion of $290 million was recorded at par, and warrants of $8 million were recorded on the condensed consolidated balance sheet at fair value determined using the Black-Scholes model. The residual amount of $753 million was recorded as grant proceeds. The grant will be recognized into earnings as eligible wages, salaries and benefits are incurred. During the three and nine months ended September 30, 2020, the Company recognized $398 million and $760 million of the PSP grant proceeds as a wage offset. Included within the third quarter total offset is approximately $17 million in credits for employer taxes, as stipulated in the CARES Act. The Company expects to record an additional $10 million in wage offset in the fourth quarter.

In the third quarter of 2020, the Company reached an agreement with the Treasury to participate in the CARES Act loan program. The loan agreement provides for a secured term loan facility, which allows Alaska to borrow up to $1.3 billion. In October 2020, the amount of the loan available was increased to $1.9 billion. In September the Company borrowed $135 million under the loan facility. Refer to Note 5. Long-Term Debt and Note 8. Shareholders' Equity for further details regarding terms of the CARES loan agreement.

NOTE 3. REVENUE

Ticket revenue is recorded as Passenger revenue, and represents the primary source of the Company's revenue. Also included in Passenger revenue are passenger ancillary revenues, such as bag fees, on-board food and beverage, ticket change fees, and certain revenue from the frequent flyer program. In the third quarter of 2020, the Company announced beginning on January 1, 2021 it would no longer collect change fees from those guests traveling on main cabin or first class fares. Mileage Plan other revenue includes brand and marketing revenue from the Company's co-branded credit card and other partners and certain interline frequent flyer revenue, net of commissions. Cargo and other revenue includes freight and mail revenue, and to a lesser extent, other ancillary revenue products such as lounge membership and certain commissions.

The Company disaggregates revenue by segment in Note 9. The details within the Company’s statements of operations, segment disclosures, and in this footnote depict the nature, amount, timing and uncertainty of revenue and how cash flows are affected by economic and other factors.

Passenger Ticket and Ancillary Services Revenue

Passenger revenue recognized in the condensed consolidated statements of operations (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Passenger ticket revenue, including ticket breakage and net of taxes and fees	**$ 459**	$ 1,868	**$ 1,894**	$ 5,099
Passenger ancillary revenue	**49**	157	**196**	428
Mileage Plan passenger revenue	**64**	186	**272**	511
Total Passenger revenue	**$ 572**	$ 2,211	**$ 2,362**	$ 6,038

Mileage Plan™ Loyalty Program

Mileage Plan™ revenue included in the condensed consolidated statements of operations (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Passenger revenue	**$ 64**	$ 186	**$ 272**	$ 511
Mileage Plan other revenue	**84**	118	**266**	346
Total Mileage Plan revenue	**$ 148**	$ 304	**$ 538**	$ 857

Cargo and Other

Cargo and other revenue included in the condensed consolidated statements of operations (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cargo revenue	**$ 31**	$ 36	**$ 83**	$ 104
Other revenue	**14**	24	**47**	65
Total Cargo and other revenue	**$ 45**	$ 60	**$ 130**	$ 169

Air Traffic Liability and Deferred Revenue

Passenger ticket and ancillary services liabilities

The Company recognized Passenger revenue of $484 million and $582 million from the prior year-end air traffic liability balance for the nine months ended September 30, 2020 and 2019.

Given the reduction in demand for air travel stemming from the COVID-19 pandemic, advance bookings and associated cash receipts have been significantly depressed. The Company also experienced elevated cancellations beginning in March 2020, which led to cash refunds or the issuance of credits for future travel. Since March, the Company has issued cash refunds of approximately $475 million and credits for future travel of $850 million. At September 30, 2020, such credits, which are included in the air traffic liability balance, totaled $617 million, net of breakage. In April 2020, the Company announced updated expiration terms for these credits, extending to July 2021. At this time, the Company is unable to estimate how and when the air traffic liability will be recognized in earnings given ongoing uncertainty around the return in demand for air travel.

Mileage Plan™ assets and liabilities

The Company records a receivable for amounts due from the bank partner and from other partners as mileage credits are sold until the payments are collected. The Company had $45 million of such receivables as of September 30, 2020 and $105 million as of December 31, 2019. Consistent with the significant cancellation activity outlined above, the Company experienced incremental redeposits in the third quarter. Given the uncertainty around the return in demand for air travel, the Company is unable to determine how and when mileage credits will be recognized in earnings.

The table below presents a roll forward of the total frequent flyer liability (in millions):

	Nine Months Ended September 30,	
	2020	2019
Total Deferred Revenue balance at January 1	**$ 1,990**	$ 1,874
Travel miles and companion certificate redemption - Passenger revenue	**(272)**	(511)
Miles redeemed on partner airlines - Other revenue	**(21)**	(84)
Increase in liability for mileage credits issued	**486**	692
Total Deferred Revenue balance at Sept 30	**$ 2,183**	$ 1,971

NOTE 4. FAIR VALUE MEASUREMENTS

In determining fair value, there is a three-level hierarchy based on the reliability of the inputs used. Level 1 refers to fair values based on quoted prices in active markets for identical assets or liabilities. Level 2 refers to fair values estimated using significant other observable inputs and Level 3 refers to fair values estimated using significant unobservable inputs.

Fair Value of Financial Instruments on a Recurring Basis

As of September 30, 2020, total cost basis for all marketable securities was $1.9 billion. There were no significant differences between the cost basis and fair value of any individual class of marketable securities.

Fair values of financial instruments on the consolidated balance sheet (in millions):

	September 30, 2020			December 31, 2019		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets						
Marketable securities						
U.S. government and agency securities	**$ 479**	**$ —**	**$ 479**	$ 330	$ —	$ 330
Equity mutual funds	**6**	**—**	**6**	6	—	6
Foreign government bonds	**—**	**20**	**20**	—	31	31
Asset-backed securities	**—**	**232**	**232**	—	211	211
Mortgage-backed securities	**—**	**262**	**262**	—	176	176
Corporate notes and bonds	**—**	**859**	**859**	—	523	523
Municipal securities	**—**	**46**	**46**	—	23	23
Total Marketable securities	**485**	**1,419**	**1,904**	336	964	1,300
Derivative instruments						
Fuel hedge—call options	**—**	**7**	**7**	—	11	11
Interest rate swap agreements	**—**	**—**	**—**	—	3	3
Total Assets	**$ 485**	**$ 1,426**	**$ 1,911**	$ 336	$ 978	$ 1,314
Liabilities						
Derivative instruments						
Interest rate swap agreements	**—**	**(29)**	**(29)**	—	(10)	(10)
Total Liabilities	**$ —**	**$ (29)**	**$ (29)**	$ —	$ (10)	$ (10)

The Company uses both the market and income approach to determine the fair value of marketable securities. U.S. government securities and equity mutual funds are Level 1 as the fair value is based on quoted prices in active markets. Foreign government bonds, asset-backed securities, mortgage-backed securities, corporate notes and bonds, and municipal securities are Level 2 as the fair value is based on standard valuation models that are calculated based on observable inputs such as quoted interest rates, yield curves, credit ratings of the security and other observable market information.

The Company uses the market approach and the income approach to determine the fair value of derivative instruments. The fair value for fuel hedge call options is determined utilizing an option pricing model based on inputs that are readily available in active markets or can be derived from information available in active markets. In addition, the fair value considers the exposure to credit losses in the event of non-performance by counterparties. Interest rate swap agreements are Level 2 as the fair value of these contracts is determined based on the difference between the fixed interest rate in the agreements and the observable LIBOR-based interest forward rates at period end multiplied by the total notional value.

Activity and Maturities for Marketable Securities

Unrealized losses from marketable securities are primarily attributable to changes in interest rates. Management does not believe any unrealized losses are the result of expected credit losses based on its evaluation of available information as of September 30, 2020.

Maturities for marketable securities (in millions):

September 30, 2020	**Cost Basis**	**Fair Value**
Due in one year or less	$ 702	$ 704
Due after one year through five years	1,108	1,139
Due after five years through 10 years	54	55
Total	$ 1,864	$ 1,898

Fair Value of Other Financial Instruments

The Company uses the following methods and assumptions to determine the fair value of financial instruments that are not recognized at fair value as described below.

Cash, Cash Equivalents and Restricted Cash: Cash equivalents consist of highly liquid investments with original maturities of three months or less, such as money market funds, commercial paper and certificates of deposit. They are carried at cost, which approximates fair value.

The Company's restricted cash balances are primarily used to guarantee various letters of credit, self-insurance programs or other contractual rights. Restricted cash consists of highly liquid securities with original maturities of three months or less. They are carried at cost, which approximates fair value.

Debt: Debt assumed in the acquisition of Virgin America was subject to a non-recurring fair valuation adjustment as part of purchase price accounting. The adjustment is amortized over the life of the associated debt. All other fixed-rate debt is carried at cost. To estimate the fair value of all fixed-rate debt as of September 30, 2020, the Company uses the income approach by discounting cash flows or estimation using quoted market prices, utilizing borrowing rates for comparable debt over the remaining life of the outstanding debt. The estimated fair value of the fixed-rate debt is Level 2, except for $732 million, which is classified as Level 3, as certain inputs used are unobservable.

Fixed-rate debt on the consolidated balance sheet and the estimated fair value of long-term fixed-rate debt is as follows (in millions):

	September 30, 2020	December 31, 2019
Fixed-rate debt at cost	**$ 1,889**	$ 473
Non-recurring purchase price accounting fair value adjustment	**2**	2
Total fixed-rate debt	**$ 1,891**	$ 475
Estimated fair value	**$ 1,960**	$ 483

Assets and Liabilities Measured at Fair Value on Nonrecurring Basis

Certain assets and liabilities are recognized or disclosed at fair value on a nonrecurring basis, including property, plant and equipment, operating lease assets, goodwill, and intangible assets. These assets are subject to fair valuation when there is evidence of impairment. Refer to Note 2 for discussion regarding impairment charges recorded during the three and nine months ended September 30, 2020. No material impairment charges were recorded during the three and nine months ended September 30, 2019.

NOTE 5. LONG-TERM DEBT

Long-term debt obligations on the condensed consolidated balance sheet (in millions):

	September 30, 2020	December 31, 2019
Fixed-rate notes payable due through 2029	**$ 427**	$ 475
Fixed-rate PSP notes payable due through 2030	**290**	—
Fixed-rate EETC payable due through 2025 & 2027	**1,174**	—
Variable-rate notes payable due through 2029	**1,966**	1,032
Less debt issuance costs and unamortized debt discount	**(35)**	(8)
Total debt	**3,822**	1,499
Less current portion	**1,150**	235
Long-term debt, less current portion	**$ 2,672**	$ 1,264
Weighted-average fixed-interest rate	**4.3 %**	3.3 %
Weighted-average variable-interest rate	**1.9 %**	2.9 %

Approximately $642 million of the Company's total variable-rate notes payable are effectively fixed via interest rate swaps at September 30, 2020.

During the nine months ended September 30, 2020, the Company obtained proceeds from issuance of debt of $2.6 billion from multiple lenders and sources. New proceeds are comprised of $1.2 billion in Enhanced Equipment Trust Certificates (EETC), $589 million from secured debt financing backed by a total of 32 aircraft, $290 million in an unsecured loan from the PSP, and $135 million from the CARES Act loan program. Also included in proceeds from issuance of debt is $400 million drawn on existing lines of credit. Details around these issuances are more fully described below. Issuances of debt are offset by $238 million in debt payments.

In the third quarter of 2020, the Company obtained $1.2 billion in private funding through the issuance of Enhanced Equipment Trust Certificates (EETC). The EETC are collateralized by 42 Boeing 737 aircraft and 19 Embraer E175 aircraft. Principal and interest payments are due semiannually, beginning on February 15, 2021.

The $290 million PSP note is an unsecured senior term loan with a 10-year term, bearing an interest rate of 1% in years 1 through 5, and an interest rate equal to the Secured Overnight Financing Rate (SOFR) plus 2% in years 6 through 10. The loan is prepayable at par at any time. Alaska and Horizon PSP proceeds were deposited into an account which will be drawn down over time for payroll expenses. That account and the balance of the proceeds will serve as the only collateral for the loan.

CARES Act Loan Program

In the third quarter of 2020, the Company finalized an agreement with the Treasury to obtain up to $1.3 billion via a secured term loan facility. In October 2020, the Company was informed by the Treasury that the total loan available would increase to $1.9 billion. Following the October upsize, obligations of the Company under the loan agreement are secured by assets related to, and revenues generated by, Alaska's Mileage Plan™ frequent flyer program, as well as by 34 aircraft and 15 spare engines.

As of September 30, 2020, the Company has drawn $135 million available under the agreement, and may, at its option, borrow additional amounts in up to two subsequent borrowings until March 31, 2021, after a required initial draw of 10%. All proceeds drawn must be used for certain general corporate purposes and operating expenses in accordance with the terms and conditions of the loan agreement and the applicable provisions of the CARES Act.

In conjunction with the initial draw, the Company granted the Treasury 427,080 warrants to purchase ALK common stock at a strike price of $31.61. The value of the warrants was estimated using a Black-Scholes option pricing model, and the relative fair value of the warrants of $6 million was recorded in stockholders' equity, with an offsetting debt discount to the CARES Loan issuance.

Debt Maturity

At September 30, 2020 long-term debt principal payments for the next five years and thereafter are as follows (in millions):

	Total
Remainder of 2020	$ 73
2021	1,201
2022	393
2023	357
2024	265
Thereafter	1,568
Total	$ 3,857

Bank Lines of Credit

The Company has three credit facilities with availability totaling $461 million as of September 30, 2020. All three facilities have variable interest rates based on LIBOR plus a specified margin. One credit facility for $250 million expires in June 2021 and is secured by aircraft. A second credit facility, which was renegotiated in September 2020, resulting in decreased capacity from $150 million to $120 million, expires in March 2022 and is secured by certain accounts receivable, spare engines, spare parts and ground service equipment. The third credit facility for $91 million expires in June 2021, with a mechanism for annual renewal, and is secured by aircraft.

During the nine months ended September 30, 2020, the Company drew $400 million on the first two existing facilities, of which a total of $37 million has since been repaid. The Company has an outstanding balance of $363 million from the first two facilities, and the outstanding balance is classified as short-term on the condensed consolidated balance sheet. The Company also has secured letters of credit against the $91 million facility. All three credit facilities have a requirement to maintain a minimum unrestricted cash and marketable securities balance of $500 million. The Company was in compliance with this covenant at September 30, 2020.

NOTE 6. EMPLOYEE BENEFIT PLANS

Net periodic benefit costs for qualified defined-benefit plans include the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Service cost	**$ 11**	$ 11	**$ 37**	$ 32
Pension expense included in Wages and benefits	**11**	11	**37**	32
Interest cost	**19**	23	**57**	67
Expected return on assets	**(28)**	(24)	**(83)**	(71)
Amortization of prior service cost (credit)	**(1)**	(1)	**(1)**	(1)
Recognized actuarial loss	**9**	9	**26**	27
Pension expense included in Nonoperating Income (Expense)	**$ (1)**	$ 7	**$ (1)**	$ 22

In the third quarter of 2020, the Company also recorded $16 million of pension expense within Special items - restructuring charges for those pilots accepting certain furlough mitigation programs, which is not reflected in the table above.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Future minimum payments for commitments as of September 30, 2020 (in millions):

	Aircraft Commitments[a]	Capacity Purchase Agreements [b]	Aircraft Maintenance Deposits
Remainder of 2020	$ 343	$ 36	$ 7
2021	549	166	35
2022	333	174	45
2023	192	179	24
2024	21	184	6
Thereafter	25	880	2
Total	$ 1,463	$ 1,619	$ 119

(a) Includes non-cancelable contractual commitments for aircraft and engines, aircraft maintenance and parts management.
(b) Includes all non-aircraft lease costs associated with capacity purchase agreements.

During the nine months ended September 30, 2020 the Company renegotiated scheduled payments with certain lessors and vendor partners, including the reduction of minimum obligations and rates. The impact of those negotiations on our leases was not material to the operating lease liability. The Company has also deferred the payment of remaining 2020 contractual aircraft commitments, including those related to the B737 MAX9, to periods beyond 2020.

Aircraft Commitments

Aircraft purchase commitments include non-cancelable contractual commitments for aircraft and engines. As of September 30, 2020, Alaska had commitments to purchase 32 B737 MAX9 aircraft, with contracted deliveries between 2020 and 2023. As a result of the grounding order mandated by the FAA on March 13, 2019, the delivery schedule for these MAX aircraft is subject to change. Future minimum contractual payments for these aircraft have been updated to reflect the possible delivery timing, but are also subject to change. Horizon also has commitments to purchase three E175 aircraft with deliveries in 2023. Alaska has cancelable purchase commitments for 30 Airbus A320neo aircraft with deliveries from 2024 through 2026. In addition, Alaska has options to purchase 37 B737 MAX aircraft, and Horizon has options to purchase 30 E175 aircraft. Alaska also has the option to increase capacity flown by SkyWest with eight additional E175 aircraft with deliveries in 2022.

The cancelable purchase commitments and option payments are not reflected in the table above. Given the COVID-19 pandemic, the Company is in discussion with aircraft manufacturers regarding these purchase commitments and delivery timelines.

Contingencies

The Company is a party to routine litigation matters incidental to its business and with respect to which no material liability is expected. Liabilities for litigation related contingencies are recorded when a loss is determined to be probable and estimable.

In 2015, three flight attendants filed a class action lawsuit seeking to represent all Virgin America flight attendants for damages based on alleged violations of California and City of San Francisco wage and hour laws. The court certified a class of approximately 1,800 flight attendants in November 2016. The Company believes the claims in this case are without factual and legal merit.

In July 2018, the Court granted in part Plaintiffs' motion for summary judgment, finding Virgin America, and Alaska Airlines, as a successor-in-interest to Virgin America, responsible for various damages and penalties sought by the class members. On February 4, 2019, the Court entered final judgment against Virgin America and Alaska Airlines in the amount of approximately $78 million. It did not award injunctive relief against Alaska Airlines.

The Company is seeking an appellate court ruling that the California laws on which the judgment is based are invalid as applied to national airlines pursuant to the U.S. Constitution and federal law and for other employment law and improper class certification reasons. The Company remains confident that a higher court will respect the federal preemption principles that were enacted to shield inter-state common carriers from a patchwork of state and local wage and hour regulations such as those at issue in this case and agree with the Company's other bases for appeal. For these reasons, no loss has been accrued.

In January 2019, a pilot filed a class action lawsuit seeking to represent all Alaska and Horizon pilots for damages based on alleged violations of the Uniformed Services Employment and Reemployment Rights Act (USERRA). Plaintiff received class certification in August 2020. The case is in discovery. The Company believes the claims in the case are without factual and legal merit and intends to defend the lawsuit.

The Company is involved in other litigation around the application of state and local employment laws, like many air carriers. Our defenses are similar to those identified above, including that the state and local laws are preempted by federal law and are unconstitutional because they impede interstate commerce. None of these additional disputes are material.

This forward-looking statement is based on management's current understanding of the relevant laws and facts, and it is subject to various contingencies, including the potential costs and risks associated with litigation and the actions of judges and juries.

NOTE 8. SHAREHOLDERS' EQUITY

Common Stock Repurchase

In August 2015, the Board of Directors authorized a $1 billion share repurchase program. As of September 30, 2020, the Company has repurchased 7.6 million shares for $544 million under this program. In March 2020, the Company suspended the share repurchase program indefinitely.

CARES Act Warrant Issuance

As additional taxpayer protection required under the PSP, during the nine months ended September 30, 2020 the Company granted the Treasury a total of 915,930 warrants to purchase Alaska Air Group (ALK) common stock at a strike price of $31.61, based on the closing price on April 9, 2020. The warrants are non-voting, freely transferable, may be settled as net shares or in cash at Alaska's option, and have a five year term.

Additionally, in connection with the execution of the CARES Act loan agreement, the Company agreed to issue warrants to the Treasury to purchase up to an aggregate of 4,115,786 shares of ALK common stock (the Warrant Agreement). Under the Warrant Agreement, warrants will be granted to the Treasury in conjunction with each new borrowing under the Agreement. Warrants to purchase shares shall be equal to 10% of each borrowing, divided by $31.61, the closing price of Air Group common stock on April 9, 2020. Pursuant to the Warrant Agreement, on the closing date, Air Group granted the Treasury 427,080 warrants to purchase ALK common stock at a strike price of $31.61. Upon upsize of the loan agreement in October 2020, an additional 1,983,550 warrants were added to the aggregate.

Components of accumulated other comprehensive loss, net of tax (in millions):

	September 30, 2020	December 31, 2019
Related to marketable securities	**$ 25**	$ 9
Related to employee benefit plans	**(453)**	(469)
Related to interest rate derivatives	**(22)**	(5)
Total	**$ (450)**	$ (465)

Earnings Per Share (EPS)

Diluted EPS is calculated by dividing net income by the average number of common shares outstanding plus the number of additional common shares that would have been outstanding assuming the exercise of in-the-money stock options and restricted stock units, using the treasury-stock method. For the three and nine months ended September 30, 2020 and 2019, anti-dilutive shares excluded from the calculation of EPS were not material.

NOTE 9. OPERATING SEGMENT INFORMATION

Alaska Air Group has two operating airlines—Alaska and Horizon. Each is regulated by the U.S. Department of Transportation’s Federal Aviation Administration. Alaska has CPAs for regional capacity with Horizon, as well as with SkyWest, under which Alaska receives all passenger revenues.

Under U.S. GAAP, operating segments are defined as components of a business for which there is discrete financial information that is regularly assessed by the Chief Operating Decision Maker (CODM) in making resource allocation decisions.

Financial performance for the operating airlines and CPAs is managed and reviewed by the Company's CODM as part of three reportable operating segments:

- **Mainline** - includes scheduled air transportation on Alaska's Boeing or Airbus jet aircraft for passengers and cargo throughout the U.S., and in parts of Canada, Mexico, and Costa Rica.
- **Regional** - includes Horizon's and other third-party carriers' scheduled air transportation for passengers across a shorter distance network within the U.S. under a CPA. This segment includes the actual revenues and expenses associated with regional flying, as well as an allocation of corporate overhead incurred by Air Group on behalf of the regional operations.
- **Horizon** - includes the capacity sold to Alaska under CPA. Expenses include those typically borne by regional airlines such as crew costs, ownership costs and maintenance costs.

The CODM makes resource allocation decisions for these reporting segments based on flight profitability data, aircraft type, route economics and other financial information.

The "Consolidating and Other" column reflects Air Group parent company activity, McGee Air Services, consolidating entries and other immaterial business units of the company. The "Air Group Adjusted" column represents a non-GAAP measure that is used by the Company's CODM to evaluate performance and allocate resources. Adjustments are further explained below in reconciling to consolidated GAAP results.

Operating segment information is as follows (in millions):

	Three Months Ended September 30, 2020						
	Mainline	Regional	Horizon	Consolidating & Other[a]	Air Group Adjusted[b]	Special Items[c]	Consolidated
Operating Revenues							
Passenger revenues	$ 401	$ 171	$ —	$ —	$ 572	$ —	$ 572
CPA revenues	—	—	95	(95)	—	—	—
Mileage Plan other revenue	65	19	—	—	84	—	84
Cargo and other	45	—	—	—	45	—	45
Total Operating Revenues	511	190	95	(95)	701	—	701
Operating Expenses							
Operating expenses, excluding fuel	872	248	78	(97)	1,101	46	1,147
Economic fuel	90	38	—	—	128	(3)	125
Total Operating Expenses	962	286	78	(97)	1,229	43	1,272
Nonoperating Income (Expense)							
Interest income	8	—	—	(1)	7	—	7
Interest expense	(28)	—	(6)	—	(34)	—	(34)
Interest capitalized	4	—	—	—	4	—	4
Other - net	4	—	—	1	5	—	5
Total Nonoperating Income (Expense)	(12)	—	(6)	—	(18)	—	(18)
Income (Loss) Before Income Tax	$ (463)	$ (96)	$ 11	$ 2	$ (546)	$ (43)	$ (589)

	Three Months Ended September 30, 2019						
	Mainline	Regional	Horizon	Consolidating & Other[a]	Air Group Adjusted[b]	Special Items[c]	Consolidated
Operating Revenues							
Passenger revenues	$ 1,850	$ 361	$ —	$ —	$ 2,211	$ —	$ 2,211
CPA revenues	—	—	112	(112)	—	—	—
Mileage Plan other revenue	107	11	—	—	118	—	118
Cargo and other	58	1	—	1	60	—	60
Total Operating Revenues	2,015	373	112	(111)	2,389	—	2,389
Operating Expenses							
Operating expenses, excluding fuel	1,226	275	94	(119)	1,476	5	1,481
Economic fuel	411	75	—	—	486	—	486
Total Operating Expenses	1,637	350	94	(119)	1,962	5	1,967
Nonoperating Income (Expense)							
Interest income	17	—	—	(6)	11	—	11
Interest expense	(18)	—	(7)	7	(18)	—	(18)
Interest capitalized	4	—	—	—	4	—	4
Other - net	(3)	—	—	—	(3)	—	(3)
Total Nonoperating Income (Expense)	—	—	(7)	1	(6)	—	(6)
Income (Loss) Before Income Tax	$ 378	$ 23	$ 11	$ 9	$ 421	$ (5)	$ 416

	Nine Months Ended September 30, 2020						
	Mainline	Regional	Horizon	Consolidating & Other[a]	Air Group Adjusted[b]	Special Items[c]	Consolidated
Operating Revenues							
Passenger revenues	$ 1,860	$ 502	$ —	$ —	$ 2,362	$ —	$ 2,362
CPA revenues	—	—	281	(281)	—	—	—
Mileage Plan other revenue	219	47	—	—	266	—	266
Cargo and other	128	—	—	2	130	—	130
Total Operating Revenues	2,207	549	281	(279)	2,758	—	2,758
Operating Expenses							
Operating expenses, excluding fuel	2,777	727	238	(289)	3,453	(83)	3,370
Economic fuel	448	120	—	—	568	—	568
Total Operating Expenses	3,225	847	238	(289)	4,021	(83)	3,938
Nonoperating Income (Expense)							
Interest income	33	—	—	(10)	23	—	23
Interest expense	(58)	—	(16)	10	(64)	—	(64)
Interest capitalized	8	—	—	—	8	—	8
Other - net	16	—	—	—	16	—	16
Total Nonoperating Income (Expense)	(1)	—	(16)	—	(17)	—	(17)
Income (Loss) Before Income Tax	$ (1,019)	$ (298)	$ 27	$ 10	$ (1,280)	$ 83	$ (1,197)

	Nine Months Ended September 30, 2019						
	Mainline	Regional	Horizon	Consolidating & Other[a]	Air Group Adjusted[b]	Special Items[c]	Consolidated
Operating Revenues							
Passenger revenues	$ 5,039	$ 999	$ —	$ —	$ 6,038	$ —	$ 6,038
CPA revenues	—	—	340	(340)	—	—	—
Mileage Plan other revenue	312	34	—	—	346	—	346
Cargo and other	163	2	1	3	169	—	169
Total Operating Revenues	5,514	1035	341	(337)	6,553	—	6,553
Operating Expenses							
Operating expenses, excluding fuel	3,545	817	286	(353)	4,295	39	4,334
Economic fuel	1,191	218	—	—	1,409	(1)	1,408
Total Operating Expenses	4,736	1,035	286	(353)	5,704	38	5,742
Nonoperating Income (Expense)							
Interest income	50	—	—	(19)	31	—	31
Interest expense	(58)	—	(22)	20	(60)	—	(60)
Interest capitalized	11	—	—	—	11	—	11
Other - net	(20)	—	—	—	(20)	—	(20)
Total Nonoperating Income (Expense)	(17)	—	(22)	1	(38)	—	(38)
Income (Loss) Before Income Tax	$ 761	$ —	$ 33	$ 17	$ 811	$ (38)	$ 773

(a) Includes consolidating entries, Air Group parent company, McGee Air Services, and other immaterial business units.
(b) The Air Group Adjusted column represents the financial information that is reviewed by management to assess performance of operations and determine capital allocations and excludes certain income and charges.
(c) Includes payroll support program grant wage offsets, special items and mark-to-market fuel hedge accounting adjustments.

Total assets were as follows (in millions):

	September 30, 2020	December 31, 2019
Mainline	**$ 20,586**	$ 19,207
Horizon	**1,231**	1,266
Consolidating & Other	**(7,068)**	(7,480)
Consolidated	**$ 14,749**	$ 12,993

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help the reader understand our company, segment operations and the present business environment. MD&A is provided as a supplement to – and should be read in conjunction with – our consolidated financial statements and the accompanying notes. All statements in the following discussion that are not statements of historical information or descriptions of current accounting policy are forward-looking statements. Please consider our forward-looking statements in light of the risks referred to in this report's introductory cautionary note and the risks mentioned in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2019, and in Item 1A. "Risk Factors" of Part II of this Form 10-Q. This overview summarizes the MD&A, which includes the following sections:

- *Third Quarter Review*—highlights from the third quarter of 2020 outlining some of the major events that happened during the period and how they affected our financial performance.

- *Results of Operations*—an in-depth analysis of our revenues by segment and our expenses from a consolidated perspective for the three and nine months ended September 30, 2020. To the extent material to the understanding of segment profitability, we more fully describe the segment expenses per financial statement line item. Financial and statistical data is also included here. This section includes forward-looking statements regarding our view of the remainder of 2020.

- *Liquidity and Capital Resources*—an overview of our financial position, analysis of cash flows, and relevant contractual obligations and commitments.

THIRD QUARTER REVIEW

COVID-19 Impacts and Response

The impacts of COVID-19 on our business have been unprecedented, and have presented us with some of the greatest challenges in our 88-year history. The cancellation of large public events, suspension of business travel, closure of popular tourist destinations and implementation of stay-at-home orders throughout the country beginning in March 2020 has driven demand for air travel to historic lows.

Although we have seen slow improvements in demand through the second and third quarters of 2020 as daily passenger counts have grown from a low of 5,000 per day to approximately 40,000 in September, we remain well below prior-year traffic levels. Some targeted promotions, including a "Buy the Row" sale, have provided meaningful cash bookings and positive reactions from guests, indicating that there is underlying demand for air travel when the time is right. Based on several recent studies performed on the safety of air travel during the pandemic, we strongly believe air travel is, and has been, safe and we stand ready as our guests return to travel over the coming months.

However, as we expect recovery to be slow and we face the reality that our airlines are, and will be, significantly smaller than we were a year ago, we had to make the difficult decision to reduce our workforce at the end of the third quarter. We initiated various early-out and furlough mitigation programs for frontline work groups, as well as incentive leaves for Alaska pilots and aircraft mechanics. These leaves were accepted by approximately 4,000 employees, including over 600 employees volunteering for early-out separation from the Company. In addition, we reduced our non-union management positions by approximately 300 positions. As a result of these actions, we were able to reduce the number of involuntary furloughs to approximately 400. Costs of $322 million associated with these programs were recorded in the third quarter. We expect these workforce reductions will result in permanent annual savings of approximately $130 million.

These and other structural cost reduction measures are critical to reaching our monthly cash preservation goals. We believe getting to a zero cash burn position will be a leading indicator of industry health and recovery, and we believe we will be the first airline to reach this goal. Our capacity and cash bookings planning assumptions do not represent guidance, and we will adjust our plans if demand trends do not support these assumptions.

Looking forward, we are planning for capacity in the fourth quarter to be approximately 40% below the same period in 2019. We expect to see continued increases in passenger counts from the holiday travel season and as Hawai'i reopens to tourism travel. However, we do expect load factors to be in the range of 45% to 55% given our decision to block middle seats on the majority of our mainline flights through January 6, 2021.

Currently, by the summer of 2021, our planning assumption is that capacity will be approximately 80% of the summer of 2019. Although, that is subject to change given the ever-changing dynamic of the COVID-19 pandemic and the demand for air travel. We will remain flexible as the situation changes and are committed to take advantage of opportunities that may arise as the industry begins to recover.

Maintaining a significant liquidity balance is also paramount to preserving our financial strength. In addition to the $1 billion in CARES Act funding obtained in the second quarter of 2020, we have also sourced $589 million in secured financing, drawn $400 million from our existing credit facilities, and issued $1.2 billion in EETCs. We also have available to us $1.9 billion in CARES Act loans, from which we have drawn $135 million to support general business operations. As of November 3, 2020, our cash and marketable securities balance was approximately $3.5 billion.

Guest and employee safety

Our commitment to the health and safety of our guests and employees remains our top priority. In response to the crisis, we have partnered with experts to build our Next-Level Care initiative. In doing so, we have added layers of safety with over 100 safety measures through all stages of travel. Some examples of measures that are helping our guests build confidence include:

- Making the pre-flight experience as contactless as possible, including the addition of a health agreement during check-in;
- Requiring masks for both guests aged 2 and older and employees, and empowering our crews to enforce the policy with the ability to issue a formal warning to any guest who refuses to do so;
- Using the latest air filtration technology and hospital grade filters to remove particulates and fully recycle air in the cabin every 2 to 3 minutes;
- Exceeding CDC cleaning guidelines and using high grade disinfectants to reduce the risk of transmission on board, and;
- Providing for adequate social distancing in our airports and on-board, including blocking middle seats on mainline aircraft through January 6, 2021.

oneworld Invitation

In July 2020, we received our formal invitation to join the **one**world alliance. Upon entrance to the alliance, Alaska guests will be able to access the full range of customer services and benefits, and Mileage Plan members will be able to earn and redeem rewards on all **one**world member airlines. The Company is working to accelerate its timeline for entrance into the alliance, with a focus on completion by the end of the first quarter of 2021.

Financial Overview

Our consolidated pretax loss was $589 million during the third quarter of 2020, compared to pretax profit of $416 million in the third quarter of 2019. The shift to pretax loss was driven primarily by a decrease in operating revenues of $1.7 billion stemming from the sharp decline in demand, $322 million in restructuring costs, and $121 million in special charges from asset impairment, offset by a decrease in non-fuel operating expenses of $334 million, including wage offsets from the payroll support program of the CARES Act of $398 million. Pretax loss was also offset by a decrease in fuel expense of $361 million.

See "*Results of Operations*" below for further discussion of changes in revenues and operating expenses and our reconciliation of non-GAAP measures to the most directly comparable GAAP measure. A glossary of financial terms can be found at the end of this Item 2.

RESULTS OF OPERATIONS

ADJUSTED (NON-GAAP) RESULTS AND PER-SHARE AMOUNTS

We believe disclosure of earnings excluding the impact of the payroll support program grant wage offset, impairment and other charges, merger-related costs, mark-to-market gains or losses or other individual special revenues or expenses is useful information to investors because:

- By excluding fuel expense and certain special items (including the payroll support program grant wage offset, impairment and restructuring charges and merger-related costs) from our unit metrics, we believe that we have better visibility into the results of operations as we focus on cost-reduction initiatives emerging from the COVID-19 pandemic. 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 thus investors) to understand the impact of (and trends in) company-specific cost drivers, such as labor rates and productivity, airport costs, maintenance costs, etc., which are more controllable by management.

- Cost per ASM (CASM) excluding fuel and certain special items, such as the payroll support program grant wage offset, impairment and restructuring charges and merger-related costs, is one of the most important measures used by management and by the Air Group Board of Directors in assessing quarterly and annual cost performance.

- Adjusted income before income tax and CASM excluding fuel (and other items as specified in our plan documents) are important metrics for the employee annual cash incentive plan, which covers the majority of employees within the Air Group organization.

- CASM excluding fuel and certain special items is a measure commonly used by industry analysts and we believe it is an important metric by which they have historically compared our airline to others in the industry. The measure is also the subject of frequent questions from investors.

- Disclosure of the individual impact of certain noted items provides investors the ability to measure and monitor performance both with and without these special items. We believe that disclosing the impact of these items as noted above is important because it provides information on significant items that are not necessarily indicative of future performance. Industry analysts and investors consistently measure our performance without these items for better comparability between periods and among other airlines.

- Although we disclose our unit revenues, we do not (nor are we able to) evaluate unit revenues excluding the impact that changes in fuel costs have had on ticket prices. Fuel expense represents a large percentage of our total operating expenses. Fluctuations in fuel prices often drive changes in unit revenues in the mid-to-long term. Although we believe it is useful to evaluate non-fuel unit costs for the reasons noted above, we would caution readers of these financial statements not to place undue reliance on unit costs excluding fuel as a measure or predictor of future profitability because of the significant impact of fuel costs on our business.

Although we are presenting these non-GAAP amounts for the reasons above, investors and other readers should not necessarily conclude that these amounts are non-recurring, infrequent, or unusual in nature.

OPERATING STATISTICS SUMMARY (unaudited)

Below are operating statistics we use to measure operating performance. We often refer to unit revenues and adjusted unit costs, which are non-GAAP measures.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
Consolidated Operating Statistics:[a]						
Revenue passengers (000)	**3,595**	12,574	(71.4)%	**14,012**	35,018	(60.0)%
RPMs (000,000) "traffic"	**3,817**	15,026	(74.6)%	**16,127**	42,113	(61.7)%
ASMs (000,000) "capacity"	**7,871**	17,519	(55.1)%	**27,483**	50,006	(45.0)%
Load factor	**48.5%**	85.8%	(37.3) pts	**58.7%**	84.2%	(25.5) pts
Yield	**14.99¢**	14.71¢	1.9%	**14.65¢**	14.34¢	2.1%
RASM	**8.90¢**	13.64¢	(34.8)%	**10.04¢**	13.10¢	(23.4)%
CASM excluding fuel and special items[b]	**14.00¢**	8.43¢	66.1%	**12.57¢**	8.59¢	46.3%
Economic fuel cost per gallon[b]	**$1.32**	$2.13	(38.0)%	**$1.65**	$2.18	(24.3)%
Fuel gallons (000,000)	**97**	227	(57.4)%	**344**	646	(46.7)%
ASMs per fuel gallon	**81.3**	77.2	5.3%	**79.9**	77.4	3.2%
Average full-time equivalent employees (FTEs)	**16,027**	22,247	(28.0)%	**18,112**	22,000	(17.7)%
Mainline Operating Statistics:						
Revenue passengers (000)	**2,156**	9,655	(77.7)%	**9,736**	26,725	(63.6)%
RPMs (000,000) "traffic"	**2,958**	13,538	(78.2)%	**13,816**	37,917	(63.6)%
ASMs (000,000) "capacity"	**6,280**	15,702	(60.0)%	**23,339**	44,816	(47.9)%
Load factor	**47.1%**	86.2%	(39.1) pts	**59.2%**	84.6%	(25.4) pts
Yield	**13.56¢**	13.66¢	(0.7)%	**13.46¢**	13.29¢	1.3%
RASM	**8.14¢**	12.83¢	(36.6)%	**9.46¢**	12.30¢	(23.1)%
CASM excluding fuel and special items[b]	**13.88¢**	7.81¢	77.7%	**11.90¢**	7.91¢	50.4%
Economic fuel cost per gallon[b]	**$1.31**	$2.13	(38.5)%	**$1.66**	$2.17	(23.5)%
Fuel gallons (000,000)	**69**	193	(64.2)%	**270**	549	(50.8)%
ASMs per fuel gallon	**91.0**	81.4	11.8%	**86.4**	81.6	5.9%
Average FTEs	**12,032**	16,789	(28.3)%	**13,730**	16,599	(17.3)%
Aircraft utilization	**7.3**	11.3	(35.4)%	**8.3**	10.9	(23.9)%
Average aircraft stage length	**1,244**	1,281	(2.9)%	**1,263**	1,298	(2.7)%
Operating fleet[d]	**217**	238	(21) a/c	**217**	238	(21) a/c
Regional Operating Statistics:[c]						
Revenue passengers (000)	**1,439**	2,919	(50.7)%	**4,276**	8,293	(48.4)%
RPMs (000,000) "traffic"	**859**	1,488	(42.3)%	**2,311**	4,196	(44.9)%
ASMs (000,000) "capacity"	**1,592**	1,817	(12.4)%	**4,143**	5,190	(20.2)%
Load factor	**54.0%**	81.9%	(27.9 pts)	**55.8%**	80.8%	(25.0 pts)
Yield	**19.89¢**	24.23¢	(17.9)%	**21.72¢**	23.81¢	(8.8)%
RASM	**11.91¢**	20.51¢	(41.9)%	**13.24¢**	19.93¢	(33.6)%
Operating fleet	**94**	94	— a/c	**94**	94	— a/c

(a) Except for FTEs, data includes information related to third-party regional capacity purchase flying arrangements.
(b) See reconciliation of this non-GAAP measure to the most directly related GAAP measure in the accompanying pages.
(c) Data presented includes information related to flights operated by Horizon and third-party carriers.
(d) Excludes 20 Airbus aircraft permanently parked in the first nine months of 2020.

COMPARISON OF THREE MONTHS ENDED SEPTEMBER 30, 2020 TO THREE MONTHS ENDED SEPTEMBER 30, 2019

Our consolidated net loss for the three months ended September 30, 2020 was $431 million, or $3.49 per diluted share, compared to net income of $322 million, or $2.60 per diluted share, for the three months ended September 30, 2019.

Excluding the impact of the payroll support program grant wage offset, special items and mark-to-market fuel hedge adjustments, our adjusted net loss for the third quarter of 2020 was $399 million, or $3.23 per diluted share, compared to adjusted net income of $326 million, or $2.63 per diluted share, in the third quarter of 2019. The following tables reconcile our adjusted net income and adjusted earnings per diluted share (EPS) to amounts as reported in accordance with GAAP:

	Three Months Ended September 30,			
	2020		2019	
(in millions, except per share amounts)	Dollars	Diluted EPS	Dollars	Diluted EPS
GAAP net income (loss) and diluted EPS	**$ (431)**	**$ (3.49)**	$ 322	$ 2.60
Payroll support program grant wage offset	**(398)**	**(3.22)**	—	—
Mark-to-market fuel hedge adjustments	**(3)**	**(0.02)**	—	—
Special items - impairment charges and other	**121**	**0.98**	—	—
Special items - merger-related costs	**1**	**0.01**	5	0.04
Special items - restructuring charges	**322**	**2.60**	—	—
Income tax effect of reconciling items above	**(11)**	**(0.09)**	(1)	(0.01)
Non-GAAP adjusted net income (loss) and diluted EPS	**$ (399)**	**$ (3.23)**	$ 326	$ 2.63

CASM reconciliation is summarized below:

	Three Months Ended September 30,		
(in cents)	2020	2019	% Change
Consolidated:			
CASM	**16.16 ¢**	11.23 ¢	44 %
Less the following components:			
Payroll support program grant wage offset	**(5.06)**	—	NM
Aircraft fuel, including hedging gains and losses	**1.59**	2.77	(43)%
Special items - merger-related costs	**0.01**	0.03	(67)%
Special items - impairment charges and other	**1.53**	—	NM
Special items - restructuring charges	**4.09**	—	NM
CASM excluding fuel and special items	**14.00 ¢**	8.43 ¢	66 %
Mainline:			
CASM	**16.80 ¢**	10.46 ¢	61 %
Less the following components:			
Payroll support program grant wage offset	**(5.56)**	—	NM
Aircraft fuel, including hedging gains and losses	**1.43**	2.62	(45)%
Special items - merger-related costs	**0.02**	0.03	(33)%
Special items - impairment charges and other	**1.93**	—	NM
Special items - restructuring charges	**5.10**	—	NM
CASM excluding fuel and special items	**13.88 ¢**	7.81 ¢	78 %

OPERATING REVENUES

Total operating revenues decreased $1.7 billion, or 71%, during the third quarter of 2020 compared to the same period in 2019. The changes are summarized in the following table:

	Three Months Ended September 30,		
(in millions)	**2020**	**2019**	**% Change**
Passenger revenue	**$ 572**	$ 2,211	(74)%
Mileage Plan other revenue	**84**	118	(29)%
Cargo and other	**45**	60	(25)%
Total operating revenues	**$ 701**	$ 2,389	(71)%

Passenger Revenue

On a consolidated basis, Passenger revenue for the third quarter of 2020 decreased by $1.6 billion, or 74%, on a 75% decline in traffic. Decreased revenue year-over-year is driven by the significant ongoing reductions in demand caused by the COVID-19 pandemic. Impacts to demand began in March 2020, and continued through the third quarter. Although third quarter results show sequential improvement from the prior quarter as more guests return to flying, capacity was reduced 55% of that flown in the third quarter of 2019, with a 37 point reduction in system-wide load factors.

Mileage Plan other revenue

On a consolidated basis, Mileage Plan other revenue decreased $34 million, or 29%, as compared to the same prior-year period primarily on a reduction in miles purchased by our affinity card partner, consistent with an overall reduction in consumer spending.

Cargo and Other Revenue

On a consolidated basis, Cargo and other revenue for the third quarter of 2020 decreased by $15 million, or 25%, as compared to the same prior-year period. The decrease is primarily due to reduced belly cargo activity driven by the schedule reductions for passenger aircraft, as well as continued capacity limitations in our freighters due to design issues that we are working to address with our third-party vendor.

OPERATING EXPENSES

Total operating expenses decreased $695 million, or 35%, compared to the third quarter of 2019. We believe it is useful to summarize operating expenses as follows, which is consistent with the way expenses are reported internally and evaluated by management:

	Three Months Ended September 30,		
(in millions)	**2020**	**2019**	**% Change**
Fuel expense	**$ 125**	$ 486	(74)%
Non-fuel operating expenses, excluding special items	**1,101**	1,476	(25)%
Payroll support program grant wage offset	**(398)**	—	NM
Special items - merger-related costs	**1**	5	(80)%
Special items - impairment charges and other	**121**	—	NM
Special items - restructuring charges	**322**	—	NM
Total operating expenses	**$ 1,272**	$ 1,967	(35)%

Fuel Expense

Aircraft fuel expense includes *raw fuel expense* (as defined below) plus the effect of mark-to-market adjustments to our fuel hedge portfolio as the value of that portfolio increases and decreases. Our aircraft fuel expense can be volatile because it includes these gains or losses in the value of the underlying instrument as crude oil prices and refining margins increase or decrease. *Raw fuel expense* is defined as the price that we generally pay at the airport, or the "into-plane" price, including taxes and fees. Raw fuel prices are impacted by world oil prices and refining costs, which can vary by region in the U.S. *Raw fuel expense* approximates cash paid to suppliers and does not reflect the effect of our fuel hedges.

Aircraft fuel expense decreased $361 million, or 74%, compared to the third quarter of 2019. The elements of the change are illustrated in the following table:

	Three Months Ended September 30,			
	2020		2019	
(in millions, except for per gallon amounts)	**Dollars**	**Cost/Gal**	**Dollars**	**Cost/Gal**
Raw or "into-plane" fuel cost	**$ 123**	**$ 1.27**	$ 481	$ 2.11
Losses on settled hedges	**5**	**0.05**	5	0.02
Consolidated economic fuel expense	**128**	**1.32**	$ 486	$ 2.13
Mark-to-market fuel hedge adjustments	**(3)**	**(0.03)**	—	—
GAAP fuel expense	**$ 125**	**$ 1.29**	$ 486	$ 2.13
Fuel gallons	**97**		227	

Raw fuel expense per gallon for the three months ended September 30, 2020 decreased by approximately 40% due to lower West Coast jet fuel prices. West Coast jet fuel prices are impacted by both the price of crude oil and refining margins associated with the conversion of crude oil to jet fuel. The decrease in raw fuel price per gallon during the third quarter of 2020 was primarily driven by a 27% decrease in crude oil prices and a 79% decrease in refining margins, when compared to the prior year. Crude oil prices have been dramatically impacted by the COVID-19 pandemic and the related reduction in demand. The decrease is also due to a year-over-year decline in consumption of 130 million gallons, or 57%, primarily on a significant reduction in scheduled departures.

