

Did Southwest Airlines Conduct Mass Layoffs in Preparation for JetBlue Merger? What We Know

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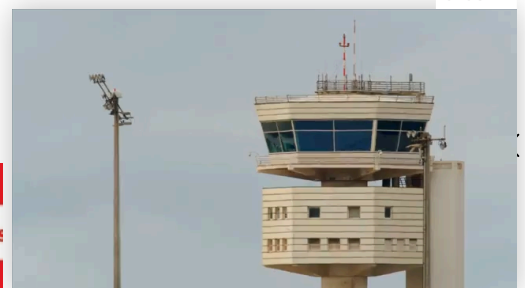
By **Hugh Cameron and Jesus Mesa**

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Reports are circulating that Southwest Airlines' decision to lay off 15 percent of its corporate staff could be paving the way for a potential merger with JetBlue Airways Corporation.

Newsweek has been unable to confirm that a merger between the companies is taking place. Southwest declined to comment on the reports, referring *Newsweek* to its Monday announcement. *Newsweek* has also reached out to [JetBlue](#) for comment.

Why It Matters

A merger with JetBlue could complement Southwest's operations and expand its route networks, while also addressing some of the issues currently facing the company. Southwest is currently battling a lawsuit from the Department of Transportation over "chronically delayed flights," as well as delivery issues stemming from its exclusive use of Boeing aircraft.

However, the merger itself would create a combined entity worth more than \$20.6 billion, likely resulting in regulatory challenges over potential violations of U.S. antitrust laws, while also requiring approval from stakeholders in both companies.

What To Know

On Monday, Southwest announced that it will be letting go of "[approximately 1,750 Employee roles](#)," and that these will "almost entirely" be corporate and leadership positions. The airline added that the move was part of a larger effort to "boost revenues" and "maximize efficiencies and minimize costs." Eleven senior leadership positions will also be eliminated, the airline said.

The surprise restructuring—the first mass layoff in the company's 53-year history—comes amid a difficult period for the airline.

Prior to the release of its third quarter results, CEO Bob Jordan acknowledged the company's financial difficulties in a call with investors. Longer-term financial issues had previously prompted wealth management firm Elliott Investment Management, which holds a roughly \$1.9 billion stake in the Dallas-based airline, to call for major leadership changes and for the CEO to be replaced. Following pressure from the firm, Southwest announced a restructuring which included reductions in the overall size of its board.



A Southwest Airlines Boeing 737-7H4 departs Ronald Reagan Washington National Airport for Houston on January 22, 2025 in Arlington, Virginia. **KEVIN CARTER/GETTY IMAGES**

Addison Schonland, cofounder of AirInsight, told *Newsweek* that the focus on corporate staff in the layoff announcement hinted at a potential merger. "It makes sense if more corporate staff from a merger will arise. Especially at the senior level, where there is likely to be a golden parachute," he said.

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"JetBlue is a very interesting merger partner. They have different fleets, and this Southwest trans-Atlantic capability, and that has to be attractive," Schonland a

As reported by aviation-focused outlet *View From The Wing*, one Southwest Airlines flight attendants union board member on Saturday ran a poll on social media asking who the airline might be "eyeing" in a potential purchase or merger.

During JetBlue's earnings call on January 28, CEO Joanna Gerachty said that the company was in conversations "with a number of carriers right now to discuss the potential for future partnership," following the collapse of its "Northeast Alliance" (NEA) with [American Airlines](#).

While some have suggested that JetBlue merging with a smaller carrier like [Alaska Airlines](#) could be beneficial, Southwest's existing links to JetBlue, alongside indications of its interest in acquiring another airline, may make this combination more likely.

Brazilian-American business owner David Neelman is the founder of both JetBlue and Morris Air, a low fare airline that was purchased by Southwest in 1993.

In March of last year, the president of the Southwest Airlines Pilot Union made the decision to "retain several law firms if Southwest attempts to acquire another carrier," stating that this was a possibility.

What Are the Potential Issues With a Southwest-JetBlue Merger?

