Annual Report 2022

jetBlue®

jetBlue

Dear fellow owners:

2022 was a year of substantial progress for JetBlue as we continued to build on our solid foundation to deliver value for all our stakeholders – our customers, crewmembers, owners, and communities. As we emerged from the pandemic, we delivered improved operational and financial performance, and thanks to the tireless efforts of our 24,000 crewmembers, we overcame many industry-wide challenges including air traffic control constraints and staffing shortages.

I am also extremely proud of the groundwork we laid to continue our legacy of disrupting the industry with more competition and more choice for customers. We made tremendous progress accelerating our efforts to bring our unique value proposition of low fares and great service to more customers. In addition to the continued growth of our Northeast Alliance (NEA) with American Airlines, we announced our plans to acquire Spirit Airlines to create a truly national low-fare challenger to the 'Big Four' airlines.

Some of the key highlights of 2022 include:

- We delivered record annual revenue, with strong demand for our offering as our unique value proposition across our products resonated well with customers.
- We launched a new structural cost program targeting $150 million to $200 million in cost reduction, which is already delivering savings. We're laser focused on optimizing our cost structure to provide a platform for long-term margin expansion.
- We strengthened relevance across our network through significant growth out of the Northeast enabled by the NEA.
- We continued to build our transatlantic service, ending the year with five daily frequencies between the Northeast and London.
- We launched service to Canada with our inaugural Canadian BlueCity of Vancouver.
- We took delivery of 6 Airbus A220 and 2 A321neo Long Range aircraft to support our network expansion efforts. We also announced an agreement to exercise our option for 30 A220 aircraft, as well as the accelerated retirement of our E190 fleet. Our growing fleet of fuel efficient aircraft enhances our ability to expand our margins.
- Several major infrastructure projects came online for JetBlue in 2022, including new terminals at Orlando and LaGuardia, significantly improving the customer experience.

Structurally Enhancing our Long-Term Profitability

As we look ahead this year, we are focused on building on the momentum from the second half of 2022. We expect to generate our first full-year of profit since the pandemic as we continue executing our commercial and operating initiatives. With the strong revenue environment, solid execution on these initiatives, and a tight grip on our cost structure, we are on a path to generating strong run-rate earnings of the standalone business throughout the year and beyond. We firmly believe we are on the right track to enhance our earnings power and create significant long-term value for our owners.

Leveraging our Network Strengths to Drive Success

Our network is a foundational element of our success, and we made significant strides expanding our network with new destinations, but also growing in places important to our customers, including our significant growth in New York and Boston enabled by the NEA. Looking ahead, further strengthening our relevance in our focus cities - Boston, Fort Lauderdale, Los Angeles, New York, Orlando and San Juan – remains critical to our strategy to deliver more value to our customers.

The growth unlocked by the NEA is a gamechanger and enables us to provide significant customer benefits to travelers across the Northeast by introducing greater competition and a full-scale alternative to the two dominant legacy carriers in the Northeast. Through this unique growth opportunity, we are able to bring more of our low fares and great product to more customers.

As part of our NEA related growth, we nearly tripled our number of daily flights at LaGuardia Airport compared to 2019 levels. Our enhanced schedules, product offering, reciprocal loyalty benefits, and ever-improving seamlessness are delivering more options for consumers. We expect a strong earnings tailwind from the NEA as this new service matures over the coming years.

Outside of the NEA, we continue to advance a number of targeted opportunities across the rest of our network. Internationally, we're excited to further build on our success with the launch of our second transatlantic destination, Paris – continental Europe's most visited city. Domestically, we are focused on adding service across our other Focus Cities where we see meaningful margin opportunities. Most of our growth in 2023 will come from restoring utilization towards pre-pandemic levels.

Creating a Truly Unique Travel Experience for Customers with Low Fares and Great Service

IWith our network and commercial initiatives, we are well-positioned to capitalize on the ongoing robust demand environment and build on last year's record revenue performance. Our compelling offering of low fares combined with a great experience is aiding our underlying revenue strength. Our product appeals to a wide variety of customers, and I'm particularly pleased with the strength of our Mint service. All of our A321neo deliveries this year will include a Mint cabin.

Our loyalty performance continues to meet our strong growth targets. Last year, we achieved a record in program enrollments, up 50% year-over-year, while co-branded credit card sign ups were up 40% year-over-year, reflecting the strong customer engagement with our TrueBlue® program. We also unveiled the next iteration of TrueBlue® as part of its multi-year evolution. Our unique approach gives more opportunities to all customers – from Mosaic to customers traveling just once a year – to earn rewards faster and seek more options and choice. We are launching other airline redemptions and a new credit card portfolio that is supporting our evolution to a travel brand. Our customers can now earn points and qualify for Mosaic when booking travel beyond just flights, helping us grow this revenue stream and close the gap to best in class loyalty performance.

Our JetBlue Travel Products subsidiary continues to innovate with new products across JetBlue Vacations, travel insurance, and our new Paisly platform, driving 59% revenue growth versus 2021 and 136% growth versus 2019. JTP is generating $20 million to $25 million in quarterly EBIT, compared to $15 million in EBIT for the full-year 2019. I'm excited about the trajectory of this business as we aim to double our current EBIT generation over the next 3 years.

Keeping a Firm Grip on Costs to Provide More Low Fares

A low cost structure is embedded in our roots, and allows us to offer low fares while maintaining a high standard of service and product. We are successfully tackling structural increases in our cost base tied to labor and fuel, as well as general inflationary pressures including the impact from growing in high-cost terminals across our high-value geography.

Last year, we undertook a methodical review of our costs, and rolled out our new structural cost program targeting savings in areas including network efficiency, crew planning, end-of-life maintenance optimization, and maximized asset productivity.

Our continued execution on costs is the foundation of our ability to expand our margins and create sustainable value.

Maintaining a Healthy Liquidity Balance and Continuing to Invest in the Business

We ended 2022 with $1.6 billion in cash excluding our undrawn $600 million revolving credit facility, or 17% of 2022 revenue. During 2022, we funded close to $1 billion in capital expenditures, approximately $300 million in payments related to our acquisition of Spirit, and $369 million in debt payments.

Looking ahead, we remain focused on maintaining a healthy liquidity balance, and given economic uncertainty and fuel price volatility, we expect to finance a portion of our aircraft deliveries this year.

Our long-term balance sheet priorities remain unchanged. We are focused on generating strong earnings and cash flow as we maintain a relatively strong balance sheet.

Industry Leading ESG Efforts

We continue to solidify our industry-leading ESG strategy. We remain as committed as ever to investing in our crewmembers and making JetBlue a place where our crewmembers are proud to work. Based on external customer research, JetBlue ranks number one in diversity and inclusion in accommodating travelers in our focus cities. In addition, people of color represent 82% of our Gateway Direct program classes, which are open to our crewmembers aspiring to become pilots.

Last year, we committed to our boldest emissions reductions target to-date. We outlined a solid plan to reduce our per-seat emissions in half by 2035 compared with 2019 levels as part of our recent science-based target, which is aligned with the goals of the Paris Agreement. We also shared our own goal to reach net zero carbon emissions by 2040 (which is 10 years ahead of the broader industry's targets). We believe Sustainable Aviation Fuel (SAF) is the most effective lever to reduce emissions, and we're proud to be supporting a portfolio of emerging suppliers with significant commitments.

Paving a Path to Long-Term Value Creation

We made great progress in the past year positioning JetBlue for sustainable long-term value creation. We have strengthened our high-value network footprint, continued to innovate across our compelling products, and set a disciplined plan to successfully manage our controllable costs. We plan to leverage our trusted travel brand to materially improve our financial performance as we gain traction on restoring margins towards 2019 levels as we move through the year.

Looking beyond 2023, we are excited to create a truly national low-fare challenger to the 'Big Four' airlines through our acquisition of Spirit, and deliver significant value for our customers, crewmembers, owners, and communities.

A huge thanks to our crewmembers for their dedication and diligent work in positioning JetBlue to create value for all of our stakeholders. Thanks also to you, our owners, for your continued support.

Most sincerely,

Robin Hayes

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2022

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ____________ to ________

Commission file number 000-49728

JETBLUE AIRWAYS CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	**87-0617894**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
27-01 Queens Plaza North, Long Island City, New York	**11101**
(Address of principal executive offices)	*(Zip Code)*

(718) 286-7900

(Registrant's telephone number, including area code:)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	**JBLU**	**The NASDAQ Stock Market LLC**

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: NONE

Indicate by check mark	YES	NO
■ if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	☑	☐
■ if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.	☐	☑
■ whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	☑	☐
■ whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).	☑	☐

■ whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

■ If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.		☐
■ whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.		☑
■ If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.		☐
■ whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).		☐
■ whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).	☐	☑

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of June 30, 2022 was approximately $2.7 billion (based on the last reported sale price on the NASDAQ Global Select Market on that date). The number of shares outstanding of the registrant's common stock as of January 31, 2023 was 327,266,152 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Designated portions of the Registrant's Proxy Statement for its 2023 Annual Meeting of Stockholders, which is to be filed subsequent to the date hereof, are incorporated by reference into Part III of this Annual Report on Form 10-K, or the Report, to the extent described therein.

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www.jetblue.com

Forward-Looking Information

This Report (or otherwise made by JetBlue or on JetBlue's behalf) contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), which represent our management's beliefs and assumptions concerning future events. These statements are intended to qualify for the "safe harbor" from liability established by the Private Securities Litigation Reform Act of 1995. When used in this document and in documents incorporated herein by reference, the words "expects," "plans," "intends," "anticipates," "indicates," "remains," "believes," "estimates," "forecast," "guidance," "outlook," "may," "will," "should," "seeks," "goals," "targets" and similar expressions are intended to identify forward-looking statements. Additionally, forward-looking statements include statements that do not relate solely to historical facts, such as statements which identify uncertainties or trends, discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed, or assured. Forward-looking statements involve risks, uncertainties and assumptions, and are based on information currently available to us. Actual results may differ materially from those expressed in the forward-looking statements due to many factors, including, without limitation, the COVID-19 pandemic and government-imposed measures to control its spread; risk associated with execution of our strategic operating plans in the near-term and long-term; our extremely competitive industry; risks related to the long-term nature of our fleet order book; volatility in fuel prices and availability of fuel; increased maintenance costs associated with fleet age; costs associated with salaries, wages and benefits; risks associated with doing business internationally; our reliance on high daily aircraft utilization; our dependence on the New York metropolitan market; risks associated with extended interruptions or disruptions in service at our focus cities; risks associated with airport expenses; risks associated with seasonality and weather; our reliance on a limited number of suppliers; risks related to new or increased tariffs imposed on commercial aircraft and related parts imported from outside the United States; the outcome of lawsuits filed against us related to our Northeast Alliance with American Airlines Group Inc.; failure to obtain certain governmental approvals necessary to consummate the merger (the "Merger") with Spirit Airlines Inc. ("Spirit"); risks associated with failure to consummate the Merger in a timely manner or at all; risks associated with the pendency of the Merger and related business disruptions; indebtedness following consummation of the Merger and associated impacts on business flexibility, borrowing costs and credit ratings; the possibility that JetBlue may be unable to achieve expected synergies and operating efficiencies within the expected timeframes or at all; challenges associated with successful integration of Spirit's operations; expenses related to the Merger and integration of Spirit; the potential for loss of management personal and other key crewmembers as a result of the Merger; risks associated with effective management of the combined company following the Merger; risks associated with JetBlue being bound by all obligations and liabilities of Spirit following consummation of the Merger; risks associated with the integration of JetBlue and Spirit workforce, including with respect to negotiation of labor agreements and labor costs; the impact of the Merger on JetBlue's earnings per share; risks associated with cybersecurity incidents; heightened regulatory requirements concerning data security compliance; risks associated with reliance on, and potential failure of, automated systems; our inability to attract and retain qualified crewmembers; our being subject to potential unionization, work stoppages, slowdowns or increased labor costs; reputational and business risk from an accident or incident involving our aircraft; risks associated with our reputation and brand; our significant fixed obligations; our substantial indebtedness; financial risks associated with credit card processors; restrictions as a result of our participation in governmental support programs; risks associated with seeking short-term additional financing liquidity; failure to realize the value of intangible or long-lived assets; risks associated with disease outbreaks or environmental disasters affecting travel behavior; compliance with future environmental regulations; the impacts of federal budget constraints or federally imposed furloughs; climate change; changes in government regulations in our industry; acts of war or terrorism; global economic conditions or an economic downturn leading to a continuing or accelerated decrease in demand for air travel; and risks associated with the implementation of 5G wireless technology near airports that we operate in. It is routine for our internal projections and expectations to change as the year or each quarter in the year progresses, and therefore it should be clearly understood that the internal projections, beliefs, and assumptions upon which we base our expectations may change prior to the end of each quarter or year. Any outlook or forecasts in this document have been prepared without taking into account or consideration the Merger with Spirit.

Given the risks and uncertainties surrounding forward-looking statements, you should not place undue reliance on these statements. You should understand that many important factors, in addition to those discussed or incorporated by reference in this Report, could cause our results to differ materially from those expressed in the forward-looking statements. Potential factors that could affect our results include, in addition to others not described in this Report, those described in Item 1A of this Report under "Risks Related to the COVID-19 Pandemic," "Risks Related to JetBlue," and "Risks Associated with the Airline Industry." In light of these risks and uncertainties, the forward-looking events discussed in this Report might not occur. Our forward-looking statements speak only as of the date of this Report. Other than as required by law, we undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I

ITEM 1 BUSINESS

Overview

General

JetBlue Airways Corporation, or JetBlue, is New York's Hometown Airline®. As of December 31, 2022, JetBlue served over 100 destinations across the United States, the Caribbean and Latin America, Canada, and England.

JetBlue was incorporated in Delaware in August 1998 and commenced service on February 11, 2000. We believe our differentiated product and culture combined with our competitive cost structure enables us to compete effectively in the high-value geographies we serve. Looking to the future, we plan to continue to grow in our high-value geographies, invest in industry leading products, and provide award-winning service by our 24,000+ dedicated employees, whom we refer to as crewmembers. Going forward, we believe we will continue to differentiate ourselves from other airlines, enabling us to continue to attract a greater mix of customers, and to drive continued growth. We are focused on delivering solid results for our stockholders, our customers, and our crewmembers.

As used in this Report, the terms "JetBlue," the "Company," "we," "us," "our," and similar terms refer to JetBlue Airways Corporation and its subsidiaries, unless the context indicates otherwise. Our principal executive offices are located at 27-01 Queens Plaza North, Long Island City, New York 11101 and our telephone number is (718) 286-7900.

Merger

Our acquisition of Spirit Airlines, Inc. ("Spirit") will position us as a national low-fare challenger to the dominant U.S. carriers. The combined airline will allow us to accelerate our organic growth plan in both fleet size and increased relevance in certain key cities. Combining with Spirit will give us the opportunity to bring our unique blend of ultra-low fares and exceptional service to more customers, on more routes diversifying our network. See Note 17 to our consolidated financial statements included in Item 8 and Item 1A, "Risk Factors," for additional information on the merger.

Our Industry and Competition

The U.S. airline industry is extremely competitive and challenging, and results are often volatile. It is uniquely susceptible to external factors such as fuel costs, downturns in domestic and international economic conditions, weather-related disruptions, the spread of infectious diseases, such as the coronavirus ("COVID-19") pandemic, vaccination mandates, masking requirements and travel restrictions, the impact of airline restructurings or consolidations, and military actions or acts of terrorism. We operate in a capital and energy intensive industry that has high fixed costs, as well as heavy taxation and fees. Airline returns are sensitive to slight changes in fuel prices, average fare levels, and customer demand. The industry's principal competitive factors include fares, brand and customer service, route networks, flight schedules, aircraft types, safety records, codeshare and interline relationships, inflight entertainment and connectivity systems, and frequent flyer loyalty programs.

The COVID-19 Pandemic

The unprecedented COVID-19 pandemic has had a material adverse impact on our operating revenues and financial position. We began seeing signs of demand recovery in February 2021 which continued to progress throughout 2021. Although the spread of the Omicron variant temporarily decelerated the demand for travel in early 2022, customer confidence continued to grow over the course of the year, resulting in our return to profitability in the second half of 2022.

JetBlue Experience

We offer our customers a distinctive flying experience which we refer to as the "JetBlue Experience". We believe we deliver award-winning service and product with low fares that focuses on the entire customer experience, from booking an itinerary to arrival at the final destination. We believe JetBlue is the carrier of choice for the majority of travelers who have been underserved by other airlines.

Differentiated Product and Culture

Delivering the JetBlue Experience to our customers through our differentiated product and culture is core to our mission to inspire humanity. We look to attract new customers to our brand and provide current customers with a reason to come back by continuing to innovate and evolve the JetBlue Experience. We believe we can adapt to the changing needs of our customers and a key element of our success is the belief that competitive fares and great product need not be mutually exclusive.

Our award winning service begins from the moment our customers purchase a ticket through one of our distribution channels such as *www.jetblue.com*, our mobile applications, or our reservations centers. Customers can purchase one of five branded fares: *Blue Basic*, *Blue*, *Blue Plus*, *Blue Extra*, and *Mint®*, our premium service. Each fare includes different offerings such as early boarding, advance seat selections, free checked bags, no change fees, and additional TrueBlue® points, with all fares including our core offering of free inflight entertainment, free high-speed wi-fi, free snacks, and free non-alcoholic beverages. Customers can choose to "buy up" to an option with additional offerings. These different fares allow customers to select the products or services they need or value when they travel, without having to pay for the things they do not need or value.

Upon arrival at the airport, our customers are welcomed by our dedicated crewmembers and can choose to purchase one or more of our ancillary options such as Priority Security, allowing them to enjoy an expedited security experience in most domestic JetBlue locations, or BlueCities. Customers who select our Blue Extra or Mint® fares receive Priority Security as part of their fare. We additionally have mobile applications for both Apple and Android devices which have robust features including real-time flight information updates and mobile check-in for certain routes. Our applications are designed to enhance our customers' travel experience and are in keeping with the JetBlue Experience.

Our self-service layout in a majority of BlueCities redesigned the way our customers travel through the airport lobby. Our user-friendly kiosks are the first point of contact for each customer traveling through the airport lobby and allow for contact-less service. While all customers are encouraged to use the kiosks, our lobby layout allows them to choose the check-in experience they prefer. The self-service model allows crewmembers to get out from behind the ticket counter and move through the lobby to guide our customers through the check-in process and opens up the opportunity for our crewmembers to make personal connections with our customers, to assist with bag tagging, to answer customer questions, and to direct them to their next step in the travel experience. For customers who prefer a more traditional experience, our Help Desk offers full-service check-in.

Once onboard our aircraft, customers enjoy seats in a comfortable layout with the most legroom in the main cabin of all U.S. airlines, based on average fleet-wide seat pitch. Our Even More® Space seats are available for purchase across our fleet, giving customers the opportunity to enjoy additional legroom. Customers on certain routes have the option to purchase Mint®, our premium service.

In February 2021, we unveiled a reimagined version of our Mint® experience. The new service includes a completely refreshed cabin design featuring private suites with a sliding door for every Mint® customer. Each Mint® aircraft also includes two Mint® Studio suites which offers the most space in a premium experience from any U.S. airline based on personal square footage per passenger seat. We debuted this new premium service with a 16-seat individual suite layout on select flights between New York and Los Angeles in June 2021. In August 2021, we began transatlantic flights from New York to London that included the new Mint® experience with 24 individual suites. In August 2022, we expanded our transatlantic flights flying from Boston to London, also with our Mint® experience.

Our inflight entertainment system onboard our aircrafts include free live TV with up to 100+ channels of DIRECTV® and 100+ channels of SiriusXM Radio® on select routes and premium movie channel offerings from JetBlue Features. Our entire fleet is equipped with Fly-Fi®, a broadband product that allows gate-to-gate Wi-Fi at every seat. Customers also have access to the Fly-Fi® Hub, a content portal where customers can access a wide range of movies, television shows, and additional content from their own personal devices.

All customers may enjoy an assortment of free and unlimited snacks and non-alcoholic beverages and have the option to purchase additional products such as blankets, pillows, headphones, premium beverages, and premium food selections. Our Mint® customers have access to an assortment of complimentary food, beverages and products including a small-plates menu, artisanal snacks, alcoholic beverages, a blanket, pillows, and headphones.

Because of our network strength in leisure destinations, we also sell vacation packages through our wholly owned subsidiary, JetBlue Travel Products, LLC, or JetBlue Travel Products, a one-stop, value-priced vacation service for self-directed packaged travel planning. These packages offer competitive fares for air travel on JetBlue along with a selection of JetBlue-recommended hotels and resorts, car rentals, and local attractions.

We work to provide a superior travel experience, including communicating openly and honestly with customers about delays and service disruptions. We have a Customer Bill of Rights which was introduced in 2007 to provide compensation to customers who experience inconveniences. This Customer Bill of Rights commits us to high service standards and holds us accountable if we fall short. We, like other airlines, have also committed to the government to provide services to mitigate customer inconveniences when the cause of cancellation or delay was due to circumstances in our control. These services include rebooking at no additional cost, meal and/or meal/cash vouchers for flight delays over three hours, complimentary hotel accommodations if necessary, and complimentary ground transportation to and from hotels.

Our customers have repeatedly indicated the distinctive JetBlue Experience is an important reason why they select us over other carriers. We measure and monitor customer feedback regularly which helps us to continuously improve customer satisfaction. One way we do so is by measuring our net promoter score, or NPS. This metric is used by companies in a broad range of industries to measure and monitor the customer experience. Many leading consumer brands that are recognized for great customer service receive high NPS scores. We believe a higher NPS score has positive effects on customer loyalty and ultimately leads to increased revenue.

Network

We are a predominately point-to-point system carrier with 93% of our routes touching at least one of our six focus cities: New York, Boston, Fort Lauderdale-Hollywood, Orlando, Los Angeles, and San Juan, Puerto Rico. All six of our focus cities are in regions with a diverse mix of traffic.

Leisure traveler focused airlines are often faced with high seasonality. As a result, we continually work to manage our mix of customers to include both business travelers and travelers visiting friends and relatives, or VFR. VFR travelers tend to be slightly less seasonal and less susceptible to economic downturns than traditional leisure destination travelers. Understanding the purpose of our customers' travel helps us to optimize destinations, strengthen our network, and increase unit revenues.

As of December 31, 2022, our network served 108 BlueCities in 32 states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, 24 countries in the Caribbean and Latin America, Canada, and England, our first country in Europe. Largely enabled by the Northeast Alliance (the "NEA") with American Airlines Group Inc. ("American"), we announced five new BlueCities and 10 new routes in 2022. We found new opportunities in destinations from New York and Boston that we did not serve prior to the NEA, including expanded service to the Midwest in 2022, as well as providing a network attractive to both business and leisure customers.

We group our capacity distribution based upon geographical regions rather than on a mileage or a length-of-haul basis. The historic distribution of available seat miles ("ASMs"), or capacity, by region for the years ending December 31 was:

Capacity Distribution	2022	2021	2020
Transcontinental	30.8%	31.0%	31.7%
Caribbean & Latin America[(1)]	32.5	36.8	31.4
Florida	24.6	24.9	27.4
East	5.1	3.2	4.5
Central	5.0	3.0	4.0
West	0.5	0.7	1.0
Transatlantic[(2)]	1.5	0.4	—
TOTAL	**100.0%**	**100.0%**	**100.0%**

(1) *Domestic operations as defined by the U.S. Department of Transportation ("DOT"), include Puerto Rico and the U.S. Virgin Islands, but for the purposes of the capacity distribution table above, we have included these locations in the Caribbean and Latin America region.*

(2) *We further expanded our presence in the transatlantic market with service from Boston Logan International Airport, or Boston to London Gatwick and London Heathrow airports in August 2022.*

We have announced service to Paris, France in summer 2023 and four new routes beginning in spring 2023. We also announced service to Tallahassee, Florida starting in early 2024.

Enabled by the NEA, we announced expanded Mint® flying and two new seasonal routes beginning in summer 2023.

Airline Commercial Partnerships

Airlines frequently participate in commercial partnerships with other carriers in order to increase customer convenience by providing interline-connectivity, codeshare, complementary flight schedules, frequent flyer program reciprocity, and other joint marketing activities. As of December 31, 2022, we had 46 airline commercial partnerships. Our commercial partnerships typically begin as an interline agreement allowing a customer to book a single itinerary with tickets on multiple airlines. On their day of travel, they enjoy a simplified airport experience with single check-in and bag drop.

NORTHEAST ALLIANCE

In July 2020, JetBlue and American entered into the NEA designed to optimize our respective networks at John F. Kennedy International Airport, LaGuardia Airport, Newark and Boston. Following review by the DOT, JetBlue and American began implementing the NEA in July 2021. Since then, JetBlue and American have collectively grown across New York and Boston, offering customers more options for travel. We are investing in a seamless customer experience and have also introduced loyalty benefits that will give both JetBlue and American customers the opportunity to earn and redeem on both airlines.

On September 21, 2021, the United States Department of Justice, along with the Attorneys General of six states and the District of Columbia filed suit against JetBlue and American seeking to enjoin the NEA, alleging that it violates Section 1 of the Sherman Act. The bench trial of this matter was concluded in October 2022, and the court held closing arguments in November 2022. The court's decision remains pending. An adverse ruling could adversely impact our ability to achieve the intended benefits of the NEA and could have an adverse impact on our business, financial condition, and results of operations. Additionally, we are incurring costs associated with implementing operational and marketing elements of the NEA, which would not be recoverable if we were required to unwind all or a portion of the NEA.

In December 2022 and February 2023, four putative class actions lawsuits were filed in the United States District Court for the Eastern District of New York and the United States District Court of the District of Massachusetts, alleging, among other things, that monetary damages should be awarded to a putative class of direct purchasers of airline tickets from JetBlue and American on NEA flights from July 16, 2020 through the present. Given the nature of these cases, we are unable to estimate the reasonably possible loss or range of loss, if any, arising from this matter; however, JetBlue believes these lawsuits are without merit and, along with American, will defend these matters vigorously.

In 2023, we expect to continue to seek additional strategic opportunities through new commercial partners as well as assess ways to deepen existing airline partnerships, including the NEA. We plan to do this by expanding codeshare relationships and other areas of cooperation such as frequent flyer programs. We believe these commercial partnerships allow us to better leverage our strong network and drive incremental traffic and revenue while improving off-peak travel.

Marketing

JetBlue is a widely recognized and respected global brand. JetBlue created a new category in air travel and our brand stands for offering a great product with low fares. We believe this brand has evolved into an important and valuable asset which identifies us as a safe, reliable, and high value airline. Similarly, we believe customer awareness of our brand has contributed to the success of our marketing efforts. It enables us to promote ourselves as a preferred marketing partner with companies across many different industries.

We market our services through advertising and promotions in various media forms including popular social media outlets. We engage in large multi-market programs, local events, and sponsorships across our route network as well as mobile marketing programs. Our targeted public and community relations efforts reflect our commitment to the communities we serve, promote brand awareness, and complement our strong reputation.

Distribution

Our primary and preferred distribution channel to customers is through our website, *www.jetblue.com*, our lowest cost channel. Our website allows us to more closely control and deliver the JetBlue Experience while also offering the full suite of JetBlue Fare Options, Even More® Space and Speed, JetBlue Vacations®, and other ancillary services.

Our participation in global distribution systems, or GDS, supports our profitable growth, particularly in the business market. We find business customers are more likely to book through a travel agency or a booking product which relies on a GDS platform. Although the distribution cost through this channel is higher than through our website, the average fare purchased through a GDS is generally higher and often covers the increased distribution costs. We currently participate in several major GDSs and online travel agents, or OTAs. Due to the majority of our customers booking travel on our website, we maintain relatively low distribution costs which helps us to offer lower fares to customers.

Customer Loyalty Program

TrueBlue® is our customer loyalty program designed to reward and recognize loyal customers. Members earn points based upon, among other methods, the amount paid for JetBlue flights and services from certain commercial partners. Our points do not expire, the program has no black-out dates, points can be redeemed for any open seat, and any JetBlue destination can be booked if the TrueBlue® member has enough points to exchange for the value of an open seat. TrueBlue Mosaic® is an additional program level for our most loyal customers.

In December 2022, we announced a new TrueBlue® Loyalty Program which will begin in middle of 2023, bringing more choices and new perks for customers. The new program maintains most of TrueBlue's® signature perks while also providing for new opportunities for customers to earn additional perks along the way to achieving Mosaic status. TrueBlue® will now offer tiles as the new way to track and measure progress toward Mosaic status. Tiles are earned based on a combination of travel spend and credit card spend. The new program is designed to ensure that even more TrueBlue® members have the opportunity to get rewarded, even before achieving Mosaic® status. The new TrueBlue® also enhances the TrueBlue Mosaic® program to include four distinct Mosaic levels, each featuring a Mosaic signature perk and an additional Mosaic perk you pick.

We currently have co-branded loyalty credit cards available to eligible U.S. residents, as well as co-brand agreements in Puerto Rico and the Dominican Republic to allow cardholders to earn TrueBlue® points. Our co-branded credit cards in the United States are issued in partnership with Barclaycard® on the MasterCard® network. We also have co-branded loyalty credit cards issued by Banco Popular de Puerto Rico and MasterCard® in Puerto Rico as well as Banco Popular Dominicano and MasterCard® in the Dominican Republic. These credit cards allow customers in Puerto Rico and the Dominican Republic to take full advantage of our TrueBlue® loyalty program. In middle of 2023, we expect to introduce enhancements to our co-branded credit cards. JetBlue Plus Card members will be able to enjoy Points Payback, which will allow them to redeem points to pay themselves back from purchases of $25 and up. In addition, JetBlue business card members will enjoy early boarding on JetBlue-operated flights.

We have various agreements with other loyalty partners, including financial institutions, hotels, and car rental companies, that allow their customers to earn TrueBlue® points through participation in our partners' programs. We intend to continue to develop the footprint of our co-branded credit cards and pursue other loyalty partnerships in the future.

Operations and Cost Structure

Historically, our cost structure has allowed us to price fares lower than many of our competitors and was a principal reason for our profitable growth prior to the onset of the COVID-19 pandemic in 2020. Our cost advantage relative to some of our competitors was due to, among other factors, high aircraft utilization, new and efficient aircraft, relatively low distribution costs, and a productive workforce. Because our network initiatives and growth plans require a low cost platform, we strive to stay focused on our competitive costs, operational excellence, and efficiency improvements. We will remain nimble and expect to generate strong margins with the continued progress on our structural cost program.

Route Structure

JetBlue's point-to-point system is the foundation of our operational structure, with 93% of our routes touching at least one of our six focus cities. This structure allows us to optimize costs as well as accommodate customers' preference for nonstop itineraries. A vast majority of our operations are centered in the heavily populated northeast corridor of the U.S., which includes the New York and Boston metropolitan areas. This airspace is some of the world's most congested and drives certain operational constraints.

- ***New York metropolitan area -*** We are New York's Hometown Airline®. Approximately one-half of our flights originate from or are destined for the New York metropolitan area. JFK is New York's largest airport, and we are the largest airline at JFK as measured by domestic seats. Our 2022 operations accounted for 39% of seats offered on domestic routes from JFK. At the end of 2022, we served 89 nonstop destinations from JFK. New Jersey's Newark Liberty International Airport, or Newark, New York City's LaGuardia Airport, or LaGuardia, and New York's Westchester County Airport, or White Plains. In 2023, through the NEA with American, we expect to offer nearly 500 daily departures in New York.
- ***Boston -*** We are the largest carrier at Boston measured by domestic seats. At the end of 2022, we flew to 74 nonstop destinations from Boston and our operations accounted for 28% of all seats offered in Boston. We began service between Boston and London in August 2022. Together with American, the NEA will offer nearly 200 daily departures at Boston.
- ***Caribbean and Latin America -*** At the end of 2022, we had 38 BlueCities in the Caribbean and Latin America. San Juan, Puerto Rico is our only focus city outside of the Continental U.S. We are a leading carrier in Puerto Rico serving three airports and 19 nonstop destinations. We are also the largest airline in the Dominican Republic, serving four airports and 17 nonstop destinations.
- ***Fort Lauderdale-Hollywood -*** We are a leading carrier at Fort Lauderdale-Hollywood International Airport, or Fort Lauderdale-Hollywood, with approximately 21% of all seats offered in 2022. We served 55 nonstop destinations from Fort Lauderdale-Hollywood in 2022. In February 2023, we announced new service between Fort Lauderdale-Hollywood and Tallahassee International Airport beginning in early 2024. After the consummation of the Merger, we expect to reach more than 250 flights a day at Fort Lauderdale-Hollywood by 2027.
- ***Orlando -*** We are the sixth largest carrier measured by seats at Orlando International Airport, or Orlando. At the end of 2022, we served 23 nonstop destinations from Orlando and our operations accounted for 10% of all seats offered in Orlando in 2022.
- ***Los Angeles area -*** We are the seventh largest carrier in the Los Angeles area measured by seats, operating from Los Angeles International Airport, or LAX, Burbank's Bob Hope Airport or Burbank, and Ontario International Airport or Ontario. In 2022, we continued to grow our presence in the Los Angeles area, at both LAX and Burbank. Increased services to JFK and Boston made up a significant part of this growth. At the end of 2022, we served 23 nonstop destinations from LAX and our operations accounted for 5% of all seats offered in 2022.

Our peak levels of traffic over the course of the typical year vary by route. The East Coast to Florida/Caribbean routes typically peak from October through April and the West Coast routes typically peak in the summer months. Generally speaking, many of our areas of operations in the Northeast experience poor winter weather conditions, resulting in increased costs associated with de-icing aircraft, canceling flights, and accommodating displaced customers. Many of our Florida and Caribbean routes experience bad weather conditions in the summer and fall due to thunderstorms and hurricanes. As we enter new markets we could be subject to additional seasonal variations along with competitive responses by other airlines.

Fleet Structure

We currently operate five types of aircraft: Airbus A220, Airbus A320, Airbus A321, Airbus A321neo, and Embraer E190. As of December 31, 2022, our fleet had an average age of 12.4 years.

Aircraft Type	Number of seats on aircraft	Number of aircraft in fleet at December 31, 2022
A220	140	14
A320	150	11
A320 Restyled[(1)]	162	119
A321	200	28
A321 with Mint®	159	35
A321neo	200	16
A321neo with Mint®	160	2
A321neo LR with Mint®	138	5
Embraer E190[(2)]	100	60
TOTAL		**290**

(1) Our restyle program, which was completed in the first quarter of 2022, allowed us to increase capacity in a capital-efficient and customer-focused way.
(2) As of December 31, 2022 we parked 9 of these aircraft.

The reliability of our fleet is essential to ensuring our operations run efficiently and we are continually working with our aircraft and engine manufacturers to enhance our performance.

Fleet Maintenance

Consistent with our core value of safety, our Federal Aviation Administration, or FAA-approved maintenance programs are administered by our technical operations department. We use qualified maintenance personnel and ensure they have comprehensive training. We maintain our aircraft and associated maintenance records in accordance with, if not exceeding, FAA regulations.

Fleet maintenance work is divided into three categories: line maintenance, heavy maintenance, and component maintenance.

The bulk of our line maintenance is handled by JetBlue technicians and inspectors. It consists of service checks, interior maintenance, weekly checks, phased "A" checks and "B" checks, along with periodic diagnostics, routine repairs, and non-routine component replacements.

Heavy maintenance checks, or base maintenance, consist of a series of more complex maintenance, modification, and inspection tasks taking from one to six weeks to complete and are typically performed once every 24-36 months. All of our aircraft heavy maintenance work is performed by third party FAA-Certified Repair Stations and are subject to direct oversight by JetBlue personnel. We outsource heavy maintenance as the costs are lower than if we were to perform the tasks internally.

Component maintenance on equipment such as engines, auxiliary power units, landing gears, pumps, and avionic computers are all performed by a number of different FAA-Certified Repair Stations that are surveilled and approved by JetBlue. We have fixed price agreements for the repair, overhaul, modification, and logistics of our Airbus aircraft engines. We have flight hour agreements for our Embraer E190, Airbus A220, and Airbus A321neo aircraft engines. Many of our maintenance service agreements are based on a fixed cost per flight hour. These fixed costs vary based upon the age of the aircraft and other operating factors impacting the related component. Required maintenance not otherwise covered by these agreements is performed on a time and materials basis. All other maintenance activities are sub-contracted to qualified maintenance, repair, and overhaul facilities.

Aircraft Fuel

Aircraft fuel continues to be one of our largest expenses. Price has been extremely volatile due to global economic and geopolitical factors which we can neither control nor accurately predict. Our 2022 fuel consumption increased by 21.0% compared to 2021 due to higher capacity in 2022 as demand for travel returned, and our average price per gallon increased 79% compared to 2021. Our historical fuel consumption and costs for the years ended December 31 were:

	2022	2021	2020
Gallons consumed (millions)	842	696	412
Total cost (millions)[(1)]	$ 3,105	$ 1,436	$ 631
Average price per gallon[(1)]	$ 3.69	$ 2.06	$ 1.53
Percent of operating expenses	32.8%	23.5%	13.5%

(1) Total cost and average price per gallon each include related fuel taxes as well as effective fuel hedging gains and losses.

We attempt to protect ourselves against the volatility of fuel prices by entering into a variety of derivative instruments. These include call spread options, call options, swaps, caps, collars, and basis swaps with underlyings of jet fuel, crude, and heating oil.

Financial Health

As we continued to recover from the COVID-19 pandemic, we made great strides towards repairing our balance sheet, having paid down approximately $359 million of debt between 2021 and 2022. We also remain very focused on maintaining a healthy liquidity balance, ending the year with $1.6 billion. Our balance sheet remains one of the industry's strongest with an adjusted debt to capital ratio of 52%. We were able to leverage the strength of our balance sheet and unencumbered asset base to secure the funding to support the Spirit acquisition.

In 2022, we generated approximately $379 million in cash from operations, resulting in approximately $544 million in negative free cash flow. We also reduced our total debt balance by $359 million from $4.0 billion at December 31, 2021 to $3.6 billion at December 31, 2022. The net book value of our assets pledged, or committed to be pledged, as security under various financing arrangements increased by $470 million from $5.7 billion at December 31, 2021 to $6.2 billion at December 31, 2022.

JetBlue Ventures

JetBlue Technology Ventures, LLC, ("JetBlue Ventures") or ("JBV") is a wholly owned subsidiary of JetBlue. JBV invests in and partners with early stage startups with goals of improving the travel, hospitality, and transportation industries.

The investment focus of JBV is as follows:

- ***Seamless Customer Journey:*** Solutions that brighten the journey and enable a seamless travel experience throughout every part of the customer's trip.
- ***Reimagining the Accommodation Experience:*** Evolutions in hospitality, including alternative accommodations, and the underlying products and services that power the industry.
- ***Next-Generation Aviation Operations and Enterprise Tech:*** Innovations that enhance safety, improve operations, and drive enterprise-wide efficiencies.
- ***Innovation in Loyalty, Distribution, and Revenue:*** Technologies that personalize and diversify commerce, simplify payments, and improve revenue opportunities.
- ***Sustainable Travel:*** Advanced methods of measuring and reducing emissions, improved environmental protections, and game-changing transportation powered by alternative propulsion systems.

JetBlue Travel Products

Jet Blue Travel Products, LLC ("JBTP") is a wholly owned subsidiary of JetBlue. Within JBTP is our JetBlue Vacations® brand for hotel or cruise packages, and other non-air travel products such as travel insurance, car rental, lodging, and activities. With its Inspiration Center headquartered in Fort Lauderdale, we believe JBTP will play an important role in delivering our vision of inspiring humanity, extending our reach further across the travel ribbon to offer customers an even more seamless travel experience.

JetBlue Vacations® offers customers the ability to package JetBlue flights with hotels and, as of October 2021, cruises into a single trip. Customers receive savings from packaging experiences, as well as a series of unique benefits launched in 2020 that include early boarding, free inflight drinks, free Insider Experience, access to VIP perks, and flexible payment options. In December 2022, we entered a partnership with Uber, through which customers booking packages to select destinations also receive a free ride credit.

In March 2021, we introduced Paisly™ by JetBlue® ("Paisly"), a travel website where customers get access to savings and earn TrueBlue points on cars, hotel stays, and activities. Paisly™ complements the JetBlue Vacations® brand by focusing on customers looking to book each travel component individually rather than as a bundled package. In June 2022, we announced new enhancements to Paisly™ including proactive customer support, new activities, increased inventory of stays, and a new refreshed look and feel. In February 2023, we announced an update to Paisly™, opening access to all travelers, not just those with a JetBlue flight.

In June 2022, we announced a multi-year partnership extension with Allianz Partners USA, providing JetBlue customers the ability to protect both their flights and vacation packages with travel insurance. This partnership will provide safety, security, and peace of mind to our customers.

In September 2022, we announced the launch of Troupe, a free and collaborative trip planning application designed to ease the stress of planning a trip with a large group of friends or family. We believe Troupe is the next step in creating unique and differentiated travel experiences for our customers.

JFK Terminal 6

In November 2022, the Port Authority of New York and New Jersey, or PANYNJ, acting as lessor, entered into a ground lease agreement with JFK Millennium Partner LLC ("JMP"), a private company owned by Vantage Airport Group, RXR Realty, American Triple I Partners, and JetBlue, to facilitate the redevelopment of Terminal 6 at JFK. Simultaneously, the Governor of the State of New York and the PANYNJ announced that JMP had secured the necessary financing to move forward with the construction of the terminal project. JetBlue became a minority investor with a 5% interest in JMP in exchange for providing a letter of credit in the amount of $65 million to join our partners in financing, developing, and operating the new Terminal 6. Construction started in early 2023 with the opening of the first new gates expected in 2026 and project completion scheduled to take place in early 2028.

TWA Flight Center Hotel

In 2015, the Board of Commissioners of the PANYNJ approved a construction plan to redevelop the TWA Flight Center at JFK on its nearly six-acre site into a hotel with over 500 rooms, meeting spaces, restaurants, a spa, and an observation deck. As part of the plan, a 75-year lease agreement was entered into between the PANYNJ and the Flight Center Hotel, LLC, a partnership of MCR Development, LLC and JetBlue. The TWA Flight Center Hotel opened for business in 2019. As of December 31, 2022, we have an approximate 10% ownership interest in the hotel.

Human Capital Management

Our People and Culture

We believe our success depends on our crewmembers delivering the JetBlue Experience in the sky and on the ground. One of our competitive strengths is a service oriented culture grounded in our five key values: safety, caring, integrity, passion, and fun. We believe a highly productive and engaged workforce enhances customer loyalty. Our goal is to hire, train, and retain a diverse workforce of caring, passionate, fun, and friendly people who share our mission to inspire humanity.

We first introduce our culture to new crewmembers during the screening process and then at an extensive new hire orientation program at JetBlue University, our training center in Orlando. Orientation focuses on the JetBlue strategy, culture and values, and emphasizes the importance of teamwork, customer service, productivity, and cost control. These programs provide an opportunity for both crewmembers and external applicants to pursue a path to joining JetBlue in one of these critical roles.

Our growth plans necessitate and facilitate opportunities for talent development. For highly skilled careers as pilots and aircraft maintenance technicians, we offer a suite of industry-leading career development programs known as JetBlue Gateways for both crewmembers and external applicants to pursue a path to becoming a pilot or maintenance technician at JetBlue. There are seven distinct Gateway education and training paths:

- ***Gateway University***: Open to crewmembers and external applicants, students at Aviation Accreditation Board International accredited partner colleges and universities can become first officers via a prescribed, time-building pathway.
- ***Gateway Select*** : Open to crewmembers and external applicants, candidates with little or no flying experience can become pilots after a rigorous training and time-building program.
- ***Gateway Direct - Flight Operations:*** Open to crewmembers only, participants can depart on a prescribed college education, training, and time-building pathway with a partner school and airline to becoming a pilot.
- ***Gateway Flex - Flight Operations:*** Open to crewmembers only, participants looking for flexibility in becoming a pilot can choose their own location for training and time-building within a defined framework.
- ***Gateway Direct - Technical Operations:*** Open to crewmembers only, participants enroll in a defined training and experience-building pathway to becoming an aircraft maintenance technician.
- ***Gateway Flex- Technical Operations:*** Open to crewmembers only, participants can depart their current position and pursue a flexible path to becoming an aircraft maintenance technician within a defined framework.
- ***Gateway Family***: Open to immediate family of current crewmembers, participants can apply to join Gateway Direct to train to become a first officer through a defined education, training, and time-building path.

In 2021, we launched two development programs focused on creating greater access to select career paths, fostering equity by removing barriers to entry and increasing representation in senior leadership roles. One of the programs, known as JetBlue Emerging Talent ("JET"), offers a pathway for our frontline operational crewmembers to transition into corporate services roles which includes hands-on experience, rotational job placements, and job placement assistance upon completion of the program. We welcomed the first cohort of 12 participants rotating through the organization in 2021, and our second cohort began in January 2023. Our JET platform also includes two college-level internship programs (spring and summer), that provide skill and professional development through participation in developing real-world business solutions that support the delivery of strategic business initiatives.

The other program, known as Gateway Direct, was added to our growing suite of development Gateways and provides opportunities specifically for crewmembers with aspirations to pursue careers inflight operations or technical operations. Gateway Direct was designed to address many of the largest barriers to entry for these careers such as financing and fears of leaving their current job at JetBlue, while adding certainty and a defined pathway to the process. In 2022, we welcomed 21 students into our Gateway Direct-Flight Operations program and 2 students into our Gateway Direct-Technical Operations program.

We provide additional professional and leadership development programs to elevate the performance and support the career growth of our crewmembers. We offer broad-based access to learning and development through our enterprise license for LinkedIn learning, providing on-demand access to over 16,000 skill-based online learning courses. For crewleaders, we provide our Principles of Leadership program for new and newly promoted leaders at all levels, enabling them to lead their teams effectively and use their leadership role to sustain our culture by leading in accordance with JetBlue company values. For senior leaders, we host Leadership Roundtables for director-level talent across the organization to build relationships with each other and also with the Senior Leadership Team, focusing on key aspects of leadership to enhance their effectiveness and impact.

We believe a direct relationship between crewmembers and our leadership is in the best interests of our crewmembers, our customers, and our stockholders. Except for our pilots and inflight crewmembers, our other frontline crewmembers do not have third-party representation. In 2014, JetBlue pilots elected to be represented by the Air Line Pilots Association, or ALPA. The National Mediation Board, or NMB, certified ALPA as the representative for JetBlue pilots. The parties reached a final agreement for our first collective bargaining agreement which was ratified by the pilots in July 2018. The agreement was for a four-year renewable contract effective August 1, 2018. In February 2022, the parties commenced negotiations for a successor contract, in accordance with the collective bargaining agreement. JetBlue and ALPA reached a tentative agreement ("TA") in mid-December 2022 to extend the current collective bargaining agreement by two years; the TA was ratified by the JetBlue pilots in January 2023.