We also evaluate *economic fuel expense*, which we define as *raw fuel expense* adjusted for the cash we receive from, or pay to, hedge counterparties for hedges that settle during the period, and for the premium expense that we paid for those contracts. A key difference between aircraft fuel expense and *economic fuel expense* is the timing of gain or loss recognition on our hedge portfolio. When we refer to *economic fuel expense*, we include gains and losses only when they are realized for those contracts that were settled during the period based on their original contract terms. We believe this is the best measure of the effect that fuel prices are currently having on our business as it most closely approximates the net cash outflow associated with purchasing fuel for our operations. Accordingly, many industry analysts evaluate our results using this measure, and it is the basis for most internal management reporting and incentive pay plans.

Losses recognized for hedges that settled during the third quarter were $5 million in 2020, compared to losses of $5 million in the same period in 2019. These amounts represent cash received from hedges at settlement, offset by cash paid for premium expense.

Non-fuel Expenses

The table below provides the reconciliation of the operating expense line items, excluding fuel, the payroll support program grant wage offset and special items. Significant operating expense variances from 2019 are more fully described below.

(in millions)	Three Months Ended September 30, 2020	2019	% Change
Wages and benefits	**$ 495**	$ 608	(19)%
Variable incentive pay	**42**	46	(9)%
Aircraft maintenance	**84**	106	(21)%
Aircraft rent	**74**	82	(10)%
Landing fees and other rentals	**109**	143	(24)%
Contracted services	**36**	72	(50)%
Selling expenses	**24**	77	(69)%
Depreciation and amortization	**105**	106	(1)%
Food and beverage service	**14**	57	(75)%
Third-party regional carrier expense	**29**	42	(31)%
Other	**89**	137	(35)%
Total non-fuel operating expenses, excluding special items	**$ 1,101**	$ 1,476	(25)%

Wages and Benefits

Wages and benefits decreased during the third quarter of 2020 by $113 million, or 19%, compared to 2019. The primary components of Wages and benefits are shown in the following table:

(in millions)	Three Months Ended September 30, 2020	2019	% Change
Wages	**$ 356**	$ 460	(23)%
Pension - Defined benefit plans service cost	**11**	10	10 %
Defined contribution plans	**28**	34	(18)%
Medical and other benefits	**75**	71	6 %
Payroll taxes	**25**	33	(24)%
Total wages and benefits	**$ 495**	$ 608	(19)%

Wages decreased $104 million, or 23%, on a 28% reduction in FTEs. The decrease is primarily due to voluntary leaves of absence, with an average of 4,600 employees on leave throughout the quarter, as well as reductions in executive pay and hours for management employees, and reducing represented employees work hours to minimums. Reduced employee wages directly correlate with the reduction in retirement contributions and payroll taxes.

Variable Incentive Pay

Variable incentive pay expense decreased $4 million, or 9%, during the third quarter of 2020 compared to the same period in 2019, due to the expectation that key financial metrics will not be achieved under the performance based pay program. The decrease was offset by the recognition of nine months of expense for a supplemental incentive pay plan, which was approved in July 2020, and increased operational bonuses as compared to the prior year.

Aircraft Maintenance

Aircraft maintenance expense decreased by $22 million, or 21%, during the third quarter of 2020 compared to the same period in 2019. The decrease is primarily due to fewer engine events and heavy checks as compared to the prior year, as well as lower power-by-the-hour expense on reduced third quarter utilization of covered aircraft. These decreases were offset by penalties accrued for failure to meet minimum obligations under certain contracts and costs incurred in the temporary grounding of certain aircraft, although we are currently in negotiations with these service providers with respect to these penalties.

Landing fees and other rentals

Landing fees and other rentals decreased by $34 million, or 24%, during the third quarter of 2020 compared to the same period in 2019 on a 45% decrease in departures. Decreased departure-related costs were offset by rate increases at many of our airports.

Contracted Services

Contracted services decreased by $36 million, or 50%, during the third quarter of 2020 compared to the same period in 2019 driven primarily by decreased departures and passengers as compared to the prior-year period as a result of the COVID-19 pandemic.

Selling Expense

Selling expense decreased by $53 million, or 69%, during the third quarter of 2020 compared to the same period in 2019, primarily driven by a significant reduction in distribution costs and credit card commissions. Reduced marketing spend and sponsorship costs also contributed to the year-over-year decline given the renegotiation of certain contracts.

Food and Beverage Service

Food and beverage service decreased by $43 million, or 75%, during the third quarter of 2020 compared to the same period in 2019. This decrease is consistent with the overall reduction in revenue passengers as compared to the prior-year period, as well as the temporary closure of the majority of our airport lounges and temporary elimination of buy-on-board service.

Third-party Regional Carrier Expense

Third-party regional carrier expense, which represents payments made to SkyWest under our CPA, decreased by $13 million, or 31%, during the third quarter of 2020 compared to the same period in 2019. The reduction in expense is primarily due to a 11% reduction in departures flown by SkyWest as compared to the prior-year period, a reduction in departure-related contractual rates, and the elimination of PenAir flying.

Special Items - Impairment and other charges

We recorded impairment and other charges of $121 million in the third quarter of 2020, consisting of the impairment for ten owned Airbus aircraft which are expected to be retired prior to the end of their originally anticipated useful life, eight of which have been permanently parked.

Special Items - Restructuring charges

We recorded restructuring charges of $322 million in the third quarter of 2020 relating to the right-sizing of our workforce as a result of decreased demand and capacity stemming from the COVID-19 pandemic. Charges are primarily comprised of wages for those pilots and mechanics on incentive leaves, ongoing medical benefit coverage, and lump-sum termination payouts.

ADDITIONAL SEGMENT INFORMATION

Refer to Note 9 of the condensed consolidated financial statements for a detailed description of each segment. Below is a summary of each segment's profitability.

Mainline

Mainline recorded a pretax loss of $463 million in the third quarter of 2020, compared to a pretax profit of $378 million in the third quarter of 2019. The $841 million shift to pretax loss was primarily driven by a $1.4 billion decrease in Passenger revenues as a result of the COVID-19 pandemic, offset by a $354 million decrease in non-fuel operating costs and a $321 million decrease in economic fuel cost.

The decrease in Mainline passenger revenue for the third quarter of 2020 was primarily driven by a 78% decline in traffic on a 60% decrease in capacity. The overall decreases in both traffic and capacity were driven by the significant reduction in demand as a result of the COVID-19 pandemic.

Non-fuel operating expenses decreased significantly on cost savings driven by reduced variable costs on reduced capacity, as well as decreased wages and benefits expense from voluntary leaves of absence and a reduction in hours for management employees. Lower raw fuel prices, combined with a 64% decrease in gallons consumed, drove the decline in Mainline fuel expense.

Regional

Regional operations generated a pretax loss of $96 million in the third quarter of 2020, compared to a pretax profit of $23 million in the third quarter of 2019. The increase in the pretax loss was attributable to a $183 million decline in operating revenues, partially offset by a $37 million decrease in fuel costs and an $27 million decrease in non-fuel operating expenses.

Regional passenger revenue decreased 53% compared to the third quarter of 2019, primarily driven by a 42% decline in traffic on a 12% decrease in capacity. The overall decrease in both traffic and capacity are driven by the significant reduction in demand as a result of the COVID-19 pandemic.

The decrease in non-fuel operating expenses is primarily due to the 12% decline in capacity, as well as a discontinuation of our partnership with PenAir for contract flying in the state of Alaska.

Horizon

Horizon achieved a pretax profit of $11 million in both the third quarter of 2020 and the third quarter of 2019. Profit recorded by Horizon in the third quarter is primarily the result of incremental flying as a proportion of overall Air Group capacity as compared to the prior year. Horizon revenues are recorded based upon purchased capacity, and are not impacted by changes to ticket prices and customer demand. Horizon profit is also the result of significant cost reduction efforts implemented in response to the COVID-19 pandemic.

COMPARISON OF NINE MONTHS ENDED SEPTEMBER 30, 2020 TO NINE MONTHS ENDED SEPTEMBER 30, 2019

Our consolidated net loss for the nine months ended September 30, 2020 was $877 million, or $7.12 per diluted share, compared to net income of $588 million, or $4.74 per diluted share, for the nine months ended September 30, 2019.

Our adjusted net loss for the nine months ended September 30, 2020 was $940 million, or $7.63 per diluted share, compared to adjusted net income of $617 million, or $4.97 per diluted share, in the nine months ended September 30, 2019. The following tables reconcile our adjusted net income and adjusted diluted EPS to amounts as reported in accordance with GAAP:

	Nine Months Ended September 30,			
	2020		2019	
(in millions, except per share amounts)	**Dollars**	**Diluted EPS**	**Dollars**	**Diluted EPS**
Reported GAAP net income (loss) and diluted EPS	**$ (877)**	**$ (7.12)**	$ 588	$ 4.74
Payroll support program grant wage offset	**(760)**	**(6.16)**	—	—
Mark-to-market fuel hedge adjustments	**—**	**—**	(1)	(0.01)
Special items - merger-related costs	**5**	**0.04**	39	0.31
Special items - impairment charges and other	**350**	**2.84**	—	—
Special items - restructuring charges	**322**	**2.61**	—	—
Income tax effect of reconciling items above	**20**	**0.16**	(9)	(0.07)
Non-GAAP adjusted net income (loss) and diluted EPS	**$ (940)**	**$ (7.63)**	$ 617	$ 4.97

Our operating costs per ASM are summarized below:

	Nine Months Ended September 30,		
(in cents)	**2020**	**2019**	**% Change**
Consolidated:			
CASM	**14.33 ¢**	11.48 ¢	25 %
Less the following components:			
Payroll support program grant wage offset	**(2.77)**	—	NM
Aircraft fuel, including hedging gains and losses	**2.07**	2.82	(27)%
Special items - merger-related costs	**0.02**	0.08	(75)%
Special items - impairment charges and other	**1.27**	—	NM
Special items - restructuring charges	**1.17**	—	NM
CASM excluding fuel and special items	**12.57 ¢**	8.59 ¢	46 %
Mainline:			
CASM	**13.56 ¢**	10.65 ¢	27 %
Less the following components:			
Payroll support program grant wage offset	**(2.89)**	—	NM
Aircraft fuel, including hedging gains and losses	**1.92**	2.65	(28)%
Special items - merger-related costs	**0.02**	0.09	(78)%
Special items - impairment charges and other	**1.24**	—	NM
Special items - restructuring charges	**1.37**	—	NM
CASM excluding fuel and special items	**11.90 ¢**	7.91 ¢	50 %

OPERATING REVENUES

Total operating revenues decreased $3.8 billion, or 58%, during the first nine months of 2020 compared to the same period in 2019. The changes are summarized in the following table:

	Nine Months Ended September 30,		
(in millions)	**2020**	**2019**	**% Change**
Passenger revenue	**$ 2,362**	$ 6,038	(61)%
Mileage Plan other revenue	**266**	346	(23)%
Cargo and other	**130**	169	(23)%
Total operating revenues	**$ 2,758**	$ 6,553	(58)%

Passenger Revenue

On a consolidated basis, Passenger revenue for the first nine months of 2020 decreased by $3.7 billion, or 61%, on a 45% decrease in capacity, and a 26 point decrease in load factor. Decreased revenue year-over-year is primarily due to the near complete loss of demand due to the COVID-19 pandemic. Load factors and unit revenues in the first two months of 2020 were in-line with our original expectations. In March 2020, demand deteriorated at an unprecedented level, and in response we reduced April 2020 and May 2020 capacity to approximately 80% below prior year levels. Moderate recovery began in June 2020, however, resurgence of cases throughout the United States slowed that recovery in July 2020. Targeted promotions, coupled with continued growth of guest confidence in air travel, led to sequential revenue improvement in the third quarter. We expect that fourth quarter revenue will continue to show improvement, given the holiday travel season and reopening of Hawaii, however, revenues will remain well below 2019 levels.

Mileage Plan other revenue

On a consolidated basis, Mileage Plan other revenue decreased $80 million, or 23%, in the first nine months of 2020 compared to the first nine months of 2019, due largely to a reduction in purchased miles and decreased commissions received from our affinity card partner, consistent with fewer new affinity card holders in 2020 and an overall reduction in consumer spending.

Cargo and other

On a consolidated basis, Cargo and other revenue decreased $39 million, or 23%, in the first nine months of 2020 compared to the first nine months of 2019. The decrease is primarily due to reduced belly cargo activity driven by the schedule reductions for passenger aircraft, as well as continued capacity limitations in our freighters. We expect that our cargo revenues will continue to be negatively impacted in the fourth quarter due to ongoing capacity reductions.

OPERATING EXPENSES

Total operating expenses decreased $1.8 billion, or 31%, compared to the first nine months of 2019. We believe it is useful to summarize operating expenses as follows, which is consistent with the way expenses are reported internally and evaluated by management:

	Nine Months Ended September 30,		
(in millions)	**2020**	**2019**	**% Change**
Fuel expense	**$ 568**	$ 1,408	(60)%
Non-fuel operating expenses, excluding special items	**3,453**	4,295	(20)%
Payroll support program grant wage offset	**(760)**	—	NM
Special items - merger-related costs	**5**	39	(87)%
Special items - impairment charges and other	**350**	—	NM
Special items - restructuring charges	**322**	—	NM
Total operating expenses	**$ 3,938**	$ 5,742	(31)%

Fuel Expense

Aircraft fuel expense decreased $840 million, or 60%, compared to the nine months ended September 30, 2019. The elements of the change are illustrated in the following table:

	Nine Months Ended September 30,			
	2020		**2019**	
(in millions, except for per gallon amounts)	**Dollars**	**Cost/Gal**	**Dollars**	**Cost/Gal**
Raw or "into-plane" fuel cost	**$ 553**	**$ 1.61**	$ 1,397	$ 2.16
Losses on settled hedges	**15**	**0.04**	12	0.02
Consolidated economic fuel expense	**568**	**1.65**	$ 1,409	$ 2.18
Mark-to-market fuel hedge adjustments	**—**	**—**	(1)	—
GAAP fuel expense	**$ 568**	**$ 1.65**	$ 1,408	$ 2.18
Fuel gallons	**344**		646	

The raw fuel price per gallon decreased 25% due to lower West Coast jet fuel prices. West Coast jet fuel prices are impacted by both the price of crude oil, as well as refining margins associated with the conversion of crude oil to jet fuel. The decrease in raw fuel price per gallon during the first nine months of 2020 was driven by a 26% decrease in crude oil prices and a 56% decrease in refining margins.

Losses recognized for hedges that settled in the first nine months of 2020 were $15 million, compared to losses of $12 million in the same period in 2019. These amounts represent cash received from settled hedges, offset by cash paid for premium expense.

We expect our economic fuel cost per gallon in the fourth quarter to range between $1.20 and $1.25 per gallon on current market West Coast jet fuel prices and trends.

Non-fuel Expense and Non- special items

(in millions)	Nine Months Ended September 30, 2020	2019	% Change
Wages and benefits	**$ 1,579**	$ 1,732	(9)%
Variable incentive pay	**65**	125	(48)%
Aircraft maintenance	**244**	341	(28)%
Aircraft rent	**229**	247	(7)%
Landing fees and other rentals	**323**	388	(17)%
Contracted services	**138**	214	(36)%
Selling expenses	**83**	236	(65)%
Depreciation and amortization	**320**	317	1 %
Food and beverage service	**70**	159	(56)%
Third-party regional carrier expense	**92**	125	(26)%
Other	**310**	411	(25)%
Total non-fuel operating expenses, excluding special items	**$ 3,453**	$ 4,295	(20)%

Wages and Benefits

Wages and benefits decreased during the first nine months of 2020 by $153 million, or 9%. The primary components of wages and benefits are shown in the following table:

(in millions)	Nine Months Ended September 30, 2020	2019	% Change
Wages	**$ 1,159**	$ 1,305	(11)%
Pension—Defined benefit plans service cost	**37**	31	19 %
Defined contribution plans	**96**	100	(4)%
Medical and other benefits	**205**	203	1 %
Payroll taxes	**82**	93	(12)%
Total wages and benefits	**$ 1,579**	$ 1,732	(9)%

Wages decreased $146 million, or 11%, on an 18% decrease in FTEs. The decrease is primarily due to voluntary leaves of absence accepted by nearly 7,000 employees in the second and third quarters, as well as reduction in executive pay and hours for management employees. These decreases were offset by increased wage rates following the mid-2019 ratification of new contracts for employees represented by the Aircraft Mechanics Fraternal Association and the International Association of Machinists.

For the full year, we expect wages and benefits will decline compared to the prior year as we reduce scheduled flying and executive salaries, and realize savings generated from our reduction in workforce necessary to align with our expectation of demand.

Variable Incentive Pay

Variable incentive pay expense decreased $60 million, or 48%, during the first nine months of 2020 as compared to the same period in 2019. The decrease is primarily due to the expectation that key financial metrics will not be achieved under the performance based pay program, offset by the recognition of nine months of expense for a supplemental incentive pay plan, which was approved in July 2020, and increased operational bonuses as compared to the prior year.

Aircraft Maintenance

Aircraft maintenance expense decreased by $97 million, or 28%, during the first nine months of 2020 compared to the same period in 2019. The decrease is primarily due to a significant reduction in engine events and heavy checks, as well as reduced power-by-the-hour expense on reduced utilization in covered aircraft, offset by penalties recorded for failure to meet contractual minimum obligations.

We expect full year aircraft maintenance expense to be lower than 2019 on reduced aircraft utilization and parking of certain aircraft.

Landing fees and other rentals

Landing fees and other rentals decreased by $65 million, or 17%, during the first nine months of 2020 compared to the same period in 2019, primarily due to a 39% decrease in departures, offset by increased rates at certain of our airports.

For the full year, we expect landing fees and other rentals to decrease as compared to 2019, however, not at the same rate as decreased departures. We expect to see continued rate increases at many of our airports, as well as negative net settlements to cover airport operating costs.

Contracted Services

Contracted services decreased by $76 million, or 36%, during the first nine months of 2020 compared to the same period in 2019. This decrease is primarily a result of reduced vendor spend directly correlating to reduced year-over-year departures and passengers as a result of the COVID-19 pandemic.

For the full year, we expect contracted services expense to be significantly lower than in 2019, given our ongoing cost reduction efforts and significant reduction in departures.

Selling Expense

Selling expense decreased by $153 million, or 65%, during the first nine months of 2020 compared to the same period in 2019, primarily driven by a significant reduction in distribution costs and credit card commissions. Reduced marketing spend and sponsorship costs given the continued delay in professional sports also contributed to the year-over-year decline.

We expect full year selling expense will decrease in-line with the reduction to revenue as a result of reduced distribution costs on lower bookings, as well as reduced sponsorship and marketing costs.

Food and beverage service

Food and beverage service decreased by $89 million, or 56%, during the first nine months of 2020 compared to the same period in 2019. This decrease is primarily due to the 62% decrease in revenue passengers as compared to the prior-year period, as well as the temporary closure of the majority of our airport lounges in the second quarter of 2020 and the temporary elimination of buy-on-board service.

We expect food and beverage service to decrease as compared to 2019, consistent with our expectation of reduced passengers throughout 2020.

Third-party Regional Carrier Expense

Third-party regional carrier expense, which represents payments made to SkyWest under our CPA, decreased $33 million, or 26%, during the first nine months of 2020 compared to the same period in 2019. The decrease is primarily due to a 14% decrease in SkyWest departures as compared to the prior year.

For the full year, we expect third-party regional carrier expense to be lower than 2019 due to decreased flying and reduced contractual rates.

Special Items—Merger-Related Costs

We recorded special items of $5 million in the first nine months of 2020 for merger-related costs associated with our acquisition of Virgin America, compared to $39 million in the first nine months of 2019. Costs incurred in the first nine months of 2020 are primarily comprised of certain technology integration costs. We expect 2020 will be the final year in which we incur integration related charges.

Special Items - Impairment and other charges

We recorded impairment and other charges of $350 million in the first nine months of 2020, driven by our current expectation of decreased future cash flows stemming from the COVID-19 pandemic. Impairment and other charges primarily consist of the write down to fair value for ten owned Airbus A320 aircraft identified for sale, the full write-down of the operating lease assets and related spare inventory and parts, as well as estimated lease return costs for certain leased Airbus aircraft which were permanently parked, the write-down of our owned Q400 fleet to fair value, and the full write-off of gate assets at Dallas Love Field.

Additional impairment charges may be recorded as we finalize our long-term fleet strategy.

Special Items - Restructuring charges

We recorded restructuring charges of $322 million in the first nine months of 2020 relating to the right-sizing of our workforce as a result of decreased demand and capacity stemming from the COVID-19 pandemic. Charges are primarily comprised of wages for those pilots and mechanics on incentive leaves, ongoing medical benefit coverage, and lump-sum termination payouts.

ADDITIONAL SEGMENT INFORMATION

Refer to Note 9 of the condensed consolidated financial statements for a detailed description of each segment. Below is a summary of each segment's profitability.

Mainline

Mainline adjusted pretax loss was $1 billion in the first nine months of 2020, compared to pretax profit of $761 million in the same period in 2019. The $1.8 billion shift to pretax loss was driven by a $3.3 billion decrease in Mainline operating revenues, offset by a $768 million decrease in Mainline non-fuel operating expense and a $743 million decrease in Mainline fuel expense.

As compared to the prior year, lower Mainline revenues are primarily attributable to a 64% decrease in traffic and a 48 point decrease in capacity, driven by the significant reduction in demand as a result of the COVID-19 pandemic. Non-fuel operating expenses decreased significantly on cost savings driven by reduced variable costs on reduced capacity, as well as decreased wages and benefits expense from voluntary leaves of absence and a reduction in hours for management employees. Lower raw fuel prices, combined with decreased consumption from the reduction in flying, drove the decrease in Mainline fuel expense.

Regional

Regional operations generated a pretax loss of $298 million in the first nine months of 2020, compared to break-even in the first nine months of 2019. The shift to a pretax loss was attributable to a $486 million decrease in operating revenues, partially offset by a $98 million decrease in fuel costs and a $90 million decrease in non-fuel operating expenses. The decrease in regional revenues is primarily due to the 20% decrease in capacity, spurred by the COVID-19 pandemic.

Horizon

Horizon achieved a pretax profit of $27 million in the first nine months of 2020, compared to pretax profit of $33 million in the same period in 2019, primarily due to significant cost reduction efforts implemented in response to the COVID-19 pandemic.

LIQUIDITY AND CAPITAL RESOURCES

As a result of the COVID-19 pandemic, we have taken, and will continue to take action to reduce costs, increase liquidity and help to preserve the relative strength of our balance sheet. From the onset of the pandemic, we have taken the following key actions to enhance and preserve our liquidity:

- Obtained approximately $1.1 billion in CARES Act funding to use towards payment of wages and benefits;
- Executed an agreement with the U.S. Department of the Treasury to obtain up to $1.9 billion through the CARES Act Loan program, secured by certain Mileage Plan assets and cash flow streams, 34 aircraft and 15 spare engines;
- Obtained $1.2 billion in financing through the issuance of EETC, collateralized by 42 Boeing 737 aircraft and 19 Embraer E175 aircraft;
- Raised $589 million in secured financing collateralized by 32 aircraft;
- Drew $400 million from existing credit facilities;
- Suspended our share repurchase program and quarterly dividend indefinitely, and;
- Reduced planned capital expenditures by nearly $550 million for 2020, including suspension of pre-delivery payments and deferral of non-essential capital projects.

Although we have no plans to access equity markets at this time, we believe our equity would be of high interest to investors. The liquidity raised from these financings, coupled with the availability of additional liquidity and our meaningful cost reductions have provided the Company with confidence in our ability to withstand the depressed demand and prepare for the recovery ahead. Despite the significant amount of debt raised, our adjusted net debt is flat as compared to the end of 2019. We will also continue to execute additional cost restructuring initiatives in an effort to transition from a cash-burn focus towards reducing outstanding debt and repairing our balance sheet.

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

(in millions)	**September 30, 2020**	**December 31, 2019**	**Change**
Cash and marketable securities	**$ 3,759**	$ 1,521	147 %
Cash, marketable securities, and unused lines of credit as a percentage of trailing twelve months' revenue	**75 %**	22 %	53 pts
Total debt	**3,822**	1,499	155 %
Shareholders’ equity	**$ 3,454**	$ 4,331	(20)%

Debt-to-capitalization, adjusted for operating leases

(in millions)	**September 30, 2020**	**December 31, 2019**	**Change**
Long-term debt, net of current portion	$ 2,672	$ 1,264	111%
Capitalized operating leases	1,603	1,708	(6)%
COVID-19 related borrowings[(a)]	769	—	NM
Adjusted debt, net of current portion of long-term debt	$ 5,044	$ 2,972	70%
Shareholders' equity	3,454	4,331	(20)%
Total invested capital	$ 8,498	$ 7,303	16%
Debt-to-capitalization, including operating leases	59 %	41 %	18 pts

(a) To best reflect our leverage at September 30, 2020, we included the short-term borrowings stemming from the COVID-19 pandemic in the above calculation, although these borrowings are classified as current in the condensed consolidated balance sheets.

Adjusted net debt to earnings before interest, taxes, depreciation, amortization, special items and rent

(in millions)	September 30, 2020	December 31, 2019
Current portion of long-term debt	$ 1,150	$ 235
Current portion of operating lease liabilities	283	269
Long-term debt, net of current portion	2,672	1,264
Long-term operating lease liabilities, net of current portion	1,320	1,439
Total adjusted debt	5,425	3,207
Less: Cash and marketable securities	(3,759)	(1,521)
Adjusted net debt	$ 1,666	$ 1,686

(in millions)	Last Twelve Months Ended September 30, 2020	Last Twelve Months Ended December 31, 2019
GAAP Operating Income[(a)]	$ (928)	$ 1,063
Adjusted for:		
Special items	(78)	44
Mark-to-market fuel hedge adjustments	(5)	(6)
Depreciation and amortization	426	423
Aircraft rent	313	331
EBITDAR	$ (272)	$ 1,855
Adjusted net debt to EBITDAR	(6.1x)	0.9x

(a) Operating income can be reconciled using the trailing twelve month operating income as filed quarterly with the SEC.

The following discussion summarizes the primary drivers of the increase in our cash and marketable securities balance and our expectation of future cash requirements.

ANALYSIS OF OUR CASH FLOWS

Cash Used in Operating Activities

For the first nine months of 2020, net cash provided by operating activities was $116 million, compared to $1.4 billion during the same period in 2019. The $1.3 billion decrease in our operating cash flows is primarily attributable to a $793 million decline in net income, net of non-cash special items for impairment and workforce reduction. The decrease is also due to significant cash refund activity, and a decline in advance bookings as compared to the same period in the prior year, all as a result of the COVID-19 pandemic.

Cash Used in Investing Activities

Cash used in investing activities was $767 million during the first nine months of 2020, compared to $708 million during the same period of 2019. The increase to cash used in investing activities is primarily due to an increase in net purchases of marketable securities, which were $572 million in the first nine months of 2020, compared to $218 million in the nine months ended September 30, 2019. Increased net purchases is primarily driven by additional cash on hand from borrowings and the PSP program, which allowed the Company to invest additional funds. These increases were offset by the postponement of capital expenditures in 2020 as a result of the COVID-19 pandemic.

Cash Used in Financing Activities

Cash from financing activities was $2.3 billion during the first nine months of 2020 compared to cash used for financing activities of $538 million during the same period in 2019. During the first nine months of 2020, we had proceeds from debt issuances of $2.6 billion, including funding from the EETC, the loan portion of the proceeds from the PSP and $135 million drawn on the CARES Act secured term loan. These proceeds were partially offset by debt payments of $238 million, dividend payments totaling $45 million, and $31 million in common stock repurchases.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Aircraft Commitments

As of September 30, 2020, we have firm orders to purchase 35 aircraft. Alaska also has cancelable purchase commitments for 30 Airbus A320neo aircraft with deliveries from 2024 through 2026. We could incur a loss of pre-delivery payments and credits as a cancellation fee. Alaska also has options to acquire 37 B737 MAX aircraft with deliveries from 2021 through 2024, and Horizon has options to acquire 30 E175 aircraft with deliveries from 2022 through 2024. In addition to the 32 E175 aircraft currently operated by SkyWest in our regional fleet, Alaska has options in future periods to add regional capacity by having SkyWest operate up to eight more E175 aircraft. Options will be exercised only if we believe return on invested capital targets can be met over the long term.

Given the drastically reduced demand for air travel as a result of the COVID-19 pandemic, we are currently evaluating our overall fleet strategy and long-term plan. We are also in the process of negotiating with aircraft manufacturers and lessors to optimize timing of fleet activity. It is probable that the current outlook as stated below will change significantly. This table represents anticipated fleet activity by year as of September 30, 2020:

	Actual Fleet	Anticipated Fleet Activity				
Aircraft	**September 30, 2020**	**2020 Additions**	**2020 Removals**	**December 31, 2020**	**2021 Changes**	**December 31, 2021**
B737 Freighters	3	—	—	3	—	3
B737-700	11	—	—	11	—	11
B737-800	61	—	—	61	—	61
B737-900	12	—	—	12	—	12
B737-900ER	79	—	—	79	—	79
B737 MAX9[(a)]	—	3	—	3	15	18
A320[(b)]	41	—	—	41	(7)	34
A321neo	10	—	—	10	—	10
Total Mainline Fleet	**217**	**3**	**—**	**220**	**8**	**228**
Q400 operated by Horizon	32	—	—	32	—	32
E175 operated by Horizon	30	—	—	30	—	30
E175 operated by third party	32	—	—	32	—	32
Total Regional Fleet	**94**	**—**	**—**	**94**	**—**	**94**
Total	**311**	**3**	**—**	**314**	**8**	**322**

(a) The three B737 MAX9 aircraft previously reflected in 2020 were originally contracted for delivery in 2019 and delayed due to the MAX grounding, and have been shifted to 2020, but are not expected to enter revenue service until 2021. Seven B737 MAX9 deliveries originally contracted for 2020 have been shifted to 2021 based on our current estimate of expected delivery dates. The Company continues to discuss delivery timelines with Boeing.

(b) Actual fleet at September 30, 2020, excluding 20 Airbus aircraft permanently parked in response to COVID-19 capacity reductions.

For future firm orders and option exercises, we may finance the aircraft through cash flow from operations, long-term debt, or lease arrangements.

Fuel Hedge Positions

All of our future oil positions are call options, which are designed to effectively cap the cost of the crude oil component of our jet fuel purchases. With call options, we are hedged against volatile crude oil price increases. During a period of decline in crude oil prices, we only forfeit cash previously paid for hedge premiums. We typically hedge up to 50% of our expected consumption. However, given the sharp decline in demand and our capacity resulting from the COVID-19 pandemic, we are currently overhedged relative to our target of 50% of consumption through the remainder of 2020. Our crude oil positions are as follows:

	Approximate Gallons Hedged (in millions)	Weighted-Average Crude Oil Price per Barrel	Average Premium Cost per Barrel
Fourth Quarter 2020	90	$64	$2
Full Year 2020	**90**	**$64**	**$2**
First Quarter 2021	60	$62	$2
Second Quarter 2021	65	$60	$2
Third Quarter 2021	55	$56	$2
Fourth Quarter 2021	35	$50	$3
Full Year 2021	**215**	**$58**	**$2**
First Quarter 2022	15	$51	$3
Full Year 2022	**15**	**$51**	**$3**

Contractual Obligations

The following table provides a summary of our contractual obligations as of September 30, 2020. For agreements with variable terms, amounts included reflect our minimum obligations.

(in millions)	Remainder of 2020	2021	2022	2023	2024	Beyond 2024	Total
Current and long-term debt obligations	$ 73	$ 1,201	$ 393	$ 357	$ 265	$ 1,568	$ 3,857
Aircraft lease commitments	88	310	276	219	166	679	1,738
Facility lease commitments	3	9	8	7	7	84	118
Aircraft maintenance deposits	7	35	45	24	6	2	119
Aircraft purchase commitments [(a)]	343	549	333	192	21	25	1,463
Interest obligations [(b)]	16	118	88	75	63	153	513
Other obligations [(c)]	39	181	185	190	197	910	1,702
Total	$ 569	$ 2,403	$ 1,328	$ 1,064	$ 725	$ 3,421	$ 9,510

(a) Although the Company has contractual obligations for purchase commitments in 2020, informal agreements have been reached with aircraft manufacturers to defer payments beyond 2020.
(b) For variable-rate debt, future obligations are shown above using forecasted interest rates as of September 30, 2020.
(c) Primarily comprised of non-aircraft lease costs associated with capacity purchase agreements.

During the nine months ended September 30, 2020, the Company renegotiated scheduled payments with certain lessors and vendor partners, including the reduction of minimum obligations. The Company has also deferred 2020 aircraft payments, including those related to the B737 MAX9, to periods beyond 2020. Discussions remain ongoing with aircraft manufacturers and lessors to optimize the timing of aircraft deliveries and lease returns.

Credit Card Agreements

We have agreements with a number of credit card companies to process the sale of tickets and other services. Under these agreements, there are material adverse change clauses that, if triggered, could result in the credit card companies holding back a reserve from our credit card receivables. Under one such agreement, we could be required to maintain a reserve if our credit rating is downgraded to or below a rating specified by the agreement or our cash and marketable securities balance fell below $500 million. Under another such agreement, we could be required to maintain a reserve if our cash and marketable securities balance fell below $500 million. We are not currently required to maintain any reserve under these agreements, but if we were, our financial position and liquidity could be materially harmed.

Deferred Income Taxes

For federal income tax purposes, the majority of our assets are fully depreciated over a seven-year life using an accelerated depreciation method or bonus depreciation, if available. For financial reporting purposes, the majority of our assets are depreciated over 15 to 25 years to an estimated salvage value using the straight-line basis. This difference has created a significant deferred tax liability. At some point in the future the depreciation basis difference will reverse, including via asset impairment, potentially resulting in an increase in income taxes paid.

While it is possible that we could have material cash obligations for this deferred liability at some point in the future, we cannot estimate the timing of long-term cash flows with reasonable accuracy. Taxable income or loss and cash taxes payable and refundable in the short-term are impacted by many items, including the amount of book income generated (which can be volatile depending on revenue, demand for air travel and fuel prices), usage of net operating losses, whether "bonus depreciation" provisions are available, any future tax reform efforts at the federal level, as well as other legislative changes that are beyond our control. Given our current expectation of operating losses for the remainder of the year, we expect to file for a cash refund for the 2020 tax year.

CRITICAL ACCOUNTING ESTIMATES

There have been no material changes to our critical accounting estimates during the three months ended September 30, 2020. For information on our critical accounting estimates, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2019 and Note 2, "COVID-19," for discussion about the estimates used in the Company's impairment analyses.

GLOSSARY OF AIRLINE TERMS

Adjusted net debt - long-term debt, including current portion, plus capitalized operating leases, less cash and marketable securities

Adjusted net debt to EBITDAR - represents adjusted net debt divided by EBITDAR (trailing twelve months earnings before interest, taxes, depreciation, amortization, special items and rent)

Aircraft Utilization - block hours per day; this represents the average number of hours per day our aircraft are in transit

Aircraft Stage Length - represents the average miles flown per aircraft departure

ASMs - available seat miles, or “capacity”; represents total seats available across the fleet multiplied by the number of miles flown

CASM - operating costs per ASM, or "unit cost"; represents all operating expenses including fuel and special items

CASMex - operating costs excluding fuel and special items per ASM; this metric is used to help track progress toward reduction of non-fuel operating costs since fuel is largely out of our control

Debt-to-capitalization ratio - represents adjusted debt (long-term debt plus capitalized operating leases) divided by total equity plus adjusted debt

Diluted Earnings per Share - represents earnings per share (EPS) using fully diluted shares outstanding

Diluted Shares - represents the total number of shares that would be outstanding if all possible sources of conversion, such as stock options, were exercised

Economic Fuel - best estimate of the cash cost of fuel, net of the impact of settled fuel-hedging contracts in the period

Load Factor - RPMs as a percentage of ASMs; represents the number of available seats that were filled with paying passengers

Mainline - represents flying Boeing 737, Airbus 320 family and Airbus 321neo jets and all associated revenues and costs

Productivity - number of revenue passengers per full-time equivalent employee

RASM - operating revenue per ASMs, or "unit revenue"; operating revenue includes all passenger revenue, freight & mail, Mileage Plan™ and other ancillary revenue; represents the average total revenue for flying one seat one mile

Regional - represents capacity purchased by Alaska from Horizon, SkyWest and PenAir. In this segment, Regional records actual on-board passenger revenue, less costs such as fuel, distribution costs, and payments made to Horizon, SkyWest and PenAir under the respective capacity purchased arrangement (CPA). Additionally, Regional includes an allocation of corporate overhead such as IT, finance, and other administrative costs incurred by Alaska and on behalf of Horizon.

RPMs - revenue passenger miles, or "traffic"; represents the number of seats that were filled with paying passengers; one passenger traveling one mile is one RPM

Yield - passenger revenue per RPM; represents the average revenue for flying one passenger one mile

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

There have been no material changes in market risk from the information provided in Item 7A. “Quantitative and Qualitative Disclosure About Market Risk” in our Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of September 30, 2020, an evaluation was performed under the supervision and with the participation of our management, including our chief executive officer and chief financial officer (collectively, our “certifying officers”), of the effectiveness of the design and operation of our disclosure controls and procedures. These disclosure controls and procedures are designed to ensure that the information required to be disclosed by us in our periodic reports filed with or submitted to the Securities and Exchange Commission (the SEC) is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and includes, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our certifying officers, as appropriate, to allow timely decisions regarding required disclosure. Our certifying officers concluded, based on their evaluation, that disclosure controls and procedures were effective as of September 30, 2020.

Changes in Internal Control over Financial Reporting

In the quarter ended September 30, 2020, the Company implemented a new revenue accounting system, and updated the relevant control structure. Other than this implementation, there have been no changes in the Company’s internal controls over financial reporting during the quarter ended September 30, 2020, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Our internal control over financial reporting is based on the 2013 framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO Framework).

PART II

ITEM 1. LEGAL PROCEEDINGS

We are a party to routine litigation matters incidental to our business. Management believes the ultimate disposition of these matters is not likely to materially affect our financial position or results of operations. This forward-looking statement is based on management's current understanding of the relevant law and facts, and it is subject to various contingencies, including the potential costs and risks associated with litigation and the actions of judges and juries.

In 2015, three flight attendants filed a class action lawsuit seeking to represent all Virgin America flight attendants for damages based on alleged violations of California and City of San Francisco wage and hour laws. The court certified a class of approximately 1,800 flight attendants in November 2016. The Company believes the claims in this case are without factual and legal merit.

In July 2018, the Court granted in part Plaintiffs' motion for summary judgment, finding Virgin America, and Alaska Airlines, as a successor-in-interest to Virgin America, responsible for various damages and penalties sought by the class members. On February 4, 2019, the Court entered final judgment against Virgin America and Alaska Airlines in the amount of approximately $78 million. It did not award injunctive relief against Alaska Airlines.

The Company is seeking an appellate court ruling that the California laws on which the judgment is based are invalid as applied to national airlines pursuant to the U.S. Constitution and federal law and for other employment law and improper class certification reasons. The Company remains confident that a higher court will respect the federal preemption principles that were enacted to shield inter-state common carriers from a patchwork of state and local wage and hour regulations such as those at issue in this case and agree with the Company's other bases for appeal. For these reasons, no loss has been accrued.

In January 2019, a pilot filed a class action lawsuit seeking to represent all Alaska and Horizon pilots for damages based on alleged violations of the Uniformed Services Employment and Reemployment Rights Act (USERRA). Plaintiff received class certification in August 2020. The case is in discovery. The Company believes the claims in the case are without factual and legal merit and intends to defend the lawsuit.

The Company is involved in other litigation around the application of state and local employment laws, like many air carriers. Our defenses are similar to those identified above, including that the state and local laws are preempted by federal law and are unconstitutional because they impede interstate commerce. None of these additional disputes are material.

ITEM 1A. RISK FACTORS

Except for the additional risk factors below, there have been no material changes to the risk factors affecting our business, financial condition or future results from those set forth in Item 1A."Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019.

The global pandemic caused by COVID-19, and related measures implemented to combat its spread has had, and is expected to continue to have, a material adverse effect on the Company's operations, financial position and liquidity.

In late 2019, an outbreak of novel coronavirus and its resulting disease (COVID-19) was detected in Wuhan, China. Since that time, COVID-19 has spread rapidly throughout the globe, including within the United States, where over one million cases have been positively diagnosed to date. In March 2020, the President of the United States declared a national emergency in response to the rapid spread, and all markets we serve have implemented some measure of travel restriction or stay-at-home order. These orders, combined with a wariness among the public of travel by aircraft due to perceived risk of infection, have resulted in an unprecedented decline in business and leisure travel. Cancellations of conventions and conferences, sporting events, concerts and other similar events, as well as the closure of popular tourist destinations, have contributed to this decline. This reduction in demand has materially negatively impacted our revenues and results of operations. As there is no indication of when these restrictions may be lifted or when demand may return, we expect to continue to see negative impacts from the COVID-19 pandemic on our business. Our operations could be negatively affected further if our employees are quarantined or sickened as a result of exposure to COVID-19, or if they are subject to additional governmental COVID-19 curfews or "shelter

in place" health orders or similar restrictions. Measures restricting the ability of our airport or inflight employees to come to work may cause a further deterioration in our service or operations, all of which could negatively affect our business.

In response to the pandemic, we have implemented and continue to implement a comprehensive strategy to mitigate the impacts on our business. This strategy may itself have negative impacts on our business and operations. One such action is the waiver of change fees and the ability to rebook travel for an extended period beyond standard rebooking terms. The loss of change fee revenue, combined with ongoing significant ticket cancellation activity, has adversely impacted our revenues and liquidity, and we expect such impacts to continue if governmental authorities extend existing travel restriction or stay-at-home orders or impose new orders or other restrictions intended to mitigate the spread of COVID-19, if businesses continue to restrict nonessential travel for their employees, or if the perceived risk of infection persists.

We have also implemented significant cash preservation and cost reduction strategies in response to the impacts of COVID-19. These strategies include, but are not limited to, capital expenditure reductions, hiring freezes, solicitation of voluntary leaves of absence and renegotiation of contractual terms and conditions. These measures, while helpful in slowing the rate at which we utilize our cash, are not expected to fully recover the loss of cash as a result of decreased ticket sales.

The Company may also experience significant supply chain disruptions as the COVID-19 pandemic may also adversely impact our suppliers. See "Item 1A., Risk Factors – We are dependent on a limited number of suppliers for aircraft and parts" of our Annual Report on Form 10-K for further discussion of risks related to the Company's dependence on a limited number of suppliers. Should COVID-19 cause our limited vendors to have performance problems, reduced or ceased operations, or bankruptcies, or other events causing them to be unable to fulfill their commitments to us, our operations and business could be materially adversely affected.

At this time, we are unable to predict what impact the pandemic will have on future customer behavior. Future business travel may be impacted by widespread use of videoconferencing or the reduction of business travel budgets. Travelers may also become more reluctant in general to travel. In addition, the Company has incurred, and will continue to incur COVID-19 related costs for enhanced aircraft cleaning and additional procedures to limit transmission among employees and guests. Although these procedures are elective, the industry may in the future be subject to further cleaning and safety measures, which may be costly and take a significant amount of time to implement. These contingencies, individually and combined, could have a material adverse impact on our business. See "Item 1A., Risk Factors – Economic uncertainty, or another recession, would likely impact demand for our product and could harm our financial condition and results of operations." of our Annual Report on Form 10-K for further discussion of the Company's vulnerability to a general economic downturn or recession.

We have a significant amount of debt and fixed obligations and have incurred substantial incremental debt in response to the COVID-19 pandemic. These obligations could lead to liquidity restraints and have a material adverse effect on our financial position.

We carry, and will continue to carry for the foreseeable future, a substantial amount of debt related to aircraft lease and financing commitments, as well as non-cancelable commitments for airport and facility leases, maintenance and other obligations. In response to the COVID-19 pandemic, we have incurred and continue to seek new financing sources to fund our operations while demand remains at an unprecedented low level and for the unknown duration of any economic recovery period. Further, as we incur incremental obligations, issuers may require future debt agreements to contain more restrictive covenants or require additional collateral beyond historical market terms which may further restrict our ability to successfully access capital.

Although we have historically been able to generate sufficient cash flow from our operations to pay our debt and other fixed obligations when they become due, the impacts of COVID-19, or from other risks as described in "Item 1A., Risk Factors" of our Annual Report on Form 10-K, may prohibit us from doing so in the future and may adversely affect our overall liquidity.

We have accepted certain conditions by accepting funding under the payroll support program of the Coronavirus Aid, Relief and Economic Security (CARES) Act.

The CARES Act was signed into law on March 27, 2020, providing U.S. airlines and related businesses the ability to access liquidity in the form of grants, loans, loan guarantees and other investments by the U.S. government.

In the second quarter of 2020, the Company, Alaska Airlines, Horizon Air, and McGee entered agreements with the United States Department of the Treasury (Treasury) to secure approximately $1 billion of funding under the CARES Act payroll support program (PSP), of which $290 million is in the form of an unsecured senior term loan payable over ten years. PSP proceeds must be used exclusively for employee payroll and benefits expenses in accordance with the terms and conditions of the PSP agreements and the applicable provisions of the CARES Act.

In the third quarter of 2020, the Company and its airline subsidiaries entered agreements with the Treasury to obtain access to term loans of approximately $1.3 billion under the CARES Act loan program. Funds drawn under the loan program must be secured with assets owned by Alaska Airlines or Horizon Air. In October of 2020, Treasury informed the Company it would amend these agreements to increase the total amount of available secured loan funds to $1.9 billion.

To date, the Company has drawn $135 million from the loan facility, and may, at its option, borrow additional amounts in up to two subsequent borrowings until March 31, 2021. All proceeds must be used for general corporate purposes and operating expenses in accordance with the terms and conditions of the loan agreements and the applicable provisions of the CARES Act. All borrowings are pre-payable in whole or in part and are ultimately due and payable on September 26, 2025 (or March 28, 2025 with respect to the portion of the loan, if any, secured with certain loyalty program assets).

