

**WRITTEN STATEMENT OF
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CEO
JETBLUE**

**HEARING ON
OVERSIGHT OF THE AIRLINE INDUSTRY**

**UNITED STATES SENATE
COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION
DECEMBER 15, 2021**

Chair Cantwell, Ranking Member Wicker, and Members of the Committee, I am Robin Hayes, CEO of JetBlue. On behalf of more than 22,000 JetBlue crewmembers, thank you for the opportunity to provide testimony for today's hearing.

In February 2020, just weeks before the United States began to feel the devastating impact of the coronavirus pandemic, JetBlue celebrated the 20th anniversary of our first flight. We were founded in 2000 with a mission of *Bringing Humanity Back to Air Travel*, and since then have delivered on that mission as we've grown to serve more than 100 cities in the United States, Caribbean, Latin America and, as of this summer, the United Kingdom.

I want to begin by thanking our amazing JetBlue crewmembers, who every day deliver a simple but extraordinary value proposition – that no one should have to choose between a low fare and a great experience. Since that first flight almost 22 years ago, every JetBlue crewmember has played a part in building a much-loved low-fare brand and a reputation for shaking up the status quo, and challenging the competition to raise their game.

JetBlue has always placed the highest priority on development and support of our crewmembers. In our history, **we have not involuntarily furloughed a single crewmember**, a claim very few – if any – carriers around the world can make. Thanks to the Payroll Support Program (PSP), JetBlue has maintained its commitment to a No Furlough policy throughout the pandemic. **Any JetBlue crewmember who wished to continue employment with JetBlue through the pandemic was able to do so.**

Our crewmembers and the entire aviation industry join me in thanking the members of this Committee for your tremendous leadership throughout this pandemic as COVID-19 created challenges unlike anything we've ever faced. Without the PSP, the airline industry would have been irrevocably damaged with devastating ramifications for our customers, our crewmembers and the communities we serve.

We appreciate that the CARES Act and subsequent pandemic relief packages included provisions intended to position US airlines to keep their employees on the company payroll, and

to survive the crisis in order to play a vital role in reviving the economy when travel demand returned. While we took every action possible to survive the downturn, there's no question that the PSP funds that flowed through JetBlue as a payroll pass-through program to our crewmembers were critical to our survival.

JetBlue used PSP funds to keep our crewmembers employed when there was no demand for air travel and when the timing for that demand returning was uncertain. In 2020 and 2021, following enactment of the CARES Act, the Consolidated Appropriations Act, and the American Rescue Plan Act, we entered into PSP Agreements under which the US Department of Treasury provided JetBlue with a total of \$2.084 billion (\$1.549 billion in grants and \$535 million in unsecured term loans). Under the CARES Act Loan Program, JetBlue was approved for a total loan amount of \$1.948 billion and drew \$115 million in September 2020. In September 2021, we repaid the loan in full, together with interest and fees, totaling approximately \$118 million. This is just one data point to demonstrate the effectiveness of PSP – jobs were preserved, airlines kept operating and the government earned a return on its investment.

As part of each of the three PSP Agreements as well as with the CARES Act Secured Loan, JetBlue issued a total of 5,598,808 warrants to US Treasury to acquire JetBlue stock. Because the three PSP grants and the CARES Act loan were issued at different times over the course of the year, it's most helpful to assess value through the number of warrants issued and the strike price for each:

	PSP 1	PSP 2	PSP 3	CARES Act Loan
Number of Warrants	2,724,766	998,412	665,105	1,210,526
Strike Price	\$9.50	\$14.43	\$19.90	\$9.50

Every dollar JetBlue received under the PSP went directly to crewmember wages and benefits and the entire \$2.084 billion was utilized as of September 30, 2021. The vast majority of those funds – 84 percent – went to frontline crewmember wages and benefits.

