

Transaction Summary

The U.S. Department of the Treasury agreed to make a loan of up to \$1.928 billion to Alaska Airlines, Inc. (the Company). Treasury originally agreed to make a loan of up to \$1.301 billion to Company, and on October 30, 2020, Treasury increased the maximum loan amount to \$1.928 billion. The Company is a wholly owned subsidiary of Alaska Air Group, Inc., and one of the largest domestic airlines in the United States. The Company had approximately 22,000 U.S. employees in March 2020 and carried more than 46 million passengers in 2019.

Treasury made the loan pursuant to section 4003(b)(1) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is secured by the Company's Mileage Plan loyalty program, certain aircraft, and engines. The loan has an interest rate equal to LIBOR plus 2.5% and matures on September 26, 2025. The Company elected to draw \$135 million at close and may draw the remaining loan funds in multiple draws through May 28, 2021. The loan proceeds will be used to provide liquidity to continue the Company's operations. The transaction agreement includes covenants by the Company to comply with certain restrictions on employee compensation, stock repurchases, dividends, and reductions in employment levels, as required by the CARES Act. Treasury will receive warrants to purchase common stock equal to 10% of the total loan amount drawn.