In April 2018, JetBlue inflight crewmembers elected to be represented by the Transport Workers Union of America, or TWU. The NMB certified the TWU as the representative for JetBlue inflight crewmembers. The parties reached a final agreement for the first collective bargaining agreement which was ratified by our inflight crewmembers in December 2021. The agreement is a five-year, renewable contract effective December 13, 2021.

In September 2022, the International Association of Machinists and Aerospace Workers filed for an election to unionize our ground operations crewmembers. In February 2023, our crewmembers voted to maintain our direct relationship rather than elect a union.

As of December 31, 2022, approximately 48% of our full-time equivalent crewmembers were represented by unions. The following table sets forth our crewmember groups and the status of their respective collective bargaining agreements.

Crewmember Group	Representative	Crewmembers(1)	Amendable Date(2)
Pilots	Air Line Pilots Association (ALPA)	4,314	February 1, 2025
Inflight	Transport Workers Union (TWU)	5,603	December 13, 2026

(1) Approximate number of active full-time equivalent crewmembers as of December 31, 2022.

(2) Our relations with our labor organizations are governed by Title II of the Railway Labor Act of 1926, pursuant to which the collective bargaining agreements between us and these organizations do not expire but instead become amendable as of a certain date if either party wishes to modify the terms of the agreement.

We have individual employment agreements with each of our non-unionized FAA licensed crewmembers which consist of dispatchers, technicians, inspectors, and air traffic controllers. Each employment agreement is for a term of five years and renews for an additional five-year term. In the event of a downturn in our business, resulting in a reduction of flying and related work hours, we are obligated to pay these crewmembers a guaranteed level of income and to continue their benefits. We provide what we believe to be industry-leading job protection through these agreements. We believe these agreements provide JetBlue and crewmembers flexibility and allow us to react to crewmembers needs' more efficiently than collective bargaining agreements.

A key feature of the direct relationship with our crewmembers is our Values Committees, which are made up of peer-elected frontline crewmembers from each of our major work-groups other than pilots and inflight crewmembers. Values Committees represent the interests of our work-groups and help us to run our business in a productive and efficient manner. We believe this direct relationship with crewmembers drives higher levels of engagement and alignment with JetBlue's strategy, culture, and overall goals.

We believe the efficiency and engagement of our crewmembers is a result of our flexible and productive work rules. We are cognizant of the competition for productive labor in key industry positions and new government rules requiring higher qualifications as well as more restricted hours that may result in potential labor shortages in the upcoming years. In 2022, we saw upward pressure on wages within many of the markets we serve and this trend is expected to continue in 2023.

Our leadership team communicates on a regular basis with all crewmembers to bolster our culture and to keep them informed about news, strategy updates, and challenges affecting the airline and the industry. Effective and frequent communication throughout the organization is fostered through various means including weekly email messages from our CEO and other senior leaders, weekday news updates to all crewmembers, crewmember engagement surveys, and active leadership participation in new hire orientations. Leadership is also heavily involved in periodic open forum meetings (virtual and in-person) across our network, called "pocket sessions," which are often recorded and posted on our intranet and crewmember communications app, called On The Fly. By soliciting feedback for ways to improve our service, teamwork, and work environment, our leadership team works to keep crewmembers engaged and makes our business decisions transparent.

Our average number of full-time equivalent crewmembers for the year ended December 31, 2022 consisted of

Crewmember Group	Number of full time crewmembers
Pilots	4,102
Inflight[1]	5,528
Airport operations	4,300
Technicians[2]	813
Reservation agents	1,362
Management and other personnel	3,970

(1) *other airlines may refer to as flight attendants*
(2) *other airlines may refer to as mechanics*

For the year ended December 31, 2022, we employed an average of 16,669 full-time and 4,232 part-time crewmembers.

Our average number of full-time equivalent crewmembers increased by 20.3% compared to 2021, primarily driven by additional hiring, as we returned our operations to pre-pandemic levels. When compared to pre-pandemic levels in 2019, our average full-time equivalent crewmembers increased by 8.3%.

All JetBlue crewmembers have the right to an open and respectful workplace. Our Code of Conduct prohibits all forms of discrimination, and we promote open communication to resolve any discrimination concerns. Every JetBlue director-level crewmember and above is required to participate in unconscious bias training.

Crewmember Programs

We are committed to supporting our crewmembers through a number of programs including:

- ***Crewmember Resource Groups (CRGs) -*** We encourage crewmembers to celebrate their individuality and build camaraderie through our various CRGs. CRGs spearhead programs to embrace and encourage the sharing of different perspectives, thoughts, and ideas. At the end of 2022, we had eight CRGs which include:
  - ***BlueAbilities:*** New in 2022, BlueAbilities promotes the inclusion of people with visible and nonvisible disabilities and champions an accessibility-friendly workplace.
  - ***Blue Aviasian:*** Celebrates the history of Asians, Asian Americans, and Pacific Islanders. The group offers immersive cultural experiences, networking, and career development events.
  - ***Blue Conexión:*** Shares the Latino culture and language in the workplace and community.
  - ***JADE (JetBlue African Diaspora Experience):*** Explores the rich cultures of the African diaspora. *JADE* leads cultural events during Black History Month and hosts TravelCon, a day-long event for crewmembers to learn about the diverse experience of Black travelers, among other events.
  - ***JetPride:*** Offers professional development opportunities for LGBTQ+ crewmembers and their allies. During Pride Month, crewmembers march across the network to celebrate diversity, equality, and acceptance.
  - ***SAJE (South Asian JetBlue Experience):*** Shines a light on the immensely diverse cultures and communities that make up South Asia. It provides an opportunity for our crewmembers who identify as South Asian to connect with one another, and for all crewmembers to better understand their unique backgrounds, culture, and experiences.
  - ***Vets in Blue:*** Provides a forum for crewmembers who honorably serve or have served in the Armed Forces. Vets in Blue strengthens JetBlue's efforts to employ and retain members of the military through outreach, networking events, career fairs, and mentoring opportunities. Many former service members enjoy second careers with JetBlue in airport operations, corporate security, inflight, flight operations, and more.
  - ***Women in Flight:*** Provides members with educational networking opportunities that inspire career and personal growth. Typically, the group hosts our annual Fly Like a Girl event, teaching young girls about different career paths in aviation.
- ***JetBlue Crewmember Crisis Fund (JCCF) -*** This organization, originally formed in 2002, is a non-profit corporation independent from JetBlue and recognized by the IRS as a tax-exempt entity. JCCF was created to assist JetBlue crewmembers and their immediate family members (IRS Dependents) with short-term financial support in times of crisis and unexpected emergencies when other resources are not available. Funds for JCCF grants come directly from crewmember donations via a tax-deductible payroll deduction. The assistance process is confidential with only the fund administrator and coordinator knowing the identity of the crewmembers in need.
- ***JetBlue Scholars -*** Developed in 2015, this program offers a new and innovative model to our crewmembers wishing to further their education. Crewmembers enrolled in the program can earn an undergraduate degree through self-directed online college courses facilitated by JetBlue. This re-emphasizes our

continuous effort to help provide assistance to our most valued asset, our people. To build on the program, we introduced the Master's Pathway program in 2019 which is designed to help crewmembers who would like to advance their education even further by pursuing a master's degree. The Master's Pathway program partners with reputable institutions to provide a variety of benefits to crewmembers including tuition discounts, scholarships, and access to specialized support services.

- ***Lift Recognition Program -*** Created in 2012, this crewmember recognition program encourages crewmembers to celebrate their peers for living JetBlue's values by sending e-thanks through an online platform.

Community Programs

JetBlue is committed to supporting the communities and BlueCities we serve through a variety of community programs including:

- ***Corporate Social Responsibility (CSR) -*** The CSR strategy, JetBlue For Good, focuses on three areas that our customers and crewmembers are passionate about: (1) youth and education, (2) community, and (3) environment.
  - ***Youth and Education:*** As a pillar of JetBlue For Good, our youth and education efforts focus on providing children from underserved areas the resources needed to obtain a quality education and sustainable careers. We do this through various initiatives including donating age-appropriate books to areas where books are scarce outside of school walls. We also host regular career days that help expose young adults to the careers available to them upon graduation and beyond.
  - ***Community:*** We have a longstanding tradition of supporting dedicated community organizations that make our BlueCities better. We show our support through partnerships, donations, and more than 1.3 million volunteer hours logged by our crewmembers since 2011.
  - ***Environment:*** JetBlue's primary environmental sustainability priority is reducing and managing carbon emissions from jet fuel. We are committed to investing in more fuel-efficient technologies, renewable fuels, electric ground service equipment, logistics, and other measures to reduce our carbon footprint.
- ***JetBlue Foundation -*** Created in 2013 as a 501(c)(3) non-profit corporation, the JetBlue Foundation is a JetBlue-sponsored organization focused on raising awareness for careers in science, technology, engineering and math (STEM), and aviation. The JetBlue Foundation focuses on four main areas:
  - Partnering with organizations and communities to provide access to STEM programs for students from traditionally underserved communities;
  - Investing in programs geared toward students from diverse backgrounds to create a lifelong interest in STEM as early as possible in students' academic careers;
  - Creating equal opportunities and increasing access for all students to spark a passion for STEM; and
  - Building a more diverse talent pipeline for the aviation industry.

Environmental, Social, and Governance Management

Mitigating risks to ensure the long-term sustainability of our business is imperative for JetBlue. We remain focused on continuing to lead in environmental, social, and governance ("ESG") initiatives, through ambitious target setting, clear actions and strategy, and transparent reporting.

ENVIRONMENTAL

JetBlue has a long history of being a leader within the aviation industry in mitigating climate risk and reducing emissions associated with its operation, with an ultimate target of achieving net zero carbon emissions by 2040, ten years ahead of the goals of the Paris Climate Agreement. In 2022, we announced our validated science-based emissions reduction target, our most aggressive near-term sustainability goal to date, with a plan to effectively reduce our well-to-wake (lifecycle) scope 1 and 3 greenhouse gas ("GHG") emissions related to jet fuel in half on a per-seat basis by 2035 from 2019 levels. While this target can only be successful with industry and policy support, JetBlue committed to increasing its focus and investments in lower-carbon solutions, within the scope of its business operations, to achieve these targets.

With sustainability as one of our key company-wide strategic priorities, we are pursuing the following six key levers to reduce the emissions associated with our business:

(1) ***Aircraft Efficiency:*** Our investments in new next generation aircraft are increasing fuel efficiency and reducing associated costs. Our growing fleet of Airbus A321neo aircraft are improving fuel economy by approximately 20%. Further, JetBlue continues to take delivery of Airbus A220s, reducing emissions by up to 35% per seat compared to the aircraft they are replacing. To support fuel efficiency and cost goals, JetBlue is accelerating the retirement of its E190 fleet, with the final E190 aircraft scheduled to exit the fleet in 2026. Since 2019, we have taken deliveries of 23 Airbus A321neo aircraft and 14 Airbus A220 aircraft. Going forward, we expect to take delivery of 62 Airbus A321neo aircraft and 86 Airbus A220 aircraft.

(2) ***Fuel Optimization:*** We continuously fine-tune our operations to identify new fuel-savings opportunities and ensure adherence to existing fuel savings procedures. We operate a cross-functional team that reviews, analyzes, and implements fuel-savings opportunities across our operation and multiple workgroups. Opportunities include the promotion of single-engine taxi and single-engine taxi without auxiliary power, improved ground power and pre-conditioned air hookup times when aircraft arrive at gates, investing in ground power infrastructure for use during maintenance, and improvements to dispatch procedures to reduce over fueling (reducing onboard weight).

(3) ***Sustainable Aviation Fuel ("SAF"):*** We view the adoption of SAF as the most promising lever for us to significantly reduce emissions in our drive to net zero. We regularly fly with SAF on our existing aircraft which reduces lifecycle emissions by up to 80% per gallon before being blended with conventional jet fuel. JetBlue is the only U.S. carrier today to be flying regular domestic flights with supply from the two currently commercially-available SAF producers (Neste and World Energy), while supporting a portfolio of emerging suppliers with significant commitments.

As of December 2022, JetBlue had five public and active SAF partners for current and future supply, which will support our target to convert 10% of our jet fuel usage to SAF by 2030.

In 2022, JetBlue announced three new SAF deals. In April 2022, we announced an agreement with Aemetis for it to supply us with 125 million gallons of SAF over a ten-year term with a target start date of 2025. In September 2022, we signed an intent to purchase 25 million gallons of SAF from AIR COMPANY, an innovative carbon technology company creating carbon-negative alcohols and fuels from CO2, with a target start date of 2027. Our Memorandum of Understanding with AIR COMPANY comes on the heels of a direct capital investment into the company's Series A funding round from JBV. In December 2022, we announced a non binding agreement with Fidelis New Energy for it to supply us with 92 million gallons of SAF over a five-year term with a target start date in 2025.

(4) ***Electric Ground Operations:*** Where feasible, we are converting our Ground Service Equipment ("GSE") to electric and maximizing electric ground power and air systems for our aircraft to minimize our fuel use and emissions on the ramp. We are committed to converting 40% of our GSE to electric by 2025, and 50% by 2030. We do not expect this conversion program to have a material impact on our annual capital expenditures.

(5) ***Technology Partnerships:*** We are committed to playing an active role in advancing the future of sustainable aviation technologies. Through JBV, we support and invest in alternative energy aircraft technologies, such as those developing electric- and hydrogen-fueled aircraft. In 2022, JBV announced an investment in Rubicon Carbon, a next generation carbon solutions provider also backed by TPG Rise Climate, the climate investing strategy of TPG's global impact investing platform TPG Rise. Starting in October 2021, we, along with JBV, formed the Aviation Climate Task Force with nine other airlines and the Boston Consulting Group. Together, we plan to invest in and facilitate the development of emerging technologies to decarbonize aviation.

(6) ***Carbon Offsetting:*** We believe that there is a role for high-integrity carbon credits to help offset emissions that we are unable to avoid today. JetBlue is proud to have voluntarily offset more than 11 million metric tons of CO2 emissions through 2022. As lower-carbon solutions within the airline's operations have become more readily available, we have started to reduce the volume of carbon offsets purchased and ended the domestic carbon neutrality initiative launched in 2020. To further high-quality, high-integrity carbon credit availability in the voluntary carbon market, JetBlue joined the Business Alliance to Scale Climate Solutions (BASCS) in 2022 as the first airline member to open opportunities for investment, policy influence, and discussions with other corporations and nongovernmental organizations ("NGOS")/ intergovernmental organizations ("IGOS") in aligned messaging around scaling climate solutions.

In January 2022, we announced the launch of the JetBlue Sustainable Travel Partners Program to help corporate travel customers reduce their business travel emissions and meet their own corporate sustainability targets. In keeping with JetBlue's customer focus, we provide corporate travel partners with personalized data and resources to help them enhance the sustainability of their travel through SAF certificates, carbon offsetting, personalized travel data and analysis for corporate reporting, and consultation and tools for custom planning and target-setting.

SOCIAL

Every day we aim to live our mission of inspiring humanity by driving inclusion both inside and outside the Company. While we recognize that there is a lack of diversity in certain areas of the commercial aviation industry, we are taking steps to address that challenge.

Our efforts to promote diversity, equity and inclusion ("DEI") are centered around three key areas: (1) people; (2) sourcing; and (3) brand.

- ***People***
  - Develop a hiring process that mitigates harmful biases in order to improve representation of talent at all levels of the Company.
  - Educate and inform on DEI through informal learning and review of practices and policies.
  - Focus on our people, continue to promote, and invest in diverse talent.
  - Our goal is to double our racial and ethnic minority representation at the officer and director level to 25%, and to increase our female representation at these levels to 40%, by the end of 2025.
- ***Sourcing***
  - Engage minority and women-owned business enterprises with a proven commitment to DEI in their lines of business. Our goal is to grow our spend with businesses owned by underrepresented groups by 5% annually. In 2022, we engaged with 210 diverse business partners and spent $74 million with diverse businesses.
- ***Brand***
  - Ensure inclusivity in our offerings by capturing the diverse needs across our customer base.
  - Partner with values-aligned businesses and organizations within the communities we serve.
  - Evaluate social and market shifts and their impact on our customers' experience.

GOVERNANCE

We believe that strong corporate governance, informed by direct engagement with our stakeholders, creates the foundation that allows us to pursue our mission to inspire humanity. We strive to conduct our business in ways that are principled, transparent, and accountable to our stakeholders.

We regularly develop, evaluate, and reshape company policies and procedures to ensure fairness and alignment to our values. We take a proactive approach to tracking, operationalization, and mitigation of risks JetBlue faces. This includes climate risk scenario planning and internal response protocols in response to ESG trends. We are dedicated to disclosing accurate data across a variety of material topics such as governance, executive pay, company emissions, and workforce diversity.

Our Board of Directors ("Board") has ultimate oversight of enterprise risks and is informed of these risks quarterly by the Audit Committee and at least annually by the Governance and Nominating Committee. In 2019, our Board formed an ESG Subcommittee to the Governance and Nominating Committee to ensure the Board is aware of the Company's ESG strategy and has a comprehensive understanding of ESG matters, which we continued to operate throughout 2022.

We report annually on ESG issues using the Sustainable Accounting Standards Board and Task Force on Climate-Related Financial Disclosures frameworks. Our Environmental Social Governance Report can be found on our Investor Relations website.

Emergence from the COVID-19 Pandemic

In response to the COVID-19 pandemic, we continued to prioritize the safety of our crewmembers while continuing to support the needs of our operations during this period.

We faced challenges in early 2022 due to the spread of the Omicron variant, staffing ramp up, weather events, and air traffic delays. To address these challenges we responded with schedule reduction, increased hiring efforts, and continued operational investments. Over the course of the year, we saw demand and revenue trends accelerate, resulting in our return to profitability in the third and fourth quarters of 2022.

Regulation

Airlines are heavily regulated, with rules and regulations set by various federal, state, and local agencies. We also operate under specific regulations due to our operations within the high density airspace of the Northeast. Most of our airline operations are regulated by U.S. governmental agencies, including:

DOT

The DOT primarily regulates economic issues affecting air service including, but not limited to, certification and fitness, insurance, consumer protection, and competitive practices. It has the authority to investigate and institute proceedings to enforce its economic regulations, including its tarmac delay, full fare advertising and fair and deceptive practice regulations, and may assess civil penalties, revoke operating authority, and seek criminal sanctions for various levels and manners of non-compliance.

FAA

The FAA primarily regulates flight operations, in particular, matters affecting air safety. This includes but is not limited to airworthiness requirements for aircraft, the licensing of pilots, mechanics and dispatchers, and the certification of flight attendants. It requires each airline to obtain an operating certificate authorizing the airline to operate at specific airports using specified equipment. Like all U.S. certified carriers, JetBlue cannot fly to new destinations without the prior authorization of the FAA. After providing notice and a hearing, the FAA has the authority to modify, suspend temporarily or revoke permanently our authority to provide air transportation or that of our licensed personnel for failure to comply with FAA regulations. It can additionally assess civil penalties for such failures as well as institute proceedings for the imposition and collection of monetary fines for the violation of certain FAA regulations. When significant safety issues are involved, it can revoke a U.S. carrier's authority to provide air transportation on an emergency basis, without providing notice and a hearing. It monitors our compliance with maintenance as well as flight operations and safety regulations. It maintains a requisite level of oversight and performs frequent in-person spot inspections of our aircraft, crewmembers, and records. The FAA also has the authority to issue airworthiness directives and other mandatory orders. This includes the inspection of aircraft and engines, fire retardant and smoke detection devices, collision and wind shear avoidance systems, noise abatement, and the mandatory removal and replacement of aircraft parts that have failed or may fail in the future. We have and maintain FAA certificates of airworthiness for all of our aircraft and have the necessary FAA authority to fly to all of the destinations we currently serve.

Transportation Security Administration and U.S. Customs and Border Protection

The Transportation Security Administration, or TSA, and the U.S. Customs and Border Protection, or CBP, operate under the Department of Homeland Security and are responsible for all civil aviation security. This includes passenger and baggage screening; cargo security measures; airport security; assessment and distribution of intelligence; security research and development; international passenger screening; customs; and agriculture. They also have enforcement powers and the authority to issue regulations, including in cases of national emergency, without a notice or comment period. They can also assess civil penalties for such failures as well as institute proceedings for the imposition and collection of monetary fines for the violation of certain regulations.

Taxes & Fees

The airline industry is one of the most heavily taxed in the U.S., with taxes and fees accounting for approximately 15% of the total fare charged to a customer. Airlines are obligated to fund all of these taxes and fees regardless of their ability to pass these charges on to the customer. The September 11 Security Fee which is set by the TSA and is passed through to the customer, is currently $5.60 per enplanement, regardless of the number of connecting flights, and a round trip fee is limited to a maximum of $11.20. Effective December 28, 2015, the Animal and Plant Health Inspection Service Aircraft Inspection fee increased from $70.75 to $225 per international aircraft arriving in the U.S.

State and Local

In addition to the federal regulations with which we must comply, we are also subject to state and local laws and regulations in the states in which we operate and the regulations of various local authorities operating the airports we serve.

Airport Access

JFK, LaGuardia, and Ronald Reagan Washington National Airport, are slot-controlled airports subject to the "High Density Rule" and successor rules issued by the FAA, or Slots. These rules were implemented due to the high volume of traffic at these popular airports located in the northeast corridor airspace. The rules limit the air traffic in and out of these airports during specific times; however, even with the rules in place, delays remain among the highest in the nation due to continuing airspace congestion. Additionally, we have Slots at other Slot-controlled airports governed by unique local ordinances not subject to the High Density Rule, such as Westchester County Airport in White Plains, NY. Gate access is another common issue at certain airports.

Foreign Operations

International air transportation is subject to extensive government regulation. The availability of international routes to U.S. airlines is regulated by treaties and related agreements between the U.S. and foreign governments. We currently operate international service to Antigua and Barbuda, Aruba, the Bahamas, Barbados, Bermuda, Canada, the Cayman Islands, Colombia, Costa Rica, Cuba, Curaçao, the Dominican Republic, Ecuador, England, Grenada, Guadeloupe, Guatemala, Guyana, Haiti, Jamaica, Mexico, Peru, Saint Lucia, St. Maarten, Trinidad and Tobago, and the Turks and Caicos Islands. We anticipate further expanding our network to Paris, France in 2023. To the extent we seek to provide air transportation to additional international markets in the future, we would be required to obtain necessary authority from the DOT and the FAA as well as the applicable foreign government.

We believe we are operating in compliance with DOT, FAA, TSA, CBP and applicable international regulations as well as hold all necessary operating and airworthiness authorizations and certificates. Should any of these authorizations or certificates be modified, suspended, or revoked, our business could be materially adversely affected.

Other

ENVIRONMENTAL

We are subject to various federal, state and local laws relating to the protection of the environment. This includes the regulation of GHG emissions, the discharge or disposal of materials and chemicals, as well as the regulation of aircraft noise administered by numerous state and federal agencies.

The Airport Noise and Capacity Act of 1990 recognizes the right of airport operators with special noise problems to implement local noise abatement procedures as long as those procedures do not interfere unreasonably with the interstate and foreign commerce of the national air transportation system. Certain airports, including San Diego airport, have established restrictions to limit noise which can include limits on the number of hourly or daily operations and the time of such operations. These limitations are intended to protect the local noise-sensitive communities surrounding the airport. Our scheduled flights at San Diego airport are in compliance with the noise curfew limits, but on occasion when we experience irregular operations, we may violate these curfews.

Concern over climate change, including the impact of global warming, has led to significant U.S. and international legislative and regulatory efforts to limit GHG emissions, including our aircraft and ground operations emissions. In October 2016, the International Civil Aviation Organization ("ICAO") passed a resolution adopting the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), which is a global, market-based emissions offset program intended to promote carbon-neutral growth beyond 2020. Annual international emissions reporting is required via CORSIA as of the 2019 reporting year, and offsetting compliance is scheduled to be implemented through multiple phases beginning in 2021. In 2020, given the impacts of COVID-19 which dramatically reduced 2020 emissions, ICAO agreed that the baseline from which the industry achieves carbon neutral growth would be from 2019 only, rather than an average of 2019 and 2020 as originally intended. ICAO continues to develop details regarding implementation, but we expect compliance with CORSIA will increase our operating costs.

As part of our sustainability and environmental strategy, we are embracing new technologies and making changes that will ultimately benefit our crewmembers, customers, and stockholders. We discuss some of our sustainability initiatives in "Environmental, Social Governance – Environmental" above.

FOREIGN OWNERSHIP

Under federal law and DOT regulations, JetBlue must be controlled by U.S. citizens. In this regard, our chief executive officer and at least two-thirds of our board of directors must be U.S. citizens. Further, no more than 24.99% of our outstanding common stock may be voted by non-U.S. citizens. We believe we are currently in compliance with these ownership provisions.

OTHER REGULATIONS

All airlines are subject to certain provisions of the Communications Act of 1934 due to their extensive use of radio and other communication facilities. They are also required to obtain an aeronautical radio license from the Federal Communications Commission, or FCC. To the extent we are subject to FCC requirements, we take all necessary steps to comply with those requirements.

Additionally, as a result of our operations to Havana, Cuba, we are required to comply with regulations promulgated by the U.S. Department of the Treasury's Office of Foreign Assets Control.

Our labor relations are covered under Title II of the Railway Labor Act of 1926 and are subject to the jurisdiction of the NMB.

In addition, during periods of fuel scarcity, access to aircraft fuel may be subject to federal allocation regulations.

CIVIL RESERVE AIR FLEET

We are a participant in the Civil Reserve Air Fleet Program, which permits the U.S. Department of Defense to utilize our aircraft during national emergencies when the need for military airlift exceeds the capability of military aircraft. By participating in this program, we are eligible to bid on and be awarded peacetime airlift contracts with the U.S. military.

Insurance

We carry various types of insurance customary in the airline industry and at amounts deemed adequate to protect us and our property as well as comply with both federal regulations and certain credit and lease agreements.

Where You Can Find Other Information

Our website is *www.jetblue.com*. Information contained on our website is not part of this Report. Information we furnish or file with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to or exhibits included in these reports are available for download, free of charge, on our website soon after such reports are filed with or furnished to the SEC. Our SEC filings, including exhibits filed therewith, are also available at the SEC's website at *www.sec.gov*.

ITEM 1A RISK FACTORS

We are subject to various risks that make an investment in our securities risky. The events and consequences discussed in these risk factors could, in circumstances we may or may not be able to accurately predict, recognize, or control, have a material adverse effect on our business, liquidity, financial condition, and results of operations. In addition, these risks could cause our actual results to differ materially from those we express in forward-looking statements contained in this Annual Report or in other Company communications. These risk factors do not identify all risks that we face; our operations could also be affected by factors, events, or uncertainties that are not presently known to us or that we currently do not consider to present significant risks to our operations. You should read the following section in conjunction with the following sections of this Annual Report on Form 10-K: Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, our consolidated financial statements and the related notes, included in Part II. Item 8 and our "Forward Looking Information."

Summary

The following is a summary of the principal risks we face that could have a material adverse effect on our business, liquidity, financial condition, and results of operations:

Risks Related to the COVID-19 Pandemic

- The global COVID-19 pandemic and government-imposed measures to control its spread has had, and may continue to have, a material adverse impact on the travel industry generally and, as a result, on us.

Risks Related to JetBlue

- We operate in an extremely competitive industry, and face risks due to the long-term nature of our fleet order book.

Operational Risks

- Our business is highly dependent on the availability of fuel and fuel is subject to price volatility.
- Our maintenance costs will increase as our fleet ages.
- Our salaries, wages, and benefits increase as our workforce ages.
- We face risks associated with doing business internationally.
- Our comparatively high aircraft utilization rate helps us keep our costs low, but also makes us vulnerable to delays and cancellations, which could reduce our profitability and harm our reputation.
- We depend greatly on the New York metropolitan market, and increases in competition or shifts in demand for air travel in this market, or governmental reduction of our operating capacity at JFK would harm us.
- Extended interruptions or disruptions in service at our focus cities, as well as seasonality, weather and other factors could have a material adverse impact on us.
- We may be impacted by increases in airport expenses relating to infrastructure and facilities, as well as new or increased tariffs on imported commercial aircraft and related parts.
- We have a limited number of suppliers for our aircraft, engines, and our Fly-Fi® product.
- The NEA with American is subject to challenge.

Risks Related to Our Merger with Spirit

- To consummate the Merger, we and Spirit must obtain certain governmental approvals, which could jeopardize the consummation of the Merger or reduce its anticipated benefits.
- Failure to consummate the Merger in a timely manner or at all could negatively impact the market price of our common stock.
- Consummation of the Merger may be dilutive to our earnings per share, which could similarly negatively impact the market price of our common stock.
- The pendency of the Merger may disrupt our business.
- Consummation of the Merger will result in us having substantially greater indebtedness, which could adversely affect our business flexibility, increase borrowing costs, and result in downgrades in our credit ratings.
- We may not realize the synergies and other benefits of the Merger to the extent predicted because of required divestitures, difficulties related to integration, and the achievement of such synergies.
- The combined company is expected to incur substantial expenses, and upon consummation of the Merger, we will be bound by the obligations and liabilities of both companies.
- Uncertainties associated with the Merger may cause a loss of management personnel and other key crewmembers, and the integration of workforces and negotiation of joint labor agreements following the Merger may pose additional challenges.
- The future of the combined company will suffer if expanded operations are not effectively managed.

Data and Information Security Related Risks

- Our reputation and business may be harmed, and we may be subject to legal claims if there is loss, unlawful disclosure or misappropriation of, or unsanctioned access to, our customers', crewmembers', business partners' or our own information or other breaches of our information security.
- Data security compliance requirements could increase our costs, and any significant data breach could disrupt our operations and harm our reputation, business, results of operations and financial condition.
- We rely heavily on automated systems to operate our business; any failure of these systems could harm our business.

Human Capital Related Risks

- Failure to attract and retain qualified personnel, or maintain company culture, could harm our business.
- We may be subject to unionization, work stoppages, slowdowns, or increased labor costs.

Reputational Risks

- An accident or incident involving our aircraft could harm our reputation and business.
- Our business depends on our strong reputation and the value of the JetBlue brand.

Financing and Financial Risks

- We have a significant amount of fixed obligations and will incur significantly more fixed obligations in the future, which could harm our ability to service our current obligations or satisfy future fixed obligations.
- Our level of indebtedness may limit our ability to incur additional debt to meet future financing needs.
- We are subject to certain restrictions due to our participation in governmental programs under the CARES Act, the Consolidated Appropriations Act, and the American Rescue Plan Act.
- Insufficient liquidity, including as a result of material reserve requirements for payments due to us from credit card transactions, may have a material adverse effect on us and we may seek material amounts of additional financial liquidity in the short-term.
- We may never realize the full value of our intangible assets or long-lived assets, causing us to record impairments that may negatively affect us.

Risks Associated with the Airline Industry

- Disease outbreaks, environmental disasters, actual or threatened acts of terrorism, or escalation of U.S. military involvement overseas could significantly affect travel behavior, which would adversely affect our industry and our business.
- Federal budget constraints or federally imposed furloughs due to budget negotiation deadlocks may adversely affect us.
- We may be affected by global climate change or by legal, regulatory or market responses to such change.
- Changes in government regulations, including environmental regulations, imposing additional requirements and restrictions on us could increase our operating costs and result in service delays and disruptions.
- The airline industry is particularly sensitive to changes in economic conditions.
- Implementation of 5G wireless technology near the airports to which we operate could adversely affect our continued safe operations.

Risks Related to the COVID-19 Pandemic

The global COVID-19 pandemic and government-imposed measures to control its spread has had, and may continue to have, a material adverse impact on the travel industry generally and, as a result, on our business and results of operations, and these impacts may persist for an extended period of time.

The global spread and impact of the COVID-19 pandemic is complex, unpredictable, and continuously evolving, and has resulted in significant disruption and additional risks to our business since 2020, the travel and hospitality industries generally, and the global economy. The COVID-19 pandemic has led governments and other authorities around the world at various times to impose measures intended to control its spread, including restrictions on large gatherings of people, travel bans, border closings and restrictions, business closures, quarantines, shelter-in-place orders, social distancing and masking measures, and vaccination mandates. As a result, the COVID-19 pandemic, including the emergence of new variants, and the associated consequences have significantly impacted global passenger air travel and have had a material detrimental impact on global commercial activity across the travel and hospitality industries, all of which has had, and may continue to have, a material adverse impact on our business, operations, and financial results.

Although the impact of the COVID-19 pandemic on our business and the travel and hospitality industries has moderated, the extent, duration, and magnitude of the COVID-19 pandemic's continuing and possible resurgent effects will depend on various factors, all of which are highly uncertain, difficult to predict and not controlled by us. These factors include, but are not limited to: the impact of the pandemic on global and regional economies and travel, as well as actions taken by governments, businesses, and individuals in response to the pandemic, including vaccination rates in the markets where we operate, and any resurgence of COVID-19, including the emergence of new variants, and the effectiveness and availability of vaccines; the impact of the COVID-19 pandemic on unemployment rates and consumer discretionary spending; governmental or regulatory orders that impact our business and our industry, including mandates that require all passengers and our crewmembers to be vaccinated; the demand for air travel; levels of consumer confidence; COVID-19-based health and safety protocols; effective and widespread manufacturing and distribution of vaccines, and broad acceptance of the vaccine by the general population; and the pace of recovery as the pandemic subsides. Moreover, even as shelter-in-place orders and travel bans and advisories have been relaxed and lifted, and vaccines are more widely distributed and available and vaccination rates have increased, demand for air travel may remain or become depressed. Even if demand for air travel returns to pre-COVID-19 levels, there can be no assurance that such demand will persist in the future or that a resurgence of COVID-19 or another virus or pandemic will not impact our business and the travel and hospitality industries. In addition, we cannot predict whether business travel for in-person meetings will return to pre-COVID-19 levels over the long-term due to technological advancements in, and consumer acceptance and adaptation to, virtual meetings and/or changes in customer preferences.

The COVID-19 pandemic has subjected our business, operations, and financial condition to a number of significant risks:

DEMAND, CAPACITY, REVENUES AND EXPENSES

With the global spread of COVID-19 beginning in March 2020, we began experiencing a significant decline in international and domestic demand that continued until the first quarter of 2022. This decline in demand caused a material deterioration in our revenues. As COVID-19 infection rates declined, governments lifted large gathering, travel and other restrictions and consumer and business travelers increasingly became more comfortable with air travel, we began to experience an increase in international and domestic travel demand. Any resurgence of COVID-19 infection rates or the impact of new variants could result in a decline in demand, which could have a material adverse impact on our business, operating results, financial condition, and liquidity.

The COVID-19 pandemic has caused us, and could continue to cause us, to incur additional expenses. While governments have implemented various stimulus and relief programs, it is uncertain whether and to what extent similar programs will be available if there is a significant resurgence in the COVID-19 pandemic resulting in a disruption in our business and the travel and hospitality industries and whether such programs will be effective in avoiding or mitigating the financial impacts of any resurgence of the COVID-19 pandemic. Despite that, as the COVID-19 pandemic has begun to subside and associated restrictions have eased, we could experience other short or longer-term impacts on our costs, including, for example, the need for enhanced health and hygiene standards or certifications, social distancing requirements or other precautionary measures in response to the health and safety challenges presented by the COVID-19 pandemic. These effects could impact our ability to generate profits.

OPERATIONS

In response to the decline in demand for air travel across our system, we took actions and evaluated spending to manage operating expenses and optimize our financial resources. These actions included a temporary reduction in our workforce across our BlueCities and our support centers in 2020, eliminating non-essential spending and corporate initiatives, and reducing costs. We have received, and may continue to receive, demands or requests from labor unions that represent our colleagues, whether in the course of our periodic renegotiation of our collective bargaining agreements or otherwise, for additional compensation, healthcare benefits, or other terms that could increase costs. Additionally, as a result of a federal government mandate and by virtue of JetBlue being a contractor to the federal government, our crewmembers who did not receive an approved medical or religious accommodation were required to be vaccinated. Lawsuits challenging the mandate were filed in multiple jurisdictions, and injunctions against the federal government's enforcement of the mandate were issued. Given the uncertainty associated with the implementation of the mandate, we are unable to predict the ultimate impact of this requirement on our business, and have faced and may continue to face staffing shortages that may disrupt our operations. We expect that certain operational changes, particularly with respect to enhanced health and safety measures and global care and cleanliness certifications, will be necessary over the long-term.

Further, certain of our crewmembers, suppliers and business partners, such as airport, air traffic personnel, and those working on certain production lines and on various supply chains, have in the past and may in the future test positive for or be suspected of having COVID-19, resulting in facility closures, reduction in available staffing, and disruptions to our overall operations as well as that of our suppliers. Our operations may be further impacted in the event of additional instances of actual or perceived risk of infection among our crewmembers, suppliers or business partners, including as a result of any emerging new variants of COVID-19, and this impact may have a material and adverse effect if we are unable to maintain a suitably skilled and sized workforce and address related crewmember matters.

FINANCIAL CONDITION AND INDEBTEDNESS

As we manage through the continuing effects of the pandemic, our level of indebtedness increased and may continue to increase. Although we took a number of steps to enhance our liquidity profile and cash position in response to the COVID-19 pandemic, there is no guarantee that we will be able to continue to raise funds through debt financings in the future to fund our obligations or will be available on terms consistent with our expectations. We also expect the ongoing impact of the COVID-19 pandemic and the impact of other macroeconomic factors on the financial markets could also adversely affect our ability to raise equity financing in the future. Changes in the credit ratings of our debt, including our revolving credit facility and outstanding senior notes, could have an adverse impact on our interest expense. As a result of the general economic uncertainty and the impact of the COVID-19 pandemic, our credit ratings have been downgraded. If our credit ratings were to be further downgraded, or general market conditions were to ascribe higher risk to our credit rating levels, our industry, our business, operating results, liquidity and financial condition, our access to capital and the cost of debt financing would be negatively impacted. See *"Our indebtedness following consummation of the Merger will be substantially greater than our indebtedness on a stand-alone basis and greater than the combined indebtedness of JetBlue and Spirit existing prior to the announcement of the Merger, which could adversely affect our business flexibility, and increase our borrowing costs. Downgrades in our credit ratings could adversely affect our business, cash flows, financial condition and operating results."*

We may also take additional actions to improve our financial position, including measures to improve liquidity, such as the issuance of additional unsecured and secured debt securities, equity securities and equity-linked securities, the sale of assets and/or the entry into additional bilateral and syndicated secured and/or unsecured credit facilities. There can be no assurance as to the timing of any such issuance, which may be in the near term, or that any such additional financing will be completed on favorable terms, or at all. Any such actions may be material in nature and could result in significant additional borrowing. Our reduction in expenditures, measures to improve liquidity or other strategic actions that we may take in the future, including in response to the ongoing effects of the COVID-19 pandemic, may not be effective in offsetting decreased demand. We are not permitted to take certain strategic actions as a result of restrictions under the CARES Act, the Consolidated Appropriations Act, and the American Rescue Plan Act, which could result in a material adverse effect on our business, operating results, liquidity and financial condition.

SECURITIES MARKETS VOLATILITY

The global stock markets have experienced, and may continue to experience, significant volatility as a result of the COVID-19 pandemic, and the price of our common stock has been volatile since the onset of the pandemic. The COVID-19 pandemic and the significant uncertainties it has caused for the global economy and travel industry in particular, business activity, and business confidence have had, and may continue to have, a significant effect on the market price of securities generally, including our securities.

The impacts of the COVID-19 pandemic on our business, operations and financial condition are continuously evolving, and the pace of recovery following the pandemic, or any additional resurgence of COVID-19 or emerging new variants could precipitate or aggravate the other risk factors included in this annual report, which in turn could further materially adversely affect our business, financial condition, liquidity, results of operations, and profitability, including in ways that are not currently known to us or that we do not currently consider to present significant risks.

Risks Related to JetBlue

We operate in an extremely competitive industry.

The domestic airline industry is characterized by low profit margins, high fixed costs, and significant competition. We currently compete with other airlines on all of our routes. Most of our competitors are larger and have greater financial resources and name recognition than we do. Following our entry into new markets or expansion of existing markets, some of our competitors have chosen to add service or engage in extensive price competition. Unanticipated shortfalls in expected revenues as a result of price competition or in the number of passengers carried would negatively impact our financial results and harm our business. The extremely competitive nature of the airline industry could prevent us from attaining the level of passenger traffic or maintaining the level of fares required to maintain profitable operations in new and existing markets and could impede our profitable growth strategy, which would harm our business.

Furthermore, there have been numerous mergers and acquisitions within the airline industry over the years. The industry may continue to change. Any business combination, including our intended merger with Spirit, could significantly alter industry conditions and competition within the airline industry. Additionally, if a traditional network airline were to fully develop a low cost structure, or if we were to experience increased competition from low cost carriers or new entrants, our business could be materially adversely affected.

We may be subject to competitive risks due to the long-term nature of our fleet order book.

At present, we have existing aircraft commitments through 2027. As technological evolution occurs in our industry, through the use of composites and other innovations, we may be competitively disadvantaged because we have existing extensive fleet commitments that would prohibit us from adopting new technologies on an expedited basis.

Operational Risks

Our business is highly dependent on the availability of fuel and fuel is subject to price volatility.

Our results of operations are heavily impacted by the price and availability of fuel. Fuel costs comprise a substantial portion of our total operating expenses. Historically, fuel costs have been subject to wide price fluctuations based on geopolitical factors as well as supply and demand. The availability of fuel is not only dependent on crude oil but also on refining capacity. When even a small amount of the domestic or global oil refining capacity becomes unavailable, supply shortages can result for extended periods of time. The availability of fuel is also affected by demand for home heating oil, gasoline and other petroleum products, as well as crude oil reserves, dependence on foreign imports of crude oil and potential hostilities in oil producing areas of the world. Given our large dependency on New York harbor jet fuel, we have been more impacted than our competitors by these price spikes due to decreases in refining capacity and increases in US exports filling the void left by Russia. Because of the effects of these factors on the price and availability of fuel, the cost and future availability of fuel cannot be predicted with any degree of certainty.

Our aircraft fuel purchase agreements do not protect us against price increases or guarantee the availability of fuel. Additionally, some of our competitors may have more leverage than we do in obtaining fuel. We have and may continue to enter into a variety of option contracts and swap agreements for crude oil, heating oil, and jet fuel to partially protect against significant increases in fuel prices. However, such contracts and agreements do not completely protect us against price volatility, are limited in volume and duration, and can be less effective during volatile market conditions and may carry counterparty risk. Under the fuel hedge contracts we may enter from time to time, counterparties to those contracts may require us to fund the margin associated with any loss position on the contracts. Meeting our obligations to fund these margin calls could adversely affect our liquidity.

Due to the competitive nature of the domestic airline industry, at times we have not been able to adequately increase our fares to offset the increases in fuel prices nor may we be able to do so in the future. Future fuel price increases, continued high fuel price volatility or fuel supply shortages may result in a curtailment of scheduled services and could have a material adverse effect on our financial condition and results of operations.

Our maintenance costs will increase as our fleet ages.

Our maintenance costs will increase as our fleet ages. In the past, we have incurred lower maintenance expenses because most of the parts on our aircraft were under multi-year warranties, but many of these warranties on JetBlue's existing fleet types have expired. If any maintenance provider with whom we have a flight hour agreement fails to perform or honor such agreements, we could incur higher interim maintenance costs until we negotiate new agreements. Furthermore we expect to continue to implement various fleet modifications over the next several years to ensure our aircraft's continued efficiency, modernization, brand consistency, and safety. These fleet modifications require significant investment over several years, including taking aircraft out of service for several weeks at a time.

Our salaries, wages and benefits costs will increase as our workforce ages.

As our crewmembers' tenure with JetBlue matures, our salaries, wages, and benefits costs increase. As our overall workforce ages, we expect our medical and related benefits to increase as well, despite an increased corporate focus on crewmember wellness.

Because we derive a portion of our revenues from operations outside the United States, the risks of doing business internationally, or in a particular country or region, could lower our revenues, increase our costs, reduce our profits, or disrupt our business.

We currently operate in 108 airports in 24 countries around the world. Our available seat miles that take off or land outside the United States represented approximately 34% of our revenues for the year ended December 31, 2022. Over the long term, we expect our international operations may account for an increasing portion of our total revenues and available seat miles. Expansion into new international markets may have risks due to factors specific to those markets.

We have expanded and expect to continue to expand our service to countries in the Caribbean and Latin America, some of which have less developed legal systems, financial markets, and business and political environments than the United States, and therefore present greater political, legal, regulatory, economic, and operational risks. We emphasize legal compliance and have implemented and continue to implement and refresh policies, procedures and certain ongoing training of crewmembers with regard to business ethics and compliance, anti-corruption policies and many key legal requirements; however, there can be no assurance our crewmembers or third party service providers in such locations will adhere to our code of business conduct, anti-corruption policies, other Company policies, or other legal requirements. If we fail to enforce our policies and procedures properly or maintain adequate record-keeping and internal accounting practices to accurately record our transactions, we may be subject to sanctions. In the event we believe or have reason to believe our crewmembers have or may have violated applicable laws or regulations, we may be subject to investigation costs, potential penalties and other related costs which in turn could negatively affect our reputation, and our results of operations and cash flow.

In addition, to the extent we continue to grow our business both domestically and internationally, opening new markets requires us to commit a substantial amount of resources even before the new services commence. Expansion is also dependent upon our ability to maintain a safe and secure operation and requires additional personnel, equipment, and facilities.

As a result, we are subject to the risks of doing business outside the United States, including:

- the costs of complying with laws, regulations, and policies (including taxation policies) of foreign governments relating to investments and operations, the costs or desirability of complying with local practices and customs, and the impact of various anti-corruption and other laws affecting the activities of U.S. companies abroad;
- evolving local data residency requirements that require data to be stored only in and, in some cases, also to be accessed only from within, a certain jurisdiction;
- U.S. taxation of income earned abroad;
- import and export licensing requirements and regulations, as well as unforeseen changes in regulatory requirements, including imposition of tariffs or embargoes, import or export regulations, controls, and other trade restrictions;
- political and economic instability, including as a result of the ongoing conflict between Russia and Ukraine;
- fluctuations in GDP, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets, trafficking and the imposition of taxes or other charges by governments;
- health and safety protocols, including global care and cleanliness certifications, at the airports in which we operate;
- the complexity of managing an organization doing business in many jurisdictions;
- uncertainties as to local laws and enforcement of contract and intellectual property rights and occasional requirements for onerous contract clauses; and
- rapid changes in government, economic, and political policies; political or civil unrest; acts of terrorism; or the threat of international boycotts or U.S. anti-boycott legislation.