While we are extremely grateful for the PSP program and the benefit it provided to our crewmembers, PSP funds did not cover the full payroll expense for JetBlue or any other airline. According to Airlines for America, the \$49.6 billion in PSP funds (both grants and loans) received by the 11 largest US passenger airlines from April 2020 to September 2021 covered 77.4 percent of their overall payroll costs. Factoring in the \$14 billion in loans – even before adding interest that must be repaid to Treasury along with the principal – PSP covered 55.5 percent of payroll costs. Of course, payroll expense for JetBlue and other carriers would have been higher if we hadn't pursued voluntary programs to further reduce our expenses.

Continuing JetBlue's longstanding No Furlough policy throughout the pandemic, we were committed to ensuring every JetBlue crewmember who wished to do so could remain on our team. We also provided Opt-Out packages for those who wanted to retire early or were ready to make a change in their professional life. Close to 2,100 crewmembers Opted Out, most of whom left JetBlue in Q3 2020, and another 1,070 participated in our voluntary long-term time off program (LTO). In addition, since March 2020, 3,100 JetBlue crewmembers left the airline through normal attrition. This last group of crewmembers left JetBlue for any number of voluntary reasons including wanting to be closer to home, needing to provide dependent care, finding preferred employment elsewhere, or the end of temporary employment.

In March 2020, JetBlue employed close to 22,750 crewmembers. Since then, employment fell to roughly 19,900 before bouncing back to nearly 22,300 crewmembers today. We offered an Opt Out program to crewmembers during summer 2020, with crewmembers leaving the company during August, September, and October 2020.

We implemented a voluntary long-term time off program in the same timeframe. Both the Opt-Out and LTO programs were introduced in early June 2020 with a deadline to sign up by the end of the month. Crewmembers had to start LTO on August 2, 2020 or September 6, 2020 depending on operational needs. While the vast majority of Opt-Outs left the company in August and September 2020 there were a few crewmembers that did not leave until the fall or winter.

As we rolled out these programs, we also guaranteed that all frontline crewmembers who had not elected to take voluntary unpaid leave would be paid at or above the guaranteed minimum hours in their work agreements, even as reduced demand for travel would have otherwise eliminated their work. This was the case whether a crewmember was part of a group represented by a Collective Bargaining Agreement, an individual work agreement or through the company work rules for their group. At JetBlue, even when being paid the same rate of pay at guaranteed minimum hours, crewmembers' health benefits that were in place prior to the COVID-19 crisis remained constant throughout. We made the commitments to pay at or above minimum hours and to maintain health benefits as a result of funding from and in full compliance with the provisions of the Payroll Support Program.

As critical as the PSP grants and loans were in covering a portion of crewmember wages, salaries and benefits, weathering the dramatic economic impact of the pandemic also required a company-wide focus on preserving cash as booking levels plummeted. Even though JetBlue entered this crisis from a position of strength with a strong balance sheet and cash in the bank, we took immediate steps adjusting capacity to reflect diminished demand, park aircraft in the desert, secure additional cash reserves on the commercial market, cut capital and operating spending, defer aircraft deliveries, and more.

From April 1, 2020 through September 30, 2021 – the period covered by the Payroll Support Program – JetBlue's total Salary, Wages and Benefits spend was approximately \$3 billion, 73 percent of which was covered by the PSP grants and loans we received. Even after our significant steps to preserve cash, JetBlue's non-payroll spend during that same period totaled nearly \$9 billion – including aircraft deliveries and other capital expenditures, fuel expense, and debt payments. While PSP funding mitigated one area of cost and a time when revenue tumbled, our spend in other areas had to continue even before travel demand returned.

When Congress first considered creation of the Payroll Support Program in March 2020, none of us anticipated that there would be a need for an extension of the program, let alone two. Again, thanks to your leadership, the PSP funds worked as intended so that airlines could keep their employees on their payrolls. As we moved into 2021 and demand for air travel started to increase, our ramp up was more readily achieved.