A merger could hold some benefits for both companies. JetBlue has been struggling financially in recent months, its shares sent tumbling in late January after the company announced a gloomy forecast for 2025. However, the stock rose 15 percent on Tuesday as the reports of a potential combination with Southwest emerged.

For Southwest, meanwhile, combining with JetBlue could enhance their route coverage, while diversifying its fleet away from an exclusive reliance on Boeing. Amid worker strikes, lingering production difficulties as well as regulatory issues, Boeing has struggled to match airline orders, with particularly severe delays faced in the delivery of its 737 MAX aircraft.

However, Southwest's uniform fleet reduces costs and maintenance, and adding JetBlue's Airbus jets could also lead to complications and require additional pilot training.

The merger between two of the largest American airlines would also face extreme regulatory pushback, given the existing laws governing competition in the U.S. These were responsible for the breakdown of JetBlue's *Northeast Alliance* with American Airlines, an initiative which saw the pair coordinate in several aspects of their business, but was struck down in 2023 for violating federal antitrust laws, a ruling which held despite several attempts at appeal.

JetBlue's planned merger with Spirit Airlines—a much smaller carrier than Southwest by market share—was also blocked for similar reasons in early 2024.

What People Are Saying

Addison Schonland, cofounder of Airlinsight, told *Newsweek*: "JetBlue would [benefit] from a merger with Southwest, that's a win for them. JetBlue has been trying to grow and has missed merger opportunities to grow to survive. Southwest also has to break out of its niche. As the largest U.S. airline, it needs to look beyond the U.S. for growth. Will the Trump administration allow another airline

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significant issues for us. It is very difficult to run a business with continuous recurring and close-in planning challenges."

What Happens Next?

Southwest's planned layoffs will begin in late April, the company said on Monday, and will be "substantially complete" by the end of the second quarter.

Until then, Southwest said that employees who are affected will "will not work but will continue to receive their salary, benefits, and bonus, if eligible."

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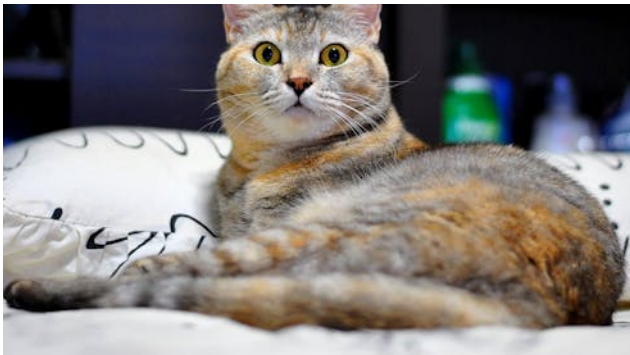
Update 02/19/25 11:15 a.m. ET: This article was updated with a response from Southwest.

