

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023

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

(State or other jurisdiction of incorporation or organization)

87-0617894

(I.R.S. Employer Identification No.)

27-01 Queens Plaza North

(Address of principal executive offices)

Long Island City

New York

11101

(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

Indicate by check mark 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. Yes No

Indicate by check mark 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). Yes No

Indicate by check mark 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of September 30, 2023, there were 333,289,326 shares outstanding of the registrant's common stock, par value \$0.01.

JETBLUE AIRWAYS CORPORATION
FORM 10-Q
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Forward-Looking Information

This Quarterly Report on Form 10-Q (the “Report”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in 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”). All statements other than statements of historical facts contained in this Report may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “expects,” “plans,” “intends,” “anticipates,” “indicates,” “remains,” “believes,” “estimates,” “forecast,” “guidance,” “outlook,” “may,” “will,” “should,” “seeks,” “goals,” “targets” or the negative of these terms or other similar expressions. 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 contained in this Report include, without limitation, statements regarding our outlook and future results of operations and financial position, our business strategy and plans for future operations, our sustainability initiatives, the impact of industry or other macroeconomic trends affecting our business, seasonality, our expectations regarding the planned wind-down of the Northeast Alliance with American Airlines and the related impact on our business, financial condition and results of operations, and our expectations regarding the outcome of the lawsuits challenging our merger with Spirit Airlines Inc. (“Spirit”). 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 for our aircraft, engines, and our Fly-Fi[®] product; risks related to new or increased tariffs imposed on commercial aircraft and related parts imported from outside the United States; the outcome of legal proceedings with respect to our Northeast Alliance with American Airlines Group Inc. and our planned wind-down of the Northeast Alliance; the occurrence of any event, change or other circumstances that could give rise to the right of JetBlue or Spirit or both of them to terminate the Merger Agreement; failure to obtain certain governmental approvals necessary to consummate the merger with Spirit (the “Merger”); the outcome of the lawsuit filed by the Department of Justice and certain state Attorneys General against us and Spirit related to the Merger; 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 personnel 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 the combined company 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 and privacy, including information security breaches; heightened regulatory requirements concerning data security compliance; risks associated with reliance on, and potential failure of, automated systems to operate our business; 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 damage to our reputation and the JetBlue brand name; our significant amount of fixed obligations and the ability to service such obligations; our substantial indebtedness and impact on our ability to meet future financing needs; financial risks associated with credit card processors; restrictions as a result of our participation in governmental support programs under the CARES Act, the Consolidated Appropriations Act, and the American Rescue Plan Act; risks associated with seeking short-term additional financing liquidity; failure to realize the full value of intangible or long-lived assets, causing us to record impairments; 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; impact of global climate change and legal, regulatory or market response to such change; changes in government regulations in our industry; acts of war or terrorism; changes in 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 of 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. Further information concerning these and other factors is contained in JetBlue's filings with the U.S. Securities and Exchange Commission (the "SEC"), including but not limited to in our Annual Report on Form 10-K for the year ended December 31, 2022 ("2022 Form 10-K"). 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.

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.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

JETBLUE AIRWAYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(in millions, except per share data)

	September 30, 2023	December 31, 2022
	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 973	\$ 1,042
Investment securities	409	350
Receivables, less allowance (2023-\$3; 2022-\$4)	329	317
Inventories, less allowance (2023-\$33; 2022-\$29)	97	87
Prepaid expenses and other	162	120
Total current assets	1,970	1,916
PROPERTY AND EQUIPMENT		
Flight equipment	12,484	11,727
Predelivery deposits for flight equipment	344	415
Total flight equipment and predelivery deposits, gross	12,828	12,142
Less accumulated depreciation	3,911	3,578
Total flight equipment and predelivery deposits, net	8,917	8,564
Other property and equipment	1,306	1,314
Less accumulated depreciation	784	731
Total other property and equipment, net	522	583
Total property and equipment, net	9,439	9,147
OPERATING LEASE ASSETS	605	660
OTHER ASSETS		
Investment securities	166	172
Restricted cash	149	146
Intangible assets, less accumulated amortization (2023-\$501; 2022-\$455)	346	298
Other	737	706
Total other assets	1,398	1,322
TOTAL ASSETS	\$ 13,412	\$ 13,045

See accompanying notes to condensed consolidated financial statements.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

JETBLUE AIRWAYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(in millions, except per share data)

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
	(unaudited)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 691	\$ 532
Air traffic liability	1,592	1,581
Accrued salaries, wages and benefits	574	498
Other accrued liabilities	479	486
Current operating lease liabilities	115	97
Current maturities of long-term debt and finance lease obligations	272	554
Total current liabilities	<u>3,723</u>	<u>3,748</u>
LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS	3,729	3,093
LONG-TERM OPERATING LEASE LIABILITIES	560	639
DEFERRED TAXES AND OTHER LIABILITIES		
Deferred income taxes	750	770
Air traffic liability - non-current	766	738
Other	464	494
Total deferred taxes and other liabilities	<u>1,980</u>	<u>2,002</u>
COMMITMENTS AND CONTINGENCIES (Note 6)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.01 par value; 25 shares authorized, none issued	—	—
Common stock, \$0.01 par value; 900 shares authorized, 492 and 486 shares issued and 333 and 327 shares outstanding at September 30, 2023 and December 31, 2022, respectively	5	5
Treasury stock, at cost; 159 shares at September 30, 2023 and December 31, 2022	(1,998)	(1,995)
Additional paid-in capital	3,192	3,129
Retained earnings	2,217	2,424
Accumulated other comprehensive income	4	—
Total stockholders' equity	<u>3,420</u>	<u>3,563</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 13,412	\$ 13,045

See accompanying notes to condensed consolidated financial statements.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

JETBLUE AIRWAYS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
OPERATING REVENUES				
Passenger	\$ 2,201	\$ 2,415	\$ 6,842	\$ 6,319
Other	152	147	448	424
Total operating revenues	<u>2,353</u>	<u>2,562</u>	<u>7,290</u>	<u>6,743</u>
OPERATING EXPENSES				
Aircraft fuel and related taxes	678	825	2,043	2,305
Salaries, wages and benefits	790	675	2,304	2,058
Landing fees and other rents	176	131	499	412
Depreciation and amortization	155	147	462	435
Aircraft rent	33	30	99	83
Sales and marketing	80	81	237	216
Maintenance, materials and repairs	168	178	512	492
Other operating expenses	396	343	1,129	1,026
Special items	33	13	168	57
Total operating expenses	<u>2,509</u>	<u>2,423</u>	<u>7,453</u>	<u>7,084</u>
OPERATING INCOME (LOSS)	<u>(156)</u>	<u>139</u>	<u>(163)</u>	<u>(341)</u>
OTHER INCOME (EXPENSE)				
Interest expense	(53)	(44)	(145)	(121)
Interest income	24	11	64	24
Gain (loss) on investments, net	—	—	6	(4)
Other	11	(1)	14	(1)
Total other expense	<u>(18)</u>	<u>(34)</u>	<u>(61)</u>	<u>(102)</u>
INCOME (LOSS) BEFORE INCOME TAXES	<u>(174)</u>	<u>105</u>	<u>(224)</u>	<u>(443)</u>
Income tax benefit (expense)	21	(48)	17	57
NET INCOME (LOSS)	<u>\$ (153)</u>	<u>\$ 57</u>	<u>\$ (207)</u>	<u>\$ (386)</u>
EARNINGS (LOSS) PER COMMON SHARE:				
Basic	<u>\$ (0.46)</u>	<u>\$ 0.18</u>	<u>\$ (0.63)</u>	<u>\$ (1.20)</u>
Diluted	<u>\$ (0.46)</u>	<u>\$ 0.18</u>	<u>\$ (0.63)</u>	<u>\$ (1.20)</u>

See accompanying notes to condensed consolidated financial statements.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS**JETBLUE AIRWAYS CORPORATION**
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited, in millions)