This year, we've been adding new crewmembers across the organization at a record pace so we are positioned to meet the return of travel demand. We're on track to hire 4,550 new crewmembers in 2021 – 38 percent more than we hired in 2019 and a 184 percent increase over our initial 2021 plan at the peak of the pandemic. In 2020, we hired only 724 new

crewmembers, and all but 19 of them were hired before March 31, 2000. Looking ahead to 2022, we expect to hire an additional 5,400 JetBlue crewmembers.

Every new JetBlue crewmember attends orientation at JetBlue University in Orlando, where they hear from senior leaders and learn about our history, our industry, our network and business, and our culture. We normally hold 22 orientation sessions in a calendar year, but by year-end we'll have conducted 52 in 2021.

With additional crewmembers hired, JetBlue planned and prepared for this summer's recovery eager to welcome more customers on board. Of course, like every other airline, we experienced weather and other operational obstacles that PSP funds and advanced planning could never prevent.

In July, for example, the most significant driver behind long flight delays and resulting cancelations was unusually impactful weather, well beyond what we usually see, particularly in our Northeast focus cities. JetBlue has its two largest focus cities in New York (New York-JFK International Airport (JFK), LaGuardia Airport (LGA) & Newark Liberty International Airport (EWR)) and Boston (Boston Logan International Airport (BOS)) with significant operations at New York's Westchester County Airport (HPN) as well. In fact, nearly 70 percent of JetBlue's flights touch a Northeast airport on a typical day. In July, the three major airports in the New York region – JFK, LGA and EWR – saw record rainfall. Boston rainfall was more than triple normal and the airport recorded rain in 21 of 27 days that month, making it the second wettest July on record and the wettest July in 100 years. JFK and EWR recorded more than double normal July rainfall, with measured rain 19 days at JFK and 21 days at EWR.

This record rainfall and the associated thunderstorms have impacted our summer 2021 operation more than usual. In a typical July, FAA Air Traffic Control imposes a Severe Weather Avoidance Program (SWAP) about half the days in the month. This year, our Northeast focus cities – where most of our aircraft fly – saw some of the wettest weather in recent memory, with ATC SWAP Programs in place 75% of the days in the first half of July. Convective activity significantly reduces ATC throughput, constraining the en route environment, and results in ramp closures as a result of lightning over an airport. These thunderstorms often lead to flight diversions, out of position aircraft and crews, and delays that impact the region and beyond. When convective weather occurs day after day, the disruption to our fleet, planned operations, crewmembers and customers is multiplied and the challenge of recovery is compounded.

We recognize, of course, the impact irregular operations can have on customers. That's why consistent with JetBlue's mission, in 2007 we created the JetBlue Customer Bill of Rights – the first of its kind in our industry. It reads:

JetBlue is dedicated to inspiring humanity. We strive to make every part of your experience as simple and pleasant as possible. But we know there can be times when things do not go as planned. If you're inconvenienced as a result, we think it is important that you know exactly what you can expect from us. That's why we created our Customer Bill of Rights. These Rights will always be subject to the highest level of safety and security for our customers and crewmembers.

The full Customer Bill of Rights, which I've attached at the end of my statement, details what customers can expect in cases of a significant delay or canceled flight. Every day, the airline professionals at JetBlue do everything possible to prevent delays or cancelations that

inconvenience customers – but in the rare cases when they do happen, we do our best to make it right.

Looking back at the roller coaster of the past two years, I couldn't be more proud or more appreciative of the dedication and professionalism that JetBlue crewmembers have delivered to our customers, to their fellow crewmembers, and to our communities. The Payroll Support Program funds used to cover a portion of salaries, wages and benefits was the foundation upon which we have successfully built. Without it, I'm not sure JetBlue or any other major US airline would have persevered. As we move into 2022, I can confidently say that JetBlue not only survived, but we have thrived.

