

CARES Act Compensation Matters and Impact on NEO Compensation

As previously disclosed, in May 2020, the Company entered into a Payroll Support Agreement (“PSP Agreement”) with the United States Department of Treasury in connection with the funding made available to cargo air carriers under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). In connection with the PSP Agreement and the CARES Act, the Company is subject to restrictions on the amount of total compensation that may be provided to certain employees, including each of the Company’s named executive officers, through March 24, 2022.

In general, the CARES Act restrictions provide that a covered employee may not receive, in any 12 consecutive month period from March 24, 2020 to March 24, 2022, compensation that exceeds the amount such employee received in calendar year 2019, in each case as calculated under applicable guidance. In the case of employees who received more than \$3 million in total compensation in 2019, the employees may not receive, in any 12 consecutive month period from March 24, 2020 to March 24, 2022, compensation that exceeds \$3 million plus 50 percent of the excess over the \$3 million of the total compensation received by such employee in calendar year 2019, in each case as calculated under applicable guidance. The CARES Act and PSP Agreement also contains restrictions on severance and similar payments.

Because the compensation measurement period of the SEC compensation disclosure rules differs from those under the CARES Act, some of the compensation actions for our NEOs described in this Proxy Statement occurred prior to the applicability of the restrictions above (such as the LTI Awards in early 2020) and were not impacted by these restrictions. However, other elements of 2020 compensation were impacted by the CARES Act limitations, even though certain of these payments were to be paid pursuant to contractual arrangements in place prior to the CARES Act and to be earned based on pre-established goals dependent on Company performance.

For example, as described below, the Annual Incentive Plan payment for each of our NEOs was reduced in 2020 and payment of our Chief Operating Officer’s performance cash award relating to the 2018-2020 performance period was also reduced, in each case to maintain compliance with the CARES Act. The amounts shown in the Summary Compensation Table for 2020 below are shown after taking into account reductions in compensation required by the CARES Act.