In addition to repayment commitments, we are subject to the following conditions under our CARES Act PSP and loan agreements:

- Alaska Airlines, Horizon Air and McGee had to refrain from conducting involuntary furloughs or reducing employee rates of pay or benefits for non-officer employees through September 30, 2020;
- Alaska Airlines and Horizon Air had to maintain DOT-prescribed levels of air service to markets they served as of March 1, 2020, through September 30, 2020 (subject to extension through March 1, 2022);
- The Company may not repurchase its common stock or pay dividends on its common stock until the later of September 30, 2021, or one year after secured loan funds are repaid;
- The Company must meet minimum liquidity and collateral coverage ratio requirements until the secured loan funds are repaid;
- Compensation and severance payments for officers and employees who earned more than $425,000 in total compensation in 2019 will be subject to maximum limitations through the later of March 24, 2022, or one year after secured loan funds are repaid; and
- The Company must maintain certain internal controls and records, and provide any additional reporting required by the U.S. government, relating to PSP and loan funding.

These conditions may adversely affect the Company’s profitability, our ability to negotiate favorable terms with loyalty partners, our attractiveness to investors, and our ability to compensate at market-competitive levels and retain key personnel.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Historically, the Company purchased shares pursuant to a $1 billion repurchase plan authorized by the Board of Directors in August 2015. In March 2020, the Company suspended the share repurchase program indefinitely. When the repurchase program is restarted, the plan has remaining authorization to purchase an additional $456 million in shares.

On September 30, 2020, the Company issued the New PSP Warrant (as defined in Item 5. “Other Information” below) to the United States Department of the Treasury (“Treasury”) in connection with the payroll support program under the Coronavirus Aid, Relief and Economic Security (CARES) Act, resulting in warrants to purchase a total of 915,929 shares of the Company’s common stock that have been issued to Treasury in connection with the payroll support program. Each warrant is exercisable at a strike price of $31.61 per share of common stock and will expire on the fifth anniversary of the issue date of the warrant. Such warrants were issued to Treasury in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”).

In addition, in connection with increases on September 28, 2020 and October 30, 2020 in the aggregate principal amount that may be borrowed from Treasury pursuant to the loan program under the CARES Act, the Company may issue the Additional Loan Program Warrants (as defined in Item 5. “Other Information” below) to Treasury pursuant to the loan program, resulting in a maximum of 6,099,336 shares of the Company’s common stock subject to warrants that may be issuable in connection with the loan program. A warrant to purchase 427,080 shares of the Company’s common stock was issued on September 28, 2020. Additional warrants will be issued to Treasury in conjunction with each new borrowing under the A&R Loan Agreement (as defined in Item 5. “Other Information” below). Each warrant is exercisable at a strike price of $31.61 per share of common stock and will expire on the fifth anniversary of the issue date of the warrant. Such warrants were or, when issued will be, issued to Treasury in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

On September 30, 2020, the Company and Treasury agreed to an increase of $28.7 million in the payroll support available to Alaska Airlines and Horizon under the payroll support program (PSP) under the CARES Act, which resulted in an increase in the unsecured term loan borrowed from Treasury by approximately $8.6 million, bringing the total amount in unsecured funds borrowed from Treasury under the payroll support program for Alaska Airlines and Horizon to approximately $280.8 million (the "New Maximum Alaska Airlines Loan Amount"). As a result of this increase, on September 30, 2020, the Company issued additional warrants to Treasury to purchase 27,258 shares of the Company's common stock (the "New PSP Warrant").

In addition, on September 28, 2020, the Company, Alaska Airlines and Treasury agreed to an increase of $173 million in the aggregate principal amount that may be borrowed from Treasury pursuant to the loan program under the CARES Act, resulting in an initial aggregate lender commitment of $1,301 million. On October 30, 2020, the Company, Alaska Airlines and Treasury agreed to a further increase of $627 million in the aggregate principal amount that may be borrowed from Treasury pursuant to the loan program under the CARES Act, resulting in a new aggregate initial lender commitment of $1,928 million under such program. In connection with the new aggregate initial lender commitment, Alaska Airlines, as Borrower, the Company, as Parent, the guarantors party thereto from time to time, the Treasury, as the initial lender, and Bank of New York Mellon, as administrative agent and collateral agent, entered into a Restatement Agreement (the "Restatement Agreement") to amend and restate the Loan and Guarantee Agreement (the "A&R Loan Agreement"), and Alaska Airlines, Horizon and, in each case, the guarantors party thereto each entered into an amended and restated Pledge and Security Agreement (together, the "A&R Pledge and Security Agreements") relating to the collateral that secure the new aggregate initial lender commitment pursuant to the A&R Loan Agreement. As a result of the increases in the aggregate initial lender commitment, additional warrants to purchase 2,530,845 shares of the Common Stock are issuable by the Company to Treasury from time to time in connection with borrowings made pursuant to the A&R Loan Agreement (the "Additional Loan Program Warrants"), resulting in a maximum of 6,099,336 shares of the Company's common stock subject to warrants that may be issuable in connection with the loan program.

On November 4, 2020, the Board of Directors (the "Board") adopted resolutions (the "Resolutions") pursuant to Section 204 of the General Corporation Law of the State of Delaware, which Resolutions ratify, confirm and approve the additional corporate actions taken on September 28, 2020, September 30, 2020 and October 30, 2020 as described above. Specifically, the Resolutions ratify, confirm and approve: (i) the New Maximum Alaska Airlines Loan Amount, the issuance to Treasury of the New PSP Warrant and the issuance of shares of the Company's common stock upon exercise of the New PSP Warrant; and (ii) the New Initial Lender Commitment, including the execution, delivery and performance of the Restatement Agreement, the A&R Loan Agreement, the A&R Pledge and Security Agreements and all additional loan documents required to be executed or otherwise related to such agreements, as well as the transactions contemplated by such loan documents, the issuance to Treasury of the Additional Loan Program Warrants and the issuance of shares of the Company's common stock upon exercise of the Additional Loan Program Warrants. Pursuant to the Resolutions, the Board ratified the foregoing corporate actions because it determined that such actions may not have been approved by the Board. Any claim that the defective corporate acts or putative stock ratified by the Board are void or voidable due to the failure of authorization specified in the Resolutions, or that the Delaware Court of Chancery should declare in its discretion that the ratification thereof not be effective or be effective only on certain conditions, must be brought within 120 days from the later of the validation effective time (which is November 4, 2020), and the giving of this notice (which is deemed given on the date that this Quarterly Report on Form 10-Q is filed with the Securities and Exchange Commission).

ITEM 6. EXHIBITS

The following documents are filed as part of this report:

1. *Exhibits:* See Exhibit Index.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALASKA AIR GROUP, INC.

/s/ CHRISTOPHER M. BERRY

Christopher M. Berry
Vice President Finance and Controller

November 5, 2020

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	Date of First Filing	Exhibit Number
3.1	Amended and Restated Certificate of Incorporation of Registrant	10-Q	August 3, 2017	3.1
4.1	Pass Through Trust Agreement, dated as of July 2, 2020, between Alaska Airlines, Horizon and U.S. Bank Trust National Association. *	8-K	July 6, 2020	4.1
4.2	Trust Supplement No. 2020-1A, dated as of July 2, 2020, between Alaska Airlines, Horizon and U.S. Bank Trust National Association, as Class A Trustee, to the Pass Through Trust Agreement dated as of July 2, 2020.	8-K	July 6, 2020	4.2
4.3	Trust Supplement No. 2020-1B, dated as of July 2, 2020, between Alaska Airlines, Horizon and U.S. Bank Trust National Association, as Class B Trustee, to the Pass Through Trust Agreement dated as of July 2, 2020.	8-K	July 6, 2020	4.3
4.4	Guarantee from Alaska Air Group, Inc., as Guarantor, to U.S. Bank Trust National Association, as Pass Through Trustee under the Class A Pass Through Trust Agreement, Pass Through Trustee under the Class B Pass Through Trust Agreement, Subordination Agent and Loan Trustee, dated as of July 2, 2020. *	8-K	July 6, 2020	4.4
4.5	Guarantee from Alaska Airlines Inc., as Guarantor, to U.S. Bank Trust National Association, as Pass Through Trustee under the Class A Pass Through Trust Agreement, Pass Through Trustee under the Class B Pass Through Trust Agreement, Subordination Agent and Loan Trustee, dated as of July 2, 2020. *	8-K	July 6, 2020	4.5
4.6	Guarantee from Horizon Air Industries, Inc., as Guarantor, to U.S. Bank Trust National Association, as Pass Through Trustee under the Class A Pass Through Trust Agreement, Pass Through Trustee under the Class B Pass Through Trust Agreement, Subordination Agent and Loan Trustee, dated as of July 2, 2020. *	8-K	July 6, 2020	4.6
4.7	Form of Pass Through Trust Certificate, Series 2020-1A (included in Exhibit A to Exhibit 4.2)	8-K	July 6, 2020	4.7
4.8	Form of Pass Through Trust Certificate, Series 2020-1B (included in Exhibit A to Exhibit 4.3)	8-K	July 6, 2020	4.8
4.9	Intercreditor Agreement (2020-1), dated as of July 2, 2020, among U.S. Bank Trust National Association, as Trustee of the Alaska Air Pass Through Trust 2020-1A and the Alaska Air Pass Through Trust 2020-1B, Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class A Liquidity Provider and Class B Liquidity Provider, and U.S. Bank Trust National Association, as Subordination Agent. *	8-K	July 6, 2020	4.9
4.10	Revolving Credit Agreement (2020-1A), dated as of July 2, 2020, between U.S. Bank Trust National Association, as Subordination Agent, as agent and trustee for the trustee of Alaska Air Pass Through Trust 2020-1A and as Borrower, and Crédit Agricole Corporate and Revolving Credit Agreement (2020-1A), dated as of July 2, 2020, between U.S. Bank Trust National Association, as Subordination Agent, as agent and trustee for the trustee of Alaska Air Pass Through Trust 2020-1A and as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class A Liquidity Provider. *	8-K	July 6, 2020	4.10
4.11	Revolving Credit Agreement (2020-1B), dated as of July 2, 2020, between U.S. Bank Trust National Association, as Subordination Agent, as agent and trustee for the trustee of Alaska Air Pass Through Trust 2020-1B and as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class B Liquidity Provider. *	8-K	July 6, 2020	4.11
4.12	Participation Agreement (N568AS), dated as of July 2, 2020, among Alaska Airlines, U.S. Bank Trust National Association, as Pass Through Trustee under the Pass Through Trust Agreements, U.S. Bank Trust National Association, as Subordination Agent, U.S. Bank Trust National Association, as Loan Trustee, and U.S. Bank Trust National Association, in its individual capacity as set forth therein. *, **	8-K	July 6, 2020	4.12
4.13	Indenture and Security Agreement (N568AS), dated as of July 2, 2020, between Alaska Airlines and U.S. Bank Trust National Association, as Loan Trustee. *, **	8-K	July 6, 2020	4.13
4.14	Participation Agreement (N494AS), dated as of July 2, 2020, among Alaska Airlines, U.S. Bank Trust National Association, as Pass Through Trustee under the Pass Through Trust Agreements, U.S. Bank Trust National Association, as Subordination Agent, U.S. Bank Trust National Association, as Loan Trustee, and U.S. Bank Trust National Association, in its individual capacity as set forth therein. *, ***	8-K	July 6, 2020	4.14
4.15	Indenture and Security Agreement (N494AS), dated as of July 2, 2020, between Alaska Airlines and U.S. Bank Trust National Association, as Loan Trustee. *, ***	8-K	July 6, 2020	4.15
4.16	Participation Agreement (N626QX), dated as of July 2, 2020, among Horizon U.S. Bank Trust National Association, as Pass Through Trustee under the Pass Through Trust Agreements, U.S. Bank Trust National Association, as Subordination Agent, U.S. Bank Trust National Association, as Loan Trustee, and U.S. Bank Trust National Association, in its individual capacity as set forth therein. *, ****	8-K	July 6, 2020	4.16
4.17	Indenture and Security Agreement (N626QX), dated as of July 2, 2020, between Horizon and U.S. Bank Trust National Association, as Loan Trustee. *, ****	8-K	July 6, 2020	4.17

4.18	Form of Series 2020-1 Equipment Notes issued by Alaska Airlines (included in Exhibits 4.13 and 4.15).	8-K	July 6, 2020	4.18
4.19	Form of Series 2020-1 Equipment Notes issued by Horizon (included in Exhibit 4.17).	8-K	July 6, 2020	4.19
4.20†	Closing Date Warrant to Purchase Common Stock, dated September 28, 2020.	10-Q		
4.21†	Warrant Agreement, dated September 28, 2020, between Alaska Air Group, Inc. and the United States Department of the Treasury	10-Q		
4.22†	Alaska Airlines Loyalty Program Pledge and Security Agreement, dated as of September 28, 2020.*	10-Q		
4.23†	Alaska Airlines Aircraft and Engine Pledge and Security Agreement dated as of September 28, 2020.	10-Q		
4.24†	Amended and Restated Horizon Aircraft, Engine, and Propeller Pledge and Security Agreement dated as of October 30, 2020.	10-Q		
10.1†	Loan and Guarantee Agreement, dated as of September 28, 2020, among Alaska Airlines, 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	10-Q		
10.2†	Loan and Guarantee Agreement, dated as of September 28, 2020, and amended and restated as of October 30, 2020 among Alaska Airlines, 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	10-Q		
10.3†	Restatement Agreement, dated as of October 30, 2020, to that certain Loan and Guarantee Agreement, dated as of September 28, 2020.	10-Q		
31.1†	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	10-Q		
31.2†	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	10-Q		
32.1†	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	10-Q		
32.2†	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	10-Q		
99.1	Schedule I**.	8-K	July 6, 2020	99.1
99.2	Schedule II***.	8-K	July 6, 2020	99.2
99.3	Schedule III****.	8-K	July 6, 2020	99.3
101.INS†	XBRL Instance Document - The instance document does not appear in the interactive data file because XBRL tags are embedded within the inline XBRL document.			
101.SCH†	XBRL Taxonomy Extension Schema Document			
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document			
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document			

†	Filed herewith
*	Certain confidential information contained in this exhibit, marked by [***], has been omitted because it (i) is not material and it (ii) would likely cause competitive harm to the Company if it were to be publicly disclosed.
**	Pursuant to Instruction 2 to Item 601 of Regulation S-K, Exhibit 99.1 filed herewith contains a list of documents applicable to the Boeing 737-890 Aircraft (other than the Aircraft bearing U.S. Registration No. N568AS) that relate to the offering of the Alaska Air Pass Through Certificates, Series 2020-1, which documents are substantially identical to those which are filed herewith as Exhibits 4.12 and 4.13, except for the information identifying the Aircraft in question and various information relating to the principal amounts of the Equipment Notes relating to such Boeing 737-890 Aircraft. Exhibit 99.1 sets forth the details by which such documents differ from the corresponding representative sample of documents filed herewith as Exhibits 4.12 and 4.13 with respect to the Aircraft bearing U.S. Registration No. N568AS.
***	Pursuant to Instruction 2 to Item 601 of Regulation S-K, Exhibit 99.2 filed herewith contains a list of documents applicable to the Boeing 737-990ER Aircraft (other than the Aircraft bearing U.S. Registration No. N494AS) that relate to the offering of the Alaska Air Pass Through Certificates, Series 2020-1, which documents are substantially identical to those which are filed herewith as Exhibits 4.14 and 4.15, except for the information identifying the Aircraft in question and various information relating to the principal amounts of the Equipment Notes relating to such Boeing 737-990ER Aircraft. Exhibit 99.2 sets forth the details by which such documents differ from the corresponding representative sample of documents filed herewith as Exhibits 4.14 and 4.15 with respect to the Aircraft bearing U.S. Registration No. N494AS.

****	Pursuant to Instruction 2 to Item 601 of Regulation S-K, Exhibit 99.3 filed herewith contains a list of documents applicable to the Embraer E175 LR Aircraft (other than the Aircraft bearing U.S. Registration No. N626QX) that relate to the offering of the Alaska Air Pass Through Certificates, Series 2020-1, which documents are substantially identical to those which are filed herewith as Exhibits 4.16 and 4.17, except for the information identifying the Aircraft in question and various information relating to the principal amounts of the Equipment Notes relating to such Embraer E175 LR Aircraft. Exhibit 99.3 sets forth the details by which such documents differ from the corresponding representative sample of documents filed herewith as Exhibits 4.16 and 4.17 with respect to the Aircraft bearing U.S. Registration No. N626QX.

CLOSING DATE WARRANT TO PURCHASE COMMON STOCK

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.

WARRANT

to purchase

Shares of Common Stock

of

ALASKA AIR GROUP, INC.

(NYSE Ticker Symbol: ALK)

Issue Date: September 28, 2020

1. Definitions. Unless the context otherwise requires, when used herein the following terms shall have the meanings indicated.

"*Affiliate*" means, with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such other person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") when used with respect to any person, means the possession, directly or indirectly, of the power to cause the direction of management and/or policies of such person, whether through the ownership of voting securities by contract or otherwise.

"*Aggregate Net Cash Settlement Amount*" has the meaning ascribed thereto in Section 2(i).

"*Aggregate Net Share Settlement Amount*" has the meaning ascribed thereto in Section 2(ii).

"*Appraisal Procedure*" means a procedure whereby two independent appraisers, one chosen by the Company and one by the Original Warrantholder, shall mutually agree upon the determinations then the subject of appraisal. Each party shall deliver a notice to the other appointing its appraiser within 10 days after the Appraisal Procedure is invoked. If within 30 days after appointment of the two appraisers they are unable to agree upon the amount in question, a third independent appraiser shall be chosen within 10 days thereafter by the mutual consent of such first two appraisers. The decision of the third appraiser so appointed and chosen shall be given within 30 days after the selection of such third appraiser. If three appraisers shall be appointed and the determination of one appraiser is disparate from the middle determination by more than twice the amount by which the other determination is disparate from the middle determination, then the determination of such appraiser shall be excluded, the remaining two determinations shall be averaged and such average shall be binding and conclusive upon the Company and the Original Warrantholder; otherwise, the average of all three determinations

shall be binding upon the Company and the Original Warrantholder. The costs of conducting any Appraisal Procedure shall be borne by the Company.

"*Average Market Price*" means, with respect to any security, the arithmetic average of the Market Price of such security for the 15 consecutive trading day period ending on and including the trading day immediately preceding the determination date.

"*Board of Directors*" means the board of directors of the Company, including any duly authorized committee thereof.

"*Business Combination*" means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Company's stockholders.

"*Business Day*" means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close; *provided* that banks shall be deemed to be generally open for business in the event of a "shelter in place" or similar closure of physical branch locations at the direction of any governmental entity if such banks' electronic funds transfer system (including wire transfers) are open for use by customers on such day.

"*Capital Stock*" means (A) with respect to any Person that is a corporation or company, any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (B) with respect to any Person that is not a corporation or company, any and all partnership or other equity interests of such Person.

"*Charter*" means, with respect to any Person, its certificate or articles of incorporation, articles of association, or similar organizational document.

"*Common Stock*" means common stock of the Company, par value $0.01 subject to adjustment as provided in Section 13(E).

"*Company*" means the Person whose name, corporate or other organizational form and jurisdiction of organization is set forth in Item 1 of Schedule A hereto.

"*conversion*" has the meaning set forth in Section 13(B).

"*convertible securities*" has the meaning set forth in Section 13(B).

"*Depositary*" means The Depositary Trust Company, its nominees and their respective successors.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"*Exercise Date*" means each date a Notice of Exercise substantially in the form annexed hereto is delivered to the Company in accordance with Section 2 hereof.

"*Exercise Price*" means the amount set forth in Item 2 of Schedule A hereto, subject to adjustment as contemplated herein.

"*Fair Market Value*" means, with respect to any security or other property, the fair market value of such security or other property as determined by the Board of Directors, acting in good faith in reliance on an opinion of a nationally recognized independent investment banking firm retained by the Company for this purpose. For so long as the Original Warrantholder holds this Warrant or any portion thereof, it may object in writing to the Board of Director's calculation of fair market value within 10 days of receipt of written notice thereof. If the Original Warrantholder and the Company are unable to agree on fair market value during the 10-day period following the delivery of the Original Warrantholder's objection, the Appraisal Procedure may be invoked by either party to determine Fair Market Value by delivering written notification thereof not later than the 30th day after delivery of the Original Warrantholder's objection.

"*Initial Number*" has the meaning set forth in Section 13(B).

"*Issue Date*" means the date set forth in Item 3 of Schedule A hereto.

"*Market Price*" means, with respect to a particular security, on any given day, the last reported sale price regular way or, in case no such reported sale takes place on such day, the average of the last closing bid and ask prices regular way, in either case on the principal national securities exchange on which the applicable securities are listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the average of the closing bid and ask prices as furnished by two members of the Financial Industry Regulatory Authority, Inc. selected from time to time by the Company for that purpose. "Market Price" shall be determined without reference to after hours or extended hours trading. If such security is not listed and traded in a manner that the quotations referred to above are available for the period required hereunder, the Market Price of such security shall be deemed to be (i) in the event that any portion of the Warrant is held by the Original Warrantholder, the fair market value per share of such security as determined in good faith by the Original Warrantholder or (ii) in all other circumstances, the fair market value per share of such security as determined in good faith by the Board of Directors in reliance on an opinion of a nationally recognized independent investment banking corporation retained by the Company for this purpose and certified in a resolution to the Warrantholder.

"*Original Warrantholder*" means the United States Department of the Treasury. Any actions specified to be taken by the Original Warrantholder hereunder may only be taken by such Person and not by any other Warrantholder.

"*Permitted Transactions*" has the meaning set forth in Section 13(B).

"*Per Share Net Cash Settlement Amount*" means the Average Market Price of a share of Common Stock determined as of the relevant Exercise Date less the then applicable Exercise Price.

"*Per Share Net Share Settlement Amount*" means the quotient of (i) the Average Market Price of a share of Common Stock determined as of the relevant Exercise Date less the then applicable Exercise Price *divided by* (ii) the Average Market Price of a share of Common Stock determined as of the relevant Exercise Date.

"*Person*" has the meaning given to it in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act.

"*Per Share Fair Market Value*" has the meaning set forth in Section 13(C).

"*Pro Rata Repurchases*" means any purchase of shares of Common Stock by the Company or any Affiliate thereof pursuant to (A) any tender offer or exchange offer subject to Section 13(e) or 14(e) of the Exchange Act or Regulation 14E promulgated thereunder or (B) any other offer available to substantially all holders of Common Stock, in the case of both (A) or (B), whether for cash, shares of Capital Stock of the Company, other securities of the Company, evidences of indebtedness of the Company or any other Person or any other property (including, without limitation, shares of Capital Stock, other securities or evidences of indebtedness of a subsidiary), or any combination thereof, effected while this Warrant is outstanding. The "*Effective Date*" of a Pro Rata Repurchase shall mean the date of acceptance of shares for purchase or exchange by the Company under any tender or exchange offer which is a Pro Rata Repurchase or the date of purchase with respect to any Pro Rata Repurchase that is not a tender or exchange offer.

"*Regulatory Approvals*" with respect to the Warrantholder, means, to the extent applicable and required to permit the Warrantholder to exercise this Warrant for shares of Common Stock and to own such Common Stock without the Warrantholder being in violation of applicable law, rule or regulation, the receipt of any necessary approvals and authorizations of, filings and registrations with, notifications to, or expiration or termination of any applicable waiting period under, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"*trading day*" means (A) if the shares of Common Stock are not traded on any national or regional securities exchange or association or over-the-counter market, a Business Day or (B) if the shares of Common Stock are traded on any national or regional securities exchange or association or over-the-counter market, a Business Day on which such relevant exchange or quotation system is scheduled to be open for business and on which the shares of Common Stock (i) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market for any period or periods aggregating one half hour or longer; and (ii) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the shares of Common Stock.

"*U.S. GAAP*" means United States generally accepted accounting principles.

"*Warrant*" means this Warrant, issued pursuant to the Warrant Agreement.

"*Warrant Agreement*" means the Warrant Agreement, dated as of the date set forth in Item 4 of Schedule A hereto, as amended from time to time, between the Company and the United States Department of the Treasury.

"*Warrantholder*" has the meaning set forth in Section 2.

"*Warrant Shares*" has the meaning set forth in Section 2.

2. Number of Warrant Shares; Net Exercise. This certifies that, for value received, the United States Department of the Treasury or its permitted assigns (the "*Warrantholder*") is entitled, upon the terms and subject to the conditions hereinafter set forth, to acquire from the Company, in whole or in part, after the receipt of all applicable Regulatory Approvals, if any, up to an aggregate of the number of fully paid and nonassessable shares of Common Stock set forth in Item 5 of Schedule A hereto. The number of shares of Common Stock (the "*Warrant Shares*") issuable upon exercise of this Warrant and the Exercise Price are subject to adjustment as provided herein, and all references to "Common Stock," "Warrant Shares" and "Exercise Price" herein shall be deemed to include any such adjustment or series of adjustments.

Upon exercise of the Warrant in accordance with Section 3 hereof, the Company shall elect to pay or deliver, as the case may be, to the exercising Warrantholder (a) cash ("*Net Cash Settlement*") or (b) Warrant Shares together with cash, if applicable, in lieu of delivering any fractional shares in accordance with Section 5 of this Warrant ("*Net Share Settlement*"). The Company will notify the exercising Warrantholder of its election of a settlement method within one Business Day after the relevant Exercise Date and if it fails to deliver a timely notice shall be deemed to have elected Net Share Settlement.

(a) *Net Cash Settlement.* If the Company elects Net Cash Settlement, it shall pay to the Warrantholder cash equal to the Per Share Net Cash Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the "*Aggregate Net Cash Settlement Amount*").

(b) *Net Share Settlement*. If the Company elects Net Share Settlement, it shall deliver to the Warrantholder a number of shares of Common Stock equal to the Per Share Net Share Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the "*Aggregate Net Share Settlement Amount*").

3. Term; Method of Exercise. Subject to Section 2, to the extent permitted by applicable laws and regulations, this Warrant is exercisable, in whole or in part by the Warrantholder, at any time or from time to time after the execution and delivery of this Warrant by the Company on the date hereof, but in no event later than 5:00 p.m., New York City time on the fifth anniversary of the Issue Date of this Warrant, by the surrender of this Warrant and

delivery of the Notice of Exercise annexed hereto, duly completed and executed on behalf of the Warrantholder, at the principal executive office of the Company located at the address set forth in Item 6 of Schedule A hereto (or such other office or agency of the Company in the United States as it may designate by notice in writing to the Warrantholder at the address of the Warrantholder appearing on the books of the Company).

If the Warrantholder does not exercise this Warrant in its entirety, the Warrantholder will be entitled to receive from the Company within a reasonable time after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, and in any event not exceeding three Business Days after the date thereof, a new warrant in substantially identical form for the purchase of that number of Warrant Shares equal to the difference between the number of Warrant Shares subject to this Warrant and the number of Warrant Shares as to which this Warrant is so exercised. Notwithstanding anything in this Warrant to the contrary, the Warrantholder hereby acknowledges and agrees that its exercise of this Warrant for Warrant Shares is subject to the condition that the Warrantholder will have first received any applicable Regulatory Approvals.

4. Method of Settlement.

(a) *Net Cash Settlement*. If the Company elects Net Cash Settlement, the Company shall, within a reasonable time, not to exceed five Business Days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, pay to the exercising Warrantholder the Aggregate Net Cash Settlement Amount.

(b) *Net Share Settlement*. If the Company elects Net Share Settlement, shares of Common Stock equal to the Aggregate Net Share Settlement Amount shall be (x) issued in such name or names as the exercising Warrantholder may designate and (y) delivered by the Company or the Company's transfer agent to such Warrantholder or its nominee or nominees (i) if the shares are then able to be so delivered, via book-entry transfer crediting the account of such Warrantholder (or the relevant agent member for the benefit of such Warrantholder) through the Depositary’s DWAC system (if the Company's transfer agent participates in such system), or (ii) otherwise in certificated form by physical delivery to the address specified by the Warrantholder in the Notice of Exercise, within a reasonable time, not to exceed three Business Days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant. The Company hereby represents and warrants that any Warrant Shares issued upon the exercise of this Warrant in accordance with the provisions of Section 3 will be duly and validly authorized and issued, fully paid and nonassessable and free from all taxes, liens and charges (other than liens or charges created by the Warrantholder, income and franchise taxes incurred in connection with the exercise of the Warrant or taxes in respect of any transfer occurring contemporaneously therewith). The Company agrees that the Warrant Shares so issued will be deemed to have been issued to the Warrantholder as of the close of business on the date on which this Warrant and payment of the Exercise Price are delivered to the Company in accordance with the terms of this Warrant, notwithstanding that the stock transfer books of the Company may then be closed or certificates representing such Warrant Shares may not be actually delivered on such date. The Company will at all times reserve and keep available, out of its authorized but

unissued Common Stock, solely for the purpose of providing for the exercise of this Warrant, the aggregate number of shares of Common Stock then issuable upon exercise of this Warrant at any time. The Company will (A) procure, at its sole expense, the listing of the Warrant Shares issuable upon exercise of this Warrant at any time, subject to issuance or notice of issuance, on all principal stock exchanges on which the Common Stock is then listed or traded and (B) maintain such listings of such Warrant Shares at all times after issuance. The Company will use reasonable best efforts to ensure that the Warrant Shares may be issued without violation of any applicable law or regulation or of any requirement of any securities exchange on which the Warrant Shares are listed or traded.

5. No Fractional Warrant Shares or Scrip. No fractional Warrant Shares or scrip representing fractional Warrant Shares shall be issued upon any exercise of this Warrant. In lieu of any fractional Share to which the Warrantholder would otherwise be entitled, the Warrantholder shall be entitled to receive a cash payment equal to the Average Market Price of the Common Stock determined as of the Exercise Date multiplied by such fraction of a share, less the pro-rated Exercise Price for such fractional share.

6. No Rights as Stockholders; Transfer Books. This Warrant does not entitle the Warrantholder to any voting rights or other rights as a stockholder of the Company prior to the date of exercise hereof. The Company will at no time close its transfer books against transfer of this Warrant in any manner which interferes with the timely exercise of this Warrant.

7. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares to the Warrantholder upon the exercise of this Warrant shall be made without charge to the Warrantholder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; *provided*, *however*, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate, or any certificates or other securities in a name other than that of the registered holder of the Warrant surrendered upon exercise of the Warrant.

8. Transfer/Assignment.

(i)Subject to compliance with clause (B) of this Section 8, this Warrant and all rights hereunder are transferable, in whole or in part, upon the books of the Company by the registered holder hereof in person or by duly authorized attorney, and a new warrant shall be made and delivered by the Company, of the same tenor and date as this Warrant but registered in the name of one or more transferees, upon surrender of this Warrant, duly endorsed, to the office or agency of the Company described in Section 3. All expenses (other than stock transfer taxes) and other charges payable in connection with the preparation, execution and delivery of the new warrants pursuant to this Section 8 shall be paid by the Company.

(ii)If and for so long as required by the Warrant Agreement, this Warrant shall contain the legend as set forth in Sections 4.2(a) of the Warrant Agreement.

9. Exchange and Registry of Warrant. This Warrant is exchangeable, upon the surrender hereof by the Warrantholder to the Company, for a new warrant or warrants of like tenor and representing the right to purchase the same aggregate number of Warrant Shares. The Company shall maintain a registry showing the name and address of the Warrantholder as the registered holder of this Warrant. This Warrant may be surrendered for exchange or exercise in accordance with its terms, at the office of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

10. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in the case of any such loss, theft or destruction, upon receipt of a bond, indemnity or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Company shall make and deliver, in lieu of such lost, stolen, destroyed or mutilated Warrant, a new Warrant of like tenor and representing the right to purchase the same aggregate number of Warrant Shares as provided for in such lost, stolen, destroyed or mutilated Warrant.

11. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding day that is a Business Day.

12. Information. With a view to making available to Warrantholders the benefits of certain rules and regulations of the SEC which may permit the sale of the Warrants and Warrant Shares to the public without registration, the Company agrees to use its reasonable best efforts to:

a. make and keep adequate public information available, as those terms are understood and defined in Rule 144(c) or any similar or analogous rule promulgated under the Securities Act, at all times after the date hereof;

b. (x) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Securities Act and the Exchange Act, and (y) if at any time the Company is not required to file such reports, make available, upon the request of any Warrantholder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

c. furnish to any holder of Warrants or Warrant Shares forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of the Exchange Act and Rule 144(c)(1); a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as the Warrantholder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; and

d. take such further action as any Warrantholder may reasonably request, all to the extent required from time to time to enable such Waarantholder to sell Warrants or Warrant Shares without registration under the Securities Act.

13. Adjustments and Other Rights. The Exercise Price and the number of Warrant Shares issuable upon exercise of the Warrant shall be subject to adjustment from time to time as follows; *provided*, that if more than one subsection of this Section 13 is applicable to a single event, the subsection shall be applied that produces the largest adjustment and no single event shall cause an adjustment under more than one subsection of this Section 13 so as to result in duplication:

i. Stock Splits, Subdivisions, Reclassifications or Combinations. If the Company shall (i) declare and pay a dividend or make a distribution on its Common Stock in shares of Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding shares of Common Stock into a smaller number of shares, the number of Warrant Shares issuable upon exercise of this Warrant at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the Warrantholder after such date shall be entitled to acquire the number of shares of Common Stock which such holder would have owned or been entitled to receive in respect of the shares of Common Stock subject to this Warrant after such date had this Warrant been exercised immediately prior to such date. In such event, the Exercise Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be adjusted to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment and (2) the Exercise Price in effect immediately prior to the record or effective date, as the case may be, for the dividend, distribution, subdivision, combination or reclassification giving rise to this adjustment by (y) the new number of Warrant Shares issuable upon exercise of the Warrant determined pursuant to the immediately preceding sentence.

ii. Certain Issuances of Common Stock or Convertible Securities. If the Company shall issue shares of Common Stock (or rights or warrants or other securities exercisable or convertible into or exchangeable (collectively, a "*conversion*") for shares of Common Stock) (collectively, "*convertible securities*") (other than in Permitted Transactions (as defined below) or a transaction to which subsection (A) of this Section 13 is applicable) without consideration or at a consideration per share (or having a conversion price per share) that is less than 90% of the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities) then, in such event:

(i) the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) (the "*Initial Number*") shall be increased to the number obtained by multiplying the Initial Number by a fraction (A) the numerator of which shall be the sum of (x) the number of shares of Common Stock of the Company outstanding on such date and (y) the number of additional shares of Common Stock issued (or into which

convertible securities may be exercised or convert) and (B) the denominator of which shall be the sum of (I) the number of shares of Common Stock outstanding on such date and (II) the number of shares of Common Stock which the aggregate consideration receivable by the Company for the total number of shares of Common Stock so issued (or into which convertible securities may be exercised or convert) would purchase at the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities); and

(ii) the Exercise Price payable upon exercise of the Warrant shall be adjusted by multiplying such Exercise Price in effect immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) by a fraction, the numerator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant prior to such date and the denominator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant immediately after the adjustment described in clause (i) above.

For purposes of the foregoing, the aggregate consideration receivable by the Company in connection with the issuance of such shares of Common Stock or convertible securities shall be deemed to be equal to the sum of the net offering price (including the Fair Market Value of any non-cash consideration and after deduction of any related expenses payable to third parties) of all such securities plus the minimum aggregate amount, if any, payable upon exercise or conversion of any such convertible securities into shares of Common Stock; and "*Permitted Transactions*" shall mean issuances (i) as consideration for or to fund the acquisition of businesses and/or related assets, (ii) in connection with employee benefit plans and compensation related arrangements in the ordinary course and consistent with past practice approved by the Board of Directors, (iii) in connection with a public or broadly marketed offering and sale of Common Stock or convertible securities for cash conducted by the Company or its affiliates pursuant to registration under the Securities Act or Rule 144A thereunder on a basis consistent with capital raising transactions by comparable institutions and (iv) in connection with the exercise of preemptive rights on terms existing as of the Issue Date. Any adjustment made pursuant to this Section 13(B) shall become effective immediately upon the date of such issuance.

iii.Other Distributions. In case the Company shall fix a record date for the making of a distribution to all holders of shares of its Common Stock of securities, evidences of indebtedness, assets, cash, rights or warrants (excluding dividends of its Common Stock and other dividends or distributions referred to in Section 13(A)), in each such case, the Exercise Price in effect prior to such record date shall be reduced immediately thereafter to the price determined by multiplying the Exercise Price in effect immediately prior to the reduction by the quotient of (x) the Average Market Price of the Common Stock determined as of the first date on which the Common Stock trades regular way on the principal national securities exchange on which the Common Stock is listed or admitted to trading without the right to receive such distribution, minus the amount of cash and/or the Fair Market Value of the securities, evidences of indebtedness, assets, rights or warrants to be so distributed in respect of one share of Common Stock (such amount and/or Fair Market Value, the "*Per Share Fair Market Value*") divided by (y) the Average Market Price specified in clause (x); such adjustment shall be made successively whenever such a record date

is fixed. In such event, the number of Warrant Shares issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the distribution giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. In the event that such distribution is not so made, the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant then in effect shall be readjusted, effective as of the date when the Board of Directors determines not to distribute such shares, evidences of indebtedness, assets, rights, cash or warrants, as the case may be, to the Exercise Price that would then be in effect and the number of Warrant Shares that would then be issuable upon exercise of this Warrant if such record date had not been fixed.

iv.Certain Repurchases of Common Stock. In case the Company effects a Pro Rata Repurchase of Common Stock, then the Exercise Price shall be reduced to the price determined by multiplying the Exercise Price in effect immediately prior to the Effective Date of such Pro Rata Repurchase by a fraction of which the numerator shall be (i) the product of (x) the number of shares of Common Stock outstanding immediately before such Pro Rata Repurchase and (y) the Average Market Price of a share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase, minus (ii) the aggregate purchase price of the Pro Rata Repurchase, and of which the denominator shall be the product of (i) the number of shares of Common Stock outstanding immediately prior to such Pro Rata Repurchase minus the number of shares of Common Stock so repurchased and (ii) the Average Market Price per share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase. In such event, the number of shares of Common Stock issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the Pro Rata Repurchase giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. For the avoidance of doubt, no increase to the Exercise Price or decrease in the number of Warrant Shares issuable upon exercise of this Warrant shall be made pursuant to this Section 13(D).

v.Business Combinations. In case of any Business Combination or reclassification of Common Stock (other than a reclassification of Common Stock referred to in Section 13(A)), the Warrantholder's right to receive Warrant Shares upon exercise of this Warrant shall be converted into the right to exercise this Warrant to acquire the number of shares of stock or other securities or property (including cash) which the Common Stock issuable (at the time of such Business Combination or reclassification) upon exercise of this Warrant immediately prior to such Business Combination or reclassification would have been entitled to receive upon consummation of such Business Combination or reclassification; and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the Warrantholder shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to the Warrantholder's right to exercise this Warrant in exchange for any shares of stock or other securities or property pursuant to this paragraph. In determining the kind and amount of

stock, securities or the property receivable upon exercise of this Warrant following the consummation of such Business Combination, if the holders of Common Stock have the right to elect the kind or amount of consideration receivable upon consummation of such Business Combination, then the consideration that the Warrantholder shall be entitled to receive upon exercise shall be deemed to be the types and amounts of consideration received by the majority of all holders of the shares of common stock that affirmatively make an election (or of all such holders if none make an election).

vi. Rounding of Calculations; Minimum Adjustments. All calculations under this Section 13 shall be made to the nearest one-tenth (1/10th) of a cent or to the nearest one- hundredth (1/100th) of a share, as the case may be. Any provision of this Section 13 to the contrary notwithstanding, no adjustment in the Exercise Price or the number of Warrant Shares shall be made if the amount of such adjustment would be less than $0.01 or one-tenth (1/10th) of a share of Common Stock, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate $0.01 or 1/10th of a share of Common Stock, or more.

vii. Timing of Issuance of Additional Common Stock Upon Certain Adjustments. In any case in which the provisions of this Section 13 shall require that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (i) issuing to the Warrantholder of this Warrant exercised after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such exercise by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such exercise before giving effect to such adjustment and (ii) paying to such Warrantholder any amount of cash in lieu of a fractional share of Common Stock; *provided*, *however*, that the Company upon request shall deliver to such Warrantholder a due bill or other appropriate instrument evidencing such Warrantholder's right to receive such additional shares, and such cash, upon the occurrence of the event requiring such adjustment.

viii. Other Events. For so long as the Original Warrantholder holds this Warrant or any portion thereof, if any event occurs as to which the provisions of this Section 13 are not strictly applicable or, if strictly applicable, would not, in the good faith judgment of the Board of Directors of the Company, fairly and adequately protect the purchase rights of the Warrants in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of the Board of Directors, to protect such purchase rights as aforesaid. The Exercise Price or the number of Warrant Shares shall not be adjusted in the event of a change in the par value of the Common Stock or a change in the jurisdiction of incorporation of the Company.

ix. Statement Regarding Adjustments. Whenever the Exercise Price or the number of Warrant Shares shall be adjusted as provided in Section 13, the Company shall forthwith file at the principal office of the Company a statement showing in reasonable detail the facts requiring

such adjustment and the Exercise Price that shall be in effect and the number of Warrant Shares after such adjustment, and the Company shall also cause a copy of such statement to be sent by mail, first class postage prepaid, to each Warrantholder at the address appearing in the Company's records.

x. Notice of Adjustment Event. In the event that the Company shall propose to take any action of the type described in this Section 13 (but only if the action of the type described in this Section 13 would result in an adjustment in the Exercise Price or the number of Warrant Shares or a change in the type of securities or property to be delivered upon exercise of this Warrant), the Company shall give notice to the Warrantholder, in the manner set forth in Section 13(J), which notice shall specify the record date, if any, with respect to any such action and the approximate date on which such action is to take place. Such notice shall also set forth the facts with respect thereto as shall be reasonably necessary to indicate the effect on the Exercise Price and the number, kind or class of shares or other securities or property which shall be deliverable upon exercise of this Warrant. In the case of any action which would require the fixing of a record date, such notice shall be given at least 10 days prior to the date so fixed, and in case of all other action, such notice shall be given at least 15 days prior to the taking of such proposed action. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

xi. Proceedings Prior to Any Action Requiring Adjustment. As a condition precedent to the taking of any action which would require an adjustment pursuant to this Section 13, the Company shall take any action which may be necessary, including obtaining regulatory, New York Stock Exchange, NASDAQ Stock Market or other applicable national securities exchange or stockholder approvals or exemptions, as applicable, in order that the Company may thereafter validly and legally issue as fully paid and nonassessable all shares of Common Stock that the Warrantholder is entitled to receive upon exercise of this Warrant pursuant to this Section 13.

xii. Adjustment Rules. Any adjustments pursuant to this Section 13 shall be made successively whenever an event referred to herein shall occur. If an adjustment in Exercise Price made hereunder would reduce the Exercise Price to an amount below par value of the Common Stock, then such adjustment in Exercise Price made hereunder shall reduce the Exercise Price to the par value of the Common Stock.

14. No Impairment. The Company will not, by amendment of its Charter or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in taking of all such action as may be necessary or appropriate in order to protect the rights of the Warrantholder.

15. Governing Law. **This Warrant 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 laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the Company and the Warrantholder 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 Warrant or the transactions contemplated hereby, and (b) that notice may be served upon the Company at the address in Section 19 below and upon the Warrantholder at the address for the Warrantholder set forth in the registry maintained by the Company pursuant to Section 9 hereof. To the extent permitted by applicable law, each of the Company and the Warrantholder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Warrant or the transactions contemplated hereby or thereby.

16. Binding Effect. This Warrant shall be binding upon any successors or assigns of the Company.

17. Amendments. This Warrant may be amended and the observance of any term of this Warrant may be waived only with the written consent of the Company and the Warrantholder.

18. Prohibited Actions. The Company agrees that it will not take any action which would entitle the Warrantholder to an adjustment of the Exercise Price if the total number of shares of Common Stock issuable after such action upon exercise of this Warrant, together with all shares of Common Stock then outstanding and all shares of Common Stock then issuable upon the exercise of all outstanding options, warrants, conversion and other rights, would exceed the total number of shares of Common Stock then authorized by its Charter.

19. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices hereunder shall be delivered as set forth in Item 7 of Schedule A hereto, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

20. Entire Agreement. This Warrant, the forms attached hereto and Schedule A hereto (the terms of which are incorporated by reference herein), and the Warrant Agreement (including all documents incorporated therein), contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

[Remainder of page intentionally left blank]

Form of Notice of Exercise

Date:__

TO: ALASKA AIR GROUP, INC.

RE: Exercise of Warrant

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby notifies the Company of its intention to exercise its option with respect to the number of shares of the Common Stock set forth below covered by such Warrant. Pursuant to Section 4 of the Warrant, the undersigned acknowledges that the Company may settle this exercise in net cash or shares. Cash to be paid pursuant to a Net Cash Settlement or payment of fractional shares in connection with a Net Share Settlement should be deposited to the account of the Warrantholder set forth below. Common Stock to be delivered pursuant to a Net Share Settlement shall be delivered to the Warrantholder as indicated below. A new warrant evidencing the remaining shares of Common Stock covered by such Warrant, but not yet subscribed for and purchased, if any, should be issued in the name set forth below.

Number of Warrant Shares:__

Aggregate Exercise Price: __

Address for Delivery of Warrant Shares: __

Wire Instructions:

Proceeds to be delivered: **$**
Name of Bank:
City/ State of Bank:
ABA Number of Bank
SWIFT #
Name of Account:
Account Number at Bank:

Securities to be issued to:

If in book-entry form through the Depositary:

Depositary Account Number: _____

Name of Agent Member: _____

If in certificated form:

Social Security Number or Other Identifying Number: _____

Name: _____

Street Address: _____

City, State and Zip Code: _____

Any unexercised Warrants evidenced by the exercising Warrantholder's interest in the Warrant:

Social Security Number or Other Identifying Number: _____

Name: _____

Street Address: _____

City, State and Zip Code: _____

Holder: ____

By: __
Name: __
Title: __

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by a duly authorized officer.

Dated: __

COMPANY: ALASKA AIR GROUP, INC.