This summer, we launched JetBlue's first ever transatlantic service from New York JFK to London on our long-range Airbus A321 with reimagined experiences in both the Mint and Core cabins. JetBlue's Core experience – what other airlines call Coach or Economy class – to London brings a whole new level of comfort and service across the pond. In Mint, our business class, we made every seat a suite with a sliding door for full privacy – and we've made that seat more affordable to more travelers.

We first introduced Mint in 2014 on flights between New York and Los Angeles as well as New York and San Francisco. We came up with a revolutionary idea – a true lie flat seat, a great meal that didn't taste like airline food, curated wines, and all delivered by JetBlue crewmembers bringing hospitality to a whole new level – offered at an affordable JetBlue fare.

At that time, there were few airlines that offered a true lie flat seat in domestic markets, and certainly not one that was affordable to anyone beyond those top tier corporate customers. As we've expanded Mint to new markets other airlines have followed, and now a number of transcon US markets have lie flat products offered by multiple carriers and in some cases, fares have dropped by more than 50 percent! Now, as we bring the new Mint to the US-UK market, you can look forward to that same model of disruption from JetBlue – lower fares and a better product and experience, leading to more options and greater benefits for consumers.

Just as with Mint, we believe our innovative new Northeast Alliance (NEA) with American Airlines is the kind of disruption that enables JetBlue to do what we do best – bring more low fare competition to markets that are overpriced and under-served. This alliance, above all, is about growth – JetBlue's growth that would not otherwise be possible in the congested northeast where more competition is sorely needed.

By partnering with American, we are bringing a viable third large network alternative to customers flying to and from New York (JFK, LGA and EWR) and Boston (BOS). Together, we are bringing a deeper and more relevant schedule to many Northeast markets, wider international connectivity, frequent flier reciprocity, along with more low fares and our great service. In partnership with American, we have already launched 58 new routes out of the Northeast and have added frequencies on more than 130 routes that will expand through next year.

Together, this winter we will operate 500 daily flights out of the NYC area's three main airports, half of which will be flown by JetBlue. Plus, JetBlue is well on its way to hiring more than 1,800 new crewmembers to directly support growth from the NEA – jobs that would not otherwise be created. The NEA is supercharging competition, provoking competitive responses from entrenched legacy carriers, and ultimately benefiting consumers with more flights at lower fares.

As we've hired so many new crewmembers in 2021 for every type of role, we have also increased our focus on nurturing and developing the aviation professionals our industry needs today and in the years to come. JetBlue is demonstrating how airlines can meet that need through programs that offer a range of pathways into the industry – for crewmembers currently in other roles as well as external candidates – while also opening the door to more candidates from underrepresented communities, including women and people of color.

As part of our Diversity, Equity and Inclusion (DEI) strategy, we are working to provide our crewmembers equitable access to affordable education. The innovative JetBlue Scholars Program enables crewmembers the ability to earn a college degree for around \$5,000 on a flexible timeline. By year end, nearly 300 crewmembers will have graduated from the program.

The JetBlue Gateways program offers seven distinct education and training paths to becoming a JetBlue pilot or maintenance technician. JetBlue's program is the longest running US airline program, which produces a significant number of new hire pilots for an airline. Twelve percent of JetBlue's new hire pilots in 2021 came to the airline through one of these non-traditional programs and the pipeline for both pilots and maintenance technicians continues to grow. These programs are one way to address the significant socioeconomic barriers to higher education and training programs, and to provide crewmembers and external applicants from diverse communities exposure to certain skilled roles in the airline industry.