While these factors and the impact of these factors are difficult to predict, any one or more of them could lower our revenues, affect our operations, increase our costs, reduce our profits, or disrupt our business. The occurrence of any of these events in markets served by us and the resulting instability may adversely affect our business.

Our high aircraft utilization rate helps us keep our costs low, but also makes us vulnerable to delays and cancellations; such delays and cancellations could reduce our profitability and reputation.

We maintain a high daily aircraft utilization rate, which is the amount of time our aircraft spend in the air carrying passengers. High daily aircraft utilization is achieved in part by reducing turnaround times at airports so we can fly more hours on average in a day. Aircraft utilization is reduced by delays and cancellations from various factors, many of which are beyond our control, including adverse weather conditions, security requirements, air traffic congestion, and unscheduled maintenance events. The majority of our operations are concentrated in the Northeast and Florida, which are particularly vulnerable to weather and congestion delays. Reduced aircraft utilization may limit our ability to achieve and maintain profitability as well as lead to customer dissatisfaction and reputational harm.

Our business is highly dependent on the New York metropolitan market and increases in competition or congestion or a reduction in demand for air travel in this market, or governmental reduction of our operating capacity at JFK, would harm our business.

We are highly dependent on the New York metropolitan market where we maintain a large presence with approximately one-half of our daily flights having JFK, LaGuardia, Newark, or Westchester County Airport as either their origin or destination. We have historically experienced an increase inflight delays and cancellations at these airports due to airport congestion which has adversely affected our operating performance and results of operations. Our business could be further harmed by an increase in the amount of direct competition we face in the New York metropolitan market or by continued or increased congestion, delays or cancellations. Our business would also be harmed by any circumstances causing a reduction in demand for air transportation in the New York metropolitan area, such as adverse changes in local economic conditions, health concerns, including COVID-19, negative public perception of New York City, acts of terrorism, or significant price or tax increases linked to increases in airport access costs and fees imposed on passengers.

Extended interruptions or disruptions in service at one or more of our focus cities could have a material adverse impact on our operations.

Our business is heavily dependent on our operations in the New York Metropolitan area, particularly at JFK, and at our other focus cities in Boston, Orlando, Fort Lauderdale, the Los Angeles basin, and San Juan, Puerto Rico. Each of these operations includes flights that gather and distribute traffic to other major cities. A significant interruption or disruption in service at one or more of our focus cities could have a serious impact on our business, financial condition, and results of operations.

We may be impacted by increases in airport expenses relating to infrastructure and facilities.

In order to operate within our current markets as well as continue to grow in new markets, we must be able to obtain adequate infrastructure and facilities within the airports we serve. This includes gates, check-in facilities, operations facilities, and landing slots, where applicable. The costs associated with these airports are often negotiated on a short-term basis with the airport authority and we could be subject to increases in costs on a regular basis with or without our approval. There is a possibility that airport authorities, suffering from revenue shortfalls due to the pandemic, may attempt to recover those shortfalls by passing along the costs or increasing rents or fees to airline tenants. In addition, our operations concentrated in older airports may be harmed if the infrastructure at those older airports fails to operate as expected due to age, overuse, or significant unexpected weather events.

Our results of operations fluctuate due to seasonality, weather, and other factors.

We expect our quarterly operating results to fluctuate due to seasonality including high vacation and leisure demand generally occurring on our Florida routes between October and April and on our western routes during the summer. Actions of our competitors and travel restrictions may also contribute to fluctuations in our results. We are more susceptible to adverse weather conditions, including snow storms and hurricanes, as a result of our operations being concentrated on the East Coast, than some of our competitors. Our Florida and Caribbean operations are subject to hurricanes. As we enter new markets we could be subject to additional seasonal variations along with any competitive responses to our entry by other airlines. Price changes in aircraft fuel as well as the timing and amount of maintenance and advertising expenditures also impact our operations. As a result of these factors, quarter-to-quarter comparisons of our operating results may not be a good indicator of our future performance. In addition, it is possible in any future period our operating results could be below the expectations of investors and any published reports or analysis regarding JetBlue. In such an event, the price of our common stock could decline, perhaps substantially.

We are subject to the risks of having a limited number of suppliers for our aircraft, engines, and our Fly-Fi® product.

Our current dependence on five types of aircraft and engines for all of our flights makes us vulnerable to significant problems associated with Pratt & Whitney Geared Turbofan Engines, or the PW1133G-JM engine, on our A321neo fleet, International Aero Engines, or the IAE V2533-A5 engine on our Airbus A321 fleet, International Aero Engines, or the IAE V2527-A5 engine, on our Airbus A320 fleet, Pratt & Whitney Geared Turbofan Engines, or the PW1524G-3 engine on our A220 fleet, and General Electric Engines, or the CF34-10 engine on our Embraer E190 fleet. This could include design defects, mechanical problems, contractual performance by the manufacturers, or adverse perception by the public which would result in customer avoidance or in actions by the FAA resulting in an inability to operate our aircraft. Carriers operating a more diversified fleet are better positioned than we are to manage such events.

Our Fly-Fi® service uses technology and satellite access through our agreement with Thales Avionics, Inc., or Thales. An integral component of the Fly-Fi® system is the antenna, which is supplied to us by Thales. If Thales were to stop supplying us with its antennas for any reason, we would have to incur significant costs to procure an alternate supplier. Additionally, if the satellites Fly-Fi® uses were to become inoperable for any reason, we would have to incur significant costs to replace the service.

Tariffs imposed on commercial aircraft and related parts imported from outside the United States, or tariffs that may be escalated over time, may have a material adverse effect on our fleet, business, financial condition, and results of operations.

Certain of the products and services that we purchase, including aircraft and related parts, are sourced from suppliers located outside the United States, and the imposition of new tariffs, or any increase in existing tariffs, by the U.S. government on the importation of such products or services could materially increase the amounts we pay for them.

We may seek to postpone or cancel delivery of certain aircraft currently scheduled for delivery, and we may choose not to purchase in the future as many aircraft as we intended. In addition, should additional or different retaliatory tariffs be imposed, our business could be harmed. Any such action could have a material adverse effect on the size of our fleet, business, financial condition, and results of operations.

Our Northeast Alliance with American Airlines is subject to challenge

In July 2020, JetBlue and American entered into the NEA designed to optimize our respective networks at JFK, LaGuardia, Newark, and Boston. Following review and agreement by the DOT, JetBlue and American began implementing the NEA in July 2021. On September 21, 2021, the United States Department of Justice, along with the Attorneys General of six states and the district of Columbia filed suit against JetBlue and American seeking to enjoin the NEA, alleging that it violates Section 1 of the Sherman Act. The bench trial of this matter concluded in October 2022, and the court held closing arguments in November 2022. The court's decision remains pending. An adverse ruling could adversely impact our ability to achieve the intended benefits of the NEA and could have an adverse impact on our business, financial condition and results of operations. Additionally, we are incurring costs associated with implementing operational and marketing elements of the NEA, which would not be recoverable if we were required to unwind all or a portion of the NEA.

In December 2022 and February 2023, three putative class actions lawsuits were filed in the United States District Court for the Eastern District of New York and the United States District Court of the District of Massachusetts, alleging, among other things, that monetary damages should be awarded to a putative class of direct purchasers of airline tickets from JetBlue and American on NEA flights from July 16, 2020 through the present. JetBlue believes these lawsuits are without merit and, along with American, will defend these matters vigorously.

Risks Related to Our Merger with Spirit

In order to consummate the Merger, we and Spirit must obtain certain governmental approvals, and if such approvals are not granted or are granted with conditions, consummation of the Merger may be jeopardized or the anticipated benefits of the Merger could be reduced.

On July 28, 2022, we entered into a Merger Agreement with Spirit, pursuant to which we would acquire Spirit. Although we and Spirit have agreed to use reasonable best efforts to make certain governmental filings and obtain the required governmental approvals, including from the FCC, the FAA and the DOT, as well as the expiration or termination of relevant waiting periods under the HSR Act, there can be no assurance that the relevant waiting periods will expire or be terminated or that the relevant approvals will be obtained. The governmental entities from which these approvals are required have broad discretion in administering the governing laws and regulations, and may take into account various facts and circumstances in their consideration of the Merger. These governmental entities may initiate proceedings seeking to prevent, or otherwise seek to prevent, the Merger. As a condition to approving the Merger, these governmental entities may impose conditions, terms, obligations or restrictions or require divestitures or place restrictions on the conduct of our business after consummation of the Merger. As part of the Merger Agreement, we have agreed to take any such required divestiture actions in connection with the consummation of Merger, provided that we are not required to take any divestiture actions if such action would or would reasonably be expected to result in a material adverse effect on us and our subsidiaries (including, following the consummation of the Merger, Spirit and its subsidiaries) nor are we required to take any action that, in our discretion, would be reasonably likely to materially and adversely affect the anticipated benefits of our NEA with American. There can be no assurance that governmental entities will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying or preventing consummation of the Merger or imposing additional material costs on or materially limiting the revenues of the combined company following the Merger, or otherwise adversely affecting, including to a material extent, our business, results of operations and financial condition after consummation of the Merger. If we are required to divest assets or businesses, there can be no assurance that we will be able to negotiate such divestitures expeditiously or on favorable terms or that the governmental entities will approve the terms of such divestitures. We can provide no assurance that these conditions, terms, obligations or restrictions will not result in the abandonment of the Merger.

Failure to consummate the Merger in a timely manner or at all could negatively impact the market price of our common stock, as well as our future business and our results of operations and financial condition.

The Merger cannot be consummated until conditions to closing are satisfied or, if permissible under applicable law, waived. The Merger remains subject to numerous closing conditions, including among other things receipt of applicable regulatory approvals, including approvals from the FCC, the FAA and the DOT, the expiration or early termination both of the statutory waiting period under the HSR Act and any customary timing agreement with any governmental entity not to consummate the Merger, and approval under certain foreign antitrust laws.

The process of satisfying such conditions, including seeking the necessary regulatory approvals, could delay the consummation of the Merger for a significant period of time or prevent it from occurring. Further, there can be no assurance that the conditions to the closing of the Merger will be satisfied or waived or that the Merger will be completed.

If the Merger is not completed in a timely manner or at all, our ongoing business may be adversely affected as follows:

- we may experience negative reactions from the financial markets, including investors and rating agencies, and the price of our common stock could decline to the extent that the current market price reflects an assumption that the Merger will be completed;
- we may experience negative reactions from crewmembers, customers, suppliers or other third parties;
- we may be subject to litigation, which could result in significant costs and expenses;
- management's focus may have been diverted from day-to-day business operations and pursuing other opportunities that could have been beneficial to us;
- in certain circumstances, if the Merger is not consummated for antitrust reasons, JetBlue will pay Spirit a reverse break-up of $70 million and will pay the Spirit stockholders directly a reverse break-up fee of $400 million, less the aggregate amount of the prepayment of $2.50 per share in cash paid following Spirit stockholders' approval of the transaction and a ticking fee of $0.10 per month starting in January 2023 through the earlier of the date of the closing or termination of the transaction; and
- our costs of pursuing the Merger may be higher than anticipated.

If the Merger is not consummated, there can be no assurance that these risks will not materialize and will not materially adversely affect our stock price, business, results of operations, and financial condition.

The pendency of the Merger may cause disruption in our business.

The preparation for the Merger and the subsequent integration with Spirit's business is expected to place a significant burden on our management and internal resources. The diversion of management's attention away from day-to-day business concerns and any difficulties encountered in the transition and integration process could adversely affect our business, results of operations and financial condition.

While the Merger is pending, we intend to continue to grow our business which will entail the continued hiring of additional crewmembers, including pilots and other skilled workers, presently in short supply in the airline industry. Any disruption or perceived uncertainty may make it more difficult for us to meet our crewmember retention and hiring goals which could materially impact our business, results of operations and financial condition.

The pendency of the Merger could cause disruptions to our business or business relationships, which could have an adverse impact on our results of operations. Parties with which we have business relationships, including customers, crewmembers, business partners or suppliers, unions, third-party service providers and third-party distribution channels, may be uncertain as to the future of such relationships and may delay or defer certain business decisions, seek alternative relationships or seek to alter their present business relationships with us. Parties with whom we otherwise may have sought to establish business relationships may seek alternative relationships with third parties.

We will incur significant costs, expenses and fees for professional services and other transaction costs in connection with the Merger, which we expect to continue as we seek regulatory and other approvals to complete the Merger. We may also incur unanticipated costs in connection with our integration with Spirit's business. The substantial majority of these costs will be non-recurring expenses relating to the Merger, and many of these costs are payable regardless of whether or not the Merger is consummated. Current and/or potential future litigation related to the Merger, could also prevent or delay the consummation of the Merger and result in significant costs and expenses.

Our indebtedness following consummation of the Merger will be substantially greater than our indebtedness on a stand-alone basis and greater than the combined indebtedness of JetBlue and Spirit existing prior to the announcement of the Merger, which could adversely affect our business flexibility, and increase our borrowing costs. Downgrades in our credit ratings could adversely affect our business, cash flows, financial condition and operating results.

In order to consummate the Merger, we expect to incur acquisition-related debt financing of up to $3.5 billion and we will also assume Spirit's indebtedness outstanding at closing. Our substantially increased indebtedness following consummation of the Merger may impact, among other things, our flexibility to respond to changing business and economic conditions. In addition, the amount of cash required to service our increased indebtedness will be greater than the amount of cash flows required prior to the Merger. The increased indebtedness could also reduce funds available to engage in investments in our business development, capital expenditures and other activities and may create competitive disadvantages for us relative to other companies with lower debt levels.

In addition, our credit ratings impact the cost and availability of our future borrowings, and, as a result, our cost of capital. Our ratings reflect each rating organization's opinion of our financial strength, operating performance and ability to meet our debt obligations or, following consummation of the Merger, those obligations of the combined company. Each ratings organization reviews our ratings periodically, and there can be no assurance that our current ratings will be maintained in the future. The rating agencies have published reports which indicate that an increase in our consolidated leverage following the consummation of the Merger may negatively impact our credit ratings. Further, if interest rates increase, variable rate debt will create higher debt service requirements, which could adversely affect our cash flows.

We may also be required to raise substantial additional financing to fund working capital, capital expenditures, acquisitions or other general corporate requirements. Our ability to arrange additional financing will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond our control. We cannot assure you that we will be able to obtain additional financing on terms acceptable to us or at all.

Although we expect that the Merger will result in synergies and other benefits to us, we may not realize those benefits to the extent predicted because of required divestitures, difficulties related to integration and the achievement of such synergies and other challenges.

Until consummation of the Merger, we and Spirit will operate independently, and there can be no assurances that our businesses can be combined in a manner that allows for the achievement of substantial benefits. Historically, the integration of separate airlines has proven to be more time consuming, costly and require more resources than initially expected. We expect we will be required to devote significant management attention and financial and other resources to integrating our two business practices, cultures, and operations. If we are not able to successfully integrate our business with Spirit's, the anticipated benefits and operational synergies of the Merger may take longer than expected to be realized or may not be realized at all. In connection with the integration of our business with Spirit's in a manner that permits us to achieve the synergies anticipated to result from the Merger we will need to address, among other things, the following issues:

- combining the companies' separate operational, financial, reporting and internal control functions;
- maintaining existing or negotiating new agreements with unions, crewmembers, suppliers, third-party service providers and third-party distribution channels, and avoiding delays in entering into new agreements with prospective crewmembers, suppliers, third-party service providers and third-party distribution channels;
- integrating complex systems and technologies, including implementing an integrated customer reservations system, operating procedures, regulatory compliance programs, aircraft fleets, networks, and other assets in a manner that minimizes any adverse impact on customers, suppliers, crewmembers and other constituencies;
- addressing possible differences in business backgrounds, corporate cultures, and management philosophies;
- integrating the businesses' corporate, administrative and information technology infrastructure, including coordinating geographically dispersed companies;
- diversion of the attention of management and other key crewmembers;
- harmonizing the companies' employee development, compensation and benefit programs and related policies, procedures and practices;
- integrating workforces and attracting and retaining key personnel while maintaining focus on providing consistent, high quality customer service and running an efficient operation;
- identifying and eliminating redundant and underperforming operations and assets in both companies;
- managing the expanded operations of a significantly larger and more complex company;
- coordinating sales, distribution and marketing efforts, including the rebranding initiatives related to the Spirit business;
- effecting potential actions that may be required in connection with obtaining regulatory approvals; and
- resolving potential unknown liabilities, adverse consequences and unforeseen increased expenses associated with the Merger.

Even if the operations of our business and Spirit's business are integrated successfully, the full expected benefits and synergies of the Merger may not be realized. There is risk that the expected benefits may not be achieved within the anticipated time frame or at all. Additional unanticipated costs, which could be material, may also be incurred in the integration of our business and Spirit's business. Further, it is possible that there could be loss of key JetBlue or Spirit crewmembers, loss of customers, disruption of either or both of our or Spirit's ongoing businesses or unexpected issues, higher than expected costs and an overall post-completion process that takes longer than originally anticipated. Additionally, the full benefits of the Merger may not be realized if the combined business does not perform as expected or demand for the combined company's services does not meet our expectations. The risks currently facing each of our and Spirit's business and the airline industry, including the ongoing impact of the COVID-19 pandemic and any possible resurgence in infection rates and the impact on airline travel, will also present additional challenges for us to successfully integrate our two companies.

We plan to submit to the FAA a transition plan for merging the day-to-day operations of JetBlue and Spirit under a single operating certificate. The issuance of a single operating certificate will occur when the FAA agrees that we have achieved a level of integration that can be safely managed under one certificate. The actual time required and cost incurred to receive this approval cannot be predicted and no actual integration may start until after closing. Any delay in the grant of such approval or increase in costs beyond those presently expected could have a material adverse effect on the completion date of our integration plan and receipt of the benefits expected from that plan. We face challenges in integrating our computer, communications and other technology systems. All of these factors could materially adversely affect our business, results of operations and financial condition.

We may face challenges in integrating our computer, communications and other technology systems.

Among the principal risks of integrating our and Spirit's businesses and operations are the risks relating to integrating various computer, communications and other technology systems, including implementing an integrated customer reservations system, that will be necessary to operate JetBlue and Spirit as a single airline. The integration of these systems may be more disruptive and cost more than we may originally estimate. The implementation process to integrate these various systems will involve a number of risks that could adversely impact our business, results of operations and financial condition. The related implementation will be a complex and time-consuming project involving internal resources, substantial expenditures for implementation consultants, system hardware, software and implementation activities, as well as the transformation of business and financial processes.

As with any large project, there will be many factors that may materially affect the schedule, cost and execution of the integration of our computer, communications and other technology systems. These factors could include, among others: problems during the design, implementation and testing phases; systems delays and/or malfunctions; the risk that suppliers and contractors will not perform as required under their contracts; the diversion of management attention from daily operations to the project; reworks due to unanticipated changes in business processes; challenges in simultaneously activating new systems throughout our network; training crewmembers in the operations of new systems; the risk of security breach or disruption; and other unexpected events beyond our control. We cannot assure you that our and Spirit's security measures, change control procedures or disaster recovery plans will be adequate to prevent disruptions or delays. Disruptions in or changes to these systems could result in a disruption to our business and our operations and the loss of important data. Any of the foregoing could result in a material adverse effect on our business, results of operations and financial condition.

The combined company is expected to incur substantial expenses related to the Merger and the integration of JetBlue and Spirit.

The combined company is expected to incur substantial expenses in connection with the Merger and the integration of JetBlue and Spirit. There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated, including purchasing, accounting and finance, sales, payroll, pricing, revenue management, reservations, maintenance, flight operations, marketing and benefits. While we and Spirit have assumed that a certain level of expenses would be incurred, there are many factors beyond our control that could affect the total amount or the timing of integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. These integration expenses likely will result in the combined company taking significant charges against earnings following the consummation of the Merger, and the amount and timing of such charges are uncertain at present.

Uncertainties associated with the Merger may cause a loss of management personnel and other key employees which could adversely affect the future business and operations of the combined company.

We and Spirit are dependent on the experience and industry knowledge of our respective officers and other key personnel to execute our respective business plans. The combined company's success after the Merger will depend in part upon the ability of our and Spirit to retain key management personnel and other key employees. Current and prospective employees of JetBlue and Spirit may experience uncertainty about their roles within the combined company following the Merger, which may impair the ability of both entities to attract, retain and motivate key management and other key personnel. Employee retention may be particularly challenging during the pendency of the Merger, as employees of JetBlue and Spirit may experience uncertainty about their future roles in the combined business.

Various Spirit officers and employees hold Spirit common shares, Spirit restricted stock units ("Spirit RSUs") and Spirit performance stock units ("Spirit PSUs"), some of which are subject to accelerated vesting upon a change in control, and, if the Merger is completed, these officers and employees may be entitled to the cash consideration payable under the Merger Agreement in respect of such Spirit common shares, Spirit RSUs and Spirit PSUs. These payouts could also make retention of these officers and employees following the closing more difficult. Additionally, pursuant to employment agreements and/or other agreements or arrangements with Spirit, certain key employees of Spirit are entitled to receive severance payments upon a termination without cause and/or a resignation for "good reason" following consummation of the Merger. Under these agreements, certain key employees of Spirit could resign from employment following specified circumstances set forth in the applicable agreement, including an adverse change in title, authority or responsibilities, compensation and benefits or primary office location, and receive significant severance payments.

Furthermore, if key employees of JetBlue or Spirit depart or are at risk of departing, we may have to incur significant costs (in addition to the retention program to be implemented by Spirit in connection with the Merger Agreement) in retaining such individuals or in identifying, hiring and retaining replacements and may lose significant expertise and talent, and our ability to realize the anticipated benefits of the Merger may be materially and adversely affected. Accordingly, no assurance can be given that the combined company will be able to attract or retain key management personnel and other key personnel of JetBlue and Spirit to the same extent that JetBlue and Spirit have previously been able to attract or retain their own employees.

The future results of the combined company will suffer if the combined company does not effectively manage its expanded operations following the Merger.

Following the Merger, the size of the business of the combined company will increase significantly beyond the current size of either our or Spirit's business. The combined company's future success depends, in part, upon its ability to manage this expanded business, which will pose challenges for management, including those related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that the combined company will be successful or that it will realize the expected synergies, operating efficiencies, cost savings, revenue enhancements and other benefits currently anticipated from the Merger.

Following consummation of the Merger, we will be bound by all of the obligations and liabilities of both companies.

Following consummation of the Merger, we will become bound by all of the obligations and liabilities of JetBlue and Spirit. Neither we nor Spirit can predict the financial condition of JetBlue or Spirit at the time of that combination or our ability to satisfy the obligations and liabilities of the combined company.

The need to integrate the JetBlue and Spirit workforces following the Merger and negotiate joint labor agreements presents the potential for delay in achieving expected synergies, increased labor costs or labor disputes that could adversely affect the combined company's operations.

The successful integration of JetBlue and Spirit and achievement of the anticipated benefits of the combination depend significantly on integrating employee groups and on maintaining productive employee relations. Failure to do so presents the potential for delays in achieving expected synergies of integration, increased labor costs and labor disputes that could adversely affect the combined company's operations.

Spirit is a highly unionized company; JetBlue's two unionized groups are its pilots and inflight crewmembers. The process for integrating labor groups in an airline merger is governed by a combination of the United States Railway Labor Act ("RLA"), the McCaskill-Bond Act, and where applicable, the existing provisions of each company's collective bargaining agreements, and to a certain extent, union policy related to seniority integration. Pending operational integration, it is generally necessary to maintain a "fence" between employee groups, during which time the combined company will keep the employee groups separate and apply the terms of the existing collective bargaining agreements, unless other terms have been negotiated.

Under the RLA, the National Mediation Board ("NMB") has exclusive authority to resolve representation disputes arising out of airline mergers. The disputes that the NMB has authority to resolve include (i) whether the merger has created a "single carrier" for representation purposes; (ii) designation of the appropriate "craft or class"—the RLA term for "bargaining unit"—for bargaining at the combined company on a system wide basis, an issue which typically arises from minor inconsistencies over which positions are included within a particular craft or class at the two companies; and (iii) designation of the representative of each craft or class at the combined company.

In order to fully integrate the pre-merger represented employee groups, the combined company must negotiate a joint collective bargaining agreement covering each combined group. These negotiations can begin immediately where the same union represents employees of both companies within the craft or class in question, but otherwise will likely begin after a single post-merger representative has been certified by the NMB.

Prior to the consummation of the Merger, there is a risk of litigation or arbitration by unions or individual employees that could delay or halt the Merger or result in monetary damages on the basis that the Merger either violates a provision of an existing collective bargaining agreement or an obligation under the RLA or other applicable law. The unions or individual employees might also pursue judicial or arbitral claims arising out of changes implemented as a result of the Merger. There is also a possibility that employees or unions could engage in unlawful job actions such as slow-downs, work-to-rule campaigns, sick-outs or other actions designed to disrupt our and Spirit's normal operations, whether in opposition to the Merger or in an attempt to pressure the companies in collective bargaining negotiations. Although the RLA makes such actions unlawful until the parties have been lawfully released to self-help, and we and Spirit can seek injunctive relief against premature self-help, such actions can cause significant harm even if ultimately enjoined.

The Merger may not be accretive, and may be dilutive, to our earnings per share, which may negatively affect the market price of shares of our common stock.

We currently project that the Merger will result in a number of benefits, including enhanced competitive positioning and a platform from which to accelerate growth, and that it will be accretive to earnings per share in the first full year after the close of the Merger. This projection is based on preliminary estimates that may materially change. In addition, future events and conditions could decrease or delay the accretion that is currently projected or could result in dilution, including adverse changes in market conditions, additional transaction and integration-related costs and other factors such as the failure to realize some or all of the anticipated benefits of the Merger. Any dilution of, decrease in or delay of any accretion to, our earnings per share could cause the price of shares of our common stock to decline or grow at a reduced rate.

Data and Information Security Related Risks

Our reputation and business may be harmed and we may be subject to legal claims if there is loss, unlawful disclosure or misappropriation of, or unsanctioned access to, our customers', crewmembers', business partners' or our own information or other breaches of our information security.

In the current environment, there are numerous and evolving risks to cybersecurity and privacy, including criminal hackers, hacktivists, state-sponsored intrusions, industrial espionage, employee malfeasance, and human or technological error. High-profile security breaches at other companies and in government agencies have increased in recent years, and security industry experts and government officials have warned about the risks of hackers and cyberattacks targeting businesses such as ours. Computer hackers routinely attempt to breach our networks. When we learn of security incidents, we investigate the incident, which includes making reports to law enforcement, as appropriate.

We also are aware that hackers may attempt to fraudulently induce crewmembers, customers, or others to disclose information or unwittingly provide access to systems or data. We make extensive use of online services and centralized data processing, including through third party service providers or business providers. The secure maintenance and transmission of customer and crewmember information is a critical element of our operations. Our information technology and other systems and those of service providers or business partners, that maintain and transmit customer and our information, may be compromised by a malicious third party penetration of our network security, or of a business partner, or impacted by deliberate or inadvertent actions or inactions by our crewmembers, or those of a business partner. The risk of cyberattacks to our Company also includes attempted breaches of contractors, business partners, vendors, and other third parties. As a result, personal information may be lost, disclosed, accessed, or taken without consent. We transmit confidential credit card information by way of secure private retail networks and rely on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effect secure transmission and storage of confidential information.

While we make significant efforts to ensure the security of its computer network, we cannot provide any assurances that our efforts will defend against all cyberattacks. Any compromises to our security or computer network could have a material adverse effect on our reputation, business, operating results, and financial condition, and could result in a loss of customers. Additionally, any material failure by us to achieve or maintain compliance with the Payment Card Industry, or PCI, security requirements or rectify a security issue may result in fines and the imposition of restrictions on our ability to accept credit cards as a form of payment. Any such loss, disclosure or misappropriation of, or access to, customers', crewmembers' or business partners' information or other breach of our information security can result in legal claims or legal proceedings, including regulatory investigations and actions, may have a negative impact on our reputation, may lead to regulatory enforcement actions against us, and may materially adversely affect our business, operating results, and financial condition. Furthermore, the loss, disclosure or misappropriation of our business information may materially adversely affect our business, operating results, and financial condition. The regulations in this area continue to develop and evolve. International regulation adds complexity as we expand our service and include more passengers from other countries.

Data security compliance requirements could increase our costs, and any significant data breach could disrupt our operations and harm our reputation, business, results of operations and financial condition.

We are subject to increasing legislative, regulator, and customer focus on privacy issues and data security. Our business requires the appropriate and secure utilization of customer, crewmember, business partner, and other sensitive information. We cannot be certain that advances in criminal capabilities (including cyberattacks or cyber intrusions over the Internet, malware, computer viruses, and the like), discovery of new vulnerabilities or attempts to exploit existing vulnerabilities in our systems, other data thefts, physical system or network break-ins or inappropriate access, or other developments will not compromise or breach the technology protecting the networks that access and store sensitive information. The risk of a security breach or disruption, particularly through cyberattack or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased.

Furthermore, there has been heightened legislative and regulatory focus on data security in the U.S. and abroad, including requirements for varying levels of customer notification in the event of a data breach. Many of our commercial business partners, including credit card companies, have imposed data security standards that we must meet. In particular, we are required by the Payment Card Industry Security Standards Council, founded by the credit card companies, to comply with their highest level of data security standards. We will continue our efforts to meet the privacy and data security obligations; however, it is possible that certain new obligations may be difficult to meet and could increase our costs.

A significant data security breach or our failure to comply with applicable U.S. or foreign data security regulations or other data security standards may expose us to litigation, claims for contract breach, fines, sanctions or other penalties, which could disrupt our operations, harm our reputation, and materially and adversely affect our business, results of operations, and financial condition. The costs to remediate breaches and similar system compromises that do occur could be material. In addition, as cyber criminals become more frequent, intense, and sophisticated, the costs of proactive defensive measures may increase. Failure to address these issues appropriately could also give rise to additional legal risks, which, in turn, could increase the size and number of litigation claims and damages asserted or subject us to enforcement actions, fines and penalties, and cause us to incur further related costs and expenses.

We rely heavily on automated systems to operate our business; any failure of these systems could harm our business.

We are dependent on automated systems and technology to operate our business, enhance the JetBlue Experience, and achieve low operating costs. The performance and reliability of our automated systems and data centers is critical to our ability to operate our business and compete effectively. These systems include our computerized airline reservation system, flight operations system, telecommunications systems, website, maintenance systems, check-in kiosks, and our primary and redundant data centers. Our website and reservation system must be able to securely accommodate a high volume of traffic and deliver important flight information. These systems require upgrades or replacement periodically, which involve implementation and other operational risks. Our business may be harmed if we fail to operate, replace or upgrade our systems or data center infrastructure successfully.

We rely on third party providers of our current automated systems and data center infrastructure for technical support. If our current providers were to fail to adequately provide technical support for any one of our key existing systems or if new or updated components were not integrated smoothly, we could experience service disruptions, which could result in the loss of important data, increase our expenses, decrease our revenues and generally harm our business, reputation, and brand. Furthermore, our automated systems cannot be completely protected against events beyond our control, including natural disasters, computer viruses, cyberattacks, other security breaches, or telecommunications failures. Substantial or sustained system failures could impact customer service and result in our customers purchasing tickets from other airlines. We have implemented security measures and change control procedures and have disaster recovery plans. We also require our third party providers to have disaster recovery plans; however, we cannot assure you these measures are adequate to prevent disruptions, which, if they were to occur, could result in the loss of important data, increase our expenses, decrease our revenues, and generally harm our business, reputation, and brand.

Human Capital Related Risks

If we are unable to attract and retain qualified personnel or fail to maintain our company culture, our business could be harmed.

We compete against other major U.S. airlines for pilots, mechanics, and other skilled labor; some of them offer wage and benefit packages exceeding ours. As more pilots in the industry approach mandatory retirement age, the U.S. airline industry may be affected by a pilot shortage. We may be required to increase wages and/or benefits in order to attract and retain qualified personnel or risk considerable crewmember turnover. If we are unable to hire, train, and retain qualified crewmembers representing diverse backgrounds, experiences, and skill sets, our business could be harmed and we may be unable to implement our growth plans. In addition, our business may be harmed if we lose too many individuals with institutional knowledge.

We believe one of our competitive strengths is our service-oriented company culture, which emphasizes friendly, helpful, team-oriented, and customer-focused crewmembers. Our company culture is important to providing high quality customer service and having a productive workforce in order to help keep our costs low. As we experience turnover, we may be unable to identify, hire, or retain enough people who meet the above criteria, including those in management or other key positions. Our company culture could otherwise be adversely affected by our growing operations and broader geographic diversity. If we fail to maintain the strength of our company culture, our competitive ability and our business may be harmed.

We may be subject to unionization, work stoppages, slowdowns or increased labor costs and the unionization of our pilots and inflight crewmembers could result in increased labor costs.

Our business is labor intensive and the unionization of any of our crewmembers could result in demands that may increase our operating expenses and adversely affect our financial condition and results of operations. Any of the different crafts or classes of our crewmembers could unionize at any time, which would require us to negotiate in good faith with the crewmember group's certified representative concerning a collective bargaining agreement. In addition, we may be subject to disruptions by unions protesting the non-union status of our other crewmembers. Any of these events would be disruptive to our operations and could harm our business.

In general, unionization has increased costs in the airline industry. In 2014, our pilots voted to be represented by the Airlines Pilot Association, or ALPA, and our first collective bargaining agreement was ratified by the pilots and became effective on August 1, 2018. In February 2022, we commenced negotiations for a successor contract, in accordance with the collective bargaining agreement, and in December 2022 we reached a tentative agreement with ALPA to extend the current collective bargaining agreement by two years. The agreement was ratified by the JetBlue pilots in January 2023.

In April 2018, JetBlue inflight crewmembers elected to be solely represented by the Transport Workers Union of America, or TWU. The NMB certified the TWU as the representative body for JetBlue inflight crewmembers. In November 2020, our inflight crewmembers voted to decline the ratification of a tentative collective bargaining agreement between JetBlue and TWU. In December 2021, our inflight crewmembers ratified our first collective bargaining agreement with TWU, which is a five-year, renewable contract effective December 13, 2021.

Reputational Risks

Our reputation and financial results could be harmed in the event of an accident or incident involving our aircraft.

An accident or incident involving one of our aircraft could involve significant potential claims of injured passengers or others in addition to repair or replacement of a damaged aircraft and its consequential temporary or permanent loss from service. We are required by the DOT to carry liability insurance. Although we believe we currently maintain liability insurance in amounts and of the type generally consistent with industry practice, the amount of such coverage may not be adequate and we may be forced to bear substantial losses from an accident or incident. Substantial claims resulting from an accident or incident in excess of our related insurance coverage would harm our business and financial results. Moreover, any aircraft accident or incident, even if fully insured, could cause a public perception we are less safe or reliable than other airlines which would harm our business.

Our business depends on our strong reputation and the value of the JetBlue brand.

The JetBlue brand name symbolizes high-quality friendly customer service, innovation, fun, and a pleasant travel experience. JetBlue is a widely recognized and respected global brand; the JetBlue brand is one of our most important and valuable assets. The JetBlue brand name and our corporate reputation are powerful sales and marketing tools and we devote significant resources to promoting and protecting them. Adverse publicity, whether or not justified, relating to activities by our crewmembers, contractors, or agents could tarnish our reputation and reduce the value of our brand. Increasingly the perception our customers and other stakeholders have about how we address the risks and opportunities we face related to DEI and climate change engagement, our role in the communities in which we operate and our relationship with our crewmembers will have an impact on our reputation. Furthermore, increased usage of social media platforms presents increased risks to our reputation and our business. We may suffer damage to our reputation as a result of negative or inaccurate posts or comments about JetBlue on social media platforms, including related delays or cancellations on our flights even when it is due to weather or other circumstances that are outside of our control. In addition, inappropriate and/or unauthorized use of our social media platforms by our crewmembers or others associated with us may damage our reputation, and could lead to legal implications in the event that information is improperly collected and/or disseminated, or non-public sensitive information related to JetBlue or others is disclosed. Damage to our reputation and loss of brand equity could reduce demand for our services and thus have an adverse effect on our financial condition, liquidity, and results of operations, as well as require additional resources to rebuild our reputation and restore the value of our brand.

Financing and Financial Risks

We have a significant amount of fixed obligations and we will incur significantly more fixed obligations which could harm our ability to service our current obligations or satisfy future fixed obligations.

As of December 31, 2022, our debt of $3.6 billion accounted for 52% of our total capitalization. In addition to long-term debt, we have a significant amount of other fixed obligations under operating leases related to our aircraft, airport terminal space, airport hangars, other facilities, and office space. As of December 31, 2022, future minimum payments under non-cancelable leases and other financing obligations were approximately $3.1 billion for 2023 through 2027 and an aggregate of $0.9 billion for the years thereafter. T5 at JFK is under a lease with the PANYNJ that ends on the 28th anniversary of the date of beneficial occupancy of the new International Arrivals facility and three net new gates at the former Terminal 6 ("T5i"). The minimum payments under this lease have been included in the future minimum payment totals above.

As of December 31, 2022, we had commitments of approximately $7.8 billion to purchase 148 additional aircraft and related flight equipment through 2027, including estimated amounts for contractual price escalations and pre-delivery deposits. We may incur additional debt and other fixed obligations as we take delivery of new aircraft or finance unencumbered aircraft in our fleet and other equipment and continue to expand into new or existing markets. In an effort to limit the incurrence of significant additional debt, we may seek to defer some of our scheduled deliveries, sell or lease aircraft to others, or pay cash for new aircraft, to the extent necessary or possible. The amount of our existing debt, and other fixed obligations, and potential increases in the amount of our debt and other fixed obligations, including in connection with the Merger with Spirit, could have important consequences to investors and could require a substantial portion of cash flows from operations for debt service payments, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, and other general corporate purposes.

Our level of debt and other fixed obligations could:

- impact our ability to obtain additional financing to support capital expansion plans and for working capital and other purposes on acceptable terms or at all;
- divert substantial cash flow from our operations, execution of our commercial initiatives, and expansion plans in order to service our fixed obligations;
- require us to incur more interest expense than we currently do if rates were to increase, since approximately 2% of our debt has floating interest rates; and
- place us at a possible competitive disadvantage compared to less leveraged competitors and competitors with better access to capital resources or more favorable financing terms.

Our ability to make scheduled payments on our debt and other fixed obligations will depend on our future operating performance and cash flows, which in turn will depend on prevailing economic and political conditions and financial, competitive, regulatory, business and other factors, many of which are beyond our control. We are principally dependent upon our operating cash flows and access to the capital markets to fund our operations and to make scheduled payments on debt and other fixed obligations. We cannot assure that we will be able to generate sufficient cash flows from our operations or from capital market activities to pay our debt and other fixed obligations as they become due. If we fail to do so our business could be harmed. If we are unable to make payments on our debt and other fixed obligations, we could be forced to renegotiate those obligations or seek to obtain additional equity or other forms of additional financing. As described in "—Risks Related to Our Merger with Spirit," these risks are expected to intensify following the consummation of our Merger with Spirit.

Our level of indebtedness may limit our ability to incur additional debt to meet future financing needs.

We typically finance our aircraft through either secured debt, lease financing, or through cash from operations. The impact on financial institutions from global economic conditions, including COVID-19, may adversely affect the availability and cost of credit to JetBlue as well as to prospective purchasers of our aircraft should we undertake to sell in the future, including financing commitments we have already obtained for purchases of new aircraft or financing or refinancing of existing aircraft. To the extent we finance our activities with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our strategy or otherwise constrain our operations.

Our liquidity could be adversely impacted in the event one or more of our credit card processors were to impose material reserve requirements for payments due to us from credit card transactions.

We currently have agreements with organizations that process credit card transactions arising from purchases of air travel tickets by our customers. Credit card processors have financial risk associated with tickets purchased for travel which can occur several weeks after the purchase. Our credit card processing agreements provide for reserves to be deposited with the processor in certain circumstances. We do not currently have reserves posted for our credit card processors. If circumstances were to occur requiring us to deposit reserves, the negative impact on our liquidity could be significant which could materially adversely affect our business.

We are subject to certain restrictions on our business as a result of our participation in governmental programs under the CARES Act, the Consolidated Appropriations Act, and the American Rescue Plan Act (collectively the "Acts").

CARES ACT – PAYROLL SUPPORT PROGRAM

Under the CARES Act, assistance was made available to the aviation industry in the form of direct payroll support (the "Payroll Support Program") and secured loans (the "Loan Program") from the United States Department of the Treasury ("Treasury").

On April 23, 2020, we entered into a Payroll Support Program Agreement (the "PSP Agreement") under the CARES Act with Treasury governing our participation in the Payroll Support Program. Under the Payroll Support Program, Treasury provided us with a total of approximately $963 million (the "Payroll Support Payments") consisting of $704 million in grants and $259 million in unsecured term loans. The loans have a 10-year term and bear interest on the principal amount outstanding at an annual rate of 1.00% until April 23, 2025, and the applicable Secured Overnight Financing Rate ("SOFR") plus 2.00% thereafter until April 23, 2030. The principal amount may be repaid at any time prior to maturity at par. As part of the agreement, JetBlue issued to Treasury warrants to acquire more than 2.7 million shares of our common stock under the program at an exercise price of $9.50 per share.

CARES ACT – SECURED LOAN PROGRAM

Under the CARES Act Loan Program, JetBlue had the ability to borrow up to a total of approximately $1.9 billion from Treasury. We entered into a loan and guarantee agreement (the "Loan Agreement") with Treasury and made an initial drawing of $115 million under the Loan Agreement on September 29, 2020. In connection with this initial drawing, we entered into a warrant agreement with Treasury, pursuant to which we issued to Treasury warrants to purchase approximately 1.2 million shares of our common stock at an exercise price of $9.50 per share.

On September 15, 2021, we repaid the full amount of outstanding borrowings under the Loan Agreement, which, together with accrued interest and fees, totaled approximately $118 million. As of December 31, 2021, we did not have a balance outstanding and all obligations under the Loan Agreement, including all pledges of collateral, were terminated in full.

CONSOLIDATED APPROPRIATIONS ACT – PAYROLL SUPPORT PROGRAM 2

On January 15, 2021, we entered into a Payroll Support Program Extension Agreement with Treasury governing our participation in the federal Payroll Support Program for passenger air carriers under the United States Consolidated Appropriations Act, 2021 (the "Payroll Support Program 2"). Treasury provided us with a total of approximately $580 million (the "Payroll Support 2 Payments") under the program, consisting of $436 million in grants and $144 million in unsecured term loans, with funding received on January 15, 2021, March 5, 2021 and April 29, 2021. The loans have a 10-year term and bear interest on the principal amount outstanding at an annual rate of 1.00% until January 15, 2026, and the applicable SOFR plus 2.00% thereafter until January 15, 2031. In consideration for the Payroll Support 2 Payments, we issued warrants to purchase approximately 1.0 million shares of our common stock to Treasury at an exercise price of $14.43 per share.

AMERICAN RESCUE PLAN ACT – PAYROLL SUPPORT PROGRAM 3

On May 6, 2021, we entered into a Payroll Support 3 Agreement with Treasury governing our participation in the federal payroll support program for passenger air carriers under Section 7301 of the American Rescue Plan Act of 2021 (the "Payroll Support Program 3"). Treasury provided us with a total of approximately $541 million (the "Payroll Support 3 Payments") under the program, consisting of $409 million in grants and $132 million in unsecured term loans. The loans have a 10-year term and bear interest on the principal amount outstanding at an annual rate of 1.00% until May 6, 2026, and the applicable SOFR plus 2.00% thereafter until May 6, 2031. In consideration for the Payroll Support 3 Payments, we issued warrants to purchase approximately 0.7 million shares of our common stock to Treasury at an exercise price of $19.90 per share.

The warrants associated with each of the support programs described above will expire 5 years after issuance and will be exercisable either through net cash settlement or net share settlement, at our option, in whole or in part at any time.

In accordance with any grants and/or loans received under the Acts, we are required to comply with the relevant provisions of the Acts which, among other things, includes the following: the requirement to use the Payroll Support Payments, the Payroll Support 2 Payments, and the Payroll Support 3 Payments exclusively for the continuation of payment of crewmember wages, salaries, and benefits. The Acts also require subject to various timeframes, certain levels of commercial air service be maintained; the prohibitions on share repurchases and the payment of common stock dividends; and restrictions on the payment of certain executive compensation.

The substance and duration of restrictions to which we are subject under the grants and/or loans under the Acts, including, but not limited to, those outlined above, will materially affect our operations, and we may not be successful in managing these impacts. Further, these restrictions could limit our ability to take actions that we otherwise might have determined to be in the best interest of our Company and our shareholders. In particular, limitations on executive compensation which currently, depending on the form of aid, extend through April 1, 2023, may impact our ability to attract and retain senior management or attract other key crewmembers during this critical time. We cannot predict whether the assistance under any of these programs will be adequate to support our business for the duration of the COVID-19 pandemic or whether additional assistance will be required or available in the future.

We have a significant amount of indebtedness from fixed obligations and may seek material amounts of additional financial liquidity in the short-term, and insufficient liquidity may have a material adverse effect on our financial condition and business.

We have a significant amount of indebtedness from fixed obligations, including aircraft lease and debt financings, leases of airport property, secured loan facilities and other facilities, and other material cash obligations. In addition, we have substantial non-cancelable commitments for capital expenditures, including for the acquisition of new aircraft and related spare engines.

In addition, in response to the travel restrictions, decreased demand and other effects the COVID-19 pandemic, we sought material amounts of short-term additional financial liquidity in 2020 and 2021. If there is a resurgence of the adverse effects on our business caused by the COVID-19 pandemic, new variants or new unrelated viruses or pandemics we may be required to again seek additional short-term liquidity, which may include the issuance of additional unsecured or secured debt securities, equity securities and equity-linked securities, the sale of assets, the entry into sale-leaseback transactions, as well as additional bilateral and syndicated secured and/or unsecured credit facilities, among other items. If our credit ratings were to be downgraded, or general market conditions were to ascribe higher risk to our rating levels, the airline industry, or our business, our access to capital and the cost of any debt financing would be negatively affected. There can be no assurance as to the availability of any such financing if it becomes necessary, or that any such additional financing will be completed on favorable terms.