By: __

Name:
Title:

Attest:

By: __

Name:
Title:

[Signature Page to Warrant]

SCHEDULE A

Item 1

Name: Alaska Air Group, Inc.
Corporate or other organizational form: Corporation
Jurisdiction of organization: Delaware
Item 2

Exercise Price: $31.61
Item 3

Issue Date: September 28, 2020
Item 4

Date of Warrant Agreement between the Company and the United States Department of the Treasury: September 28, 2020
Item 5

Number of shares of Common Stock: 427,080
Item 6

Company's address: 19300 International Blvd., Seattle, WA 98188
Item 7

Notice information:
If to the Company:

Alaska Air Group, Inc.
19300 International Blvd., SEAXP
Seattle, WA 98188
Attention: Chief Financial Officer
Telephone: 206.392.5040

With a copy to

Alaska Air Group, Inc.
19300 International Blvd., SEAZL
Seattle, WA 98188
Attention: General Counsel
Telephone: 206.392.5040
Email: LegalContractNotices@alaskaair.com

If to Treasury:

United States Department of the Treasury

1500 Pennsylvania Avenue, NW, Room 2312
Washington, D.C. 20220
Attention: Assistant General Counsel (Banking and Finance)

WARRANT AGREEMENT

TABLE OF CONTENTS

LIST OF ANNEXES

INDEX OF DEFINED TERMS

Term	Location of Definition
Affiliate	Annex B
Agreement	Recitals
Appraisal Procedure	Annex B
Board of Directors	2.1(i)
Business Combination	Annex B
Business Day	Annex B
Capitalization Date	2.1(b)
Closing	1.2(a)
Common Stock	Annex B
Company	Recitals
Company Reports	2.1(j)(i)
Exchange Act	Annex B
Governmental Authority	5.6(a)
Holder	4.5(k)(i)
Indemnitee	4.5(g)(i)
Initial Closing	1.2(a)
Lien	5.6(c)
Loan Agreement	Recitals
Material Adverse Effect	5.6(d)
Organizational Documents	5.6(e)
Pending Underwritten Offering	4.5(l)
Piggyback Registration	4.5(a)(iv)
register; registered; registration	4.5(k)(ii)
Registrable Securities	4.5(k)(iii)
Registration Commencement Date	4.5(a)(i)
Registration Expenses	4.5(k)(iv)
Rule 144; Rule 144A; Rule 159A; Rule 405; Rule 415	4.5(k)(v)
SEC	2.1(c)
Securities Act	Annex B
Selling Expenses	4.5(k)(vi)
Shelf Registration Statement	4.5(a)(ii)
Special Registration	4.5(i)
Stockholder Proposals	3.1(b)
Subsidiary	5.6(f)
Transfer	4.4
Treasury	Recitals
Warrant Closing Date	1.2(a)
Warrants	Recitals
Warrant Shares	Annex B

WARRANT AGREEMENT dated as of September 28, 2020 (this "Agreement"), between ALASKA AIR GROUP, INC., a corporation organized under the laws of Delaware (the "Company") and the UNITED STATES DEPARTMENT OF THE TREASURY ("Treasury").

WHEREAS, the Borrower (as defined in the Loan Agreement) has requested that Treasury make a Loan (as defined in the Loan Agreement) to the Borrower 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 from time to time, and Treasury is willing to do so on the terms and conditions set forth in the Loan and Guarantee Agreement dated as of September 28, 2020, between ALASKA AIRLINES, INC. and Treasury (the "Loan Agreement"); and

WHEREAS, as appropriate financial protection of the Federal Government of the United States of America for the Loan, and as a condition to the effectiveness of the Loan Agreement, ALASKA AIR GROUP, INC. has agreed to enter into this Agreement to issue in a private placement warrants to purchase the number of shares of its Common Stock determined in accordance with Schedule 1 to this Agreement (the "Warrants") to Treasury;

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, the parties agree as follows:

Article I.

Closing

i.Issuance

.

8. On the terms and subject to the conditions set forth in this Agreement, the Company agrees to issue to Treasury, on each Warrant Closing Date, Warrants for a number of shares of Common Stock determined by the formula set forth in Schedule 1.

a. Initial Closing; Warrant Closing Date.

8. On the terms and subject to the conditions set forth in this Agreement, the closing of the initial issuance of the Warrants (the "Initial Closing") will take place on the Closing Date (as defined in the Loan Agreement). After the Initial Closing, the closing of any subsequent issuance will take place on the date of each subsequent Borrowing (as defined in the Loan Agreement), if any, of the Loan (each subsequent closing, together with the Initial Closing, a "Closing" and each such date a "Warrant Closing Date").

8. On each Warrant Closing Date, the Company will issue to Treasury a duly executed Warrant or Warrants for a number of shares of Common Stock determined by the formula set forth in Schedule 1, as evidenced by one or more certificates dated the Warrant Closing Date and bearing appropriate legends as hereinafter provided for and in substantially the form attached hereto as Annex B.

9. On each Warrant Closing Date, the Company shall deliver to Treasury (i) a written opinion from counsel to the Company (which may be internal counsel) addressed to Treasury and dated as of such Warrant Closing Date, in substantially the form attached hereto as Annex A and (ii) a certificate executed by the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller confirming that the representations and warranties of the Company in this Agreement are true and correct with the same force and effect as though expressly made at and as of such Warrant Closing Date and the Company has complied with all agreements on its part to be performed or satisfied hereunder at or prior to such Closing.

10. On the initial Warrant Closing Date, the Company shall deliver to Treasury (i) such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller as Treasury may require evidencing the identity, authority and capacity of each such officer thereof authorized to act as such officer in connection with this Agreement and (ii) customary resolutions or evidence of corporate authorization, secretary's certificates and such other documents and certificates (including Organizational Documents and good standing certificates) as Treasury may reasonably request relating to the organization, existence and good standing of the Company and any other legal matters relating to the Company, this Agreement, the Warrants or the transactions contemplated hereby or thereby.

b. Interpretation

.

8. When a reference is made in this Agreement to “Recitals,” “Articles,” “Sections,” or “Annexes” such reference shall be to a Recital, Article or Section of, or Annex to, this Warrant Agreement, unless otherwise indicated. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References to “herein”, “hereof”, “hereunder” and the like refer to this Agreement as a whole and not to any particular section or provision, unless the context requires otherwise. The table of contents and headings contained in this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed followed by the words “without limitation.” No rule of construction against the draftsperson shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel. All references to “$” or “dollars” mean the lawful currency of the United States of America. Except as expressly stated in this Agreement, all references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and to any section of any statute, rule or regulation include any successor to the section.

8. Capitalized terms not defined herein have the meanings ascribed thereto in Annex B.

Article II.

Representations and Warranties

c. Representations and Warranties of the Company

. The Company represents and warrants to Treasury that as of the date hereof and each Warrant Closing Date (or such other date specified herein):

8. Existence, Qualification and Power

. The Company is duly organized or formed, validly existing and, if applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, and the Company and each Subsidiary (a) 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 this Agreement and the Warrants, and (b) 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)(i) or (b), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

8. Capitalization

a. . The authorized capital stock of the Company, and the outstanding capital stock of the Company (including securities convertible into, or exercisable or exchangeable for, capital stock of the Company) as of the most recent fiscal month-end preceding the date hereof (the "Capitalization Date") is set forth in Schedule 2. The outstanding shares of capital stock of the Company have been duly authorized and are validly issued and outstanding, fully paid and nonassessable, and subject to no preemptive rights (and were not issued in violation of any preemptive rights). Except as provided in the Warrants, as of the date hereof, the Company does not have outstanding any securities or other obligations providing the holder the right to acquire Common Stock that is not reserved for issuance as specified on Schedule 2, and the Company has not made any other commitment to authorize, issue or sell any Common Stock. Since the Capitalization Date, the Company has not issued any shares of Common Stock, other than (i) shares issued upon the exercise of stock options or delivered under other equity-based awards or other convertible securities or warrants which were issued and outstanding on the Capitalization Date and disclosed on Schedule 2 and (ii) shares disclosed on Schedule 2 as it may be updated by written notice from the Company to Treasury in connection with each Warrant Closing Date.

8. Listing. The Common Stock has been registered pursuant to Section 12(b) of the Exchange Act and the shares of the Common Stock outstanding on the date hereof are listed on a national securities exchange. The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or the listing of the Common Stock on such national securities exchange, nor has the Company received any notification that the Securities and Exchange Commission (the "SEC") or such exchange is

contemplating terminating such registration or listing. The Company is in compliance with applicable continued listing requirements of such exchange in all material respects.

9. 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, the Company of this Agreement, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and are in full force and effect.

10. Execution and Delivery; Binding Effect

11. . This Agreement has been duly authorized, executed and delivered by the Company. This Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company 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.

8. T

8. he Warrants and Warrant Shares

9. . Each Warrant has been duly authorized and, when executed and delivered as contemplated hereby, will constitute a valid and legally binding obligation of the Company enforceable against the Company 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. The Warrant Shares have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3.

8. Authorization, Enforceability

.

i.The Company has the corporate power and authority to execute and deliver this Agreement and the Warrants and, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3, to carry out its obligations hereunder and thereunder (which includes the issuance of the Warrants and Warrant Shares). The execution, delivery and performance by the Company of this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or other organizational action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company, subject, in each case, if applicable, to the approvals of its stockholders set forth on Schedule 3.

ii.The execution, delivery and performance by the Company of this Agreement 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 (as defined in the Loan Agreement) under, or require any payment to be made under (i) any material Contractual Obligation to which the Company is a party or affecting the Company or the properties of the Company or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Company or any Subsidiary or its property is subject or (c) violate any Law, except to the extent that such violation could not reasonably be expected to have a Material Adverse Effect.

iii.Other than any current report on Form 8-K required to be filed with the SEC (which shall be made on or before the date on which it is required to be filed), such filings and approvals as are required to be made or obtained under any state "blue sky" laws, the filing of any proxy statement contemplated by Section 3.1 and such filings and approvals as have been made or obtained, no notice to, filing with, exemption or review by, or authorization, consent or approval of, any Governmental Authority is required to be made or obtained by the Company in connection with the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the issuance of the Warrants except for any such notices, filings, exemptions, reviews, authorizations, consents and approvals the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9. Anti-takeover Provisions and Rights Plan

. The Board of Directors of the Company (the "Board of Directors") has taken all necessary action, and will in the future take any necessary action, to ensure that the transactions contemplated by this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants in accordance with their terms, will be exempt from any anti-takeover or similar provisions of the Company's Organizational Documents, and any other provisions of any applicable "moratorium", "control share", "fair price", "interested stockholder" or other anti-takeover laws and regulations of any jurisdiction, whether existing on the date hereof or implemented after the date hereof. The Company has taken all actions necessary, and will in the future take any necessary action, to render any stockholders' rights plan of the Company inapplicable to this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants by Treasury in accordance with its terms.

10. Reports

.

iv.Since December 31, 2017, the Company and each Subsidiary has timely filed all reports, registrations, documents, filings, statements and submissions, together with any amendments thereto, that it was required to file with any Governmental Authority (the foregoing, collectively, the "Company Reports") and has paid all fees and assessments

due and payable in connection therewith, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. As of their respective dates of filing, the Company Reports complied in all material respects with all statutes and applicable rules and regulations of the applicable Governmental Authority. In the case of each such Company Report filed with or furnished to the SEC, such Company Report (A) did not, as of its date or if amended prior to the date hereof, as of the date of such amendment, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (B) complied as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act. With respect to all other Company Reports, the Company Reports were complete and accurate in all material respects as of their respective dates. No executive officer of the Company or any Subsidiary has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act of 2002.

v.The Company (A) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a15(e) of the Exchange Act) to ensure that material information relating to the Company, including its Subsidiaries, is made known to the chief executive officer and the chief financial officer of the Company by others within those entities, and (B) has disclosed, based on its most recent evaluation prior to the date hereof, to the Company's outside auditors and the audit committee of the Board of Directors (x) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (y) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

11. Offering of Securities. Neither the Company nor any person acting on its behalf has taken any action (including any offering of any securities of the Company under circumstances which would require the integration of such offering with the offering of any of the Warrants under the Securities Act, and the rules and regulations of the Securities and Exchange Commission (the "SEC") promulgated thereunder), which might subject the offering, issuance or sale of any of the Warrants to Treasury pursuant to this Agreement to the registration requirements of the Securities Act.

12. Brokers and Finders

. No broker, finder or investment banker is entitled to any financial advisory, brokerage, finder's or other fee or commission in connection with this Agreement or the Warrants or the transactions contemplated hereby or thereby based upon arrangements made by or on behalf of the Company or any Subsidiary for which Treasury could have any liability.

Article III.

Covenants

d. Commercially Reasonable Efforts

.

8. Subject to the terms and conditions of this Agreement, each of the parties will use its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, to enable consummation of the transactions contemplated hereby and shall use commercially reasonable efforts to cooperate with the other party to that end.

8. If the Company is required to obtain any stockholder approvals set forth on Schedule 3, then the Company shall comply with this Section 3.1(b) and Section 3.1(c). The Company shall call a special meeting of its stockholders, as promptly as practicable following the Initial Closing, to vote on proposals (collectively, the "Stockholder Proposals") to (i) approve the exercise of the Warrants for Common Stock for purposes of the rules of the national securities exchange on which the Common Stock is listed and/or (ii) amend the Company's Organizational Documents to increase the number of authorized shares of Common Stock to at least such number as shall be sufficient to permit the full exercise of the Warrants for Common Stock and comply with the other provisions of this Section 3.1(b) and Section 3.1(c). The Board of Directors shall recommend to the Company's stockholders that such stockholders vote in favor of the Stockholder Proposals. In connection with such meeting, the Company shall prepare (and Treasury will reasonably cooperate with the Company to prepare) and file with the SEC as promptly as practicable (but in no event more than ten Business Days after the Initial Closing) a preliminary proxy statement, shall use its reasonable best efforts to respond to any comments of the SEC or its staff thereon and to cause a definitive proxy statement related to such stockholders' meeting to be mailed to the Company's stockholders not more than five Business Days after clearance thereof by the SEC, and shall use its reasonable best efforts to solicit proxies for such stockholder approval of the Stockholder Proposals. The Company shall notify Treasury promptly of the receipt of any comments from the SEC or its staff with respect to the proxy statement and of any request by the SEC or its staff for amendments or supplements to such proxy statement or for additional information and will supply Treasury with copies of all correspondence between the Company or any of its representatives, on the one hand, and the SEC or its staff, on the other hand, with respect to such proxy statement. If at any time prior to such stockholders' meeting there shall occur any event that is required to be set forth in an amendment or supplement to the proxy statement, the Company shall as promptly as practicable prepare and mail to its stockholders such an amendment or supplement. Each of Treasury and the Company agrees promptly to correct any information provided by it or on its behalf for use in the proxy statement if and to the extent that such information shall have become false or misleading in any material respect, and the Company shall as promptly as practicable prepare and mail to its stockholders an amendment or supplement to correct such information to the extent required by applicable laws and regulations. The Company shall consult with Treasury prior to filing any proxy statement, or any amendment or supplement thereto, and provide Treasury with a reasonable opportunity to comment thereon. In the event that the approval of any of the Stockholder Proposals is not obtained at such special stockholders meeting, the Company shall include a proposal to approve (and the Board of Directors shall recommend approval of) each

such proposal at a meeting of its stockholders no less than once in each subsequent six-month period beginning on January 1, 2021 until all such approvals are obtained or made.

9. None of the information supplied by the Company or any of the Company Subsidiaries for inclusion in any proxy statement in connection with any such stockholders meeting of the Company will, at the date it is filed with the SEC, when first mailed to the Company's stockholders and at the time of any stockholders meeting, and at the time of any amendment or supplement thereof, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

e. Expenses

. The Company shall pay (i) all reasonable out-of-pocket expenses incurred by Treasury (including the reasonable fees, charges and disbursements of any counsel for Treasury) in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the Warrants, 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 Treasury (including the fees, charges and disbursements of any counsel for Treasury), in connection with the enforcement or protection of its rights in connection with this Agreement and the Warrants, any other agreements or documents executed in connected 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 all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of such Warrant Agreement, Warrant and other agreements or documents executed in connection herewith or therewith.

f. Sufficiency of Authorized Common Stock; Exchange Listing

.

During the period from each Warrant Closing Date (or, if the approval of the Stockholder Proposals is required, the date of such approval) until the date on which no Warrants remain outstanding, the Company shall at all times have reserved for issuance, free of preemptive or similar rights, a sufficient number of authorized and unissued Warrant Shares to effectuate such exercise. Nothing in this Section 3.3 shall preclude the Company from satisfying its obligations in respect of the exercise of the Warrants by delivery of shares of Common Stock which are held in the treasury of the Company. As soon as reasonably practicable following each Warrant Closing Date, the Company shall, at its expense, cause the Warrant Shares to be listed on the same national securities exchange on which the Common Stock is listed, subject to official notice of issuance, and shall maintain such listing for so long as any Common Stock is listed on such exchange. The Company will use commercially reasonable efforts to maintain the listing of Common Stock on such national securities exchange so long as any Warrants or Warrant Shares remain outstanding. Neither the Company nor any of its Subsidiaries shall take any action which would be reasonably expected to result in the delisting or suspension of the Common Stock on

such exchange. The foregoing shall not preclude the Company from undertaking any transaction set forth in Section 4.3 subject to compliance with that provision.

Article IV.

Additional Agreements

g. Investment

Purposes. Treasury acknowledges that the Warrants and the Warrant Shares have not been registered under the Securities Act or under any state securities laws. Treasury (a) is acquiring the Warrants pursuant to an exemption from registration under the Securities Act solely for investment without a view to sell and with no present intention to distribute them to any person in violation of the Securities Act or any applicable U.S. state securities laws; (b) will not sell or otherwise dispose of any of the Warrants or the Warrant Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable U.S. state securities laws; and (c) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of the Warrants and the Warrant Shares and of making an informed investment decision.

h. Legends

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8. Treasury agrees that all certificates or other instruments representing the Warrants and the Warrant Shares will bear a legend substantially to the following effect:

> "THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS."

8. In the event that any Warrants or Warrant Shares (i) become registered under the Securities Act or (ii) are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the Securities Act (other than Rule 144A), the Company shall issue new certificates or other instruments representing such Warrants or Warrant Shares, which shall not contain the legend in Section 4.2(a) above; *provided* that Treasury surrenders to the Company the previously issued certificates or other instruments.

i. Certain Transactions

. The Company will not merge or consolidate with, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless the successor, transferee or lessee party (or its ultimate parent entity), as the case may be (if not the Company), expressly assumes the due and

punctual performance and observance of each and every covenant, agreement and condition of this Agreement and the Warrants to be performed and observed by the Company.

j. Transfer of Warrants and Warrant Shares. Subject to compliance with applicable securities laws, Treasury shall be permitted to transfer, sell, assign or otherwise dispose of ("Transfer") all or a portion of the Warrants or Warrant Shares at any time, and the Company shall take all steps as may be reasonably requested by Treasury to facilitate the Transfer of the Warrants and the Warrant Shares.

k. Registration Rights

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8. Registration

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vi.Subject to the terms and conditions of this Agreement, the Company covenants and agrees that on or before the earlier of (A) 30 days after the date on which all Warrants that may be issued pursuant to this Agreement have been issued and (B) June 30, 2021 (the end of such period, the "Registration Commencement Date"), the Company shall prepare and file with the SEC a Shelf Registration Statement covering the maximum number of Registrable Securities (or otherwise designate an existing Shelf Registration Statement filed with the SEC to cover the Registrable Securities) that may be issued pursuant to this Agreement and any Warrants outstanding at that time, and, to the extent the Shelf Registration Statement has not theretofore been declared effective or is not automatically effective upon such filing, the Company shall use reasonable best efforts to cause such Shelf Registration Statement to be declared or become effective and to keep such Shelf Registration Statement continuously effective and in compliance with the Securities Act and usable for resale of such Registrable Securities for a period from the date of its initial effectiveness until such time as there are no Registrable Securities remaining (including by refiling such Shelf Registration Statement (or a new Shelf Registration Statement) if the initial Shelf Registration Statement expires). So long as the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) at the time of filing of the Shelf Registration Statement with the SEC, such Shelf Registration Statement shall be designated by the Company as an automatic Shelf Registration Statement. Notwithstanding the foregoing, if on the date hereof the Company is not eligible to file a registration statement on Form S-3, then the Company shall not be obligated to file a Shelf Registration Statement unless and until it is so eligible and is requested to do so in writing by Treasury.

vii.Any registration pursuant to Section 4.5(a)(i) shall be effected by means of a shelf registration on an appropriate form under Rule 415 under the Securities Act (a "Shelf Registration Statement"). If Treasury or any other Holder intends to distribute any Registrable Securities by means of an underwritten offering it shall promptly so advise the Company and the Company shall take all reasonable steps to facilitate such

distribution, including the actions required pursuant to Section 4.5(c); *provided* that the Company shall not be required to facilitate an underwritten offering of Registrable Securities unless the total number of Warrant Shares and Warrants expected to be sold in such offering exceeds, or are exercisable for, at least 20% of the total number of Warrant Shares for which Warrants issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); and *provided*, *further* that the Company shall not be required to facilitate more than two completed underwritten offerings within any 12-month period. The lead underwriters in any such distribution shall be selected by the Holders of a majority of the Registrable Securities to be distributed.

viii.The Company shall not be required to effect a registration (including a resale of Registrable Securities from an effective Shelf Registration Statement) or an underwritten offering pursuant to Section 4.5(a): (A) prior to the Registration Commencement Date; (B) with respect to securities that are not Registrable Securities; or (C) if the Company has notified Treasury and all other Holders that in the good faith judgment of the Board of Directors, it would be materially detrimental to the Company or its securityholders for such registration or underwritten offering to be effected at such time, in which event the Company shall have the right to defer such registration or offering for a period of not more than 45 days after receipt of the request of Treasury or any other Holder; *provided* that such right to delay a registration or underwritten offering shall be exercised by the Company (1) only if the Company has generally exercised (or is concurrently exercising) similar black-out rights against holders of similar securities that have registration rights and (2) not more than three times in any 12-month period and not more than 90 days in the aggregate in any 12-month period. The Company shall notify the Holders of the date of any anticipated termination of any such deferral period prior to such date.

ix.If during any period when an effective Shelf Registration Statement is not available, the Company proposes to register any of its equity securities, other than a registration pursuant to Section 4.5(a)(i) or a Special Registration, and the registration form to be filed may be used for the registration or qualification for distribution of Registrable Securities, the Company will give prompt written notice to Treasury and all other Holders of its intention to effect such a registration (but in no event less than ten days prior to the anticipated filing date) and will include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten Business Days after the date of the Company's notice (a "Piggyback Registration"). Any such person that has made such a written request may withdraw its Registrable Securities from such Piggyback Registration by giving written notice to the Company and the managing underwriter, if any, on or before the fifth Business Day prior to the planned effective date of such Piggyback Registration. The Company may terminate or withdraw any registration under this Section 4.5(a)(iv) prior to the effectiveness of such registration, whether or not Treasury or any other Holders have elected to include Registrable Securities in such registration.

x.If the registration referred to in Section 4.5(a)(iv) is proposed to be underwritten, the Company will so advise Treasury and all other Holders as a part of the written notice

given pursuant to Section 4.5(a)(iv). In such event, the right of Treasury and all other Holders to registration pursuant to Section 4.5(a) will be conditioned upon such persons' participation in such underwriting and the inclusion of such person's Registrable Securities in the underwriting if such securities are of the same class of securities as the securities to be offered in the underwritten offering, and each such person will (together with the Company and the other persons distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company; *provided* that Treasury (as opposed to other Holders) shall not be required to indemnify any person in connection with any registration. If any participating person disapproves of the terms of the underwriting, such person may elect to withdraw therefrom by written notice to the Company, the managing underwriters and Treasury (if Treasury is participating in the underwriting).

xi.If either (x) the Company grants "piggyback" registration rights to one or more third parties to include their securities in an underwritten offering under the Shelf Registration Statement pursuant to Section 4.5(a)(ii) or (y) a Piggyback Registration under Section 4.5(a)(iv) relates to an underwritten offering on behalf of the Company, and in either case the managing underwriters advise the Company that in their reasonable opinion the number of securities requested to be included in such offering exceeds the number which can be sold without adversely affecting the marketability of such offering (including an adverse effect on the per share offering price), the Company will include in such offering only such number of securities that in the reasonable opinion of such managing underwriters can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority: (A) first, in the case of a Piggyback Registration under Section 4.5(a)(iv), the securities the Company proposes to sell, (B) then the Registrable Securities of Treasury and all other Holders who have requested inclusion of Registrable Securities pursuant to Section 4.5(a)(ii) or Section 4.5(a)(iv), as applicable, *pro rata* on the basis of the aggregate number of such securities or shares owned by each such person and (C) lastly, any other securities of the Company that have been requested to be so included, subject to the terms of this Agreement; *provided, however,* that if the Company has, prior to the date hereof, entered into an agreement with respect to its securities that is inconsistent with the order of priority contemplated hereby then it shall apply the order of priority in such conflicting agreement to the extent that this Agreement would otherwise result in a breach under such agreement.

9. Expenses of Registration

. All Registration Expenses incurred in connection with any registration, qualification or compliance hereunder shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder shall be borne by the holders of the securities so registered *pro rata* on the basis of the aggregate offering or sale price of the securities so registered.

10. Obligations of the Company

. The Company shall use its reasonable best efforts, for so long as there are Registrable Securities outstanding, to take such actions as are under its control to not become an ineligible issuer (as defined in Rule 405 under the Securities Act) and to remain a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) if it has such status on the date hereof or becomes eligible for such status in the future. In addition, whenever required to effect the registration of any Registrable Securities or facilitate the distribution of Registrable Securities pursuant to an effective Shelf Registration Statement, the Company shall, as expeditiously as reasonably practicable:

xii. Prepare and file with the SEC a prospectus supplement with respect to a proposed offering of Registrable Securities pursuant to an effective registration statement, subject to Section 4.5(d), keep such registration statement effective and keep such prospectus supplement current until the securities described therein are no longer Registrable Securities. The plan of distribution included in such registration statement, or, as applicable, prospectus supplement thereto, shall include, among other things, an underwritten offering, ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers, block trades, privately negotiated transactions, the writing or settlement of options or other derivative transactions and any other method permitted pursuant to applicable law, and any combination of any such methods of sale.

xiii. Prepare and file with the SEC such amendments and supplements to the applicable registration statement and the prospectus or prospectus supplement used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

xiv. Furnish to the Holders and any underwriters such number of copies of the applicable registration statement and each such amendment and supplement thereto (including in each case all exhibits) and of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned or to be distributed by them.

xv. Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders or any managing underwriter(s), to keep such registration or qualification in effect for so long as such registration statement remains in effect, and to take any other action which may be reasonably necessary to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such Holder; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

xvi. Notify each Holder of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the applicable prospectus, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

xvii. Give written notice to the Holders:

a. when any registration statement filed pursuant to Section 4.5(a) or any amendment thereto has been filed with the SEC (except for any amendment effected by the filing of a document with the SEC pursuant to the Exchange Act) and when such registration statement or any post-effective amendment thereto has become effective;

b. of any request by the SEC for amendments or supplements to any registration statement or the prospectus included therein or for additional information;

c. of the issuance by the SEC of any stop order suspending the effectiveness of any registration statement or the initiation of any proceedings for that purpose;

d. of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Common Stock for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

e. of the happening of any event that requires the Company to make changes in any effective registration statement or the prospectus related to the registration statement in order to make the statements therein not misleading (which notice shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made); and

f. if at any time the representations and warranties of the Company contained in any underwriting agreement contemplated by Section 4.5(c)(x) cease to be true and correct.

xviii. Use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of any registration statement referred to in Section 4.5(c)(vi)(C) at the earliest practicable time.

xix. Upon the occurrence of any event contemplated by Section 4.5(c)(v), 4.5(c)(vi)(E) or 4.5(d), promptly prepare a post-effective amendment to such registration statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to the Holders and any underwriters, the prospectus will not contain

an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with Section 4.5(c)(vi)(E) to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Holders and any underwriters shall suspend use of such prospectus and use their reasonable best efforts to return to the Company all copies of such prospectus (at the Company's expense) other than permanent file copies then in such Holders' or underwriters' possession. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify the Holders of the date of any anticipated termination of any such suspension period prior to such date.

xx.Use reasonable best efforts to procure the cooperation of the Company's transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical stock certificates into book-entry form in accordance with any procedures reasonably requested by the Holders or any managing underwriter(s).

xxi.If an underwritten offering is requested pursuant to Section 4.5(a)(ii), enter into an underwriting agreement in customary form, scope and substance and take all such other actions reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith or by the managing underwriter(s), if any, to expedite or facilitate the underwritten disposition of such Registrable Securities, and in connection therewith in any underwritten offering (including making members of management and executives of the Company available to participate in "road shows", similar sales events and other marketing activities), (A) make such representations and warranties to the Holders that are selling stockholders and the managing underwriter(s), if any, with respect to the business of the Company and its subsidiaries, and the Shelf Registration Statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in customary form, substance and scope, and, if true, confirm the same if and when requested, (B) use its reasonable best efforts to furnish the underwriters with opinions and "10b-5" letters of counsel to the Company, addressed to the managing underwriter(s), if any, covering the matters customarily covered in such opinions and letters requested in underwritten offerings, (C) use its reasonable best efforts to obtain "cold comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any business acquired by the Company for which financial statements and financial data are included in the Shelf Registration Statement) who have certified the financial statements included in such Shelf Registration Statement, addressed to each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters, (D) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures customary in underwritten offerings (provided that Treasury shall not be obligated to provide any indemnity), and (E) deliver such documents and certificates as may be reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith, their counsel and the managing underwriter(s), if any, to evidence

the continued validity of the representations and warranties made pursuant to clause (A) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company.

xxii.Make available for inspection by a representative of Holders that are selling stockholders, the managing underwriter(s), if any, and any attorneys or accountants retained by such Holders or managing underwriter(s), at the offices where normally kept, during reasonable business hours, financial and other records, pertinent corporate documents and properties of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested (and of the type customarily provided in connection with due diligence conducted in connection with a registered public offering of securities) by any such representative, managing underwriter(s), attorney or accountant in connection with such Shelf Registration Statement.

xxiii.Use reasonable best efforts to cause all such Registrable Securities to be listed on each national securities exchange on which similar securities issued by the Company are then listed or, if no similar securities issued by the Company are then listed on any national securities exchange, use its reasonable best efforts to cause all such Registrable Securities to be listed on such securities exchange as Treasury may designate.

xxiv.If requested by Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith, or the managing underwriter(s), if any, promptly include in a prospectus supplement or amendment such information as the Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith or managing underwriter(s), if any, may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such amendment as soon as practicable after the Company has received such request.

xxv.Timely provide to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

11. Suspension of Sales

. Upon receipt of written notice from the Company that a registration statement, prospectus or prospectus supplement contains or may contain an untrue statement of a material fact or omits or may omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that circumstances exist that make inadvisable use of such registration statement, prospectus or prospectus supplement, Treasury and each Holder of Registrable Securities shall forthwith discontinue disposition of Registrable Securities until Treasury and/or Holder has received copies of a supplemented or amended prospectus or prospectus supplement, or until Treasury and/or such Holder is advised in writing by the Company that the use of the prospectus and, if applicable, prospectus supplement may be resumed, and, if so directed by the Company, Treasury and/or such Holder shall deliver to the Company (at the Company’s expense) all copies, other than permanent file copies then in Treasury and/or such Holder’s

possession, of the prospectus and, if applicable, prospectus supplement covering such Registrable Securities current at the time of receipt of such notice. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify Treasury prior to the anticipated termination of any such suspension period of the date of such anticipated termination.

12. Termination of Registration Rights

. A Holder's registration rights as to any securities held by such Holder shall not be available unless such securities are Registrable Securities.

13. Furnishing Information

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xxvi. Neither Treasury nor any Holder shall use any free writing prospectus (as defined in Rule 405) in connection with the sale of Registrable Securities without the prior written consent of the Company.

xxvii. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 4.5(c) that Treasury and/or the selling Holders and the underwriters, if any, shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registered offering of their Registrable Securities.

14. Indemnification

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xxviii. The Company agrees to indemnify each Holder and, if a Holder is a person other than an individual, such Holder's officers, directors, employees, agents, representatives and Affiliates, and each Person, if any, that controls a Holder within the meaning of the Securities Act (each, an "Indemnitee"), against any and all losses, claims, damages, actions, liabilities, costs and expenses (including reasonable fees, expenses and disbursements of attorneys and other professionals incurred in connection with investigating, defending, settling, compromising or paying any such losses, claims, damages, actions, liabilities, costs and expenses), joint or several, arising out of or based upon any untrue statement or alleged untrue statement of material fact contained in any registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto or any documents incorporated therein by reference or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto); or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, that the Company

shall not be liable to such Indemnitee in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (A) an untrue statement or omission made in such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto), in reliance upon and in conformity with information regarding such Indemnitee or its plan of distribution or ownership interests which was furnished in writing to the Company by such Indemnitee for use in connection with such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto, or (B) offers or sales effected by or on behalf of such Indemnitee "by means of" (as defined in Rule 159A) a "free writing prospectus" (as defined in Rule 405) that was not authorized in writing by the Company.

xxix.If the indemnification provided for in Section 4.5(g)(i) is unavailable to an Indemnitee with respect to any losses, claims, damages, actions, liabilities, costs or expenses referred to therein or is insufficient to hold the Indemnitee harmless as contemplated therein, then the Company, in lieu of indemnifying such Indemnitee, shall contribute to the amount paid or payable by such Indemnitee as a result of such losses, claims, damages, actions, liabilities, costs or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnitee, on the one hand, and the Company, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, actions, liabilities, costs or expenses as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the Indemnitee, on the other hand, shall be determined by reference to, among other factors, whether the untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company or by the Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; the Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 4.5(g)(ii) were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 4.5(g)(i). No Indemnitee guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Company if the Company was not guilty of such fraudulent misrepresentation.

15. Assignment of Registration Rights

. The rights of Treasury to registration of Registrable Securities pursuant to Section 4.5(a) may be assigned by Treasury to a transferee or assignee of Registrable Securities in connection with a transfer of a total number of Warrant Shares and/or Warrants exercisable for at least 20% of the total number of Warrant Shares for which Warrants issued and to be issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); *provided*, *however*, the transferor shall, within ten days after such transfer, furnish to the Company written

notice of the name and address of such transferee or assignee and the number and type of Registrable Securities that are being assigned.

16. Clear Market

. With respect to any underwritten offering of Registrable Securities by Treasury or other Holders pursuant to this Section 4.5, the Company agrees not to effect (other than pursuant to such registration or pursuant to a Special Registration) any public sale or distribution, or to file any Shelf Registration Statement (other than such registration or a Special Registration) covering, in the case of an underwritten offering of Common Stock or Warrants, any of its equity securities, or, in each case, any securities convertible into or exchangeable or exercisable for such securities, during the period not to exceed 30 days following the effective date of such offering. The Company also agrees to cause such of its directors and senior executive officers to execute and deliver customary lock-up agreements in such form and for such time period up to 30 days as may be requested by the managing underwriter. "Special Registration" means the registration of (A) equity securities and/or options or other rights in respect thereof solely registered on Form S-4 or Form S-8 (or successor form) or (B) shares of equity securities and/or options or other rights in respect thereof to be offered to directors, members of management, employees, consultants, customers, lenders or vendors of the Company or Company Subsidiaries or in connection with dividend reinvestment plans.

17. Rule 144; Rule 144A

. With a view to making available to Treasury and Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

xxx.make and keep adequate public information available, as those terms are understood and defined in Rule 144(c)(1) or any similar or analogous rule promulgated under the Securities Act, at all times after the date hereof;

xxxi.(A) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act, and (B) if at any time the Company is not required to file such reports, make available, upon the request of any Holder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

xxxii.so long as Treasury or a Holder owns any Registrable Securities, furnish to Treasury or such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Exchange Act; a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as Treasury or Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; *provided*, *however*, that the availability of the foregoing reports on the EDGAR filing system of the SEC will be deemed to satisfy the foregoing delivery requirements; and

xxxiii.take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act.

18. As used in this Section 4.5, the following terms shall have the following respective meanings:

xxxiv."Holder" means Treasury and any other holder of Registrable Securities to whom the registration rights conferred by this Agreement have been transferred in compliance with Section 4.5(h) hereof.

xxxv."Register," "registered," and "registration" shall refer to a registration effected by preparing and (A) filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of effectiveness of such registration statement or (B) filing a prospectus and/or prospectus supplement in respect of an appropriate effective registration statement on Form S-3.

xxxvi."Registrable Securities" means (A) the Warrants (subject to Section 4.5(p)) and (B) any equity securities issued or issuable directly or indirectly with respect to the securities referred to in the foregoing clause (A) by way of conversion, exercise or exchange thereof, including the Warrant Shares, or share dividend or share split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other reorganization, *provided* that, once issued, such securities will not be Registrable Securities when (1) they are sold pursuant to an effective registration statement under the Securities Act, (2) except as provided below in Section 4.5(o), they may be sold pursuant to Rule 144 without limitation thereunder on volume or manner of sale, (3) they shall have ceased to be outstanding or (4) they have been sold in a private transaction in which the transferor's rights under this Agreement are not assigned to the transferee of the securities. No Registrable Securities may be registered under more than one registration statement at any one time.

xxxvii."Registration Expenses" mean all expenses incurred by the Company in effecting any registration pursuant to this Agreement (whether or not any registration or prospectus becomes effective or final) or otherwise complying with its obligations under this Section 4.5, including all registration, filing and listing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, expenses incurred in connection with any "road show", the reasonable fees and disbursements of Treasury's counsel (if Treasury is participating in the registered offering), and expenses of the Company's independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, but shall not include Selling Expenses.

xxxviii."Rule 144", "Rule 144A", "Rule 159A", "Rule 405" and "Rule 415" mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

xxxix."Selling Expenses" mean all discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than the fees and disbursements of Treasury's counsel included in Registration Expenses).

19. At any time, any holder of Securities (including any Holder) may elect to forfeit its rights set forth in this Section 4.5 from that date forward; *provided*, that a Holder forfeiting such rights shall nonetheless be entitled to participate under Section 4.5(a)(iv) – (vi) in any Pending Underwritten Offering to the same extent that such Holder would have been entitled to if the holder had not withdrawn; and *provided, further*, that no such forfeiture shall terminate a Holder's rights or obligations under Section 4.5(f) with respect to any prior registration or Pending Underwritten Offering. "*Pending Underwritten Offering"* means, with respect to any Holder forfeiting its rights pursuant to this Section 4.5(l), any underwritten offering of Registrable Securities in which such Holder has advised the Company of its intent to register its Registrable Securities either pursuant to Section 4.5(a)(ii) or 4.5(a)(iv) prior to the date of such Holder's forfeiture.

20. Specific Performance

. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations under this Section 4.5 and that Treasury and the Holders from time to time may be irreparably harmed by any such failure, and accordingly agree that Treasury and such Holders, in addition to any other remedy to which they may be entitled at law or in equity, to the fullest extent permitted and enforceable under applicable law shall be entitled to compel specific performance of the obligations of the Company under this Section 4.5 in accordance with the terms and conditions of this Section 4.5.

21. No Inconsistent Agreements

. The Company shall not, on or after the date hereof, enter into any agreement with respect to its securities that may impair the rights granted to Treasury and the Holders under this Section 4.5 or that otherwise conflicts with the provisions hereof in any manner that may impair the rights granted to Treasury and the Holders under this Section 4.5. In the event the Company has, prior to the date hereof, entered into any agreement with respect to its securities that is inconsistent with the rights granted to Treasury and the Holders under this Section 4.5 (including agreements that are inconsistent with the order of priority contemplated by Section 4.5(a)(vi)) or that may otherwise conflict with the provisions hereof, the Company shall use its reasonable best efforts to amend such agreements to ensure they are consistent with the provisions of this Section 4.5. Any transaction entered into by the Company that would reasonably be expected to require the inclusion in a Shelf Registration Statement or any Company Report filed with the SEC of any separate financial statements pursuant to Rule 3-05 of Regulation S-X or pro forma financial statements pursuant to Article 11 of Regulation S-X shall include provisions requiring the Company's counterparty to provide any information necessary to allow the Company to comply with its obligation hereunder.

22. Certain Offerings by Treasury

. In the case of any securities held by Treasury that cease to be Registrable Securities solely by reason of clause (2) in the definition of "Registrable Securities," the provisions of Sections 4.5(a)(ii), clauses (iv), (ix) and (x)-(xii) of Section 4.5(c), Section 4.5(g) and Section 4.5(i) shall continue to apply until such securities otherwise cease to be Registrable Securities. In any such case, an "underwritten" offering or other disposition shall include any distribution of such securities on behalf of Treasury by one or more broker-dealers, an "underwriting agreement" shall include any purchase agreement entered into by such broker-dealers, and any "registration statement" or "prospectus" shall include any offering document approved by the Company and used in connection with such distribution.

23. Registered Sales of the Warrant

s. The Holders agree to sell the Warrants or any portion thereof under the Shelf Registration Statement only beginning 30 days after notifying the Company of any such sale, during which 30-day period Treasury and all Holders of the Warrants shall take reasonable steps to agree to revisions to the Warrants, at the expense of the Company, to permit a public distribution of the Warrants, including entering into a revised warrant agreement, appointing a warrant agent, and making the securities eligible for book entry clearing and settlement at the Depositary Trust Company.

l. Voting of Warrant Shares

. Notwithstanding anything in this Agreement to the contrary, Treasury shall not exercise any voting rights with respect to the Warrant Shares.

Article V.

Miscellaneous

m. Survival of Representations and Warranties

. The representations and warranties of the Company made herein or in any certificates delivered in connection with the Initial Closing or any subsequent Closing shall survive such Closing without limitation.

n. Amendment

. No amendment of any provision of this Agreement will be effective unless made in writing and signed by an officer or a duly authorized representative of each party; *provided* that Treasury may unilaterally amend any provision of this Agreement to the extent required to comply with any changes after the date hereof in applicable federal statutes. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative of any rights or remedies provided by law.

o. Waiver of Conditions

. No waiver will be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.

p. **Governing Law: Submission to Jurisdiction, Etc.**

This Agreement 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 laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the parties hereto agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia and the United States Court of Federal Claims for any and all civil actions, suits or proceedings arising out of or relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby, and (b) that notice may be served upon (i) the Company at the address and in the manner set forth for notices to the Company in Section 5.5 and (ii) Treasury in accordance with federal law. To the extent permitted by applicable law, each of the parties hereto hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby.

q. Notices

. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices to the Company shall be delivered as set forth below, or pursuant to such other instruction as may be designated in writing by the Company to Treasury. All notices to Treasury shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by Treasury to the Company.

If to the Company:

Alaska Air Group, Inc.
19300 International Blvd., SEAXP
Seattle, WA 98188
Attention: Chief Financial Officer
Telephone: 206.392.5040

With a copy to

Alaska Air Group, Inc.
19300 International Blvd., SEAZL
Seattle, WA 98188
Attention: General Counsel
Telephone: 206.392.5040
Email: LegalContractNotices@alaskaair.com

If to Treasury:

United States Department of the Treasury

1500 Pennsylvania Avenue, NW, Room 2312
Washington, D.C. 20220
Attention: Assistant General Counsel (Banking and Finance)

r. Definitions

.

8. The term "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).

8. The term "Laws" has the meaning ascribed thereto in the Loan Agreement.

9. The term "Lien" has the meaning ascribed thereto in the Loan Agreement.

10. The term "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 Company and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Company to perform its obligations under this Agreement or any Warrant or (ii) the legality, validity, binding effect or enforceability against the Company of this Agreement or any Warrant to which it is a party.

11. The term "Organizational Documents" has the meaning ascribed thereto in the Loan Agreement.

12. The term "Subsidiary" has the meaning ascribed thereto in the Loan Agreement.

s. Assignment

. Neither this Agreement nor any right, remedy, obligation nor liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other party, and any attempt to assign any right, remedy, obligation or liability hereunder without such consent shall be void, except (a) an assignment, in the case of a Business Combination where such party is not the surviving entity, or a sale of substantially all of its assets, to the entity which is the survivor of such Business Combination or the purchaser in such sale and (b) as provided in Section 4.5.

t. Severability

. If any provision of this Agreement or the Warrants, or the application thereof to any person or circumstance, is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

u. No Third Party Beneficiaries

. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person or entity other than the Company and Treasury any benefit, right or remedies, except that the provisions of Section 4.5 shall inure to the benefit of the persons referred to in that Section.

* * *

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE UNITED STATES DEPARTMENT OF THE TREASURY

By: __
Name:
Title:

ALASKA AIR GROUP, INC.

By: __
Name:
Title:

Annex A

FORM OF OPINION

8. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the state of its incorporation.

8. Each of the Warrants has been duly authorized and, when executed and delivered as contemplated by the Agreement, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity.

9. The shares of Common Stock issuable upon exercise of the Warrants have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable **[*insert, if applicable:*** , subject to the approvals of the Company's stockholders set forth on Schedule 3**].**

10. The Company has the corporate power and authority to execute and deliver the Agreement and the Warrants and **[*insert, if applicable:*** , subject to the approvals of the Company's stockholders set forth on Schedule 3**]** to carry out its obligations thereunder (which includes the issuance of the Warrants and Warrant Shares).

11. The execution, delivery and performance by the Company of the Agreement and the Warrants and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company **[*insert, if applicable:*** , subject, in each case, to the approvals of the Company's stockholders set forth on Schedule 3**]**.

12. The Agreement is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity; *provided*, *however*, such counsel need express no opinion with respect to Section 4.5(g) or the severability provisions of the Agreement insofar as Section 4.5(g) is concerned.

13. No registration of the Warrant and the Common Stock issuable upon exercise of the Warrant under the U.S. Securities Act of 1933, as amended, is required for the offer and sale of the Warrant or the Common Stock issuable upon exercise of the Warrant by the Company to the Holder pursuant to and in the manner contemplated by this Agreement.

14. The Company is not required to be registered as an investment company under the Investment Company Act of 1940, as amended.

Annex B

FORM OF WARRANT

[SEE ATTACHED]

SCHEDULE 1

WARRANT SHARES FORMULA

The number of Warrant Shares for which Warrants issued on each Warrant Closing Date shall be exercisable shall equal:

(i) On the Closing Date, the quotient of (x) the product of the principal amount of the initial Borrowing multiplied *by* 0.1 *divided by* (y) the Exercise Price (as defined in Annex B); and

(ii) On each subsequent Warrant Closing Date, the quotient of (x) the product of the principal amount of the subsequent Borrowing multiplied *by* 0.1 *divided by* (y) the Exercise Price.

SCHEDULE 2

CAPITALIZATION

(1). Authorized Capital Stock of the Company as of the Capitalization Date: Pursuant to Section 4.1 of Article 4 of the Amended and Restated Certificate of Incorporation of Alaska Air Group, Inc. dated May 9, 2017, "Authorized Capital," the total number of shares of all classes of stock which this corporation shall have authority to issue is 405,000,000 shares, of which 5,000,000 shares shall be preferred stock having a par value of $0.01 per share and 400,000,000 shares shall be Common Stock.

(2). Outstanding Capital Stock of the Company as of the Capitalization Date:

(a) Shares of Common Stock Outstanding as of August 31, 2020: **123,644,873**
(b) Shares of Common Stock held in treasury as of August 31, 2020: **9,349,944**
(c) Total Shares Issued as of August 31, 2020 **132,994,817**

(3). Securities convertible into, or exercisable in exchange from capital stock include the following obligations to issue common stock under the company's equity plans (outstanding equity awards) as of the Capitalization Date:

(a) 269,958 stock options and 61,902 restricted stock units are outstanding under the Company's 2008 Performance Incentive Plan; no future grants are permitted under this plan.
(b) 754,406 stock options, 315,635 performance stock units and 591,735 restricted stock units are outstanding under the Company's 2016 Performance Incentive Plan; 3,731,586 shares are reserved and available for future issuance under this plan.
(c) 2,823,965 shares have been issued under the Company's Employee Stock Purchase Plan; 3,381,330 shares are reserved and available for future issuance under this plan. The next scheduled purchase is October 31, 2020.
(d) Warrants held by Treasury, exercisable for an aggregate of 888,669 shares of Common Stock issued pursuant to that certain Amended and Restated Warrant Agreement, dated as of June 23, 2020, between the Company and Treasury and in connection with (i) the Payroll Support Program Agreement dated as of April 23, 2020, between ALASKA AIRLINES, INC. and Treasury and (ii) the Payroll Support Program Agreement dated as of June 23, 2020, between MCGEE AIR SERVICES, INC. and Treasury, consisting of warrants to purchase 846,748 shares of Common Stock, issued on April 23, 2020, warrants to purchase 13,275 shares of Common Stock, issued on June 23, 2020, warrants to purchase 14,320 shares of Common Stock issued on June 23, 2020, warrants to purchase 7163 shares of Common Stock, issued on July 31, 2020 and warrants to purchase 7,163 shares of Common Stock, issued on August 31, 2020.

