

US govt weighs unusual rescue plan for struggling Spirit Airlines

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Dhaka: The Trump administration is reportedly in advanced discussions over a potential financial rescue package for Spirit Airlines, as the budget carrier continues to face severe financial distress and the risk of liquidation, according to reports.

Under the proposed structure, the government could inject roughly USD 500 million in senior financing to stabilize the airline. In return, officials could potentially secure a controlling equity position—reportedly as high as 90 percent—placing the state ahead of other investors if the airline’s finances are restructured, reports said.

Spirit, long known for its low-cost model, has been under pressure for years due to higher operating costs, shifting passenger demand, and earlier failed merger plans, including a court-blocked acquisition attempt by JetBlue Airways. The airline has also been hit by broader

industry pressures such as volatile fuel prices and operational disruptions, further weakening its financial position.

The carrier, which is based in Dania Beach, Florida, has already entered Chapter 11 bankruptcy protection for the second time in under a year, as it struggles to generate enough revenue to offset rising expenses. Reports cited industry observers saying the company's ability to recover remains uncertain even with potential state support.

The idea of government intervention has sparked debate in Washington. Some officials and industry figures argue that public funds should not be used to support an unprofitable airline, while others—such as labor groups representing Spirit employees—warn that a collapse could threaten thousands of jobs and reduce competition in the aviation market.

As per reports, transportation officials have also expressed skepticism, questioning whether additional funding would meaningfully change the airline's long-term outlook. Critics of the plan argue that repeated financial assistance may delay an inevitable restructuring rather than solve underlying business challenges.

Spirit has not commented on the reported negotiations, maintaining that it continues normal operations and that passengers can still book and use tickets, credits, and loyalty benefits as usual.

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