Although our cash flows from operations and available capital, including the proceeds from financing transactions, have been sufficient to meet our obligations and commitments to date, our liquidity has been, and may in the future be, negatively affected by the risk factors described herein. If our liquidity is materially diminished, we might not be able to timely pay our leases and debts or comply with certain operating and financial covenants under our financing and credit card processing agreements or with other material provisions of our contractual obligations. Moreover, as a result of our recent financing activities in response to the COVID-19 pandemic, the number of financings and the aggregate amount of indebtedness with respect to which such covenants and provisions apply has increased, thereby subjecting us to more substantial risk of cross-default and cross-acceleration in the event of breach, and additional operating and financial covenants could become binding on us as we continue to seek additional liquidity.

In addition, we have agreements with financial institutions that process customer credit card transactions for the sale of air travel and other services. Under certain of our credit card processing agreements, the financial institutions in certain circumstances have the right to require that we maintain a reserve equal to a portion of advance ticket sales that have been processed by that financial institution, but for which we have not yet provided the air transportation. Such financial institutions may require cash or other collateral reserves to be established or withholding of payments related to receivables to be collected, including if we do not maintain certain minimum levels of unrestricted cash, cash equivalents, and short-term investments. In light of the effect COVID-19 is having on demand and, in turn, capacity, we have seen an increase in demand from consumers for refunds on their tickets, and we anticipate this will continue to be the case for the foreseeable future. Refunds lower our liquidity and put us at risk of triggering liquidity covenants in these processing agreements and, in doing so, could force us to post cash collateral with the credit card companies for advance ticket sales. We also maintain certain insurance- and surety-related agreements under which counterparties may require collateral. See "*Our liquidity could be adversely impacted in the event one or more of our credit card processors were to impose material reserve requirements for payments due to us from credit card transactions.*"

Our substantial level of indebtedness and non-investment grade credit rating, as well as market conditions and the availability of assets as collateral for loans or other indebtedness, together with the effect the COVID-19 pandemic has had on the global economy generally and on us and the air transportation industry specifically, may make it difficult for us to raise additional capital if needed to meet our liquidity needs on acceptable terms, or at all. As described in "—Risks Related to Our Merger with Spirit," following the consummation of our Merger with Spirit, our ability to raise additional capital to meet our liquidity needs will be further challenged.

See "Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report for additional information regarding our liquidity as of December 31, 2022.

We may never realize the full value of our intangible assets or our long-lived assets causing us to record impairments that may negatively affect our financial condition and operating results.

In accordance with applicable accounting standards, we are required to test our indefinite-lived intangible assets for impairment on an annual basis, or more frequently where there is an indication of impairment. In addition, we are required to test certain of our other assets for impairment where there is any indication that an asset may be impaired.

We may be required to recognize losses in the future due to, among other factors, extreme fuel price volatility, tight credit markets, government regulatory changes, decline in the fair values of certain tangible or intangible assets, such as aircraft, route authorities, airport slots and frequent flyer database, unfavorable trends in historical or forecasted results of operations and cash flows and an uncertain economic environment, as well as other uncertainties. For example, during the year ended December 31, 2022, we recorded $52 million of impairment related to our Embraer E190 fleet transition. We can provide no assurance that a material impairment loss of tangible or intangible assets will not occur in a future period. The value of our aircraft could also be impacted in future periods by changes in supply and demand for these aircraft. Such changes in supply and demand for certain aircraft types could result from the grounding of aircraft. A further impairment loss could have a material adverse effect on our financial condition and operating results.

Risks Associated with the Airline Industry

We could be adversely affected by an outbreak of a disease or an environmental disaster that significantly affects travel behavior.

Any outbreak of another disease or variants of COVID-19, which affect travel behavior, travel demand, or travel restrictions, or a similar public health threat, or fear of such an event could have a material adverse impact on airlines. In addition, outbreaks of disease could result in quarantines of our personnel, business partners and their suppliers, or an inability to access facilities or our aircraft, which could adversely affect our operations. Similarly, if an environmental disaster were to occur and adversely impact any of our destination cities, travel behavior could be affected and in turn, could materially adversely impact our business, operating results, liquidity and financial condition.

Compliance with future environmental regulations may harm our business.

Many aspects of airlines' operations are subject to increasingly stringent environmental regulations, and growing concerns about climate change may result in the imposition of additional regulation. Since the domestic airline industry is increasingly price sensitive, we may not be able to recover the cost of compliance with new or more stringent environmental laws and regulations from our customers, which could adversely affect our business. Although we don't expect the costs of complying with current environmental regulations will have a material adverse effect on our financial position, results of operations, or cash flows, no assurance can be made that the costs of complying with environmental regulations in the future will not have such an effect.

Federal budget constraints or federally imposed furloughs due to budget negotiation deadlocks may adversely affect our industry, business, results of operations and financial position.

Many of our airline operations are regulated by governmental agencies, including, but not limited to, the DOT, FAA, CBP, and the TSA. If the federal government were to continue experiencing issues in reaching budgetary consensus in the future resulting in mandatory furloughs and/or other budget constraints, or if a government shutdown were to continue for an extended period of time, our operations and results of operations could be materially negatively impacted. The travel behaviors of the flying public could also be affected, which may materially adversely impact our industry and our business.

We may be affected by global climate change or by legal, regulatory or market responses to such change.

Concern over climate change, including the impact of global warming, has led to significant U.S. and international legislative and regulatory efforts to limit GHG emissions, including our aircraft and ground operations emissions. In October 2016, the ICAO passed a resolution adopting the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), which is a global, market-based emissions offset program to encourage carbon-neutral growth beyond 2020. Annual international emissions reporting is required via CORSIA as of the 2019 reporting year, and offsetting compliance is scheduled to be implemented through multiple phases beginning in 2021. In 2020, given the impacts of COVID-19, which dramatically reduced 2020 emissions, ICAO agreed that the baseline from which the industry achieves carbon neutral growth would be from 2019 only, rather than an average of 2019 and 2020 as originally intended. ICAO continues to develop details regarding implementation, but we expect compliance with CORSIA will increase our operating costs. In addition, climate change-related litigation and investigations have increased in recent years and any claims or investigations against us could be costly to defend and our business could be adversely affected by the outcome.

Changes in government regulations imposing additional requirements and restrictions on our operations could increase our operating costs and result in service delays and disruptions.

Airlines are subject to extensive regulatory and legal requirements, both domestically and internationally, involving significant compliance costs. In the last several years, Congress has passed laws, and the agencies of the federal government, including, but not limited to, the DOT, FAA, CBP, and the TSA have issued regulations relating to the operation of airlines that have required significant expenditures. We expect to continue to incur expenses in connection with complying with government regulations. Additional laws including executive orders, regulations, taxes, and airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce the demand for air travel. If adopted or materially amended, these measures could have the effect of raising ticket prices affecting the perception of the airline industry, reducing air travel demand and/or revenue, and increasing costs. We cannot assure you these and other laws including executive orders, regulations, or taxes enacted in the future will not harm our business.

In addition, the U.S. Environmental Protection Agency, or EPA, has proposed changes to underground storage tank regulations that could affect certain airport fuel hydrant systems. In addition to the proposed EPA and state regulations, several U.S. airport authorities are actively engaged in efforts to limit discharges of de-icing fluid to local groundwater, often by requiring airlines to participate in the building or reconfiguring of airport de-icing facilities.

A future act of terrorism, the threat of such acts or escalation of U.S. military involvement overseas could adversely affect our industry.

Acts of terrorism, the threat of such acts or escalation of U.S. military involvement overseas could have an adverse effect on the airline industry. In the event of an act of terrorism, whether or not successful, the airline industry would likely experience increased security requirements and significantly reduced demand. We cannot assure you these actions, or consequences resulting from these actions, will not harm our business or the industry.

The airline industry is particularly sensitive to changes in economic conditions.

Fundamental and permanent changes in the domestic airline industry have occurred over time as a result of several years of repeated losses, among other reasons. These losses resulted in airlines renegotiating or attempting to renegotiate labor contracts, reconfiguring flight schedules, furloughing, or terminating crewmembers, as well as considering other efficiency and cost-cutting measures. Despite these actions, several airlines have reorganized under Chapter 11 of the U.S. Bankruptcy Code to permit them to reduce labor rates, restructure debt, terminate pension plans, and generally reduce their cost structure. Since 2005, the U.S. airline industry has experienced significant consolidation and liquidations. A global economic recession and related unfavorable general economic conditions, such as higher unemployment rates, a constrained credit market, housing-related pressures, and increased business operating costs can reduce spending for both leisure and business travel. Unfavorable economic conditions could also impact an airline's ability to raise fares to counteract increased fuel, labor, and other costs. It is possible that further airline reorganizations, consolidation, bankruptcies, or liquidations may occur in the current global economic environment, the effects of which we are unable to predict. We cannot assure you the occurrence of these events, or potential changes resulting from these events, will not harm our business or the industry.

Recently, the global credit and financial markets have experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. The financial markets and the global economy may also be adversely affected by the current or anticipated impact of military conflict, including the conflict between Russia and Ukraine, terrorism or other geopolitical events. Sanctions imposed by the United States and other countries in response to such conflicts, including the one in Ukraine, may also adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others could exacerbate market and economic instability. There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur.

Furthermore, the United States economy recently encountered a material level of inflation. The impact of COVID-19, geopolitical developments such as the Russia-Ukraine conflict and global supply chain disruptions continue to increase uncertainty in the outlook of near-term and long-term economic activity, including whether inflation will continue and how long, and at what rate. Increases in inflation raise our costs for labor, materials and services, and other costs required to operate our business, and failure to secure these on reasonable terms may adversely impact our financial condition.

The recent implementation of 5G wireless technology near the airports to which we operate could have an adverse effect on our continued safe operations.

In the United States, two major telecom providers activated 5G services across 46 markets on January 19, 2022 using frequencies in a radio spectrum called the C-band. These 5G frequencies may interfere with radio altimeters on our aircraft. Over the last year, we have seen other telecom providers begin operating in the same 5G spectrum, expanding the areas impacted to include almost the entirety of the continental United States. Because the 5G deployment involves a new combination of power levels, frequencies, proximity to flight operations, and other factors, we have been working with the FAA, and through the FAA, the telecom providers, to monitor the deployment and the corresponding impact on our aircraft. Where technical solutions exist, we are making the necessary modifications to our aircraft and are committed to future investment as more robust equipment is available. Aircraft and equipment manufacturers continue to struggle to provide technical solutions to address the potential risks, which could result in an increase to the potential operational risk to a portion of our fleet. We are closely monitoring any operational restrictions placed on our aircraft by the FAA as a result of this 5G deployment. These restrictions could affect our flight schedules and operations, which could have a material adverse impact on our business and operational reliability. The FAA is working with the Federal Communications Commission, the telecom providers, and airlines across the United States to reduce effects of this disruption. We cannot assure you that the impact of the 5G deployment will not cause undue disruptions to our operations.

ITEM 1B UNRESOLVED STAFF COMMENTS

None.

ITEM 2 PROPERTIES

Aircraft

As of December 31, 2022, we operated a fleet consisting of 14 Airbus A220 aircraft, 130 Airbus A320 aircraft, 63 Airbus A321 aircraft, 23 Airbus A321neo aircraft, and 60 Embraer E190 aircraft as summarized below:

Aircraft	Seating Capacity	Owned[(4)]	Operating Leased	Total	Average Age in Years
Airbus A220	140	14	—	14	1.1
Airbus A320	162 / 150[(1)]	98	32	130	17.3
Airbus A321	200 / 159[(2)]	63	—	63	6.6
Airbus A321neo	200 / 160 / 138[(3)]	23	—	23	1.9
Embraer E190	100	30	30	60	14.3
		228	**62**	**290**	**12.4**

(1) *Our Airbus A320 with a restyled cabin configuration has a seating capacity of 162 seats. Our Airbus A320 with a classic cabin configuration has a seating capacity of 150 seats.*

(2) *Our Airbus A321 with a single cabin layout has a seating capacity of 200 seats. Our Airbus A321 with Mint® premium service has a seating capacity of 159 seats.*

(3) *Our Airbus A321neo with a single cabin layout has a seating capacity of 200 seats. Our Airbus A321neo with Mint® premium service has a seating capacity of 160 seats. The long range version of our A321neo with Mint® premium service has a seating capacity of 138 seats.*

(4) *Total owned aircraft include aircraft associated with sale-leaseback transactions that did not qualify as sales for accounting purposes.*

As of December 31, 2022, our aircraft leases had an average remaining term of approximately 2.3 years, with expiration dates between 2023 and 2032. We have the option to extend most of these leases for additional periods or to purchase the aircraft at the end of the related lease term.

As of December 31, 2022, options for 20 additional A220-300 aircraft deliveries remain available to us and we retain the flexibility to convert certain aircraft to the A220-100 model. Both members of the A220 family share commonality in more than 99 percent of their replaceable parts and utilize the same family of engines.

As of December 31, 2022, we had 148 aircraft on order and scheduled for delivery through 2027. Our future aircraft delivery schedule is as follows[1]:

	Contractual Order Book		
Year	Airbus A321neo	Airbus A220	Total
2023	12	18	30
2024	13	30	43
2025	11	24	35
2026	12	14	26
2027	14	—	14
TOTAL	**62**	**86**	**148**

(1) *Our aircraft order book is subject to change based on modifications to the contractual agreements or changes in the delivery schedules.*

In February 2022, we exercised our option to purchase 30 additional Airbus A220-300 aircraft under our existing agreement with Airbus Canada Limited Partnership. The 30 additional A220-300 aircraft are expected to be delivered from 2023 to 2026. Options for 20 additional A220-300 aircraft remain available to us.

Ground Facilities

Airports

All of our facilities at the airports we serve are under leases or other occupancy agreements. This space is leased directly or indirectly from the local airport authority on varying terms dependent on prevailing practices at each airport. Our passenger terminal service facilities consisting of ticket counters, gate space, operations support area, and baggage service offices generally have agreement terms ranging from less than one year to five years. They can contain provisions for periodic adjustments of rental rates, landing fees, and other charges applicable under the type of lease. Under some of these agreements, we are responsible for the maintenance, insurance, utilities, and certain other facility-related expenses and services.

A summary of our most significant lease agreements is provided below:

- ***JFK -*** We have a lease agreement with the PANYNJ for Terminal 5. The lease extends until November 2042, but we have the option to terminate the agreement in 2033. In 2012, we amended the Terminal 5 lease to extend into the former Terminal 6 property in order to build T5i. In November 2022, we amended the lease to relinquish a portion of the former Terminal 6 property to allow for development of a new Terminal 6 by our development partner, JMP.
- ***BOS -*** In May 2005, we entered into a lease with Massachusetts Port Authority ("Massport") with a five year term (and 20 automatic one-year renewals), for initial five gates in Terminal C; which expanded to 11 by November 2008. We have since entered into multiple amendments with Massport to continue to grow that footprint in Terminal C. As of December 31, 2022, we leased 30 gates in Boston. Our lease with Massport is scheduled to expire in April 2030.

We have entered into use arrangements at each of the airports we serve providing for the non-exclusive use of runways, taxiways, and other airport facilities. Landing fees under these agreements are typically based on the number of aircraft landings and the weight of the aircraft.

Other

We lease the following hangars and airport support facilities at our focus cities:

- ***New York -*** At JFK, we have a ground lease agreement which expires in 2030 for an aircraft maintenance hangar, an adjacent office, and warehouse facility, including a storage facility for aircraft parts. These facilities accommodate our technical support and catering operations. We also lease a building from the PANYNJ which is mainly used for ground equipment maintenance work.
- ***Boston -*** We have a ground and building lease agreement which expired in 2022 for an aircraft maintenance hangar and associated support space, and are actively negotiating an extension of that agreement. We also have separate leases for facilities to accommodate our ground support equipment maintenance and catering operations.
- ***Orlando -*** We have a ground lease agreement for a hangar which expires in 2035. We also occupy a training center, JetBlue University, with a lease agreement expiring in 2035 which we use for the initial and recurrent training of our pilots and inflight crewmembers, as well as support training for our technical operations and airport crewmembers. This facility is equipped with nine full flight simulators, nine flight training devices, three cabin trainers, a training pool, classrooms, and support areas.

In 2015, we opened the Lodge at Orlando Support Center ("OSC") which is adjacent to JetBlue University and is used for lodging our crewmembers when they attend training.

Our primary corporate offices are located in Long Island City, New York with our lease expiring in 2023. Reaffirming our commitment to New York, in February 2022, we executed a new lease for our primarily corporate offices that will extend our stay in the present Long Island City location until 2039.

Our offices in Salt Lake City, Utah contain a core team of crewmembers who are responsible for group sales, customer service, at-home reservation agent supervision, disbursements, and certain other finance functions. The lease for our Salt Lake City facility was amended and renewed for another year from June 2022 through May 2023. We also maintain other facilities that are necessary to support our operations in the cities we serve.

ITEM 3 LEGAL PROCEEDINGS

In the ordinary course of our business, we are party to various legal proceedings and claims which we believe are incidental to the operation of our business. Other than as described under Note 11 to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K, we believe the ultimate outcome of these proceedings to which we are currently a party will not have a material adverse effect on our business, financial position, results of operations or cash flows.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY; RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Stockholder Matters

Our common stock is traded on the NASDAQ Global Select Market under the symbol JBLU. As of January 31, 2023, there were approximately 390 holders of record of our common stock.

We have not paid cash dividends on our common stock and have no current intention to do so. Any future determination to pay cash dividends would be at the discretion of our Board of Directors, subject to applicable limitations under Delaware law or legislation. This decision would be dependent upon our results of operations, financial condition, and other factors deemed relevant by our Board of Directors.

Purchases of Equity Securities by the Issuer and Affiliated Purchases

Our share repurchase programs include authorization for repurchases in open market transactions pursuant to Rules 10b-18 and/or 10b5-1 of the Exchange Act, and/or one or more privately-negotiated accelerated stock repurchase transactions. The timing, price, and volume of any repurchases will be based on market conditions and other relevant factors.

On December 8, 2017, the Board of Directors approved a two year share repurchase program, or the 2017 Authorization, of up to $750 million worth of common stock beginning on January 1, 2018. The 2017 Authorization was completed in 2019.

On September 19, 2019, the Board of Directors approved a share repurchase program, or the 2019 Authorization, of up to $800 million worth of common stock beginning on October 1, 2019 and ending no later than December 31, 2021.

We suspended our share repurchase program as of March 31, 2020. In accordance with restrictions under the Acts, we were prohibited from making any share repurchases through September 30, 2022. We have not restarted our share repurchase program since that date. The acquisition of treasury stock reflected on our consolidated statement of cash flows for the year ended December 31, 2022 represents the return of shares to satisfy tax payments associated with crewmember stock compensation that vested during the period.

In consideration for the Payroll Support Payments and payments received under the CARES Act Loan Program, during the year ended December 31, 2020, we issued warrants to purchase approximately 3.9 million shares of our common stock to the Treasury at an exercise price of $9.50 per share.

In consideration for the Payroll Support 2 Payments, during the year ended December 31, 2021, we issued warrants to purchase approximately 1.0 million shares of our common stock to the Treasury at an exercise price of $14.43 per share.

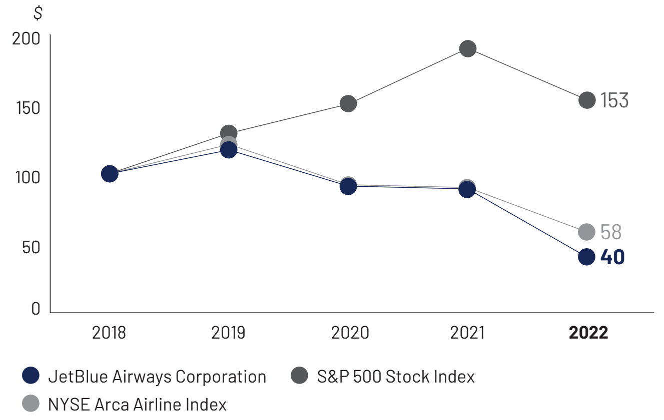
In consideration for the Payroll Support 3 Payments, during the year ended December 31, 2021, we issued warrants to purchase approximately 0.7 million shares of our common stock to the Treasury at an exercise price of $19.90 per share.

See Note 3 to our consolidated financial statements for further details.

Stock Performance Graph

This performance graph shall not be deemed "filed" with the SEC or subject to Section 18 of the Exchange Act, nor shall it be deemed incorporated by reference in any of our filings under the Securities Act.

The following line graph compares the cumulative total stockholder return on our common stock with the cumulative total return of the S&P 500 Stock Index and the NYSE Arca Airline Index from December 31, 2018 to December 31, 2022. The comparison assumes the investment of $100 in our common stock and in each of the foregoing indices and reinvestment of all dividends. The stock performance shown represents historical performance and is not representative of future stock performance.



	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
JetBlue Airways Corporation	$ 100	$ 117	$ 91	$ 89	$ 40
S&P 500 Stock Index	100	129	150	190	153
NYSE Arca Airline Index	100	121	92	90	58

ITEM 6 [RESERVED]

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Coronavirus (COVID-19) Pandemic

Although the spread of the Omicron variants temporarily decelerated the demand for travel in early 2022, customer confidence continued to grow over the course of the year, resulting in our return to profitability in the second half of 2022.

2022 Results

Our 2022 and 2021 results were adversely impacted by the COVID-19 pandemic. As a result, comparisons of our 2022 results to 2021 are not necessarily indicative of future operating results. In certain cases, we have also included comparisons of our 2022 results to our 2019 results which are more reflective of pre-pandemic operations.

For the year ended December 31, 2022:

- System capacity increased by 19.1% year-over-year and increased by 1.0% compared to 2019.
- We generated $9.2 billion in operating revenue, an increase of $3.1 billion compared to 2021, primarily due to a 31.5% increase in revenue passengers. When compared to 2019, our operating revenue increased by 13.1%, primarily driven by a 12.5% increase in yield, offset by a decrease in revenue passengers of 7.4%.
- Operating revenue per available seat mile (RASM) increased by 27.3% to 14.20 cents year-over-year and increased by 12.0% compared to 2019.
- Operating expense increased by 54.6% year-over-year to $9.5 billion and increased by 29.6% compared to 2019.
- Operating expense per available seat mile (CASM) increased by 29.7% to 14.67 cents year-over-year and increased by 28.4% compared to 2019.
- Our 2022 and 2021 results included the effects of special items. Excluding fuel and related taxes, special items, as well as operating expenses related to our non-airline businesses, our 2022 operating expense[1] increased by 13.0% to $6.2 billion, as compared to 2021. When compared to 2019, our operating expenses excluding fuel and related taxes, special items, as well as operating expenses related to our non-airline businesses[1] increased by 14.8%.
- Excluding fuel and related taxes, special items, as well as operating expenses related to our non-airline businesses, our cost per available seat mile (CASM ex-fuel)[1] decreased by 5.2% to 9.59 cents year-over-year and increased by 13.6% compared to 2019.
- Our operating margin was (3.3)% in 2022, (1.3)% in 2021, and 9.9% in 2019. Excluding special items, our adjusted operating margins[1] were (2.0)%, (15.1)%, and 10.1% for the full years 2022, 2021, and 2019, respectively.
- We reported a net loss of $(362) million in 2022 compared to a net loss of $(182) million in 2021. In 2019, reported net income was $569 million.
- Our reported loss per share for 2022 and 2021 was $(1.12) and $(0.57), respectively. Excluding special items, our adjusted loss per share[1] was $(0.80) for 2022, and $(2.51) for 2021. For 2019, our reported earnings per diluted share was $1.91 and adjusted earnings per diluted share[1] was $1.90.
- During 2022, we took delivery of two Airbus A321neo aircraft and six Airbus A220 aircraft.

Outlook for 2023

We faced operational disruptions in the first half of 2022 due to the impact of the Omicron variant, as well as staffing constraints that drove incremental challenges. We took decisive action to right-size our growth plan for the remainder of the year, made additional investments into our operation, and implemented a new structural cost program to improve our operational efficiency and ensure we maintain a competitive cost structure. Despite these headwinds, we generated record annual revenue of $9.2 billion, ultimately resulting in our return to profitability in the second half of 2022. We believe that the strong operational and financial foundation we set in 2022 positions JetBlue for future success.

For full year 2023, we expect our capacity to increase between 5.5% and 8.5% compared to 2022 as we plan to execute growth across our high-value network, including annualized growth through the NEA. We expect revenue to grow high single digits to low double digits year-over-year. We are focused on driving revenue growth through the maturation of our NEA, the evolution of our TrueBlue® loyalty program, and continued momentum from JBTP. We also

(1) *Refer to our "Regulation G Reconciliation of Non-GAAP Financial Measures" at the end of this section for more information on this non-GAAP measure.*

plan to keep our cost structure competitive. We expect cost per available seat mile, excluding fuel and related taxes, and operating expenses related to other non-airline businesses (CASM ex-fuel), for 2023 to increase by between approximately 1.5% to 4.5% year-over-year which includes an approximate 3% point impact from a new ALPA agreement. We expect to deliver value to our customers and shareholders with strong revenue generation combined with our plan to keep costs low. Our expectations for full year 2023 earnings per share to be in the range of $0.70 to $1.00 implies a margin trajectory approaching pre-pandemic levels as we move through the year.

Results of Operations

As discussed in Note 1 to our consolidated financial statements, in 2021, a new SEC rule became effective that is intended to modernize, simplify, and enhance certain disclosures throughout this "Management's Discussion and Analysis of Financial Condition and Results of Operations." The new rule allows us to omit selected financial data for the preceding five years and discussions comparing 2021 and 2020 results, as such disclosures were included in our Annual Report on Form 10-K for the year ended December 31, 2021, which is available on the SEC's website at *www.sec.gov*. Please note that although our 2022 and 2021 results were adversely impacted by the COVID-19 pandemic, the impact of COVID-19 on our operating results for 2022 and 2021 were different. As a result, comparisons of our 2022 results to 2021 may not necessarily be indicative of changes between operating results for future reporting periods.

2022 Compared to 2021

OVERVIEW

We reported a net (loss) of $(362) million, an operating (loss) of $(298) million and operating margin of (3.3)% for the year ended December 31, 2022. This compares to net (loss) of $(182) million, operating (loss) of $(80) million, and operating margin of (1.3)% for the year ended December 31, 2021. Our (loss) per share was $(1.12) for 2022 compared to $(0.57) for 2021.

Our 2022 and 2021 reported results included the effects of special items. Adjusting for these one-time items, our adjusted net (loss)[1] was $(260) million, adjusted operating (loss)[1] was $(185) million, and our adjusted operating margin[1] was (2.0)% for 2022. This compares to an adjusted net (loss)[1] of $(800) million, adjusted operating (loss)[1] of $(913) million, and an adjusted operating margin[1] of (15.1)% for 2021. Excluding one-time items, our adjusted (loss) per share[1] was $(0.80) for 2022 compared to $(2.52) for 2021.

OPERATING REVENUES

(revenues in millions; percent changes based on unrounded numbers)	2022	2021	Year-over-Year Change $	Year-over-Year Change %
Passenger revenue	$ 8,586	$ 5,609	2,977	53.1
Other revenue	572	428	144	33.5
OPERATING REVENUES	**$ 9,158**	**$ 6,037**	**3,121**	**51.7**
Average fare	$ 217.03	$ 186.39	30.64	16.4
Yield per passenger mile (cents)	16.34	13.63	2.71	19.9
Passenger revenue per ASM (cents)	13.32	10.37	2.95	28.5
Operating revenue per ASM (cents)	14.20	11.16	3.04	27.3
Average stage length (miles)	1,213	1,283	(70)	(5.5)
Revenue passengers (thousands)	39,562	30,094	9,468	31.5
Revenue passenger miles (millions)	52,552	41,152	11,400	27.7
Available seat miles (ASMs) (millions)	64,475	54,113	10,362	19.1
Load factor	81.5%	76.0%		5.5pts

Passenger revenue accounted for 93.8% of our total operating revenue for the year ended December 31, 2022. In addition to seat revenue, passenger revenue includes revenue from our ancillary product offerings such as Even More® Space. Revenue generated from international routes, including Puerto Rico, accounted for 34% of our total operating revenues in 2022. Passenger revenue, including certain ancillary fees directly related to passenger tickets, is recognized when the transportation is provided. Passenger revenue from unused tickets and passenger credits are recognized in proportion to flown revenue based on estimates of expected expiration or when the likelihood of the customer exercising his or her remaining rights becomes

(1) *Refer to our "Regulation G Reconciliation of Non-GAAP Financial Measures" at the end of this section for more information on this non-GAAP measure.*

remote. We measure capacity in terms of available seat miles, which represents the number of seats available for passengers multiplied by the number of miles the seats are flown. Yield, or the average amount one passenger pays to fly one mile, is calculated by dividing Passenger revenue by Revenue passenger miles. We attempt to increase Passenger revenue primarily by increasing our yield per flight which produces higher revenue per available seat mile. Our objective is to optimize our fare mix to increase our overall average fare while continuing to provide our customers with competitive fares.

In 2022, Passenger revenue increased by $2.98 billion, or 53.1% year-over-year. The increase was primarily driven by the demand for travel as we gradually recovered from the COVID-19 pandemic coupled with benefits from revenue initiatives such as enhancements to our Fare Options aimed at providing our customers more choices, more flexibility, and lower fares. We saw a 31.5% increase in Revenue passengers and a 16.4% increase in average fares compared to 2021.

Other revenue is primarily comprised of the marketing component of the sales of our TrueBlue® points. It also includes revenue from the sale of vacation packages, ground handling fees received from other airlines, and rental income. In 2022, other revenue increased by $144 million, or 33.5%, principally driven by a $106 million increase in marketing revenue associated with our TrueBlue® program due to higher customer spend and acquisitions.

OPERATING EXPENSES

(in millions; per ASM data in cents; percentages based on unrounded numbers)	2022	2021	Year-over-Year Change $	Year-over-Year Change %	per ASM 2022	per ASM 2021	per ASM % Change
Aircraft fuel and related taxes	$ 3,105	$ 1,436	1,669	116.3	4.82	2.65	81.5
Salaries, wages and benefits	2,747	2,358	389	16.5	4.26	4.36	(2.3)
Landing fees and other rents	544	628	(84)	(13.3)	0.84	1.16	(27.2)
Depreciation and amortization	585	540	45	8.4	0.91	1.00	(9.0)
Aircraft rent	114	99	15	15.0	0.18	0.18	(3.5)
Sales and marketing	289	183	106	57.7	0.45	0.34	32.3
Maintenance, materials and repairs	591	626	(35)	(5.7)	0.91	1.15	(20.9)
Other operating expenses	1,368	1,080	288	26.7	2.12	2.00	6.3
Special Items	113	(833)	946	NM	0.18	(1.54)	NM
TOTAL OPERATING EXPENSES	**$ 9,456**	**$ 6,117**	**3,339**	**54.6**	**14.67**	**11.30**	**29.7**

AIRCRAFT FUEL AND RELATED TAXES

Aircraft fuel and related taxes represented 32.8% of our total operating expenses in 2022 compared to 23.5% in 2021. The average fuel price increased 79.1% in 2022 to $3.69 per gallon. Our fuel consumption increased by 21.0%, or 146 million gallons, due to capacity increases as demand for travel grew. We expect our fuel consumption to be higher in 2023 as we anticipate returning capacity to pre-pandemic levels.

We recognized fuel hedge losses of $7 million in 2022 on our consolidated statement of operations. There were no fuel hedge gains or losses recognized in 2021. These losses were recorded in Aircraft fuel and related taxes.

SALARIES, WAGES AND BENEFITS

Salaries, wages, and benefits increased $389 million, or 16.5% in 2022, driven primarily by higher total hours worked by our crewmembers as we aligned our workforce with the increase in demand for air travel and the need for premium and incentive pay to support our operation during the first half of the year. Our crewmember headcount also increased year-over-year. During 2022, the average number of full-time equivalent crewmembers increased by 20.3%.

LANDING FEES AND OTHER RENTS

Landing fees and other rents include landing fees, which are at premium rates in the heavily trafficked northeast corridor of the U.S. through which a large number of our flights operate. Other rents primarily consist of rent for airports in our BlueCities. Landing fees and other rents decreased $84 million, or 13.3%, in 2022. The year-over-year decrease is primarily driven by rate normalization resulting from airport traffic recovery closer to pre-COVID-19 levels. Departures increased by 25.8% compared to 2021. We expect landing fees and other rents to increase in 2023 due to operating and growing in high-cost terminals. We expect full year 2023 capacity to increase between by 5.5% and 8.5% compared to 2022.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization primarily include depreciation for our owned and finance leased aircraft, engines, and inflight entertainment systems. Depreciation and amortization increased $45 million, or 8.4%, primarily driven by an increase in the average number of aircraft operating in 2022 compared to the same period in 2021. We placed seven new aircraft into service during 2022.

AIRCRAFT RENT

Aircraft rent increased $15 million, or 15.0%, in 2022. This increase was driven primarily by an increase of 21 leased engines in 2022 which we added to the fleet to support end of life optimization and continuity of the operation due to supply chain constraints.

SALES AND MARKETING

Sales and marketing increased $106 million, or 57.7%, in 2022 driven by higher credit card fees and computer reservation system charges, which are directly related to demand increases as we recover from the pandemic. Revenue passengers increased by 31.5% in 2022 to 39.6 million compared to 30.1 million in 2021.

MAINTENANCE, MATERIALS AND REPAIRS

Maintenance, materials, and repairs are generally expensed when incurred unless covered by a long-term flight hour services contract. The average age of our aircraft in 2022 was 12.4 years. As our fleet ages our maintenance costs will increase significantly, both on an absolute basis and as a percentage of our unit costs, as older aircraft require additional, more expensive repairs over time. We had an average of 11.8 additional total operating aircraft in 2022 compared to 2021.

In 2022, Maintenance, materials and repairs decreased by $35 million, or 5.7% compared to 2021. The decrease was driven by a decrease in the number of heavy engine maintenance events in 2022 as compared to 2021, which was partially offset by an increase in other maintenance activity driven by an increase in flying.

OTHER OPERATING EXPENSES

Other operating expenses consist of the following categories: outside services, airport expenses (including expenses related to fueling, ground handling, skycap, security, and catering services), personnel expenses, professional and legal fees, onboard supplies, shop and office supplies, bad debts, communication costs, and taxes other than payroll and fuel taxes.

In 2022, other operating expenses increased by $288 million, or 26.7%, compared to 2021 due to higher levels of operations in response to the increased demand for air travel. Scheduled departures increased by 25.8% in 2022.

SPECIAL ITEMS

In 2022, special items included the following:

- Impairment of $52 million relating to our Embraer E190 fleet transition;
- Expense of $32 million related to the ALPA ratification bonus and associated payroll taxes;
- Expense of $28 million related to our acquisition of Spirit Airlines; and
- Expense of $1 million relating to the implementation of the TWU contract.

Special items in 2021 included the following:

- Contra-expense of $830 million, which represents the amount of federal payroll support grants utilized during the period;
- Contra-expense of $11 million related to the recognition of Employee Retention Credits provided by the CARES Act; and
- One-time costs of $8 million related to the ratification of the collective bargaining agreement with our inflight crewmembers.

Consolidated Balance Sheet Analysis

Below is a discussion of the significant changes on our consolidated balance sheet between December 31, 2022 and December 31, 2021.

(in millions)

Selected Balance Sheet Data:	December 31, 2022	December 31, 2021	$ Change	% Change
ASSETS				
Investment securities	$ 350	$ 824	(474)	(57.5)%
Receivables, net of allowance of $4 and $3, at December 31, 2022 and December 31, 2021, respectively.	317	207	110	53.2%
Investment securities (non-current)	172	39	133	341.9%
LIABILITIES				
Accounts payable	$ 532	$ 499	33	6.5%
Other accrued liabilities	486	359	127	35.8%
Total debt and finance lease obligations	3,647	4,006	(359)	(9.0)%
Other	494	552	(58)	(10.3)%

Investment securities

Short-term investment securities decreased by $474 million, or 57.5%, primarily driven by the maturities of our time deposits that were outstanding at December 31, 2021.

Receivables, net of allowance

Receivables, net of allowance, increased by $110 million, or 53.2%, as a result of improvements in customer demand which led to an increase in receivables from our credit card sales We also saw an increase in receivables from our co-brand and loyalty partnerships.

Investment securities (non-current)

Long-term investment securities increased by $133 million principally driven by the purchases of corporate bonds in 2022.

Accounts payable

Accounts payable increased by $33 million, or 6.5%, primarily due to increases in operating expenses and timing of payments. Customer demand has rebounded in 2022 to pre-pandemic levels. We operated almost 30,000 flights in December 2022 compared to over 26,000 flights in December 2021.

Other accrued liabilities

Other accrued liabilities increased by $127 million, or 35.8%, principally driven by the timing of passenger tax remittances to governmental authorities. Passenger taxes are collected from customers when tickets are sold and remitted to the authorities at a later date. The increase in passenger tax liability correlates to the increase in demand for travel as we recovered from the COVID-19 pandemic. In addition, the initial cash payments received from our new co-branded credit card agreements are deferred and recognized as revenue over the terms of the related contracts. Deferred amounts are classified as other accrued liabilities and other liabilities on our consolidated balance sheet.

Total debt and finance lease obligations

Total debt and finance lease obligations decreased by $359 million, or 9%, due primarily to $369 million of debt repayments made during 2022.

Other liabilities

Other liabilities decreased by $58 million principally due to the initial cash payments received from our new co-branded credit card agreements in 2021. The initial cash payments received from our new co-branded credit card agreements are deferred and recognized as revenue over the terms of the related contracts. Deferred amounts are classified as other accrued liabilities and other liabilities on our consolidated balance sheet.

Liquidity and Capital Resources

The airline business is capital intensive. Our ability to successfully execute our growth plans is largely dependent on the continued availability of capital on attractive terms. In addition, our ability to successfully operate our business depends on maintaining sufficient liquidity. We believe we have adequate resources from a combination of cash and cash equivalents and investment securities on-hand. During 2020, we executed a significant number of financing transactions to ensure that we had adequate levels of liquidity to navigate through the challenges posed by the COVID-19 pandemic. As we recovered in 2021 and 2022, our focus shifted to strengthening our balance sheet, lowering our total cost of debt, and growing our unencumbered asset base. As of December 31, 2022, our unrestricted cash, cash equivalents, and short-term investments totaled $1.4 billion. Our adjusted debt to capitalization ratio(1) at December 31, 2022 was 52%, down from 53% at December 31, 2021.

We believe a healthy liquidity position is a crucial element of our ability to weather any part of the economic cycle while continuing to execute on our plans for profitable growth and increased returns. Our goal is to continue to be diligent with our liquidity, maintain financial flexibility, and be prudent with capital spending.

Analysis of Cash Flows

We had unrestricted cash and cash equivalents of $1.0 billion as of December 31, 2022. This compares to $2.0 billion and $1.9 billion as of December 31, 2021 and 2020, respectively. We held both short and long-term investments in 2022, 2021, and 2020. Our short-term investments totaled $350 million as of December 31, 2022 compared to $824 million and $1.1 billion as of December 31, 2021 and 2020, respectively.

OPERATING ACTIVITIES

Cash provided by operating activities totaled approximately $379 million in 2022. This compares to cash provided by operating activities of $1.6 billion in 2021 and cash used in operating activities of $683 million in 2020. 2021 includes federal grants received under various payroll support programs, and the initial cash receipts associated with our new co-branded credit card agreements, contributing to the $1.3 billion decrease in operating cash flows year-over-year. Cash provided by operating activities increased by $2.3 billion in 2021 compared to 2020 principally driven by the receipt of federal grants in 2021 and the unprecedented decline in demand for air travel caused by the COVID-19 pandemic in 2020.

(1) Refer to our "Regulation G Reconciliation of Non-GAAP Financial Measures" at the end of this section for more information on this non-GAAP measure.

INVESTING ACTIVITIES

Cash used in investing activities totaled approximately $908 million, $704 million, and $1.35 billion in 2022, 2021, and 2020, respectively.

During 2022, capital expenditures related to our purchase of flight equipment included $430 million for the purchase of two new Airbus A321neo aircraft, six Airbus A220 aircraft, and a number of spare engines; $156 million for flight equipment deposits, $141 million for flight equipment work-in-progress; and $64 million for spare part purchases. Other property and equipment capital expenditures included ground equipment purchases and facilities improvements for $132 million. Investing activities in 2022 also included the net proceeds of $321 million from our investment securities. In 2022, investing activities also included $297 million in payments related to our acquisition of Spirit.

During 2021, capital expenditures related to our purchase of flight equipment included $637 million for the purchase of eight new Airbus A321neo aircraft, seven Airbus A220 aircraft, and a number of spare engines; $88 million for flight equipment deposits; $133 million for flight equipment work-in-progress; and $44 million for spare part purchases. Other property and equipment capital expenditures included ground equipment purchases and facilities improvements for $93 million. Investing activities in 2021 also included the net proceeds of $296 million from our investment securities.

During 2020, capital expenditures related to our purchase of flight equipment included $426 million for the purchase of seven new Airbus A321neo aircraft, our first A220 Aircraft, and the buyout of one Airbus A321 aircraft lease; $76 million for flight equipment deposits; $151 million for flight equipment work-in-progress; and $15 million for spare part purchases. Other property and equipment capital expenditures included ground equipment purchases and facilities improvements for $123 million. Investing activities in 2020 also included the net purchase of $767 million in investment securities.

We executed aircraft sale-leaseback transactions totaling $563 million in 2020, which provided an additional source of liquidity during the COVID-19 pandemic. Of these transactions, $209 million qualified as sales for accounting purposes and the related proceeds are classified within investing activities. The remaining $354 million which did not qualify as sales for accounting purposes are treated as cash from financing activities as noted below.

We currently anticipate capital expenditures of approximately $220 million for the first quarter of 2023, and approximately $1.3 billion for the full year 2023.

FINANCING ACTIVITIES

We made progress in strengthening our balance sheet in 2022 by reducing our total debt balance from $4.0 billion at December 31, 2021 to $3.6 billion at December 31, 2022.

Financing activities during the year primarily consisted of debt repayments of $369 million on our outstanding debt and finance lease obligations, which included the following repayments and extinguishments:

- $351 million on our term loan debt;
- $11 million towards early extinguishment of debt;
- $6 million on our sale leaseback obligations; and
- $1 million on our finance lease.

These principal payments were partially offset by:

- $52 million in proceeds from the issuance of common stock related to our crewmember stock purchase plan.

Also included in financing activities during 2022 were $37 million in financing fees, of which $35 million was related to the $3.5 billion Senior Secured Bridge Facility to support the purchase of Spirit, and $6 million used for the acquisition of treasury stock, which represents the return of shares to satisfy tax payments associated with crewmember stock compensation that vested during the period.

We plan to continue to opportunistically pay down those obligations with the highest costs as we continue to manage through the recovery.

Financing activities during 2021 primarily consisted of debt repayments of $1.9 billion on our outstanding debt and finance lease obligations, which included the following repayments:

- $722 million on our term loan facility;
- $550 million on our revolving credit facility; and
- $115 million on our secured loan balance under the CARES Act Loan Program.

These principal payments were partially offset by:

- Net proceeds of $734 million from the issuance of our 0.50% Convertible Senior Notes due 2026;
- Net proceeds of $276 million and $14 million from the issuances of unsecured term loans and warrants, respectively, in connection with Payroll Support Program 2 under the Consolidated Appropriations Act and Payroll Support Program 3 under the American Rescue Plan Act; and
- $46 million in proceeds from the issuance of common stock related to our crewmember stock purchase plan.

Also included in financing activities during 2021 were $8 million used for the acquisition of treasury stock which represents the return of shares to satisfy tax payments associated with crewmember stock compensation that vested during the period.

Financing activities during 2020 primarily consisted of net proceeds of $2.2 billion from drawdowns of our credit facilities and the execution of a number of financing transactions which included the following:

- $981 million from our 364-day delayed draw term loan facility;
- $717 million from a term loan facility; and
- $550 million from our revolving credit facility.

Also included in financing activities during 2020 were:

- Net proceeds of $913 million from the public placements of equipment notes;
- Net proceeds of $583 million from the offering of 42 million shares of our common stock;
- $354 million of aircraft sale-leaseback transactions which did not qualify as sales for accounting purposes;
- Net proceeds of $259 million and $19 million from the issuance of unsecured term loan and warrants, respectively, in connection with the Payroll Support Program under the CARES Act;
- Net proceeds of $105 million and $9 million from the issuance of secured term loan and warrants, respectively, in connection with the CARES Act Loan Program; and
- $35 million in proceeds from the issuance of common stock related to our crewmember stock purchase plan.

These proceeds were partially offset by the payoff of our 364-day delayed draw term loan facility for $1.0 billion, scheduled maturities of $372 million relating to debt and finance lease obligations, $12 million of which were associated with scheduled rent payments on sale-leaseback aircraft that did not qualify as sales for accounting purposes, and the acquisitions of treasury shares of $167 million, of which $160 million related to our accelerated share repurchases, or ASRs. Our share repurchase program has been suspended since March 31, 2020.

In February 2022, we filed an automatic shelf registration statement with the SEC. Under this shelf registration statement, we may offer and sell from time to time common stock, preferred stock, debt securities, depository shares, warrants, stock purchase contracts, stock purchase units, subscription rights, and pass-through certificates. We may utilize this shelf registration statement, or a replacement filed with the SEC, in the future to raise capital to fund the continued development of our products and services, the commercialization of our products and services, to repay indebtedness, or for other general corporate purposes. The warrants issued by JetBlue to Treasury under the Acts were made, and any issuances of our underlying common stock are expected to be made, in reliance on the exemption from the registration afforded by Section 4(a)(2) of the Securities Act for transactions not involving a public offering.

None of our lenders or lessors are affiliated with us.

Capital Resources

Dependent on market conditions, we anticipate using debt financing for our expected aircraft deliveries in 2023. To the extent we cannot secure financing on terms we deem attractive, we may be required to pay in cash, further modify our aircraft acquisition plans, or incur higher than anticipated financing costs. Although we believe debt and/or lease financing should be available to us if needed, we cannot give assurances we will be able to secure financing on terms attractive to us, if at all.

We have a revolving line of credit with Morgan Stanley for up to approximately $200 million. This line of credit is secured by a portion of our investment securities held by Morgan Stanley and the borrowing amount may vary accordingly. This line of credit bears interest at a floating rate based upon the London Interbank Offered Rate, or LIBOR, plus a margin. We did not borrow under this facility in 2022 or 2021.