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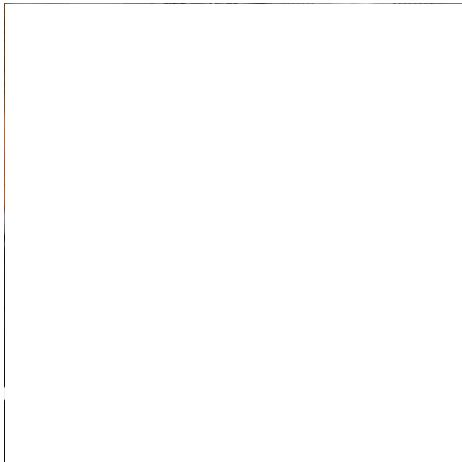
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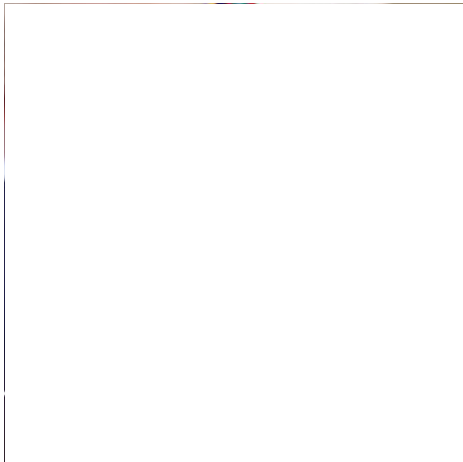
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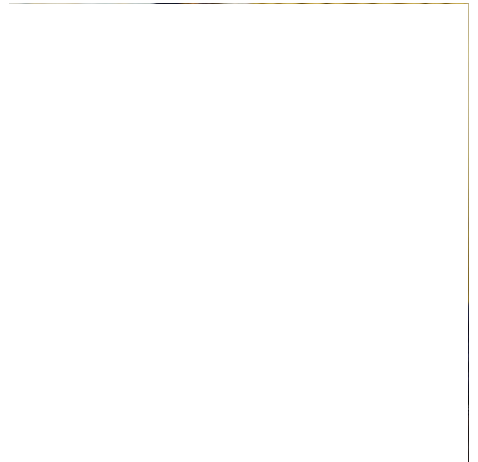
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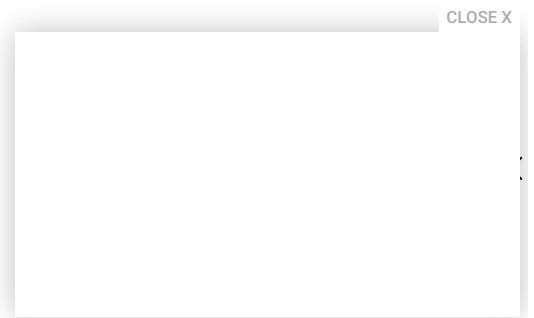
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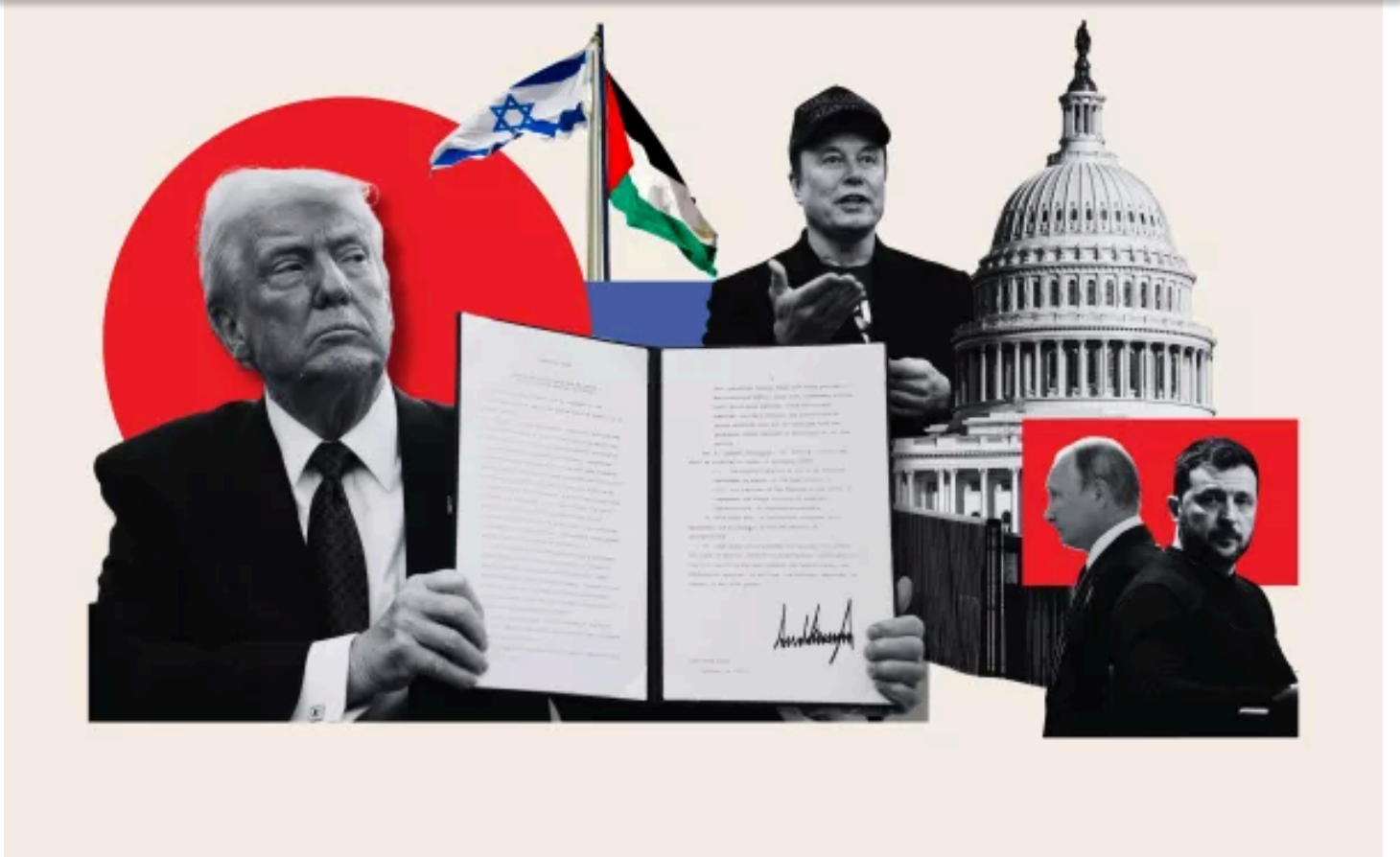