(4). Outstanding securities or other obligations providing the holder with a right for Common Stock that is not reserved for issuance as of the Capitalization Date: None.

(5). Other issuances of shares of Common Stock since the Capitalization Date: The Company has issued 4,570 common shares pursuant to the exercise of stock option awards that were fully vested, which reduces the number of stock options outstanding from the 2008 Performance Incentive Plan, noted in 3(a) above.

SCHEDULE 3

REQUIRED STOCKHOLDER APPROVALS

None.

ALASKA AIRLINES LOYALTY PROGRAM PLEDGE AND SECURITY AGREEMENT

dated as of September 28, 2020

between

EACH OF THE GRANTORS PARTY HERETO

and

THE BANK OF NEW YORK MELLON

as Collateral Agent

TABLE OF CONTENTS

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Schedules

Schedule 1.1 (Excluded Intellectual Property)
Schedule 2.1 (Certain Listed Collateral)
Schedule 4.1 (General Information)

Exhibits

Exhibit A (Form of Pledge Supplement)
Exhibit B (Form of Perfection Certificate)

Annexes

Annex 1 (Loyalty Program Assets)
Annex 2 (Control Collateral)
Annex 3 (Aircraft and Engine Assets)
Annex 4 (Slots, Gates and Routes)
Annex 5 (Pledged Collateral)
Annex 6 (Spare Parts Assets)

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This ALASKA AIRLINES LOYALTY PROGRAM PLEDGE AND SECURITY AGREEMENT, dated as of September 28, 2020 (together with the Annexes and Schedules, this "**Agreement**"), between 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**"), between Alaska Airlines, Inc. (the "**Borrower**"), Alaska Air Group, 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

a. 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.

"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".

"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.

"Applicable Annex" shall mean, with respect to any Collateral and any Grantor, (i) each of Annex 1 (Loyalty Program Assets), Annex 2 (Control Collateral), Annex 3 (Aircraft and Engine Assets), Annex 4 (Slots, Gates and Routes), Annex 5 (Pledged Collateral), and Annex 6 (Spare Parts Assets) 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.

"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.

"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.

"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.

"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.

"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 any such lease, license, contract, property right or agreement by its terms in effect on the date hereof 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 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.

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"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.

"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.

"International Registry" shall mean the "International Registry" as defined in the Cape Town Treaty.

"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.

"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.

"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.

"Required Filing" shall mean each (i) UCC financing statement (including any fixture filing, as applicable) in favor of the Collateral Agent for the benefit of the Secured Parties with respect to the Collateral (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.

"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.

"**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.

"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.

"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.

"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.

"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.

b. 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. 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.

a. Grant of Security

1. 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 personal property 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) all Aircraft and Engine Assets described on Schedule 2.1;

(iii) all Spare Parts Assets described on Schedule 2.1;

(iv) all Route Authorities and (w) all FAA Route Slots, (x) all Foreign Route Slots, (y) all Domestic Gate Leaseholds and (z) all Foreign Gate Leaseholds, in the case of each of (w), (x), (y) and (z), held, acquired, used, allocated to or available for use by any Grantor in connection with any such Route Authority;

(v) 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;

(vi) all General Intangibles that are owned by such Grantor related to the foregoing;

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(vii) the Deposit Accounts and Securities Accounts described on Schedule 2.1 (which shall include the Collateral Accounts/Collateral Proceeds Account) and all cash deposited or held therein and financial assets credited thereto, as applicable;

(viii) all Pledged Collateral described on Schedule 2.1;

(ix) all Documents (including the Documents described on Schedule 2.1) relating to assets described in the foregoing;

(x) all Accounts (including the Accounts described on Schedule 2.1) relating to assets described in the foregoing;

(xi) to the extent not otherwise included above, all books and records and Supporting Obligations relating to any of the foregoing; and

(xii) to the extent not otherwise included above, all Proceeds (including all Proceeds (of any kind) received or to be received by the Grantor upon the transfer or other such disposition of any of the foregoing), products, accessions, rents and profits of or with respect to any of the foregoing.

2. 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.

3. Each Grantor shall file and make all Required Filings and also hereby authorizes the Collateral Agent to file or 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.

4. If any Collateral (or any portion thereof) constitutes a type of asset covered by an Applicable Annex, the 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 constituted a part of this Agreement.

Section 3. SECURITY FOR OBLIGATIONS; GRANTORS REMAIN LIABLE.

a. 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**").

b. Continuing Liability Under Collateral

Notwithstanding anything herein to the contrary:

5. nothing contained herein is intended or shall be a delegation of duties to any Secured Party;

6. 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

7. 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.

a. 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):

8. It owns and has good and valid rights in all Collateral free and clear of any Lien except for Permitted Liens.

9. Subject to applicable Privacy Laws, it has the full corporate power, authority and right to pledge, sell, assign or transfer the Collateral pursuant to, and as provided in, this Agreement.

10. 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.

11. The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein is true, correct and complete.

12. 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 UCC financing statements and any Required Filing set forth in any Applicable Annex, 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.

13. The UCC financing statements and the Required Filing set forth in the Applicable Annexes are all the financing statements, filings, recordings and registrations that are necessary to publish notice of, protect the validity of and to 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 steps or actions is necessary in any such 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 (y) under applicable Law with respect to the filing of continuation statements and (z) expressly (by reference to this Section 4.1(f)) in any Applicable Annex.

14. 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, recordings, registrations 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.

15. 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 Required Filings set forth in any Applicable Annex, 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

a. Affirmative Covenants.

Each Grantor hereby covenants and agrees that:

16. 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).

17. On the Closing Date and at any time at which an additional Perfection Requirement is required 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, as applicable, in form and substance satisfactory to the Appropriate Party with respect to the 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.

18. Concurrently with the Appraisals required to be delivered under Section 5.16 of the Loan Agreement, it shall provide to the Collateral Agent:

(xiii) 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) with respect to Collateral remain true, correct and complete in all material respects; and

(xiv) to the extent applicable, supplements to (or restated versions of) Schedules 2.1 and 4.1 and the Perfection Certificate.

19. 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 and duly and timely filed and recorded.

20. 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.

21. Concurrently with any supplementing or changing of the Schedules to this Agreement, 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 made, 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.

22. Grantor is an air carrier certificated under Section 44705 of Title 49, United States Code.

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b. Negative Covenants.

Each Grantor hereby covenants and agrees that:

23. 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.

24. 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.

Section 6. FURTHER ASSURANCES; ADDITIONAL GRANTORS.

a. Further Assurances.

25. 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.

26. 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.

27. 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).

b. 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.

a. 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:

28. to prepare and file any UCC financing statements and any other Required Filing against such Grantor as debtor;

29. 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;

30. upon the occurrence and during the continuance of any Event of Default:

(xv) to take any actions set forth in any Applicable Annex;

(xvi) 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;

(xvii) 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;

(xviii) to obtain and adjust insurance required to be maintained by such Grantor or paid to the Collateral Agent pursuant to the Loan Agreement;

(xix) 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;

(xx) to receive, endorse and collect any drafts or other instruments, documents and chattel paper;

(xxi) 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;

(xxii) 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); and

(xxiii) 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.

b. No Duty on the Part of Collateral Agent or Secured Parties.

31. 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

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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.

32. 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.

33. 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.

c. Standard of Care; Collateral Agent May Perform.

34. 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.

35. 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.

36. 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.

37. 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.

38. 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.

39. 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 without limitation, 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.

a. Generally.

40. 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:

(xxiv) 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;

(xxv) 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;

(xxvi) 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;

(xxvii) 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;

(xxviii) 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;

(xxix) 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);

(xxx) 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

(xxxi) take any other actions specified in any Applicable Annex.

41. 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 or statute 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

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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.

42. 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.

43. 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):

(xxxii) 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

(xxxiii) 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 Agreement, or otherwise.

44. The Collateral Agent shall have no obligation to marshal any of the Collateral.

45. 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 after the occurrence, and solely during the continuance, of an Event of Default. For the avoidance of doubt, the license granted pursuant to this Section 8.1(f) may be exercised by the Collateral Agent 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:

(xxxiv) 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;

(xxxv) 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;

(xxxvi) 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;

(xxxvii) 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

(xxxviii) 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).

46. 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.

b. 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.

c. 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.

a. Continuing Security Interest; Transfer of Loans

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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 Lender no longer has 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, the 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 the Lender herein or otherwise. Upon the payment in full of all Secured Obligations and the termination of the Loan Agreement, the security interest granted hereby shall automatically terminate hereunder and of record and all rights to the Collateral shall revert to Grantors. Upon any Disposition of property expressly permitted by the Loan Agreement, the security interest granted herein 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 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 Annexes.

b. Reinstatement

This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Parent, any Grantor or any Affiliates thereof for liquidation or reorganization, should the Borrower 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.

a. 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.

b. Waiver; Amendment.

47. 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.

48. 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. 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.

c. 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 all other conflicts between this Agreement and any other Security Document, this Agreement shall govern.

d. Collateral Agent's Fees and Expenses.

49. The Grantors jointly and severally agree to reimburse the Collateral Agent for its fees and expenses incurred hereunder as provided in Section 11.03 of the Loan Agreement; provided that, each reference therein to the "Borrower" shall be deemed to include a reference to the Grantors.

50. Any such amounts payable as provided hereunder shall be additional Secured Obligations secured hereby and by the other Security Documents.

e. 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 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.

f. Counterparts; Effectiveness, Successors and Assigns.

51. 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.

52. 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.

g. 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.

h. Governing Law; Jurisdiction, Etc.

53. This Agreement will be governed by and construed in accordance with the law of the State of New York.

54. 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.

55. 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.

56. 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.

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[Signature Pages Follow]

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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.

ALASKA AIRLINES, INC., as Grantor

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON,
as Collateral Agent

By: _____
Name:
Title:

[*Signature Page to the Pledge and Security Agreement*]

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Excluded Intellectual Property (if any)

The listing of a Trademark in this Schedule 1.1 shall not be deemed to indicate or imply that such Trademark (i) would have been, but for the listing, a Loyalty Program Trademark, or (ii) is not a Licensed Trademark or Transitional Trademark (as defined in the IP License Agreement).

Mark	Status	Registration Number	Registration Date	Owner	Reason for Exclusion
	Registered	5108024	12/27/2016	Alaska Airlines, Inc.	Treasury will receive a license on this trademark.
	Registered	5034127	9/6/2016	Alaska Airlines, Inc.	Treasury will receive a license on this trademark.
ALASKA	Registered	2513708	12/4/2001	Alaska Airlines, Inc.	Treasury will receive a license on this trademark.
ALASKA	Registered	2513709	12/4/2001	Alaska Airlines, Inc.	Treasury will receive a license on this trademark.
	Registered	1684001	4/21/1992	Alaska Airlines, Inc.	Treasury will receive a license on this trademark.

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CERTAIN LISTED COLLATERAL

i. Loyalty Program Assets (certain non-Loyalty Program Agreement components):

1. Loyalty Program Agreements

1. That certain Third Amended and Restated Alaska Airlines Affinity Card Agreement, dated as of January 1, 2013, by and among FIA Card Services, N.A. and Alaska Airlines, Inc., as amended by that certain Addendum to Third Amended and Restated Alaska Airlines Affinity Card Agreement, dated as of April 1, 2014, that certain Second Addendum to Third Amended and Restated Alaska Airlines Affinity Card Agreement, dated as of April 1, 2015, that certain Third Addendum to Third Amended and Restated Alaska Airlines Affinity Card Agreement, dated as of November 24, 2015, that certain Fourth Addendum to Third Amended and Restated Alaska Airlines Affinity Card Agreement, dated as of June 13, 2017, that certain Fifth Addendum to Third Amended and Restated Alaska Airlines Affinity Card Agreement, dated as of June 13, 2017, that certain Sixth Addendum to Third Amended and Restated Alaska Airlines Affinity Card Agreement, dated as of January 11, 2018, that certain Seventh Addendum to Third Amended and Restated Alaska Airlines Affinity Card Agreement, dated as of January 1, 2018 and that certain Eight Addendum to Third Amended and Restated Alaska Airlines Affinity Card Agreement, dated as of March 1, 2019.[1]

2. [* * *].
3. [* * *].
4. [* * *].
5. [* * *].
6. [* * *].
7. [* * *].
8. [* * *].
9. [* * *].
10. [* * *].
11. [* * *].
12. [* * *].
13. [* * *].
14. [* * *].
15. [* * *].
16. [* * *].

‡ Denotes a Material Loyalty Program Agreement.

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17. [* * *].
18. [* * *].
19. [* * *].
20. [* * *].
21. [* * *].
22. [* * *].
23. [* * *].
24. [* * *].
25. [* * *].
26. [* * *].
27. [* * *].
28. [* * *].
29. [* * *].
30. [* * *]..

i. Trademark Registration

No.	Mark	Registration Number	Registration Date	Jurisdiction	Owner
	MVP	1999872	09/10/1996	United States	Alaska Airlines, Inc.
	FAMOUS COMPANION FARE	5342960	11/21/2017	United States	Alaska Airlines, Inc.
	WINE FLIES FREE	5575870	10/02/2018	United Stated	Alaska Airlines, Inc.
	CLUB 49	4151775	05/29/2012	United States	Alaska Airlines, Inc.

ii. Trademark Application

None.[2]

iii. Issued Patents

[2] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

None.[3]

iv. Patent Applications

None.[4]

v. Copyright Registration

None.[5]

vi. Copyright Applications

None.[6]

vii. Exclusive Copyright Licenses

None.[7]

viii. Internet Domain Names

None.[8]

ix. Material Unregistered Trademarks

a. MILEAGE PLAN TM

x. Material Proprietary Software

[3] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

[4] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

[5] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

[6] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

[7] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

[8] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

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None.[9]

xi. IP Licenses

b. Oracle Master Agreement, renewed yearly, by and between Alaska Airlines, Inc. and Oracle America, Inc., a Delaware corporation

c. Master Services Agreement, dated as of April 26, 2016 (as amended, restated, amended and restated, supplemented and/or otherwise modified from time to time) by and between Alaska Airlines, Inc. and Amperity, Inc., a Delaware corporation

---

i. Control Collateral

i. Deposit Accounts

Grantor	Name of Account Bank/Securities Intermediary	Account Number	Account Name
Alaska Airlines, Inc.	Bank of America, N.A	[* * *].	Collateral Proceeds Account
Alaska Airlines, Inc.	Bank of America, N.A	[* * *].	Collection Account
Alaska Airlines, Inc.	Bank of America, N.A	[* * *].	Blocked Account
Horizon Air Industries, Inc.	Bank of America, N.A	[* * *].	Collateral Proceeds Account
Alaska Airlines, Inc.	The Bank of New York Mellon	[* * *].	Payment Account

ii. Securities Accounts

None.[10]

[9] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

[10] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

ii. Pledged Collateral

i. Pledged Debt

None.[11]

ii. Pledged Equity Interests

None.[12]

iii. Aircraft and Engine Assets

None.[13]

iv. Spare Parts Assets

None.[14]

v. Slots, Gates and Routes

None.[15]

[11] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

[12] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

[13] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

[14] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

[15] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

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GENERAL INFORMATION

No.	Legal Name	Entity Type	Jurisdiction of Organization	Address of Chief Executive Office/Principal Place of Business	Federal Taxpayer Identification Number
	Alaska Airlines, Inc.	Corporation	Alaska	19300 International Blvd. Seattle, WA 98188	92-0009235

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SCHEDULE 4(i) to Annex 1 (Loyalty Program Assets)

The following trademarks in the goods and services category (or one substantially similar thereto) of air transportation services featuring a frequent flyer program:

1. MVP

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Schedule 9(a)(viii)(E)(x)

i. Oracle Master Agreement, renewed yearly, by and between Alaska Airlines, Inc. and Oracle America, Inc., a Delaware corporation

ii. Master Services Agreement, dated as of April 26, 2016 (as amended, restated, amended and restated, supplemented and/or otherwise modified from time to time) by and between Alaska Airlines, Inc. and Amperity, Inc., a Delaware corporation

Schedule 9(a)(viii)(E)(y)

None.

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Exhibit A
to Pledge and Security Agreement

[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:

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Title:

[Schedule to Pledge Supplement]

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i. Loyalty Program Assets (certain non-Loyalty Program Agreement components):

1. Loyalty Program Agreements (please denote any Loyalty Program Agreement which is a Material Loyalty Program Agreement with a [16] and include the expiration date for each Material Loyalty Program Agreement)

2. Trademark Registration

No.	Mark	Registration Number	Registration Date	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

3. Trademark Application

No.	Mark	Application Number	Filing Date	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

4. Issued Patents

No.	Title	Patent Number	Date Issued	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

5. Patent Applications

No.	Title	Application Number	Filing Date	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

[‡] Denotes a Material Loyalty Program Agreement.

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6. Copyright Registration

No.	Title	Registration Number	Registration Date	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

7. Copyright Applications

No.	Title	Registration Number	Registration Date	Owner
	[●]	[●]	[●]	[●]

8. Exclusive Copyright Licenses

9. Internet Domain Names

No.	Domain Name	Owner
	[●]	[●]

10. Material Unregistered Trademarks

11. IP Licenses

(i) Aircraft and Engine Assets:

a. Airframes

No.	Owner	U.S. Registration No.	Airframe Manufacturer	Airframe Model	Airframe Serial No.
	[●]	[●]	[●]	[●]	[●]

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b. Engines

No.	Manufacturer	Model	Generic Manufacturer and Model	Manufacturer's Serial No.
	[●]	[●]	[●]	[●]

c. Insurance

(i) Spare Parts Assets:

1. Spare Parts

No.	Grantor	Type of Spare Part	Manufacturer Part Number	Designated Spare Parts Location (and address)
	[●]	[●]	[●]	[●]

2. Insurance

(ii) SGR Assets:

a. Route Authorities

b. Scheduled Service

No.	Domestic Airport	Foreign Airport
	[●]	[●]

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c. Slots

d. Copies of Routes Certificates and Orders

COMPLETE FOR ALL COLLATERAL PACKAGES:

(ii) Control Collateral

a. Deposit Accounts

No.	Grantor	Name of Account Bank	Account Number	Account Name	Type of Account
	Alaska Airlines, Inc.	[●]	[●]	[●]	

b. Securities Accounts[17,18]

No.	Grantor	Name of Securities Intermediary	Account Number	Account Name
	[●]	[●]	[●]	[●]

(ii) Pledged Collateral

a. Pledged Debt

No.	Grantor	Issuer	Original Principal Amount	Outstanding Principal Balance	Issue Date	Maturity Date
	[●]	[●]	[●]	[●]	[●]	[●]

[] Denotes a Blocked Account.

† Denotes a Collection Account.

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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
	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

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
	[●]	[●]	[●]	[●]	[●]

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Form of Perfection Certificate

[*See attached*]

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Annex 1 (Loyalty Program Assets)

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 Annexes 2 (for Control Collateral) and 5 (for Pledged Collateral) (each, an "**Incorporated Annex**", and collectively, the "**Incorporated Annexes**") 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)(ix)(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:

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Relevant IP & Data Representations

i. 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

ii. 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.

iii. 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.

iv. 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.

v. 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

vi. 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.

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vii. 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.

viii. 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.

ix. 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.

x. 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.

xi. 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.

xii. 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

xiii. 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.

xiv. [Reserved.]

xv. With respect to each Material Loyalty Program Agreement:

a. [Reserved.];

b. 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;

c. [Reserved.];

d. 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

e. the Collateral includes substantially all of the Loyalty Program Revenue.

Other Collateral Representations

xvi. [Reserved.]

xvii. 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:

xviii. [Reserved].

Affirmative Covenants - Data

xix. 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.

xx. 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 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 Grantor's Carrier Loyalty Program immediately prior to the Closing Date and (y) at least one copy stored in connection with 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 Grantor's Carrier Loyalty Program and (y) at least one copy stored in connection with 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.

xxi. 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.

xxii. 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.

xxiii. 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.

xxiv. It shall maintain and, to the extent not already in its possession, obtain cyber liability insurance covering breaches to or compromises of third party components of 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. Notwithstanding anything herein or in any other Loan Document to the contrary, the applicable Grantor shall be permitted to obtain first-party coverage for cyber liability insurance through its in-house captive insurance team to the extent that obtaining such first-party coverage through a third-party insurance provider is commercially unviable.

xxv. 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)(ix)(F)) will not include Non-Loyalty Copies.

Affirmative Covenants – Intellectual Property

xxvi. 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 (other than the "MILEAGE PLAN" Trademark) 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.

xxvii. 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.

xxviii. 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.

xxix. 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.

xxx. 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

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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.

xxxi. 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

xxxii. 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).

xxxiii. 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.

xxxiv. 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.

xxxv. 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).

xxxvi. [Reserved.]

Negative Covenants - Data

xxxvii. 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

xxxviii. 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.

xxxix. 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

xl. 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.

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xli. [Reserved.]

xlii. 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:

xliii. 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:

f. 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;

g. 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;

h. 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;

i. 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

j. 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.

xliv. 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:

k. 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;

l. 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

m. such Grantor's personnel responsible for either of the foregoing matters.

xlv. 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.**

n. 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

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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.

o. 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 Treasury.

8. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

xlvi. The terms of this Annex shall be deemed incorporated into and part of this Agreement.

xlvii. 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**.

xlviii. The following capitalized terms used in this Agreement shall have the following meanings:

p. **"Collateral Support"** shall mean all property (real or personal) assigned or securing any Collateral and shall include any agreement granting a Lien in such real or personal property.

q. [Reserved].

r. [Reserved].

s. [Reserved].

t. **"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.

u. **"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).

v. **"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.

w. **"Licensed Trademarks"** shall mean the Carrier Licensed Trademarks as defined in the IP License Agreement.

x. **"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:

1. [Reserved];

2. the Loyalty Program Agreements, including all Loyalty Program Revenues and all:

   i. Accounts;

   ii. Instruments; and

   iii. 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;

1. 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 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;

2. All:

   iv. Intellectual Property (other than Trademarks);

   v. General Intangibles (other than Intellectual Property);

   vi. IT Systems; and

vii. 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;

1. All IP Licenses (x) set forth on Schedule 9(a)(ix)(E)(x), (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 IP License set forth on Schedule 9(a)(ix)(E)(y);

2. All Loyalty Program Data;

3. All IP-Related Rights;

4. 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)(ix), Schedule 2.1 or in any Pledge Supplement); and

5. 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).

y. **"Loyalty Program Intellectual Property"** shall mean the Intellectual Property included in the Loyalty Program Assets.

z. **"Loyalty Program Rules"** shall mean the rules, policies and procedures that govern the applicable Carrier Loyalty Program.

aa. **"Loyalty Program Trademarks"** shall mean the Trademarks included in the Loyalty Program Assets.

ab. [Reserved].

ac. **"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

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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.

ad. **"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.

ae. [Reserved].

af. [Reserved].

xlix. 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.

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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

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existing or hereafter acquired, developed, created or arising and wherever located (collectively, the "***Copyright Collateral***"):

i. **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*");**

ii. **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**

iii. **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).

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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]

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SCHEDULE 1

TO COPYRIGHT SECURITY AGREEMENT
REGISTERED COPYRIGHTS

No.	Title of Work	Registration Number	Registration Date	Grantor

COPYRIGHT APPLICATIONS

No.	Title of Work	Application Date	Grantor

EXCLUSIVE COPYRIGHT IP LICENSES

No.	Title of Work	Registration Number	Registration Date	Grantor

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***"):

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iv. **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**

v. **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).

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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

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By: _____

[NAME]
[TITLE]
THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____

[NAME]
[TITLE]

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SCHEDULE 1

TO PATENT SECURITY AGREEMENT

ISSUED PATENTS

No.	Patent Number	Date Issued	Title	Grantor

PATENT APPLICATIONS

No.	Application Number	Filing Date	Title	Grantor

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

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existing or hereafter acquired, developed, created or arising and wherever located (collectively, the "***Trademark Collateral***"):

vi. **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**

vii. **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.

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).

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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.

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[GRANTOR], as Grantor

By: _____

[NAME]
[TITLE]
THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____

[NAME]
[TITLE]

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SCHEDULE 1

TO TRADEMARK SECURITY AGREEMENT

REGISTERED TRADEMARKS

No.	Mark	Registration Number	Registration Date	Grantor

TRADEMARK APPLICATIONS

No.	Mark	Application Number	Filing Date	Grantor

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 and the Collateral Proceeds 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 Collection 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) A Collateral Account or Collateral Proceeds Account, each applicable Grantor shall, on or prior to the Closing Date and, for any Collateral Account or Collateral Proceeds Account established after the Closing Date, on the date of the establishment of such Collateral Account or Collateral Proceeds 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 or Collateral Proceeds 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):

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(a) Schedule 2.1 to this Agreement sets forth Deposit Accounts and Securities Accounts constituting Collateral (including all Collateral Accounts and the Collateral Proceeds 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 and 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 or Collateral Proceeds Account agrees to comply with the provisions of the Loan Agreement applicable to such Collateral Account or Collateral Proceeds 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 or Collateral Proceeds 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 or Collateral Proceeds Account; and

(c) apply funds held in or credited to Collateral consisting of Deposit Accounts and Securities Accounts, including any Collateral Account or Collateral Proceeds 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.

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Annex 2 - 3

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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.

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(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 are equal to or less than 20 years old on the date that the relevant Airframes are first pledged as Collateral.

(f) All Airframes constituting Collateral have been duly certified by the FAA as to type and airworthiness.

(g) All Engines constituting Collateral have been duly certified by the FAA as to type.

(h) 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

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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.

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(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 Agreement, 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 Alteration (assuming such Airframe or Engine was in the condition required by this Agreement immediately prior to such Optional Alteration) 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;

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(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 constituting Collateral from the Lien granted hereby in accordance with to Section 6.17(b)(iii) of the Loan Agreement such 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) [Reserved].

(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) [Reserved].

(i) [Reserved].

(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) [Reserved].

(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.

a. 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").

b. 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.

a. 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

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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 or industry standard self-insured retentions for hull insurance carried by the applicable Grantor.

b. 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 subject to standard territorial restrictions or limitations applicable in the Lloyd's of London Insurance Market at the time the policy is issued (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

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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.

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Exhibit A to Annex 3

[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 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.][19]

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]

[19] 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:

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EXHIBIT A
TO
FAA MORTGAGE

THE AIRFRAMES[20]:

No.	Owner	U.S. Registration No.	Airframe Manufacturer	Airframe Model	Airframe Serial No.
	[●]	[●]	[●]	[●]	[●]

THE ENGINES[21]:

No.	Manufacturer	Model	Generic Manufacturer and Model	Manufacturer's Serial No.
	[●]	[●]	[●]	[●]

(Each of which Engines having at least 550 rated takeoff horsepower or the equivalent thereof)

[20] Note to Form: Eliminate if no Airframes are listed.

[21] Note to Form: Eliminate if no Engines are listed.

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APPENDIX I
TO
FAA MORTGAGE

[REDACTED COPY OF PSA]

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Exhibit B to Annex 3

Form of Officer's Certificate

Each Grantor and the Collateral Agent hereby agree that the terms of this Annex shall apply with respect to Collateral consisting of SGR Assets 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) [Reserved].

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.

   (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

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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].

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(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, without limitation, 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:

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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, without limitation, 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.

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(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.

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(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.

Annex 5 (Pledged Collateral)

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

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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, 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:

a. 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.

b. 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.

c. 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.

d. 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.

e. 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).

f. 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.

g. 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. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

i. The terms of this Annex shall be deemed incorporated into and part of this Agreement.

ii. The terms of this Annex are cumulative in nature and shall not limit the applicability or scope of the other terms of this Agreement.

iii. 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. **Terms**. The following capitalized terms used in this Annex shall have the following meanings:

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iv. "**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.

v. **"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.

vi. **"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.

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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).

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(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.

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).

(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:

1. 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;

2. 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

3. 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.

i. 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.

ii. 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).

iii. 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.

iv. 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.

v. 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.

vi. 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:

vii. 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:

viii. The terms of this Annex shall be deemed incorporated into and part of this Agreement.

ix. 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**.

x. 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 any contrivance invented, used, or designed to navigate, or fly in, the air.

(c) "**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

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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)).

(d) "**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.

(e) "**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.

(f) "**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.

(g) "**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:

4. 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);

5. 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;

6. any theft, hijacking or disappearance of such property for a period of one hundred and eighty (180) consecutive days or more; or

7. 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.

(h) "**Expendables**" shall mean Spare Parts, other than Rotables and Repairables.

(i) "**FAA Filed Document**" shall mean the Mortgage Location Supplement executed by a Grantor.

(j) "**Mortgage**" shall mean this Pledge and Security Agreement.

(k) "**Mortgage Location Supplement**" means a Mortgage Location Supplement, substantially in the form of Exhibit A to this Annex, with appropriate modifications to reflect the purpose for which it is being used.

(l) "**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.

(m) "**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.

(n) "**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.

(o) "**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 without limitation, 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.

(p) "**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.

(q) **"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.

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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, comprehensive airline 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. Hull (Spares) 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 comprehensive airline hull insurance (including spares coverage) 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. 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

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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.

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[FORM OF MORTGAGE LOCATION SUPPLEMENT]

THIS MORTGAGE LOCATION SUPPLEMENT NO. [•], dated [●] (herein, this "Mortgage Location Supplement") 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 September [●], 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. [●]][22];

WHEREAS[23], 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:

	[DATE OF RECORDING]	[DOCUMENT OR CONVEYANCE NO.]
[Mortgage]		

[24]

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 Mortgage Location Supplement 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 Mortgage Location Supplement 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 Mortgage Location Supplement 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 (as such term is defined in the PSA for the benefit of the Secured Parties, the Grantor has

[22] Note to Form: Bracketed language not to be included in the initial Mortgage Location Supplement.

[23] Note to Form: This recital is not to be included in the initial Mortgage Location Supplement.

[24] Note to Form: Table not to be included in the initial Mortgage Location Supplement.

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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 Mortgage Location Supplement 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 Mortgage Location Supplement will be governed by and construed in accordance with the law of the State of New York.

[remainder of page intentionally left blank]

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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.

ALASKA AIRLINES, INC., as Grantor

By:_____

Name:

Title:

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Schedule 1

DESIGNATED SPARE PARTS LOCATIONS

[●]

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[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[25] 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:

[25] Note to Form: Report to be attached as Exhibit 1 with a cover page.

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ALASKA AIRLINES AIRCRAFT AND ENGINE PLEDGE AND SECURITY AGREEMENT

dated as of September 28, 2020

between

EACH OF THE GRANTORS PARTY HERETO

and

THE BANK OF NEW YORK MELLON

as Collateral Agent

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TABLE OF CONTENTS

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Schedules

Schedule 1.1 (Excluded Intellectual Property)
Schedule 2.1 (Certain Listed Collateral)
Schedule 4.1 (General Information)

Exhibits

Exhibit A (Form of Pledge Supplement)
Exhibit B (Form of Perfection Certificate)

Annexes

Annex 1 (Loyalty Program Assets)
Annex 2 (Control Collateral)
Annex 3 (Aircraft and Engine Assets)
Annex 4 (Slots, Gates and Routes)
Annex 5 (Pledged Collateral)
Annex 6 (Spare Parts Assets)

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This ALASKA AIRLINES AIRCRAFT AND ENGINE PLEDGE AND SECURITY AGREEMENT, dated as of September 28, 2020 (together with the Annexes and Schedules, this "**Agreement**"), between each Grantor[1], 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**"), between Alaska Airlines, Inc. (the "**Borrower**"), Alaska Air Group, 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

a. 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.

"Additional Grantor" shall have the meaning assigned in Section 6.2.

"Agreement" shall have the meaning set forth in the preamble.

"**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.

"Annex Remedies Section" shall mean, with respect to an Applicable Annex, the section in such Applicable Annex named "Defaults and Remedies".

"Applicable Annex" shall mean, with respect to any Collateral and any Grantor, (i) each of Annex 1 (Loyalty Program Assets), Annex 2 (Control Collateral), Annex 3 (Aircraft and Engine Assets), Annex 4 (Slots, Gates and Routes), Annex 5 (Pledged Collateral), and Annex 6 (Spare Parts Assets) 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.

"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.

"Cape Town Treaty" shall mean, collectively, (a) the Cape Town Convention, (b) the Aircraft

[1] Alaska Airlines, Inc. is the initial Grantor hereto.

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.

"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.

"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.

"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 any such lease, license, contract, property right or agreement by its terms in effect on the date hereof 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 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.

"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.

"International Registry" shall mean the "International Registry" as defined in the Cape Town Treaty.

"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.

"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.

"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

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(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.

"Required Filing" shall mean each (i) UCC financing statement (including any fixture filing, as applicable) in favor of the Collateral Agent for the benefit of the Secured Parties with respect to the Collateral (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.

"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.

"**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.

"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.

"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.

"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.

"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.

b. 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. 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.

a. Grant of Security

1. 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 personal property 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) all Aircraft and Engine Assets described on Schedule 2.1;

(iii) all Spare Parts Assets described on Schedule 2.1;

(iv) all Route Authorities and (w) all FAA Route Slots, (x) all Foreign Route Slots, (y) all Domestic Gate Leaseholds and (z) all Foreign Gate Leaseholds, in the case of each of (w), (x), (y) and (z), held, acquired, used, allocated to or available for use by any Grantor in connection with any such Route Authority;

(v) 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;

(vi) all General Intangibles that are owned by such Grantor related to the foregoing;

(vii) the Deposit Accounts and Securities Accounts described on Schedule 2.1 (which shall include the Collateral Proceeds Account) and all cash deposited or held therein and financial assets credited thereto, as applicable;

(viii) all Pledged Collateral described on Schedule 2.1;

(ix) all Documents (including the Documents described on Schedule 2.1) relating to assets described in the foregoing;

(x) all Accounts (including the Accounts described on Schedule 2.1) relating to assets described in the foregoing;

(xi) to the extent not otherwise included above, all books and records and Supporting Obligations relating to any of the foregoing; and

(xii) to the extent not otherwise included above, all Proceeds (including all Proceeds (of any kind) received or to be received by the Grantor upon the transfer or other such disposition of any of the foregoing), products, accessions, rents and profits of or with respect to any of the foregoing.

2. 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.

3. Each Grantor shall file and make all Required Filings and also hereby authorizes the Collateral Agent to file or 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.

4. If any Collateral (or any portion thereof) constitutes a type of asset covered by an Applicable Annex, the 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 constituted a part of this Agreement.

Section 3. SECURITY FOR OBLIGATIONS; GRANTORS REMAIN LIABLE.

a. 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**").

b. Continuing Liability Under Collateral

Notwithstanding anything herein to the contrary:

5. nothing contained herein is intended or shall be a delegation of duties to any Secured Party;

6. 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

7. 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.

a. 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):

8. It owns and has good and valid rights in all Collateral free and clear of any Lien except for Permitted Liens.

9. Subject to applicable Privacy Laws, it has the full corporate power, authority and right to pledge, sell, assign or transfer the Collateral pursuant to, and as provided in, this Agreement.

10. 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.

11. The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein is true, correct and complete.

12. 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 UCC financing statements and any Required Filing set forth in any Applicable Annex, 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.

13. The UCC financing statements and the Required Filing set forth in the Applicable Annexes are all the financing statements, filings, recordings and registrations that are necessary to publish notice of, protect the validity of and to 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 steps or actions is necessary in any such 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 (y) under applicable Law with respect to the filing of continuation statements and (z) expressly (by reference to this Section 4.1(f)) in any Applicable Annex.

14. 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, recordings, registrations 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.

15. 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 Required Filings set forth in any Applicable Annex, 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

a. Affirmative Covenants.

Each Grantor hereby covenants and agrees that:

16. 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).

17. On the Closing Date and at any time at which an additional Perfection Requirement is required 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, as applicable, in form and substance satisfactory to the Appropriate Party with respect to the 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.

18. Concurrently with the Appraisals required to be delivered under Section 5.16 of the Loan Agreement, it shall provide to the Collateral Agent:

(xiii) 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) with respect to Collateral remain true, correct and complete in all material respects; and

(xiv) to the extent applicable, supplements to (or restated versions of) Schedules 2.1 and 4.1 and the Perfection Certificate.

19. 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 and duly and timely filed and recorded.

20. 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.

21. Concurrently with any supplementing or changing of the Schedules to this Agreement, 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 made, 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.

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22. Grantor is an air carrier certificated under Section 44705 of Title 49, United States Code.

b. Negative Covenants.

Each Grantor hereby covenants and agrees that:

23. 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.

24. 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.

Section 6. FURTHER ASSURANCES; ADDITIONAL GRANTORS.

a. Further Assurances.

25. 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.

26. 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.

27. 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).

b. 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.

a. 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:

28. to prepare and file any UCC financing statements and any other Required Filing against such Grantor as debtor;

29. 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;

30. upon the occurrence and during the continuance of any Event of Default:

(xv) to take any actions set forth in any Applicable Annex;

(xvi) 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;

(xvii) 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;

(xviii) to obtain and adjust insurance required to be maintained by such Grantor or paid to the Collateral Agent pursuant to the Loan Agreement;

(xix) 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;

(xx) to receive, endorse and collect any drafts or other instruments, documents and chattel paper;

(xxi) 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;

(xxii) 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); and

(xxiii) 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.

b. No Duty on the Part of Collateral Agent or Secured Parties.

31. 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.

32. 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.

33. 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.

c. Standard of Care; Collateral Agent May Perform.

34. 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.

35. 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.

36. 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.

37. 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.

38. 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.

39. 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 without limitation,

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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.

a. Generally.

40. 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:

(xxiv) 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;

(xxv) 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;

(xxvi) 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;

(xxvii) 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;

(xxviii) 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;

(xxix) 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);

(xxx) 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

(xxxi) take any other actions specified in any Applicable Annex.

41. 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 or statute 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

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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.

42. 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.

43. 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):

(xxxii) 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

(xxxiii) 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 Agreement, or otherwise.

44. The Collateral Agent shall have no obligation to marshal any of the Collateral.

45. 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 after the occurrence, and solely during the continuance, of an Event of Default. For the avoidance of doubt, the license granted pursuant to this Section 8.1(f) may be exercised by the Collateral Agent 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:

(xxxiv) 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;

(xxxv) 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;

(xxxvi) 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;

(xxxvii) 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

(xxxviii) 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).

46. 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.

b. 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.

c. 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.

a. Continuing Security Interest; Transfer of Loans

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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 Lender no longer has 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, the 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 the Lender herein or otherwise. Upon the payment in full of all Secured Obligations and the termination of the Loan Agreement, the security interest granted hereby shall automatically terminate hereunder and of record and all rights to the Collateral shall revert to Grantors. Upon any Disposition of property expressly permitted by the Loan Agreement, the security interest granted herein 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 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 Annexes.

b. Reinstatement

This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Parent, any Grantor or any Affiliates thereof for liquidation or reorganization, should the Borrower 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.

a. 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.

b. Waiver; Amendment.

47. 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.

48. 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. 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.

c. 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 all other conflicts between this Agreement and any other Security Document, this Agreement shall govern.

d. Collateral Agent's Fees and Expenses.

49. The Grantors jointly and severally agree to reimburse the Collateral Agent for its fees and expenses incurred hereunder as provided in Section 11.03 of the Loan Agreement; provided that, each reference therein to the "Borrower" shall be deemed to include a reference to the Grantors.

50. Any such amounts payable as provided hereunder shall be additional Secured Obligations secured hereby and by the other Security Documents.

e. 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 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.

f. Counterparts; Effectiveness, Successors and Assigns.

51. 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.

52. 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.

g. 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.

h. Governing Law; Jurisdiction, Etc.

53. This Agreement will be governed by and construed in accordance with the law of the State of New York.

54. 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.

55. 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.

56. 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.

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[Signature Pages Follow]

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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.

ALASKA AIRLINES, INC., as Grantor

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON,
as Collateral Agent

By: _____
Name:
Title:

[*Signature Page to the Pledge and Security Agreement*]

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Excluded Intellectual Property (if any)

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CERTAIN LISTED COLLATERAL

a. Aircraft

boeing aircraft more specifically described below:

	Aircraft Model	Aircraft Generic Model	Airframe Serial No.	U.S. Registration No.
	737-890	737-800	35197	N517AS
	737-890	737-800	35198	N529AS
	737-890	737-800	35181	N565AS
	737-990	737-900	30014	N306AS
	737-990	737-900	30015	N307AS
	737-990ER	737-900	62681	N238AK
	737-990ER	737-900	36352	N459AS

b. Engines

CFM International, Inc. engines as more specifically described below:

	Engine Model	Engine Generic Model	Engine Serial No.
	CFM56-7B27	CFM56-7	896912
	CFM56-7B27	CFM56-7	896938
	CFM56-7B27	CFM56-7	802957
	CFM56-7B27	CFM56-7	802958
	CFM56-7B27	CFM56-7	894361
	CFM56-7B27	CFM56-7	894362
	CFM56-7B26	CFM56-7	888267
	CFM56-7B26	CFM56-7	888266
	CFM56-7B26	CFM56-7	888338
	CFM56-7B26	CFM56-7	888341
	CFM56-7B27E	CFM56-7	864210
	CFM56-7B27E	CFM56-7	864209
	CFM56-7B27E	CFM56-7	658688
	CFM56-7B27E	CFM56-7	658693
	CFM56-7B	CFM56-7	038950
	LEAP-1A	LEAP-1A	598239
	LEAP-1B	LEAP-1B	603965
	CFM56-5B	CFM56-5B	729445

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Each of the above described Engines is of 550 or more “rated take-off horsepower” or the equivalent of such horsepower.

c. Loyalty Program Assets – None[2]

d. Spare Parts Assets – None[3]

e. Slots, Gates and Routes – None[4]

[2] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

[3] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

[4] If any collateral of this type is pledged or added to this Schedule after the closing date, then the UCC-1 financing statement collateral description may need to be amended to reflect this additional asset(s).

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Schedule 4.1 (General Information)
to Pledge and Security Agreement

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
	Alaska Airlines, Inc.	Corporation	Alaska	19300 International Blvd. Seattle, WA 98188	92-0009235

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[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:

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i. Loyalty Program Assets (certain non-Loyalty Program Agreement components):

1. Loyalty Program Agreements (please denote any Loyalty Program Agreement which is a Material Loyalty Program Agreement with a [5] and include the expiration date for each Material Loyalty Program Agreement)

2. Trademark Registration

No.	Mark	Registration Number	Registration Date	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

3. Trademark Application

No.	Mark	Application Number	Filing Date	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

4. Issued Patents

No.	Title	Patent Number	Date Issued	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

5. Patent Applications

No.	Title	Application Number	Filing Date	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

6. Copyright Registration

No.	Title	Registration Number	Registration Date	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

7. Copyright Applications

No.	Title	Registration Number	Registration Date	Owner
	[●]	[●]	[●]	[●]

[‡] Denotes a Material Loyalty Program Agreement.

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8. Exclusive Copyright Licenses

9. Internet Domain Names

No.	Domain Name	Owner
	[●]	[●]

10. Material Unregistered Trademarks

11. IP Licenses

(i) Aircraft and Engine Assets:

a. Airframes

No.	U.S. Registration No.	Airframe Manufacturer	Airframe Model	Airframe Serial No.
	[●]	[●]	[●]	[●]

b. Engines

No.	Manufacturer	Model	Generic Manufacturer and Model	Manufacturer's Serial No.
	[●]	[●]	[●]	[●]

c. Insurance

(i) Spare Parts Assets:

1. Spare Parts

No.	Grantor	Type of Spare Part	Manufacturer Part Number	Designated Spare Parts Location (and address)
	[●]	[●]	[●]	[●]

2. Insurance

(i) SGR Assets:

a. Route Authorities

b. Scheduled Service

No.	Domestic Airport	Foreign Airport
	[●]	[●]

c. Slots

d. Copies of Routes Certificates and Orders

COMPLETE FOR ALL COLLATERAL PACKAGES:

(ii) Control Collateral

a. Deposit Accounts

No.	Grantor	Name of Account Bank	Account Number	Type of Account
	Alaska Airlines, Inc.	Bank of America, N.A	138110457729	Collateral Proceeds Account

b. Securities Accounts[6,7]

No.	Grantor	Name of Securities Intermediary	Account Number	Account Name
	[●]	[●]	[●]	[●]

(ii) Pledged Collateral

a. Pledged Debt

No.	Grantor	Issuer	Original Principal Amount	Outstanding Principal Balance	Issue Date	Maturity Date
	[●]	[●]	[●]	[●]	[●]	[●]

b. Pledged Equity Interests

[] Denotes a Blocked Account.

[†] Denotes a Collection Account.

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
	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

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
	[●]	[●]	[●]	[●]	[●]

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Form of Perfection Certificate

[*See attached*]

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Annex 1 (Loyalty Program Assets)

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 Annexes 2 (for Control Collateral) and 5 (for Pledged Collateral) (each, an "**Incorporated Annex**", and collectively, the "**Incorporated Annexes**") 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)(ix)(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:

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Relevant IP & Data Representations

i. 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

ii. 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.

iii. 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.

iv. 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.

v. 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

vi. 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.

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vii. 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.

viii. 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.

ix. 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.

x. 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.

xi. 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.

xii. 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

xiii. 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.

xiv. [Reserved.]

xv. With respect to each Material Loyalty Program Agreement:

a. [Reserved.];

b. 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;

c. [Reserved.];

d. 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

e. the Collateral includes substantially all of the Loyalty Program Revenue.

Other Collateral Representations

xvi. [Reserved.]

xvii. 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:

xviii. [Reserved].

Affirmative Covenants - Data

xix. 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.

xx. 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 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 Grantor's Carrier Loyalty Program immediately prior to the Closing Date and (y) at least one copy stored in connection with 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 Grantor's Carrier Loyalty Program and (y) at least one copy stored in connection with 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.

xxi. 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.

xxii. 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.

xxiii. 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.

xxiv. It shall maintain and, to the extent not already in its possession, obtain cyber liability insurance covering breaches to or compromises of third party components of 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. Notwithstanding anything herein or in any other Loan Document to the contrary, the applicable Grantor shall be permitted to obtain first-party coverage for cyber liability insurance through its in-house captive insurance team to the extent that obtaining such first-party coverage through a third-party insurance provider is commercially unviable.

xxv. 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)(ix)(F)) will not include Non-Loyalty Copies.

Affirmative Covenants – Intellectual Property

xxvi. 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 (other than the "MILEAGE PLAN" Trademark) 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.

xxvii. 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.

xxviii. 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.

xxix. 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.

xxx. 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

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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.

xxxi. 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

xxxii. 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).

xxxiii. 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.

xxxiv. 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.

xxxv. 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).

xxxvi. [Reserved.]