We have a revolving Credit and Guaranty Agreement with Citibank N.A. as the administrative agent, for up to $600 million (the "Revolving Facility"). The term of the Revolving Facility runs through October 2024. Borrowings under the Revolving Facility bear interest at a variable rate equal to SOFR, plus a margin. The Revolving Facility is secured by spare parts, aircraft, simulators, and certain other assets as permitted thereunder. The Revolving Facility includes covenants that require us to maintain certain minimum balances in unrestricted cash, cash equivalents, and unused commitments available under revolving credit facilities. In addition, the covenants restrict our ability to, among other things, dispose of certain collateral, or merge, consolidate, or sell assets. As of and for the years ended December 31, 2022 and 2021, we did not have a balance outstanding or any borrowings under the Revolving Facility.

Working Capital

We had a working capital deficit of $1.8 billion as of December 31, 2022 compared to a deficit of $172 million as of December 31, 2021. Our working capital decreased by $1.7 billion due to several factors, including a decrease in cash and cash equivalents due to debt repayments on our outstanding debt and finance lease obligations and an increase in current maturities of long term debt related to sale leaseback transactions.

Working capital deficits can be customary in the airline industry since a large portion of air traffic liability is classified within current liability.

We expect to meet our obligations as they become due through available cash, investment securities, and internally generated funds, supplemented, as necessary, by financing activities and federal government assistance programs, which may be available to us. We expect to generate positive operating cash flow. However, we cannot predict what the effect on our business might be from the extremely competitive environment in which we operate, or from events beyond our control, such as volatile fuel prices, economic conditions, weather-related disruptions, airport infrastructure challenges, the spread of infectious diseases, the impact of other airline bankruptcies, restructurings or consolidations, U.S. military actions, or acts of terrorism. We believe there is sufficient liquidity available to us to meet our cash requirements for at least the next 12 months.

Debt and Finance Leases

As part of our efforts to effectively manage our balance sheet, we expect to continue to actively manage our debt balances. Our approach to debt management includes managing the mix of fixed and floating rate debt, annual maturities of debt, and the weighted average cost of debt. Additionally, our unencumbered assets allow some flexibility in managing our cost of debt and capital requirements.

Contractual Obligations

Our contractual obligations at December 31, 2022 include the following (in billions):

	Payments due in						
	Total	2023	2024	2025	2026	2027	Thereafter
Debt and finance lease obligations[1]	$ 4.2	$ 0.7	$ 0.4	$ 0.3	$ 1.0	$ 0.2	$ 1.6
Operating lease obligations	1.0	0.1	0.1	0.1	0.1	0.1	0.5
Flight equipment purchase obligations	7.9	1.6	2.1	1.8	1.4	1.0	—
Other obligations[2]	2.4	0.4	0.4	0.4	0.4	0.5	0.3
TOTAL	**$ 15.5**	**$ 2.8**	**$ 3.0**	**$ 2.6**	**$ 2.9**	**$ 1.8**	**$ 2.4**

(1) Includes actual interest and estimated interest for floating-rate debt based on December 31, 2022 rates.
(2) Amounts include non-cancelable commitments for the purchase of goods and services.

The interest rates are fixed for $3.6 billion of our debt and finance lease obligations, with the remaining $0.1 billion having floating interest rates. The floating interest rates adjust either quarterly or semi-annually based on LIBOR. The weighted average maturity of all of our debt was six years as of December 31, 2022.

As of December 31, 2022, we believe we were in compliance with the covenants of our debt and lease agreements and approximately 65% of our owned property and equipment and intangible assets at net book value were pledged or committed to be pledged as security under various loan agreements.

As of December 31, 2022, we had operating lease obligations for 62 aircraft with lease terms that expire between 2023 and 2032. Our aircraft lease agreements contain termination provisions which include standard maintenance and return conditions. Our policy is to record these lease return conditions when they are probable and the costs can be estimated. We also lease airport terminal space and other airport facilities in each of our markets, as well as office space and other equipment. We have approximately $105 million of restricted assets pledged under standby letters of credit related to certain of our leases which will expire at the end of the related leases. In November 2022, we partnered with JMP to finance, develop and operate JFK's Terminal 6 through a $65 million letter of credit in exchange for 5% ownership. This amount is included in restricted cash on the consolidated balance sheet as of December 31, 2022. As of December 31, 2022, the average age of our operating fleet was 12.4 years.

Our firm aircraft order book as of December 31, 2022 was as follows[1]:

Year	Airbus A321neo	Airbus A220	Total
2023	12	18	30
2024	13	30	43
2025	11	24	35
2026	12	14	26
2027	14	—	14
TOTAL	**62**	**86**	**148**

(1) Our aircraft order book is subject to change based on modifications to the contractual agreements or changes in the delivery schedules.

Committed expenditures for our firm aircraft and spare engines include estimated amounts for contractual price escalations and pre-delivery deposits. We expect to meet our pre-delivery deposit requirements for our aircraft by paying cash or by using short-term borrowing facilities for deposits generally required six to 24 months prior to delivery. Any pre-delivery deposits paid by the issuance of notes are fully repaid at the time of delivery of the related aircraft.

Our Terminal at JFK, T5, is governed by a lease agreement we entered into with the PANYNJ in 2005. We are responsible for making various payments under the lease. This includes ground rents for the terminal site which began at the time of the lease execution in 2005 and facility rents commenced in October 2008 upon our occupancy of T5. The facility rents are based on the number of passengers enplaned out of the terminal, subject to annual minimums. The PANYNJ reimbursed us for construction costs of this project in accordance with the terms of the lease, except for approximately $76 million in leasehold improvements provided by us. In 2012, we amended this lease to include additional ground space for our international arrivals facility, T5i, which we opened in November 2014. Minimum ground and facility rents at JFK totaling $496 million are included in the commitments table above as operating lease obligations. In

November 2022, we amended the lease to relinquish a portion of the former Terminal 6 property to allow for development of a new Terminal 6 by our development partners JMP.

Reaffirming our commitment to New York, in February 2022, we executed a new lease for our primarily corporate offices that will extend our stay in the present Long Island City location until 2039. The term of this lease will begin in 2023. The new lease increased our lease commitments by approximately $3 million in 2024, $6 million in 2025, $8 million in 2026, and an anticipated lease expenditure of $100 million thereafter. We have a one-time option to terminate the lease in 2034. At the end of the initial lease term, we have the option to renew the lease for either one renewal term of 10 years, or two renewal terms of five years each.

We enter into individual employment agreements with each of our non-unionized FAA-licensed crewmembers, inspectors, and air traffic controllers. Each employment agreement is for a term of five years and automatically renews for an additional five-year term unless the crewmember is terminated for cause or the crewmember elects not to renew it. Pursuant to these agreements, these crewmembers can only be terminated for cause. In the event of a downturn in our business requiring a reduction in flying and related work hours, we are obligated to pay these crewmembers a guaranteed level of income and to continue their benefits. As we are not currently obligated to pay this guaranteed income and benefits, no amounts related to these guarantees are included in the contractual obligations table above.

Off-Balance Sheet Arrangements

We have determined that we hold a variable interest in, but are not the primary beneficiary of, certain pass-through trusts. The beneficiaries of these pass-through trusts are the purchasers of equipment notes issued by us to finance the acquisition of aircraft. Each trust maintains a liquidity facility whereby a third party agrees to make payments sufficient to pay up to 18 months of interest on the applicable certificates if a payment default occurs.

We have also made certain guarantees and indemnities to other unrelated parties that are not reflected on our consolidated balance sheets, which we believe will not have a significant impact on our results of operations, financial condition or cash flows. We have no other off-balance sheet arrangements. See Notes 3, 4, and 11 to our consolidated financial statements included in Item 8, for a more detailed discussion of our variable interests and other contingencies, including guarantees and indemnities.

Climate Change

Concern over climate change, including the impact of global warming, has led to significant U.S. and international legislative and regulatory efforts to limit greenhouse gas emissions, including our aircraft and ground operations emissions. Below is a discussion of the regulations that are relevant to JetBlue and the efforts we have taken to address climate change.

Legislation, Regulation, and Accords on Climate Change

CARBON OFFSETTING AND REDUCTION SCHEME FOR INTERNATIONAL AVIATION

In October 2016, ICAO passed a resolution adopting the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), which is a global, market-based emissions offset program to encourage carbon-neutral growth beyond 2020. Annual international emissions reporting is required via CORSIA as of the 2019 reporting year, and offsetting compliance is scheduled to be implemented through multiple phases beginning in 2021. In 2020, given the impact of COVID-19 which dramatically reduced 2020 emissions, ICAO agreed that the baseline from which the industry achieves carbon neutral growth would be from 2019 only, rather than an average of 2019 and 2020 as originally intended. ICAO continues to develop details regarding implementation, but we expect compliance with CORSIA will increase our operating costs.

SUSTAINABLE SKIES ACT

In May 2021, the Sustainable Skies Act was introduced in the United States Congress to amend the Internal Revenue Code of 1986 to provide a tax credit for sustainable aviation fuel ("SAF"). Under this proposal, SAF that achieve 50% or greater reduction in lifecycle GHG emissions would be eligible to receive a tax credit ranging from $1.50 per gallon to $2.00 per gallon.

We are supportive of this proposed legislation and consider this to be a meaningful development to stimulate the production of SAF, making it more affordable and widely available. We believe this to be an important step in helping the U.S. airline industry reach its goal of achieving net-zero carbon emissions by 2050.

Actions Taken to Address Climate Change

JetBlue is committed to proactively responding to climate change by taking meaningful steps to decarbonize our business and mitigating climate risks that may materially impact the business. As one of our key company-wide strategic priorities, we are pursuing six key levers to decarbonize our business. We discuss these levers and other sustainability initiatives in "Item 1. Business – Environmental, Social Governance – Environmental" above.

Other Impacts of Climate Change

The number of extreme weather events, such as hurricanes, typhoons, wildfires, and rainstorms, associated with climate change is expected to increase. Occurrences of these extreme weather events may result inflight cancellations, delays, and diversions, severely impacting our operations and thus adversely affecting our financial results and conditions.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with generally accepted accounting principles in the United States, or GAAP, requires management to adopt accounting policies as well as make estimates and judgments to develop amounts reported in our financial statements and accompanying notes. We maintain a thorough process to review the application of our accounting policies and to evaluate the appropriateness of the estimates that are required to prepare our financial statements. We believe our estimates and judgments are reasonable; however, actual results and the timing of recognition of such amounts could differ from those estimates. In addition, estimates routinely require adjustment based on changing circumstances and the receipt of new or better information.

Critical accounting policies and estimates are defined as those that are reflective of significant judgments and uncertainties that could potentially result in materially different results under different assumptions and conditions. The policies and estimates discussed below have been reviewed with our independent registered public accounting firm and with the Audit Committee of our Board of Directors. For a discussion of these and other significant accounting policies, see Note 1 to our consolidated financial statements included in Item 8.

Passenger Revenue

Ticket sales and the fees collected for related ancillary services are initially deferred in air traffic liability. Air traffic liability represents tickets sold but not yet flown, credits which can be used for future travel, and a portion of the liability related to our TrueBlue® loyalty program. We allocate the transaction price to each performance obligation identified in a passenger ticket on a relative standalone basis. Passenger revenue, including certain ancillary fees directly related to passenger tickets, is recognized when the transportation is provided. Taxes that we are required to collect from our customers, including foreign and U.S. federal transportation taxes, security taxes, and airport facility charges, are excluded from passenger revenue. Those taxes and fees are recorded as a liability upon collection and are relieved from the liability upon remittance to the applicable governmental agency.

The majority of the tickets we sell are non-refundable. Non-refundable fares may be canceled prior to the scheduled departure date for a credit for future travel. Refundable fares may be canceled at any time prior to the scheduled departure date. Failure to cancel a refundable fare prior to departure will result in the cancellation of the original ticket and an issuance of a credit for future travel. Passenger credits can generally be used for future travel up to a year from the date of issuance. In response to the impact of COVID-19 on air travel, we extended the expiration dates for travel credits issued from February 27, 2020 through June 30, 2020 to a 24-month period. In January 2022, in response to the surge in COVID-19 cases and flight cancellations in late 2021, we further extended the expiration dates for travel credits with an original expiration date between February 1, 2020 through September 29, 2022 to September 30, 2022. All credits extended due to COVID-19 have expired as of December 31, 2022.

Passenger breakage revenue from unused tickets and passenger credits will be recognized in proportion to flown revenue based on estimates of expected expiration when the likelihood of the customer exercising his or her remaining rights becomes remote. Breakage revenue consists of non-refundable tickets that remain unused past the departure date, have continued validity, and are expected to ultimately expire unused, as well as passenger credits that are not expected to be redeemed prior to expiration. JetBlue uses estimates based on historical experience of expired tickets and credits and considers other factors that could impact future expiration patterns of tickets and credits. Tickets which do not have continued validity past the departure date are recognized as revenue after the scheduled departure date has lapsed.

Passenger ticket costs primarily include credit card fees, commissions paid, and global distribution systems booking fees. Costs are allocated entirely to the purchased travel services and are capitalized until recognized when travel services are provided to the customer.

Loyalty Program

Customers may earn points under our customer loyalty program, TrueBlue®, based on the fare paid and fare product purchased for a flight. Customers can also earn points through business partners such as credit card companies, hotels, car rental companies, and our participating airline partners.

POINTS EARNED FROM A TICKET PURCHASE

When a TrueBlue® member travels, we recognize a portion of the fare as revenue and defer in air traffic liabilities the portion that represents the value of the points net of spoilage, or breakage. We allocate the transaction price to each performance obligation on a relative standalone basis. We determine the standalone selling price of TrueBlue® points issued using the redemption value approach. To maximize the use of observable inputs, we utilize the actual ticket value of the tickets purchased with TrueBlue® points. The liability is relieved and passenger revenue is recognized when the points are redeemed and the free travel is provided.

POINTS SOLD TO TRUEBLUE® PARTNERS

Our most significant contract to sell TrueBlue® points is with our co-branded credit card partner. Co-branded credit card partnerships have the following identified performance obligations: air transportation; use of the JetBlue brand name, and access to our frequent flyer customer lists; advertising; and other airline benefits. In determining the estimated standalone selling price, JetBlue considers multiple inputs, methods, and assumptions, including: discounted cash flows; estimated redemption value, net of fulfillment discount; points expected to be awarded and redeemed; estimated annual spending by cardholders; estimated annual royalty for use of JetBlue's frequent flyer customer lists; and estimated utilization of other airline benefits. Payments are typically due monthly based on the volume of points sold during the period, and the terms of our marketing contracts are generally from one to ten years. The overall consideration received is allocated to each performance obligation based on its relative standalone selling price. The air transportation element is deferred and recognized as passenger revenue when the points are redeemed. The other elements are recognized as other revenue when the performance obligations related to those services are satisfied, which is generally the same period as when consideration is received from the participating company.

Amounts allocated to the air transportation element which are initially deferred include a portion that are expected to be redeemed during the following twelve months (included within Air traffic liability), and a portion that are not expected to be redeemed during the following twelve months (included within Air traffic liability - non-current). We periodically update this analysis and adjust the split between current and non-current liabilities as appropriate.

Points earned by TrueBlue® members never expire. TrueBlue® members can pool points between small groups of people, branded as Points Pooling™. Breakage is estimated using historical redemption patterns to determine a breakage rate. Breakage rates used to estimate breakage revenue are evaluated annually. Changes to breakage estimates impact revenue recognition prospectively.

Accounting for Long-Lived Assets

In accounting for long-lived assets, we make estimates about the expected useful lives, projected residual values, and the potential for impairment. In estimating useful lives and residual values of our aircraft, we have relied upon actual industry experience with the same or similar aircraft types and our anticipated utilization of the aircraft. Changing market prices of new and used aircraft, government regulations, and changes in our maintenance program or operations could result in changes to these estimates.

Our long-lived assets are evaluated for impairment when events and circumstances indicate the assets may be impaired. Indicators include operating or cash flow losses, significant decreases in market value, or changes in technology.

To determine if impairment exists for our aircraft used in operations, we group our aircraft by fleet-type (the lowest level for which there are identifiable cash flows) and then estimate their future cash flows based on projections of capacity, aircraft age, maintenance requirements, and other relevant conditions. An impairment occurs when the sum of the estimated undiscounted future cash flows are less than the aggregate carrying value of the fleet. The impairment loss recognized is the amount by which the fleet's carrying value exceeds its estimated fair value. We estimate aircraft fair value using third party valuations which consider the effects of the current market environment, age of the assets, maintenance condition of the airframe and engines and marketability. We recorded $52 million of impairment related to our Embraer E190 fleet transition for the year ended December 31, 2022.

Refer to Note 16 to our consolidated financial statements included in Item 8 for further details of our impairment charges.

Lease Accounting

We operate airport facilities, office buildings, and aircraft under operating leases with minimum lease payments. We recognize the costs associated with these agreements as rent expense on a straight-line basis over the expected lease term. Within the provisions of certain leases, there are minimum escalations in payments over the base lease term. There are also periodic adjustments of lease rates, landing fees, and other charges applicable under such agreements, as well as renewal periods. The effects of the escalations and other adjustments have been reflected in rent expense on a straight-line basis over the lease term. This includes renewal periods when it is deemed to be reasonably assured at the inception of the lease. The amortization period for leasehold improvements is the term used in calculating straight-line rent expense or their estimated economic life, whichever is shorter.

Derivative Instruments used for Aircraft Fuel

We utilize financial derivative instruments to manage the risk of changing aircraft fuel prices. We do not purchase or hold any derivative instrument for trading purposes. Fair values are determined using commodity prices provided to us by independent third parties. When possible, we designate these instruments as cash flow hedges for accounting purposes, as defined by the *Derivatives and Hedging* topic of the Codification which permits the deferral of the effective portions of gains or losses until contract settlement.

The *Derivatives and Hedging* topic is a complex accounting standard. It requires us to develop and maintain a significant amount of documentation related to:

(1) our fuel hedging program and fuel management approach,

(2) statistical analysis supporting a highly correlated relationship between the underlying commodity in the derivative financial instrument and the risk being hedged, i.e. aircraft fuel, on both a historical and prospective basis, and

(3) cash flow designation for each hedging transaction executed, to be developed concurrently with the hedging transaction.

This documentation requires us to estimate forward aircraft fuel prices since there is no reliable forward market for aircraft fuel. These prices are developed through the observation of similar commodity futures prices, such as crude oil and/or heating oil, and adjusted based on variations to those like commodities. Historically, our hedges have settled within 24 months; therefore, the deferred gains and losses have been recognized into earnings over a relatively short period of time.

Regulation G Reconciliation of Non-GAAP Financial Measures

We sometimes use non-GAAP financial measures in this report. Non-GAAP financial measures are financial measures that are derived from the consolidated financial statements, but that are not presented in accordance with generally accepted accounting principles in the United States, or GAAP. We believe these non-GAAP financial measures provide a meaningful comparison of our results to others in the airline industry and our prior year results. Investors should consider these non-GAAP financial measures in addition to, and not as a substitute for, our financial performance measures prepared in accordance with GAAP. Further, our non-GAAP information may be different from the non-GAAP information provided by other companies. The information below provides an explanation of each non-GAAP financial measure and shows a reconciliation of non-GAAP financial measures used in this filing to the most directly comparable GAAP financial measures.

Operating Expense per Available Seat Mile, excluding fuel and related taxes, other non-airline operating expenses, and special items ("CASM Ex-Fuel")

Operating expenses per available seat mile, or CASM, is a common metric used in the airline industry. We exclude aircraft fuel and related taxes, operating expenses related to other non-airline businesses, such as our subsidiaries, JetBlue Technology Ventures and JetBlue Travel Products, and special items from operating expenses to determine CASM ex-fuel, which is a non-GAAP financial measure.

Special items for 2022 include impairment related to our Embraer E190 fleet transition, expenses related to the ALPA contract ratification bonus, expenses related to our acquisition of Spirit, and expenses related to the implementation of the TWU contract.

Special items for 2021 include contra-expenses recognized on the utilization of federal grants received under various payroll support programs, contra-expenses recognized on the Employee Retention Credits provided by the CARES Act, and one-time costs related to the ratification of the collective bargaining agreement with our inflight crewmembers.

Special items for 2020 include contra-expenses recognized on the utilization of payroll support grants received under the CARES Act, contra-expenses recognized on the Employee Retention Credits provided by the CARES Act, impairment related to our Embraer E190 fleet transition, losses generated from certain aircraft sale-leaseback transactions, and one-time costs associated with our voluntary crewmember separation programs.

Special items for 2019 include impairment related to our Embraer E190 fleet transition as well as one-time costs related to the ratification and implementation of our pilots' collective bargaining agreement.

We believe that CASM ex-fuel is useful for investors because it provides investors the ability to measure financial performance excluding items beyond our control, such as fuel costs, which are subject to many economic and political factors, or not related to the generation of an available seat mile, such as operating expense related to other non-airline businesses. We believe this non-GAAP measure is more indicative of our ability to manage airline costs and is more comparable to measures reported by other major airlines.

NON-GAAP FINANCIAL MEASURE
RECONCILIATION OF OPERATING EXPENSE PER ASM, EXCLUDING FUEL

	2022		2021		2020		2019	
(in millions; per ASM data in cents)	$	per ASM	$	per ASM	$	per ASM	$	per ASM
Total operating expenses	$ 9,456	14.67	$ 6,117	11.30	$ 4,671	14.29	$ 7,294	11.43
Less:								
Aircraft fuel and related taxes	3,105	4.82	1,436	2.65	631	1.93	1,847	2.89
Other non-airline expenses	55	0.08	43	0.08	35	0.10	46	0.08
Special items	113	0.18	(833)	(1.54)	(283)	(0.86)	14	0.02
Operating expenses, excluding fuel	**$ 6,183**	**9.59**	**$ 5,471**	**10.11**	**$ 4,288**	**13.12**	**$ 5,387**	**8.44**

Reconciliation of Operating Expense, Income (Loss) before Taxes, Net Income (Loss) and Earnings (Loss) per Share, excluding special items and gain on equity investments

Our GAAP results in the applicable periods were impacted by credits and charges that are deemed special items.

Special items for 2022 include impairment related to our Embraer E190 fleet transition, expenses related to the ALPA contract ratification bonus, expenses related to our acquisition of Spirit, and expenses related to the implementation of the TWU contract.

In 2021, special items include contra-expenses recognized on the utilization of federal grants received under various payroll support programs, contra-expenses recognized on the Employee Retention Credits (ERCs) provided by the CARES Act, and one-time costs related to the ratification of the collective bargaining agreement with our inflight crewmembers.

Special items in 2020 include contra-expenses recognized on the utilization of payroll support grants received under the CARES Act, contra-expenses recognized on ERCs, impairment related to our Embraer E190 fleet transition, losses generated from certain aircraft sale-leaseback transactions, and one-time costs associated with our voluntary crewmember separation programs.

Certain gains and losses on our equity investments were also excluded from our 2022 and 2021 non-GAAP results.

We believe the impact of these items distort our overall trends and that our metrics are more comparable with the presentation of our results excluding the impact of these items. The table below provides a reconciliation of our GAAP reported amounts to the non-GAAP amounts excluding the impacts of these items.

NON-GAAP FINANCIAL MEASURE
RECONCILIATION OF OPERATING EXPENSE, INCOME (LOSS) BEFORE TAXES, NET INCOME (LOSS) AND EARNINGS (LOSS) PER SHARE EXCLUDING SPECIAL ITEMS AND GAIN ON EQUITY INVESTMENTS

	Year Ended December 31,		
(in millions except per share amounts)	2022	2021	2020
Total Operating Revenues	**$ 9,158**	**$ 6,037**	**$ 2,957**
Total Operating Expenses	**$ 9,456**	**$ 6,117**	**$ 4,671**
Less: Special items	113	(833)	(283)
TOTAL OPERATING EXPENSES EXCLUDING SPECIAL ITEMS	**$ 9,343**	**$ 6,950**	**$ 4,954**
Operating loss	**$ (298)**	**$ (80)**	**$ (1,714)**
Add back: Special items	113	(833)	(283)
OPERATING LOSS EXCLUDING SPECIAL ITEMS	**$ (185)**	**$ (913)**	**$ (1,997)**
Operating margin excluding special items	*(2.0)%*	*(15.1)%*	*(67.5)%*
Loss before income taxes	**$ (437)**	**$ (263)**	**$ (1,893)**
Add back: Special items	113	(833)	(283)
Less: (Loss) gain on equity investments	(9)	47	—
LOSS BEFORE INCOME TAXES EXCLUDING SPECIAL ITEMS AND (LOSS) GAIN ON EQUITY INVESTMENTS	**$ (315)**	**$ (1,143)**	**$ (2,176)**
Pre-tax margin excluding special items and (loss) gain on equity investments	*(3.4)%*	*(18.9)%*	*(73.6)%*
Net loss	**$ (362)**	**$ (182)**	**$ (1,354)**
Add back: Special items	113	(833)	(283)
Less: Income tax benefit (expense) related to special items	19	(249)	(69)
Less: (Loss) gain on equity investments	(9)	47	—
Less: Income tax benefit (expense) related to (loss) gain on equity investments	1	(13)	—
NET LOSS EXCLUDING SPECIAL ITEMS AND (LOSS) GAIN ON EQUITY INVESTMENTS	**$ (260)**	**$ (800)**	**$ (1,568)**
Earnings loss per common share:			
Basic	**$ (1.12)**	**$ (0.57)**	**$ (4.88)**
Add back: Special items, net of tax	0.29	(1.84)	(0.77)
Less: (Loss) gain on equity investments, net of tax	(0.03)	0.10	—
BASIC EXCLUDING SPECIAL ITEMS AND (LOSS) GAIN ON EQUITY INVESTMENTS	**$ (0.80)**	**$ (2.51)**	**$ (5.65)**
Diluted	**$ (1.12)**	**$ (0.57)**	**$ (4.88)**
Add back: Special items, net of tax	0.29	(1.84)	(0.77)
Less: (Loss) gain on equity investments, net of tax	(0.03)	0.1	—
DILUTED EXCLUDING SPECIAL ITEMS AND (LOSS) GAIN ON EQUITY INVESTMENTS	**$ (0.80)**	**$ (2.51)**	**$ (5.65)**

Adjusted Debt to Capitalization Ratio

Adjusted debt to capitalization ratio is a non-GAAP financial measure which we believe is relevant in assessing the Company's overall debt profile. Adjusted debt includes aircraft operating lease liabilities, in addition to total debt and finance lease obligations. Adjusted capitalization represents total equity plus adjusted debt. Investors should consider this non-GAAP financial measure in addition to, and not as a substitute for, our financial measures prepared in accordance with GAAP.

NON-GAAP FINANCIAL MEASURE
ADJUSTED DEBT TO CAPITALIZATION RATIO

	December 31,	
(in millions)	2022	2021
Long-term debt and finance lease obligations	$ 3,093	$ 3,651
Current maturities of long-term debt and finance lease obligations	554	355
Operating lease liabilities — aircraft	206	256
Adjusted debt	**$ 3,853**	**$ 4,262**
Long-term debt and finance lease obligations	$ 3,093	$ 3,651
Current maturities of long-term debt and finance lease obligations	554	355
Operating lease liabilities — aircraft	206	256
Stockholders' equity	3,563	3,849
Adjusted capitalization	**$ 7,416**	**$ 8,111**
Adjusted debt to capitalization ratio	**52%**	**53%**

Free Cash Flow

The table below reconciles cash provided by operations determined in accordance with GAAP to Free Cash Flow, a non-GAAP financial measure. We believe that Free Cash Flow is a relevant metric in measuring our financial strength and is useful in assessing our ability to fund future capital commitments and other obligations. Investors should consider this non-GAAP financial measure in addition to, and not as a substitute for, our financial measures prepared in accordance with GAAP.

NON-GAAP FINANCIAL MEASURE
RECONCILIATION OF FREE CASH FLOW

	Year Ended December 31,			
(in millions)	2022	2021	2020	2019
Net cash provided by (used in) operating activities	$ 379	$ 1,642	$ (683)	$ 1,449
Less: Capital expenditures	(767)	(907)	(715)	(932)
Less: Pre-delivery deposits for flight equipment	(156)	(88)	(76)	(224)
FREE CASH FLOW	**$ (544)**	**$ 647**	**$ (1,474)**	**$ 293**

Glossary of Airline terminology

Airline terminology used in this section and elsewhere in this Report:

- ***Aircraft utilization*** **-** The average number of block hours operated per day per aircraft for the total fleet of aircraft.
- ***Available seat miles*** **-** The number of seats available for passengers multiplied by the number of miles the seats are flown.
- ***Average fare*** **-** The average one-way fare paid per flight segment by a revenue passenger.
- ***Average fuel cost per gallon*** **-** Total aircraft fuel costs, including fuel taxes and effective portion of fuel hedging, divided by the total number of fuel gallons consumed.
- ***Average stage length*** **-** The average number of miles flown per flight.
- ***Load factor*** **-** The percentage of aircraft seating capacity actually utilized, calculated by dividing revenue passenger miles by available seat miles.
- ***Operating expense per available seat mile*** **-** Operating expenses divided by available seat miles.
- ***Operating expense per available seat mile, excluding fuel*** **-** Operating expenses, less aircraft fuel, other non-airline expenses, and special items, divided by available seat miles.
- ***Operating revenue per available seat mile*** **-** Operating revenues divided by available seat miles.
- ***Passenger revenue per available seat mile*** **-** Passenger revenue divided by available seat miles.
- ***Revenue passengers*** **-** The total number of paying passengers flown on all flight segments.
- ***Revenue passenger miles*** **-** The number of miles flown by revenue passengers.
- ***Yield per passenger mile*** **-** The average amount one passenger pays to fly one mile.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The risk inherent in our market risk sensitive instruments and positions is the potential loss arising from adverse changes to the price of fuel and interest rates as discussed below. The sensitivity analyses presented do not consider the effects such adverse changes may have on the overall economic activity, nor do they consider additional actions we may take to mitigate our exposure to such changes. Variable-rate leases are not considered market sensitive financial instruments and, therefore, are not included in the interest rate sensitivity analysis below. Actual results may differ from the sensitivity analyses. See Notes 1, 4 and 13 to our consolidated financial statements included in Item 8 for accounting policies and additional information.

Aircraft fuel

Our results of operations are affected by changes in the price and availability of aircraft fuel. Market risk is estimated as a hypothetical 10% increase in the December 31, 2022 cost per gallon of fuel. Based on projected 2023 fuel consumption, such an increase would result in an increase to aircraft fuel expense of approximately $304 million in 2023. As of December 31, 2022, we have hedged 8.8% of our projected fuel requirement for the first quarter of 2023. In February 2023, we hedged 19.3% of our projected fuel requirement for the second quarter of 2023 and 5.5% for the third quarter of 2023.

The financial derivative instrument agreements we have with our counterparties may require us to fund all, or a portion of, outstanding loss positions related to these contracts prior to their scheduled maturities. The amount of collateral posted, if any, is periodically adjusted based on the fair value of the hedge contracts.

Interest

Our earnings are affected by changes in interest rates due to the impact those changes have on interest expense from variable-rate debt instruments and on interest income generated from our cash and investment balances. The interest rate is fixed for $3.6 billion of our debt and finance lease obligations, with the remaining $0.1 billion having floating interest rates. If interest rates were on average 100 basis points higher in 2023 than they were during 2022, our interest expense would increase by approximately $1 million. This amount is determined by considering the impact of the hypothetical change in interest rates on our variable rate debt.

If interest rates were an average 100 basis points lower in 2023 than they were during 2022, our interest income from cash and investment balances would decrease by approximately $1 million. This amount is determined by considering the impact of the hypothetical interest rates on the balances of our money market funds and short-term, interest-bearing investments.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of JetBlue Airways Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of JetBlue Airways Corporation (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and financial statement schedule listed in Item 15(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Loyalty Program - Breakage

Description of the Matter	As discussed in Note 2 to the consolidated financial statements, under the customer loyalty program, the Company issues points to customers based upon the fare paid for a ticket purchase or through sales to business partners, including JetBlue's co-branded credit card partners. The Company defers a portion of the transaction price allocable to points issued and recognizes revenue when the points are redeemed for travel. The Company estimates breakage for issued points using historical redemption patterns and records revenue for points that are not expected to be redeemed. Estimates of breakage are evaluated annually, and changes to breakage estimates prospectively impact Passenger revenue and Air traffic liability. The balance of the Company's Air traffic liability associated with the loyalty program was $1 billion at December 31, 2022. Auditing management's estimates and calculations used in its accounting for the loyalty program is significant to our audit as the related impact to Passenger revenue and Air traffic liability is material and sensitive to changes in the breakage rate. The estimate of breakage by management requires the Company to forecast redemption patterns, which involves the application of judgment and estimation. As a result, auditing the Company's accounting for the loyalty program breakage estimate was complex and highly judgmental.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's accounting for the loyalty program, including controls over management's estimation of breakage rates and review of the significant assumptions underlying the determination of estimated redemption patterns. Our audit procedures included, among others, evaluating the significant assumptions and the accuracy and completeness of the underlying data used in management's calculation including the total number of points issued to and redeemed by customers. We involved our valuation professionals to assist us in our evaluation of the methodology used by the Company to estimate expected redemption patterns. We performed a sensitivity analysis of management's estimate of points expected to be redeemed to evaluate the impact on Passenger revenue and Air traffic liability. We also tested the calculation used to determine the amount recognized as revenue for the period.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2001.

New York, New York
February 27, 2023

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of JetBlue Airways Corporation

Opinion on Internal Control over Financial Reporting

We have audited JetBlue Airways Corporation's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, JetBlue Airways Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021 and the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and financial statement schedule listed in Item 15(2) and our report dated February 27, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

New York, New York
February 27, 2023

JETBLUE AIRWAYS CORPORATION

Consolidated Balance Sheets

(in millions, except per share data)	December 31, 2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,042	$ 2,018
Investment securities	350	824
Receivables, less allowance (2022 - $4; 2021 - $3)	317	207
Inventories, less allowance (2022 - $29; 2021 - $24)	87	74
Prepaid expenses and other	120	122
Total current assets	1,916	3,245
PROPERTY AND EQUIPMENT		
Flight equipment	11,727	11,161
Pre-delivery deposits for flight equipment	415	337
Total flight equipment and pre-delivery deposits, gross	12,142	11,498
Less accumulated depreciation	3,578	3,227
Total flight equipment and pre-delivery deposits, net	8,564	8,271
Other property and equipment, gross	1,314	1,205
Less accumulated depreciation	731	662
Total other property and equipment, net	583	543
Total property and equipment, net	9,147	8,814
OPERATING LEASE ASSETS	660	729
OTHER ASSETS		
Investment securities	172	39
Restricted cash	146	59
Intangible assets, net of accumulated amortization of $455 and $405, at 2022 and 2021, respectively.	298	299
Other	706	457
Total other assets	1,322	854
TOTAL ASSETS	**$ 13,045**	**$ 13,642**

See accompanying notes to consolidated financial statements.

JETBLUE AIRWAYS CORPORATION

Consolidated Balance Sheets

(in millions, except per share data)	December 31, 2022	2021
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 532	$ 499
Air traffic liability	1,581	1,618
Accrued salaries, wages and benefits	498	480
Other accrued liabilities	486	359
Current operating lease liabilities	97	106
Current maturities of long-term debt and finance lease obligations	554	355
Total current liabilities	3,748	3,417
LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS	3,093	3,651
LONG-TERM OPERATING LEASE LIABILITIES	639	690
DEFERRED TAXES AND OTHER LIABILITIES		
Deferred income taxes	770	843
Air traffic liability - non-current	738	640
Other	494	552
Total deferred taxes and other liabilities	2,002	2,035
COMMITMENTS AND CONTINGENCIES (NOTES 10 & 11)		
STOCKHOLDERS' EQUITY		
Preferred stock, $0.01 par value; 25 shares authorized, none issued	—	—
Common stock, $0.01 par value; 900 shares authorized, 486 and 478 shares issued and 327 and 320 shares outstanding at 2022 and 2021, respectively	5	5
Treasury stock, at cost; 159 and 158 shares at 2022 and 2021, respectively	(1,995)	(1,989)
Additional paid-in capital	3,129	3,047
Retained earnings	2,424	2,786
Accumulated other comprehensive income	—	—
Total stockholders' equity	3,563	3,849
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 13,045**	**$ 13,642**

See accompanying notes to consolidated financial statements.

JETBLUE AIRWAYS CORPORATION

Consolidated Statements of Operations

(in millions, except per share data)	Years Ended December 31, 2022	2021	2020
OPERATING REVENUES			
Passenger	$ 8,586	$ 5,609	$ 2,733
Other	572	428	224
Total operating revenues	9,158	6,037	2,957
OPERATING EXPENSES			
Aircraft fuel and related taxes	3,105	1,436	631
Salaries, wages and benefits	2,747	2,358	2,032
Landing fees and other rents	544	628	358
Depreciation and amortization	585	540	535
Aircraft rent	114	99	85
Sales and marketing	289	183	110
Maintenance, materials and repairs	591	626	441
Special Items	113	(833)	(283)
Other operating expenses	1,368	1,080	762
Total operating expenses	9,456	6,117	4,671
OPERATING LOSS	(298)	(80)	(1,714)
OTHER (EXPENSE) INCOME			
Interest expense	(166)	(192)	(179)
Interest income	39	17	23
(Loss) gain on equity investments, net	(9)	47	—
Other	(3)	(55)	(23)
Total other expense	(139)	(183)	(179)
LOSS BEFORE INCOME TAXES	(437)	(263)	(1,893)
Income tax benefit	(75)	(81)	(539)
NET LOSS	**$ (362)**	**$ (182)**	**$ (1,354)**
LOSS PER COMMON SHARE			
Basic	$ (1.12)	$ (0.57)	$ (4.88)
Diluted	$ (1.12)	$ (0.57)	$ (4.88)

See accompanying notes to consolidated financial statements.

JETBLUE AIRWAYS CORPORATION

Consolidated Statements of Comprehensive Loss

	Years Ended December 31,		
(in millions)	2022	2021	2020
NET LOSS	**$ (362)**	**$ (182)**	**$ (1,354)**
Changes in fair value of available-for-sale investment securities and derivative instruments, net of reclassifications into earnings, net of taxes of $0, $0, and $0 in 2022, 2021, and 2020, respectively	—	—	(2)
Total other comprehensive loss	—	—	(2)
COMPREHENSIVE LOSS	**$ (362)**	**$ (182)**	**$ (1,356)**

See accompanying notes to consolidated financial statements.

JETBLUE AIRWAYS CORPORATION

Consolidated Statements of Cash Flows

	Years Ended December 31,		
(in millions)	**2022**	**2021**	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (362)	$ (182)	$ (1,354)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Deferred income taxes	(73)	(88)	(329)
Special items - fleet transition	52	—	273
Depreciation and amortization	585	540	535
Stock-based compensation	30	28	28
Losses on sale-leaseback transactions	—	—	106
Losses on debt extinguishments	—	50	9
Unrealized (gains) losses on investments	12	(49)	2
Changes in certain operating assets and liabilities:			
(Increase) decrease in receivables	(111)	(46)	144
Decrease in inventories, prepaid and other	201	138	52
Increase in air traffic liability	30	447	66
Increase (decrease) in accounts payable and other accrued liabilities	26	806	(255)
Other, net	(11)	(2)	40
Net cash provided by (used in) operating activities	379	1,642	(683)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(767)	(907)	(715)
Pre-delivery deposits for flight equipment	(156)	(88)	(76)
Purchase of held-to-maturity investments	(142)	(37)	—
Proceeds from the maturities of held-to-maturity investments	2	—	21
Purchase of available-for-sale securities	(473)	(1,577)	(1,962)
Proceeds from the sale of available-for-sale securities	934	1,910	1,174
Proceeds from sale-leaseback transactions	—	—	209
Payment for Spirit Airlines Acquisition	(297)	—	—
Other, net	(9)	(5)	—
Net cash used in investing activities	(908)	(704)	(1,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	—	1,010	2,541
Proceeds from short-term borrowings	—	—	981
Proceeds from sale-leaseback transactions	—	—	354
Proceeds from issuance of common stock	52	46	619
Proceeds from issuance of stock warrants	—	14	28

See accompanying notes to consolidated financial statements.

	Years Ended December 31,		
(in millions)	2022	2021	2020
Repayment of long-term debt and finance lease obligations	(369)	(1,892)	(372)
Repayment of short-term borrowings	—	—	(1,000)
Acquisition of treasury stock	(6)	(8)	(167)
Other, net	(37)	—	(1)
Net cash (used in) provided by financing activities	(360)	(830)	2,983
(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(889)	108	951
Cash, cash equivalents and restricted cash at beginning of period	2,077	1,969	1,018
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD[1]	**$ 1,188**	**$ 2,077**	**$ 1,969**
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash payments for interest	$ 124	$ 180	$ 139
Cash payments (refunds) for income taxes, net	(45)	3	5
NON-CASH TRANSACTIONS			
Operating lease assets obtained in exchange for operating lease liabilities	$ 31	$ 46	$ 144

(1) Reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets:

	December 31,		
(in millions)	2022	2021	2020
Cash and cash equivalents	$ 1,042	$ 2,018	$ 1,918
Restricted cash	146	59	51
TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**$ 1,188**	**$ 2,077**	**$ 1,969**

See accompanying notes to consolidated financial statements.

JETBLUE AIRWAYS CORPORATION

Consolidated Statements of Stockholders' Equity

(in millions)	Common Shares	Common Stock	Treasury Shares	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE AT DECEMBER 31, 2019	**427**	**$ 4**	**145**	**$ (1,782)**	**$ 2,253**	**$ 4,322**	**$ 2**	**$ 4,799**
Net loss	—	—	—	—	—	(1,354)	—	(1,354)
Other comprehensive (loss)	—	—	—	—	—	—	(2)	(2)
Vesting of restricted stock units	1	—	—	(7)	—	—	—	(7)
Stock compensation expense	—	—	—	—	28	—	—	28
Shares issued under Crewmember Stock Purchase Plan	4	—	—	—	35	—	—	35
Shares repurchased	—	—	13	(192)	32	—	—	(160)
CARES Act warrant issuance	—	—	—	—	28	—	—	28
Shares issued under common stock offering	42	1	—	—	583	—	—	584
BALANCE AT DECEMBER 31, 2020	**474**	**$ 5**	**158**	**$ (1,981)**	**$ 2,959**	**$ 2,968**	**$ —**	**$ 3,951**
Net loss	—	—	—	—	—	(182)	—	(182)
Vesting of restricted stock units	1	—	—	(8)	—	—	—	(8)
Stock compensation expense	—	—	—	—	28	—	—	28
Shares issued under Crewmember Stock Purchase Plan	3	—	—	—	46	—	—	46
Warrants issued under federal support programs	—	—	—	—	14	—	—	14
BALANCE AT DECEMBER 31, 2021	**478**	**$ 5**	**158**	**$ (1,989)**	**$ 3,047**	**$ 2,786**	**$ —**	**$ 3,849**
Net loss	—	—	—	—	—	(362)	—	(362)
Vesting of restricted stock units	1	—	1	(6)	—	—	—	(6)
Stock compensation expense	—	—	—	—	30	—	—	30
Shares issued under Crewmember Stock Purchase Plan	7	—	—	—	52	—	—	52
BALANCE AT DECEMBER 31, 2022	**486**	**$ 5**	**159**	**$ (1,995)**	**$ 3,129**	**$ 2,424**	**$ —**	**$ 3,563**

See accompanying notes to consolidated financial statements.

JETBLUE AIRWAYS CORPORATION

Notes to Consolidated Financial Statements

JetBlue Airways Corporation, or JetBlue, is New York's Hometown Airline®. We believe our differentiated product and service offerings combined with our competitive cost advantage enables us to effectively compete in the high-value geography we serve.

As of December 31, 2022, we served 108 destinations in 32 states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, 24 countries in the Caribbean and Latin America, Canada, and England.

NOTE 1 Summary of Significant Accounting Policies

Basis of Presentation

JetBlue provides air transportation services across the United States, the Caribbean, Latin America, Canada, and England. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP, and include the accounts of JetBlue and our subsidiaries. All majority-owned subsidiaries are consolidated with all intercompany transactions and balances being eliminated.

We have reclassified certain prior period amounts to conform to the current period presentation. Unless otherwise noted, all amounts disclosed are stated before consideration of income taxes.

Use of Estimates

The preparation of our consolidated financial statements and accompanying notes in conformity with GAAP requires us to make certain estimates and assumptions. Actual results could differ from those estimates.

Fair Value

The *Fair Value Measurements and Disclosures* topic of the Financial Accounting Standards Board (the "FASB") Accounting Standards Codification® ("ASC" or the "Codification") establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. This topic clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The topic also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs. Refer to Note 13 to our consolidated financial statements for more information.

Cash and Cash Equivalents

Our cash and cash equivalents include short-term, highly liquid investments which are readily convertible into cash. These investments include money market securities, commercial paper, and time deposits with maturities of three months or less when purchased.

Restricted Cash

Restricted cash primarily consists of funds held in escrow for estimated workers' compensation obligations and other letters of credit.

In November 2022, we partnered with JFK Millennium Partner LLC ("JMP") to finance, develop, and operate New York-John F Kennedy ("JFK") Terminal 6 to facilitate convenient access and optimize traffic flow for our passengers. In exchange of this partnership, we committed a letter of credit of $65 million for 5% ownership in JMP Holdings, LLC. This amount is included in restricted cash on our consolidated balance sheet.

Accounts Receivable

Accounts receivable are carried at cost. They primarily consist of amounts due from credit card companies associated with sales of tickets for future travel as well as amounts due from our co-branded credit card partners. We estimate an allowance for doubtful accounts based on known troubled accounts, if any, and historical experience of losses incurred, as well as current and expected conditions.

Investment in Debt Securities

Investment in debt securities consist of available-for-sale investment securities and held-to-maturity investment securities. When sold, we use a specific identification method to determine the cost of the securities.

AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Our available-for-sale investment securities include highly liquid investments such as time deposits, commercial paper, and convertible debt securities which are stated at fair value and included in investments securities on the consolidated balance sheet. We recognized a net unrealized loss of $1 million in accumulated other comprehensive income (loss) on the consolidated balance sheet as of December 31, 2022. We recognized an immaterial net unrealized loss for the same period ended December 31, 2021.