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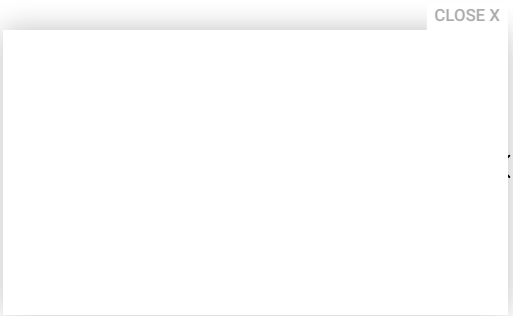
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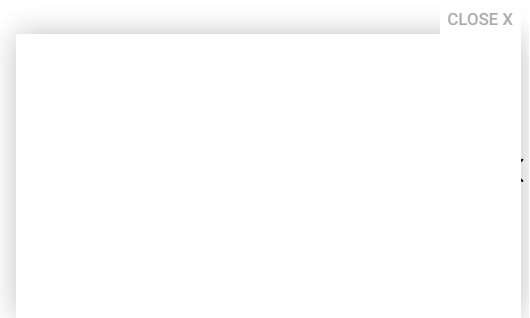


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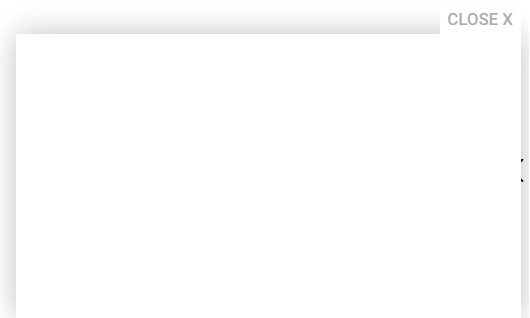


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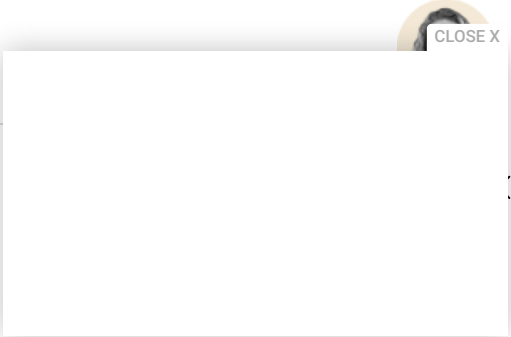


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