Negative Covenants - Data

xxxvii. 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

xxxviii. 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.

xxxix. 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

xl. 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.

xli. [Reserved.]

xlii. 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:

xliii. 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:

f. 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;

g. 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;

h. 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;

i. 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

j. 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.

xliv. 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:

k. 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;

l. 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

m. such Grantor's personnel responsible for either of the foregoing matters.

xlv. 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.**

n. 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

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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.

o. 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 Treasury.

8. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

xlvi. The terms of this Annex shall be deemed incorporated into and part of this Agreement.

xlvii. 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**.

xlviii. The following capitalized terms used in this Agreement shall have the following meanings:

p. **"Collateral Support"** shall mean all property (real or personal) assigned or securing any Collateral and shall include any agreement granting a Lien in such real or personal property.

q. [Reserved].

r. [Reserved].

s. [Reserved].

t. **"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.

u. **"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).

v. **"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.

w. **"Licensed Trademarks"** shall mean the Carrier Licensed Trademarks as defined in the IP License Agreement.

x. **"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:

1. [Reserved];

2. the Loyalty Program Agreements, including all Loyalty Program Revenues and all:

   i. Accounts;

   ii. Instruments; and

   iii. 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;

1. 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 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;

2. All:

   iv. Intellectual Property (other than Trademarks);

   v. General Intangibles (other than Intellectual Property);

   vi. IT Systems; and

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vii. 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;

1. All IP Licenses (x) set forth on Schedule 9(a)(ix)(E)(x), (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 IP License set forth on Schedule 9(a)(viii)(E)(y);

2. All Loyalty Program Data;

3. All IP-Related Rights;

4. 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)(ix), Schedule 2.1 or in any Pledge Supplement); and

5. 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).

y. **"Loyalty Program Intellectual Property"** shall mean the Intellectual Property included in the Loyalty Program Assets.

z. **"Loyalty Program Rules"** shall mean the rules, policies and procedures that govern the applicable Carrier Loyalty Program.

aa. **"Loyalty Program Trademarks"** shall mean the Trademarks included in the Loyalty Program Assets.

ab. [Reserved].

ac. **"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

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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.

ad. **"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.

ae. [Reserved].

af. [Reserved].

xlix. 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.

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EXHIBIT 1 to Annex 1 (Loyalty Program Assets)

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

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existing or hereafter acquired, developed, created or arising and wherever located (collectively, the "***Copyright Collateral***"):

i. **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*");**

ii. **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**

iii. **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]

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SCHEDULE 1

TO COPYRIGHT SECURITY AGREEMENT
REGISTERED COPYRIGHTS

No.	Title of Work	Registration Number	Registration Date	Grantor

COPYRIGHT APPLICATIONS

No.	Title of Work	Application Date	Grantor

EXCLUSIVE COPYRIGHT IP LICENSES

No.	Title of Work	Registration Number	Registration Date	Grantor

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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***"):

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iv. **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**

v. **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).

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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

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By: _____

[NAME]
[TITLE]
THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____

[NAME]
[TITLE]

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SCHEDULE 1

TO PATENT SECURITY AGREEMENT

ISSUED PATENTS

No.	Patent Number	Date Issued	Title	Grantor

PATENT APPLICATIONS

No.	Application Number	Filing Date	Title	Grantor

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

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existing or hereafter acquired, developed, created or arising and wherever located (collectively, the "***Trademark Collateral***"):

vi. **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**

vii. **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.

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.

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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).

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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.

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[GRANTOR], as Grantor

By: _____

[NAME]
[TITLE]
THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____

[NAME]
[TITLE]

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SCHEDULE 1

TO TRADEMARK SECURITY AGREEMENT

REGISTERED TRADEMARKS

No.	Mark	Registration Number	Registration Date	Grantor

TRADEMARK APPLICATIONS

No.	Mark	Application Number	Filing Date	Grantor

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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 the Collateral Proceeds 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 Collection 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) A Collateral Proceeds Account, each applicable Grantor shall, on or prior to the Closing Date and, for any Collateral Proceeds Account established after the Closing Date, on the date of the establishment of such Collateral Proceeds 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 Proceeds 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 Deposit Accounts and Securities Accounts constituting Collateral (including the Collateral Proceeds Account). Each Grantor is the sole account holder thereof, as applicable.

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(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 and 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 Proceeds Account agrees to comply with the provisions of the Loan Agreement applicable to such Collateral Proceeds 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 Proceeds 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 Proceeds Account; and

(c) apply funds held in or credited to Collateral consisting of Deposit Accounts and Securities Accounts, including any Collateral Proceeds 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.

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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.

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(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 are equal to or less than 20 years old on the date that the relevant Airframes are first pledged as Collateral.

(f) All Airframes constituting Collateral have been duly certified by the FAA as to type and airworthiness.

(g) All Engines constituting Collateral have been duly certified by the FAA as to type.

(h) 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.

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(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 Agreement, 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 Alteration (assuming such Airframe or Engine was in the condition required by this Agreement immediately prior to such Optional Alteration) 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 constituting Collateral from the Lien granted hereby in accordance with to Section 6.17(b)(iii) of the Loan Agreement such 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) [Reserved].

(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) [Reserved].

(i) [Reserved].

(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) [Reserved].

(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.

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APPENDIX I

INSURANCE

A. Liability Insurance.

a. 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").

b. 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.

a. 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

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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 or industry standard self-insured retentions for hull insurance carried by the applicable Grantor.

b. 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 subject to standard territorial restrictions or limitations applicable in the Lloyd's of London Insurance Market at the time the policy is issued (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

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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.

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Exhibit A to Annex 3

[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 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.][8]

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]

[8] 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:

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EXHIBIT A
TO
FAA MORTGAGE

THE AIRFRAMES[9]:

No.	Owner	U.S. Registration No.	Airframe Manufacturer	Airframe Model	Airframe Serial No.
	[●]	[●]	[●]	[●]	[●]

THE ENGINES[10]:

No.	Manufacturer	Model	Generic Manufacturer and Model	Manufacturer's Serial No.
	[●]	[●]	[●]	[●]

(Each of which Engines having at least 550 rated takeoff horsepower or the equivalent thereof)

[9] Note to Form: Eliminate if no Airframes are listed.

[10] Note to Form: Eliminate if no Engines are listed.

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APPENDIX I
TO
FAA MORTGAGE

[REDACTED COPY OF PSA]

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Exhibit B to Annex 3

Form of Officer's Certificate

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Schedule I

1. Aircraft

No.	Owner	Record Owner	U.S. Registration No.	Airframe Manufacturer	Airframe Model	Airframe Serial No.	Engine Manufacturer	Engine Model	Engine Serial Number 1	Engine Serial Number 2
	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

2. Engines

No.	Manufacturer	Model	Generic Manufacturer and Model	Manufacturer's Serial No.	Aircraft on which Engine is installed	Aircraft owned / leased by Grantor
	[●]	[●]	[●]	[●]	[●]	[●]

3. Airframes

No.	Owner	Record Owner	U.S. Registration No.	Airframe Manufacturer	Airframe Model	Airframe Serial No.
	[●]	[●]	[●]	[●]	[●]	[●]

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Each Grantor and the Collateral Agent hereby agree that the terms of this Annex shall apply with respect to Collateral consisting of SGR Assets 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) [Reserved].

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.

   (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

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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, without limitation, 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:

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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

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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.

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(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, without limitation, 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.

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(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.

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(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.

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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.

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(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, 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:

a. 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.

b. 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.

c. 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.

d. 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.

e. 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).

f. 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,

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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.

g. 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. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

i. The terms of this Annex shall be deemed incorporated into and part of this Agreement.

ii. The terms of this Annex are cumulative in nature and shall not limit the applicability or scope of the other terms of this Agreement.

iii. 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. **Terms**. The following capitalized terms used in this Annex shall have the following meanings:

iv. "**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.

v. **"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.

vi. **"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.

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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).

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(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.

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).

(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:

1. 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;

2. 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

3. 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.

i. 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.

ii. 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).

iii. 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.

iv. 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.

v. 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.

vi. 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:

vii. 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:

viii. The terms of this Annex shall be deemed incorporated into and part of this Agreement.

ix. 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**.

x. 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 any contrivance invented, used, or designed to navigate, or fly in, the air.

(c) "**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

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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)).

(d) "**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.

(e) "**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.

(f) "**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.

(g) "**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:

4. 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);

5. 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;

6. any theft, hijacking or disappearance of such property for a period of one hundred and eighty (180) consecutive days or more; or

7. 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.

(h) "**Expendables**" shall mean Spare Parts, other than Rotables and Repairables.

(i) "**FAA Filed Document**" shall mean the Mortgage Location Supplement executed by a Grantor.

(j) "**Mortgage**" shall mean this Pledge and Security Agreement.

(k) "**Mortgage Location Supplement**" means a Mortgage Location Supplement, substantially in the form of Exhibit A to this Annex, with appropriate modifications to reflect the purpose for which it is being used.

(l) "**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.

(m) "**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.

(n) "**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.

(o) "**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 without limitation, 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.

(p) "**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.

(q) **"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, comprehensive airline 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. Hull (Spares) 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 comprehensive airline hull insurance (including spares coverage) 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. 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

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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.

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[FORM OF MORTGAGE LOCATION SUPPLEMENT]

THIS MORTGAGE LOCATION SUPPLEMENT NO. [•], dated [●] (herein, this "Mortgage Location Supplement") 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 September [●], 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. [●]][11];

WHEREAS,[12] 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:

	[DATE OF RECORDING]	[DOCUMENT OR CONVEYANCE NO.]
[Mortgage]		

[13]

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 Mortgage Location Supplement 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 Mortgage Location Supplement 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 Mortgage Location Supplement 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 (as such term is defined in the PSA for the benefit of the Secured Parties, the Grantor has

[11] Note to Form: Bracketed language not to be included in the initial Mortgage Location Supplement.

[12] Note to Form: This recital is not to be included in the initial Mortgage Location Supplement.

[13] Note to Form: Table not to be included in the initial Mortgage Location Supplement.

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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 Mortgage Location Supplement 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 Mortgage Location Supplement will be governed by and construed in accordance with the law of the State of New York.

[remainder of page intentionally left blank]

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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.

ALASKA AIRLINES, INC., as Grantor

By:_____

Name:

Title:

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Schedule 1

DESIGNATED SPARE PARTS LOCATIONS

[●]

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[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[14] 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:

[14] Note to Form: Report to be attached as Exhibit 1 with a cover page.

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Execution Version

AMENDED AND RESTATED HORIZON AIRCRAFT, ENGINE AND PROPELLER PLEDGE AND SECURITY AGREEMENT

dated as of October 30, 2020

between

EACH OF THE GRANTORS PARTY HERETO

and

THE BANK OF NEW YORK MELLON

as Collateral Agent

TABLE OF CONTENTS

Schedules

Exhibits

Annexes

This AMENDED AND RESTATED HORIZON AIRCRAFT, ENGINE AND PROPELLER PLEDGE AND SECURITY AGREEMENT, dated as of October 30, 2020 (together with the Annexes and Schedules, and as may be further amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "**Agreement**"), between 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**").

W I T N E S S E T H:

WHEREAS, each Grantor has entered into a Restatement Agreement (the "**Restatement Agreement**"), dated as the date hereof, to that certain Loan and Guarantee Agreement, dated as of September 28, 2020 (the "**Existing Loan and Guarantee Agreement**", and as restated by the Restatement Agreement, and as may be further amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"), between ALASKA AIRLINES, INC. (the "**Borrower**"), ALASKA AIR GROUP, INC. (the "**Parent**"), the Guarantors party thereto from time to time, the UNITED STATES DEPARTMENT OF THE TREASURY ("**Treasury**"), as Initial Lender, and THE BANK OF NEW YORK MELLON, as Administrative Agent and Collateral Agent;

WHEREAS, each Grantor had entered into that certain Horizon Aircraft and Engine Pledge and Security Agreement, dated as of September 28, 2020 and filed for recordation with the FAA Registry pursuant to and in accordance with the provisions of Section 44107 of the Transportation Code on September 28, 2020 at 8:17 A.M., C.D.T. but has not yet been recorded, between each Grantor and the Collateral Agent (the "**Existing Horizon Security Agreement**");

WHEREAS, the Borrower has requested, and Treasury has agreed to, extend additional Commitments to the Borrower as is permissible under the CARES Act to the Borrower;

WHEREAS, Loans made pursuant to the Commitments (as increased by the Additional Commitments being provided by the Restatement Agreement to the Existing Loan and Guarantee Agreement) will be secured by Liens on the Collateral securing the existing Obligations, together with Liens on any Additional Collateral, subject to the distribution priorities set forth in the Loan Agreement;

WHEREAS, in connection with the foregoing, each Grantor and the Collateral Agent on behalf of the Secured Parties wish to amend and restate the Existing Horizon Security Agreement to (i) add the Annex 3A to this Agreement covering any and all Propeller Assets as Additional Collateral and (ii) renumber the existing Annex 3 (Aircraft and Engine Assets) as Annex 3B (Aircraft and Engine Assets);

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. DEFINITIONS

a. 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.

"Additional Grantor" shall have the meaning assigned in Section 6.2.

"Agreement" shall have the meaning set forth in the preamble.

"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.

"Annex Remedies Section" shall mean, with respect to an Applicable Annex, the section in such Applicable Annex named "Defaults and Remedies".

"Applicable Annex" shall mean, with respect to any Collateral and any Grantor, (i) each of Annex 1 (Loyalty Program Assets), Annex 2 (Control Collateral), Annex 3A (Propellers), Annex 3B (Aircraft and Engine Assets), Annex 4 (Slots, Gates and Routes), Annex 5 (Pledged Collateral), and Annex 6 (Spare Parts Assets) 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.

"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.

"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.

"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.

"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.

"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 any such lease, license, contract, property right or agreement by its terms in effect on the date hereof 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 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.

"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. "International Registry" shall mean the "International Registry" as defined in the Cape Town Treaty.

"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.

"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.

"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.

"Required Filing" shall mean each (i) UCC financing statement (including any fixture filing, as applicable) in favor of the Collateral Agent for the benefit of the Secured Parties with respect to the Collateral (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.

"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.

"**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.

"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.

"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.

"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.

"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.

b. 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 non-limiting 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. 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.

a. Grant of Security

1. 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

personal property 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) all Aircraft and Engine Assets described on Schedule 2.1;

(iii) all Spare Parts Assets described on Schedule 2.1;

(iv) all Propeller Assets described on Schedule 2.1;

(v) all Route Authorities and (w) all FAA Route Slots, (x) all Foreign Route Slots, (y) all Domestic Gate Leaseholds and (z) all Foreign Gate Leaseholds, in the case of each of (w), (x), (y) and (z), held, acquired, used, allocated to or available for use by any Grantor in connection with any such Route Authority described on Schedule 2.1;

(vi) 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;

(vii) all General Intangibles that are owned by such Grantor related to the foregoing;

(viii) the Deposit Accounts and Securities Accounts described on Schedule 2.1 (which shall include the Collateral Proceeds Account) and all cash deposited or held therein and financial assets credited thereto, as applicable;

(ix) all Pledged Collateral described on Schedule 2.1;

(x) all Documents (including the Documents described on Schedule 2.1) relating to assets described in the foregoing;

(xi) all Accounts (including the Accounts described on Schedule 2.1) relating to assets described in the foregoing;

(xii) to the extent not otherwise included above, all books and records and Supporting Obligations relating to any of the foregoing; and

(xiii) to the extent not otherwise included above, all Proceeds (including all Proceeds (of any kind) received or to be received by the Grantors upon the transfer or other such disposition of any of the foregoing), products, accessions, rents and profits of or with respect to any of the foregoing.

2. 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.

3. Each Grantor shall file and make all Required Filings and also hereby authorizes the Collateral Agent to file or 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.

4. If any Collateral (or any portion thereof) constitutes a type of asset covered by an Applicable Annex, the 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 constituted a part of this Agreement.

Section 3. SECURITY FOR OBLIGATIONS; GRANTORS REMAIN LIABLE.

a. 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**").

b. Continuing Liability Under Collateral

Notwithstanding anything herein to the contrary:

5. nothing contained herein is intended or shall be a delegation of duties to any Secured Party;

6. 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

7. 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.

a. 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):

8. It owns and has good and valid rights in all Collateral free and clear of any Lien except for Permitted Liens.

9. Subject to applicable Privacy Laws, it has the full corporate power, authority and right to pledge, sell, assign or transfer the Collateral pursuant to, and as provided in, this Agreement.

10. 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.

11. The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein is true, correct and complete.

12. 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 UCC financing statements and any Required Filing set forth in any Applicable Annex, 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.

13. The UCC financing statements and the Required Filing set forth in the Applicable Annexes are all the financing statements, filings, recordings and registrations that are necessary to publish notice of, protect the validity of and to 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 steps or actions is necessary in any such 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 (y) under applicable Law with respect to the filing of continuation statements and (z) expressly (by reference to this Section 4.1(f)) in any Applicable Annex.

14. 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, recordings, registrations 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.

15. 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 Required Filings set forth in any Applicable Annex, 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

a. Affirmative Covenants.

Each Grantor hereby covenants and agrees that:

16. 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).

17. On the Closing Date and at any time at which an additional Perfection Requirement is required 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, as applicable, in form and substance satisfactory to the Appropriate Party with respect to the 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.

18. Concurrently with the Appraisals required to be delivered under Section 5.16 of the Loan Agreement, it shall provide to the Collateral Agent:

(xiv) 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) with respect to Collateral remain true, correct and complete in all material respects; and

(xv) to the extent applicable, supplements to (or restated versions of) Schedules 2.1 and 4.1 and the Perfection Certificate.

19. 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 and duly and timely filed and recorded.

20. 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.

21. Concurrently with any supplementing or changing of the Schedules to this Agreement, 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 made, 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.

22. Grantor is an air carrier certificated under Section 44705 of Title 49, United States Code.

b. Negative Covenants.

Each Grantor hereby covenants and agrees that:

23. 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.

24. 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.

Section 6. FURTHER ASSURANCES; ADDITIONAL GRANTORS.

a. Further Assurances.

25. 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.

26. 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.

27. 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).

b. 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.

a. 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:

28. to prepare and file any UCC financing statements and any other Required Filing against such Grantor as debtor;

29. 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;

30. upon the occurrence and during the continuance of any Event of Default:

(xvi) to take any actions set forth in any Applicable Annex;

(xvii) 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;

(xviii) 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;

(xix) to obtain and adjust insurance required to be maintained by such Grantor or paid to the Collateral Agent pursuant to the Loan Agreement;

(xx) 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;

(xxi) to receive, endorse and collect any drafts or other instruments, documents and chattel paper;

(xxii) 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;

(xxiii) 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); and

(xxiv) 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.

b. No Duty on the Part of Collateral Agent or Secured Parties.

31. 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.

32. 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.

33. 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.

c. Standard of Care; Collateral Agent May Perform.

34. 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.

35. 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.

36. 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.

37. 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.

38. 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.

39. 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 without limitation, 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.

a. Generally.

40. 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:

(xxv) 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;

(xxvi) 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;

(xxvii) 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;

(xxviii) 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;

(xxix) 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;

(xxx) 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);

(xxxi) 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

(xxxii) take any other actions specified in any Applicable Annex.

41. 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 or statute 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.

42. 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.

43. 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):

(xxxiii) 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

(xxxiv) 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 Agreement, or otherwise.

44. The Collateral Agent shall have no obligation to marshal any of the Collateral.

45. 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 after the occurrence, and solely during the continuance, of an Event of Default. For the avoidance of doubt, the license granted pursuant to this Section 8.1(f) may be exercised by the Collateral Agent 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:

(xxxv) 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;

(xxxvi) 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;

(xxxvii) 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;

(xxxviii) 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

(xxxix) 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).

46. 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.

b. 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.

c. 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 Grantors 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.

a. 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 Lender no longer having 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, the 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 the 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 Lender no longer has 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 Disposition of property expressly permitted by the Loan Agreement, the security interest granted herein 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 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 Annexes.

b. Reinstatement

This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Parent, any Grantor or any Affiliates thereof for liquidation or reorganization, should the Borrower 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.

a. 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.

b. Waiver; Amendment.

47. 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.

48. 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 Grantors with respect to which such waiver, amendment or modification is to apply. 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.

c. 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 all other conflicts between this Agreement and any other Security Document, this Agreement shall govern.

d. Collateral Agent's Fees and Expenses.

49. The Grantors jointly and severally agree to reimburse the Collateral Agent for its fees and expenses incurred hereunder as provided in Section 11.03 of the Loan Agreement; provided that, each reference therein to the "Borrower" shall be deemed to include a reference to the Grantors.

50. Any such amounts payable as provided hereunder shall be additional Secured Obligations secured hereby and by the other Security Documents.

e. 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 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.

f. Counterparts; Effectiveness, Successors and Assigns.

51. 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.

52. 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.

g. 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.

h. Governing Law; Jurisdiction, Etc.

53. This Agreement will be governed by and construed in accordance with the law of the State of New York.

54. 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.

55. 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.

56. 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.

[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.

HORIZON AIR INDUSTRIES, INC., as Grantor

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON,
as Collateral Agent

By: _____
Name:
Title:

[*Signature Page to the Pledge and Security Agreement*]

Excluded Intellectual Property (if any)

None.

CERTAIN LISTED COLLATERAL

a. Aircraft

Embraer S.A. aircraft more specifically described below:

	Aircraft Model	Aircraft Generic Model	Airframe Serial No.	U.S. Registration No.
	ERJ 170-200 LR	ERJ 170-200	17000769	N646QX
	ERJ 170-200 LR	ERJ 170-200	17000773	N647QX
	ERJ 170-200 LR	ERJ 170-200	17000789	N648QX
	ERJ 170-200 LR	ERJ 170-200	17000794	N649QX
	ERJ 170-200 LR	ERJ 170-200	17000809	N650QX
	ERJ 170-200 LR	ERJ 170-200	17000812	N651QX

Bombardier Inc. aircraft more specifically described below:

	Aircraft Model	Aircraft Generic Model	Airframe Serial No.	U.S. Registration No.
	DHC-8-402	DASH 8-Q400	4149	N421QX
	DHC-8-402	DASH 8-Q400	4150	N422QX
	DHC-8-402	DASH 8-Q400	4154	N426QX
	DHC-8-402	DASH 8-Q400	4156	N427QX
	DHC-8-402	DASH 8-Q400	4163	N430QX
	DHC-8-402	DASH 8-Q400	4166	N432QX
	DHC-8-402	DASH 8-Q400	4240	N437QX
	DHC-8-402	DASH 8-Q400	4246	N439QX
	DHC-8-402	DASH 8-Q400	4243	N438QX
	DHC-8-402	DASH 8-Q400	4347	N440QX
	DHC-8-402	DASH 8-Q400	4348	N441QX
	DHC-8-402	DASH 8-Q400	4353	N443QX
	DHC-8-402	DASH 8-Q400	4352	N442QX
	DHC-8-402	DASH 8-Q400	4358	N445QX
	DHC-8-402	DASH 8-Q400	4363	N446QX
	DHC-8-402	DASH 8-Q400	4364	N447QX
	DHC-8-402	DASH 8-Q400	4355	N444QX
	DHC-8-402	DASH 8-Q400	4409	N448QX
	DHC-8-402	DASH 8-Q400	4489	N453QX
	DHC-8-4-2	DASH 8-Q400	4227	N434MK
	DHC-8-402	DASH 8-Q400	4236	N436QX

b. Engines

General Electric engines as more specifically described below:

	Engine Model	Engine Generic Model	Engine Serial No.
	CF34-8E5	CF34-8E	902879
	CF34-8E5	CF34-8E	902880
	CF34-8E5	CF34-8E	902888
	CF34-8E5	CF34-8E	902889
	CF34-8E5	CF34-8E	902924
	CF34-8E5	CF34-8E	902925
	CF34-8E5	CF34-8E	902850
	CF34-8E5	CF34-8E	902937
	CF34-8E5	CF34-8E	902973
	CF34-8E5	CF34-8E	902974
	CF34-8E5	CF34-8E	902978
	CF34-8E5	CF34-8E	902979
	CF34-8E5	CF34-8E	902599
	CF34-8E5	CF34-8E	902836
	CF34-8E5	CF34-8E	902933

Pratt & Whitney Canada engines as more specifically described below:

	Engine Model	Engine Generic Model	Engine Serial No.
	PW150A	PW150 SERIES	PCEFA0116
	PW150A	PW150 SERIES	PCEFA0133
	PW150A	PW150 SERIES	PCEFA0374
	PW150A	PW150 SERIES	PCEFA0343
	PW150A	PW150 SERIES	PCEFA0084
	PW150A	PW150 SERIES	PCEFA0103
	PW150A	PW150 SERIES	PCEFA0346
	PW150A	PW150 SERIES	PCEFA0354
	PW150A	PW150 SERIES	PCEFA0355
	PW150A	PW150 SERIES	PCEFA0351
	PW150A	PW150 SERIES	PCEFA0353
	PW150A	PW150 SERIES	PCEFA0371
	PW150A	PW150 SERIES	PCEFA0192
	PW150A	PW150 SERIES	PCEFA0377
	PW150A	PW150 SERIES	PCEFA0378
	PW150A	PW150 SERIES	PCEFA0536
	PW150A	PW150 SERIES	PCEFA0537
	PW150A	PW150 SERIES	PCEFA0551
	PW150A	PW150 SERIES	PCEFA0312
	PW150A	PW150 SERIES	PCEFA0541
	PW150A	PW150 SERIES	PCEFA0340

	PW150A	PW150 SERIES	PCEFA0763
	PW150A	PW150 SERIES	PCEFA0184
	PW150A	PW150 SERIES	PCEFA0118
	PW150A	PW150 SERIES	PCEFA0792
	PW150A	PW150 SERIES	PCEFA0365
	PW150A	PW150 SERIES	PCEFA0778
	PW150A	PW150 SERIES	PCEFA0776
	PW150A	PW150 SERIES	PCEFA0769
	PW150A	PW150 SERIES	PCEFA0785
	PW150A	PW150 SERIES	PCEFA0786
	PW150A	PW150 SERIES	PCEFA0366
	PW150A	PW150 SERIES	PCEFA0800
	PW150A	PW150 SERIES	PCEFA0470
	PW150A	PW150 SERIES	PCEFA0803
	PW150A	PW150 SERIES	PCEFA0903
	PW150A	PW150 SERIES	PCEFA0904
	PW150A	PW150 SERIES	PCEFA0902
	PW150A	PW150 SERIES	PCEFA0373
	PW150A	PW150 SERIES	PCEFA1090
	PW150A	PW150 SERIES	PCEFA1094
	PW150A	PW150 SERIES	PCEFA0507
	PW150A	PW150 SERIES	PCEFA0552
	PW150A	PW150 SERIES	PCEFA0526
	PW150A	PW150 SERIES	PCEFA0529
	PW150A	PW150 SERIES	PCEFA0110
	PW150A	PW150 SERIES	PCEFA0174
	PW150A	PW150 SERIES	PCEFA0367
	PW150A	PW150 SERIES	PCEFA1077
	PW150A	PW150 SERIES	PCEFA1342

Each of the above described Engines is of 550 or more “rated take-off horsepower” or the equivalent of such horsepower.

c. Propellers

Dowty Aerospace model R408/6-123-F/17 propellers with the manufacturer's serial numbers described below:

	Propeller Serial No.
	DAP0334
	DAP0193
	DAP0094

	DAP0362
	DAP0366
	DAP0117
	DAP0711
	DAP0141
	DAP0042
	DAP0142
	DAP0349
	DAP0076
	DAP0247
	DAP0470
	DAP0181
	DAP0327
	DAP0192
	DAP0849
	DAP0237
	DAP0329
	DAP0337
	DAP0332
	DAP0341
	DAP0085
	DAP0857
	DAP0346
	DAP0326
	DAP0365
	DAP0372
	DAP0112
	DAP0359
	DAP0793
	DAP0363
	DAP0792
	DAP0115
	DAP0364
	DAP0899
	DAP0904
	DAP0507
	DAP0511
	DAP0532
	DAP0535

Each Propeller is capable of absorbing 750 or more “rated take-off shaft horsepower”.

d. Loyalty Program Assets – None

e. Spare Parts Assets – None

f. Slots, Gates and Routes – None

Schedule 4.1 (General Information)
to Agreement

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
	Horizon Air Industries, Inc.	Corporation	Washington	19300 International Blvd. Seattle, WA 98188	91-1201373

Exhibit A
to Agreement

[FORM OF] PLEDGE SUPPLEMENT

This **PLEDGE SUPPLEMENT**, dated [●], is executed and delivered by the undersigned (a **"Grantor"**) pursuant to the Amended and Restated Horizon Aircraft, Engine and Propeller Pledge and Security Agreement, dated as of October 30, 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:

i. Loyalty Program Assets (certain non-Loyalty Program Agreement components):

1. Loyalty Program Agreements (please denote any Loyalty Program Agreement which is a Material Loyalty Program Agreement with a [1] and include the expiration date for each Material Loyalty Program Agreement)

2. Trademark Registration

No.	Mark	Registration Number	Registration Date	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

3. Trademark Application

No.	Mark	Application Number	Filing Date	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

4. Issued Patents

No.	Title	Patent Number	Date Issued	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

5. Patent Applications

No.	Title	Application Number	Filing Date	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

6. Copyright Registration

No.	Title	Registration Number	Registration Date	Jurisdiction	Owner
	[●]	[●]	[●]	[●]	[●]

7. Copyright Applications

No.	Title	Registration Number	Registration Date	Owner
	[●]	[●]	[●]	[●]

[‡] Denotes a Material Loyalty Program Agreement.

8. Exclusive Copyright Licenses

9. Internet Domain Names

No.	Domain Name	Owner
	[●]	[●]

10. Material Unregistered Trademarks

11. IP Licenses

(i) Aircraft and Engine Assets:

a. Airframes

No.	U.S. Registration No.	Airframe Manufacturer	Airframe Model	Airframe Serial No.
	[●]	[●]	[●]	[●]

b. Engines

No.	Manufacturer	Model	Generic Manufacturer and Model	Manufacturer's Serial No.
	[●]	[●]	[●]	[●]

c. Insurance

(i) Spare Parts Assets:

1. Spare Parts

No.	Grantor	Type of Spare Part	Manufacturer Part Number	Designated Spare Parts Location (and address)
	[●]	[●]	[●]	[●]

2. Insurance

(i) SGR Assets:

a. Route Authorities

b. Scheduled Service

No.	Domestic Airport	Foreign Airport
	[●]	[●]

c. Slots

d. Copies of Routes Certificates and Orders

COMPLETE FOR ALL COLLATERAL PACKAGES:

(ii) Control Collateral

a. Deposit Accounts

No.	Grantor	Name of Account Bank	Account Number	Type of Account
	Horizon Air Industries, Inc.	Bank of America, N.A	138110458058	Collateral Proceeds Account

b. Securities Accounts[2,3]

No.	Grantor	Name of Securities Intermediary	Account Number	Account Name
	[●]	[●]	[●]	[●]

(ii) Pledged Collateral

a. Pledged Debt

No.	Grantor	Issuer	Original Principal Amount	Outstanding Principal Balance	Issue Date	Maturity Date
	[●]	[●]	[●]	[●]	[●]	[●]

b. Pledged Equity Interests

[] Denotes a Blocked Account.

[†] Denotes a Collection Account.

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
	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

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
	[●]	[●]	[●]	[●]	[●]

Exhibit B
to Agreement

Form of Perfection Certificate

[*Intentionally Omitted from the FAA Filing Counterpart as the Parties Deem it to Contain Confidential Information*]

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 Annexes 2 (for Control Collateral) and 5 (for Pledged Collateral) (each, an "**Incorporated Annex**", and collectively, the "**Incorporated Annexes**") 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 7(a)(ix)(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

i. 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

ii. 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.

iii. 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.

iv. 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.

v. 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

vi. 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.

vii. 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.

viii. 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.

ix. 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.

x. 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.

xi. 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.

xii. 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

xiii. 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.

xiv. [Reserved.]

xv. With respect to each Material Loyalty Program Agreement:

a. [Reserved.];

b. 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;

c. [Reserved.];

d. 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

e. the Collateral includes substantially all of the Loyalty Program Revenue.

Other Collateral Representations

xvi. [Reserved.]

xvii. 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:

xviii. [Reserved].

Affirmative Covenants - Data

xix. 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.

xx. 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 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 Grantor's Carrier Loyalty Program immediately prior to the Closing Date and (y) at least one copy stored in connection with 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 Grantor's Carrier Loyalty Program and (y) at least one copy stored in connection with 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.

xxi. 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.

xxii. 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.

xxiii. 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.

xxiv. It shall maintain and, to the extent not already in its possession, obtain cyber liability insurance covering breaches to or compromises of third party components of 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. Notwithstanding anything herein or in any other Loan Document to the contrary, the applicable Grantor shall be permitted to obtain first-party coverage for cyber liability insurance through its in-house captive insurance team to the extent that obtaining such first-party coverage through a third-party insurance provider is commercially unviable.

xxv. Notwithstanding anything to the contrary herein or in the other Loan Documents, any reference to "Loyalty Program Data" in this Annex (including in Section 3(q)(F)) will not include Non-Loyalty Copies.

Affirmative Covenants – Intellectual Property

xxvi. 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 (other than the "MILEAGE PLAN" Trademark) 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.

xxvii. 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.

xxviii. 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.

xxix. 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.

xxx. 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.

xxxi. 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

xxxii. 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).

xxxiii. 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.

xxxiv. 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.

xxxv. 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).

xxxvi. [Reserved.]

Negative Covenants - Data

xxxvii. 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

xxxviii. 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.

xxxix. 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

xl. 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.

xli. [Reserved.]

xlii. 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:

xliii. 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:

f. 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;

g. 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;

h. 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;

i. 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

j. 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.

xliv. 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:

k. 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;

l. 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

m. such Grantor's personnel responsible for either of the foregoing matters.

xlv. 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.**

n. 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.

o. 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 Treasury.

8. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

xlvi. The terms of this Annex shall be deemed incorporated into and part of this Agreement.

xlvii. 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**.

xlviii. The following capitalized terms used in this Agreement shall have the following meanings:

p. **"Collateral Support"** shall mean all property (real or personal) assigned or securing any Collateral and shall include any agreement granting a Lien in such real or personal property.

q. [Reserved].

r. [Reserved].

s. [Reserved].

t. **"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.

u. **"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).

v. **"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.

w. **"Licensed Trademarks"** shall mean the Carrier Licensed Trademarks as defined in the IP License Agreement.

x. **"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:

1. [Reserved];

2. the Loyalty Program Agreements, including all Loyalty Program Revenues and all:

   i. Accounts;

   ii. Instruments; and

   iii. 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;

1. 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 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;

2. All:

   iv. Intellectual Property (other than Trademarks);

   v. General Intangibles (other than Intellectual Property);

   vi. IT Systems; and

vii. 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;

1. All IP Licenses (x) set forth on Schedule 7(a)(ix)(E)(x), (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 IP License set forth on Schedule 7(a)(ix)(E)(y);
2. All Loyalty Program Data;
3. All IP-Related Rights;
4. 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 7(a)(ix), Schedule 2.1 or in any Pledge Supplement); and
5. 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).

y. **"Loyalty Program Intellectual Property"** shall mean the Intellectual Property included in the Loyalty Program Assets.

z. **"Loyalty Program Rules"** shall mean the rules, policies and procedures that govern the applicable Carrier Loyalty Program.

aa. **"Loyalty Program Trademarks"** shall mean the Trademarks included in the Loyalty Program Assets.

ab. [Reserved].

ac. **"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.

ad. "**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.

ae. [Reserved].

af. [Reserved].

xlix. 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.

Schedule 7(a)(ix)(E)(x)

None.

Schedule 7(a)(ix)(E)(y)

None.

EXHIBIT 1 to Annex 1 (Loyalty Program Assets)

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 September 28, 2020 (as amended by that certain Restatement Agreement, dated as of October 30, 2020, and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***") by and among ALASKA AIRLINES, INC., as Borrower, the Guarantors party thereto, the Collateral Agent, the Administrative Agent named therein and the United States Department of the Treasury, as Lender;

WHEREAS, the Collateral Agent entered into that certain Amended and Restated Horizon Aircraft, Engine and Propeller Pledge and Security Agreement dated as of as of October 30, 2020, 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***"):

i. **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*");**

ii. **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**

iii. **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

COPYRIGHT APPLICATIONS

No.	Title of Work	Application Date	Grantor

EXCLUSIVE COPYRIGHT IP LICENSES

No.	Title of Work	Registration Number	Registration Date	Grantor

EXHIBIT 2 to Annex 1 (Loyalty Program Assets)

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 September 28, 2020 (as amended by that certain Restatement Agreement, dated as of October 30, 2020, and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among ALASKA AIRLINES, INC., as Borrower, the Guarantors party thereto, the Collateral Agent, the Administrative Agent named therein and the United States Department of the Treasury, as Lender;

WHEREAS, the Collateral Agent entered into that certain Amended and Restated Horizon Aircraft, Engine and Propeller Pledge and Security Agreement dated as of as of October 30, 2020, 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***"):

i. **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**

ii. **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

PATENT APPLICATIONS

No.	Application Number	Filing Date	Title	Grantor

EXHIBIT 3 to Annex 1 (Loyalty Program Assets)

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 September 28, 2020 (as amended by that certain Restatement Agreement, dated as of October 30, 2020, and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Loan Agreement***") by and among ALASKA AIRLINES, INC., as Borrower, the Guarantors party thereto, the Collateral Agent, the Administrative Agent named therein and the United States Department of the Treasury, as Lender;

WHEREAS, the Collateral Agent entered into that certain Amended and Restated Horizon Aircraft, Engine and Propeller Pledge and Security Agreement dated as of as of October 30, 2020, 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***"):

iii. 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

iv. 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.

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).

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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

TRADEMARK APPLICATIONS

No.	Mark	Application Number	Filing Date	Grantor

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 the Collateral Proceeds 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 Collection 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) A Collateral Proceeds Account, each applicable Grantor shall, on or prior to the Closing Date and, for any Collateral Proceeds Account established after the Closing Date, on the date of the establishment of such Collateral Proceeds 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 Proceeds 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 Deposit Accounts and Securities Accounts constituting Collateral (including the Collateral Proceeds 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 and 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 Proceeds Account agrees to comply with the provisions of the Loan Agreement applicable to such Collateral Proceeds 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 Proceeds 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 Proceeds Account; and

(c) apply funds held in or credited to Collateral consisting of Deposit Accounts and Securities Accounts, including any Collateral Proceeds 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 Propellers.

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 Propellers:

   The applicable Grantor, at its sole cost and expense, shall on the date of execution of any Mortgage Supplement or a 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; and

   (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**. The filing of an FAA Filed Document with respect to Propellers with the FAA shall be included in the definition of "Required Filing" and shall constitute an additional "Required Filing" with respect to Collateral consisting of Propellers:

3. **Representations and Warranties**. Each Grantor (as applicable) represents and warrants on the date of each Borrowing (or, in the case of an Additional Grantor or Additional Collateral, including any Additional Propeller, on the date of such Grantor's execution and delivery of a Mortgage Supplement or 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 Propeller Assets constituting Collateral and that such Grantor is the owner of the Propellers listed in Schedule 2.1.

   (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 and (y) the recording and the filing of each Mortgage or Mortgage Supplement in the office of the FAA pursuant to Title 49, in each case, with respect to each Propeller constituting Collateral, (i) all filings, registrations and recordings necessary in the United States 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 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 Propellers constituting Collateral (other than Permitted Liens).

(d) All Propellers constituting Collateral have been first placed in service after October 22, 1994.

(e) All Propellers constituting Collateral have been duly certified by the FAA as to type and airworthiness.

(f) All Propellers are habitually located in the United States.

4. **Covenants**. Each Grantor (as applicable) covenants and agrees that:

1. Filings and Registrations

i. 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 or 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 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 Mortgages and the related Mortgage Supplement(s) of the Collateral Agent in the Propeller 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.

2. Possession, Operation and Use, Maintenance, Registration and Markings.

(a) General. Except as otherwise expressly provided herein, it shall be entitled to operate, use, locate, employ or otherwise utilize or not utilize any Propeller in any lawful manner or place in accordance with such Grantor's business judgment.

(b) Possession. It shall not lease or otherwise in any manner deliver, transfer or relinquish possession of any Propeller, or install any Propeller, or permit any Propeller to be installed, on any engine other than an Engine, in each case, to the extent constituting Collateral; except that the applicable Grantor may, so long as no Event of Default has occurred:

a. Deliver possession of any Propeller constituting Collateral (x) to the Manufacturer thereof or to any third-party maintenance provider for testing service, repair, maintenance or overhaul work on such Propeller, or, to the extent required or permitted by Section 3(c) of this Annex, for alterations or modifications in or additions to such Propeller 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;

b. Transfer possession of the Propeller 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

c. Install a Propeller on an engine owned (including any Engine) 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 Propeller had not so been installed) of the Collateral Agent's rights and remedies in respect of such Propeller 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 (b)(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 engine 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 engine as the result of any Propeller being installed on such engine at any time while such engine 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 engine 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 a Propeller as the result of such Propeller being installed on such engine at any time which such engine is subject to such lease, conditional sale, trust indenture or other security agreement.

(c) Operation and Use. It shall not operate, use or locate such Propeller, or allow such Propeller 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 Grantors obtain 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 Propeller 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 Propeller from such area. No Grantor shall permit such Propeller 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 Propeller, 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 Propeller, 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 Propeller.

(d) Maintenance and Repair. It shall cause all Propeller 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 Propeller Assets in such operating condition as may be necessary to enable the applicable airworthiness certification of such Propeller, or, in the case of any Propeller that is installed on an Engine, the applicable Engine to be maintained under the regulations of the FAA. Each Grantor further agrees that each Propeller constituting Collateral will be maintained, used, serviced, repaired, overhauled or inspected in compliance with applicable Laws with respect to the maintenance of the Propellers and in compliance with each applicable airworthiness certificate, license and registration relating to such Propeller issued by the applicable Aviation Authority.

3. Replacement of Parts, Alterations, Modification and Additions.

(a) 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 Propeller 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).

(b) Parts Subject to Lien. Except as otherwise provided herein, any Part at any time removed from a Propeller 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 Propeller and that meets the requirements for replacement parts specified above. Immediately upon any replacement part becoming incorporated or installed in or attached to such Propeller 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 Propeller, 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 Propeller.

(c) Alterations, Modifications and Additions. It shall make alterations and modifications in and additions to each Propeller 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 Propeller (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 Propeller and does not involve any material risk of sale, forfeiture or loss of such Propeller 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 Propeller (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 Propeller ("**Obsolete Parts**"); provided, however, that no such Optional Alteration to a Propeller shall (i) materially diminish the fair market value, utility or remaining useful life of such Propeller below its fair market value, utility or remaining useful life immediately prior to such Optional Modification (assuming such Propeller was in the condition required by this Agreement immediately prior to such Optional Modification) or (ii) cause such Propeller to cease to have the applicable standard certificate of airworthiness. All Parts incorporated or installed in or attached to any Propeller 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 Propeller is subject to the Lien of this Agreement, remove any Part (such Part being referred to herein as a "**Removable Part**") from such Propeller 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 Propeller 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 Propeller pursuant to the terms of this Annex and (iii) such Part can be removed from such Propeller without materially diminishing the fair market value, utility or remaining useful life which such Propeller would have had at the time of removal had such removal not been effected by such Grantor, assuming such Propeller 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 Propeller. 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.

4. Loss, Destruction or Requisitions: Addition of Propellers.

(a) Event of Loss. Upon the occurrence of an Event of Loss with respect to a Propeller:

(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 Propeller, each applicable Grantor shall have the right to replace and substitute such Propeller in accordance with Section 4(d) of this Annex.

(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 Propeller suffering such Event of Loss shall be released from the Lien of this Agreement.

(b) Requisition for Use. In the event of a requisition for use by any Governmental Authority or a CRAF activation of a Propeller or a propeller installed on an Engine while such Engine is subject to Liens 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.

(c) Conditions to Addition of a Propeller. 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 Propeller (an "**Additional Propeller**") 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 Mortgage Supplement or a Pledge Supplement covering such Additional Propeller;

(ii) an executed counterpart of a Mortgage Supplement (in form and substance satisfactory to the Appropriate Party) covering such Additional Propeller, 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 Propeller;

(iv) such Grantor shall have furnished to the Collateral Agent and the Appropriate Party, at the expense of such Grantor, (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 such Grantor's interest in the Additional Propeller and a UCC filing has been filed with respect thereto resulting in a perfected security interest to the extent the UCC is applicable, (B) an opinion of the Grantor's in-house counsel, reasonably satisfactory to the Appropriate Party and addressed to the Secured Parties, to the effect that the Secured Parties will have the benefits of Section 1110 of the U.S. Bankruptcy Code with respect to the Additional Propeller, and (C) an opinion of such Grantor's aviation law counsel reasonably satisfactory and addressed to the Appropriate Party as to the due filing for recordation of the Mortgage Supplement with respect to such Additional Propeller 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 Propeller granted to the Appropriate Party hereunder.

(v) the Grantors shall have delivered an Appraisal of such Additional Propeller to the Appropriate Party and, if such Additional Propeller were delivered to such grantor by the manufacturers within ninety (90) days prior to the date such Additional Propeller is added as Collateral, in an officer's certificate attesting to the foregoing; and

(vi) the Grantors 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 Propeller is duly and properly subjected to the Lien of this Agreement.

(d) Substitution of Propellers.

(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 Propeller to replace any Propeller (such replaced Propeller, the "**Replaced Propeller**") (including, if so elected by such Grantor, in satisfaction of any applicable obligations in relation to an Event of Loss with respect to such Propeller 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(d) of this Annex. Such Additional Propeller shall be a Propeller manufactured by the Manufacturer of the Replaced Propeller that is the same model as the Replaced Propeller, 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 Propeller (assuming that such Propeller 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 Propeller, 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 Propeller from Collateral and specifically describing such Propeller and (B) a certificate of a Responsible Officer of such Grantor providing:

1. a description of the Replaced Propeller which shall be identified by Manufacturer, model, and Propeller's serial number;

2. a description of the Additional Propeller (including the Manufacturer, model, and Propeller's serial number) to be received as consideration for the Replaced Propeller;

3. that on the date of the Mortgage Supplement relating to the Additional Propeller, such Grantor will be the legal owner of such Additional Propeller free and clear of all Liens (other than the Lien under this

Agreement and Permitted Liens), and that such Additional Propeller has been duly registered in the name of such Grantor and that such Grantor has the full right and authority to use such Additional Propeller;

4. that the insurance required by this Agreement is in full force and effect with respect to such Additional Propeller 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 Propeller; and

6. that the conditions set forth in Section 6.17(b)(iii) of the Loan Agreement and Section 4(d) 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 Propeller).

(iii) Immediately upon the satisfaction of conditions set forth in this Section 4(d) of this Annex and without further act, (A) the Replaced Propeller 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 Propeller shall become subject to this Agreement as a Propeller and as Collateral.

5. Insurance.

(a) Each applicable Grantor shall furnish to the Collateral Agent such evidence of compliance with the insurance provisions of this Annex with respect to Propellers constituting Collateral.