HELD-TO-MATURITY INVESTMENT SECURITIES

Our held-to-maturity investments consist of investment-grade interest bearing instruments, such as corporate bonds and U.S.

Treasury notes, which are stated at amortized cost. We do not intend to sell these investment securities. Those with maturities less than twelve months are included in investment securities in the current assets section of our consolidated balance sheets. Those with remaining maturities in excess of twelve months are included in investment securities in the other assets section of our consolidated balance sheets. We did not record any material gains or losses on these securities during the years ended December 31, 2022, 2021, or 2020. The estimated fair value of these investments approximated their carrying value as of December 31, 2022 and 2021.

The carrying values of investments in debt securities consisted of the following at December 31, 2022 and 2021 (in millions):

	December 31, 2022	December 31, 2021
Available-for-sale securities		
Time deposits	$ 285	$ 790
Commercial paper	39	2
Debt securities	13	8
Total available-for-sale securities	337	800
Held-to-maturity securities		
Corporate bonds	177	37
Total held-to-maturity securities	177	37
TOTAL INVESTMENT IN DEBT SECURITIES	**$ 514**	**$ 837**

Investment in Equity Securities

EQUITY METHOD INVESTMENTS

Investments in which we can exercise significant influence are accounted for using the equity method in accordance with Topic 323, *Investments - Equity Method and Joint Ventures* of the Codification. The carrying amount of our equity method investments, which is recorded within other assets on our consolidated balance sheets, was $38 million and $32 million as of December 31, 2022 and 2021, respectively. We recognized a net unrealized loss of $2 million, $2 million, and $4 million for the years ending December 31, 2022, 2021, and 2020 in other income on our consolidated statement of operations.

OTHER INVESTMENTS

Our equity investment securities include investments in common stocks of publicly traded companies which are stated at fair value. The carrying amount of our equity investment securities, which are recorded within investment securities in the Current Assets section of our consolidated balance sheet, was $8 million and $26 million as of December 31, 2022 and 2021, respectively. We recognized a net unrealized loss of $12 million and $10 million in other income on our consolidated statement of operations for the year ending December 31, 2022 and 2021 respectively. We also recognized a net realized gain of $1 million on in other income on our consolidated statement of operations for the year ending December 31, 2022. We did not recognize any realized gains or losses during the same period ending December 31, 2021 or 2020.

Our wholly-owned subsidiary, JBV, has equity investments in emerging companies which do not have readily determinable fair values. In accordance with Topic 321, *Investments - Equity Securities* of the Codification, we account for these investments using a measurement alternative which allows entities to measure these investments at cost, less any impairment, adjusted for changes from observable price changes in orderly transactions for identifiable or similar investments of the same issuer. The carrying amount of these investments, which is included within other assets on our consolidated balance sheet, was $83 million and $72 million as of December 31, 2022 and 2021 respectively. We recognized an impairment loss of $2 million in (Loss) gain on equity investments, net on the consolidated statement of operations for the year ended December 31, 2022, a gain of $37 million during the same period ending December 31, 2021, and an impairment loss of $2 million during the same period ending December 31, 2020.

We have an approximate 10% ownership interest in the TWA Flight Center Hotel at John F. Kennedy International Airport, and it is also accounted for under the measurement alternative in other assets section of the consolidated balance sheet. The carrying amount of this investment was $14 million as of December 31, 2022 and 2021.

Derivative Instruments

Our derivative instruments include fuel hedge contracts, such as jet fuel call options and call option spreads, which are stated at fair value, net of any collateral postings. Derivative instruments are included in other current assets on our consolidated balance sheets. Refer to Note 12 to our consolidated financial statements for more information.

Inventories

Inventories consist of expendable aircraft spare parts and supplies that are stated at average cost, as well as aircraft fuel that is accounted for on a first-in, first-out basis. These items are expensed when used or consumed. An allowance for obsolescence on aircraft spare parts and supplies is provided over the remaining useful life of the related aircraft fleet.

Property and Equipment

We record our property and equipment at cost and depreciate these assets on a straight-line basis over their estimated useful lives to their estimated residual values. We capitalize additions, modifications enhancing the operating performance of our assets, as well as the interest related to pre-delivery deposits used to acquire new aircraft and the construction of our facilities.

Estimated useful lives and residual values for our property and equipment are as follows:

Property and Equipment Type	Estimated Useful Life	Residual Value
Aircraft[1]	25 years	20%
Inflight entertainment systems	5-10 years	0%
Aircraft parts	Fleet life	10%
Flight equipment leasehold improvements	Lower of lease term or economic life	0%
Ground property and equipment	2-10 years	0%
Leasehold improvements—other	Lower of lease term or economic life	0%
Buildings on leased land	Lease term	0%

(1) The estimated remaining useful life of our Embraer E190 fleet ranges from 0-2 years with an average residual value of 12%.

Property under finance leases is initially recorded at an amount equal to the present value of future minimum lease payments which is computed on the basis of our incremental borrowing rate or, when known, the interest rate implicit in the lease. Amortization of property under finance leases is on a straight-line basis over the expected useful life to their estimated residual values and is included in depreciation and amortization expense.

We record impairment losses on long-lived assets used in operations when events and circumstances indicate the assets may be impaired and the undiscounted future cash flows estimated to be generated by the assets are less than the assets' net book value. If impairment occurs, the loss is measured by comparing the fair value of the asset to its carrying amount.

Software

We capitalize certain costs related to the acquisition and development of computer software. We amortize these costs using the straight-line method over the estimated useful life of the software, which is generally five years. The net book value of computer software, which is included in intangible assets on our consolidated balance sheets, was $123 million and $144 million as of December 31, 2022 and 2021, respectively. Amortization expense related to computer software was $51 million, $45 million, and $44 million for the years ended December 31, 2022, 2021, and 2020, respectively. As of December 31, 2022, amortization expense related to computer software is expected to be approximately $48 million in 2023, $37 million in 2024, $23 million in 2025, $12 million in 2026, and $3 million in 2027.

Indefinite-Lived Intangible Assets

Our indefinite-lived intangible assets consist primarily of acquired Slots at certain High Density Airports which result in no amortization expense. Slots are the rights to take-off or land at a specific airport during a specific time period of the day and are a means by which airport capacity and congestion can be managed. We evaluate our indefinite-lived intangible assets for impairment at least annually or when events and circumstances indicate they may be impaired. Indicators include operating or cash flow losses as well as various market factors to determine if events and circumstances could reasonably have affected the fair value. As of December 31, 2022 and 2021, our indefinite-lived intangible assets, which are included in intangible assets on our consolidated balance sheets, were $139 million. We performed an impairment assessment as of December 31, 2022 and determined our indefinite-lived intangible assets were not impaired.

Passenger Revenue

Ticket sales and the fees collected for related ancillary services are initially deferred in air traffic liability. Air traffic liability represents tickets sold but not yet flown, credits which can be used for future travel, and a portion of the liability related to our TrueBlue® loyalty program. We allocate the transaction price to each performance obligation identified in a passenger ticket on a relative standalone basis. Passenger revenue, including certain ancillary fees directly related to passenger tickets, is recognized when the transportation is provided. Taxes that we are required to collect from our customers, including foreign and U.S. federal transportation taxes, security taxes, and airport facility charges, are excluded from passenger revenue. Those taxes and fees are recorded as a liability upon collection and are relieved from the liability upon remittance to the applicable governmental agency.

The majority of the tickets sold are non-refundable. Non-refundable fares may be canceled prior to the scheduled departure date for a credit for future travel. Refundable fares may be canceled at any time prior to the scheduled departure date. Failure to cancel a refundable fare prior to departure will result in the cancellation of the original ticket and an issuance of a credit for future travel. Passenger credits can be used for future travel up to a year from the date of issuance. Passenger breakage revenue from unused tickets and passenger credits will be recognized in proportion to flown revenue based on estimates of expected expiration when the likelihood of the customer exercising his or her remaining rights becomes remote. Breakage revenue consists of tickets that remain unused past the departure date, have continued validity, and are expected to ultimately expire unused, as well as passenger credits that are not expected to be redeemed prior to expiration. JetBlue uses estimates based on historical experience of expired tickets and credits and considers other factors that could impact future expiration patterns of tickets and credits. Tickets which do not have continued validity past the departure date are recognized as revenue after the scheduled departure date has lapsed.

Passenger ticket costs primarily include credit card fees, commissions paid, and global distribution systems booking fees. Costs are allocated entirely to the purchased travel services and are capitalized until recognized when travel services are provided to the customer.

In response to the impact of COVID-19 on air travel, in 2020, we extended the expiration dates for travel credits issued from February 27, 2020 through June 30, 2020 to a 24-month period. In January 2022, in response to the surge in COVID-19 cases and flight cancellations in late 2021, we further extended the expiration dates for travel credits with an original expiration date between February 1, 2020 through September 29, 2022 to September 30, 2022. All credits extended due to COVID-19 have expired as of December 31, 2022.

Loyalty Program

Customers may earn points under our customer loyalty program, TrueBlue®, based on the fare paid and fare product purchased for a flight. Customers can also earn points through business partners such as credit card companies, hotels, car rental companies, and our participating airline partners.

POINTS EARNED FROM A TICKET PURCHASE

When a TrueBlue® member travels, we recognize a portion of the fare as revenue and defer in air traffic liabilities the portion that represents the value of the points net of spoilage, or breakage. We allocate the transaction price to each performance obligation on a relative standalone basis. We determine the relative standalone selling price of TrueBlue® points issued using the redemption value approach. To maximize the use of observable inputs, we utilize the actual ticket value of the tickets purchased with TrueBlue® points. The liability is relieved and passenger revenue is recognized when the points are redeemed and the free travel is provided.

POINTS SOLD TO TRUEBLUE® PARTNERS

Our most significant contract to sell TrueBlue® points is with our co-branded credit card partner. Co-branded credit card partnerships have the following identified performance obligations: air transportation; use of the JetBlue brand name and access to our frequent flyer customer lists; advertising; and other airline benefits. In determining the relative standalone selling price, JetBlue considered multiple inputs, methods and assumptions, including: discounted cash flows; estimated redemption value, net of fulfillment discount; points expected to be awarded and redeemed; estimated annual spending by cardholders; estimated annual royalty for use of JetBlue's frequent flyer customer lists; and estimated utilization of other airline benefits. Payments are typically due monthly based on the volume of points sold during the period, and the terms of our contracts are generally from one to ten years. The overall consideration received is allocated to each performance obligation based on its relative standalone selling price. The air transportation element is deferred and recognized as passenger revenue when the points are redeemed. The other elements are recognized as other revenue when the performance obligations related to those services are satisfied, which is generally the same period as when consideration is received from the participating company.

Amounts allocated to the air transportation element which are initially deferred include a portion that are expected to be redeemed during the following twelve months (included within Air traffic liability), and a portion that are not expected to be redeemed during the following twelve months (included within Air traffic liability - non-current). We periodically update this analysis and adjust the split between current and non-current liabilities as appropriate.

Points earned by TrueBlue® members never expire. TrueBlue® members can pool points between small groups of people, branded as Points Pooling™. Breakage is estimated using historical redemption patterns to determine a breakage rate. Breakage rates used to estimate breakage revenue are evaluated annually. Changes to breakage estimates impact revenue recognition prospectively.

Airframe and Engine Maintenance and Repair

Regular airframe maintenance for owned and leased flight equipment is charged to expense as incurred unless covered by a third-party long-term flight hour service agreement. We have separate service agreements in place covering scheduled and unscheduled repairs of certain airframe line replacement unit components as well as the engines in our fleet. Certain of these agreements require monthly payments at rates based either on the number of cycles each aircraft was operated during each month or the number of flight hours each engine was operated during each month, subject to annual escalations. These power by the hour agreements transfer certain risks, including cost risks, to the third-party service providers. They generally fix the amount we pay per flight hour or number of cycles in exchange for maintenance and repairs under a predefined maintenance program, which are representative of the time and materials that would be consumed. These costs are expensed as the related flight hours or cycles are incurred.

Advertising Costs

Advertising costs, which are included in sales and marketing, are expensed as incurred. Advertising expense was $59 million in 2022, $45 million in 2021, and $45 million in 2020.

Share-Based Compensation

We record compensation expense for share-based awards based on the grant date fair value of those awards. Share-based compensation expense includes an estimate for pre-vesting forfeitures and is recognized over the requisite service periods of the awards on a straight-line basis.

Income Taxes

We account for income taxes utilizing the liability method. Deferred income taxes are recognized for the tax consequences of temporary differences between the tax and financial statement reporting bases of assets and liabilities. A valuation allowance for deferred tax assets is provided unless realization of the asset is judged by us to be more likely than not. Our policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense.

Recently Adopted Accounting Standards

In August 2020, the FASB issued ASU 2020-06, *Debt —Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"). This update simplifies the accounting for certain convertible instruments by removing the separation models for convertible debt with a cash conversion feature and for convertible instruments with a beneficial conversion feature. As a result, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. Additionally, this update amends the diluted earnings per share calculation for convertible instruments by requiring the use of the if-converted method. The treasury stock method is no longer available. Entities may adopt the requirements of ASU 2020-06 using either a full or modified retrospective approach, and it is effective for interim and annual reporting periods beginning after December 15, 2021. We early adopted the requirements of ASU 2020-06 as of January 1, 2021. The adoption did not have an impact on our consolidated financial statements as we did not have any convertible instruments outstanding as of December 31, 2020. As discussed in Note 3 to our consolidated financial statements, in March 2021, we completed a private offering for $750 million of 0.50% convertible notes due 2026. The carrying value of this convertible note was included within long-term debt and finance lease obligations on our consolidated balance sheet as of December 31, 2022 and 2021.

In February 2021, a Securities and Exchange Commission ("SEC") rule intended to modernize, simplify, and enhance certain financial disclosure requirements became effective. The impact of this rule on our financial statements was not material, although several disclosures in Management's Discussion and Analysis of Financial Condition and Results of Operations were updated. The primary disclosure changes were to remove: 1) selected financial data for the preceding five years and 2) discussions comparing 2021 and 2020 results, and direct readers of our Form 10-K to these disclosures included in our prior SEC filings.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*. This guidance requires business entities to make annual disclosures about transactions with a government (including government assistance) they account for by analogizing to a grant or contribution model. The required disclosure include the nature of the transaction, the entity's related accounting policy, the financial statement line items affected and the amounts reflected in the current period financial statements, as well as any significant terms and conditions. This guidance was effective for financial statements issued for annual periods beginning after December 15, 2021, and early adoption is permitted. We early adopted the requirements of ASU 2021-10 on our consolidated financial statements as of and for the year ended December 31, 2021. Refer to Notes 3 and 17 to our consolidated financial statements for disclosures on the various assistance received from the federal government in response to the COVID-19 pandemic.

NOTE 2 Revenue Recognition

The Company categorizes the revenue received from contracts with its customers by revenue source as we believe it best depicts the nature, amount, timing, and uncertainty of our revenue and cash flow. The following table provides the revenue recognized by revenue source for the years ended December 31, 2022, 2021, and 2020 (in millions):

	TWELVE MONTHS ENDED DECEMBER 31, 2022	2021	2020
Passenger revenue			
Passenger travel	$ 8,078	$ 5,304	$ 2,551
Loyalty revenue - air transportation	508	305	182
Other revenue			
Loyalty revenue	391	306	168
Other revenue	181	122	56
TOTAL REVENUE	**$ 9,158**	**$ 6,037**	**$ 2,957**

TrueBlue® is our customer loyalty program designed to reward and recognize our customers. TrueBlue® points earned from ticket purchases are recorded as a reduction to *Passenger travel* within passenger revenue. Amounts presented in *Loyalty revenue - air transportation* represent the revenue recognized when TrueBlue® points have been redeemed and the travel has occurred. *Loyalty revenue* within other revenue is primarily comprised of the non-air transportation elements of the sales of our TrueBlue® points.

Contract Liabilities

Our contract liabilities primarily consist of ticket sales for which transportation has not yet been provided, unused credits available to customers, and outstanding loyalty points available for redemption (in millions):

	December 31, 2022	December 31, 2021
Air traffic liability - passenger travel	$ 1,291	$ 1,323
Air traffic liability - loyalty program (air transportation)	1,000	891
Deferred revenue[1]	530	613
TOTAL	**$ 2,821**	**$ 2,827**

(1) *Deferred revenue is included within other accrued liabilities and other liabilities on our consolidated balance sheets.*

During the years ended December 31, 2022 and 2021, we recognized passenger revenue of $1.2 billion and $589 million respectively, that was included in passenger travel liability at the beginning of the respective periods.

The Company elected the practical expedient that allows entities to not disclose the amount of the remaining transaction price and its expected timing of recognition for passenger tickets if the contract has an original expected duration of one year or less or if certain other conditions are met. We elected to apply this practical expedient to our contract liabilities relating to passenger travel and ancillary services as our tickets or any related passenger credits expire generally one year from the date of issuance.

TrueBlue® points are combined in one homogeneous pool and are not separately identifiable. As such, the revenue is comprised of the points that were part of the air traffic liability balance at the beginning of the period as well as points that were issued during the period.

The table below presents the activities of the current and non-current air traffic liability for our loyalty program, and includes points earned and sold to participating companies for the years ended December 31, 2022 and 2021 (in millions):

Balance at December 31, 2020	**$ 733**
TrueBlue® points redeemed	(305)
TrueBlue® points earned and sold	463
Balance at December 31, 2021	**891**
TrueBlue® points redeemed	(508)
TrueBlue® points earned and sold	617
BALANCE AT DECEMBER 31, 2022	**$ 1,000**

The timing of our TrueBlue® point redemptions can vary; however, the majority of our points are redeemed within approximately three years of the date of issuance.

NOTE 3 Long-term Debt, Short-term Borrowings and Finance Lease Obligations

Long-term debt and finance lease obligations and the related weighted average contractual interest rate at December 31, 2022 and 2021 consisted of the following (in millions):

	December 31, 2022		December 31, 2021	
Secured Debt				
Fixed rate specialty bonds, due through 2036	$ 43	4.9%	$ 43	4.9%
Fixed rate enhanced equipment notes:				
2019-1 Series AA, due through 2032	510	2.8%	538	2.8%
2019-1 Series A, due through 2028	159	3.0%	168	3.0%
2019-1 Series B, due through 2027	83	8.1%	96	8.2%
2020-1 Series A, due through 2032	552	4.1%	594	4.1%
2020-1 Series B, due through 2028	136	7.8%	155	7.8%
Fixed rate enhanced equipment notes, due through 2023	61	4.4%	88	4.5%
Fixed rate equipment notes, due through 2028	448	4.2%	622	4.2%
Floating rate equipment notes, due through 2028	56	6.9%	103	2.7%
2020 aircraft sale-leaseback transactions, due through 2024	341	7.3%	347	7.4%
Finance Leases	2	6.1%	3	6.1%
Unsecured Debt				
Unsecured CARES Act Payroll Support Program loan, due through 2030	259	2.0%	259	2.0%
Unsecured Consolidated Appropriations Act Payroll Support Program Extension loan, due through 2031	144	2.0%	144	2.0%
Unsecured American Rescue Plan Act of 2021 Payroll Support loan, due through 2031	132	2.0%	132	2.0%
0.50% convertible senior notes, due through 2026	750	0.5%	750	0.5%
TOTAL DEBT AND FINANCE LEASE OBLIGATIONS	**$ 3,676**		**$ 4,042**	
Less: Debt acquisition cost	(29)		(36)	
Less: Current maturities	(554)		(355)	
LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS	**$ 3,093**		**$ 3,651**	

Fixed Rate Specialty Bonds

In November 2005, the Greater Orlando Aviation Authority, or GOAA, issued special purpose airport facilities revenue bonds to JetBlue as reimbursement for certain airport facility construction and other costs. In April 2013, GOAA issued $42 million in special purpose airport facility revenue bonds to refund the bonds issued in 2005. The proceeds from the refunded bonds were loaned to us and we recorded the issuance of $43 million, net of $1 million premium, as long-term debt on our consolidated balance sheets.

Fixed Rate Enhanced Equipment Notes

2019-1 EQUIPMENT NOTES

In November 2019, we completed a public placement of equipment notes in an aggregate principal amount of $772 million secured by 25 Airbus A321 aircraft. The equipment notes were issued in two series: (i) Series AA, bearing interest at the rate of 2.75% per annum in the aggregate principal amount equal to $589 million, and (ii) Series A, bearing interest at the rate of 2.95% per annum in the aggregate principal amount equal to $183 million. Principal and interest are payable semi-annually.

In August 2020, we completed a public placement of equipment notes in an aggregate principal amount of $115 million bearing interest at a rate of 8.00% per annum. These equipment notes are secured by 25 Airbus A321 aircraft, which were included in the collateral pool of our 2019-1 Series AA and Series A offerings completed in November 2019. Principal and interest are payable semi-annually.

2020-1 EQUIPMENT NOTES

In August 2020, we completed a public placement of equipment notes in an aggregate principal amount of $808 million secured by 24 Airbus A321 aircraft. The equipment notes were issued in two series: (i) Series A, bearing interest at the rate of 4.00% per annum in the aggregate principal amount equal to $636 million, and (ii) Series B, bearing interest at the rate of 7.75% per annum in the aggregate principal amount equal to $172 million. Principal and interest are payable semi-annually.

Fixed Rate Enhanced Equipment Notes, Due Through 2023

In March 2014, we completed a private placement of $226 million in pass-through certificates, Series 2013-1. The certificates were issued by a pass-through trust and are not obligations of JetBlue. The proceeds from the issuance of the pass-through certificates were used to purchase equipment notes issued by JetBlue and secured by 14 of our aircraft. Principal and interest are payable semi-annually.

Fixed Rate Equipment Notes, Due Through 2028

In 2019, we issued $219 million in fixed rate equipment notes due through 2027, which are secured by 10 Airbus A320 aircraft and two Airbus A321 aircraft. In 2018, we issued $567 million in fixed rate equipment notes due through 2028, which are secured by 14 Airbus A320 aircraft and 10 Airbus A321 aircraft. During the fourth quarter of 2022, we prepaid approximately $11 million of debt on fixed rate equipment notes, thus five E190 aircraft became unencumbered.

Floating Rate Equipment Notes, Due Through 2028

In 2018, we issued $120 million in floating rate equipment notes due through 2028, which are secured by six Airbus A320 aircraft and one Airbus A321 aircraft.

Interest rates adjust quarterly or semi-annually based on LIBOR, plus a margin. By the end of June 2023, all floating rate notes that are affected by LIBOR will have to transition to a LIBOR alternative.

Federal Payroll Support Programs

As a result of the adverse economic impact of COVID-19, in 2020 and 2021 we received assistance under various payroll support programs provided by the federal government.

CARES ACT – PAYROLL SUPPORT PROGRAM

On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). Under the CARES Act, assistance was made available to the aviation industry in the form of direct payroll support (the "Payroll Support Program") and secured loans (the "Loan Program").

On April 23, 2020, we entered into a Payroll Support Program Agreement (the "PSP Agreement") under the CARES Act with the United States Department of the Treasury ("Treasury") governing our participation in the Payroll Support Program. Under the Payroll Support Program, Treasury provided us with a total of approximately $963 million (the "Payroll Support Payments") consisting of $704 million in grants and $259 million in unsecured term loans. The loans have a 10-year term and bear interest on the principal amount outstanding at an annual rate of 1.00% until April 23, 2025, and the applicable Secured Overnight Financing Rate ("SOFR") plus 2.00% thereafter until April 23, 2030. The principal amount may be repaid at any time prior to maturity at par. As part of the agreement, JetBlue issued to Treasury warrants to acquire more than 2.7 million shares of our common stock under the program at an exercise price of $9.50 per share.

CONSOLIDATED APPROPRIATIONS ACT – PAYROLL SUPPORT PROGRAM 2

On January 15, 2021, we entered into a Payroll Support Program Extension Agreement (the "PSP Extension Agreement") with Treasury governing our participation in the federal Payroll Support Program for passenger air carriers under the United States Consolidated Appropriations Act, 2021 (the "Payroll Support Program 2"). Treasury provided us with a total of approximately $580 million (the "Payroll Support 2 Payments") under the program, consisting of $436 million in grants and $144 million in unsecured term loans, with funding received on January 15, 2021, March 5, 2021 and April 29, 2021. The loans have a 10-year term and bear interest on the principal amount outstanding at an annual rate of 1.00% until January 15, 2026, and the applicable SOFR plus 2.00% thereafter until January 15, 2031. In consideration for the Payroll Support 2 Payments, we issued warrants to purchase approximately 1.0 million shares of our common stock to Treasury at an exercise price of $14.43 per share.

AMERICAN RESCUE PLAN ACT – PAYROLL SUPPORT PROGRAM 3

On May 6, 2021, we entered into a Payroll Support 3 Agreement (the "PSP3 Agreement") with Treasury governing our participation in the federal payroll support program for passenger air carriers under Section 7301 of the American Rescue Plan Act of 2021 (the "Payroll Support Program 3"). Treasury provided us with a total of approximately $541 million (the "Payroll Support 3 Payments") under the program, consisting of $409 million in grants and $132 million in unsecured term loans. The loans have a 10-year term and bear interest on the principal amount outstanding at an annual rate of 1.00% until May 6, 2026, and the applicable SOFR plus 2.00% thereafter until May 6, 2031. In consideration for the Payroll Support 3 Payments, we issued warrants to purchase approximately 0.7 million shares of our common stock to Treasury at an exercise price of $19.90 per share.

The warrants associated with each of the payroll support programs described above will expire 5 years after issuance and will be exercisable either through net cash settlement or net share settlement, at our option, in whole or in part at any time.

The carrying values relating to the payroll support grants were recorded within other accrued liabilities and were recognized as a contra-expense within special items on our consolidated statements of operations as the funds were utilized. The relative fair value of the warrants were recorded within additional paid-in capital and reduced the total carrying value of the grants. Proceeds from the payroll support grants and from the issuance of payroll support warrants were classified within operating activities and financing activities, respectively, on our consolidated statements of cash flows. Our funding from all payroll support grants were fully utilized as of December 31, 2021.

The carrying values relating to the unsecured payroll support loans were recorded within long-term debt and finance lease obligations on our consolidated balance sheets. The proceeds from the loans were classified as financing activities on our consolidated statement of cash flows.

2020 Aircraft Sale-Leaseback Transactions

In 2020, we executed $563 million of aircraft sale-leaseback transactions. Of these transactions, $354 million did not qualify as sales for accounting purpose. The assets associated with these transactions remain on our consolidated balance sheets within property and equipment and the related liabilities under the lease are classified within debt and finance leases obligations. These transactions are treated as cash from financing activities on our consolidated statements of cash flows. The remaining $209 million of sale-leaseback transactions qualified as sales and generated a loss of $106 million. The assets associated with these transactions which qualified as sales are recorded within operating lease assets. The liabilities are recorded within current operating lease liabilities and long-term operating lease liabilities on our consolidated balance sheets. These transactions are treated as cash from investing activities on our consolidated statements of cash flows.

We did not execute any aircraft sale-leaseback transactions in 2021 or 2022.

Finance Leases

As of December 31, 2022, various computer equipment under finance leases were included in property and equipment at a cost of $3 million with accumulated amortization of $1 million. The future minimum lease payments under these non-cancelable leases are $2 million in 2023, and no payments in the years thereafter.

As of December 31, 2021, various computer equipment under finance leases were included in property and equipment at a cost of $4 million with accumulated amortization of $1 million. The future minimum lease payments under these non-cancelable leases are $1 million in 2022, $2 million in 2023, and no payments in the years thereafter.

0.50% Convertible Senior Notes, Due Through 2026

In March 2021, we completed a private offering for $750 million of 0.50% convertible notes due 2026. The notes are general senior unsecured obligations and will rank equal in right of payment with all of our existing and future senior unsecured indebtedness and senior in right of payment to our existing and future subordinated debt. The notes will effectively rank junior in right of payment to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and are structurally subordinated to all of our indebtedness and other liabilities. The net proceeds from this offering were approximately $734 million.

Holders of the notes may convert them into shares of our common stock prior to January 1, 2026 only under certain circumstances (such as upon the satisfaction of the sale price condition, the satisfaction of the trading price condition, notice of redemption, or specified corporate events) and thereafter at any time at a rate of 38.5802 shares of common stock per $1,000 principal amount of notes, which corresponds to an initial conversion price of approximately $25.92 per share. The conversion rate is subject to adjustment upon the occurrence of certain specified events, including, but not limited to, the issuance of certain stock dividends on common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, cash dividends, and certain issuer tender or exchange offers.

Upon conversion, the notes will be settled in cash up to the aggregate principal amount of the notes to be converted and, at our election, in shares of our common stock, cash or a combination of cash and shares of our common stock in respect of the remainder, if any, of our conversion obligation.

We are not required to redeem or retire the notes periodically. We may, at our option, redeem any of the notes for cash at a redemption price of 100% of their principal amount, plus accrued and unpaid interest at any time on or after April 1, 2024 if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide a notice of redemption to the holders.

As discussed in Note 1 to our consolidated financial statements, we early adopted the provisions of ASU 2020-06. Accordingly, we evaluated the conversion feature of this note offering for embedded derivatives in accordance with ASC 815, *Derivatives and Hedging*, and the substantial premium model in accordance with ASC 470, *Debt*. Based on our assessment, separate accounting for the conversion feature of this note offering is not required.

Interest expense recognized in 2022 was $7 million, of which, $3 million was related to the amortization of debt acquisition costs. Interest expense recognized in 2021 was $6 million, of which, $3 million was related to the amortization of debt issuance costs.

General Debt Matters

We recognized an immaterial expense resulting from debt payoffs in 2022 and a $50 million debt extinguishment expense in 2021. These expenses were included within other expense on our consolidated statements of operations.

As of December 31, 2022, we believe we were in compliance with all of our covenants in relation to our debt and lease agreements.

Maturities of our debt and finance leases, net of debt acquisition costs, for the next five years are as follows (in millions):

	Maturities
2023	$ 547
2024	330
2025	192
2026	929
2027	174
Thereafter	1,475

Aircraft, engines, intangible assets and other equipment and facilities having a net book value of $6.2 billion at December 31, 2022 were pledged or committed to be pledged as security under various financing arrangements. Cash payments for interest related to debt and finance lease obligations aggregated to $124 million, $180 million, and $139 million in 2022, 2021, and 2020, respectively.

The carrying amounts and estimated fair values of our long-term debt, net of debt acquisition costs, at December 31, 2022 and 2021 were as follows (in millions):

	December 31, 2022		December 31, 2021	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Public Debt				
Fixed rate special facility bonds, due through 2036	$ 42	$ 43	$ 42	$ 45
Fixed rate enhanced equipment notes:				
2019-1 Series AA, due through 2032	504	345	532	442
2019-1 Series A, due through 2028	157	124	166	150
2019-1 Series B, due through 2027	82	87	94	121
2020-1 Series A, due through 2032	546	457	587	634
2020-1 Series B, due through 2028	135	142	153	199
Non-Public Debt				
Fixed rate enhanced equipment notes, due through 2023	61	60	88	88
Fixed rate equipment notes, due through 2028	447	422	620	706
Floating rate equipment notes, due through 2028	56	49	103	99
Unsecured CARES Act Payroll Support Program loan, due through 2030	259	126	259	219
2020 sale-leaseback transactions, due through 2024	341	329	347	374
Unsecured Consolidated Appropriations Act Payroll Support Program Extension loan, due through 2031	144	68	144	121
Unsecured American Rescue Plan Act of 2021 Payroll Support loan, due through 2031	132	62	132	111
0.50% convertible senior notes, due through 2026	739	534	736	673
TOTAL(1)	**$ 3,645**	**$ 2,848**	**$ 4,003**	**$ 3,982**

(1) Total excludes finance lease obligations of $2 million and $3 million at December 31, 2022 and 2021, respectively.

The estimated fair values of our publicly held long-term debt are classified as Level 2 in the fair value hierarchy. The fair values of our non-public debt are estimated using a discounted cash flow analysis based on our borrowing rates for instruments with similar terms and therefore classified as Level 3 in the fair value hierarchy. The fair values of our other financial instruments approximate their carrying values. Refer to Note 13 to our consolidated financial statements for an explanation of the fair value hierarchy structure.

We have financed certain aircraft with Enhanced Equipment Trust Certificates, or EETCs. One of the benefits of this structure is being able to finance several aircraft at one time, rather than individually. The structure of EETC financing is that we create pass-through trusts in order to issue pass-through certificates. The proceeds from the issuance of these certificates are then used to purchase equipment notes which are issued by us and are secured by our aircraft. These trusts meet the definition of a variable interest entity, or VIE, as defined in the *Consolidations* topic of the Codification, and must be considered for consolidation in our financial statements. Our assessment of our EETCs considers both quantitative and qualitative factors including the purpose for which these trusts were established and the nature of the risks in each. The main purpose of the trust structure is to enhance the credit worthiness of our debt obligation through certain bankruptcy protection provisions and liquidity facilities, and also to lower our total borrowing cost. We concluded that we are not the primary beneficiary in these trusts because our involvement in them is limited to principal and interest payments on the related notes, the trusts were not set up to pass along variability created by credit risk to us and the likelihood of our defaulting on the notes. Therefore, we have not consolidated these trusts in our financial statements.

Short-term Borrowings

MORGAN STANLEY LINE OF CREDIT

We have a revolving line of credit with Morgan Stanley for up to approximately $200 million. This line of credit is secured by a portion of our investment securities held by Morgan Stanley and the amount available to us under this line of credit may vary accordingly. This line of credit bears interest at a floating rate based upon LIBOR, plus a margin. As of and for the years ended December 31, 2022 and 2021, we did not have a balance outstanding or borrowings under this line of credit.

CITIBANK LINE OF CREDIT

On October 21, 2022, JetBlue entered into the Second Amended and Restated Credit and Guaranty Agreement (the "Second Amended and Restated Facility"), amending and restating the Company's existing $550 million credit facility. The Second Amended and Restated Facility is among JetBlue, Citibank N.A., as administrative agent and the lenders party thereto. The Second Amended and Restated Facility modifies the existing credit facility to, among other things, (i) increase the lending commitments by $50 million, for total lending commitments of $600 million, and (ii) establish the maturity date for the $600 million in lending commitments as October 21, 2024. Borrowings under the Second Amended and Restated Facility bear interest at a variable rate based on the secured overnight financing rate, known as SOFR, plus a margin of 2.00% per annum, or another rate (at JetBlue's election) based on certain market interest rates, plus a margin of 1.00% per annum, in each case with a floor of 0%. The Second Amended and Restated Facility is secured by spare parts, aircraft, simulators, and certain other assets as permitted thereunder. The Second Amended and Restated Facility includes covenants that require us to maintain certain minimum balances in unrestricted cash, cash equivalents, and unused commitments available under revolving credit facilities. In addition, the covenants restrict our ability to, among other things, dispose of certain collateral, or merge, consolidate, or sell assets.

As of and for the years ended December 31, 2022 and 2021, we did not have a balance outstanding or any borrowings under the facility.

2022 $3.5 billion Senior Secured Bridge Facility

On May 16, 2022, we, along with our direct wholly-owned subsidiary, Sundown Acquisition Corp., commenced a tender offer to purchase all of the outstanding shares of common stock, par value $0.0001 per share, of Spirit Airlines, Inc. ("Spirit") at $30.00 per share, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"), which were included as exhibits to the Tender Offer Statement on Schedule TO filed with the SEC on May 16, 2022. In connection with the Offer, on May 23, 2022, we executed a commitment letter with Goldman Sachs Bank USA, Bank of America, N.A. and BofA Securities, Inc. for a senior secured bridge facility in an aggregate principal amount of up to $3.5 billion, which was amended and restated on June 11, 2022 to include other lenders that have committed to the facility (BNP Paribas; Credit Suisse AG, New York Branch; Credit Suisse Loan Funding LLC; Credit Agricole Corporate and Investment Bank; Natixis, New York Branch; Sumitomo Mitsui Banking Corporation; and MUFG Bank, Ltd.). The Offer was terminated concurrently with the entry into the Agreement and Plan of Merger (the "Merger Agreement") with Spirit Airlines.

In connection with the entry into the Merger Agreement, JetBlue entered into a Second Amended and Restated Commitment Letter (the "Commitment Letter"), dated July 28, 2022, with Goldman Sachs Bank USA; BofA Securities, Inc.; Bank of America, N.A.; BNP Paribas; Credit Suisse AG, New York Branch; Credit Suisse Loan Funding LLC; Credit Agricole Corporate and Investment Bank;

Natixis, New York Branch; Sumitomo Mitsui Banking Corporation; and MUFG Bank, Ltd. (collectively, the "Commitment Parties"), pursuant to which the Commitment Parties have committed to provide a senior secured bridge facility in an aggregate principal amount of up to $3.5 billion to finance the acquisition of Spirit.

NOTE 4 Leases

Operating lease assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. When available, we use the rate implicit in the lease to discount lease payments to present value. For leases that do not provide a readily determinable implicit rate, we estimate our incremental borrowing rate to discount the lease payments based on information available at lease commencement.

Leases with a term of 12 months or less are not recorded on the balance sheet. Our lease agreements do not contain any residual value guarantees. For facility leases, we account for the lease and non-lease components as a single lease component.

The table below presents the lease-related assets and liabilities recorded on our consolidated balance sheets as of December 31, 2022 and 2021 (in millions):

		As of December 31,	
		2022	2021
Assets	**Classification on Balance Sheet**		
Operating lease assets	Operating lease assets	$ 660	$ 729
Finance lease assets	Property and equipment, net	2	3
TOTAL LEASE ASSETS		**$ 662**	**$ 732**
Liabilities	**Classification on Balance Sheet**		
Current:			
Operating lease liabilities	Current operating lease liabilities	$ 97	$ 106
Finance lease liabilities	Current maturities of long-term debt and finance lease obligations	2	1
Long-term:			
Operating lease liabilities	Long-term operating lease liabilities	639	690
Finance lease liabilities	Long-term debt and finance lease obligations	—	2
TOTAL LEASE LIABILITIES		**$ 738**	**$ 799**

	As of December 31,	
	2022	2021
Weighted average remaining lease term (in years)		
Operating leases	9	9
Finance leases	1	2
Weighted average discount rate		
Operating leases	6.76%	6.00%
Finance leases	6.09%	6.09%

Flight Equipment Leases

We operated a fleet of 290 aircraft as of December 31, 2022. Of our fleet, 62 aircraft were accounted for as operating leases and none were accounted for as finance leases. These aircraft leases generally have long durations with remaining terms of 7 months to 6 years.

Less than half of aircraft operating leases can be renewed at rates based on fair market value at the end of the lease term for one or two years. None of our aircraft operating leases have variable rent payments. We have purchase options for 30 of our aircraft leases at the end of their lease terms. These purchase options are at fair market value and have a one-time option during the term at fixed amounts that were expected to approximate the fair market value at lease inception.

We recorded impairment losses of $52 million for the year ended December 31, 2022 relating to our Embraer E190 fleet transition. These losses were attributed to aircraft and related spare parts including the ones under operating leases. Refer to Note 16 to our consolidated financial statements for further details.

Facility Leases

Our facility leases are primarily for space at the airports we serve. These leases are classified as operating leases and reflect our use of passenger terminal service facilities consisting of ticket counters, gate space, operations support area, and baggage service offices. We lease space directly or indirectly from the local airport authority on varying terms dependent on prevailing practices at each airport. The remaining terms of our airport leases vary from 1 month to 16 years. Our leases at certain airports contain provisions for periodic adjustments of rental rates based on the operating costs of the airports or the frequency of use of the facilities. Some of these leases also include renewal options and/or termination options that are factored into our determination of lease payments when appropriate. Because of the variable nature of the rates, these leases are not recorded as operating lease assets and operating lease liabilities on our consolidated balance sheets.

We also have leases for our corporate offices, training center, and various hangars and airport support facilities at our focus cities.

Other Ground and Property Equipment

We lease certain IT assets, ground support equipment, and various other pieces of equipment. The lease terms of our ground support equipment are less than 12 months. The amount of other equipment we have is not significant.

Lease Costs

The table below presents certain information related to our lease costs during the years ended December 31, 2022, 2021, and 2020 (in millions):

		2022		2021		2020
Operating lease cost	$	158	$	165	$	160
Short-term lease cost		1		1		1
Finance lease cost:						
Amortization of assets		—		—		6
Interest on lease liabilities		—		1		2
Variable lease cost		500		562		282
Sublease income		20		10		(5)
TOTAL NET LEASE COST	**$**	**679**	**$**	**739**	**$**	**446**

Other Information

The table below presents supplemental cash flow information related to leases during the years ended December 31, 2022, 2021, and 2020 (in millions):

		2022		2021		2020
Cash paid for amounts included in the measurement of lease liabilities						
Operating cash flows for operating leases	$	154	$	160	$	146
Operating cash flows for finance leases		—		3		4
Financing cash flows for finance leases		1		59		28

Lease Commitments

The table below presents scheduled future minimum lease payments for operating and finance leases recorded on our consolidated balance sheets, as of December 31, 2022 (in millions):

	As of December 31, 2022	
	Operating Leases	Finance Leases
2023	$ 143	$ 2
2024	138	—
2025	98	—
2026	80	—
2027	81	—
Thereafter	463	—
Total minimum lease payments	1,003	2
Less: amount of lease payment representing interest	(267)	—
Present value of future minimum lease payment	736	2
Less: current obligations under leases	(97)	(2)
LONG-TERM LEASE OBLIGATIONS	**$ 639**	**$ —**

We did not have any lease commitments that have not yet commenced as of December 31, 2022.

NOTE 5 Stockholders' Equity

In 2019, we entered into four separate accelerated share repurchase ("ASR") agreements for a sum of $535 million. A total of 28.1 million shares were repurchased under these ASR agreements with an average price paid per share of $19.02.

During the first quarter of 2020, we repurchased 13.0 million shares through an ASR at an average price of $12.27 per share. In accordance with the agreements under various federal governmental assistance programs with Treasury, we were prohibited from making any share repurchases. We suspended our share repurchase program as of March 31, 2020 and have not restarted the program.

The total shares purchased by JetBlue under each of the ASRs in 2020 and 2019 were based on the volume weighted average prices of JetBlue's common stock during the terms of the respective agreements.

On December 4, 2020, we completed the public offering of 42 million shares of our common stock at a public offering price of $14.40 per share. Proceeds from the offering were used for general corporate purposes.

As of December 31, 2022, we had a total of 14.8 million shares of our common stock reserved for issuance. These shares are primarily related to our equity incentive plans. Refer to Note 7 to our consolidated financial statements for further details on our share-based compensation.

As of December 31, 2022, we had a total of 158.9 million shares of treasury stock.

NOTE 6 (Loss) Earnings Per Share

Basic earnings per share is calculated by dividing net loss by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated similarly but includes potential dilution from restricted stock units, the Company's Crewmember Stock Purchase Plan, convertible notes, warrants issued under various federal payroll support programs, and any other potentially dilutive instruments using the treasury stock and if converted method. Anti-dilutive common stock equivalents excluded from the computation of diluted earnings per share amounts were 1.8 million, 3.4 million, and 2.0 million for the years ended December 31, 2022, 2021, and 2020 respectively.

The following table shows how we computed basic and diluted earnings per common share for the years ended December 31 (dollars and share data in millions):

	2022	2021	2020
Net loss	**$ (362)**	**$ (182)**	**$ (1,354)**
Weighted average basic shares	**323.6**	**318.0**	**277.5**
Effect of dilutive securities	—	—	—
WEIGHTED AVERAGE DILUTED SHARES	**323.6**	**318.0**	**277.5**
Loss per common share			
Basic	$ (1.12)	$ (0.57)	$ (4.88)
Diluted	$ (1.12)	$ (0.57)	$ (4.88)

As discussed in Note 5 to our consolidated financial statements, JetBlue entered into various ASR agreements in 2020 and 2019 and purchased approximately 13.0 million, and 28.1 million shares, respectively, for $160.0 million and $535.0 million, respectively. The number of shares repurchased are based on the volume weighted average prices of JetBlue's common stock during the term of the ASR agreements.

NOTE 7 Share-Based Compensation

We have various equity incentive plans under which we have granted stock awards to our eligible crewmembers and members of our Board of Directors. These include the JetBlue Airways Corporation Restated and Amended 2002 Stock Incentive Plan, or 2002 Plan, the JetBlue Airways Corporation 2011 Incentive Compensation Plan, or 2011 Plan, and the JetBlue Airways Corporation 2020 Omnibus Equity Incentive Plan, or the 2020 Plan.

The 2002 Plan was replaced by the 2011 Plan and has an immaterial amount of vested deferred stock units outstanding as of December 31, 2022.

The 2011 Plan was replaced by the 2020 Plan in May 2020.

We additionally have a Crewmember Stock Purchase Plan, or CSPP, that is available to all eligible crewmembers.

Unrecognized stock-based compensation expense was approximately $24 million as of December 31, 2022. This amount relates to a total of 2.8 million unvested restricted stock units, or RSUs, performance stock units, or PSUs, and deferred stock units, or DSUs, that were outstanding under our 2011 and 2020 Plans. We expect to recognize this stock-based compensation expense over a weighted average period of approximately 21 months.

The total stock-based compensation expense, which is included within salaries, wages and benefits on our consolidated statements of operations, for the years ended December 31, 2022, 2021, and 2020 was $30 million, $28 million, and $28 million, respectively.

2011 Incentive Compensation Plan

At our Annual Stockholders Meeting held on May 26, 2011, our stockholders approved the JetBlue Airways Corporation 2011 Incentive Compensation Plan. Upon inception, the 2011 Plan had 15.0 million shares of our common stock reserved for issuance. RSUs vest in annual installments over three years which can be accelerated upon the occurrence of a change in control. Under this plan, we grant RSUs to certain crewmembers. Our policy is to grant RSUs based on the market price of the underlying common stock on the date of grant. Under this plan, we grant DSUs to members of our Board of Directors, and PSUs to certain members of our executive leadership team.

The 2011 Plan was amended and restated effective January 1, 2014, to include the definition of retirement eligibility. Once a crewmember meets the definition, they will continue to vest their shares as if they remained employed by JetBlue, regardless of their actual employment status with the Company. In accordance with the *Compensation-Stock Compensation* topic of the Codification, the grant's explicit service condition is non-substantive and the grant has effectively vested at the time retirement eligibility is met.

At our Annual Stockholders Meeting held on May 21, 2015, our stockholders approved amendments to the 2011 Plan increasing the number of shares of Company common stock that remain available for issuance under the plan by 7.5 million.