	Three Months Ended September 30,	
	2023	2022
NET INCOME (LOSS)	\$ (153)	\$ 57
Changes in fair value of available-for-sale securities and derivative instruments, net of reclassifications into earnings, net of taxes of \$4 and \$2 in 2023 and 2022, respectively.	10	(3)
Total other comprehensive income (loss)	10	(3)
COMPREHENSIVE INCOME (LOSS)	\$ (143)	\$ 54
	Nine Months Ended September 30,	
	2023	2022
NET LOSS	\$ (207)	\$ (386)
Changes in fair value of available-for-sale securities and derivative instruments, net of reclassifications into earnings, net of taxes of \$3 and \$2 in 2023 and 2022, respectively.	4	(5)
Total other comprehensive income (loss)	4	(5)
COMPREHENSIVE LOSS	\$ (203)	\$ (391)

See accompanying notes to condensed consolidated financial statements.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

JETBLUE AIRWAYS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in millions)

	Nine Months Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (207)	\$ (386)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Deferred income taxes	(20)	(51)
Depreciation	414	396
Amortization	48	39
Impairment of long-lived asset	—	5
Stock-based compensation	31	25
Changes in certain operating assets and liabilities	230	300
Other, net	(10)	(7)
Net cash provided by operating activities	<u>486</u>	<u>321</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(750)	(483)
Predelivery deposits for flight equipment	(23)	(116)
Purchase of held-to-maturity investments	(64)	(142)
Purchase of available-for-sale securities	(435)	(470)
Proceeds from the sale/maturity of held-to-maturity investments	9	2
Proceeds from the sale of available-for-sale securities	437	589
Payment for Spirit Airlines acquisition	(98)	(25)
Other, net	(3)	(2)
Net cash used in investing activities	<u>(927)</u>	<u>(647)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	78	—
Proceeds from sale-leaseback transactions	523	—
Proceeds from issuance of common stock	31	29
Repayment of long-term debt and finance lease obligations	(254)	(255)
Acquisition of treasury stock	(3)	(6)
Other, net	—	(35)
Net cash provided by (used in) financing activities	<u>375</u>	<u>(267)</u>
DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(66)	(593)
Cash, cash equivalents and restricted cash at beginning of period	1,188	2,077
Cash, cash equivalents and restricted cash at end of period ⁽¹⁾	<u>\$ 1,122</u>	<u>\$ 1,484</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments for interest	\$ 39	\$ 86
Cash proceeds from income tax refunds (net of payments)	(50)	(95)

NON-CASH TRANSACTIONS

Operating lease assets obtained under operating leases	\$ 14	\$ 61
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⁽¹⁾ Reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets:

	September 30, 2023	September 30, 2022
Cash and cash equivalents	\$ 973	\$ 1,401
Restricted cash ⁽²⁾	149	83
Total cash, cash equivalents and restricted cash	<u>\$ 1,122</u>	<u>\$ 1,484</u>

⁽²⁾ Restricted cash primarily consists of funds held in escrow for estimated workers' compensation obligations and other letters of credit.

See accompanying notes to condensed consolidated financial statements.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

JETBLUE AIRWAYS CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited, in millions)

	Common Stock Issued Shares Amount		Treasury Stock Shares Amount		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at June 30, 2023	492	\$ 5	159	\$ (1,998)	\$ 3,183	\$ 2,370	\$ (6)	\$ 3,554
Net loss	—	—	—	—	—	(153)	—	(153)
Other comprehensive income	—	—	—	—	—	—	10	10
Stock compensation expense	—	—	—	—	9	—	—	9
Balance at September 30, 2023	492	\$ 5	159	\$ (1,998)	\$ 3,192	\$ 2,217	\$ 4	\$ 3,420

	Common Stock Issued Shares Amount		Treasury Stock Shares Amount		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at June 30, 2022	482	\$ 5	158	\$ (1,995)	\$ 3,095	\$ 2,343	\$ (2)	\$ 3,446
Net income	—	—	—	—	—	57	—	57
Other comprehensive loss	—	—	—	—	—	—	(3)	(3)
Vesting of restricted stock units	1	—	1	—	—	—	—	—
Stock compensation expense	—	—	—	—	7	—	—	7
Balance at September 30, 2022	483	\$ 5	159	\$ (1,995)	\$ 3,102	\$ 2,400	\$ (5)	\$ 3,507

	Common Stock Issued Shares Amount		Treasury Stock Shares Amount		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2022	486	\$ 5	159	\$ (1,995)	\$ 3,129	\$ 2,424	\$ —	\$ 3,563
Net loss	—	—	—	—	—	(207)	—	(207)
Other comprehensive income	—	—	—	—	—	—	4	4
Vesting of restricted stock units	1	—	—	(3)	—	—	—	(3)
Stock compensation expense	—	—	—	—	31	—	—	31
Stock issued under crewmember stock purchase plan	5	—	—	—	32	—	—	32
Balance at September 30, 2023	492	\$ 5	159	\$ (1,998)	\$ 3,192	\$ 2,217	\$ 4	\$ 3,420

	Common Stock Issued Shares Amount		Treasury Stock Shares Amount		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2021	478	\$ 5	158	\$ (1,989)	\$ 3,047	\$ 2,786	\$ —	\$ 3,849
Net loss	—	—	—	—	—	(386)	—	(386)
Other comprehensive loss	—	—	—	—	—	—	(5)	(5)
Vesting of restricted stock units	2	—	1	(6)	—	—	—	(6)
Stock compensation expense	—	—	—	—	25	—	—	25
Stock issued under crewmember stock purchase plan	3	—	—	—	30	—	—	30
Balance at September 30, 2022	483	\$ 5	159	\$ (1,995)	\$ 3,102	\$ 2,400	\$ (5)	\$ 3,507

See accompanying notes to condensed consolidated financial statements.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

JETBLUE AIRWAYS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

JetBlue Airways Corporation (“JetBlue”) provides air transportation services across the United States, the Caribbean, Latin America, Canada, and Europe. Our condensed consolidated financial statements include the accounts of JetBlue and our subsidiaries which are collectively referred to as “we” or the “Company.” All majority-owned subsidiaries are consolidated on a line-by-line basis, with all intercompany transactions and balances being eliminated. These condensed consolidated financial statements and related notes should be read in conjunction with our 2022 audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 (“2022 Form 10-K”).

These condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”). In our opinion, they reflect all adjustments, including normal recurring items, that are necessary to present fairly the results for interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) have been condensed or omitted as permitted by such rules and regulations; however, we believe that the disclosures included herein are adequate to make the information presented not misleading.

Note 2 - Revenue Recognition

The Company categorizes 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 revenue recognized by revenue source for the three and nine months ended September 30, 2023 and 2022 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Passenger revenue				
Passenger travel	\$ 2,087	\$ 2,308	\$ 6,402	\$ 5,959
Loyalty revenue - air transportation	114	107	440	360
Other revenue				
Loyalty revenue	104	102	308	287
Other revenue	48	45	140	137
Total revenue	\$ 2,353	\$ 2,562	\$ 7,290	\$ 6,743

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

	September 30, 2023	December 31, 2022
Air traffic liability - passenger travel	\$ 1,279	\$ 1,291
Air traffic liability - loyalty program (air transportation)	1,045	1,000
Deferred revenue ⁽¹⁾	492	530
Total	\$ 2,816	\$ 2,821

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

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

JETBLUE AIRWAYS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

During the nine months ended September 30, 2023 and 2022, we recognized passenger revenue of \$1.2 billion that was included in passenger travel liability at the beginning of the respective periods.

TrueBlue® points are combined into one homogeneous pool and are not separately identifiable. As such, the revenue is comprised of 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 activity of the current and non-current air traffic liability for our loyalty program, and includes points earned and sold to participating companies for the nine months ended September 30, 2023 and 2022 (in millions):

Balance at December 31, 2022	\$	1,000
TrueBlue® points redeemed		(440)
TrueBlue® points earned and sold		485
Balance at September 30, 2023	\$	1,045
Balance at December 31, 2021	\$	891
TrueBlue® points redeemed		(360)
TrueBlue® points earned and sold		445
Balance at September 30, 2022	\$	976

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

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

During the nine months ended September 30, 2023, we made principal payments of \$254 million on our outstanding debt and finance lease obligations.