JetBlue Gateways include:

- **University** - Students at AABI-accredited partner colleges and universities can fly nonstop to first officer via a prescribed time and experience-building pathway. *Open to external applicants and JetBlue crewmembers.*
- **Select** - Crewmembers or external candidates with little or no flying experience can land first officer status after this rigorous training and time-building program. *Open to external applicants and JetBlue crewmembers. Training takes place with JetBlue partner, CAE in Mesa, AZ.*
- **Direct - Flight Ops** - Current crewmembers can depart their current position and pursue a prescribed college education accompanied with primary flight training at Aviator College. Upon graduation, crewmembers join Cape Air as a First Officer, time build to ATP minimums, and gain valuable flight experience as a Captain in a Part 135 operation. The combined experience with Aviator College and Cape Air prepares pilots for a successful transition to JetBlue. *Open to JetBlue crewmembers and Cape Air employees only.*
- **Flex - Flight Ops** - Current crewmembers can depart their current position and pursue a flexible path to becoming a pilot—as well as choose their own location for training and time-building within a defined framework. *Open to JetBlue crewmembers only.*
- **Family** - Families of crewmembers can make a “Blue-line” to a first officer position through a defined education, training and time-building path. *Open to family members of JetBlue crewmembers only.*
- **Direct - Tech Ops** - Current crewmembers can depart their current position and pursue a prescribed training pathway by studying with JetBlue partners at Aviator College to become a JetBlue aircraft maintenance technician. *Open to JetBlue crewmembers only.*
- **Flex - Tech Ops** - Current crewmembers can depart their current position and pursue a flexible path to becoming an aircraft maintenance technician—as well as choose their

own location for training within a defined framework. *Open to JetBlue crewmembers only.*

We are also investing in future generations of aviation professionals through the JetBlue Foundation's support of aviation-related education and STEM initiatives. Inspiring the future of aviation is a responsibility we take very seriously, and that's why we're leading the industry with a focus on supporting aviation education.

Over the past two years, JetBlue has also sharpened our focus around Environmental, Social & Governance (ESG), building on a strong track record that goes back years. We issued our first responsibility report in 2007 and our 2008 report was done according to the Global Reporting Initiative (GRI) standards. In 2016, JetBlue was the first airline and one of the first companies to report based on Sustainability Accounting Standards Board (SASB) and in 2017 based on Task Force on Climate-Related Disclosures (TCFD). These have since emerged as best practices in ESG reporting and we are pleased to see others in the industry following our lead.

I'm particularly proud of our leadership in the Sustainability space – the environmental pillar of ESG. In 2020, JetBlue became the first US airline to achieve domestic carbon neutrality, realized today through the purchase of credible carbon offsets. We also began flying regularly on sustainable aviation fuel (SAF), from San Francisco International Airport – allowing us to reduce lifecycle emissions roughly 75% per neat gallon of delivered jet fuel – and this year expanded regular commercial usage to Los Angeles International Airport. At the end of 2020, we further committed to achieve net zero carbon emissions by 2040, 10 years ahead of the target set by the global air transport industry, pledging to continuously innovate to directly reduce air travel emissions and our usage of carbon offsets.

To reach this 2040 goal, we are aggressively pursuing each and every decarbonization lever – including optimizing fuel efficiency with new aircraft and efficient operations, seeking out large volumes of SAF for use across our network, and minimizing emissions on the ground with electric ground support vehicles and aircraft ground power and air systems.

In September, JetBlue announced plans to speed our transition to SAF at New York area airports, positioning us well ahead of pace on our target to convert 10 percent of total fuel usage to SAF on a blended basis by 2030. This new agreement marks a major milestone for SAF in New York's airports, bringing the first large-scale volume of domestically produced SAF for a commercial airline to the region. JetBlue will convert 30 percent of its fuel buy across JFK, LGA and EWR from traditional Jet-A fuel to SAF, which is expected to reduce emissions by an estimated 80 percent per gallon of neat SAF, compared to traditional petroleum-based fuels.

Chair Cantwell, Ranking Member Wicker, while the main focus of today's hearing is on the benefits of PSP to airlines and their employees, I think it's important for us to acknowledge the devastating impact of this virus on so many in our industry, our nation and the world. Many of us have lost someone – a friend, a relative, a colleague – to COVID-19. Since March 2020, sixteen JetBlue crewmembers have died as a result of the coronavirus. We join their families and friends in cherishing their memories. We will do our best to channel their passion to deliver on JetBlue's mission of *Inspiring Humanity* every day.