The following is a summary of RSU activity under the 2011 Plan for the year ended December 31, 2022 (in millions except per share data):

	Shares	Weighted Average Grant Date Fair Value	
Nonvested at beginning of year	0.9	$	17.72
Granted	—		—
Vested	(0.6)		17.70
Forfeited	—		18.05
NONVESTED AT END OF YEAR	**0.3**	**$**	**18.17**

The total intrinsic value, determined as of the date of vesting, for all RSUs under the 2011 Plan that vested during the year ended December 31, 2022, 2021 and 2020 was $9 million, $19 million, and $18 million, respectively. There were no share awards granted during the year ended December 31, 2022 and 2021.

The vesting period for DSUs under the 2011 Plan is either one or three years of service. Once vested, shares are issued six months and one day following a Director's departure from our Board of Directors. During the years ended December 31, 2021, and 2020, we granted a nominal amount of DSUs, almost all of which remain outstanding at December 31, 2022. In 2021, we granted a nominal amount of PSUs to members of our executive leadership team, payment of which are based upon achievements of certain performance criteria. No PSUs were granted in 2022.

2020 Omnibus Equity Incentive Plan

At our Annual Stockholders Meeting held on May 14, 2020, our stockholders approved the JetBlue Airways Corporation 2020 Omnibus Equity Incentive Plan. Upon inception, the 2020 Plan had 10.5 million shares of our common stock reserved for issuance. The 2020 Plan, by its terms, will terminate no later than May 2030. Under the 2020 plan, we grant RSUs to certain crewmembers and members of our Board of Directors. The vesting periods for the RSUs varies by grant but no less than one year. We also grant DSUs to members of our Board of Directors, and PSUs to certain members of our executive leadership team under the 2020 Plan.

The following is a summary of RSU activity under the 2020 Plan for the year ended December 31, 2022 (in millions except per share data):

	Shares	Weighted Average Grant Date Fair Value	
Nonvested at beginning of year	1.3	$	17.98
Granted	2.2		12.56
Vested	(0.5)		18.43
Forfeited	(0.2)		16.32
NONVESTED AT END OF YEAR	**2.8**	**$**	**13.97**

The total intrinsic value, determined as of the date of vesting, for all RSUs under the 2020 Plan that vested during the year ended December 31, 2022 was $6 million.

We have granted a nominal amount of DSUs under the 2020 Plan since its adoption in May 2020. Similar to the 2011 Plan, the vesting period for DSUs under the 2020 Plan is either one or three years of service. Once vested, shares are issued six months and one day following a Director's departure from our Board of Directors.

Crewmember Stock Purchase Plans

In May 2011, our stockholders approved the 2011 Crewmember Stock Purchase Plan, or the 2011 CSPP. At inception, the 2011 CSPP had 8.0 million shares of our common stock reserved for issuance.

At our Annual Stockholders Meeting held on May 21, 2015, our stockholders approved amendments to the CSPP increasing the number of shares of Company common stock that remain available for issuance under the plan by 15 million.

In May 2020, our stockholders approved the JetBlue Airways Corporation 2020 Crewmember Stock Purchase Plan, or the 2020 CSPP to replace the 2011 CSPP which was set to expire in April 2021. At inception, the 2020 CSPP had 17.5 million shares of our common stock reserved for issuance. The 2020 CSPP, by its terms, will terminate no later than May 2030. The other terms of the 2020 CSPP are substantially identical to those of the 2011 CSPP.

Our CSPPs have a series of six-month offering periods, with a new offering period beginning on the first business day of May and November each year. Crewmembers can enroll in CSPP nearly year-round, with the exception of specific blackout dates. Crewmembers may contribute up to 10% of their pay towards the purchase of common stock via payroll deductions. Purchase dates occur on the last business day of April and October each year. The purchase price is the stock price on the purchase date, less a 15% discount. The compensation cost relating to the discount is recognized over the offering period. The total expense recognized relating to our CSPPs for the years ended December 31, 2022, 2021, and 2020 was approximately $9 million, $9 million, and $6 million, respectively. Under the plans, crewmembers purchased 6.4 million, 3.4 million, and 4.1 million new shares for the years ended December 31, 2022, 2021, and 2020, respectively, at weighted average prices of $8.07, $13.93, and $8.94 per share, respectively.

Under the CSPPs, should we be acquired by merger or sale of substantially all of our assets or sale of more than 50% of our outstanding voting securities, all outstanding purchase rights will automatically be exercised immediately prior to the effective date of the acquisition at a price equal to 85% of the fair market value per share immediately prior to the acquisition.

Taxation

The *Compensation-Stock Compensation* topic of the Codification requires deferred taxes be recognized on temporary differences that arise with respect to stock-based compensation attributable to nonqualified stock options and awards. However, no tax benefit is recognized for stock-based compensation attributable to incentive stock options, or ISO, or CSPP shares until there is a disqualifying disposition, if any, for income tax purposes. A portion of our historical stock-based compensation was attributable to CSPP shares; therefore, our effective tax rate was subject to fluctuation.

NOTE 8 Income Taxes

Our income tax benefit consisted of the following for the years ended December 31 (in millions):

	2022	2021	2020
Deferred:			
Federal	$ (86)	$ (44)	$ (247)
State	13	(44)	(82)
Deferred income tax benefit	(73)	(88)	(329)
Current:			
Federal	(3)	3	(199)
State	—	5	(9)
Foreign	1	(1)	(2)
Current income tax (benefit) expense	(2)	7	(210)
TOTAL INCOME TAX BENEFIT	**$ (75)**	**$ (81)**	**$ (539)**

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic. The CARES Act permits net operating loss (NOL) carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. As of December 31, 2022, the Company has filed its Application for Tentative Refund and is awaiting receipt of the refund.

Income tax benefit reconciles to the amount computed by applying the U.S. federal statutory income tax rate to loss before income taxes for the years ended December 31 as follows (in millions):

	2022	2021	2020
Income tax benefit at statutory rate	$ (92)	$ (55)	$ (398)
State income tax, net of federal benefit	13	(36)	(71)
Nondeductible expenses	8	5	5
Net operating loss carryback	—	—	(73)
Foreign tax credit re-characterization	—	—	(13)
Foreign rate differential	4	(5)	2
Valuation allowance	(2)	4	10
Unrecognized tax benefit	(3)	7	(3)
Other, net	(3)	(1)	2
TOTAL INCOME TAX BENEFIT	**$ (75)**	**$ (81)**	**$ (539)**

The components of our deferred tax assets and liabilities as of December 31 are as follows (in millions):

	2022	2021
Deferred tax assets:		
Deferred revenue/gains	$ 271	$ 301
Employee benefits	72	70
Foreign tax credit	78	83
Other Credits	4	4
Net operating loss carryforward	709	522
Interest expense limitation carryforward	29	—
Operating lease liabilities	194	189
Rent expense	84	108
Transaction Costs	13	—
Sec. 174 research activities	16	—
Other	20	17
Total deferred tax assets	1,490	1,294
Valuation allowance	(90)	(73)
Deferred tax assets, net	1,400	1,221
Deferred tax liabilities:		
Property and Equipment	(1,963)	(1,845)
Operating lease assets	(173)	(182)
Other	(34)	(37)
Total deferred tax liabilities	(2,170)	(2,064)
NET DEFERRED TAX LIABILITY	**$ (770)**	**$ (843)**

We have a U.S. foreign tax credit carryforward of $78 million which expires from 2023 to 2032.

In evaluating the realizability of the deferred tax assets, we assess whether it is more likely than not that some portion, or all, of the deferred tax assets, will be realized. We consider, among other things, the generation of future taxable income (including reversals of deferred tax liabilities) during the periods in which the related temporary differences will become deductible. At December 31, 2022, we provided a $90 million valuation allowance to reduce the deferred tax assets to an amount that we consider is more likely than not to be realized. Of the total valuation allowance, $82 million relates to foreign NOL carryforward, and $8 million relates to U.S. foreign tax credit carryforward that begins to expire in 2022.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

	2022	2021	2020
Unrecognized tax benefits at January 1,	**$ 40**	**$ 32**	**$ 36**
Increases for tax positions taken during the period	5	2	1
Decreases for tax positions taken during the period	(6)	(1)	—
Increases for tax positions taken during a prior period	—	19	—
Decreases for tax positions taken during a prior period	(13)	(12)	(5)
UNRECOGNIZED TAX BENEFITS DECEMBER 31,	**$ 26**	**$ 40**	**$ 32**

Interest and penalties accrued on unrecognized tax benefits were not significant. If recognized, $8 million of the unrecognized tax benefits as of December 31, 2022 would impact our effective tax rate. We do not expect any significant change in the amount of the unrecognized tax benefits within the next twelve months. As a result of net operating losses and statute of limitations in our major tax jurisdictions, years 2016 through 2020 remain subject to examination by the relevant tax authorities.

NOTE 9 Crewmember Retirement Plan

We sponsor a retirement savings 401(k) defined contribution plan, or the Plan, covering all of our crewmembers where we match 100% of our crewmember contributions up to 5% of their eligible wages. The contributions vest over three years and are measured from a crewmember's hire date. Crewmembers are immediately vested in their voluntary contributions.

Another component of the Plan is a Company discretionary contribution of 5% of eligible non-management crewmember compensation, which we refer to as *Retirement Plus*. *Retirement Plus* contributions vest over three years and are measured from a crewmember's hire date.

Certain Federal Aviation Administration, or FAA, licensed crewmembers receive an additional contribution of 3% of eligible compensation, which we refer to as *Retirement Advantage*.

Effective August 1, 2018 and through December 31, 2020, our pilots received a non-elective Company contribution of 15% of eligible pilot compensation per the terms of the finalized collective bargaining agreement between JetBlue and the Air Line Pilots Association, or ALPA, in lieu of the above 401(k) Company matching contribution, *Retirement Plus*, and *Retirement Advantage* contributions. This non-elective Company contribution was increased to 16% beginning on January 1, 2021. The Company's non-elective contribution of eligible pilot compensation vests after three years of service.

Our non-management crewmembers are eligible to receive profit sharing, calculated as 10% of adjusted pre-tax income before profit sharing and special items up to a pre-tax margin of 18% with the result reduced by *Retirement Plus* contributions and the equivalent of *Retirement Plus* contributions for pilots. If JetBlue's resulting pre-tax margin exceeds 18%, non-management crewmembers will receive 20% profit sharing on amounts above an 18% pre-tax margin.

Total 401(k) company match, *Retirement Plus*, *Retirement Advantage*, pilot retirement contribution, and profit sharing expensed for the years ended December 31, 2022, 2021, and 2020 were $249 million, $213 million, and $177 million, respectively.

NOTE 10 Commitments

Flight Equipment Commitments

As of December 31, 2022, our firm aircraft orders consisted of 62 Airbus A321neo aircraft and 86 Airbus A220 aircraft, all scheduled for delivery through 2028. In February 2022, we exercised our option to purchase 30 additional Airbus A220-300 aircraft under our existing agreement with Airbus Canada Limited Partnership. The 30 additional A220-300 aircraft are expected to be delivered from 2023 to 2026. Options for 20 additional A220-300 aircraft remain available to us. With the addition of these 30 Airbus A220 aircraft, our flight equipment purchase obligations are expected to be $1.6 billion in 2023, $2.1 billion in 2024, $1.8 billion 2025, $1.4 billion in 2026, and $1 billion thereafter. Due to Airbus delivery delays, our capacity planning assumes delivery of 11 A-220, 4 A-321neo, and 4 A321neo LR aircrafts in 2023.

In October 2019, the Office of the U.S. Trade Representative announced a 10% tariff on new commercial aircraft and related parts imported from certain European Union member states, which include aircraft and other parts we were already contractually obligated to purchase, including those noted above. The U.S. Trade Representative increased the tariff to 15% effective March 2020. In March 2021, the U.S. Trade Representative announced a four-month suspension of the tariff that was followed by an announcement in June 2021 that the suspension will be extended for five years. The imposition or re-imposition of this or any tariff could substantially increase the cost of new aircraft and parts.

Other Commitments

We utilize several credit card processors to process our ticket sales. Our agreements with these processors do not contain covenants, but do generally allow the processor to withhold cash reserves to protect the processor from potential liability for tickets purchased, but not yet used for travel. While we currently do not have any collateral requirements related to our credit card processors, we may be required to issue collateral to our credit card processors, or other key business partners, in the future.

As of December 31, 2022, we had approximately $41 million cash pledged related to our workers' compensation insurance policies and other business partner agreements, which will expire according to the terms of the related policies or agreements.

In April 2018, JetBlue inflight crewmembers elected to be represented by the Transport Workers Union of America ("TWU"). The National Mediation Board ("NMB") certified the TWU as the representative for JetBlue inflight crewmembers. The parties reached a final agreement for the first collective bargaining agreement which was ratified by our inflight crewmembers in December 2021. The agreement is a five-year, renewable contract effective December 13, 2021. During the fourth quarter of 2021, we recorded a one-time ratification bonus totaling $8 million to be allocated amongst our inflight crewmembers as determined by TWU. Refer to Note 16 to our consolidated financial statements for additional information.

As of December 31, 2022, approximately 48% of our full-time equivalent crewmembers were represented by labor unions and approximately 21% were covered by collective bargaining agreements that are currently amendable or that will become amendable within one year.

Except for our pilots and inflight crewmembers who are represented by Airline Pilots Association ("ALPA"), and TWU, respectively, our other frontline crewmembers do not have third party representation.

In April 2021, ALPA, on behalf of the JetBlue pilot group, filed a grievance relating to the Northeast Alliance ("NEA"), ALPA claims that in entering the NEA, JetBlue violated certain scope clauses as contained in the pilots' ALPA collective bargaining agreement. The matter proceeded to arbitration pursuant to the grievance procedure contained in the collective bargaining agreement, which concluded in September 2021, and in January 2022, the parties submitted final, written briefs to the System Board of Adjustment. Shortly after submission of the briefs, the parties agreed to enter into non-binding mediation with the assistance of the arbitrator with a temporary hold on a System Board decision. As a result of the mediation process, the parties agreed to certain changes to the collective bargaining agreement. The agreement, ratified by the JetBlue pilot group in April 2022, included a one-time payment and associated payroll taxes of $32 million, paid and recorded as an expense within special items in the second quarter of 2022, and a 3% base pay increase effective May 1, 2022. In January 2023, JetBlue pilots approved a two year contract extension which included a one time payment and associated payroll taxes of $66 million, and a 21% base pay increase effective March 31, 2023. We did not accrue for this one time payment as of December 31, 2022 as it relates to 2023 compensation and is only applicable to pilots employed as of February 1, 2023.

In September 2022, the International Association of Machinists and Aerospace Workers filed for an election to unionize our ground operations crewmembers. In February 2023, our crewmembers voted to maintain our direct relationship rather than elect a union.

We enter into individual employment agreements with each of our non-unionized FAA-licensed crewmembers which include dispatchers, technicians, and inspectors as well as air traffic controllers. Each employment agreement is for a term of five years and automatically renews for an additional five years unless either the crewmember or we elect not to renew it by giving at least 90 days' notice before the end of the relevant term. Pursuant to these agreements, these crewmembers can only be terminated for cause. In the event of a downturn in our business that would require a reduction in work hours, we are obligated to pay these crewmembers a guaranteed level of income and to continue their benefits if they do not obtain other aviation employment.

In February 2022, we executed a new lease for our primarily corporate offices that will extend our stay in the present Long Island City location until 2039. The term of this lease will begin in 2023. The new lease increased our lease commitments by approximately $3 million in 2024, $6 million in 2025, $8 million in 2026, and an anticipated lease expenditure of $100 million thereafter. We have a one-time option to terminate the lease in 2034. At the end of the initial lease term, we have the option to renew the lease for either one renewal term of 10 years, or two renewal terms of five years each.

In April 2022, we announced an agreement with Aemetis for it to supply us with 125 million gallons of SAF over a ten-year term with a target start date of 2025.

NOTE 11 Contingencies

We self-insure a portion of our losses from claims related to workers' compensation, environmental issues, property damage, medical insurance for crewmembers, and general liability. Losses are accrued based on an estimate of the ultimate aggregate liability for claims incurred, using standard industry practices and our actual experience.

We are a party to many routine contracts under which we indemnify third parties for various risks. These indemnities consist of the following:

All of our bank loans, including our aircraft mortgages, obligate us to reimburse the bank for any increased costs arising from regulatory changes, including changes in reserve requirements and bank capital requirements; these obligations are standard terms present in loans of this type. These indemnities would increase the interest rate on our debt if they were to be triggered. In all cases, we have the option to repay the loan and avoid the increased costs. These terms match the length of the related loan up to 15 years.

Under both aircraft leases with foreign lessors and aircraft mortgages with foreign lenders, we have agreed to customary indemnities concerning withholding tax law changes. Under these contracts we are responsible, should withholding taxes be imposed, for paying such amount of additional rent or interest as is necessary to ensure that the lessor or lender still receives, after taxes, the rent stipulated in the lease or the interest stipulated under the loan. The term of these indemnities matches the length of the related lease or loan up to 25 years.

We have various leases with respect to real property as well as various agreements among airlines relating to fuel consortia or fuel farms at airports. Under these contracts we have agreed to standard language indemnifying the lessor against environmental liabilities associated with the real property or operations described under the agreement, even if we are not the party responsible for the initial event that caused the environmental damage. In the case of fuel consortia at airports, these indemnities are generally joint and several among the participating airlines. We have purchased a standalone environmental liability insurance policy to help mitigate this exposure. Our existing aviation hull and liability policy includes some limited environmental coverage when a cleanup is part of an associated single identifiable covered loss.

Under certain contracts, we indemnify specified parties against legal liability arising out of actions by other parties. The terms of these contracts range up to 25 years. Generally, we have liability insurance protecting ourselves for the obligations we have undertaken relative to these indemnities.

We are unable to estimate the potential amount of future payments under the foregoing indemnities and agreements.

Under a certain number of our operating lease agreements we are required to restore certain property or equipment to its original form upon expiration of the related agreement. We have recorded the estimated fair value of these retirement obligations of approximately $6 million in Other within Deferred Taxes and Other Liabilities on our consolidated balance sheets as of December 31, 2022.

Legal Matters

Occasionally, we are involved in various claims, lawsuits, regulatory examinations, investigations, and other legal matters involving suppliers, crewmembers, customers, and governmental agencies, arising, for the most part, in the ordinary course of business. The outcome of litigation and other legal matters is always uncertain. The Company believes it has valid defenses to the legal matters currently pending against it, is defending itself vigorously, and has recorded accruals determined in accordance with GAAP, where appropriate. In making a determination regarding accruals, using available information, we evaluate the likelihood of an unfavorable outcome in legal or regulatory proceedings to which we are a party and record a loss contingency when it is probable a liability has been incurred and the amount of the loss can be reasonably estimated. These subjective determinations are based on the status of such legal or regulatory proceedings, the merits of our defenses, and consultation with legal counsel. Actual outcomes of these legal and regulatory proceedings may materially differ from our current estimates. It is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to our consolidated results of operations, liquidity, or financial condition.

To date, none of these types of litigation matters, most of which are typically covered by insurance, has had a material impact on our operations or financial condition. We have insured and continue to insure against most of these types of claims. A judgment on any claim not covered by, or in excess of, our insurance coverage could materially adversely affect our consolidated results of operations, liquidity, or financial condition.

On September 21, 2021, the United States Department of Justice, along with Attorneys General of six states and the District of Columbia filed suit against JetBlue and American seeking to enjoin the NEA, alleging that it violates Section 1 of the Sherman Act. The bench trial of this matter was concluded in November 2022 and the Court's decision remains pending. An adverse ruling could adversely impact our ability to achieve the intended benefits of the NEA could have an adverse impact on our business, financial condition, and results of operations. Additionally, we are incurring costs associated with implementing operational and marketing elements of the NEA, which would not be recoverable if we were required to unwind all or a portion of the NEA.

In December 2022 and February 2023, four putative class actions lawsuits were filed in the United States District Court for the Eastern District of New York and the District of Massachusetts, respectively, alleging, among other things, that monetary damages should be awarded to a putative class of direct purchasers of airline tickets from JetBlue and American on NEA flights from July 16, 2020 through the present. Given the nature of these cases, we are unable to estimate the reasonably possible loss or range of loss, if any, arising from this matter; however, JetBlue believes these lawsuits are without merit and, along with American Airlines, will defend these matters vigorously.

In 2023, we expect to continue to seek additional strategic opportunities through new commercial partners as well as assess ways to deepen existing airline partnerships, including the NEA. We plan to do this by expanding codeshare relationships and other areas of cooperation such as frequent flyer programs. We believe these commercial partnerships allow us to better leverage our strong network and drive incremental traffic and revenue while improving off-peak travel.

NOTE 12 Financial Derivative Instruments and Risk Management

As part of our risk management techniques, we periodically purchase over the counter energy derivative instruments to manage our exposure to the effect of changes in the price of aircraft fuel. Prices for the underlying commodities have historically been highly correlated to aircraft fuel, making derivatives of them effective at providing short-term protection against sharp increases in average fuel prices. We do not hold or issue any derivative financial instruments for trading purposes.

Aircraft fuel derivatives

We attempt to obtain cash flow hedge accounting treatment for each fuel derivative that we enter into. This treatment is provided for under the *Derivatives and Hedging* topic of the FASB Codification which allows for gains and losses on the effective portion of qualifying hedges to be deferred until the underlying planned aircraft fuel consumption occurs, rather than recognizing the gains and losses on these instruments into earnings during each period they are outstanding. The effective portion of realized fuel hedging derivative gains and losses is recognized in aircraft fuel expense in the period during which the underlying fuel is consumed.

Ineffectiveness occurs, in certain circumstances, when the change in the total fair value of the derivative instrument differs from the change in the value of our expected future cash outlays for the purchase of aircraft fuel. If a hedge does not qualify for hedge accounting, the periodic changes in its fair value are also recognized in interest income and other. When aircraft fuel is consumed and the related derivative contract settles, any gain or loss previously recorded in other comprehensive income (loss) is recognized in aircraft fuel expense. All cash flows related to our fuel hedging derivatives are classified as operating cash flows.

Our current approach to fuel hedging is to enter into hedges on a discretionary basis. We view our hedge portfolio as a form of insurance to help mitigate the impact of price volatility and protect us against severe spikes in oil prices, when possible.

The following table illustrates the approximate hedged percentages of our projected fuel usage by quarter related to our outstanding fuel hedging contracts that were designated as cash flow hedges for accounting purposes as of December 31, 2022. We did not have any fuel hedging contracts outstanding at December 31, 2021.

	Aircraft fuel call option spread agreements	Total
First Quarter 2023	8.8%	8.8%

In February 2023, we hedged 19.3% of our projected fuel requirement for the second quarter of 2023 and 5.5% for the third quarter of 2023.

The table below reflects quantitative information related to our derivative instruments and where these amounts are recorded in our financial statements (dollar amounts in millions):

	Year Ended December 31,	
	2022	2021
FUEL DERIVATIVES		
Asset fair value recorded in prepaid expenses and other current assets[1]	$ 3	$ —
Longest remaining term (months)	3	—
Hedged volume (barrels, in thousands)	450	—
Estimated amount of existing gains expected to be reclassified into earnings in the next 12 months	2	—

(1) Gross asset or liability of each contract prior to consideration of offsetting positions with each counterparty and prior to impact of collateral paid.

	Year Ended December 31,		
	2022	2021	2020
FUEL DERIVATIVES			
Hedge effectiveness losses recognized in aircraft fuel expense	$ 7	$ —	$ 7
Losses on derivatives resulting from the discontinuance of hedge accounting recognized in interest income and other	$ —	$ —	$ 8
Hedge losses on derivatives recognized in comprehensive income	$ 3	$ —	$ 11
Percentage of actual consumption economically hedged	7%	—%	25%

Any outstanding derivative instrument exposes us to credit loss in connection with our fuel contracts in the event of nonperformance by the counterparties to our agreements, but we do not expect that any of our counterparties will fail to meet their obligations. The amount of such credit exposure is generally the fair value of our outstanding contracts for which we are in a receivable position. To manage credit risks we select counterparties based on credit assessments, limit our overall exposure to any single counterparty, and monitor the market position with each counterparty. Some of our agreements require cash deposits from either JetBlue or our counterparty if market risk exposure exceeds a specified threshold amount.

We have master netting arrangements with our counterparties allowing us the right of offset to mitigate credit risk in derivative transactions. The financial derivative instrument agreements we have with our counterparties may require us to fund all, or a portion of, outstanding loss positions related to these contracts prior to their scheduled maturities. The amount of collateral posted, if any, is periodically adjusted based on the fair value of the hedge contracts. Our policy is to offset the liabilities represented by these contracts with any cash collateral paid to the counterparties.

There were no offsetting derivative instruments as of December 31, 2022 and 2021.

NOTE 13 Fair Value

Under ASC 820, *Fair Value Measurement*, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

Level 1 observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 quoted prices in active markets for similar assets and liabilities, and other inputs that are observable directly or indirectly for the asset or liability; or

Level 3 unobservable inputs for the asset or liability, such as discounted cash flow models or valuations.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a listing of our assets and liabilities required to be measured at fair value on a recurring basis and where they are classified within the fair value hierarchy (in millions):

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 665	$ —	$ —	$ 665
Available-for-sale investment securities	—	324	13	337
Equity Investment Securities	8	—	—	8
Aircraft fuel derivatives	—	3	—	3

	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 1,515	$ —	$ —	$ 1,515
Available-for-sale investment securities	—	800	—	800
Equity investment securities	26	—	—	26

Refer to Note 3 to our consolidated financial statements for fair value information related to our outstanding debt obligations as of December 31, 2022 and 2021. The carrying values of all other financial instruments approximated their fair values at December 31, 2022 and 2021.

Cash equivalents

Our cash equivalents include money market securities and time deposits which are readily convertible into cash, have maturities of three months or less when purchased, and are considered to be highly liquid and easily tradable. The money market securities are valued using inputs observable in active markets for identical securities and are therefore classified as Level 1 within our fair value hierarchy. The fair values of remaining instruments are based on observable inputs in non-active markets, which are therefore classified as Level 2 in the hierarchy.

Available-for-sale investment securities

Our available-for-sale investment securities include highly liquid investments such as time deposits, commercial paper and convertible debt securities. The fair values of these instruments are based on observable inputs in non-active markets, which are therefore classified as Level 2 in the hierarchy. The fair values of the remaining instruments based on unobservable inputs are classified as Level 3 in the hierarchy. We recognized a net unrealized loss of $1 million in accumulated other comprehensive income (loss) on the consolidated balance sheet for the year ended December 31, 2022. We recognized an immaterial net unrealized loss for the same period ending December 31, 2021.

Equity investment securities

Our investments in equity securities include investments in common stocks of publicly traded companies. The fair values of these instruments are classified as Level 1 in the fair value hierarchy as their fair values are based on unadjusted quoted prices in active markets for identical assets. We recognized a net unrealized loss of $12 million and $10 million in other income on our consolidated statement of operations for the year ending December 31, 2022 and 2021 respectively. We also recognized a net realized gain of $1 million in other income on our consolidated statement of operations for the year ending December 31, 2022. We did not recognize any realized gains or losses during the same period ending December 31, 2021.

As discussed in Note 1 to our consolidated financial statements, JBV has equity investments in emerging companies which do not have readily determinable fair values. In accordance with

Topic 321, *Investments - Equity Securities* of the Codification, we account for these investments using a measurement alternative which allows entities to measure these investments at cost, less any impairment, adjusted for changes from observable price changes in orderly transactions for identifiable or similar investments of the same issuer. We recognized an impairment loss of $2 million on the consolidated statement of operations for the year ended December 31, 2022 and a gain of $37 million during the same period ending December 31, 2021.

Aircraft fuel derivatives

Our aircraft fuel derivatives include call spread options which are not traded on public exchanges. Their fair values are determined using a market approach based on inputs that are readily available from public markets for commodities and energy trading activities; therefore, they are classified as Level 2 inputs. The data inputs are combined into qualitative models and processes to generate forward curves and volatility related to the specific terms of the underlying hedge contracts.

NOTE 14 Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss) includes changes in fair value of our aircraft fuel derivatives which qualify for hedge accounting. Unrealized loss on available-for-sale investment securities are reflected as a component of accumulated other comprehensive income (loss). A rollforward of the amounts included in accumulated other comprehensive income (loss), net of taxes for the years ended December 31, 2022, 2021, and 2020 is as follows (in millions):

	Aircraft Fuel Derivatives(1)	Available-for-sale securities	Total
Balance of accumulated income, at December 31, 2019	**$ 2**	**$ —**	**$ 2**
Reclassifications into earnings, net of taxes of $(5)	9	—	9
Change in fair value, net of taxes of $5	(11)	—	(11)
Balance of accumulated income, at December 31, 2020	**$ —**	**$ —**	**$ —**
Reclassifications into earnings, net of taxes of $0	—	—	—
Change in fair value, net of taxes of $0	—	—	—
Balance of accumulated income, at December 31, 2021	**$ —**	**$ —**	**$ —**
Reclassifications into earnings, net of taxes of $(3)	4	—	4
Change in fair value, net of taxes of $2	(3)	(1)	(4)
BALANCE OF ACCUMULATED INCOME (LOSS), AT DECEMBER 31, 2022	**$ 1**	**$ (1)**	**$ —**

(1) Reclassified to aircraft fuel expense.

NOTE 15 Geographic Information

Under the *Segment Reporting* topic of the Codification, disclosures are required for operating segments that are regularly reviewed by chief operating decision makers. Air transportation services accounted for substantially all of the Company's operations in 2022, 2021, and 2020.

Operating revenues are allocated to geographic regions, as defined by the Department of Transportation, or DOT, based upon the origination and destination of each flight segment. As of December 31, 2022, we served 34 locations in the Caribbean and Latin American region, or Latin America as defined by the DOT. We also served two destinations in Europe, or Atlantic as defined by the DOT. We include the three destinations in Puerto Rico and one destination in the U.S. Virgin Islands in our Caribbean and Latin America allocation of revenues. Therefore, we have reflected these locations within the Caribbean and Latin America region in the table below. Operating revenues by geographic regions for the years ended December 31 are summarized below (in millions):

	2022	2021	2020
Domestic & Canada	$ 6,067	$ 3,869	$ 1,890
Caribbean & Latin America	2,968	2,150	1,067
Atlantic	123	18	—
TOTAL	**$ 9,158**	**$ 6,037**	**$ 2,957**

Our tangible assets primarily consist of our fleet of aircraft. Except for our transatlantic service to London, which is operated by the long range variant of the Airbus A321neo aircraft, our fleet is deployed systemwide, with no individual aircraft dedicated to any specific route or region; therefore, our assets do not require any allocation to a geographic area.

NOTE 16 Special Items

The following is a listing of special items presented on our consolidated statements of operations (in millions):

	Year Ended December 31,		
	2022	2021	2020
Special Items			
Federal payroll support grant recognition[1]	$ —	$ (830)	$ (685)
CARES Act employee retention credit[2]	—	(11)	(36)
Union contract costs[3]	1	8	—
Embraer E190 fleet transition[4]	52	—	273
Severance and benefit costs[5]	—	—	59
ALPA ratification bonus[6]	32	—	—
Spirit acquisition costs[7]	28	—	—
Losses on sale-leaseback transactions[8]	—	—	106
TOTAL	**$ 113**	**$ (833)**	**$ (283)**

(1) As discussed in Note 3 to our consolidated financial statements, we received assistance in the form of grants and unsecured loans under various federal payroll support programs. Funds under these federal payroll support programs were to be used exclusively for the continuation of payment of crewmember wages, salaries, and benefits. The carrying values of the payroll support grants (after consideration of the warrants we issued) were recorded within other liabilities and were recognized as contra-expenses within special items on our consolidated statements of operations as the funds were utilized. We utilized $830 million and $685 million of payroll support grants for the year ended December 31, 2021 and 2020, respectively. Our payroll support grants were fully utilized as of December 31, 2022.

(2) The Employee Retention Credit ("ERC") under the CARES Act is a refundable tax credit which encourages businesses to keep employees on the payroll during the COVID-19 pandemic. Eligible employers can qualify for up to $5,000 of credit for each employee based on qualified wages paid after March 12, 2020 and before January 1, 2021. The Internal Revenue Service ("IRS") subsequently issued Notice 2021-23 and Notice 2021-49 which collectively extended the ERC eligibility to cover qualified wages paid after December 31, 2020 and before January 1, 2022. Qualified wages are the wages paid to an employee for the time that the employee is not providing services due to an economic hardship, specifically, either (1) a full or partial suspension of operations by order of a governmental authority due to COVID-19, or (2) a significant decline in gross receipts. Our policy is to recognize the ERC when it is filed with the IRS. We recognized $11 million and $36 million of ERC as contra-expenses within special items on our consolidated statements of operations for the year ended December 31, 2021 and 2020, respectively.

(3) In April 2018, JetBlue inflight crewmembers elected to be represented by the Transport Workers Union of America, or TWU. The National Mediation Board, or NMB, certified the TWU as the representative for JetBlue inflight crewmembers. The parties reached a final agreement for the first collective bargaining agreement which was ratified by our inflight crewmembers in December 2021. The agreement is a five-year, renewable contract effective December 13, 2021. During the fourth quarter of 2021, we recorded a one-time ratification bonus totaling $8 million to be allocated amongst our inflight crewmembers as determined by TWU. During the full year 2022, we recorded $1 million in implementation costs relating to the contract.

(4) Under ASC 360, Property, Plant, and Equipment, we are required to assess long-lived assets for impairment when events and circumstances indicate that the assets may be impaired. An impairment of long-lived assets exists when the sum of the forecasted undiscounted future cash flows expected to be generated directly by the assets are less than the book value of the assets. Our long-lived assets include both owned and leased properties which are classified as property and equipment, and operating lease assets on our consolidated balance sheets, respectively.

Our operations were adversely impacted by the unprecedented decline in demand for travel caused by the COVID-19 pandemic in 2020. To determine if impairment exists in our fleet, we grouped our aircraft by fleet-type and estimated their future cash flows based on projections of capacity, aircraft age, maintenance requirements, and other relevant conditions. Based on the assessment, we determined the future cash flows from the operation of our Embraer E190 fleet were lower than the carrying value. For those aircraft, including the ones that are under operating lease, and related spare parts in our Embraer E190 fleet, we recorded impairment losses of $273 million for the year ended December 31, 2020. These losses represent the difference between the book value of these assets and their fair value. In determining fair value, we obtained third party valuations for our Embraer E190 fleet, which considered the effects of the current market environment, age of the assets, and marketability. For our owned Embraer E190 aircraft and related spare parts, we made adjustments to the valuations to reflect the impact of their current maintenance conditions to determine fair value. Our estimate of fair value was not based on distressed sales or forced liquidations. The fair value of our Embraer E190 aircraft under operating lease and related parts was based on the present value of current market lease rates utilizing a market discount rate for the remaining term of each lease. Since the fair value of our Embraer E190 fleet was determined using unobservable inputs, it is classified as Level 3 in the fair value hierarchy.

No fleet impairment loss was recorded for the year ended December 31, 2021.

In 2022, as a result of our Embraer E190 fleet transition, we entered into a series of engine exchanges of the CF34 engines used on our Embraer E190 fleet. Additionally, we entered into an agreement to sell 5 of our owned Embraer E190 aircraft in 2023. We classified these 5 aircraft as held for sale in December 31, 2022. As a result of these fleet transition transactions, we recognized a $52 million impairment loss on the Embraer E190 fleet during the year ended December 31, 2022. These losses represent the difference between the book value of these assets and their fair value. In determining fair value, we obtained third party valuations for our Embraer E190 fleet, which considered the effects of the current market environment, age of the assets, and marketability. For our owned Embraer E190 aircraft and related spare parts, we made adjustments to the valuations to reflect the impact of their current maintenance conditions to determine fair value. Our estimate of fair value was not based on distressed sales or forced liquidations. The fair value of our Embraer E190 aircraft under operating lease and related parts was based on the present value of current market lease rates utilizing a market discount rate for the remaining term of each lease. Since the fair value of our Embraer E190 fleet was determined using unobservable inputs, it is classified as Level 3 in the fair value hierarchy.

(5) *In 2020, the unprecedented declines in demand and in our capacity caused by COVID-19 led to a significant reduction to our staffing needs. In June 2020, we announced a voluntary separation program which allowed eligible crewmembers the opportunity to voluntarily separate from the Company in exchange for severance, health coverage for a specified period of time, and travel privileges based on years of service. Virtually all of our crewmembers were eligible to participate in the voluntary separation program with the exception of our union-represented crewmembers and crewmembers of our wholly-owned subsidiaries (JetBlue Ventures and JetBlue Travel Products). Separation agreements for the majority of the crewmembers who elected to participate in the voluntary program were executed in the third quarter of 2020. One-time costs of $59 million, consisting of severance and health benefits, were recorded for the year ended December 31, 2020 in connection with the program. Approximately $44 million of this charge was disbursed in 2020. Substantially all of the remaining balance had been disbursed as of December 31, 2021 with the residual amount disbursed by mid-2022.*

(6) *As discussed in Note 10 to our consolidated financial statements, we paid $32 million for an ALPA ratification bonus and the associated payroll taxes during the second quarter of 2022.*

(7) *As discussed in Note 17 to our consolidated financial statements, we incurred and paid $28 million for various expenses related to our acquisition of Spirit during the year ended December 31, 2022.*

(8) *In 2020, we executed $563 million of aircraft sale-leaseback transactions. Of these transactions, $354 million did not qualify as sales for accounting purposes. The remaining $209 million qualified as sales and generated a loss of $106 million. These losses represent the difference between the book value of these assets and their fair value. We estimated the fair value of the related aircraft considering third party valuations and considered specific circumstances such as aircraft age, maintenance requirements and condition, and therefore classified as Level 3 in the fair value hierarchy.*

NOTE 17 Entry into Merger Agreement with Spirit Airlines

On July 28, 2022, JetBlue entered into an Agreement and Plan of Merger (the "Merger Agreement") with Spirit Airlines, Inc., a Delaware corporation ("Spirit"), and Sundown Acquisition Corp., a Delaware corporation and a direct wholly owned subsidiary of JetBlue ("Merger Sub"), pursuant to which and subject to the terms and conditions therein, Merger Sub will merge with and into Spirit, with Spirit continuing as the surviving corporation (the "Merger"). On October 19, 2022, Spirit announced that its stockholders approved the Merger Agreement.

As a result of the Merger, each existing share ("Share") of Spirit's common stock, par value $0.0001 per share, will be converted at the effective time of the Merger into the right to receive an amount in cash per Share, without interest, equal to (a) $33.50 minus (b)(i) to the extent paid, an amount in cash equal to $2.50 per Share and (ii) the lesser of (A) $1.15 and (B) the product of (1) $0.10 multiplied by (2) the number of Additional Prepayments (as defined below) paid prior to the date of the closing of the Merger (the "Closing Date") (such amount in subclause (B), the "Aggregate Additional Prepayment Amount").

On October 26, 2022, in accordance with the Merger Agreement, JetBlue paid $2.50 per share to each holder of record as of September 12, 2022, the record date for the special meeting of Spirit stockholders. The total payment came to $272 million. This amount is included as Other Assets in the Company's Consolidated Balance Sheet as of December 31, 2022 and reported as Payment for Spirit Airlines Acquisition in the Company's Consolidated Statements of Cash Flows for the twelve months ended December 31, 2022.

On or prior to the last business day of each calendar month commencing after December 31, 2022, until the earlier of (a) the Closing Date and (b) the termination of the Merger Agreement in accordance with its terms, JetBlue will pay or cause to be paid to the holders of record of outstanding Shares as of a date not more than five business days prior to the last business day of such month, an amount in cash equal to $0.10 per Share (such amount, the "Additional Prepayment Amount," each such monthly payment, an "Additional Prepayment").

The Closing is subject to the satisfaction or waiver of certain closing conditions, including, among other things: (a) receipt of Spirit stockholder approval, which was obtained on October 19, 2022; (b) receipt of applicable regulatory approvals, including approvals from the U.S. Federal Communications Commission, U.S. Federal Aviation Administration and the U.S. Department of Transportation; (c) the expiration or early termination of the statutory waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") and any customary timing agreement with any governmental entity not to consummate the Merger and approval under certain foreign antitrust laws; (d) the absence of any law or order prohibiting the consummation of the transactions; and (e) the absence of any material adverse effect on Spirit (as defined in the Merger Agreement).

Spirit, JetBlue, and Merger Sub each make certain customary representations, warranties and covenants, as applicable, in the Merger Agreement.

The Merger Agreement also contains certain provisions relating to efforts to obtain regulatory approval of the Merger, including to provide that JetBlue and Spirit, in connection with obtaining any necessary approval of a governmental entity (including under the HSR Act), will use their respective reasonable best efforts to take, or cause to be taken, all appropriate actions to obtain such approvals, including, to contest, defend, and appeal any proceeding brought by a governmental entity challenging or seeking to prohibit the consummation of the Merger, provided that JetBlue shall not be required to take any divestiture actions if such action would or would reasonably be expected to result in a material adverse effect on JetBlue and its subsidiaries (including Spirit and its subsidiaries) after giving effect to the transactions contemplated by the Merger Agreement, taken as a whole, and in no event shall JetBlue be required to agree to any such divestiture action that, in JetBlue's discretion, would be reasonably likely to materially and adversely affect the anticipated benefits of the parties to the Northeast Alliance Agreement between JetBlue and American Airlines, Inc., dated as of July 15, 2020, and the agreements contemplated thereby. Any such divestiture action may be conditioned upon the closing of the Merger.

The Merger Agreement contains certain customary termination rights for JetBlue and Spirit, including, without limitation, a right for either party to terminate if the Merger is not consummated on or before July 28, 2023, which may be extended to January 28, 2024 and to July 24, 2024 in certain circumstances (such date, as extended, the "Outside Date") if needed to obtain the required regulatory approvals. Upon the termination of the Merger Agreement under specified circumstances, Spirit will be required to pay JetBlue a breakup fee of $94 million. The Merger Agreement also provides the methodology by which certain expenses of JetBlue will be borne by Spirit. In addition, upon the termination of the Merger Agreement by JetBlue because of a material, uncured breach by Spirit of the Merger Agreement, Spirit will be required to pay JetBlue an amount equal to the sum of all amounts paid by JetBlue to the Spirit stockholders prior to the date of such termination.

In the event that the Merger Agreement is terminated due to either (a) a governmental entity issuing an order or taking any other action permanently enjoining or otherwise prohibiting the Merger under U.S. federal competition laws, or (b) the Merger having not occurred by the Outside Date solely to the extent that the closing condition requiring (i) the waiting period applicable to the consummation of the Merger under the HSR Act (and any customary timing agreement with any governmental entity to toll, stay, or extend any such waiting period, or to delay or not to consummate the Merger contemplated by the Merger Agreement entered into in connection therewith) to have expired or been terminated or (ii) that no governmental entity has issued an order or taken any other action (whether temporary, preliminary or permanent) enjoining or otherwise prohibiting the Merger under U.S. federal competition laws, and that no law shall be in effect making the Merger illegal or preventing the consummation of the Merger under U.S. federal competition laws, in either case, has not been satisfied at a time when all other closing conditions to JetBlue's obligations to consummate the Merger have been satisfied (or are capable of being satisfied if the closing were to occur on such date of termination), then (i) solely to the extent that the Remaining Parent Regulatory Fee (as defined in the Merger Agreement) is greater than zero, (A) JetBlue will pay directly to the stockholders of Spirit as of a record date that is five business days following the date of such termination an amount per Share in cash equal to the Remaining Regulatory Fee Per Share Amount (as defined in the Merger Agreement) and (B) JetBlue will pay to Spirit an amount equal to the Remaining Regulatory Fee Award Amount, in each case, on the second business day following such record date, and (ii) JetBlue will pay Spirit a fee in the amount of $70 million (the "Additional Parent Regulatory Fee") within two business days following the date of such termination; provided, however, that neither the Remaining Parent Regulatory Fee nor the Additional Parent Regulatory Fee will be payable by JetBlue pursuant to the terms of the Merger Agreement under specified circumstances.

Refer to Note 3 to our consolidated financial statements for further detail of the $3.5 billion Senior Secured Bridge Facility issued to fund the purchase of Spirit.

Prior to the execution of the Merger Agreement, Spirit terminated the Agreement and Plan of Merger (the "Frontier Merger Agreement"), dated as of February 5, 2022, by and among Frontier Group Holdings, Inc. ("Frontier"), Top Gun Acquisition Corp., and Spirit, in accordance with its terms and pursuant to a Termination Agreement (the "Termination Agreement") among the parties. Consistent with the Frontier Merger Agreement and pursuant to the Termination Agreement, on July 29, 2022, Spirit paid $25 million to Frontier for the reimbursement of transaction expenses incurred by Frontier. In accordance with the Merger Agreement, on August 2, 2022, JetBlue reimbursed Spirit for the $25 million paid to Frontier. This amount is included as Other Assets in the Company's Consolidated Balance Sheet as of December 31, 2022 and reported as Payment for Spirit Airlines Acquisition in the Company's Consolidated Statements of Cash Flows for the twelve months ended December 31, 2022.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer, or CEO, and our Chief Financial Officer, or CFO, to allow timely decisions regarding required disclosure. Management, with the participation of our CEO and CFO, performed an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2022. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2022.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) or Rule 15d-15(f) under the Exchange Act). Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2022 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external reporting purposes in accordance with GAAP.

Ernst & Young LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, audited the effectiveness of our internal control over financial reporting as of December 31, 2022. Ernst & Young LLP has issued their report which is included elsewhere herein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our controls performed during the quarter ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B OTHER INFORMATION

None.

ITEM 9C DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

PART III

ITEM 10 DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Code of Ethics

We adopted a Code of Ethics within the meaning of Item 406(b) of SEC Regulation S-K. This Code of Ethics applies to our principal executive officer, principal financial officer, and principal accounting officer. This Code of Ethics is publicly available on our website at *http://investor.jetblue.com*. If we make substantive amendments to this Code of Ethics or grant any waiver, including any implicit waiver, we will disclose the nature of such amendment or waiver on our website or in a report on Form 8-K within four days of such amendment or waiver.

Executive Officers of the Registrant

Certain information concerning JetBlue's executive officers as of December 31, 2022 follows. There are no family relationships between any of our executive officers.

Robin Hayes, age 56, is our Chief Executive Officer. He was promoted to Chief Executive Officer on February 16, 2015 and served as our President from January 2014 to May 2018. He joined JetBlue as its Chief Commercial Officer in 2008, after nineteen years at British Airways. In his last role at British Airways, Mr. Hayes served as Executive Vice President for The Americas and before that he served in a number of operational and commercial positions in the UK and Germany.

