

# Delta amends loans with collateral and liquidity covenant

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Delta Air Lines has amended two financing agreements with JP Morgan Chase by adding collateral to a previously unsecured offering and establishing a minimum liquidity covenant on the other.

The airline has amended a \$2.65 billion revolving credit facility dated April 2018, according to a regulatory filing. The amended revolving credit facility contains a \$1.325 billion three-year facility, \$1.25 billion of which Delta extended for an additional year to April 2022, a \$1.325 billion five-year facility, which matures in April 2023, and a new \$216 million standby letter of credit facility, which matures in April 2022.

Up to \$250 million of each of the three-year and the five-year facilities can also still be used for the issuance of letters of credit.

The previously unsecured credit facility is now secured by a first lien on the airline's Pacific route authorities and certain related assets. Delta also has the option of pledging aircraft, among other assets, as additional collateral.

Delta also entered into an amendment to the \$2.95 billion 364-day term loan facility dated March 2020. A minimum liquidity covenant replaced the fixed charge coverage ratio covenant.

The covenant requires Delta to maintain minimum liquidity of \$2 billion, where liquidity is defined as the sum of unrestricted cash and cash equivalents and the aggregate principal amount committed and available to be drawn under all revolving credit facilities.

The amendment also contains a covenant restricting its ability to pay dividends or repurchase stock.

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