Thank you for the opportunity to share my views and to add JetBlue's perspective to today's hearing.

JETBLUE CUSTOMER BILL OF RIGHTS

General Information

JetBlue will notify customers of delays, cancellations and diversions. Notification may be given in any of the following forms: via jetblue.com, telephone, flight information display system, airport announcement, onboard announcement, email or text message.

Compensation

For travel booked through jetblue.com or 1-800-JETBLUE:

- If your flight qualifies for compensation, you will receive an email from JetBlue within seven days of your flight's scheduled departure. This will happen automatically, and there is no need to contact JetBlue.

For travel not booked through jetblue.com or 1-800-JETBLUE:

- We may not have your contact information so if your flight qualifies for compensation, please call 1-800-JETBLUE (538-2583) seven days or more after your flight's scheduled departure to inquire about potential compensation.

Cancellations

All customers whose flight is cancelled by JetBlue will, at the customer's option: • Receive a full refund
OR

- Receive re-accommodation on the next available JetBlue flight at no additional charge or fare.

If JetBlue cancels a flight due to a Controllable Irregularity and alternate transportation with a scheduled departure within one hour is unavailable, customers are entitled to compensation good for future travel on JetBlue:

Cancellation:	Compensation amount:
• Within 4 hours of flight:	\$50 credit
• After scheduled departure:	\$100 credit

Delays

Departure Delays

Customers whose flight is delayed due to a Controllable Irregularity are entitled to compensation good for future travel on JetBlue:

Delay Time:	Compensation amount:
• 3 - 3:59 hours:	\$50 credit
• 4 - 4:59 hours:	\$100 credit
• 5 - 5:59 hours:	\$150 credit
• 6 or more hours:	\$200 credit

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Onboard ground delay on departure

Customers who experience an Onboard Ground Delay on departure, except those necessitated by a security event, are entitled to compensation good for future travel on JetBlue:

Delay time:	Compensation amount:
• 3 - 4:59 hours:	\$100 credit
• 5 - 5:59 hours:	\$175 credit
• 6 or more hours:	\$250 credit

Onboard ground delay on arrival

Customers who experience an Onboard Ground Delay on arrival, except those necessitated by a security event, are entitled to compensation good for future travel on JetBlue:

Delay time:	Compensation amount:
• 1 - 1:59 hours:	\$50 credit
• 2 - 2:59 hours:	\$125 credit
• 3 or more hours:	\$200 credit

Accommodation during onboard ground delays

JetBlue will provide customers experiencing an onboard ground delay with free seatback entertainment, food and drink, access to clean restrooms and, as necessary, medical treatment. JetBlue will begin to return to the gate or other suitable disembarkation point no later than three hours for domestic flights and four hours for international flights unless the pilot-in-command determines there is a safety or security-related reason for remaining on the tarmac, or Air Traffic Control advises the pilot-in-command that returning to the gate or another disembarkation point elsewhere in order to deplane would significantly disrupt airport operations.

Inflight Entertainment and Wi-Fi

JetBlue offers free live TV*, movies and high-speed wi-fi** at every seat. If seatback entertainment is inoperable, customers are entitled to a \$15 Credit good for future travel on JetBlue.

Overbookings

(As defined in JetBlue's Contract of Carriage)

Customers who are involuntarily denied boarding shall receive \$1,550.

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jetBlue

JetBlue Airways
27-01 Queens Plaza North Long Island City, NY 11101

*DIRECTV service may not be available on flights outside the continental United States; however, where applicable, movies from JetBlue Features and/or other complimentary stored content remain available on these routes.

**Fly-Fi is not available on flights operating outside of the contiguous U.S. For flights originating outside of the continental U.S., Fly-Fi will be available once the aircraft returns to the coverage area.