

Spirit Airlines favors Frontier deal, rejects JetBlue bid

May 2 2022



Spirit Airlines endorsed a proposed merger with Frontier Airlines, rejecting a bid from JetBlue Airways as too risky.

Spirit Airlines reiterated Monday its support for a merger with Frontier Airlines, saying it concluded a competing offer from JetBlue Airways

involved excessive regulatory risk.

Spirit said the Department of Justice's challenge of JetBlue's alliance with American Airlines raised the odds that a takeover of Spirit by JetBlue might get blocked.

"After a thorough review and extensive dialogue with JetBlue, the board determined that the JetBlue proposal involves an unacceptable level of closing risk that would be assumed by Spirit shareholders," said Mac Gardner, chairman of Spirit.

"We believe that our pending [merger](#) with Frontier will start an exciting new chapter for Spirit and will deliver many benefits to Spirit shareholders, [team members](#) and guests."

In early February, budget carriers Spirit and Frontier announced they were combining to create a competitive low-cost [carrier](#) that aims to test the dominance of larger rivals.

But in April, JetBlue challenged the deal, bidding to buy Spirit for \$3.6 billion and offering a similar argument about challenging larger US carriers.

JetBlue announced Monday an "enhanced" offer for Spirit that included a \$200 million reverse break-up fee in case the JetBlue-Spirit deal was blocked on antitrust grounds.

But Spirit, which had pushed for assurances JetBlue would drop the American Airlines venture if needed, said in a letter the carrier's concessions were insufficient and "imposes on our stockholders a degree of risk no responsible board would accept."

Shares of Spirit fell 8.9 percent to \$21.52 in pre-market trading, while

JetBlue gained 0.6 percent to \$11.08. Frontier Group fell 1.9 percent to \$10.41.

© 2022 AFP

Citation: Spirit Airlines favors Frontier deal, rejects JetBlue bid (2022, May 2) retrieved 23 April 2024 from <https://techxplore.com/news/2022-05-spirit-airlines-favors-frontier-jetblue.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.