At September 30, 2023, we had pledged aircraft, engines, other equipment, and facilities with a net book value of \$6.3 billion as security under various financing arrangements.

At September 30, 2023, scheduled maturities of our long-term debt and finance lease obligations were as follows (in millions):

Year	Total
Remainder of 2023	\$ 87
2024	265
2025	234
2026	975
2027	223
2028 and thereafter	2,217
Total	\$ 4,001

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The carrying amounts and estimated fair values of our long-term debt, net of debt acquisition costs, at September 30, 2023 and December 31, 2022 were as follows (in millions):

	September 30, 2023		December 31, 2022	
	Carrying Value	Estimated Fair Value ⁽¹⁾	Carrying Value	Estimated Fair Value ⁽¹⁾
Public Debt				
Fixed rate special facility bonds, due through 2036	\$ 42	\$ 41	\$ 42	\$ 43
Fixed rate enhanced equipment notes:				
2019-1 Series AA, due through 2032	491	350	504	345
2019-1 Series A, due through 2028	153	126	157	124
2019-1 Series B, due through 2027	76	80	82	87
2020-1 Series A, due through 2032	526	451	546	457
2020-1 Series B, due through 2028	126	133	135	142
Non-Public Debt				
Fixed rate enhanced equipment notes, due through 2023	—	—	61	60
Fixed rate equipment notes, due through 2028	342	280	447	422
Floating rate equipment notes, due through 2030 ⁽²⁾	113	95	56	49
Sale-leaseback transactions, due through 2035	854	621	341	329
Unsecured CARES Act Payroll Support Program loan, due through 2030	259	132	259	126
Unsecured Consolidated Appropriations Act Payroll Support Program Extension loan, due through 2031	144	71	144	68
Unsecured American Rescue Plan Act of 2021 Payroll Support loan, due through 2031	132	65	132	62
Convertible senior notes due 2026	742	572	739	534
Total ⁽³⁾	\$ 4,000	\$ 3,017	\$ 3,645	\$ 2,848

⁽¹⁾ 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. Refer to Note 7 for an explanation of the fair value hierarchy structure.

⁽²⁾ Floating rate debt is equal to Secured Overnight Financing Rate (“SOFR”), plus an applicable margin.

⁽³⁾ Total excludes finance lease obligations of \$1 million and \$2 million at September 30, 2023 and December 31, 2022, respectively.

We have financed certain aircraft with Enhanced Equipment Trust Certificates (“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 (“VIE”), as defined in Topic 810, *Consolidation* of the Financial Accounting Standards Board (“FASB”) 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 creditworthiness 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.

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Equipment Notes

In April 2023, JetBlue entered into an agreement to finance certain aircraft for an aggregate principal amount of \$78 million, bearing interest at a floating rate of SOFR plus a margin. Debt incurred under the agreement matures in 2030, with principal and interest payable quarterly in arrears.

2023 Sale-Leaseback Transactions

During the nine months ended September 30, 2023, we entered into \$523 million of sale-leaseback transactions. These transactions did not qualify as sales for accounting purposes. 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 condensed consolidated statements of cash flows.

Short-term Borrowings

Citibank Line of Credit

On October 21, 2022, JetBlue entered into the \$600 million 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. Borrowings under the Second Amended and Restated Facility bear interest at a variable rate based on 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. On October 17, 2023, JetBlue further amended the Second Amended and Restated Facility to, among other things, extend the maturity date to October 21, 2025.

As of and for the periods ended September 30, 2023 and December 31, 2022, we did not have a balance outstanding or any borrowings under this line of credit.

Morgan Stanley Line of Credit

We have a revolving line of credit with Morgan Stanley for up to approximately \$200 million. As of and for the periods ended September 30, 2023 and December 31, 2022, we did not have a balance outstanding or any borrowings under this line of credit.

2022 \$3.5 Billion Senior Secured Bridge Facility

In connection with the entry into the Merger Agreement, as defined in Note 12, 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 Airlines, Inc. (“Spirit”). As of and for the periods ended September 30, 2023 and December 31, 2022, we did not have a balance outstanding or any borrowings under this facility.

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Note 4 - Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share is calculated similarly but includes potential dilution from restricted stock units, the 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 methods. Anti-dilutive common stock equivalents excluded from the computation of diluted earnings (loss) per share amounts were 2.7 million for the three months ended September 30, 2023. Anti-dilutive common stock equivalents excluded from the computation of diluted earnings (loss) per share amounts were 2.0 million and 1.9 million for the nine months ended September 30, 2023 and September 30, 2022, respectively.

The following table shows how we computed earnings (loss) per common share for the three and nine months ended September 30, 2023 and 2022 (dollars and share data in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ (153)	\$ 57	\$ (207)	\$ (386)
Weighted average basic shares	333.3	323.9	331.0	322.5
Effect of dilutive securities	—	1.1	—	—
Weighted average diluted shares	\$ 333.3	325.0	\$ 331.0	322.5
Earnings (loss) per common share				
Basic	\$ (0.46)	\$ 0.18	\$ (0.63)	\$ (1.20)
Diluted	\$ (0.46)	\$ 0.18	\$ (0.63)	\$ (1.20)

Note 5 - Crewmember Retirement Plan

We sponsor a retirement savings 401(k) defined contribution plan (the “Plan”), covering all of our crewmembers, where we match 100% of our crewmember contributions up to 5% of their eligible wages. Employer contributions vest after three years and are measured from a crewmember’s hire date whereas crewmember contributions are vested immediately.

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 after three years and are measured from the non-management crewmember’s hire date.

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

Our pilots receive a non-elective Company contribution of 16% of eligible pilot compensation per the terms of the finalized collective bargaining agreement between JetBlue and the Air Line Pilots Association (“ALPA”), in lieu of the above 401(k) Company matching contribution, *Retirement Plus*, and *Retirement Advantage* contributions. 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 three months ended September 30, 2023 and 2022 was \$75 million and \$61 million, respectively and for the nine months ended September 30, 2023 and 2022 was \$213 million and \$186 million, respectively.

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Note 6 - Commitments and Contingencies

Flight Equipment Commitments

As of September 30, 2023, our committed expenditures for aircraft and related flight equipment, including estimated amounts for contractual price escalations and pre-delivery deposits, is set forth in the table below (in millions):

Flight equipment commitments ⁽¹⁾

Year	Total
Remainder of 2023 ⁽²⁾	\$ 1,005
2024 ⁽²⁾	2,188
2025	1,701
2026	1,334
2027	987
Total	\$ 7,215

⁽¹⁾ The timing of these commitments is based on our contractual agreements and may be subject to change based on modifications to contractual agreements or changes in the delivery schedules.

⁽²⁾ Refer to the note in the flight equipment delivery table below for our 2023 and 2024 capacity planning assumptions.

As of September 30, 2023, our firm aircraft orders included the following aircraft:

Flight equipment deliveries ⁽¹⁾

Year	Airbus A321neo	Airbus A220	Total
Remainder of 2023 ⁽²⁾	6	13	19
2024 ⁽²⁾	13	30	43
2025	11	24	35
2026	12	14	26
2027	14	—	14
Total ⁽³⁾	56	81	137

⁽¹⁾ The aircraft orders stated above represents the current delivery schedule set forth in our Airbus order book as of September 30, 2023.

⁽²⁾ Due to Airbus delivery delays, our full-year 2023 capacity planning assumes delivery of 10 A220, three A321neo, and four A321neo LR aircraft, of which 11 have been delivered through September 30, 2023. In 2024, our current planning assumption is 20 A220, six A321neo, and two A321neo LR aircraft.

⁽³⁾ In addition, we have options to purchase an additional 20 A220-300 aircraft.

Other Commitments and Contingencies

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 September 30, 2023, we had \$53 million in assets serving as collateral for letters of credit relating to a certain number of our leases, which will expire at the end of the related lease terms. We also had a \$65 million letter of credit relating to our 5% ownership in JFK Millennium Partner LLC (“JMP”), a private entity that will finance, develop, and operate John F. Kennedy International Airport (“JFK”) Terminal 6. The letters of credit are included in restricted cash on the consolidated balance sheets. Additionally, we had \$31 million 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.

