
Hughes Hubbard & Reed

HHR Helps United Airlines Secure \$7.491B CARES Act Loan

News & Events

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One Battery Park Plaza • New York, New York 10004-1482 • +1 (212) 837-6000

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December 10, 2020 — The firm represented United Airlines as the borrower of a \$7.491 billion secured loan under the U.S. Department of Treasury's airline loan program.

In March, Congress set aside \$25 billion for a secured loan program under the \$2.2 trillion Coronavirus Aid, Relief and Economic Security Act (CARES Act) to provide relief for U.S. passenger air carriers suffering from the impact of the COVID-19 pandemic.

On Sept. 28, United entered into a loan agreement with the Treasury for a five-year term loan facility in an amount of \$5.17 billion. The Bank of New York Mellon served as administrative agent and collateral agent under the facility.

On Nov. 6 and on Dec. 8, United pledged additional collateral and entered into amendments to increase the facility to \$7.491 billion. United has borrowed \$520 million under the facility, and has the ability to borrow additional funds in up to two additional drawings on or before March 2021.

United's CARES Act loan is guaranteed by United Airlines Holdings and certain of its subsidiaries, and is secured by liens on (i) certain route authorities and related slots and gate leaseholds, (ii) certain Boeing 777-300ER aircraft and (iii) certain flight simulators and related assets.

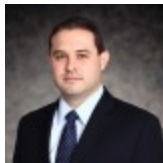
In connection with the loan facility, United Airlines Holdings entered into a warrant agreement pursuant to which it will be required to issue warrants to the Treasury on the date of disbursement of each term loan in an amount corresponding to 10 percent of the principal amount of each such disbursement, at a strike price of \$31.50 per share (which was the closing price of its common stock on the Nasdaq Stock Market on April 9, 2020).

John Hoyns and Emilio Saiz led the HHR team, which also included Mark Denham, Patrice Jean, Andy Braiterman, Alan Kravitz, Jim Delaney, Michael DeBernardis, Nathalie Rey, Arthur Souza Rodrigues, TJ Haley, Javad Husain, Hannah Miller and Katherine Thomas.

Related People



John Hoyns



Emilio Saiz



Mark Denham



Patrice Jean



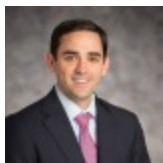
Andrew H. Braiterman



Alan Kravitz



James F. Delaney



Michael A. DeBernardis



Nathalie Rey

Arthur Souza Rodrigues

Thomas J. Haley



Hannah Miller

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