(b) 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 Propeller Assets constituting Collateral and take any other steps required under this Annex.

(c) 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.

(d) 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.

(e) 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 Propeller constituting Collateral at the time of such receipt shall be applied in accordance with Section 2.06(b) of the Loan Agreement.

6. **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 exercise all of the rights and remedies of a secured party under the UCC and the Cape Town Treaty.

7. **Release of Collateral**. Each Grantor and the Collateral Agent agree that upon satisfaction and completion, as determined by the Appropriate Party, of the conditions for release of any Propeller Assets constituting Collateral from the Lien granted hereby in accordance with to Section 6.17(b)(iii) of the Loan Agreement such Replaced Propeller, 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 in such released Propeller Assets or Replaced Propeller. 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 a Propeller from the Lien of this Agreement shall have effect without further action of releasing all other Collateral, including the related Propeller Documents relating to such released Propeller.

8. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

(i) The terms of this Annex shall be deemed incorporated into and part of this Agreement.

(ii) The terms of this Annex are cumulative in nature and shall not limit the applicability or scope of the other terms of this Agreement.

(iii) 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 Propellers as provided herein in the event of a case under Chapter 11 of the Bankruptcy Code in which the Grantors are debtors, 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.

(iv) The applicable Grantor shall deliver to the Collateral Agent a certificate from a Responsible Officer of such Grantor, dated as of the date of the Mortgage Supplement or the Pledge Supplement, which shall contain representations that such Grantor has exclusive title in all Propeller Assets constituting Collateral.

9. **Terms**. The following capitalized terms used in this Annex shall have the following meanings:

(v) "**Additional Insureds**" is defined in Appendix I to this Annex.

(vi) "**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.

(vii) "**Aviation Authority**" means, in the case of any Propeller, the FAA or, if such Propeller is permitted to be, and is, registered with any other Governmental Authority, such other Governmental Authority.

(viii) "**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.

(ix) "**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.

(x) "**CRAF**" means the Civil Reserve Air Fleet Program established pursuant to 10 U.S.C. Section 9511-13 or any similar substitute program.

(xi) "**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 3 of this Annex, but excluding any such engine that has subsequently been released from the Lien in accordance with the terms of this Agreement.

(xii) "**Event of Loss**" means with respect to any Propeller, 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 applicable Grantor;

(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 for a period exceeding one hundred and eighty (180) consecutive days

(xiii) "**FAA Filed Document**" shall mean the Mortgage or Mortgage Supplement executed by a Grantor.

(xiv) "**Mandatory Alteration**" shall have the meaning given in this Annex.

(xv) "**Manufacturer**" shall mean, with respect to any Propeller, the manufacturer thereof.

(xvi) "**Mortgage**" shall mean an FAA Mortgage, with appropriate modifications to reflect the purpose for which it is being used in form and substance satisfactory to the Appropriate Party.

(xvii) "**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.

(xviii) "**Obsolete Part**" shall have the meaning given in Section 3(c) of this Annex.

(xix) "**Optional Alteration**" shall have the meaning given in Section 3(c) of this Annex.

(xx) "**Parts**" means all appliances, parts, components, instruments, appurtenances, accessories, furnishings, seats and other equipment of whatever nature, that may from time to time be installed or incorporated in or attached or appurtenant to any Propeller or removed therefrom unless the Lien created under this Agreement shall not be applicable to such Parts in accordance with Section 3 of this Annex.

(xxi) "**Propeller(s)**" means (i) each of the propellers listed 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,whether or not from time to time installed on any Engine or any other engine, and (ii) any replacement propeller which may from time to time be substituted for any Propeller pursuant to the terms hereof; and (iii) in each case, any and all related Parts.

(xxii) "**Propeller Assets**" shall mean:

(e) Each Propeller 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 "Propeller", including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Propellers (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 Propeller Documents owned by, or in the possession of, the applicable Grantor;

(f) 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 Propellers (reserving in each case to the Grantors, however, all of the Grantors' 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 Propellers, 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);

(g) All General Intangibles which are owned by such Grantor (including the General Intangibles described on Schedule 2.1) relating to Propeller Assets described in the foregoing; and

(h) All Insurance with respect to any of the foregoing.

(xxiii) "**Propeller Documents**" means, with respect to any Propeller, 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 Propeller, 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.

APPENDIX I

INSURANCE

A. Liability Insurance.

a. 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 Propeller (including, as applicable, in respect of an Engine on which a Propeller 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 propellers owned or leased and operated by the applicable Grantor of the same type and operating on similar routes as such Propeller and (ii) of the type and covering the same risks as from time to time applicable to propellers operated by the applicable Grantor of the same type as such Propeller; and (iii) maintained in effect with insurers of nationally or internationally recognized responsibility (such insurers being referred to herein as "Approved Insurers").

b. During any period that a Propeller 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 propeller owned or operated by the applicable Grantor of the same type as such Propeller 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 propellers 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.

a. 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 Propellers (including when the Propeller is not installed on any engine) which is of the type as from time to time applicable to propellers owned by the applicable Grantor of the same type as such Propeller for an amount denominated in United States Dollars not less than, for each Propeller, 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, its associated Engines, and its associated Propellers or separate such values for any airframe, Engine or Propeller) 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 Propeller, 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 Propellers temporarily removed from an Engine and Parts while temporarily removed from any

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 Propeller and Parts for an amount denominated in United States Dollars (which replacement value shall, for a Propeller 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 Propeller 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 or industry standard self-insured retentions for hull insurance carried by the applicable Grantor.

b. During any period that a Propeller 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 propeller owned by the applicable Grantor of the same type as such Propeller similarly on the ground and not in operation, provided that the applicable Grantor shall maintain insurance against risk of loss or damage to such Propeller in an amount at least equal to the Agreed Value for such Propeller 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 Propeller (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 subject to standard territorial restrictions or limitations applicable in the Lloyd's of London Insurance Market at the time the policy is issued (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 the date of delivery of any Mortgage Supplement or Pledge Supplement with respect to each Propeller 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 Propeller 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 Propeller 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 Propeller shall remain with the applicable Grantor's insurers at all times, and any insurance policies of the Collateral Agent insuring any Propeller shall provide for a release to the applicable Grantor of any and all salvage rights in and to any Propeller.

Exhibit A to Annex 3A

[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 Amended and Restated Horizon Aircraft, Engine and Propeller Pledge and Security Agreement, dated as of October 30, 2020 and filed for recordation with the FAA Registry pursuant to and in accordance with the provisions of Section 44107 of the Transportation Code on September 28, 2020 at 8:17 A.M., C.D.T. (herein called the "PSA"; capitalized terms used herein but not defined shall have the meaning ascribed to them in the PSA), between the Grantors 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 Grantors and the Collateral Agent in order to secure the Secured Obligations; and

WHEREAS, the Grantors wish to supplement the PSA and to subject the Aircraft and Engine Assets described in Exhibit A hereto 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[s] 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[s] has/have 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 in all right, title and interest of the Grantors in, to and under the following described property:

1. The Propellers 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 "Propeller", including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to each such Propeller (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 Propeller Documents relating to each such Propeller.

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]

IN WITNESS WHEREOF, the Grantor[s] has/have 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 PROPELLERS:

No.	Propeller Model	Propeller Serial No.
	[●]	[●]

Each of the above listed Propellers is capable of absorbing 750 or more “rated take-off shaft horsepower.”

Form of Officer's Certificate

[●], 202[●]

Reference is made to that certain Amended and Restated Horizon Aircraft, Engine and Propellers Pledge and Security Agreement, dated as of the date hereof (the "Agreement"), between Horizon Air Industries, Inc., a Washington corporation (the "Company"), as the Grantor, and The Bank of New York Mellon, as Collateral Agent. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

The undersigned is a duly authorized Responsible Officer of the Company and I hereby certify, solely in my capacity as a Responsible Officer of the Company, and not in my individual capacity, on the date hereof that:

1. The Company is an "air carrier" within the meaning of Section 40102 of Title 49 and holds a certificate under Section 40102 of Title 49;

2. The Company has exclusive title in all Aircraft and Engine Assets and Propeller Assets listed in Schedule I attached hereto.

3. The information supplied by the Company with respect to the Aircraft and Engine Assets and the Propeller Assets included in Schedule I and corresponding information in Schedule 2.1 to the Agreement is true, correct and complete on and as of the date hereof.

4. Each Aircraft or Airframe listed on Schedule I has been duly registered in the name of the applicable Company under Chapter 441 of the Transportation Code. An airworthiness certificate has been duly issued under Chapter 447 of the Transportation Code with respect to each Aircraft and Airframe listed on Schedule I. Each of the Aircraft and Airframes listed on Schedule I corresponds to an Aircraft or Airframe specified in Schedule 2.1 to the Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The undersigned hereby certifies, in his or her capacity as a Responsible Officer of the Company and not in his or her individual capacity, each and every matter contained herein to be true and correct as of the date first written above.

[●]

By: _____
Name:
Title:

Schedule I

1. Aircraft/Airframes

[●] aircraft more specifically described below:

	Aircraft Model	Aircraft Generic Model	Airframe Serial No.	U.S. Registration No.

2. Engines

[●] engines as more specifically described below:

	Engine Model	Engine Generic Model	Engine Serial No.

Each of the above described Engines is of 550 or more “rated take-off horsepower” or the equivalent of such horsepower.

3. Propellers

[●] propellers as more specifically described below:

	Propeller Model	Propeller Serial No.	Propeller Location

Each Propeller is capable of absorbing 750 or more “rated take-off shaft horsepower”.

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 are equal to or less than 20 years old on the date that the relevant Airframes are first pledged as Collateral.

(f) All Airframes constituting Collateral have been duly certified by the FAA as to type and airworthiness.

(g) All Engines constituting Collateral have been duly certified by the FAA as to type.

(h) 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 Grantors obtain 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 Agreement, 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 Alteration (assuming such Airframe or Engine was in the condition required by this Agreement immediately prior to such Optional Alteration) 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 Grantors 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 Grantors 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 Grantors 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 Grantors 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 constituting Collateral from the Lien granted hereby in accordance with to Section 6.17(b)(iii) of the Loan Agreement such 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 Grantors are 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 Grantors 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 Grantors, however, all of the Grantors' 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) [Reserved].

(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) [Reserved].

(i) [Reserved].

(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) [Reserved].

(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.

a. 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").

b. 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.

a. 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 or industry standard self-insured retentions for hull insurance carried by the applicable Grantor.

b. 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 subject to standard territorial restrictions or limitations applicable in the Lloyd's of London Insurance Market at the time the policy is issued (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 Amended and Restated Horizon Aircraft, Engine and Propeller Pledge and Security Agreement, dated as of October 30, 2020 and filed for recordation with the FAA Registry pursuant to and in accordance with the provisions of Section 44107 of the Transportation Code on September 28, 2020 at 8:17 A.M., C.D.T. (herein called the "PSA"; capitalized terms used herein but not defined shall have the meaning ascribed to them in the PSA), between the Grantors 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 Grantors and the Collateral Agent in order to secure the Secured Obligations; and

WHEREAS, the Grantors wish to supplement the PSA and to subject the Aircraft and Engine Assets described in Exhibit A hereto 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 Grantors 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[s] has/have 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 in all right, title and interest of the Grantor[s] 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.

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]

IN WITNESS WHEREOF, the Grantor[s] has/have 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:

No.	Owner	U.S. Registration No.	Airframe Manufacturer	Airframe Model	Airframe Serial No.
	[●]	[●]	[●]	[●]	[●]

THE ENGINES:

No.	Manufacturer	Model	Generic Manufacturer and Model	Manufacturer's Serial No.
	[●]	[●]	[●]	[●]

(Each of which Engines having at least 550 rated takeoff horsepower or the equivalent thereof).

Exhibit B to Annex 3B

Form of Officer's Certificate

[●], 202[●]

Reference is made to that certain Amended and Restated Horizon Aircraft, Engine and Propellers Pledge and Security Agreement, dated as of the date hereof (the "Agreement"), between Horizon Air Industries, Inc., a Washington corporation (the "Company"), as the Grantor, and The Bank of New York Mellon, as Collateral Agent. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

The undersigned is a duly authorized Responsible Officer of the Company and I hereby certify, solely in my capacity as a Responsible Officer of the Company, and not in my individual capacity, on the date hereof that:

1. The Company is an "air carrier" within the meaning of Section 40102 of Title 49 and holds a certificate under Section 40102 of Title 49;

2. The Company has exclusive title in all Aircraft and Engine Assets and Propeller Assets listed in Schedule I attached hereto.

3. The information supplied by the Company with respect to the Aircraft and Engine Assets and the Propeller Assets included in Schedule I and corresponding information in Schedule 2.1 to the Agreement is true, correct and complete on and as of the date hereof.

4. Each Aircraft or Airframe listed on Schedule I has been duly registered in the name of the applicable Company under Chapter 441 of the Transportation Code. An airworthiness certificate has been duly issued under Chapter 447 of the Transportation Code with respect to each Aircraft and Airframe listed on Schedule I. Each of the Aircraft and Airframes listed on Schedule I corresponds to an Aircraft or Airframe specified in Schedule 2.1 to the Agreement.

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The undersigned hereby certifies, in his or her capacity as a Responsible Officer of the Company and not in his or her individual capacity, each and every matter contained herein to be true and correct as of the date first written above.

[●]

By: _____
Name:

Title:

Schedule I

1. Aircraft/Airframes

[●] aircraft more specifically described below:

	Aircraft Model	Aircraft Generic Model	Airframe Serial No.	U.S. Registration No.

2. Engines

[●] engines as more specifically described below:

	Engine Model	Engine Generic Model	Engine Serial No.

Each of the above described Engines is of 550 or more “rated take-off horsepower” or the equivalent of such horsepower.

3. Propellers

[●] propellers as more specifically described below:

	Propeller Model	Propeller Serial No.	Propeller Location

Each Propeller is capable of absorbing 750 or more “rated take-off shaft horsepower”.

Each Grantor and the Collateral Agent hereby agree that the terms of this Annex shall apply with respect to Collateral consisting of SGR Assets 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) [Reserved].

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 Grantors hold their 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 Grantors in any such Pledged Gate Leasehold.

   (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 Grantors 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 Grantors' 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, without limitation, 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 Grantors to transfer or assign to it or any other person any of the Grantors' 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 Grantors' 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, without limitation, 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 Grantors 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 Grantors.

(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 Grantors were granted such right, title or interest (or the Grantors' 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 Grantors' 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, 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:

a. 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.

b. 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.

c. 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.

d. 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.

e. 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).

f. 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.

g. 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. **Miscellaneous**. Each Grantor and the Collateral Agent agree that:

i. The terms of this Annex shall be deemed incorporated into and part of this Agreement.

ii. The terms of this Annex are cumulative in nature and shall not limit the applicability or scope of the other terms of this Agreement.

iii. 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. **Terms**. The following capitalized terms used in this Annex shall have the following meanings:

iv. "**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.

v. **"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.

vi. **"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 Grantors.

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).

(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:

1. 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;

2. 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

3. 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.

i. 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.

ii. 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).

iii. 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.

iv. 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.

v. 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.

vi. 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:

vii. 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:

viii. The terms of this Annex shall be deemed incorporated into and part of this Agreement.

ix. 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**.

x. 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 any contrivance invented, used, or designed to navigate, or fly in, the air.

(c) "**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)).

(d) "**Data Report**" means information and data relating to the Spare Part Assets supplied by the Grantors to the Collateral Agent and the Appropriate Party and substantially in the form of Exhibit B to this Annex.

(e) "**Designated Spare Parts Locations**" shall mean the locations designated from time to time by the Grantors at which the Spare Parts Assets may be maintained by or on behalf of the Grantors, which shall be the locations set forth on Schedule 2.1 to this Agreement.

(f) "**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.

(g) "**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:

4. the destruction of such property, damage to such property beyond economic repair or rendition of such property permanently unfit for normal use by the Grantors (other than the use of Expendables in Grantor's operations);

5. 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;

6. any theft, hijacking or disappearance of such property for a period of one hundred and eighty (180) consecutive days or more; or

7. 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.

(h) "**Expendables**" shall mean Spare Parts, other than Rotables and Repairables.

(i) "**FAA Filed Document**" shall mean the Mortgage Location Supplement executed by a Grantor.

(j) "**Mortgage**" shall mean this Pledge and Security Agreement.

(k) "**Mortgage Location Supplement**" means a Mortgage Location Supplement, substantially in the form of Exhibit A to this Annex, with appropriate modifications to reflect the purpose for which it is being used.

(l) "**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.

(m) "**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.

(n) "**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.

(o) "**Spare Parts Assets**" shall mean:

(A) All Spare Parts of the Grantors (including Expendables, Repairables and Rotables (and all substitutions or replacements of any of the foregoing)), including without limitation, 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 Grantors, however, all of the Grantors' 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.

(p) "**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.

(q) **"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, comprehensive airline 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. Hull (Spares) 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 comprehensive airline hull insurance (including spares coverage) 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. 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 MORTGAGE LOCATION SUPPLEMENT NO. [•], dated [●] (herein, this "Mortgage Location Supplement") 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 Amended and Restated Horizon Aircraft, Engine and Propeller Pledge and Security Agreement, dated as of October 30, 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[s] has/have previously designated the locations at which the Spare Parts Assets may be maintained by or on behalf of the Grantors in the PSA [and in Mortgage Location Supplement No. [●];

WHEREAS, 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:

[DATE OF RECORDING] [DOCUMENT OR CONVEYANCE NO.]

[Mortgage]

WHEREAS, the Grantor[s] hereby confirm[s] 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 Mortgage Location Supplement are maintained by it or on its behalf at the applicable Designated Spare Parts Locations described herein;

WHEREAS, the Grantor[s], as provided in the PSA, is/are hereby executing and delivering to the Collateral Agent this Mortgage Location Supplement for the purposes of adding locations at which the Spare Parts Assets may be maintained by or on behalf of the Grantor[s]; and

WHEREAS, all things necessary to make this Mortgage Location Supplement the valid, binding and legal obligation of the Grantors, including all proper corporate action on the part of the Grantors, 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[s] and each of the other Credit Parties of all the agreements and provisions contained in the Loan Documents (as such term is defined in the PSA for the benefit of the Secured Parties, the Grantor[s] has/have 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 Mortgage Location Supplement 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 Mortgage Location Supplement 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[s] has/have 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.

HORIZON AIR INDUSTRIES, INC., 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 Amended and Restated Horizon Aircraft, Engine and Propeller Pledge and Security Agreement, dated as of October 30, 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[s] hereby certifies/certify that:

Attached hereto as Exhibit 1 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:

LOAN AND GUARANTEE AGREEMENT

dated as of

September 28, 2020

among

ALASKA AIRLINES, 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

TABLE OF CONTENTS

EXHIBITS

LOAN AND GUARANTEE AGREEMENT dated as of September 28, 2020 (this "Agreement"), among ALASKA AIRLINES, INC., a corporation organized under the laws of the State of Alaska (the "Borrower"), ALASKA AIR GROUP, INC., a corporation organized under the laws of the State of Delaware (the "Parent"), 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 i. Defined Terms

. As used in this Agreement, the following terms have the meanings specified below:

"ABL Agreement" means that certain credit agreement dated as of March 31, 2010 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time), by and among the Borrower, the lenders party thereto and Wells Fargo Capital Finance, LLC as agent.

"Additional Collateral" shall mean 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), 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), 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, real property, ground support equipment, flight simulators and 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 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 (4) 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), (d) and (g), 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 (d), (e) or (f), (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.

"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.

"Amortization Date" means the date that is four (4) years and six (6) months after the Closing Date (except that, if such date is not a Business Day, the Amortization 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, the Amortization Date shall be the date that is six (6) months prior to the earliest such expiration date.

"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 2.50%.

"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 and Cash Equivalents) 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 and (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; provided that (i) if no Appraisal 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 and (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.

"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.

"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 clause (d) of Section 2.10.

"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:

a. the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;

b. the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;

c. 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 (6^{th}) 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:

a. 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);

b. 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

c. 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, 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.

"Cash Equivalents" means:

1. 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;

2. 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;

3. 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;

4. 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 Credit Rating Agencies and (iii) have portfolio assets of at least $5,000,000,000;

5. 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

6. 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 the Appraised Value of the Eligible Collateral as of the date of the Appraisal most recently delivered 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, (x) no more than 25% of the Appraised Value of the Eligible Collateral may correspond to ground support equipment and (y) 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 Bank of America, N.A. 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 $1,301,000,000, 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 any Person operating an Air Carrier or a commercial passenger air carrier 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:

(a) (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

(b) (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 any credit institution or investment firm established in any EEA Member Country that is subject to the supervision of an EEA Resolution Authority, 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: Morten Beyer & Agnew, International Bureau of Aviation, Ascend Worldwide Group, ICF International Inc., BK Associates, Inc., Aircraft Information Services Inc., AVITAS, Inc., PAC Appraisal Inc., Aviation Specialists Group, Aviation Asset Management Inc. or IBA Group Ltd., (b) with respect to slots, gates or routes: Morten Beyer & Agnew, ICF International Inc., PAC Appraisal Inc. or BK Associates, Inc., (c) with respect to parts, Morten Beyer & Agnew, ICF International Inc., Sage-Popovich, Inc., PAC Appraisal Inc., Aviation Asset Management Inc. or Alton Aviation Consultancy LLC, (d) with respect to any other type of property, Deloitte & Touche LLP, Andersen Tax LLC, BBC Aviation Enterprises Aviation Advisors Group, LLC, PricewaterhouseCoopers, CBRE Group Inc. and Jones Lang LaSalle Incorporated, and (e) 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 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.

"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 and the Warrants).

"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 or (v) is a Foreign Subsidiary or a CFC Holdco existing on the Closing Date; provided that, notwithstanding the foregoing, (1) a Subsidiary will not be an Excluded Subsidiary if it (x) owns assets of the type that would 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 of the type that would 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) Horizon Air Industries, Inc. shall not be an Excluded Subsidiary.

"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, 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, 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, Taxes attributable to such Recipient's failure to comply with Section 2.16(g) and 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 Parent or such Subsidiaries that; 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 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 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 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 of the type 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 of the type that are intended to be included in the Collateral or is party to any agreements that constitute (or would constitute) Collateral, (y) the Borrower shall not be an Immaterial Subsidiary and (z) Horizon Air Industries, Inc. shall not be an Immaterial Subsidiary.

"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;

(a) 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;

(b) net obligations of such Person under any Swap Contract;

(c) 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);

(d) 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;

(e) all Attributable Indebtedness;

(f) all obligations of such Person in respect of Disqualified Equity Interests; and

(g) 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 September 15, 2021), and the Amortization Date 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 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 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 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 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 $50,000,000.

"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).

"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) or 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.

"Non-Loyalty 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 most recently delivered 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, (x) no more than 25% of the Appraised Value of the Eligible Collateral may correspond to ground support equipment, (y) Loyalty Program Assets shall not be included and (z) any amounts held in the Blocked Account, Payment Account and Collateral Proceeds Account shall likewise not be included.

"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 operating or limited liability agreement 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 5.20.

"Payment Event" means , 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 23, 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:

(1) Liens created for the benefit of (or to secure the payment and performance of) the Obligations or any Guaranteed Obligations;

(2) 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;

(3) 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;

(4) Liens arising by operation of law in connection with judgments, attachments or awards which do not constitute an Event of Default hereunder;

(5) (A) any overdrafts and related liabilities arising from treasury, netting, depository and cash management services or in connection with any automated clearing house transfers of funds, in each case as it relates to cash or Cash Equivalents, if any, and (B) Liens arising by operation of law or that are contractual rights of set-off in favor of the depository bank or securities intermediary in respect of any deposit or securities accounts pledged in favor of the Collateral Agent; provided that, such Liens shall be subordinated to the Liens securing the Obligations (other than the Liens relating to amounts owed in connection with the maintenance of such account).

(6) [reserved];

(7) [reserved];

(8) to the extent applicable, salvage or similar rights of insurers, in each case as it relates to Collateral;

(9) 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);

(10) to the extent constituting Liens on Collateral, Dispositions permitted pursuant to Section 6.04(b), (d)(2), (e), (f) or (h); and

(11) 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.

"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.

"PSP Warrant Agreement" means that certain warrant agreement, dated as of April 23, 2020 between Parent and Treasury.

"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 by any Subsidiary of the Parent, and 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 the 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 Obligations" has the meaning assigned to such term in the Pledge and Security Agreement.

"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).

"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.

"Warrant Agreement" means the warrant agreement, dated as of the date hereof between Parent and Treasury, pursuant to which Parent agrees to issue Warrants to Treasury upon each Borrowing.

"Warrants" means, collectively, those certain warrants issued to Treasury under the Warrant Agreement or the PSP Warrant Agreement.

"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 a. 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 b. Accounting Terms; Changes in GAAP

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(1) 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.

(2) 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 c. 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 d. 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.

COMMITMENTS AND BORROWINGS

SECTION e. Commitments

. Subject to the terms and conditions set forth herein, the Initial Lender agrees to make the Loans to the Borrower in one or more installments on or after 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 f. Loans and Borrowings

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(3) Borrowings. The Borrower shall request the initial Borrowing of the Loans on the Closing Date and may request one or more subsequent Borrowings of the Loans; provided that the Borrower shall request no more than three (3) total Borrowings.

(4) Minimum Amounts. Each Borrowing shall be in an aggregate amount of $135,000,000 or a larger multiple of $5,000,000; provided that, the final Borrowing may be in an amount equal to the aggregate remaining outstanding Commitment available to the Borrower under the terms and conditions of this Agreement.

(5) 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 g. Borrowing Requests

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(6) 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) (i) with respect to the initial Borrowing under this Agreement, three (3) Business Days prior to the date of

the requested Borrowing and (ii) for each subsequent Borrowing, five (5) Business Days before such Borrowing. Each 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.

(7) Content of Borrowing Requests. Each 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 h. [Reserved]

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SECTION i. [Reserved]

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SECTION j. Prepayments

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(8) 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 Collateral Proceeds Account.

(9) 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 prepay the Loans in an amount equal to 100% of such Net Proceeds; provided that with respect to Collateral consisting of airframes, aircraft, engines and Spare Parts, the Borrower may 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 further 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.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.

v.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) $10,000,000 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.

vi.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 ACH or 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 (2) years 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 (2) years (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 ACH or 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; provided that this Section 2.06(b)(vi)(C) will not apply upon the satisfaction of the mandatory prepayment required by Section 2.06(b)(viii) below.

vii.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.

viii. Amortization Date. On the Amortization Date, the Borrower shall prepay the Loans in an aggregate principal amount (together with any accrued and unpaid interest thereon) such that the Non-Loyalty Collateral Coverage Ratio shall not be less than 2.00 to 1.00.

(10) 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.

(11) 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 k. Reduction and Termination of Commitments

. The Initial Lender's Commitment shall (x) automatically and permanently be reduced by the amount of any Borrowing of a Loan and (y) automatically and permanently terminate on March 26, 2021. 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 l. 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 m. Interest

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(12) 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.

(13) 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.

(14) Payment Dates. Accrued interest on each Loan shall be payable 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 and (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.

(15) 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.

SECTION n. Benchmark Replacement Setting

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(16) 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.

(17) 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.

(18) 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 clause (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.

(19) 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), 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.

(20) 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 o. Evidence of Debt

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(21) 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.

(22) 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) and a form attached as Exhibit C hereto, which shall evidence such Lender's Loan.

SECTION p. Payments Generally

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(23) 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 Amortization Date or the Maturity Date, as applicable, 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.

(24) 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.

(25) 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.

(26) 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, 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 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.

(27) 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 q. 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:

ix.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

x.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 r. 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 s. Increased Costs

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(28) Increased Costs Generally. If any Change in Law shall:

xi.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);

xii.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

xiii.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.

(29) [Reserved].

(30) 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.

(31) 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 t. Taxes

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(32) Defined Terms. For purposes of this Section, the term "Applicable Law" includes FATCA.

(33) 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. Borrower acknowledges and agrees that, absent a Change in Law, 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.

(34) 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.

(35) 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.

(36) 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).

(37) 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.

(38) Status of Lenders. 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.

xiv. Without limiting the generality of the foregoing,

d. 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;

e. 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:

(i) 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;

(ii) 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;

(iii) 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

(iv)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;

f. 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

g. 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 Section 2.16(g).

(39) 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.

(40) 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 u. [Reserved]

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SECTION v. [Reserved]

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SECTION w. Mitigation Obligations; Replacement of Lenders

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(41) 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.

(42) 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:

xv.the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 11.04;

xvi.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);

xvii.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;

xviii.such assignment does not conflict with Applicable Law; and

xix.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 Closing Date and on the date of each Borrowing that:

SECTION x. Existence, Qualification and Power

. Each of the Credit Parties and their respective Material Subsidiaries 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 y. 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 z. 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 aa. 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 ab. Financial Statements; No Material Adverse Change

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(43) 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.

(44) 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 ac. 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 ad. 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 ae. Property

.

(45) 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.

(46) 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 af. 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 ag. 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 ah. 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 ai. ERISA Compliance

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(47) 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.

(48) 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.

(49) 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.

(50) 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.

(51) 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 aj. 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 ak. 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 al. Sanctions; Export Controls; Anti-Corruption; AML Laws

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(52) 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").

(53) 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 am. Solvency

. The Borrower and its Subsidiaries are Solvent on a consolidated basis after giving effect to the borrowing of the Loans.

SECTION an. Subsidiaries

. Schedule 3.17 sets forth the name of, and the ownership interests of the Parent and each of its Subsidiaries and indicates which of such Subsidiaries are Excluded Subsidiaries as of the date hereof.

SECTION ao. 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 ap. 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 aq. 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 ar. 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 as. 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 at. Liens

. There are no Liens of any nature whatsoever on any Collateral other than Liens permitted under Section 6.02 hereof.

SECTION au. Perfected Security Interests

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(54) 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.

(55) As of the Closing Date (or such later date as permitted under Section 5.15 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 av. 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 aw. Air Carrier Status

. The Borrower is an "air carrier" within the meaning of Section 40102 of Title 49, holds a certificate under Section 41102 of Title 49 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 holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. 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 ax. 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") (i) are adequate for the operation of the Carrier Loyalty Programs as currently conducted, and (ii) 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 ay. Loyalty Program Agreements

(1) . 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 az. Closing Date and Initial Borrowing

. The effectiveness of this Agreement and the funding of the initial 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):

(2) 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.

(3) 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;

(4) 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.

(5) 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).

(6) 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.

(7) 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.

(8) Officer's Certificate. The Initial Lender shall have received a certificate executed by a Responsible Officer of the Parent and the Borrower 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, (iii) the satisfaction of such condition and (iv) that no Default or Event of Default exists or will result from the borrowing of the Loans on the Closing Date.

(9) Other Documents. The Initial Lender and the Agents shall have received such other documents as it may request.

(10) Appraisals. The Initial Lender shall have received Appraisals satisfactory in form and substance and performed by an Eligible Appraiser dated as of a date no earlier than thirty (30) days prior to the Closing Date.

(11) Security Interests. Each Credit Party shall have, and 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).

(12) 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.

(13) Lien Searches. The Initial Lender shall have received (i) UCC, 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.

(14) 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.

(15) 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.

(16) Warrant Agreement. Treasury and Parent shall have entered into the Warrant Agreement.

(17) 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 $15,000,000.

(18) 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 Collateral Accounts.

(19) [Reserved].

(20) 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.

(21) ABL Agreement. The Initial Lender shall have received satisfactory evidence that all Liens under the ABL Agreement encumbering any Loyalty Program Agreement, any other Loyalty Program Assets, any Collateral Account or any other property constituting Collateral for the Secured Obligations have been released and are no longer in effect.

(22) Other Matters. Since August 5, 2020, (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 of the type that would be included in the Collateral had this Agreement been in effect at such time other than as would have been permitted under Section 6.04(b), (d), (e) or (h).

SECTION ba. Each Borrowing

. The funding by the Lenders of each Borrowing (including the Borrowing to be requested on the Closing Date) is additionally subject to the satisfaction of the following conditions:

(23) 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 (solely to the extent the Initial Lender is a Lender at the time of such Borrowing);

(24) 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);

(25) no Default shall have occurred and be continuing or would result from such Borrowing or from the application of proceeds thereof;

(26) 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;

(27) [reserved];

(28) 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 Amortization Date (without giving effect to the proviso in the definition thereof);

(29) 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

(30) 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 bb. Financial Statements

. The Parent will furnish to the Administrative Agent and each Lender:

(31) 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;

(32) 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;

(33) 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

(34) 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 bc. Certificates; Other Information

. The Parent will deliver to the Administrative Agent and each Lender:

(35) [reserved];

(36) 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;

(37) [reserved];

(38) 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;

(39) 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;

(40) [reserved];

(41) 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, 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;

(42) 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;

(43) 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;

(44) 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

(45) 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) 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(c), (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 bd. Notices

. The Parent will promptly notify the Administrative Agent and each Lender of:

(46) promptly after any Responsible Officer of Parent or any of its Subsidiaries obtains knowledge thereof, the occurrence of any Default;

(47) 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;

(48) 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;

(49) 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;

(50) 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;

(51) 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

(52) 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 be. 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 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 bf. 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 bg. 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 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 bh. 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 bi. 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 bj. 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 bk. 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 bl. 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 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 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 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 bm. 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 bn. Guarantors; Additional Collateral

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(53) 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.

(54) 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 bo. 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 bp. 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 bq. Delivery of Appraisals

. The Parent shall within ten (10) Business Days prior to the last Business Day of March and September of each year, beginning with March 31, 2021 and 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 determining the Appraised Value of the 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 determining the Appraised Value of such Additional Collateral.

SECTION br. 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 bs. Regulatory Matters

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(55) 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.

(56) Air Carrier Status

. The Borrower will at all times maintain its status as an "air carrier" within the meaning of Section 40102 of Title 49 and holds a certificate under Section 41102 of Title 49. The Borrower will at all times possess an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. 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.

SECTION bt. Loyalty Programs; Loyalty Program Agreements

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(57) Loyalty Programs

. 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.

(58) 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 bu. Collections; Accounts; Payments

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(59) 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 (in the case of Loyalty Program Revenue generated under any Material Loyalty Program Agreement, pursuant to a Direct Agreement) 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 ACH or 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).

(60) Each account control agreement with respect to each Blocked Account shall require, after the occurrence and during the continuance of a Payment Event, the ACH or 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 to withdraw such amounts for such prepayment.

(61) 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 Commitments, 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 bv. [Reserved].

SECTION bw. Liens

. 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 bx. Fundamental Changes

. 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:

(62) 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;

(63) 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;

(64) the Parent and its Subsidiaries may make Dispositions permitted by Section 6.04;

(65) any Investment permitted by Section 6.06 may be structured as a merger, consolidation or amalgamation;

(66) 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

(67) 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 by. Dispositions

. 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, without limitation 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:

(68) the Disposition of Collateral expressly permitted under the applicable Security Documents;

(69) 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);

(70) 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;

(71) any 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, 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;

(72) 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;

(73) Loyalty Revenue Advance Transactions (together with any Loyalty Revenue Advance Transactions outstanding on the Closing Date that remain outstanding) in an aggregate amount not to exceed an amount equal to the greater of (x) $15,000,000 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;

(74) to the extent constituting a Disposition of Collateral, the incurrence of Liens that are permitted to be incurred pursuant to Section 6.02;

(75) 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;

(76) 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:

xx.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;

xxi.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;

xxii.if requested by the Appropriate Party, concurrently therewith the Appropriate Party shall receive an opinion of counsel to the applicable Credit Party as to the validity and perfection of such Lien on the Collateral, in each case in form and substance satisfactory to the Appropriate Party; and

xxiii.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;

(77) 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;

(78) any Disposition of Collateral permitted by any of the Security Documents; and

(79) Dispositions of cash or Cash Equivalents in exchange for other cash or Cash Equivalents constituting Collateral and having reasonably equivalent value therefor.

SECTION bz. Restricted Payments

. 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, that, 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:

(80) 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;

(81) the Parent and each Subsidiary may declare and make dividend payments or other distributions payable solely in common Equity Interests of such Person;

(82) 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;

(83) 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;

(84) 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;

(85) 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;

(86) 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;

(87) 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; and

(88) Restricted Payments not to exceed the amount allowable pursuant to Schedule 6.05(i).

SECTION ca. Investments

. Parent will not, and will not permit any of its Subsidiaries to, make any Investments, except:

(89) Investments held by the Parent or such Subsidiary in the form of cash or Cash Equivalents;

(90) (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 of Schedule 6.06, and, in each case, any refinancing, refunding, renewal or extension of any such Investment that does not increase the amount thereof;

(91) 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;

(92) (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);

(93) 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;

(94) 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;

(95) to the extent constituting an Investment, transactions otherwise permitted by Sections 6.03 and 6.05;

(96) 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 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;

(97) 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);

(98) accounts receivable arising in the ordinary course of business;

(99) any guarantee of Indebtedness of Parent or any Subsidiary of Parent, other than any guarantee of Indebtedness secured by Liens that would not be permitted under Section 6.02;

(100) Investments to the extent that payment for such Investment is made with the capital stock of the Parent;

(101) 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;

(102) Permitted Bond Hedge Transactions to the extent constituting Investments; and

(103) 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 cb. Transactions with Affiliates

. 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 $50,000,000 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 $100,000,000, 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 $150,000,000, 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 the Parent or any of its Subsidiaries and any Finance Entities); provided that, subject to Article X, the foregoing restriction shall not apply to:

(104) transactions between or among the Parent and any Wholly-Owned Subsidiaries,

(105) Restricted Payments permitted by Section 6.05,

(106) Investments permitted by Section 6.06(b), or (c) or (d),

(107) transactions described in Schedule 6.07,

(108) 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

(109) 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 cc. [Reserved]

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SECTION cd. [Reserved]

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SECTION ce. Changes in Nature of Business

. 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 cf. Sanctions; AML Laws

. 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 cg. Amendments to Organizational Documents

. 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 ch. [Reserved]

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SECTION ci. Prepayments of Junior Indebtedness

. 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 cj. Lobbying

. 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 CFR Part 21.

SECTION ck. Use of Proceeds

. 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 cl. Financial Covenants

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(110) Liquidity

. The Parent will not permit the aggregate amount of Liquidity at the close of any Business Day to be less than $500,000,000.

(111) Collateral Coverage Ratio

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xxiv.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").

i.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.

ii.At the Parent's request, the Lien on the Loyalty Program Assets under the Security Documents 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 and to any Commitment reductions pursuant to Section 2.07, the Collateral Coverage Ratio is not less than 2.00 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, (c) the Parent shall deliver a certificate executed by a Responsible Officer demonstrating compliance with this Section 6.17(b)(iii) and (d) the Administrative Agent (acting at the direction of the Required Lenders) has given notice to the Parent of such release in accordance with this Section 6.17(b)(iii). Upon any release in accordance with the terms of this Section 6.17(b)(iii), the IP License Agreement, the Trademark Security Agreement, Annex 1 of the Pledge and Security Agreement and each Direct Agreement with a Loyalty Program Participant will terminate automatically, and the agents (acting at the direction of the Required Lenders) shall take all actions reasonably requested by the Parent to evidence such releases, notify the parties to the Direct Agreements, and file any reasonably required public notices of such releases (and the Lenders shall instruct the Agents accordingly).

1. Upon notice from the Administrative Agent (acting at the direction of the Required Lenders) to the Borrower that all the requirements set forth in Section 6.17(b)(iii) have been complied with and the Liens on all Loyalty Program Assets have been released in accordance therewith, then: (1) the Credit Parties shall not be subject to the provisions of this Agreement set forth under Sections 2.06(b)(iv), 2.06(b)(v), 2.06(b)(vi), 3.08, 3.27, 3.28, 5.02(i), 5.19 5.20 and 6.17(c) and the last sentence of Section 5.15, in each case to the extent such provision relates to the Loyalty Program Assets or any other Loyalty Terms (as defined below); (2) the requirement to deliver a certificate pursuant to Section 5.02(j) with calculations of the Debt Service Coverage Ratio on each DSCR Determination Date shall no longer apply; (3) the requirement to deliver a certificate pursuant to Section 5.02(k) for any period during which no Liens on Loyalty Program Assets were in effect shall no longer apply; (4) the restrictions on Loyalty Revenue Advance Transactions set forth under Sections 6.04(b),

6.04(d), 6.04(e), 6.04(f) and 6.04(h) shall no longer apply; (5) the Events of Default set forth under Sections 7.01(p), 7.01(q), 7.01(r) and 7.01(s) shall no longer apply; and (6) the language "(iii) with respect to any Personal Data, any deletion, de-identification, purging or other similar disposition of Personal Data" shall be deemed deleted from the definition of the terms "Disposition" and "Dispose". For purposes hereof, "Loyalty Terms" means Loyalty Program Data, Loyalty Program Intellectual Property, Loyalty Program Revenues, Loyalty Program Agreements, Material Loyalty Program Agreements, Loyalty Revenue Advance Transaction, Loyalty Subscription Program or any similar loyalty related term.

iii.At the Parent's request, the Lien on any Additional 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)(iv).

(1) Debt Service Coverage Ratio

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iv.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

v.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;

vi.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

vii.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 cm. Events of Default

. If any of the following events (each, an "Event of Default") shall occur:

(2) 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;

(3) 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;

(4) 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;

(5) 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) or in Article VI or Article X;

(6) 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;

(7) 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 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;

(8) 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;

(9) 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;

(10) 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;

(11) 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 $50,000,000 (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;

(12) 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;

(13) [reserved];

(14) 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;

(15) 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;

(16) 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);

(17) 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;

(18) 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;

(19) 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

(20) 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:

viii. 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

ix.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 cn. 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:

x.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;

xi.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;

xii.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;

xiii.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;

xiv.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

xv.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 co. 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 cp. 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 cq. 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 cr.Exculpatory Provisions

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(1) 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:

a. 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;

b. 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

c. 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.

(2) 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.

(3) 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.

(4) 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).

(5) 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.

(6) Neither Agent shall have any obligation to calculate or confirm the calculation of any financial covenant contained herein.

(7) 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 cs. Reliance by Agent

s. 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 ct. 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 cu. 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 cv. 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 cw. 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 cx. 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 cy. 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:

(8) this Guarantee is a guarantee of payment and performance when due and not merely of collection;

(9) 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;

(10) 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;

(11) 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;

(12) 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

(13) 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 correspond□ing 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 cz. 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 da. 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 db. 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 dc. 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 dd. 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 de. 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 df. 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 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 a. 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 b. Dividends and Buybacks

(14) Until the date that is twelve (12) months after the date on which the Loans are no longer outstanding, neither any Borrower Air Carrier 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 Air Carrier or of any direct or indirect parent company of a Borrower Air Carrier 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.

(15) Until the date that is twelve (12) months after the date on which the Loans are no longer outstanding, no Borrower Air Carrier shall pay dividends, or make any other capital distributions, with respect to the common stock of any Borrower Air Carrier.

SECTION c. Maintenance of Employment Levels

. Until September 30, 2020, each Borrower Air Carrier 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 d. United States Business

. Each Borrower Air Carrier 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 e. Limitations on Certain Compensation

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(16) 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 Air Carrier and its Affiliates shall not pay any of each Borrower Air Carrier'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):

xvi. 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

xvii. Severance Pay or Other Benefits in connection with a termination of employment with any Borrower Air Carrier which exceed twice the maximum Total Compensation received

by such Corporate Officer or Employee in calendar year 2019 or the Subsequent Reference Period.

(17) 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 Air Carrier and its Affiliates shall not pay any of each Borrower Air Carrier'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:

xviii.$3,000,000; and

xix.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.

(18) For purposes of determining applicable amounts under this Section with respect to any Corporate Officer or Employee who was employed by any Borrower Air Carrier 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 f. Continuation of Certain Air Service

. Until March 1, 2022, each Borrower Air Carrier 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 Air Carrier 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 Loan 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 Air Carrier 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 g. Treasury Access

. 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 h. Additional Defined Terms

. As used in this Article, the following terms have the meanings specified below:

"Borrower Air Carrier" means, collectively, the Borrower, its Affiliates that are Air Carriers, 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 Air Carrier, 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 Air Carrier. Executive officers of subsidiaries or parents of any Borrower Air Carrier may be deemed Corporate Officers of the Borrower Air Carrier if they perform such policy-making functions for the Borrower Air Carrier.

"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 Air Carrier 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 Air Carrier 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 Air Carrier in the manner prescribed in 17 CFR 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 Air Carrier'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 Air Carrier 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 Air Carrier 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 Air Carrier in the manner prescribed under paragraph e.5 of the award term in 2 CFR part 170, App. A, but excluding any Severance Pay or Other Benefits in connection with a termination of employment.

ARTICLE XI.

MISCELLANEOUS

SECTION i. Notices; Public Information

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(19) 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:

xx.if to a Credit Party, to it at Alaska Air Group, Inc., 19300 International Blvd., Seattle, WA, 98188, Attention of Nathaniel Pieper (Facsimile No. (206) 392-5290; Telephone No. (206) 392-5062; Email: nat.pieper@alaskaair.com);

xxi.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);

xxii.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

xxiii.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).

(20) 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, 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 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.

(21) 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.

(22) Platform.

xxiv.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.

xxv.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.

(23) 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 j. Waivers; Amendments

.

(24) 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 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, any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13) or 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.

(25) 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:

xxvi.extend or increase any Commitment of any Lender without the written consent of such Lender;

xxvii.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);

xxviii.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;

xxix.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;

xxx.waive any condition set forth in Section 4.01 without the written consent of the Initial Lender; or

xxxi.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 k. Expenses; Indemnity; Damage Waiver

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(26) 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.

(27) 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.

(28) 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).

(29) 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.

(30) 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.

(31) 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 l. Successors and Assigns

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(32) 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.

(33) 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:

xxxii. Minimum Amounts.

h. 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

i. 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 $5,000,000, 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).

xxxiii.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.

xxxiv.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.

xxxv.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.

xxxvi.No Assignment to Certain Persons. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

xxxvii.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.

(34) 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.

(35) 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.

(36) 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 m. 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 n. Counterparts; Integration; Effectiveness; Electronic Execution

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(37) 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.

(38) 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 o. 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 p. 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 q. Governing Law; Jurisdiction; Etc

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(39) 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.

(40) 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.

(41) 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 r. 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 s. 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 t. 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 request 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; 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 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 u. 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 v. 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 w. 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 x. 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 y. 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.

ALASKA AIRLINES, INC., as Borrower

By_____

Name:
Title:

ALASKA AIR GROUP, INC.,
as Parent and Guarantor

By_____

Name:
Title:

HORIZON AIR INDUSTRIES, INC., as Guarantor

By_____

Name:
Title:

THE BANK OF NEW YORK MELLON,
as Administrative Agent and Collateral Agent

By_____

Name:
Title:

UNITED STATES DEPARTMENT OF THE TREASURY, as the Initial Lender

By_____

Name:
Title:

LOAN AND GUARANTEE AGREEMENT

dated as of

September 28, 2020,

and as amended and restated as of

October 30, 2020

among

ALASKA AIRLINES, 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

TABLE OF CONTENTS

EXHIBITS

LOAN AND GUARANTEE AGREEMENT dated as of September 28, 2020 (as amended and restated by the Restatement Agreement, this "Agreement"), among ALASKA AIRLINES, INC., a corporation organized under the laws of the State of Alaska (the "Borrower"), ALASKA AIR GROUP, INC., a corporation organized under the laws of the State of Delaware (the "Parent"), 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 i. Defined Terms

. As used in this Agreement, the following terms have the meanings specified below:

"ABL Agreement" means that certain credit agreement dated as of March 31, 2010 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time), by and among the Borrower, the lenders party thereto and Wells Fargo Capital Finance, LLC as agent.