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Except for our pilots and inflight crewmembers who are represented by the ALPA and the Transport Workers Union of America (“TWU”), respectively, our other frontline crewmembers do not have third party representation.

Air Line Pilots Association

In April 2021, ALPA, on behalf of the JetBlue pilot group, filed a grievance relating to the Northeast Alliance Agreement (“NEA”), an expanded codeshare and marketing alliance between JetBlue and American Airlines, Inc. (“American”) at four northeast airports. ALPA claims that in entering the NEA, JetBlue violated certain scope clauses as contained in the pilots’ ALPA collective bargaining agreement. As a result of the mediation process, the parties agreed to certain changes to the collective bargaining agreement. The agreement was ratified by the JetBlue pilot group in April 2022.

In January 2023, JetBlue pilots approved a two-year contract extension effective March 1, 2023, which included a ratification payment and adjustments to paid-time-off accruals resulting from pay rate increases of \$95 million. This was recorded as an expense within special items in the first quarter of 2023. An additional \$8 million was recorded within special items in the third quarter of 2023 for paid-time-off accrual adjustments resulting from pay rate increases.

International Association of Machinists and Aerospace Workers

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 to unionize.

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.

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.

In July 2020, JetBlue and American entered into the NEA which was designed to optimize our respective networks at JFK, LaGuardia, Newark, and Boston. Following review and agreement by the Department of Transportation (“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 court issued a decision on May 19, 2023, permanently enjoining the NEA. On July 5, 2023, we announced that we do not plan to appeal the court’s determination that the NEA cannot continue as currently crafted, and instead had initiated a wind down of the NEA. On July 14, 2023, JetBlue and American announced that beginning on July 21, 2023, JetBlue customers will no longer be able to book new codeshare bookings on American and vice versa. On July 28, 2023, the court issued its Final Judgement and Order Entering Permanent

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Injunction (“Final Injunction”). The Final Injunction, which took effect on August 18, 2023, sets forth, among other things, provisions for the prompt and certain termination of the NEA, including applicable dates for the termination of JetBlue and American Airlines’ revenue-sharing arrangements and procedures governing the termination of any remaining slot-sharing agreements. Pursuant to the Final Injunction, JetBlue and American Airlines may not enter into any new alliance, partnership, joint venture, or other agreement with each other, if such agreement provides for revenue sharing, or for coordination of routes or capacity, in a manner substantially similar to the NEA for a period of ten years following the effectiveness of the Final Injunction. On September 25, 2023, American filed an appeal of the court’s ruling. The wind down of the NEA could result in a disruption to our business, require us to incur additional costs and ultimately have an adverse impact on our business, financial condition and results of operations.

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 for the District of Massachusetts, respectively, alleging that the NEA violates Sections 1 and 2 of the Sherman Act. Among other things, plaintiffs seek monetary damages on behalf of a putative class of direct purchasers of airline tickets from JetBlue and American and, depending on the specific case, other airlines on flights to or from four airports (JFK, LaGuardia Airport, Newark Liberty International Airport, and Boston Logan International Airport) from July 16, 2020 through the present. Plaintiffs in these actions also seek to enjoin the NEA. JetBlue believes these lawsuits are without merit and has moved to dismiss the claims.

We are also subject to a number of legal proceedings initiated by individual consumers, the Department of Justice and Attorneys General in six states and the District of Columbia alleging that our pending acquisition of Spirit violates Section 7 of the Clayton Act. For more information, see Note 12.

Note 7 - Fair Value

Under Topic 820, *Fair Value Measurement* of the FASB Accounting Standards Codification, (the “Codification”) 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 required to be measured at fair value on a recurring basis and where they are classified within the fair value hierarchy as of September 30, 2023 and December 31, 2022 (in millions):

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	\$ 612	\$ —	\$ —	\$ 612
Available-for-sale investment securities	—	330	13	343
Aircraft fuel derivatives	—	13	—	13

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	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

Refer to Note 3 for fair value information related to our outstanding debt obligations as of September 30, 2023 and December 31, 2022.

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.

Available-for-sale investment securities

Our available-for-sale investment securities include investments such as time deposits, commercial paper and convertible debt securities. The fair values of time deposits and commercial paper are based on observable inputs in non-active markets, which are therefore classified as Level 2 in the hierarchy. The fair values of convertible debt securities are based on unobservable inputs and are classified as Level 3 in the hierarchy.

Equity investment securities

Our equity investment securities include investments in common stocks of publicly traded companies. The fair values of these instruments are classified as Level 1 in the hierarchy as they are based on unadjusted quoted prices in active markets for identical assets. We did not have any material equity investment securities as of September 30, 2023.

Our wholly-owned subsidiary, JetBlue Technology Ventures, LLC (“JBV”), has equity investments in emerging companies that do not have readily determinable fair values. In accordance with Topic 321, *Investments - Equity Securities* of the FASB 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.

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.

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Held-to-maturity investment securities

Our held-to-maturity investment securities consist of corporate bonds, which are stated at amortized cost. If the corporate bonds were measured at fair value, they would be classified as Level 2 in the fair value hierarchy, based on quoted prices in active markets for similar securities.

We do not intend to sell these investment securities. Those securities that will mature in twelve months or less are included in short-term investments on our consolidated balance sheets. Those securities with remaining maturities greater than twelve months are included in long-term investments on our consolidated balance sheets.

The carrying value and estimated fair value of our held-to-maturity investment securities, were as follows (in millions):

	September 30, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Held-to-maturity investment securities	\$ 232	\$ 225	\$ 177	\$ 170

Note 8 - Investments

Investments in Debt Securities

Investments 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. Refer to Note 7 for an explanation of the fair value hierarchy structure.

Available-for-sale investment securities. We recorded a net realized gain of \$1 million in gain (loss) on investment, net on our consolidated statement of operations during the nine months ended September 30, 2023. We did not record any material gains or losses on these securities during the three months ended September 30, 2023 or the three and nine months ended September 30, 2022.

Held-to-maturity investment securities. We did not record any material gains or losses on held-to-maturity investment securities during the three and nine months ended September 30, 2023 and 2022.

The aggregate carrying values of our short-term and long-term debt investment securities consisted of the following at September 30, 2023 and December 31, 2022 (in millions):

	September 30, 2023	December 31, 2022
Available-for-sale investment securities		
Time deposits	\$ 330	\$ 285
Commercial paper	—	39
Debt securities	13	13
Total available-for-sale investment securities	343	337
Held-to-maturity investment securities		
Corporate bonds	232	177
Total held-to-maturity investment securities	232	177
Total investments in debt securities	\$ 575	\$ 514

Investments 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 FASB Codification. The carrying amount of our equity method investments were \$47 million and \$38 million as of September 30, 2023 and December 31, 2022, respectively, and is included within other assets on our consolidated balance sheets. We did not record any material gains or losses on these investments during the three and nine months ended September 30, 2023. We did not record any material gains or losses during

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the three months ended September 30, 2022. We recognized a gain of \$5 million on one of our equity method investments related to its issuance of additional shares upon the closing of a subsequent financing round in gain (loss) on investment, net on our consolidated statement of operations during the nine months ended September 30, 2022. Our share of our equity method investees' financial results is included in other income on our consolidated statement of operations.

We partnered with JMP to finance, develop, and operate JFK Terminal 6. In exchange of this partnership, we committed a letter of credit as discussed further in Note 6. We exercise significant influence over this transaction, which is accounted for under the equity method.

Other Investments

Our equity investment securities include investments in common stocks of publicly traded companies which are stated at fair value. We had an immaterial carrying amount of equity investment securities as of September 30, 2023 and a carrying amount of \$8 million as of December 31, 2022 recorded within investment securities in the current asset section of our consolidated balance sheet. We recognized a net realized gain of \$6 million on our equity investment securities primarily related to the sale of one of our equity investments in gain (loss) on investment, net on our consolidated statement of operations during the nine months ended September 30, 2023. We recognized a net unrealized loss of \$8 million in gain (loss) on investment, net on our consolidated statement of operations during the nine months ended September 30, 2022.

