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## JUSTICE NEWS

### Department of Justice

Office of Public Affairs

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## **Justice Department Sues to Block JetBlue's Proposed Acquisition of Spirit**

### **Acquisition Would Allow JetBlue to Eliminate Its Largest Ultra-Low-Cost Rival, Further Concentrate the Airline Industry, and Harm American Travelers**

The Justice Department, together with Attorneys General of the Commonwealth of Massachusetts, the State of New York, and the District of Columbia, filed a civil antitrust lawsuit today to block JetBlue Airways Corporation's (JetBlue) proposed \$3.8 billion acquisition of its largest and fastest-growing ultra-low-cost rival, Spirit Airlines, Inc. (Spirit). JetBlue and Spirit compete fiercely today on hundreds of routes serving millions of travelers. By eliminating that competition and further consolidating the United States airlines industry, the proposed transaction will increase fares and reduce choice on routes across the country, raising costs for the flying public and harming cost-conscious fliers most acutely.

The complaint, filed in the District of Massachusetts, alleges that Spirit's low-cost, no-frills flying option has brought lower fares and more options to routes across the country, making it possible for more Americans – particularly price sensitive consumers who pay their own fares – to travel. JetBlue's acquisition of Spirit would eliminate the "Spirit Effect," where Spirit's presence in a market forces other air carriers, including JetBlue, to lower their fares. The deal also would eliminate half of the ultra-low-cost capacity in the United States. This will lead to higher fares and fewer seats, harming millions of consumers on hundreds of routes.

"As our complaint alleges, the merger of JetBlue and Spirit would result in higher fares and fewer choices for tens of millions of travelers, with the greatest impact felt by those who rely on what are known as ultra-low-cost carriers in order to fly," said Attorney General Merrick B. Garland. "Companies in every industry should understand by now that this Justice Department will not hesitate to enforce our antitrust laws and protect American consumers."

"Our complaint alleges that JetBlue's acquisition of Spirit would particularly hurt cost-conscious travelers," said Associate Attorney General Vanita Gupta. "Ultra-low-cost carriers make air travel possible so more Americans can take a much-needed family vacation or celebrate or mourn together with loved ones. We allege that the proposed merger would lead to fewer seats and higher prices for travelers."

"JetBlue's proposed acquisition of Spirit eliminates a disruptive, low-cost option for millions of Americans. Whether they fly Spirit or not, travelers throughout the United States benefit from an independent Spirit because where Spirit competes, other airlines – including JetBlue – are forced to compete more vigorously by lowering fares, offering greater innovations, and delivering more consumer choice," said Principal Deputy Assistant Attorney General Doha Mekki of the Justice Department's Antitrust Division. "This transaction occurs against the backdrop of years of airline consolidation in the United States."

The complaint, which seeks to block the acquisition under Section 7 of the Clayton Act, alleges Spirit has been a particularly disruptive force, growing rapidly, introducing innovative products, and allowing customers to choose which services to purchase, all while charging customers very low fares. Spirit has forced larger airlines, particularly

the already-low-cost JetBlue, to compete for customers by introducing unbundled, customizable ticket options and lowering their own fares, allowing more Americans to travel. If the acquisition is allowed to proceed, prices would increase on routes where the two airlines currently compete. This is particularly the case on the over 40 direct routes where the two companies' combined market shares are so high that the deal is presumptively anticompetitive.

As further alleged in the complaint, in the last 10 years, Spirit has doubled its network in size and, before this deal, expected to continue expanding at a quick pace. The acquisition stops this future competition before it starts.

The acquisition would also make it easier for the remaining airlines to coordinate to charge travelers higher fares or limit capacity. JetBlue has already partnered with American Airlines, the largest airline in the world, through the Northeast Alliance, which the [Department sued to block](#). Now, JetBlue is doubling down on consolidation, seeking to acquire and eliminate its main ultra-low-cost competitor, depriving travelers of yet another choice.

If allowed to eliminate the Spirit option, JetBlue would likely increase prices on every route where Spirit flies today. As a result, travelers who previously preferred Spirit's lower-price, no-frills service would either have to pay more for amenities they do not want, or may no longer be able to afford to travel at all.

JetBlue is a Delaware corporation headquartered in Long Island City, New York. In 2022, it flew over 39 million passengers to approximately 107 destinations around the world, earning about \$9.1 billion in revenue.

Spirit is a Delaware corporation headquartered in Miramar, Florida. In 2022, it flew over 38 million passengers to approximately 92 destinations in the Americas, earning about \$5 billion in revenue.

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**Attachment(s):**

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**Topic(s):**

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