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Spirit Airlines Faces Liquidation Risk as Fuel Surge Jeopardizes Bankruptcy Exit

Spirit Airlines could decide as soon as this week whether to liquidate, as war-driven jet fuel costs strain its restructuring, deepen creditor concerns and threaten a low-fare carrier that remains important to the U.S. Virgin Islands' mainland air links.

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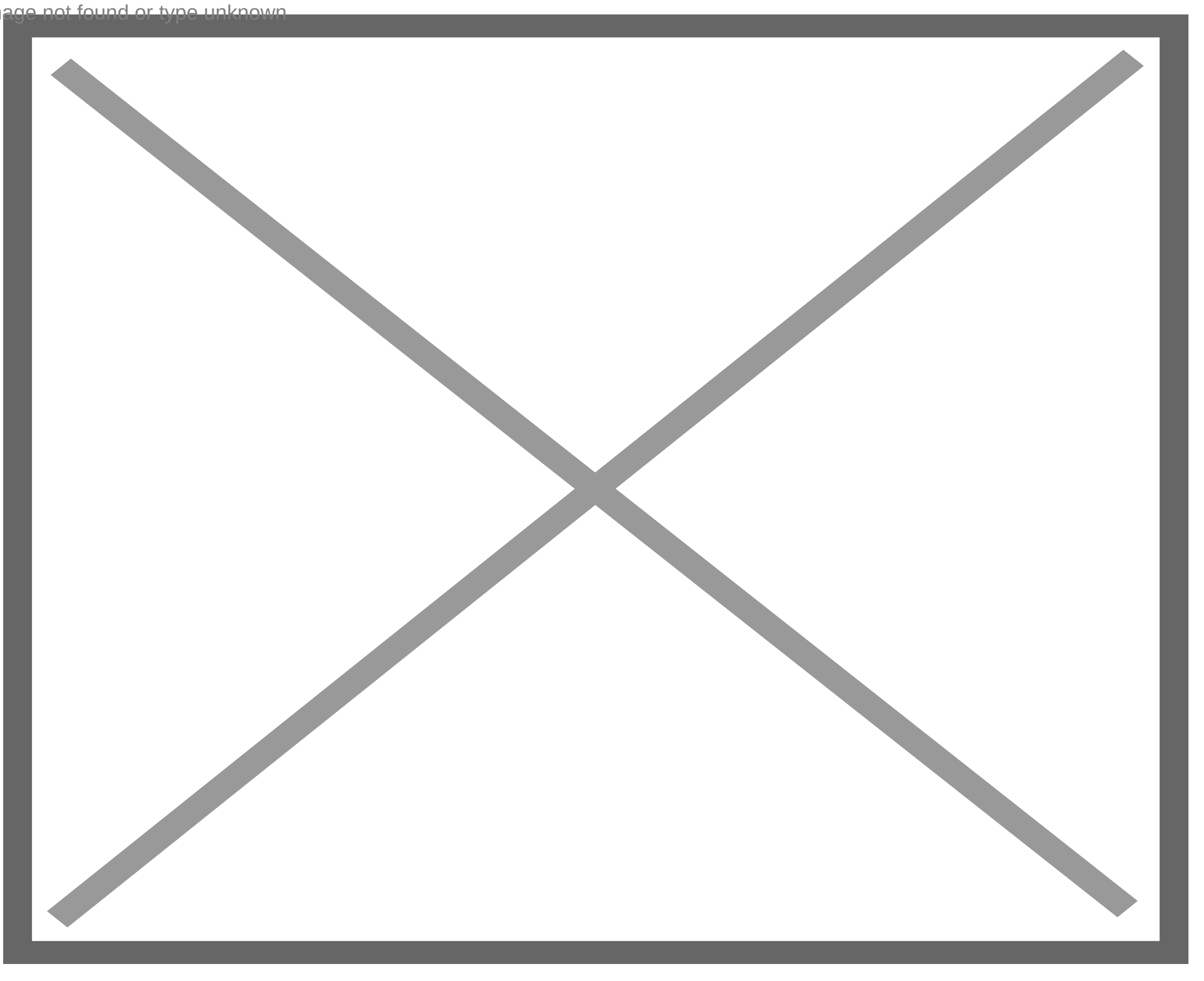

Spirit Airlines at the Henry E. Rohlsen Airport on St. Croix. **By. ERNICE GILBERT, V.I. CONSORTIUM.**

Spirit Airlines' effort to emerge from bankruptcy is under fresh threat as rising jet fuel prices squeeze the budget carrier's finances and raise the possibility of liquidation. Bloomberg reported Tuesday that Spirit is at risk of being liquidated and that a decision on that option could come as soon as this week, though the situation remains fluid and discussions with creditors are still ongoing.

The immediate pressure point is fuel. The Wall Street Journal reported that Spirit's creditors are objecting to the airline's restructuring path because higher jet fuel prices could add about $360 million in annual costs, a figure that would exceed Spirit's roughly $337 million in year-end cash. That has put the airline's planned summer exit from Chapter 11 into question.

Spirit's financial uncertainty matters to the U.S. Virgin Islands because the airline remains part of the territory's core airlift, particularly for travelers seeking lower-cost service to and from Florida. The V.I. Dept. of Tourism currently lists Spirit as offering daily nonstop service between St. Thomas and both Fort Lauderdale and Orlando, along with Fort Lauderdale service to St. Croix. Spirit's own booking pages continue to market Fort Lauderdale–St. Thomas, Orlando–St. Thomas, and Fort Lauderdale–St. Croix service, underscoring the carrier's role in linking the territory to major mainland gateways. That matters in a market where the Department of Tourism said nearly 1 million airline passengers traveled through St. Thomas and St. Croix in 2025, supported by consistent air access from key U.S. markets.

Spirit had been moving toward a formal reorganization only a month ago. In March, the airline announced a restructuring support agreement and a plan of reorganization that it said was expected to carry the company out of Chapter 11 by early summer. At the same time, Spirit planned to cut its fleet to roughly one-third of its pre-bankruptcy size, from 214 aircraft before bankruptcy to 76 to 80 planes by the third quarter of 2026, as part of a sweeping effort to lower debt and lease obligations and stabilize operations.

That restructuring is now colliding with a harsher operating environment. Spirit's business model leaves it especially exposed to fuel volatility because, unlike larger legacy carriers, it has less room to offset higher costs through premium fares or broader revenue streams.

Even before the latest setback, Spirit had already been shrinking aggressively. The company had reduced its operating fleet to 114 planes in March and had won court approval to launch an auction for roughly 20 additional aircraft. The broader plan was to reduce total debt and lease obligations from $7.4 billion to about $2 billion, while focusing on stronger routes and markets.

The airline's path has also been shaped by failed merger efforts. Spirit's earlier deal with JetBlue was blocked by a federal judge on antitrust grounds, while renewed merger talks with Frontier were also part of the background to its ongoing financial distress.

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