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 FASB Codification, we account for these investments using a measurement alternative that 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 \$92 million and \$83 million as of September 30, 2023 and December 31, 2022, respectively. We recognized an impairment loss of \$1 million in gain (loss) on investment, net on our consolidated statement of operations during the three and nine months ended September 30, 2023. We did not record any material gains or losses during the three months ended September 30, 2022. We recognized an unrealized gain of \$1 million in gain (loss) on investment, net on our consolidated statement of operations during the nine months ended September 30, 2022.

We have an approximate 10% ownership interest in the TWA Flight Center Hotel at JFK, which is also accounted for under the measurement alternative described above, and is recorded in the other assets section of the consolidated balance sheet. The carrying amount of this investment was \$14 million as of September 30, 2023 and December 31, 2022.

Note 9 - 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 is recognized in aircraft fuel expense. All cash flows related to our fuel hedging derivatives are classified as operating cash flows.

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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 as of September 30, 2023 related to our outstanding fuel hedging contracts that were designated as cash flow hedges for accounting purposes.

	Aircraft fuel call option spread agreements
Fourth Quarter 2023	31 %

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):

	September 30, 2023	December 31, 2022
Fuel Derivatives		
Asset fair value recorded in prepaid expense and other current assets	13	3
Longest remaining term (months)	3	3
Hedged volume (barrels, in thousands)	1,590	450
Estimated amount of existing gains (losses) expected to be reclassified into earnings in the next 12 months	\$ 9	\$ (2)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Fuel Derivatives				
Hedge effectiveness gains recognized in aircraft fuel expense	\$ 7	\$ —	\$ 3	\$ —
Hedge gains (losses) on derivatives recognized in comprehensive income	\$ 21	\$ (3)	\$ 10	\$ (3)
Percentage of actual consumption economically hedged	30 %	— %	23 %	— %

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 September 30, 2023 and December 31, 2022.

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Note 10 - Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss) includes changes in fair value of our aircraft fuel derivatives which qualify for hedge accounting and unrealized gain (loss) on available-for-sale securities. A roll-forward of the amounts included in accumulated other comprehensive income (loss), net of taxes for the three months ended September 30, 2023 and 2022 is as follows (in millions):

	Aircraft fuel derivatives	Available-for-sale securities	Total
Balance of accumulated loss, at June 30, 2023	\$ (5)	\$ (1)	\$ (6)
Reclassifications into earnings, net of taxes of \$(2) ⁽¹⁾	(5)	—	(5)
Change in fair value, net of taxes of \$6	15	—	15
Balance of accumulated gain (loss), at September 30, 2023	\$ 5	\$ (1)	\$ 4
Balance of accumulated loss, at June 30, 2022	\$ —	\$ (2)	\$ (2)
Reclassifications into earnings, net of taxes \$0 ⁽¹⁾	—	—	—
Change in fair value, net of taxes of \$2	(3)	—	(3)
Balance of accumulated loss, at September 30, 2022	\$ (3)	\$ (2)	\$ (5)

⁽¹⁾ Reclassified to aircraft fuel expense.

A roll-forward of the amounts included in accumulated other comprehensive income (loss), net of taxes for the nine months ended September 30, 2023 and 2022 is as follows (in millions):

	Aircraft fuel derivatives	Available-for-sale securities	Total
Balance of accumulated income (loss), at December 31, 2022	\$ 1	\$ (1)	\$ —
Reclassifications into earnings, net of taxes of \$(1) ⁽¹⁾	(2)	—	(2)
Change in fair value, net of taxes of \$4	6	—	6
Balance of accumulated income (loss), at September 30, 2023	\$ 5	\$ (1)	\$ 4
Balance of accumulated income (loss), at December 31, 2021	\$ —	\$ —	\$ —
Reclassifications into earnings, net of taxes \$0 ⁽¹⁾	—	—	—
Change in fair value, net of taxes of \$2	(3)	(2)	(5)
Balance of accumulated loss, at September 30, 2022	\$ (3)	\$ (2)	\$ (5)

⁽¹⁾ Reclassified to aircraft fuel expense.

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Note 11 - Special Items

The following is a listing of special items presented on our consolidated statements of operations for the three and nine months ended September 30, 2023 and 2022 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Special Items				
Spirit acquisition costs ⁽¹⁾	\$ 25	\$ 11	\$ 64	\$ 18
Union contract costs ⁽²⁾	8	—	104	32
Embraer E190 fleet transition ⁽³⁾	—	2	—	7
Total	\$ 33	\$ 13	\$ 168	\$ 57

⁽¹⁾ Spirit acquisition costs primarily relate to consulting, professional and legal fees.

⁽²⁾ Union contract costs primarily relate to pilot ratification payments and adjustments to paid-time-off accruals resulting from pay rate increases. See Note 6 for further discussion.

⁽³⁾ Embraer E190 transition charges relate to fleet impairment losses on certain aircraft and spare parts as well as retirement losses due to engine exchanges as a result of our fleet transition.

Note 12 - Entry into Merger Agreement with Spirit

As previously disclosed, on July 28, 2022, JetBlue entered into an Agreement and Plan of Merger (the “Merger Agreement”) with 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”).

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 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”). During the quarter ended September 30, 2023, JetBlue has made an aggregate of \$33 million in Additional Prepayments to Spirit shareholders resulting in a total prepayment of \$395 million. This prepayment is included in other assets in the Company's consolidated balance sheets as of September 30, 2023.

The Closing is subject to the satisfaction or waiver of certain closing conditions, including, among other things, the receipt of Spirit stockholder approval, which was obtained on October 19, 2022, the receipt of applicable regulatory approvals, and the absence of any law or order prohibiting the consummation of the transactions.

Spirit, JetBlue, and Merger Sub each make certain customary representations, warranties and covenants, as applicable, in the Merger Agreement, and the Merger Agreement contains certain termination rights for JetBlue and Spirit which, in certain cases, will result in the payment of termination fees by JetBlue or Spirit, as applicable.

Refer to Note 3 for further detail of the \$3.5 billion Senior Secured Bridge Facility issued to fund the purchase of Spirit.

On November 3, 2022, 25 individual consumers filed suit in the U.S. District Court for the Northern District of California against JetBlue and Spirit seeking to enjoin the Merger, alleging that it violates Section 7 of the Clayton Act (the “Private Merger Lawsuit”). The lawsuit also seeks to enjoin the NEA. On March 7, 2023, the U.S. Department of Justice, along with the Attorneys General of two states and the District of Columbia filed suit in the U.S. District Court for the District of

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Massachusetts against JetBlue and Spirit, alleging that the Merger violates Section 7 of the Clayton Act (the “Government Merger Lawsuit”). On March 29, 2023, the Private Merger Lawsuit was transferred to the U.S. District Court for the District of Massachusetts. On March 31, 2023, the Attorneys General of four additional states joined the Government Merger Lawsuit. Both merger lawsuits are now pending before the same court; however, they will not be consolidated for the purposes of trial or tried concurrently. The court set a trial date of October 16, 2023 for the Government Merger Lawsuit, which was subsequently moved to October 31, 2023. On October 11, 2023, the court partially granted summary judgment in the Private Merger Lawsuit and dismissed all but two of the private plaintiffs for lack of standing. On October 25, 2023, private plaintiffs filed a notice that they intend to appeal that decision. The Private Merger Lawsuit does not yet have a trial date. An adverse ruling in either lawsuit could adversely impact our ability to achieve the intended benefits of the Merger and could have an adverse impact on our business, financial condition, and results of operations.

PART I. FINANCIAL INFORMATION**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Part 1, Item 2 of this Report should be read together with our condensed consolidated financial statements and related notes included elsewhere in this Report and our audited consolidated financial statements and related notes included in our 2022 Form 10-K. This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A "Risk Factors" of our 2022 Form 10-K and in Part II, Item 1A "Risk Factors" and other parts of this Report.

OVERVIEW**Third Quarter 2023 Results**

In the third quarter of 2023, we faced a challenging operating environment due to air traffic control ("ATC") delays, weather-related disruptions and rising fuel prices. Despite these challenges, we continue to execute on our cost initiatives.