Joanna Geraghty, age 50, is our President and Chief Operating Officer. She was appointed to the position in May 2018. Ms. Geraghty joined JetBlue in 2005 and was most recently our Executive Vice President Customer Experience from 2014 to 2018. She served as Executive Vice President Chief People Officer from 2010 to 2014 and was previously the airline's Vice President and Associate General Counsel and Director of Litigation and Regulatory Affairs.

Ursula Hurley, age 41, is our Chief Financial Officer. She was appointed to the position in June 2021. Ms. Hurley first joined JetBlue's finance team in 2004 and subsequently served in positions of increasing responsibility, including as Director, Assistant Treasurer & Fuel from June 2012 to July 2017 and Vice President Structural Programs from July 2017 to July 2018. From July 2018 to April 2021, Ms. Hurley was the Vice President Treasurer, responsible for debt and cash management, cash flow, fuel and interest rate hedging, strategic sourcing, and fleet strategy, including aircraft and engine sourcing.

Brandon Nelson, age 48, is our General Counsel and Corporate Secretary. He was appointed to the position in November 2018. Mr. Nelson joined JetBlue in 2005 and previously served as Director, Corporate Counsel and Assistant Secretary before being promoted in 2009 to Vice President, Associate General Counsel. Prior to JetBlue, Mr. Nelson practiced corporate and business litigation law at firms in California and New York, including Shearman & Sterling LLP.

Carol Clements, age 47, is our Chief Digital and Technology Officer. She was appointed to the position in April 2021. Prior to joining JetBlue, Ms. Clements served as Chief Technology Officer for Pizza Hut where she oversaw its e-commerce channels, restaurant & delivery technology, and data & analytics. Ms. Clements also spent 11 years at Southwest Airlines where she held a variety of leadership roles.

Al Spencer, age 41, is our Vice President Controller and Principal Accounting Officer, a position he has held since May 2022. Prior to joining JetBlue, Mr. Spencer worked at the Paris-based publicly traded gas company, Air Liquide, where he served as Deputy CFO North America and Corporate Controller since 2017. Before joining Air Liquide, he served for five years as Assistant Controller with NCI Building Systems. Mr. Spencer began his career with KPMG, before holding a number of accounting and finance roles with Sysco Foods, Friedkin Services Group, and ExpressJet Airlines.

Dave Clark, age 46, is our Head of Revenue and Planning. He was appointed to the position in January 2022. Mr. Clark joined JetBlue in May 2009 and previously served as Vice President of Sales and Revenue Management and Vice President of Network Planning. Prior to joining JetBlue, Mr. Clark was a project leader in the Boston Consulting Group's Travel & Tourism practice.

Alexander Chatkewitz, age 58, was our Vice President and Chief Accounting Officer, a position he held since December 2014. Prior to joining JetBlue, Mr. Chatkewitz worked at Philip Morris International, where he served as Vice President & Controller - Financial

Reporting & Accounting Research since 2008. Prior to Phillip Morris, he served for a decade as Altria Group's Vice President Assistant Controller - Financial Reporting & Consolidations. Mr. Chatkewitz also held positions at Marsh & McLennan Companies as well as the audit practice of Deloitte & Touche.

Mr. Chatkewitz resigned from his position as Vice President and Chief Accounting officer in May 2022.

Scott Laurence, age 49, was our Head of Revenue and Planning. He was appointed to the role in June 2019 and joined JetBlue in 2008. Mr. Laurence oversees JetBlue's sales and revenue management organization, network planning, and operational planning & analysis. Prior to joining JetBlue, Mr. Laurence served in various commercial roles at US Airways and United Airlines for 13 years.

Mr. Laurence resigned from his position as Head of Revenue and Planning in January 2022.

The other information required by this Item will be included in and is incorporated herein by reference from our definitive proxy statement for our 2023 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of our 2022 fiscal year, or our 2023 Proxy Statement.

ITEM 11 EXECUTIVE COMPENSATION

The information required by this Item will be included in and is incorporated herein by reference from our 2023 Proxy Statement.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item will be included in and is incorporated herein by reference from our 2023 Proxy Statement.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be included in and is incorporated herein by reference from our 2023 Proxy Statement.

ITEM 14 PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item will be included in and is incorporated herein by reference from our 2023 Proxy Statement.

PART IV

ITEM 15 EXHIBITS, FINANCIAL STATEMENT SCHEDULES

1.	Financial statements:
	Reports of Independent Registered Public Accounting Firm (PCAOB ID: 42)
	Consolidated Balance Sheets — December 31, 2022 and December 31, 2021
	Consolidated Statements of Operations — For the years ended December 31, 2022, 2021 and 2020
	Consolidated Statements of Comprehensive Loss — For the years ended December 31, 2022, 2021 and 2020
	Consolidated Statements of Cash Flows — For the years ended December 31, 2022, 2021 and 2020
	Consolidated Statements of Stockholders' Equity — For the years ended December 31, 2022, 2021 and 2020
	Notes to Consolidated Financial Statements
2.	Financial Statement Schedules:
	Schedule II — Valuation of Qualifying Accounts and Reserves
	All other schedules have been omitted because they are inapplicable, not required, or the information is included elsewhere in the consolidated financial statements or notes thereto.
3.	Exhibits: See accompanying Exhibit Index included after the signature page of this Report for a list of the exhibits filed or furnished with or incorporated by reference in this Report.

ITEM 16 FORM 10-K SUMMARY

Omitted.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

JETBLUE AIRWAYS CORPORATION
(Registrant)

By: /s/ Al Spencer

Vice President, Controller, and Principal Accounting Officer

Date: February 27, 2023

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Brandon Nelson his or her attorney-in-fact with power of substitution for him or her in any and all capacities, to sign any amendments, supplements or other documents relating to this Annual Report on Form 10-K which he or she deems necessary or appropriate, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that such attorney-in-fact or their substitute may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/S/ ROBIN HAYES Robin Hayes	Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2023
/S/ URSULA HURLEY Ursula Hurley	Chief Financial Officer (Principal Financial Officer)	February 27, 2023
/S/ AL SPENCER Al Spencer	Vice President, Controller, and Chief Accounting Officer (Principal Accounting Officer)	February 27, 2023
/S/ B. BEN BALDANZA B. Ben Baldanza	Director	February 27, 2023
/S/ PETER BONEPARTH Peter Boneparth	Director	February 27, 2023
/S/ MONTE FORD Monte Ford	Director	February 27, 2023
/S/ ELLEN JEWETT Ellen Jewett	Director	February 27, 2023
/S/ ROBERT LEDUC Robert Leduc	Director	February 27, 2023
/S/ TERI P. MCCLURE Teri P. McClure	Director	February 27, 2023
/S/ NIK MITTAL Nik Mittal	Director	February 27, 2023
/S/ SARAH ROBB O'HAGAN Sarah Robb O'Hagan	Director	February 27, 2023
/S/ VIVEK SHARMA Vivek Sharma	Director	February 27, 2023
/s/ Thomas Winkelmann Thomas Winkelmann	Director	February 27, 2023

Exhibit Index

2.1	Agreement and Plan of Merger, dated July 28, 2022, by and among JetBlue Airways Corporation, Sundown Acquisition Corp., and Spirit Airlines, Inc.—incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K/A dated July 28, 2022 and filed on August 16, 2022.
3.1	Amended and Restated Certificate of Incorporation of JetBlue Airways Corporation—incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated May 17, 2016 and filed on May 20, 2016 (File No. 000-49728).
3.1(a)	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of JetBlue Airways Corporation—incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated May 14, 2020 and filed on May 20, 2020.
3.2	Amended and Restated Bylaws of JetBlue Airways Corporation—incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated February 17, 2023 and filed on February 17, 2023.
3.3	Certificate of Designation of Series A Participating Preferred Stock dated April 1, 2002—incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K dated July 10, 2003 and filed on July 10, 2003 (File No. 000-49728).
4.1	Specimen Stock Certificate—incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1, as amended (File No. 333-82576).
4.3	Pass Through Trust Agreement, dated as of November 12, 2019, between JetBlue Airways Corporation and Wilmington Trust Company—incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K dated November 12, 2019 and filed on November 12, 2019.
4.3(a)	Trust Supplement No. 2019-1AA, dated as of November 12, 2019, between JetBlue Airways Corporation and Wilmington Trust Company, as Class AA Trustee, to the Pass Through Trust Agreement dated as of November 12, 2019—incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K dated November 12, 2019 and filed on November 12, 2019.
4.3(b)	Trust Supplement No. 2019-1A, dated as of November 12, 2019, between JetBlue Airways Corporation and Wilmington Trust Company, as Class A Trustee, to the Pass Through Trust Agreement dated as of November 12, 2019—incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K dated November 12, 2019 and filed on November 12, 2019.
4.3(c)	Form of Pass Through Trust Certificate, Series 2019-1AA (included in Exhibit A to Exhibit 4.3(a))—incorporated by reference to Exhibit 4.4 to our Current Report on Form 8-K dated November 12, 2019 and filed on November 12, 2019.
4.3(d)	Form of Pass Through Trust Certificate, Series 2019-1A (included in Exhibit A to Exhibit 4.3(b))—incorporated by reference to Exhibit 4.5 to our Current Report on Form 8-K dated November 12, 2019 and filed on November 12, 2019.
4.3(e)	Intercreditor Agreement (2019-1), dated as of November 12, 2019, among JetBlue Airways Corporation, Wilmington Trust Company, as Trustee of the JetBlue Airways Pass Through Trust 2019-1AA and the JetBlue Airways Pass Through Trust 2019-1A, Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class AA Liquidity Provider and Wilmington Trust Company—incorporated by reference to Exhibit 4.6 to our Current Report on Form 8-K dated November 12, 2019 and filed on November 12, 2019.
4.3(f)	Revolving Credit Agreement (2019-1AA), dated as of November 12, 2019, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of JetBlue Airways Pass Through Trust 2019-1AA and as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class AA Liquidity Provider—incorporated by reference to Exhibit 4.7 to our Current Report on Form 8-K dated November 12, 2019 and filed on November 12, 2019.
4.3(g)	Revolving Credit Agreement (2019-1A), dated as of November 12, 2019, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of JetBlue Airways Pass Through Trust 2019-1A and as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class A Liquidity Provider—incorporated by reference to Exhibit 4.8 to our Current Report on Form 8-K dated November 12, 2019 and filed on November 12, 2019.
4.3(h)	Participation Agreement (N976JT), dated as of November 12, 2019, among JetBlue Airways Corporation, Wilmington Trust Company, as Pass Through Trustee under the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein*—incorporated by reference to Exhibit 4.9 to our Current Report on Form 8-K dated November 12, 2019 and filed on November 12, 2019.
4.3(i)	Indenture and Security Agreement (N976JT), dated as of November 12, 2019, between JetBlue Airways Corporation and Wilmington Trust Company, as Loan Trustee†—incorporated by reference to Exhibit 4.10 to our Current Report on Form 8-K dated November 12, 2019 and filed on November 12, 2019.

Exhibit Index

4.3(j)	Form of Series 2019-1 Equipment Notes (included in Exhibit 4.3(i))—incorporated by reference to Exhibit 4.11 to our Current Report on Form 8-K dated November 12, 2019 and filed on November 12, 2019.
4.3(k)†	Schedule I - incorporated by reference to Exhibit 99.1 to our current report on Form 8-K dated November 12, 2019 and filed on November 12, 2019.
4.3(l)	Trust Supplement No. 2020-1A, dated as of August 17, 2020, between JetBlue Airways Corporation and Wilmington Trust Company, as Class A Trustee, to the Pass Through Trust Agreement dated as of November 12, 2019—incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(m)	Trust Supplement No. 2020-1B, dated as of August 17, 2020, between JetBlue Airways Corporation and Wilmington Trust Company, as Class B Trustee, to the Pass Through Trust Agreement dated as of November 12, 2019—incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(n)	Form of Pass Through Trust Certificate, Series 2020-1A (included in Exhibit A to Exhibits 4.3(l))-incorporated by reference to Exhibit A to Exhibit 4.2 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(o)	Form of Pass Through Trust Certificate, Series 2020-1B (included in Exhibit A to Exhibit 4.3(m))-incorporated by reference to Exhibit A to Exhibit 4.3 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(p)****	Intercreditor Agreement (2020-1), dated as of August 17, 2020, among JetBlue Airways Corporation, Wilmington Trust Company, as Trustee of the JetBlue Airways Pass Through Trust 2020-1A and the JetBlue Airways Pass Through Trust 2020-1B, Natixis S.A., acting through its New York Branch, as Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent-incorporated by reference to Exhibit 4.6 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(q)****	Revolving Credit Agreement (2020-1A), dated as of August 17, 2020, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of JetBlue Airways Pass Through Trust 2020-1A and as Borrower, and Natixis S.A., acting through its New York Branch, as Class A Liquidity Provider-incorporated by reference to Exhibit 4.7 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(r)****	Revolving Credit Agreement (2020-1B), dated as of August 17, 2020, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of JetBlue Airways Pass Through Trust 2020-1B and as Borrower, and Natixis S.A., acting through its New York Branch, as Class B Liquidity Provider-incorporated by reference to Exhibit 4.8 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(s)****, ††	Participation Agreement (N946JL), dated as of August 17, 2020, among JetBlue Airways Corporation, Wilmington Trust Company, as Pass Through Trustee under the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein-incorporated by reference to Exhibit 4.9 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(t)****, ††	Indenture and Security Agreement (N946JL), dated as of August 17, 2020, between JetBlue Airways Corporation and Wilmington Trust Company, as Loan Trustee-incorporated by reference to Exhibit 4.10 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(u)****, †††	Participation Agreement (N2002J), dated as of August 17, 2020, among JetBlue Airways Corporation, Wilmington Trust Company, as Pass Through Trustee under the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein-incorporated by reference to Exhibit 4.11 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(v)****, †††	Indenture and Security Agreement (N2002J), dated as of August 17, 2020, between JetBlue Airways Corporation and Wilmington Trust Company, as Loan Trustee-incorporated by reference to Exhibit 4.12 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(w)	Form of Series 2020-1 Equipment Notes (included in Exhibits 4.3.(t) and 4.3(v)) -incorporated by reference to Exhibits 4.10 and 4.12 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(x)††	Schedule I (setting forth the details by which the documents referred to therein differ from the corresponding representative sample of documents included as Exhibits 4.3(s) and 4.3(t) with respect to Aircraft bearing Registration No. N946JL)-incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.

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4.3(y)†††	Schedule II (setting forth the details by which the documents referred to therein differ from the corresponding representative sample of documents included as Exhibits 4.3(u) and 4.3(v) with respect to Aircraft bearing Registration No. N2002J)-incorporated by reference to Exhibit 99.2 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020.
4.3(z)	Trust Supplement No. 2019-1B, dated as of August 27, 2020, between JetBlue Airways Corporation and Wilmington Trust Company, as Class B Trustee, to the Pass Through Trust Agreement dated as of November 12, 2019-incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K dated August 27, 2020 and filed on August 28, 2020.
4.3(aa)	Form of Pass Through Trust Certificate, Series 2019-1B (included in Exhibit A to Exhibit 4.3(z))-incorporated by reference to Exhibit A to Exhibit 4.2 to our Current Report on Form 8-K dated August 27, 2020 and filed on August 28, 2020.
4.3(ab)****	Amended and Restated Intercreditor Agreement (2019-1), dated as of August 27, 2020, among JetBlue Airways Corporation, Wilmington Trust Company, as Trustee of the JetBlue Airways Pass Through Trust 2019-1AA, the JetBlue Airways Pass Through Trust 2019-1A and the JetBlue Airways Pass Through Trust 2019-1B, Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class AA Liquidity Provider, Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent-incorporated by reference to Exhibit 4.4 to our Current Report on Form 8-K dated August 27, 2020 and filed on August 28, 2020.
4.3(ac)****	Revolving Credit Agreement (2019-1B), dated as of August 27, 2020, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of JetBlue Airways Pass Through Trust 2019-1B and as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class B Liquidity Provider-incorporated by reference to Exhibit 4.5 to our Current Report on Form 8-K dated August 27, 2020 and filed on August 28, 2020.
4.3(ad)****, ††††	First Amendment to Participation Agreement (N976JT), dated as of August 27, 2020, among JetBlue Airways Corporation, Wilmington Trust Company, as Pass Through Trustee under the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein-incorporated by reference to Exhibit 4.6 to our Current Report on Form 8-K dated August 27, 2020 and filed on August 28, 2020.
4.3(ae)††††	First Amendment to Indenture and Security Agreement (N976JT), dated as of August 27, 2020, between JetBlue Airways Corporation and Wilmington Trust Company, as Loan Trustee-incorporated by reference to Exhibit 4.7 to our Current Report on Form 8-K dated August 27, 2020 and filed on August 28, 2020.
4.3(af)	Form of Series 2019-1 Equipment Notes (incorporated by reference to Exhibit 4.11 to our Form 8-K filed on November 12, 2019, as amended by Exhibit 4.7 to our Current Report on Form 8-K dated August 27, 2020 and filed on August 28, 2020).
4.3(ag)††††	Schedule I (setting forth the details by which the documents referred to therein differ from the corresponding representative sample of documents included as Exhibits 4.3(ad) and 4.3(ae) with respect to Aircraft bearing Registration No. N976JT)-incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K dated August 27, 2020 and filed on August 28, 2020.
4.4	Summary of Rights to Purchase Series A Participating Preferred Stock—incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-1, as amended (File No. 333-82576).
4.5	Indenture, dated March 25, 2021, between JetBlue Airways Corporation, as issuer, and Wilmington Trust, National Association, as trustee—incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.
4.5(a)	Form of 0.50% Convertible Senior Note due 2026, dated March 25, 2021 (included as Exhibit A to Exhibit 4.5)—incorporated by reference to Exhibit 4.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.
4.14	Warrant Agreement, dated as of April 23, 2020, between JetBlue Airways Corporation and the United States Department of the Treasury—incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.
4.14(a)	Form of Warrant (incorporated by reference to Annex B to Exhibit 4.14)—incorporated by reference to Exhibit 4.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.
4.15	Warrant Agreement, dated as of September 29, 2020, between JetBlue Airways Corporation and the United States Department of the Treasury—incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.
4.15(a)	Form of Warrant—incorporated by reference to Exhibit 4.1(a) to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.

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4.16	Warrant Agreement, dated as of January 15, 2021, between JetBlue Airways Corporation and the United States Department of the Treasury—incorporated by reference to Exhibit 4.16 to our Annual Report on Form 10-K for the year ended December 31, 2020.
4.16(a)	Form of Warrant (incorporated by reference to Annex B to Exhibit 4.16)—incorporated by reference to Exhibit 4.16(a) to our Annual Report on Form 10-K for the year ended December 31, 2020.
4.17	Warrant Agreement, dated as of May 6, 2021, between JetBlue Airways Corporation and the United States Department of the Treasury—incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.
4.17(a)	Form of Warrant (included as Annex B to Exhibit 4.17)—incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.
4.18	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
10.3**	V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, including Side Letters No. 1 through No. 3 and No. 5 through No. 9—incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-1, as amended (File No. 333-82576).
10.3(a)**	Side Letter No. 10 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated April 25, 2002—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (File No. 000-49728).
10.3(b)**	Side Letter No. 11 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated February 10, 2003—incorporated by reference to Exhibit 10.8 to our Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 000-49728).
10.3(c)**	Side Letter No. 12 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated March 24, 2003—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 000-49728).
10.3(d)**	Side Letter No. 13 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated April 23, 2003—incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K dated June 30, 2003 and filed on June 30, 2003 (File No. 000-49728).
10.3(e)**	Side Letter No. 14 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated October 3, 2003—incorporated by reference to Exhibit 10.15 to our Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-49728).
10.3(f)**	Side Letter No. 15 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated November 10, 2003—incorporated by reference to Exhibit 10.16 to our Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-49728).
10.3(g)**	Side Letter No. 16 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated February 20, 2004—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 (File No. 000-49728).
10.3(h)**	Side Letter No. 17 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated June 11, 2004—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 (File No. 000-49728).
10.3(i)**	Side Letter No. 18 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated November 19, 2004—incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on January 18, 2005 (File No. 000-49728).
10.3(j)**	Side Letter No. 19 to V2500 General Terms of Sale between IAE International Aero Engines AG and New Air Corporation, dated July 21, 2005—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 (File No. 000-49728).
10.3(k)**	Side Letter No. 20 to V2500 General Terms of Sale between IAE International Aero Engines AG and New Air Corporation, dated July 6, 2006—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (File No. 000-49728).

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10.3(l)**	Side Letter No. 21 to V2500 General Terms of Sale between IAE International Aero Engines AG and New Air Corporation, dated January 30, 2007—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (File No. 000-49728).
10.3(m)**	Side Letter No. 22 to V2500 General Terms of Sale between IAE International Aero Engines AG and New Air Corporation, dated March 27, 2007—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (File No. 000-49728).
10.3(n)**	Side Letter No. 23 to V2500 General Terms of Sale between IAE International Aero Engines AG and New Air Corporation, dated December 18, 2007—incorporated by reference to Exhibit 10.3(n) to our Annual Report on Form 10-K, as amended, for the year ended December 31, 2007 (File No. 000-49728).
10.3(o)**	Side Letter No. 24 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated April 2, 2008—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 (File No. 000-49728).
10.3(p)**	Side Letter No. 25 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated May 27, 2008—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 (File No. 000-49728).
10.3(q)**	Side Letter No. 26 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated January 27, 2009—incorporated by reference to Exhibit 10.3(q) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 (File No. 000-49728).
10.3(r)**	Side Letter No. 27 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated June 5, 2009–incorporated by reference to Exhibit 10.3(r) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 (File No. 000-49728).
10.3(s)**	Side letter No. 28 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated August 31, 2010—incorporated by reference to Exhibit 10.3(s) to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (File No. 000-49728).
10.3(t)**	Side letter No. 29 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated March 14, 2011—incorporated by reference to Exhibit 10.3(t) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 (File No. 000-49728).
10.3(u)**	Side letter No. 30 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated August 17, 2011—incorporated by reference to Exhibit 10.3(u) to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011(File No. 000-49728).
10.3(v)**	Side letter No. 31 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated September 27, 2011—incorporated by reference to Exhibit 10.3(v) to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 (File No. 000-49728).
10.3(w)**	Side letter No. 32 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated November 8, 2011—incorporated by reference to Exhibit 10.3(w) to our Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 000-49728).
10.3(x)**	Side letter No. 33 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated December 1, 2011—incorporated by reference to Exhibit 10.3(x) to our Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 000-49728).
10.3(y)**	Side letter No. 34 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated February 21, 2012—incorporated by reference to Exhibit 10.3(y) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (File No. 000-49728).
10.3(z)**	Side letter No. 35 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated March 15, 2012—incorporated by reference to Exhibit 10.3(z) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (File No. 000-49728).
10.3(aa)**	Side letter No. 36 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated May 1, 2012—incorporated by reference to Exhibit 10.3(aa) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (File No. 000-49728).

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10.3(ab)**	Side letter No. 37 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated November 9, 2012—incorporated by reference to Exhibit 10.3(ab) to our Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 000-49728).
10.3(ac)**	Side letter No. 38 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated October 2, 2013—incorporated by reference to Exhibit 10.3(ac) to our Annual Report on Form 10-K for the year ended December 31, 2014.
10.3(ad)**	Amendment No.1 to the V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated December 15, 2014—incorporated by reference to Exhibit 10.3(ad) to our Annual Report on Form 10-K for the year ended December 31, 2014.
10.3(ae)**	Amendment No. 2 to the V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated December 4, 2015—incorporated by reference to Exhibit 10.3(ae) to our Annual Report on Form 10-K for the year ended December 31, 2015.
10.3(af)**	Amendment No. 3 to the V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated August 15, 2017—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2017.
10.3(ag)	Amendment No. 4 to the V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated March 20, 2018—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.
10.4	Form of Performance-Contingent Executive Retention Award Agreement—incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.
10.15	Form of Director/Officer Indemnification Agreement—incorporated by reference to Exhibit 10.15 to our Annual Report on Form 10-K for the year ended December 31, 2020.
10.17**	Embraer-190 Purchase Agreement DCT-025/2003, dated June 9, 2003, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K dated June 30, 2003 and filed on June 30, 2003 (File No. 000-49728).
10.17(a)**	Amendment No. 1 to Purchase Agreement DCT-025/2003, dated as of July 8, 2005, between Embraer-Empresa Brasileria de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 (File No. 000-49728).
10.17(b)**	Amendment No. 2 to Purchase Agreement DCT-025/2003, dated as of January 5, 2006, between Embraer-Empresa Brasileria de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.22(b) to our Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 000-49728).
10.17(c)**	Amendment No. 3 to Purchase Agreement DCT-025/2003, dated as of December 4, 2006, between Embraer-Empresa Brasileria de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.21(c) to our Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 000-49728).
10.17(d)**	Amendment No. 4 to Purchase Agreement DCT-025/2003, dated as of October 17, 2007, between Embraer-Empresa Brasileria de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(d) to our Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 000-49728).
10.17(e)**	Amendment No. 5 to Purchase Agreement DCT-025/2003, dated as of July 18, 2008, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 000-49728).
10.17(f)**	Amendment No. 6 to Purchase Agreement DCT-025/2003, dated as of February 17, 2009, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(f) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 (File No. 000-49728).
10.17(g)**	Amendment No. 7 to Purchase Agreement DCT-025/2003, dated as of December 14, 2009, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(g) to our Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 000-49728).
10.17(h)**	Amendment No. 8 to Purchase Agreement DCT-025/2003, dated as of March 11, 2010, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(h) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (File No. 000-49728).

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10.17(i)**	Amendment No. 9 to Purchase Agreement DCT-025/2003, dated as of May 24, 2010, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(i) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (File No. 000-49728).
10.17(j)**	Amendment No. 10 to Purchase Agreement DCT-025/2003, dated as of September 10, 2010, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(j) to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (File No. 000-49728).
10.17(k)**	Amendment No. 11 to Purchase Agreement DCT-025/2003, dated as of October 20, 2011, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(k) to our Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 000-49728).
10.17(l)**	Amendment No. 12 to Purchase Agreement DCT-025/2003, dated as of October 25, 2011, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(l) to our Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 000-49728).
10.17(m)**	Amendment No. 13 to Purchase Agreement DCT-025/2003, dated as of July 20, 2012, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(m) to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (File No. 000-49728).
10.17(n)**	Amendment No. 14 to Purchase Agreement DCT-025/2003, dated as of December 3, 2012, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(n) to our Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 000-49728).
10.17(o)**	Amendment No. 15 to Purchase Agreement DCT-025/2003, dated as of December 19, 2012, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(o) to our Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 000-49728).
10.17(p)**	Amendment No. 16 to Purchase Agreement DCT-025/2003, dated as of January 31, 2013 between Embraer S.A. (formerly known as Embraer - Empresa Brasileira de Aeronáutica S.A.) and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(p) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
10.17(q)**	Amendment 17 to Purchase Agreement DCT-025/2003, dated as of May 14, 2013 between Embraer S.A. (formerly known as Embraer—Empresa Brasileira de Aeronáutica S.A.) and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(q) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
10.17(r)**	Amendment 18 to Purchase Agreement DCT-025/2003, dated as of June 25, 2013 between Embraer S.A. (formerly known as Embraer—Empresa Brasileira de Aeronáutica S.A.) and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(r) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
10.17(s)**	Amendment No. 19 to Purchase Agreement DCT-025/2003, dated as of October 1, 2013 between Embraer S.A. (formerly known as Embraer—Empresa Brasileira de Aeronautica S.A.) and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(s) to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.17(t)**	Amendment No. 20 to Purchase Agreement DCT-025/2003, dated as of October 24, 2013 between Embraer S.A. (formerly known as Embraer - Empresa Brasileira de Aeronáutica S.A.) and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(t) to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.18**	Letter Agreement DCT-026/2003, dated June 9, 2003, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K dated June 30, 2003 and filed on June 30, 2003 (File No. 000-49728).
10.18(a)**	Amendment No. 1, dated as of July 8, 2005, to Letter Agreement DCT-026/2003, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 (File No. 000-49728).
10.18(b)**	Amendment No. 2, dated as of January 5, 2006, to Letter Agreement DCT-026/2003, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.22(b) to our Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 000-49728).
10.18(c)**	Amendment No. 3, dated as of December 4, 2006, to Letter Agreement DCT-026/2003, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.22(c) to our Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 000-49728).

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10.18(d)**	Amendment No. 4, dated as of October 17, 2007, to Letter Agreement DCT-026/2003, between Embraer-Empresa Brasileria de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.18(d) to our Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 000-49728).
10.18(e)**	Amendment No. 5 to Letter Agreement DCT-026/2003, dated as of March 6, 2008, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 000-49728).
10.18(f)**	Amendment No. 6 to Letter Agreement DCT-026/2003, dated as of July 18, 2008, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 000-49728).
10.18(g)**	Amendment No. 7 to Letter Agreement DCT-026/2003, dated as of February 17, 2009, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.18(g) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 (File No. 000-49728).
10.18(h)**	Amendment No. 8 to Letter Agreement DCT-026/2003, dated as of December 14, 2009, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.18(h) to the Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 000-49728).
10.18(i)**	Amendment No. 9 to Letter Agreement DCT-026/2003, dated as of March 11, 2010, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.18(i) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (File No. 000-49728).
10.18(j)**	Amendment No. 10 to Letter Agreement DCT - 026/2003, dated as of November 18, 2010, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.18(j) to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.18(k)**	Amendment No. 11 to Letter Agreement DCT-026/2003, dated as of October 24, 2013 between Embraer - Empresa Brasileira de Aeronáutica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.18(k) to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.20	Agreement of Lease (Port Authority Lease No. AYD-350), dated November 22, 2005, between The Port Authority of New York and New Jersey and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.30 to our Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 000-49728).
10.20(a)	Supplement No. 3 to Agreement of Lease, dated July 1, 2012 between The Port Authority of New York and New Jersey and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.20(a) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.
10.21*	Amended and Restated 2002 Stock Incentive Plan, dated November 7, 2007, and form of award agreement—incorporated by reference to Exhibit 10.21 to the Annual Report for Form 10-K for the year ended December 31, 2008 (File No. 000-49728).
10.22*	JetBlue Airways Corporation Executive Change in Control Severance Plan, dated as of June 28, 2007—incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, dated June 28, 2007 (File No. 000-49728).
10.22(a)*	JetBlue Airways Corporation Severance Plan, dated May 22, 2014—incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated May 22, 2014 and filed on May 29, 2014.
10.30**	Sublease by and between JetBlue Airways Corporation and Metropolitan Life Insurance Company—incorporated by reference to Exhibit 10.30 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (File No. 000-49728).
10.31*	JetBlue Airways Corporation 2011 Incentive Compensation Plan—incorporated by reference to Exhibit 10.31(a) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.
10.31(a)*	Amended and Restated JetBlue Airways Corporation 2011 Incentive Compensation Plan—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.
10.31(f)*	Amended and Restated JetBlue Airways Corporation 2011 Incentive Compensation Plan form of Restricted Stock Unit Award Agreement—incorporated by reference to Exhibit 10.2(a) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.
10.31(g)*	Amended and Restated JetBlue Airways Corporation 2011 Incentive Compensation Plan form of Deferred Stock Unit Award Agreement—incorporated by reference to Exhibit 10.2(b) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.

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10.31(h)*	Amended and Restated JetBlue Airways Corporation 2011 Incentive Compensation Plan form of Performance Share Unit Agreement (2015)—incorporated by reference to Exhibit 10.2(c) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.
10.31(j)*	Form of Performance Share Unit Award Agreement as amended—incorporated by reference to Exhibit 10.1(a) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.
10.33**	Airbus A320 Family Purchase Agreement, dated October 19, 2011, between Airbus S.A.S. and JetBlue Airways Corporation, including Letter Agreements 1-8, each dated as of same date—incorporated by reference to Exhibit 10.33 to our Annual Report on Form 10-K for the year ended December 31, 2011.
10.33(b)**	Amendment No. 1 to Airbus A320 Family Purchase Agreement, dated as of October 25, 2013, between Airbus S.A.S. and JetBlue Airways Corporation, including Amended and Restated Letter Agreements 1, 2, 3 and 6, each dated as of the same date—incorporated by reference to Exhibit 10.33(b) to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.33(c)**	Amendment No. 2 to Airbus A320 Family Purchase Agreement, dated as of November 19, 2014, between Airbus S.A.S. and JetBlue Airways Corporation, including Amended and Restated Letter Agreements 1 and 3, each dated as of the same date—incorporated by reference to Exhibit 10.33(c) to our Annual Report on Form 10-K for the year ended December 31, 2014.
10.33(d)**	Amendment No. 3 to Airbus A320 Family Purchase Agreement, dated as of July 26, 2016, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.
10.33(e)**	Amendment No. 4 to Airbus A320 Family Purchase Agreement, dated as of July 26, 2016, between Airbus S.A.S. and JetBlue Airways Corporation, including Amended and Restated Letter Agreements 1, 2, 3 and 6 and Letter Agreement 9, each dated as of the same date-incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.
10.33(f)**	Amendment No. 5 to Airbus A320 Family Purchase Agreement, dated as of August 9, 2016, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.
10.33(g)**	Amendment No. 6 to Airbus A320 Family Purchase Agreement, dated as of April 11, 2017, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
10.33(h)**	Amendment No. 7 to Airbus A320 Family Purchase Agreement, dated as of April 25, 2017, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
10.33(i)**	Amendment No. 8 to Airbus A320 Family Purchase Agreement, dated as of December 19, 2017, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.33(i) to our Annual Report on Form 10-K for the year ended December 31, 2017.
10.33(j)**	Amendment No. 9 to Airbus A320 Family Purchase Agreement, dated as of March 30, 2018, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.
10.33(k)**	Amendment No. 10 to Airbus A320 Family Purchase Agreement, dated as of July 7, 2018, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.
10.33(l)***	Amendment No. 11 to Airbus A320 Family Purchase Agreement, dated as of July 7, 2018, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.33(l) to our Annual Report on Form 10-K for the year ended December 31, 2018.
10.33(m)****	Amendment No. 12 to Airbus Family Purchase Agreement, dated as of April 9, 2019, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2019.
10.33(n)****	Amendment No. 13 to Airbus Family Purchase Agreement, dated as of June 20, 2019, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2019.

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10.33(o)****	Amendment No. 14 to Airbus Family Purchase Agreement, dated as of May 4, 2020, between Airbus S.A.S. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020.
10.33(p)****	Amendment No. 15 to Airbus Family Purchase Agreement, dated as of October 8, 2020, between Airbus S.A.S. and JetBlue Airways Corporation-—incorporated by reference to Exhibit 10.33(p) to our Annual Report on Form 10-K for the year ended December 31, 2020.
10.35*	Amended and Restated JetBlue Airways Corporation 2011 Crewmember Stock Purchase Plan—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.
10.36****	Second Amended and Restated Credit and Guaranty Agreement, dated as of October 21, 2022, among JetBlue Airways Corporation, as Borrower, the Subsidiaries of the Borrower party thereto as Guarantors, the Lenders party thereto and Citibank, N.A., as Administrative Agent—incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated October 21, 2022 and filed on October 24, 2022.
10.38**	Engine Services Agreement between JetBlue Airways Corporation and GE Engine Services, LLC, dated as of May 1, 2013—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
10.38(a)**	Amendment No. 1 to Engine Services Agreement between JetBlue Airways Corporation and GE Engine Services, LLC, dated as of December 23, 2014—incorporated by reference to Exhibit 10.38(a) to our Annual Report on Form 10-K for the year ended December 31, 2014.
10.39*	JetBlue Airways Corporation Retirement Plan, amended and restated effective as of January 1, 2013—incorporated by reference to Exhibit 10.39 to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.41*	Employment Agreement, dated February 12, 2015, between JetBlue Airways Corporation and Robin Hayes—incorporated by reference to Exhibit 10.41 to our Annual Report on Form 10-K for the year ended December 31, 2014.
10.41(a)*	Amendment No. 1 to the Employment Agreement, dated February 16, 2017, between JetBlue Airways Corporation and Robin Hayes—incorporated by reference to Exhibit 10.41(a) to our Current Report on Form 8-K filed on February 22, 2017.
10.41(b)*	Amendment No. 2 to the Employment Agreement between JetBlue Airways Corporation and Robin Hayes, dated February 13, 2020—incorporated by reference to Exhibit 10.41(B) to our Current Report on Form 8-K dated February 13, 2020 and filed on February 18, 2020.
10.41(c)*	Amendment No. 3 to the Employment Agreement between JetBlue Airways Corporation and Robin Hayes dated September 5, 2021—incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K dated September 5, 2021 and filed on September 7, 2021.
10.41(d)*	Amendment No. 4 to the Employment Agreement between JetBlue Airways Corporation and Robin Hayes dated December 8, 2022—incorporated by reference to exhibit 10.41(d) to our Current Report on Form 8-K dated December 8, 2022 and filed on December 9, 2022.
10.42*	Offer Letter between Ursula Hurley and JetBlue Airways Corporation, dated June 15, 2021—incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated May 11, 2021 and filed on June 21, 2021.
10.43*	JetBlue Executive Retention Award - Ursula Hurley dated February 12, 2021—incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.
10.43(a)*	JetBlue Executive Retention Award - Ursula Hurley dated April 12, 2021—incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.
10.43(b)*	JetBlue Executive Retention Award - Ursula Hurley dated September 5, 2021—incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated September 5, 2021 and filed on September 7, 2021.
10.44**	Amended and Restated PW1100G-JM Engine Purchase and Support Agreement by and between International Aero Engines, LLC and JetBlue Airways Corporation, dated as of March 30, 2018—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.
10.45	Payroll Support Program Agreement, dated as of April 23, 2020, between JetBlue Airways Corporation and the United States Department of the Treasury—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

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10.46	Promissory Note, dated as of April 23, 2020, issued by JetBlue Airways Corporation in the name of the United States of the Treasury—incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.
10.47*	JetBlue Airways Corporation 2020 Omnibus Equity Incentive Plan—incorporated by reference to Exhibit 10.31 to our Current Report on From 8-K dated May 14, 2020 and filed on May 20, 2020.
10.47(a)*	Form of Performance Share Unit Award Agreement (2020 Omnibus Incentive Plan)—incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.
10.47(b)*	Form of RSU Award Agreement for Non-Employee Directors (2020 Omnibus Incentive Plan)—incorporated by reference to Exhibit 10.8 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.
10.47(c)*	Form of RSU Award Agreement, Crewmembers (2020 Omnibus Incentive Plan)—incorporated by reference to Exhibit 10.9 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.
10.47(d)*	Form of Deferred Stock Unit Award Agreement (2020 Omnibus Incentive Plan)—incorporated by reference to Exhibit 10.10 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.
10.47(e)*	Form of Performance Cash Award Agreement—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022.
10.47(f)*	Form of Executive Award Agreement (award vesting on May 1, 2023)—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022.
10.47(g)*	Form of Executive Award Agreement (award vesting on May 1, 2023, February 1, 2024, and February 1, 2025)—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022.
10.49*	JetBlue Airways Corporation 2020 Crewmember Stock Purchase Plan—incorporated by reference to Exhibit 10.35 to our Current Report on Form 8-K dated May 14, 2020 and filed on May 20, 2020.
10.5	Amended and Restated JetBlue Airways Corporation Severance Plan dated July 8, 2020—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.
10.51****	Northeast Alliance Agreement, dated as of July 15, 2020, between JetBlue Airways Corporation and American Airlines, Inc.—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.
10.51(a)****	First Amendment to the Northeast Alliance Agreement, dated as of September 11, 2020, between JetBlue Airways Corporation and American Airlines, Inc.—incorporated by reference to Exhibit 10.54(a) to our Annual Report on Form 10-K for the year ended December 31, 2020.
10.52****	Codeshare Agreement, dated as of July 15, 2020 between, JetBlue Airways Corporation and American Airlines, Inc.—incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.
10.53****	Mutual Growth Incentive Agreement, dated as of July 15, 2020, between JetBlue Airways Corporation and American Airlines, Inc.—incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020.
10.54	Payroll Support Program Extension Agreement, dated as of January 15, 2021, between JetBlue Airways Corporation and the United States Department of the Treasury—incorporated by reference to Exhibit 10.57 to our Annual Report on Form 10-K for the year ended December 31, 2020.
10.55	Promissory Note, dated as of January 15, 2021, issued by JetBlue Airways Corporation in the name of the United States of the Treasury—incorporated by reference to Exhibit 10.58 to our Annual Report on Form 10-K for the year ended December 31, 2020.
10.56	Payroll Support Program 3 Agreement, dated as of May 6, 2021, between JetBlue Airways Corporation and the United States Department of the Treasury—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.
10.57	Promissory Note, dated as of May 6, 2021 issued by JetBlue Airways Corporation in the name of the United States Department of the Treasury—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021.
21.1+	List of Subsidiaries.
23+	Consent of Ernst & Young LLP.

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31.1+	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.
31.2+	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.
32++	Section 1350 Certifications, furnished herewith.
99.I****	Commitment Letter, dated May 16, 2022, by and among Goldman Sachs Bank USA, Bank of America, N.A., BofA Securities, Inc., and JetBlue Airways Corporation—incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K dated May 23, 2022 and filed on May 23, 2022.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

† *Pursuant to Instruction 2 to Item 601 of Regulation S-K, Exhibit 4.3(k) filed herewith contains a list of documents applicable to each Aircraft (other than Aircraft bearing Registration No. N976JT) that relate to the offering of the JetBlue Airways Pass Through Certificates, Series 2019-1, which documents are substantially identical to those which are filed herewith as Exhibits 4.3(h) and 4.3(i), except for the information identifying such Aircraft in question and various information relating to the principal amounts of the Equipment Notes relating to such Aircraft. Exhibit 4.3(k) sets forth the details by which such documents differ from the corresponding representative sample of documents filed herewith as Exhibits 4.3(h) and 4.3(i) with respect to Aircraft bearing Registration No. N976JT.*

†† *Pursuant to Instruction 2 to Item 601 of Regulation S-K, Exhibit 4.3(x), incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020, contains a list of documents applicable to each Aircraft (other than Aircraft bearing Registration No. N946JL) that relate to the offering of the JetBlue Airways Pass Through Certificates, Series 2020-1, which documents are substantially identical to those which were filed as Exhibits 4.9 and 4.10 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020, incorporated by reference herein, except for the information identifying such Aircraft in question and various information relating to the principal amounts of the Equipment Notes relating to such Aircraft. Exhibit 99.1 sets forth the details by which such documents differ from the corresponding representative sample of documents filed as Exhibits 4.9 and 4.10 with respect to Aircraft bearing Registration No. N946JL.*

††† *Pursuant to Instruction 2 to Item 601 of Regulation S-K, Exhibit 4.3(y), incorporated herein by reference to Exhibit 99.2 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020, contains a list of documents applicable to each Aircraft (other than Aircraft bearing Registration No. N2002J) that relate to the offering of the JetBlue Airways Pass Through Certificates, Series 2020-1, which documents are substantially identical to those which were filed as Exhibits 4.11 and 4.12 to our Current Report on Form 8-K dated August 17, 2020 and filed on August 18, 2020, incorporated by reference herein, except for the information identifying such Aircraft in question and various information relating to the principal amounts of the Equipment Notes relating to such Aircraft. Exhibit 99.2 sets forth the details by which such documents differ from the corresponding representative sample of documents filed as Exhibits 4.11 and 4.12 with respect to Aircraft bearing Registration No. N2002J.*

†††† *Pursuant to Instruction 2 to Item 601 of Regulation S-K, Exhibit 4.3(ag), incorporated herein by reference to Exhibit 99.1 to our Current Report on Form 8-K dated August 28, 2020 and filed on August 28, 2020, contains a list of documents applicable to each Aircraft (other than Aircraft bearing Registration No. N976JT) that relate to the offering of the JetBlue Airways Pass Through Certificates, Series 2019-1B, which documents are substantially identical to those which were filed as Exhibits 4.6 and 4.7 to our Current Report on Form 8-K dated August 28, 2020 and filed on August 28, 2020, incorporated by reference herein, except for the information identifying such Aircraft in question and various information relating to the principal amounts of the Equipment Notes relating to such Aircraft. Exhibit 99.3 sets forth the details by which such documents differ from the corresponding representative sample of documents filed as Exhibits 4.6 and 4.7 with respect to Aircraft bearing Registration No. N976JT.*

\+ *Filed herewith*

++ *Furnished herewith*

* *Compensatory plans in which the directors and executive officers of JetBlue participate.*

** *Pursuant to a Confidential Treatment Request under Rule 24b-2 filed with and approved by the SEC, portions of this exhibit have been omitted.*

*** *Pursuant to 17 CFR 240.24b-2, confidential information has been omitted and has been provided separately to the Securities and Exchange Commission pursuant to a Confidential Treatment Request filed with the Commission.*

**** *Information in this exhibit identified by brackets is confidential and has been excluded because it (i) is not material and (ii) is the type of information that the registrant treats as private or confidential.*

***** *Pursuant to Item 601(a)(5) of Regulation S-K, schedules have been omitted and will be furnished on a supplemental basis to the Securities and Exchange Commission upon request.*

FINANCIAL STATEMENT SCHEDULE

JETBLUE AIRWAYS CORPORATION
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

(in millions)	Balance at beginning of period	Additions Charged to Costs and Expenses	Deductions	Balance at end of period
Year Ended December 31, 2022				
Valuation allowance for deferred tax assets	$ 73	$ 30	$ 13	$ 90
Allowance for obsolete inventory parts	24	5	—	29
Allowance for doubtful accounts	3	16	15[1]	4
TOTAL	**$ 100**	**$ 51**	**$ 28**	**$ 123**
Year Ended December 31, 2021				
Valuation allowance for deferred tax assets	$ 69	$ 19	$ 15	$ 73
Allowance for obsolete inventory parts	27	4	7	24
Allowance for doubtful accounts	2	14	13[1]	3
TOTAL	**$ 98**	**$ 37**	**$ 35**	**$ 100**
Year Ended December 31, 2020				
Valuation allowance for deferred tax assets	$ 31	$ 38	$ —	$ 69
Allowance for obsolete inventory parts	22	5	—	27
Allowance for doubtful accounts	1	6	5[1]	2
TOTAL	**$ 54**	**$ 49**	**$ 5**	**$ 98**

(1) Uncollectible accounts written off, net of recoveries.

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