"Additional Collateral" shall mean 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), 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), 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, real property, ground support equipment, flight simulators and 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 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 (4) 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), (d) and (g), 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 (d), (e) or (f), (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.

"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.

"Amortization Date" means the date that is four (4) years and six (6) months after the Closing Date (except that, if such date is not a Business Day, the Amortization 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 the date that is six (6) months after the date that is four (4) years and six (6) months after the Closing Date, the Amortization Date shall be the date that is six (6) months prior to the earliest such expiration date.

"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 2.50%.

"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, except that, for the avoidance of doubt, if any Appraisal provided one Appraised Value for a combination of items of Eligible Collateral and any item is later removed from the combination, any subsequent Appraisal shall either provide the Appraised Value of each item separately or, in the case where the item removed from the combination of Eligible Collateral cannot be appraised individually, the Appraised Value of the remaining combination of Eligible Collateral shall be zero until the next Appraisal conducted after the removed item has been restored to such combination.

"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 and Cash Equivalents) 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 and (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; provided that (i) if no Appraisal 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 and (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.

"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.

"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 clause (d) of Section 2.10.

"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:

a. the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;

b. the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;

c. 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 (6^{th}) 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:

a. 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);

b. 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

c. 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 Agreements 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 Agreements) 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, 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.

"Cash Equivalents" means:

1. 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;

2. 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;

3. 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;

4. 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 Credit Rating Agencies and (iii) have portfolio assets of at least $5,000,000,000;

5. 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

6. 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.

"Closing Date Commitment" means the commitment of the Initial Lender on the Closing Date to make Loans in the amount of $1,301,000,000, as such commitment may be reduced or terminated pursuant to Section 2.07.

"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 Agreements.

"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 the Appraised Value of the Eligible Collateral as of the date of the Appraisal most recently delivered 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, (x) no more than 25% of the Appraised Value of the Eligible Collateral may correspond to ground support equipment and (y) 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 Agreements) of such account by the Collateral Agent.

"Collection Account" means that certain concentration account at Bank of America, N.A. 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 $1,928,000,000 (which, for the avoidance of doubt, is an increase of the Closing Date Commitment by $627,000,000, pursuant to that certain Restatement Agreement), 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 any Person operating an Air Carrier or a commercial passenger air carrier 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:

(a) (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

(b) (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 any credit institution or investment firm established in any EEA Member Country that is subject to the supervision of an EEA Resolution Authority, 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: Morten Beyer & Agnew, International Bureau of Aviation, Ascend Worldwide Group, ICF International Inc., BK Associates, Inc., Aircraft Information Services Inc., AVITAS, Inc., PAC Appraisal Inc., Aviation Specialists Group, Aviation Asset Management Inc. or IBA Group Ltd., (b) with respect to slots, gates or routes: Morten Beyer & Agnew, ICF International Inc., PAC Appraisal Inc. or BK Associates, Inc., (c) with respect to parts, Morten Beyer & Agnew, ICF International Inc., Sage-Popovich, Inc., PAC Appraisal Inc., Aviation Asset Management Inc. or Alton Aviation Consultancy LLC, (d) with respect to any other type of property, Deloitte & Touche LLP, Andersen Tax LLC, BBC Aviation Enterprises Aviation Advisors Group, LLC, PricewaterhouseCoopers, CBRE Group Inc. and Jones Lang LaSalle Incorporated, and (e) 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 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.

"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 and the Warrants).

"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 Agreements.

"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 or (v) is a Foreign Subsidiary or a CFC Holdco existing on the Closing Date; provided that, notwithstanding the foregoing, (1) a Subsidiary will not be an Excluded Subsidiary if it (x) owns assets of the type that would 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 of the type that would 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) Horizon Air Industries, Inc. shall not be an Excluded Subsidiary.

"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, 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, 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, Taxes attributable to such Recipient's failure to comply with Section 2.16(g) and 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 Parent or such Subsidiaries that; 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 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 Agreements.

"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 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 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 of the type 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 of the type that are intended to be included in the Collateral or is party to any agreements that constitute (or would constitute) Collateral, (y) the Borrower shall not be an Immaterial Subsidiary and (z) Horizon Air Industries, Inc. shall not be an Immaterial Subsidiary.

"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;

(a) 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;

(b) net obligations of such Person under any Swap Contract;

(c) 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);

(d) 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;

(e) all Attributable Indebtedness;

(f) all obligations of such Person in respect of Disqualified Equity Interests; and

(g) 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 Agreements.

"Interest Payment Date" means the first Business Day following the 14th day of each March, June, September and December (beginning with September 15, 2021), and the Amortization Date 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 Agreements.

"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 Agreements.

"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 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 Agreements.

"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 Agreements.

"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 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 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 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 $50,000,000.

"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 Agreements 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 Agreements) 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).

"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) or 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.

"Non-Loyalty 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 most recently delivered 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, (x) no more than 25% of the Appraised Value of the Eligible Collateral may correspond to ground support equipment, (y) Loyalty Program Assets shall not be included and (z) any amounts held in the Blocked Account, Payment Account and Collateral Proceeds Account shall likewise not be included.

"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 operating or limited liability agreement 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 5.20.

"Payment Event" means , 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 23, 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 Agreements.

"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:

(1) Liens created for the benefit of (or to secure the payment and performance of) the Obligations or any Guaranteed Obligations;

(2) 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;

(3) 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;

(4) Liens arising by operation of law in connection with judgments, attachments or awards which do not constitute an Event of Default hereunder;

(5) (A) any overdrafts and related liabilities arising from treasury, netting, depository and cash management services or in connection with any automated clearing house transfers of funds, in each case as it relates to cash or Cash Equivalents, if any, and (B) Liens arising by operation of law or that are contractual rights of set-off in favor of the depository bank or securities intermediary in respect of any deposit or securities accounts pledged in favor of the Collateral Agent; provided that, such Liens shall be subordinated to the Liens securing the Obligations (other than the Liens relating to amounts owed in connection with the maintenance of such account);

(6) [reserved];

(7) [reserved];

(8) to the extent applicable, salvage or similar rights of insurers, in each case as it relates to Collateral;

(9) 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);

(10) to the extent constituting Liens on Collateral, Dispositions permitted pursuant to Section 6.04(b), (d)(2), (e), (f) or (h); and

(11) Liens expressly permitted by the Pledge and Security Agreements.

"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.

"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 Agreements" means (a) that certain Alaska Airlines Loyalty Program Pledge and Security Agreement, dated as of September 28, 2020 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time), between the Borrower, as a Grantor (as defined therein) and the Collateral Agent; (b) that certain Alaska Airlines Aircraft and Engine Security Agreement, dated as of September 28, 2020 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time), between the Borrower, as a Grantor (as defined therein) and the Collateral Agent; and (c) that certain Amended and Restated Horizon Aircraft, Engine and Propeller Pledge and Security Agreement, dated as of October 30, 2020 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time), between Horizon Air Industries, Inc., as a Grantor (as defined therein) and the Collateral Agent. For the avoidance of doubt, the terms of the "Pledge and Security Agreements" shall include the terms of all Applicable Annexes (as defined in each 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.

"PSP Warrant Agreement" means that certain warrant agreement, dated as of April 23, 2020 between Parent and Treasury.

"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 by any Subsidiary of the Parent, and 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 Agreements).

"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 Agreements.

"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 the 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.

"Restatement Agreement" means that certain Restatement Agreement, dated as of October 30, 2020, to this Agreement, between the Borrower, the Parent, the Guarantors party thereto from time to time, Treasury, the Adminstrative Agent and the Collateral Agent.

"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 Agreements.

"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 Obligations" has the meaning assigned to such term in the Pledge and Security Agreements.

"Secured Parties" has the meaning assigned to such term in the Pledge and Security Agreements.

"Securities Act" means the Securities Act of 1933, as amended.

"Security Document" means the Pledge and Security Agreements 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 Agreements.

"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 Agreements.

"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 Agreements.

"Trademark" has the meaning assigned to such term in the Pledge and Security Agreements.

"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).

"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.

"Warrant Agreement" means the warrant agreement, dated as of the date hereof between Parent and Treasury, pursuant to which Parent agrees to issue Warrants to Treasury upon each Borrowing.

"Warrants" means, collectively, those certain warrants issued to Treasury under the Warrant Agreement or the PSP Warrant Agreement.

"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 a. 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 b. Accounting Terms; Changes in GAAP

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(1) 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.

(2) 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 c. 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 d. 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.

COMMITMENTS AND BORROWINGS

SECTION e. Commitments

. Subject to the terms and conditions set forth herein, the Initial Lender agrees to make the Loans to the Borrower in one or more installments on or after 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 f. Loans and Borrowings

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(3) Borrowings. The Borrower shall request the initial Borrowing of the Loans on the Closing Date and may request one or more subsequent Borrowings of the Loans; provided that the Borrower shall request no more than three (3) total Borrowings.

(4) Minimum Amounts. Each Borrowing shall be in an aggregate amount of $135,000,000 or a larger multiple of $5,000,000; provided that, the final Borrowing may be in an amount equal to the aggregate remaining outstanding Commitment available to the Borrower under the terms and conditions of this Agreement.

(5) 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 g. Borrowing Requests

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(6) 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) (i) with respect to the initial Borrowing under this Agreement, three (3) Business Days prior to the date of the requested Borrowing and (ii) for each subsequent Borrowing, five (5) Business Days before such Borrowing. Each 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.

(7) Content of Borrowing Requests. Each 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 h. [Reserved]

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SECTION i. [Reserved]

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SECTION j. Prepayments

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(8) 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 Collateral Proceeds Account.

(9) 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 prepay the Loans in an amount equal to 100% of such Net Proceeds; provided that with respect to Collateral consisting of airframes, aircraft, engines and Spare Parts, the Borrower may 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 further 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. 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.

v. 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) $10,000,000 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.

vi. 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 ACH or 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 (2) years (or, if the Lender ever provides Loans in a principal amount in excess of the Closing Date Commitment, thirty (30) calendar months) 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 (2) years (or, if the Lender ever provides Loans in

a principal amount in excess of the Closing Date Commitment, thirty (30) calendar months) (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 ACH or 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; provided that this Section 2.06(b)(vi)(C) will not apply upon the satisfaction of the mandatory prepayment required by Section 2.06(b)(viii) below.

vii. 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.

viii. Amortization Date. On the Amortization Date, the Borrower shall prepay the Loans in an aggregate principal amount (together with any accrued and unpaid interest thereon) such that the Non-Loyalty Collateral Coverage Ratio shall not be less than 2.00 to 1.00.

(10) 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.

(11) 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 k. Reduction and Termination of Commitments

. The Initial Lender's Commitment shall (x) automatically and permanently be reduced by the amount of any Borrowing of a Loan and (y) automatically and permanently terminate on March 26, 2021. 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 l. 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 m. Interest

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(12) 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.

(13) 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.

(14) Payment Dates. Accrued interest on each Loan shall be payable 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 and (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.

(15) 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.

SECTION n. Benchmark Replacement Setting

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(16) 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.

(17) 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.

(18) 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 clause (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.

(19) 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), 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.

(20) 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 o. Evidence of Debt

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(21) 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.

(22) 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) and a form attached as Exhibit C hereto, which shall evidence such Lender's Loan.

SECTION p. Payments Generally

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(23) 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 Amortization Date or the Maturity Date, as applicable, 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.

(24) 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.

(25) 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.

(26) 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, 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 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.

(27) 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 q. 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:

ix.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

x.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 r. 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 s. Increased Costs

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(28) Increased Costs Generally. If any Change in Law shall:

xi.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);

xii.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

xiii.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.

(29) [Reserved].

(30) 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.

(31) 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 t. Taxes

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(32) Defined Terms. For purposes of this Section, the term “Applicable Law” includes FATCA.

(33) 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. Borrower acknowledges and agrees that, absent a Change in Law, 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.

(34) 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.

(35) 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.

(36) 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).

(37) 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.

(38) Status of Lenders. 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.

xiv. Without limiting the generality of the foregoing,

d. 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;

e. 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:

(i) 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;

(ii) 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;

(iii)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

(iv)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;

f. 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

g. 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 Section 2.16(g).

(39) 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.

(40) 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 u. [Reserved]

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SECTION v. [Reserved]

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SECTION w. Mitigation Obligations; Replacement of Lenders

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(41) 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.

(42) 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:

xv.the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 11.04;

xvi.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);

xvii.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;

xviii.such assignment does not conflict with Applicable Law; and

xix.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 Closing Date and on the date of each Borrowing that:

SECTION x. Existence, Qualification and Power

. Each of the Credit Parties and their respective Material Subsidiaries 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 y. 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 z. 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 aa. 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 ab. Financial Statements; No Material Adverse Change

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(43) 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.

(44) 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 ac. 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 ad. 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 ae. Property

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(45) 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.

(46) 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 af. 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 ag. 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 ah. 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 ai. ERISA Compliance

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(47) 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.

(48) 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.

(49) 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.

(50) 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.

(51) 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 aj. 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 ak. 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 al. Sanctions; Export Controls; Anti-Corruption; AML Laws

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(52) 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”).

(53) 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 am. Solvency

. The Borrower and its Subsidiaries are Solvent on a consolidated basis after giving effect to the borrowing of the Loans.

SECTION an. Subsidiaries

. Schedule 3.17 sets forth the name of, and the ownership interests of the Parent and each of its Subsidiaries and indicates which of such Subsidiaries are Excluded Subsidiaries as of the date hereof.

SECTION ao. 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 ap. 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 aq. 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 ar. 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 as. 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 at. Liens

. There are no Liens of any nature whatsoever on any Collateral other than Liens permitted under Section 6.02 hereof.

SECTION au. Perfected Security Interests

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(54) 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.

(55) As of the Closing Date (or such later date as permitted under Section 5.15 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 av. 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 aw. Air Carrier Status

. The Borrower is an "air carrier" within the meaning of Section 40102 of Title 49, holds a certificate under Section 41102 of Title 49 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 holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. 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 ax. 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") (i) are adequate for the operation of the Carrier Loyalty Programs as currently conducted, and (ii) 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 ay. Loyalty Program Agreements

(1) . 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 az. Closing Date and Initial Borrowing

. The effectiveness of this Agreement and the funding of the initial 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):

(2) 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.

(3) 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;

(4) 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.

(5) 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).

(6) 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.

(7) 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.

(8) Officer's Certificate. The Initial Lender shall have received a certificate executed by a Responsible Officer of the Parent and the Borrower 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, (iii) the satisfaction of such condition and (iv) that no Default or Event of Default exists or will result from the borrowing of the Loans on the Closing Date.

(9) Other Documents. The Initial Lender and the Agents shall have received such other documents as it may request.

(10) Appraisals. The Initial Lender shall have received Appraisals satisfactory in form and substance and performed by an Eligible Appraiser dated as of a date no earlier than thirty (30) days prior to the Closing Date.

(11) Security Interests. Each Credit Party shall have, and 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 Agreements).

(12) 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.

(13) Lien Searches. The Initial Lender shall have received (i) UCC, 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 Agreements), aircraft registry lien searches conducted with the FAA and the International Registry, and (y) Spare Part Assets (as defined in the Pledge and Security Agreements), 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 Agreements), 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.

(14) 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.

(15) 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.

(16) Warrant Agreement. Treasury and Parent shall have entered into the Warrant Agreement.

(17) 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 $15,000,000.

(18) 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 Collateral Accounts.

(19) [Reserved].

(20) 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.

(21) ABL Agreement. The Initial Lender shall have received satisfactory evidence that all Liens under the ABL Agreement encumbering any Loyalty Program Agreement, any other Loyalty Program Assets, any Collateral Account or any other property constituting Collateral for the Secured Obligations have been released and are no longer in effect.

(22) Other Matters. Since August 5, 2020, (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 of the type that would be included in the Collateral had this Agreement been in effect at such time other than as would have been permitted under Section 6.04(b), (d), (e) or (h).

SECTION ba. Each Borrowing

. The funding by the Lenders of each Borrowing (including the Borrowing to be requested on the Closing Date) is additionally subject to the satisfaction of the following conditions:

(23) 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 (solely to the extent the Initial Lender is a Lender at the time of such Borrowing);

(24) 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);

(25) no Default shall have occurred and be continuing or would result from such Borrowing or from the application of proceeds thereof;

(26) 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;

(27) [reserved];

(28) 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 Amortization Date (without giving effect to the proviso in the definition thereof);

(29) 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

(30) 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 bb. Financial Statements

. The Parent will furnish to the Administrative Agent and each Lender:

(31) 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;

(32) 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;

(33) 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, (i) 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 (ii) reasonably detailed calculations in a form satisfactory to the Appropriate Party of (A) all Loyalty Program Revenues and related cash flows for the immediately preceding fiscal year and (B) projected Loyalty Program Revenues for the next two fiscal years; and

(34) 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 bc. Certificates; Other Information

. The Parent will deliver to the Administrative Agent and each Lender:

(35) [reserved];

(36) 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;

(37) [reserved];

(38) 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;

(39) 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;

(40) [reserved];

(41) 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, 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;

(42) 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;

(43) 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;

(44) 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

(45) 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) 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(c), (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 bd. Notices

. The Parent will promptly notify the Administrative Agent and each Lender of:

(46) promptly after any Responsible Officer of Parent or any of its Subsidiaries obtains knowledge thereof, the occurrence of any Default;

(47) 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;

(48) 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;

(49) 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;

(50) 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;

(51) 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

(52) 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 be. 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 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 bf. 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 bg. 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 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 Agreements) as are customarily carried under similar circumstances by such Persons.

SECTION bh. 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 bi. 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 bj. 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 bk. 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 bl. 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 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 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 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 bm. 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 bn. Guarantors; Additional Collateral

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(53) 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.

(54) 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 Agreements) 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 bo. 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 bp. 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 bq. Delivery of Appraisals

. The Parent shall within ten (10) Business Days prior to the last Business Day of March and September of each year, beginning with March 31, 2021 and 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 determining the Appraised Value of the 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 determining the Appraised Value of such Additional Collateral.

SECTION br. 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 bs. Regulatory Matters

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(55) 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.

(56) Air Carrier Status

. The Borrower will at all times maintain its status as an “air carrier” within the meaning of Section 40102 of Title 49 and holds a certificate under Section 41102 of Title 49. The Borrower will at all times possess an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. 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.

SECTION bt. Loyalty Programs; Loyalty Program Agreements

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(57) Loyalty Programs

. 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.

(58) 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 bu. Collections; Accounts; Payments

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(59) 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 (in the case of Loyalty Program Revenue generated under any Material Loyalty Program Agreement, pursuant to a Direct Agreement) 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 ACH or 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).

(60) Each account control agreement with respect to each Blocked Account shall require, after the occurrence and during the continuance of a Payment Event, the ACH or 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 to withdraw such amounts for such prepayment.

(61) 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 Commitments, 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 bv. [Reserved].

SECTION bw. Liens

. 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 bx. Fundamental Changes

. 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:

(62) 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;

(63) 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;

(64) the Parent and its Subsidiaries may make Dispositions permitted by Section 6.04;

(65) any Investment permitted by Section 6.06 may be structured as a merger, consolidation or amalgamation;

(66) 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

(67) 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 by. Dispositions

. 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, without limitation 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:

(68) the Disposition of Collateral expressly permitted under the applicable Security Documents;

(69) 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);

(70) 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;

(71) any 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, 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;

(72) 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;

(73) Loyalty Revenue Advance Transactions (together with any Loyalty Revenue Advance Transactions outstanding on the Closing Date that remain outstanding) in an aggregate amount not to exceed an amount equal to the greater of (x) $15,000,000 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;

(74) to the extent constituting a Disposition of Collateral, the incurrence of Liens that are permitted to be incurred pursuant to Section 6.02;

(75) 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;

(76) 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:

xx.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;

xxi.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;

xxii.if requested by the Appropriate Party, concurrently therewith the Appropriate Party shall receive an opinion of counsel to the applicable Credit Party as to the validity and perfection of such Lien on the Collateral, in each case in form and substance satisfactory to the Appropriate Party; and

xxiii.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;

(77) 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;

(78) any Disposition of Collateral permitted by any of the Security Documents; and

(79) Dispositions of cash or Cash Equivalents in exchange for other cash or Cash Equivalents constituting Collateral and having reasonably equivalent value therefor.

SECTION bz. Restricted Payments

. 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, that, 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:

(80) 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;

(81) the Parent and each Subsidiary may declare and make dividend payments or other distributions payable solely in common Equity Interests of such Person;

(82) 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;

(83) 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;

(84) 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;

(85) 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;

(86) 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;

(87) 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; and

(88) Restricted Payments not to exceed the amount allowable pursuant to Schedule 6.05(i).

SECTION ca. Investments

. Parent will not, and will not permit any of its Subsidiaries to, make any Investments, except:

(89) Investments held by the Parent or such Subsidiary in the form of cash or Cash Equivalents;

(90) (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 of Schedule 6.06, and, in each case, any refinancing, refunding, renewal or extension of any such Investment that does not increase the amount thereof;

(91) 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;

(92) (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);

(93) 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;

(94) 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;

(95) to the extent constituting an Investment, transactions otherwise permitted by Sections 6.03 and 6.05;

(96) 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 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;

(97) 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);

(98) accounts receivable arising in the ordinary course of business;

(99) any guarantee of Indebtedness of Parent or any Subsidiary of Parent, other than any guarantee of Indebtedness secured by Liens that would not be permitted under Section 6.02;

(100) Investments to the extent that payment for such Investment is made with the capital stock of the Parent;

(101) 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;

(102) Permitted Bond Hedge Transactions to the extent constituting Investments; and

(103) 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 cb. Transactions with Affiliates

. 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 $50,000,000 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 $100,000,000, 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 $150,000,000, 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 the Parent or any of its Subsidiaries and any Finance Entities); provided that, subject to Article X, the foregoing restriction shall not apply to:

(104) transactions between or among the Parent and any Wholly-Owned Subsidiaries,

(105) Restricted Payments permitted by Section 6.05,

(106) Investments permitted by Section 6.06(b), or (c) or (d),

(107) transactions described in Schedule 6.07,

(108) 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

(109) 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 cc. [Reserved]

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SECTION cd. [Reserved]

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SECTION ce. Changes in Nature of Business

. 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 cf. Sanctions; AML Laws

. 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 cg. Amendments to Organizational Documents

. 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 ch. [Reserved]

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SECTION ci. Prepayments of Junior Indebtedness

. 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 cj. Lobbying

. 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 CFR Part 21.

SECTION ck. Use of Proceeds

. 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 cl. Financial Covenants

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(110) Liquidity

. The Parent will not permit the aggregate amount of Liquidity at the close of any Business Day to be less than $500,000,000.

(111) Collateral Coverage Ratio

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xxiv. 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").

i. 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.

ii. At the Parent's request, the Lien on the Loyalty Program Assets under the Security Documents 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 and to any Commitment reductions pursuant to Section 2.07, the Collateral Coverage Ratio is not less than 2.00 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, (c) the Parent shall deliver a certificate executed by a Responsible Officer demonstrating compliance with this Section 6.17(b)(iii) and (d) the Administrative Agent (acting at the direction of the Required Lenders) has given notice to the Parent of such release in accordance with this Section 6.17(b)(iii). Upon any release in accordance with the terms of this Section 6.17(b)(iii), the IP License Agreement, the Trademark Security Agreement, Annex 1 of the Pledge and Security Agreements and each Direct Agreement with a Loyalty Program Participant will terminate automatically, and the agents (acting at the direction of the Required Lenders) shall take all actions reasonably requested by the Parent to evidence such releases, notify the parties to the Direct Agreements, and file any reasonably required public notices of such releases (and the Lenders shall instruct the Agents accordingly).

1. Upon notice from the Administrative Agent (acting at the direction of the Required Lenders) to the Borrower that all the requirements set forth in Section 6.17(b)(iii) have been complied with and the Liens on all Loyalty Program Assets have been released in accordance therewith, then: (1) the Credit Parties shall not be subject to the provisions of this Agreement set forth under Sections 2.06(b)(iv), 2.06(b)(v), 2.06(b)(vi), 3.08, 3.27, 3.28, 5.02(i), 5.19 5.20 and 6.17(c) and the last sentence of Section 5.15, in each case to the extent such provision relates to the Loyalty Program Assets or any other Loyalty Terms (as defined below); (2) the requirement to deliver a certificate pursuant to Section 5.02(j) with calculations of the Debt Service Coverage Ratio on each DSCR Determination Date shall no longer apply; (3) the requirement to deliver a certificate pursuant to Section 5.02(k) for any period during which no Liens on Loyalty Program Assets were in effect shall no longer apply; (4) the restrictions on Loyalty Revenue Advance Transactions set forth under Sections 6.04(b), 6.04(d), 6.04(e), 6.04(f) and 6.04(h) shall no longer apply; (5) the Events of Default set forth under Sections 7.01(p), 7.01(q), 7.01(r) and 7.01(s) shall no longer apply; and (6) the language "(iii) with respect to any Personal Data, any deletion, de-identification, purging or other similar disposition of Personal Data" shall be deemed deleted from the definition of the terms "Disposition" and "Dispose". For purposes hereof, "Loyalty Terms" means Loyalty Program Data, Loyalty Program Intellectual Property, Loyalty Program Revenues, Loyalty Program Agreements, Material Loyalty Program Agreements, Loyalty Revenue Advance Transaction, Loyalty Subscription Program or any similar loyalty related term.

iii.At the Parent's request, the Lien on any Additional 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)(iv).

(1) Debt Service Coverage Ratio

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iv.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

v.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;

vi.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

vii.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 cm. Events of Default

. If any of the following events (each, an "Event of Default") shall occur:

(2) 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;

(3) 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;

(4) 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;

(5) 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) or in Article VI or Article X;

(6) 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;

(7) 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 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;

(8) 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;

(9) 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;

(10) 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;

(11) 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 $50,000,000 (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;

(12) 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;

(13) [reserved];

(14) 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;

(15) 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;

(16) 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);

(17) 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;

(18) 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;

(19) 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

(20) 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:

viii. 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

ix. 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 cn. 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:

x. 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;

xi.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;

xii.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;

xiii.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;

xiv.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

xv.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 co. 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 cp. 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 cq. 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 cr.Exculpatory Provisions

.

(1) 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:

a. 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;

b. 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

c. 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.

(2) 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.

(3) 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.

(4) 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).

(5) 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.

(6) Neither Agent shall have any obligation to calculate or confirm the calculation of any financial covenant contained herein.

(7) 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 Agreements of Collateral to be delivered to it in accordance with the Pledge and Security Agreements.

SECTION cs. Reliance by Agent

s. 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 ct. 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 cu. 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 cv. 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 cw. 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 cx. 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 cy. 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:

(8) this Guarantee is a guarantee of payment and performance when due and not merely of collection;

(9) 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;

(10) 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;

(11) 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;

(12) 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

(13) 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 correspond□ing 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 cz. 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 da. 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 db. 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 dc. 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 dd. 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 de. 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 df. 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 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 a. 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 b. Dividends and Buybacks

(14) Until the date that is twelve (12) months after the date on which the Loans are no longer outstanding, neither any Borrower Air Carrier 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 Air Carrier or of any direct or indirect parent company of a Borrower Air Carrier 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.

(15) Until the date that is twelve (12) months after the date on which the Loans are no longer outstanding, no Borrower Air Carrier shall pay dividends, or make any other capital distributions, with respect to the common stock of any Borrower Air Carrier.

SECTION c. Maintenance of Employment Levels

. Until September 30, 2020, each Borrower Air Carrier 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 d. United States Business

. Each Borrower Air Carrier 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 e. Limitations on Certain Compensation

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(16) 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 Air Carrier and its Affiliates shall not pay any of each Borrower Air Carrier'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):

xvi. 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

xvii. Severance Pay or Other Benefits in connection with a termination of employment with any Borrower Air Carrier which exceed twice the maximum Total Compensation received by such Corporate Officer or Employee in calendar year 2019 or the Subsequent Reference Period.

(17) 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 Air Carrier and its Affiliates shall not pay any of each Borrower Air Carrier'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:

xviii. $3,000,000; and

xix. 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.

(18) For purposes of determining applicable amounts under this Section with respect to any Corporate Officer or Employee who was employed by any Borrower Air Carrier 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 f. Continuation of Certain Air Service

. Until March 1, 2022, each Borrower Air Carrier 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 Air Carrier 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 Loan 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 Air Carrier 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 g. Treasury Access

. 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 h. Additional Defined Terms

. As used in this Article, the following terms have the meanings specified below:

"Borrower Air Carrier" means, collectively, the Borrower, its Affiliates that are Air Carriers, 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 Air Carrier, 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 Air Carrier. Executive officers of subsidiaries or parents of any Borrower Air Carrier may be deemed Corporate Officers of the Borrower Air Carrier if they perform such policy-making functions for the Borrower Air Carrier.

"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 Air Carrier 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 Air Carrier 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 Air Carrier in the manner prescribed in 17 CFR 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 Air Carrier'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 Air Carrier 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 Air Carrier 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 Air Carrier in the manner prescribed under paragraph e.5 of the award term in 2 CFR part 170, App. A, but excluding any Severance Pay or Other Benefits in connection with a termination of employment.

ARTICLE XI.

MISCELLANEOUS

SECTION i. Notices; Public Information

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(19) 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:

xx.if to a Credit Party, to it at Alaska Air Group, Inc., 19300 International Blvd., Seattle, WA, 98188, Attention of Nathaniel Pieper (Facsimile No. (206) 392-5290; Telephone No. (206) 392-5062; Email: nat.pieper@alaskaair.com);

xxi.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);

xxii.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

xxiii.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).

(20) 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, 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 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.

(21) 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.

(22) Platform.

xxiv. 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.

xxv. 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.

(23) 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 j. Waivers; Amendments

.

(24) 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 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, any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13) or 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.

(25) 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:

xxvi.extend or increase any Commitment of any Lender without the written consent of such Lender;

xxvii.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);

xxviii.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;

xxix.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;

xxx.waive any condition set forth in Section 4.01 without the written consent of the Initial Lender; or

xxxi.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 Agreements) 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 k. Expenses; Indemnity; Damage Waiver

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(26) 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.

(27) 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.

(28) 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).

(29) 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.

(30) 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.

(31) 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 l. Successors and Assigns

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(32) 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.

(33) 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:

xxxii. Minimum Amounts.

h. 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

i. 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 $5,000,000, 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).

xxxiii. 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.

xxxiv. 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.

xxxv. 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.

xxxvi. No Assignment to Certain Persons. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

xxxvii. 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.

(34) 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.

(35) 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.

(36) 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 m. 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 n. Counterparts; Integration; Effectiveness; Electronic Execution

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(37) 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.

(38) 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 o. 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 p. 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 q. Governing Law; Jurisdiction; Etc

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(39) 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.

(40) 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.

(41) 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 r. 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 s. 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 t. 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 request 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; 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 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 u. 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 v. 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 w. 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 x. 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 y. 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.

ALASKA AIRLINES, INC., as Borrower

By_____

Name:
Title:

ALASKA AIR GROUP, INC.,
as Parent and Guarantor

By_____

Name:
Title:

HORIZON AIR INDUSTRIES, INC., as Guarantor

By_____

Name:
Title:

THE BANK OF NEW YORK MELLON,
as Administrative Agent

By_____

Name:
Title:

THE BANK OF NEW YORK MELLON,
as Collateral Agent

By_____

Name:
Title:

UNITED STATES DEPARTMENT OF THE TREASURY, as the Initial Lender

By_____

Name:
Title:

RESTATEMENT AGREEMENT

RESTATEMENT AGREEMENT, dated as of October 30, 2020 (this "Restatement Agreement"), to that certain Loan and Guarantee Agreement, dated as of September 28, 2020 (the "Existing Loan and Guarantee Agreement", and as amended and restated by this Restatement Agreement, and as may be further amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among ALASKA AIRLINES, INC., a corporation organized under the laws of the State of Alaska (the "Borrower"), ALASKA AIR GROUP, INC., a corporation organized under the laws of the State of Delaware (the "Parent"), the Guarantors party hereto from time to time, the UNITED STATES DEPARTMENT OF THE TREASURY ("Treasury"), as Initial Lender and THE BANK OF NEW YORK MELLON, as Administrative Agent and as Collateral Agent. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Loan and Guarantee Agreement.

W I T N E S S E T H:

WHEREAS, the Parent, the Borrower, the Guarantors Treasury and the Agents are each party to the Existing Loan and Guarantee Agreement;

WHEREAS, the Borrower has requested that Treasury extend additional Commitments to the Borrower (the "Additional Commitments") 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 Treasury is willing to do so on the terms and conditions set forth herein;

WHEREAS, pursuant to Section 4003(h)(1) of the CARES Act, for purposes of the Code, the Loans made pursuant to the Commitments (as increased by the Additional Commitments being provided hereby) 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) of the Loan and Guarantee Agreement shall be treated as qualified stated interest;

WHEREAS, Loans made pursuant to the Commitments (as increased by the Additional Commitments being provided hereby) will be secured by Liens on the Collateral securing the existing Obligations, together with Liens on any Additional Collateral, subject to the distribution priorities set forth in the Loan and Guarantee Agreement;

WHEREAS, pursuant to Section 11.02 of the Loan and Guarantee Agreement, the Borrower has requested amendments to the Existing Loan and Guarantee Agreement as set forth in this Restatement Agreement; and

WHEREAS, Treasury has agreed to amend the Existing Loan and Guarantee Agreement as more particularly set forth in this Restatement Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. **Additional Commitments.** Treasury hereby agrees to provide Additional Commitments to the Borrower on the Restatement Effective Date on the terms set forth herein and in the Loan and Guarantee Agreement and the other Loan Documents, and subject to the conditions set forth below, in an aggregate principal amount, together with the Closing Date Commitment, not to exceed the amount of the Commitments as defined in the Loan and Guarantee Agreement (as amended hereby). The Additional Commitments shall be deemed to be "Commitments" under and as defined in the Loan and Guarantee Agreement (as amended hereby) for all purposes of the Loan and Guarantee Agreement and the other Loan Documents, and shall be secured by the applicable Liens granted to the Collateral Agent for the benefit of the Secured Parties and entitled to the benefits of the applicable Security Documents.

Section 2. **Amendments.** Effective as of the Restatement Effective Date, (a) the Existing Loan and Guarantee Agreement is hereby amended and restated, in its entirety, to be in the form attached as Annex A hereto and (b) all of the other Schedules and Exhibits to the Existing Loan and Guarantee Agreement remain in the forms attached to the Existing Loan and Guarantee Agreement.

Section 3. **Representations and Warranties.** The Credit Parties represent and warrant to the Administrative Agent, the Collateral Agent and the Lenders as of the Restatement Effective Date that:

(a) The execution, delivery and performance by each Credit Party of this Restatement Agreement and each other 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.

(b) 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 Restatement 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 of the Loan and Guarantee Agreement.

(c) This Restatement Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each

Credit Party set forth on the signature pages to this Restatement Agreement. This Restatement Agreement constitutes, and each other Loan Document when so delivered will constitute, the legal, valid and binding obligation of each Credit Party hereto enforceable against such Credit Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting the creditors' rights generally and by general principles of equity.

(d) No Default exists under the Loan and Guarantee Agreement.

(e) All representations and warranties contained in the Loan and Guarantee Agreement and the other Loan Documents are true and correct in all material respects as of the date hereof, except to the extent that (A) such representations or warranties are qualified by a materiality standard, in which case they are true and correct in all respects, and (B) such representations or warranties expressly relate to an earlier date (in which case such representations and warranties are true and correct in all material respects as of such earlier date).

Section 4. Conditions Precedent to Effectiveness. The effectiveness of this Restatement Agreement and the Additional Commitments provided hereby are subject to the satisfaction (or waiver in accordance with Section 11.02 of the Loan and Guarantee Agreement) 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) (the date on which such conditions are satisfied or waived being the "Restatement Effective Date") when:

(a) Executed Counterparts. The Initial Lender and the Agents shall have received from each Credit Party hereto a counterpart of this Restatement Agreement and an Amended and Restated Horizon Aircraft, Engine and Propeller Pledge and Security Agreement, substantially in the form attached hereto as Annex B (such amended and restated agreement, the "Amended and Restated Horizon Pledge and Security Agreement"), each signed on behalf of such Credit Party. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Restatement Agreement or the Amended and Restated Horizon Pledge and Security Agreement by telecopy or other electronic means, or confirmation of the execution of this Restatement Agreement and the Amended and Restated Horizon Pledge and Security 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 Restatement Agreement and the Amended and Restated Horizon Pledge and Security 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 opinions of counsel (including opinions of counsel covering the creation and perfection, or the continuing creation and perfection, of the security interests on Collateral, consistent with the opinions delivered on the Closing Date, and including substantially similar opinions with respect to any Additional Collateral) to the Credit Parties that are acceptable to the Initial Lender, addressed to the Initial Lender and the applicable Agent or Agents and dated as of the Restatement Effective 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) Expenses. The Borrower shall have paid all reasonable fees, expenses (including the reasonable 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 Restatement Effective Date); provided that such expenses payable by the Borrower may be offset against the proceeds of any Loans funded on the Restatement Effective Date.

(f) Officer's Certificate. The Initial Lender shall have received a certificate executed by a Responsible Officer of the Parent and the Borrower confirming (i) that the representations and warranties contained in Section 3 of this Restatement Agreement are true and correct on and as of the Restatement Effective 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, (iii) the satisfaction of Sections 4(j) and (l) herein as of the Restatement Effective Date, (iv) the satisfaction of all other conditions precedent to the Restatement Effective Date described in this Section 4 and (v) that no Default or Event of Default exists or will result from the terms of this Restatement Agreement on the Restatement Effective Date.

(g) Appraisals. The Initial Lender shall have received Appraisals of Additional Collateral satisfactory in form and substance and performed by an Eligible Appraiser dated as of a date no earlier than thirty (30) days prior to the Restatement Effective Date.

(h) 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 Restatement 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.

(i) Lien Searches. The Initial Lender shall have received (i) UCC, Intellectual Property and other applicable lien searches, including tax and judgment liens searches, conducted in the jurisdictions and offices where such liens on material assets of the Credit Parties are required to be filed or recorded, in each case, as of the date that such lien searches were last conducted pursuant to the Loan and Guarantee Agreement and (ii) to the extent any Additional Collateral consists of (x) Aircraft and Engine Assets (as defined in the Pledge and Security Agreements), aircraft registry lien searches conducted with the FAA and the International Registry or (y) Spare Part Assets (as defined in the Pledge and Security Agreements), 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 Agreements), 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 Restatement Effective Date pursuant to documentation satisfactory to the Initial Lender.

(j) Collateral Coverage Ratio. On the Restatement Effective 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.

(k) 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 the Restatement Agreement, Solvent.

(l) No Material Adverse Effects. Since the Closing Date, (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 of the type that would be included in the Collateral other than as would have been permitted under the Loan and Guarantee Agreement.

(m) Audits. On the Restatement Effective Date, 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) of the Loan and Guarantee Agreement shall not include a “going concern” qualification under GAAP as in effect on the date of this Restatement 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

(n) Perfection Certificate. The Initial Lender and the Agents shall have received from each Credit Party hereto an amended and restated Perfection Certificate or supplement thereof, updated to include all Additional Collateral, signed on behalf of such Credit Party. Notwithstanding anything herein to the contrary, delivery of an executed signature page of an amended and restated Perfection Certificate or supplement thereof by

telecopy or other electronic means, or confirmation of the execution of an amended and restated Perfection Certificate or supplement thereof 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 an amended and restated Perfection Certificate or supplement thereof.

(o) Perfection of Liens on Collateral. On or prior to the Restatement Effective Date, in connection with the execution of the Pledge and Security Agreements, the Perfection Requirement (as defined in the Pledge and Security Agreements) shall have been satisfied and all of the perfection steps thereunder shall have been completed, and copies or evidence, if available, of any relevant filings, recordings and other perfection documentation shall have been provided to the Initial Lender, the Administrative Agent and the Collateral Agent.

Section 5. Miscellaneous.

(a) Fees. The Borrower shall pay all fees required to be paid to the Administrative Agent, the Collateral Agent and the Lenders and all expenses (including fees and expenses of counsel) required to be paid to the Administrative Agent, Collateral Agent and the Lenders, in each case as required by and in accordance with the terms of the Loan and Guarantee Agreement, as they are due and payable in connection with this Restatement Agreement.

(b) Continued Effectiveness. Notwithstanding anything contained herein, the terms of this Restatement Agreement shall not constitute a novation or termination of the Existing Loan and Guarantee Agreement or any other Loan Documents and are not intended to and do not serve to effect a novation or termination of the obligations outstanding under the Existing Loan and Guarantee Agreement or instruments guaranteeing or securing the same, which instruments shall remain and continue in full force and effect.

(c) Governing Law; Jurisdiction, Etc. THIS RESTATEMENT AGREEMENT SHALL 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.

(d) **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.**

(e) Entire Agreement. This Restatement Agreement, the Loan and Guarantee 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. The Borrower and the Agents hereby designate this Restatement Agreement as a Loan Document.

(f) Counterparts. This Restatement 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. Delivery of an executed counterpart of a signature page of this Restatement 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.

(g) Electronic Execution. The words "execution," "signed," "signature," and words of like import in this Restatement Agreement 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.

(h) Successors and Assigns. When this Restatement Agreement has been executed by the Parent, the Borrower, the Guarantors, the Agents and the Lenders party hereto, this Restatement Agreement shall thereafter be binding upon and inure to the benefit of the parties and their respective successors and assigns, in accordance with the terms of the Loan and Guarantee Agreement.

(i) Severability. If any provision of this Restatement 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 Restatement 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.

(j) Headings. The headings of this Restatement Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(k) Direction to Agents. The Lenders party hereto hereby authorize and direct the Administrative Agent and the Collateral Agent to execute and deliver this Restatement Agreement.

(l) Release by Credit Parties. Each Credit Party hereto hereby acknowledges and agrees that it has no actual knowledge of any defenses or claims against any Lender, the Agents, any of their respective Affiliates or any of their respective officers, directors, employees, attorneys, representatives, predecessors, successors or assigns with

respect to the Obligations, and that if such Credit Party now has, or ever did have, any defenses or claims with respect to the Obligations against any Lender, the Agents, any of the respective Affiliates or any of their respective officers, directors, employees, attorneys, representatives, predecessors, successors, or assigns, whether known or unknown, at law or in equity, from the beginning of the world through this date and through the time of effectiveness of this Restatement Agreement, all of them are hereby expressly **WAIVED**, and the Borrower hereby **RELEASES** each Lender, each Agent, their respective Affiliates and their respective officers, directors, employees, attorneys, representatives, predecessors, successors and assigns from any liability therefor.

(m) No Liability of Agents. The Agents assume no responsibility for, and shall be entitled to rely on, without any obligation to ascertain or investigate, the correctness of the recitals and statements contained herein. The Agents shall not be liable or responsible in any manner whatsoever for, or in respect of, the validity or sufficiency of this Restatement Agreement.

Section 6. Reaffirmation.

(a) Each Credit Party hereto hereby consents to the execution, delivery and performance of this Restatement Agreement and agrees that each reference to "the Loan and Guarantee Agreement," "this Agreement," "hereunder," "hereof" or words of like import referring to the Loan and Guarantee Agreement in the Loan Documents shall, on and after the Restatement Effective Date, be deemed to be a reference to the Loan and Guarantee Agreement, as amended and restated by this Restatement Agreement.

(b) Each Credit Party hereto hereby reaffirms all of its respective obligations and liabilities under the Loan Documents to which it is a party, as such obligations and liabilities have been amended by this Restatement Agreement, and acknowledges and agrees that such obligations and liabilities remain in full force and effect.

(c) Each Credit Party hereto hereby irrevocably and unconditionally ratifies each Loan Document to which it is a party (as such Loan Documents are amended to and including the date hereof) and ratifies and reaffirms such Credit Party's guarantee and grant of liens and security interests under the Security Documents and confirms that the guarantees, liens and security interests granted thereunder continue to secure the Obligations, including, without limitation, any additional Obligations resulting from or incurred pursuant to the Loan and Guarantee Agreement.

Section 7. Post-Closing Matters.

(a) Opinion of Crowe & Dunlevy. The Initial Lender and the applicable Agent or Agents shall receive all opinions of Crowe & Dunlevy (including opinions covering the creation and perfection, or the continuing creation and perfection, of the security interests on Collateral, consistent with the opinions delivered by Crowe & Dunlevy on the Closing Date, and including substantially similar opinions with respect to any Additional Collateral), aviation counsel to the Credit Parties, that are acceptable to the Initial Lender,

addressed to the Initial Lender and the applicable Agent or Agents and dated no later than two (2) Business Days after the Restatement Effective Date, in form and substance satisfactory to the Initial Lender and the applicable Agent (and the Parent hereby instructs Crowe & Dunlevy to deliver such opinions to such Persons). Failure to comply with this Section 7(a) shall constitute a Default under the Loan and Guarantee Agreement.

[*Remainder of this page intentionally left blank*.]

IN WITNESS WHEREOF, the undersigned have caused this Restatement Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

ALASKA AIRLINES, INC., as Borrower

By: _____
Name:
Title:

[Signature Page to Restatement Agreement – Alaska Airlines]

ALASKA AIR GROUP, INC., as Parent and Guarantor

By: _____
Name:
Title:

HORIZON AIR INDUSTRIES, INC., as Guarantor

By: _____
Name:
Title:

[Signature Page to Restatement Agreement – Alaska Airlines]

UNITED STATES DEPARTMENT OF THE TREASURY, as the Initial Lender and a Lender

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON, as Administrative Agent

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____
Name:
Title:

Annex A

Form of Amended and Restated Loan and Guarantee Agreement

Annex B

Form of Amended and Restated Horizon Pledge and Security Agreement

EXHIBIT 31.1

CERTIFICATIONS

I, Bradley D. Tilden, certify that:

1. I have reviewed this annual report on Form 10-Q of Alaska Air Group, Inc. for the period ended September 30, 2020;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 5, 2020

By /s/ BRADLEY D. TILDEN

Bradley D. Tilden

Chairman, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Shane R. Tackett, certify that:

1. I have reviewed this annual report on Form 10-Q of Alaska Air Group, Inc. for the period ended September 30, 2020;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 5, 2020

By /s/ SHANE R. TACKETT

Shane R. Tackett

Executive Vice President/Finance and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Alaska Air Group, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bradley D. Tilden, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 5, 2020

By /s/ BRADLEY D. TILDEN

Bradley D. Tilden

Chairman, President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Alaska Air Group, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Shane R. Tackett, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 5, 2020

By /s/ SHANE R. TACKETT

Shane R. Tackett

Executive Vice President/Finance and Chief Financial Officer