Our third quarter results are summarized as follows:

- Third quarter 2023 system capacity increased by 7.1% compared to the third quarter of 2022.
- Revenue for the third quarter of 2023 decreased by 8.2%, or \$209 million year-over-year to \$2.4 billion compared to the third quarter of 2022.
- Operating expense per available seat mile ("CASM") for the third quarter of 2023 decreased by 3.3% year-over-year to 14.45 cents compared to the third quarter of 2022.
- Our operating expense for the third quarter of 2023 and 2022 included the effects of special items. Excluding fuel and related taxes, special items, and operating expenses related to our non-airline businesses, our operating expense ⁽¹⁾ increased by 13.4% to \$1.8 billion year-over-year. Refer to our "Regulation G Reconciliation of Non-GAAP Financial Measures" at the end of this section for details of the special items.
- Excluding fuel and related taxes, special items, and operating expenses related to our non-airline businesses, our cost per available seat mile ("CASM ex-fuel") ⁽¹⁾ increased by 5.9% to 10.27 cents in the third quarter of 2023 compared to the third quarter of 2022.
- For the third quarter of 2023 and 2022, our reported earnings (loss) per share was \$(0.46) and \$0.18, respectively. Excluding special items, our adjusted earnings (loss) per share ⁽¹⁾ for the third quarter of 2023 and 2022 was \$(0.39) and \$0.21, respectively.

Recent Developments**Network**

During the quarter, we expanded our presence in the transatlantic market with service from New York to Amsterdam, and Boston ("BOS") to Amsterdam. We also launched our highly requested route between New York's John F. Kennedy Airport ("JFK") and Washington, D.C.'s Ronald Reagan National Airport.

In October, we announced new transatlantic seasonal service from JFK and BOS to Dublin and from JFK to Edinburgh, starting in 2024. We also announced expansion of our Paris presence by launching new daily service from BOS to Paris and adding a second daily flight from JFK, both routes starting in 2024.

We remain focused on taking steps to match capacity with demand. In the third quarter, we announced the closure of two underperforming markets - Havana, Cuba and Burlington, Vermont.

Customer Experience

JetBlue continues its ongoing commitment to enhance the travel experience and promote a comfortable and stress-free journey. In the third quarter of 2023, we announced for no additional fee, a formal family seating guarantee that children 13 years and younger can sit next to an adult traveling with them on the same reservation.

We also announced new and improved perks for Mosaic members in JetBlue's True Blue[®] loyalty program starting in 2024, reflecting JetBlue's commitment to identifying new ways to add value to the program.

⁽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.

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Outlook for 2023

We expect revenue for the fourth quarter of 2023 to decrease between (10.5%) - (6.5%) compared to the same period in 2022. Full year 2023 revenue is expected to increase between 3.0% - 5.0% compared to 2022. For the fourth quarter of 2023, we expect capacity to increase between 0.5% - 3.5% compared to 2022. Full year 2023 capacity is expected to increase between 5.0% - 7.0% compared to 2022.

We expect CASM Ex-Fuel⁽¹⁾ for the fourth quarter of 2023 to increase between 8.5% - 10.5% compared to the same period in 2022. We expect full year 2023 CASM Ex-Fuel to increase between 4.5% - 5.5% compared to 2022.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2023 vs. 2022

Overview

We reported a net loss of \$153 million, operating loss of \$156 million and an operating margin of (6.6)% for the three months ended September 30, 2023. This compares to net income of \$57 million, an operating income of \$139 million and an operating margin of 5.4% for the three months ended September 30, 2022. Loss per share was \$0.46 for the third quarter of 2023 compared to \$0.18 earnings per share for the same period in 2022.

Our reported results for the three months ended September 30, 2023 included the effects of special items. Adjusting for these items, our adjusted net loss⁽¹⁾ was \$129 million, adjusted operating loss⁽¹⁾ was \$123 million, adjusted operating margin⁽¹⁾ was (5.2)%, and adjusted loss per share⁽¹⁾ was \$0.39 for the three months ended September 30, 2023.

Our reported results for the three months ended September 30, 2022 included the effects of special items. Adjusting for these special items⁽¹⁾, our adjusted net income⁽¹⁾ was \$69 million, adjusted operating income⁽¹⁾ was \$152 million, adjusted operating margin⁽¹⁾ was 5.9%, and adjusted earnings per share⁽¹⁾ was \$0.21 for the three months ended September 30, 2022.

On-time performance, as defined by the DOT, is arrival within 14 minutes of scheduled arrival time. In the third quarter of 2023, our systemwide on-time performance was 58.5% compared to 67.2% for the same period in 2022. Our completion factor decreased to 96.3% in the third quarter of 2023 from 97.7% in the same period in 2022.

⁽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.

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Operating Revenues

	Three Months Ended September 30,		Year-over-Year Change	
	2023	2022	\$	%
<i>(Revenues in millions; percent changes based on unrounded numbers)</i>				
Passenger revenue	\$ 2,201	\$ 2,415	\$ (214)	(8.9)%
Other revenue	152	147	5	3.1%
Total operating revenues	\$ 2,353	\$ 2,562	\$ (209)	(8.2)%
Average fare	\$ 201.73	\$ 229.95	\$ (28.22)	(12.3)%
Yield per passenger mile (cents)	14.89	17.30	(2.41)	(13.9)
Passenger revenue per ASM (cents)	12.68	14.89	(2.21)	(14.9)
Operating revenue per ASM (cents)	13.55	15.80	(2.25)	(14.2)
Average stage length (miles)	1,253	1,191	62	5.2
Revenue passengers (thousands)	10,911	10,502	409	3.9
Revenue passenger miles (millions)	14,777	13,963	814	5.8
Available seat miles (ASMs) (millions)	17,362	16,217	1,145	7.1
Load factor	85.1%	86.1%		(1.0) pts.

Passenger revenue is our primary source of revenue, which includes seat revenue and baggage fees, as well as revenue from our ancillary product offerings such as Even More[®] Space. The decrease in passenger revenue of \$214 million, or 8.9%, for the three months ended September 30, 2023, compared to the same period in 2022, was primarily due to a 13.9% decrease in passenger yield attributed to shifts in post COVID customer demand partially offset by an increase in revenue passengers of 3.9%.

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, airport concessions and advertising revenue.

Operating Expenses

In detail, our operating costs per ASM, were as follows:

	Three Months Ended September 30,		Year-over-Year Change		Cents per ASM		
	2023	2022	\$	%	2023	2022	% Change
<i>(in millions; per ASM data in cents; percent changes based on unrounded numbers)</i>							
Aircraft fuel and related taxes	\$ 678	\$ 825	\$ (147)	(17.8)%	3.90	5.08	(23.2)%
Salaries, wages and benefits	790	675	115	17.0	4.55	4.16	9.3
Landing fees and other rents	176	131	45	34.4	1.01	0.81	25.5
Depreciation and amortization	155	147	8	5.8	0.90	0.90	(1.2)
Aircraft rent	33	30	3	7.3	0.19	0.19	0.2
Sales and marketing	80	81	(1)	(0.7)	0.46	0.50	(7.3)
Maintenance, materials, and repairs	168	178	(10)	(5.9)	0.97	1.10	(12.1)
Other operating expenses	396	343	53	15.3	2.28	2.12	7.7
Special items	33	13	20	NM ⁽²⁾	0.19	0.08	NM ⁽²⁾
Total operating expenses	\$ 2,509	\$ 2,423	\$ 86	3.5%	14.45	14.94	(3.3)%
Total operating expenses excluding special items⁽¹⁾	\$ 2,476	\$ 2,410	\$ 66	2.7%	14.26	14.86	(4.1)%

⁽²⁾ Not meaningful or greater than 100% change.

⁽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.

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Aircraft Fuel and Related Taxes

Aircraft fuel and related taxes decreased by \$147 million, or 17.8%, for the three months ended September 30, 2023 compared to the same period in 2022. The average fuel price decreased by 23.3% to \$2.94 per gallon. This decrease was partially offset by a 7.2%, or 15 million gallons, increase in fuel consumption due to higher capacity.

