

Jetblue ups bid after Spirit backs 'pie-in-the-sky' promises

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Jetblue has again increased its offer for Spirit Airlines, raising its breakup fee to \$400 million if regulators block a merger with the Florida-based carrier.

It previously proposed to pay Spirit Airlines \$350 million if a deal is not consummated for antitrust reasons.

The New York-based airline says in a filing that it is modifying its proposal based on discussions with Spirit shareholders. It issued an open letter detailing the benefits of its "decisively superior proposal and the recent misleading statements" made by the Spirit board.

Jetblue also said it would prepay \$2.50 per share on investor approval of the combination compared with \$1.50 per share previously.

It also included a "ticking fee" that would pay shareholders 10 cents a share each month from January 2023 through the completion or termination of the deal.

Frontier Airlines increased the cash portion of its bid by \$2 a share to \$4.13 on 24 June and raised its reverse breakup fee proposal to \$350 million, matching Jetblue's earlier offer.

"The facts demonstrate that our offer to acquire Spirit remains decisively superior to the recently amended Frontier transaction. Yet, the entrenched Spirit board is clinging to the inferior Frontier transaction with pie-in-the-sky promises and an overly simplistic regulatory argument. Their pitch to shareholders simply doesn't add up," says Robin Hayes, chief executive officer of Jetblue.

He says Spirit shareholders are being promised an unrealistic future value based on financial projections that are a "house of cards" given the realities of the market.

"Among other things, they want you to believe in assumptions that fail to account for the actual market conditions they would face, including the need for pilot pay increases and elevated fuel costs," adds Hayes.

He points to a recent message, in which Spirit's pilot union, ALPA, said it was "deeply troubled" that Spirit had not planned a single dollar for increased pilot wages for the next five years, "even as Spirit's pilot attrition has skyrocketed".

Spirit shareholders are set to vote on the Frontier cash-and-stock deal on 30 June after delaying the vote earlier this month to continue deal talks with both airlines.

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