Salaries, Wages and Benefits

Salaries, wages and benefits increased \$115 million, or 17.0%, for the three months ended September 30, 2023 compared to the same period in 2022, driven by higher wage rates. The wage rate increase was primarily due to the new pilot union contract effective March 1, 2023, which included an initial pay rate increase of 14%.

Landing Fees and Other Rents

Landing fees and other rents increased \$45 million, or 34.4%, for the three months ended September 30, 2023 compared to the same period in 2022, primarily due to rate increases at certain blue cities and higher landing fees.

Depreciation and Amortization

Depreciation and amortization increased \$8 million, or 5.8%, for the three months ended September 30, 2023 compared to the same period in 2022. This increase was primarily driven by 13 aircraft and 14 spare engines delivered and placed into service since the third quarter of 2022.

Aircraft Rent

Aircraft rent increased \$3 million, or 7.3%, in the three months ended September 30, 2023 compared to the same period in 2022 as a result of incremental engine leases and lease return compensation costs.

Maintenance, Materials, and Repairs

Maintenance, materials, and repairs decreased \$10 million, or 5.9%, for the three months ended September 30, 2023 compared to the same period in 2022 primarily due to timing and the type of maintenance events that occurred during the period, partially offset by increased repairs due to the aging of our fleet.

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.

Other operating expenses increased \$53 million, or 15.3%, for the three months ended September 30, 2023 compared to the same period in 2022, primarily due to increased capacity and costs associated with ATC delays and weather-related disruptions.

Special Items

For the three months ended September 30, 2023, special items included the following:

- \$25 million relating to Spirit acquisition costs; and
- \$8 million relating to union contract costs.

For the three months ended September 30, 2022, special items included the following:

- \$11 million relating to Spirit acquisition costs; and
- \$2 million relating to engine exchanges as part of the retirement of our Embraer E190 fleet.

⁽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.

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Nine Months Ended September 30, 2023 vs. 2022
Overview

We reported a net loss of \$207 million, an operating loss of \$163 million and an operating margin of (2.2)% for the nine months ended September 30, 2023. This compares to a net loss of \$386 million, an operating loss of \$341 million and an operating margin of (5.1)% for the nine months ended September 30, 2022. Loss per share was \$0.63 for the nine months ended September 30, 2023 compared to a loss per share of \$1.20 for the same period in 2022.

Our reported results for the nine months ended September 30, 2023 included the effects of special items and certain gains and losses on investments. Adjusted for these items, our adjusted net loss ⁽¹⁾ was \$74 million, adjusted operating income ⁽¹⁾ was \$5 million, adjusted operating margin ⁽¹⁾ was 0.1%, and adjusted loss per share ⁽¹⁾ was \$0.23 for the nine months ended September 30, 2023.

Our reported results for the nine months ended September 30, 2022 included the effects of special items and certain gains and losses on investments. Adjusting for these special items, our adjusted net loss ⁽¹⁾ was \$332 million, adjusted operating loss ⁽¹⁾ was \$284 million, adjusted operating margin ⁽¹⁾ was (4.2)%, and adjusted loss per share ⁽¹⁾ was \$1.03 for the nine months ended September 30, 2022.

Operating Revenues

	Nine Months Ended September 30,		Year-over-Year Change	
	2023	2022	\$	%
<i>(Revenues in millions; percent changes based on unrounded numbers)</i>				
Passenger revenue	\$ 6,842	\$ 6,319	\$ 523	8.3 %
Other revenue	448	424	24	5.6
Total operating revenues	\$ 7,290	\$ 6,743	\$ 547	8.1 %
Average fare	\$ 211.77	\$ 217.34	\$ (5.57)	(2.6) %
Yield per passenger mile (cents)	15.93	16.26	(0.33)	(2.0)
Passenger revenue per ASM (cents)	13.29	13.17	0.12	1.0
Operating revenue per ASM (cents)	14.16	14.05	0.11	0.8
Average stage length (miles)	1,223	1,218	5	0.4
Revenue passengers (thousands)	32,309	29,075	3,234	11.1
Revenue passenger miles (millions)	42,950	38,857	4,093	10.5
Available seat miles (ASMs) (millions)	51,484	48,005	3,479	7.2
Load factor	83.4 %	80.9 %		2.5 pts.

Passenger revenue is our primary source of revenue, which includes seat revenue and baggage fees, as well as revenue from our ancillary product offerings such as Even More[®] Space. The increase in passenger revenue of \$523 million, or 8.3%, for the nine months ended September 30, 2023 was primarily due to an increase in revenue passengers of 11.1%, partially offset by a 2.0% decrease in passenger yield compared to the same period in 2022.

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, airport concessions and advertising revenue. The year-over-year increase in other revenue of \$24 million, or 5.6%, was principally driven by an increase in TrueBlue[®] marketing revenue due to higher customer spend and an increase in our vacation bookings.

⁽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.

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Operating Expenses

In detail, our operating costs per ASM, were as follows:

	Nine Months Ended September 30,		Year-over-Year Change		Cents per ASM		
	2023	2022	\$	%	2023	2022	% Change
<i>(in millions; per ASM data in cents; percent changes based on unrounded numbers)</i>							
Aircraft fuel and related taxes	\$ 2,043	\$ 2,305	\$ (262)	(11.4)%	3.97	4.80	(17.4)%
Salaries, wages and benefits	2,304	2,058	246	12.0	4.47	4.29	4.4
Landing fees and other rents	499	412	87	21.1	0.97	0.86	12.9
Depreciation and amortization	462	435	27	6.2	0.90	0.91	(1.0)
Aircraft rent	99	83	16	18.6	0.19	0.17	10.5
Sales and marketing	237	216	21	9.9	0.46	0.45	2.4
Maintenance, materials and repairs	512	492	20	4.2	1.00	1.02	(2.8)
Other operating expenses	1,129	1,026	103	10.0	2.19	2.14	2.6
Special items	168	57	111	NM ⁽²⁾	0.33	0.12	NM ⁽²⁾
Total operating expenses	\$ 7,453	\$ 7,084	\$ 369	5.2 %	14.48	14.76	(1.9)%
Total operating expenses excluding special items⁽¹⁾	\$ 7,285	\$ 7,027	\$ 258	3.7 %	14.15	14.64	(3.3)%

⁽²⁾ Not meaningful or greater than 100% change.

Aircraft Fuel and Related Taxes

Aircraft fuel and related taxes decreased by \$262 million, or 11.4%, for the nine months ended September 30, 2023 compared to the same period in 2022. The average fuel price for the nine months ended September 30, 2023 decreased by 18.0% to \$3.02 per gallon. The decrease in fuel price was partially offset by a 8.1%, or 51 million gallons, increase in fuel consumption due to higher capacity.

Salaries, Wages and Benefits

Salaries, wages and benefits increased by \$246 million, or 12.0%, for the nine months ended September 30, 2023 compared to the same period in 2022, driven primarily by wage rate increases. The wage rate increases were primarily due to the new pilot union contract effective March 1, 2023, which included an initial pay rate increase of 14%. An increase in full-time equivalent ("FTE") crewmembers also contributed to the increase. The average number of FTEs increased by 3.5% compared to the same period in 2022.

Landing Fees and Other Rents

Landing fees and other rents increased by \$87 million, or 21.1%, for the nine months ended September 30, 2023 compared to the same period in 2022, primarily due to rate increases at certain blue cities, higher landing fees and a 6.4% increase in departures.

Depreciation and Amortization

Depreciation and amortization increased by \$27 million, or 6.2%, for the nine months ended September 30, 2023 compared to the same period in 2022. This increase was primarily driven by 13 aircraft and 14 spare engines delivered and placed into service since the third quarter of 2022.

Aircraft Rent

Aircraft rent increased \$16 million, or 18.6%, in the nine months ended September 30, 2023 compared to the same period in 2022 as a result of incremental engine leases and lease return compensation costs.

⁽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.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Sales and Marketing

Sales and marketing increased \$21 million, or 9.9%, for the nine months ended September 30, 2023 compared to the same period in 2022, due to higher credit card fees and computer reservation system charges, driven by the increase in demand for air travel. Revenue passengers for the nine months ended September 30, 2023 increased by 3.2 million, or 11.1%, year-over-year.

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.

Other operating expenses increased \$103 million, or 10.0%, for the nine months ended September 30, 2023 compared to the same period in 2022, primarily driven by an increase in demand. ASMs increased 7.2% year-over-year. Costs associated with ATC delays and weather-related disruptions also contributed to the increase.

Special Items

For the nine months ended September 30, 2023, special items included the following:

- \$104 million relating to union contract costs; and
- \$64 million relating to Spirit acquisition costs.

For the nine months ended September 30, 2022, special items included the following:

- \$32 million relating to union contract costs;
- \$18 million relating to Spirit acquisition costs; and
- \$7 million relating to an impairment as well as engine exchanges as part of the retirement of our Embraer E190 fleet.

⁽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.

PART I. FINANCIAL INFORMATION**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS****Operational Statistics**

The following table sets forth our operating statistics for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Year-over-Year Change	Nine Months Ended September 30,		Year-over-Year Change
	2023	2022	%	2023	2022	%
<i>(percent changes based on unrounded numbers)</i>						
Operational Statistics						
Revenue passengers (thousands)	10,911	10,502	3.9	32,309	29,075	11.1
Revenue passenger miles (RPMs) (millions)	14,777	13,963	5.8	42,950	38,857	10.5
Available seat miles (ASMs) (millions)	17,362	16,217	7.1	51,484	48,005	7.2
Load factor	85.1 %	86.1 %	(1.0) pts	83.4 %	80.9 %	2.5 pts
Aircraft utilization (hours per day)	10.7	10.1	5.9	10.9	10.1	7.9
Average fare	\$ 201.73	\$ 229.95	(12.3)	\$ 211.77	\$ 217.34	(2.6)
Yield per passenger mile (cents)	14.89	17.30	(13.9)	15.93	16.26	(2.0)
Passenger revenue per ASM (cents)	12.68	14.89	(14.9)	13.29	13.17	1.0
Operating revenue per ASM (cents)	13.55	15.80	(14.2)	14.16	14.05	0.8
Operating expense per ASM (cents)	14.45	14.94	(3.3)	14.48	14.76	(1.9)
Operating expense per ASM, excluding fuel ⁽¹⁾	10.27	9.69	5.9	10.09	9.75	3.5
Departures	85,971	84,805	1.4	262,488	246,653	6.4
Average stage length (miles)	1,253	1,191	5.2	1,223	1,218	0.4
Average number of operating aircraft during period	283	286	(1.2)	281	284	(1.0)
Average fuel cost per gallon, including fuel taxes	\$ 2.94	\$ 3.84	(23.3)	\$ 3.02	\$ 3.68	(18.0)
Fuel gallons consumed (millions)	230	215	7.2	677	626	8.1
Average number of full-time equivalent crewmembers	20,661	20,303	1.8	20,706	20,013	3.5

We expect our operating results to significantly fluctuate from quarter-to-quarter in the future as a result of various factors, many of which are outside of our control. For example, air traffic controller shortages in the northeast continue to cause disruptions in the industry and have forced us to cut back our capacity plans to help protect our operations. Even with the flight cutbacks, we experienced and continue to expect challenges in the operating environment. Consequently, we believe quarter-to-quarter comparisons of our operating results may not necessarily be meaningful; you should not rely on our results for any one quarter as an indication of our future performance. Except for uncertainty related to the cost of aircraft fuel, we expect our expenses to continue to increase as we acquire additional aircraft, as our fleet ages, and as we expand the frequency of flights in existing markets as well as enter into new markets.

Operational challenges have had an impact on our business in the third quarter of 2023. These challenges include disruptions in our supply chains and those of our business partners, leading to aircraft delivery delays and negatively impacting the ability to source spare parts and complete maintenance on a timely basis. Additionally, reliability challenges with some of our aircraft engines using new technology have led to grounded aircraft events. These challenges have resulted - and are expected to continue to result - in flight delays and cancellations.

⁽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.

PART I. FINANCIAL INFORMATION**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS****CONSOLIDATED BALANCE SHEET ANALYSIS**

The following is a discussion of the changes in certain balance sheet data between September 30, 2023, and December 31, 2022 (in millions):

(percent changes based on unrounded numbers)

Selected Balance Sheet Data:	September 30, 2023	December 31, 2022	\$ Change	% Change
ASSETS				
Cash and cash equivalents	\$ 973	\$ 1,042	(69)	(6.7)%
Investment securities	409	350	59	16.6 %
Inventories, less allowance (2023-\$33; 2022-\$29)	97	87	10	11.9 %
Prepaid expenses and other	162	120	42	35.4 %
LIABILITIES				
Accounts payable	\$ 691	\$ 532	159	30.0 %
Air traffic liability	1,592	1,581	11	0.7 %
Other accrued liabilities	479	486	(7)	(1.4)%

Cash and cash equivalents

Cash and cash equivalents decreased by \$69 million, or 6.7%. Refer to Analysis of Cash Flows below for additional information.

Investment securities

Investment securities increased by \$59 million, or 16.6%, primarily driven by the purchase of held-to-maturity investments. Refer to Note 8 for additional information.

Inventories

Inventories increased by \$10 million, or 11.9%, driven by an increase in expendables to support the 11 aircraft we have taken delivery of since December 31, 2022.

Prepaid expense and other

Prepaid expense and other increased by \$42 million, or 35.4%, driven by an increase in prepaid payments for goods and services and an increase in fair value of fuel hedge investments.

Accounts payable

Accounts payable increased by \$159 million, or 30.0%, primarily due to timing of business partner payments.

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, investment securities on hand, and available lines of credit. Additionally, our unencumbered assets could be an additional source of liquidity, if necessary.

At September 30, 2023, we had unrestricted cash, cash equivalents, short-term investments, and long-term marketable securities of approximately \$1.5 billion, which we believe will be sufficient to satisfy our liquidity needs for the next twelve months, and we expect to meet our long-term liquidity needs with our projected cash from operations, available lines of credit and debt financing.

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.

PART I. FINANCIAL INFORMATION**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS****Analysis of Cash Flows*****Operating Activities***

We rely primarily on operating cash flows to provide working capital for current and future operations. Cash flows from operating activities were \$486 million and \$321 million for the nine months ended September 30, 2023 and 2022, respectively. Lower losses, principally driven by higher operating revenues, contributed to the increase in operating cash flows.

Investing Activities

During the nine months ended September 30, 2023, flight equipment capital expenditures included \$618 million related to the purchase of aircraft and spare engines as well as aircraft interior modifications. Flight capital expenditures also included \$42 million in spare part purchases. Other property and equipment capital expenditures included ground equipment purchases and facilities improvements for \$90 million. Investing activities for the current year period also included \$98 million in payments for the acquisition of Spirit, \$53 million in net purchases of investment securities and \$23 million in predelivery deposit payments for future aircraft deliveries.

During the nine months ended September 30, 2022, flight equipment capital expenditures included \$337 million related to the purchase of aircraft and several spare engines as well as aircraft interior modifications. Flight capital expenditures also included \$51 million in spare part purchases. Other property and equipment capital expenditures also included ground equipment purchases and facilities improvements for \$95 million. Investing activities also included \$25 million in payments for the acquisition of Spirit, \$21 million in net purchase of investment securities and \$116 million for predelivery deposit payments made for future aircraft deliveries.

Financing Activities

Financing activities for the nine months ended September 30, 2023 primarily consisted of proceeds from sale leaseback transactions of \$523 million, issuance of \$78 million in equipment notes to finance certain aircraft and issuance of common stock of \$31 million related to our crewmember stock purchase plan. These proceeds were partially offset by \$254 million in payments on our outstanding debt and finance lease obligations.

Financing activities for the nine months ended September 30, 2022 primarily consisted of a commitment letter for a Senior Secured Bridge Facility of up to \$3.5 billion to finance the potential acquisition of Spirit as well as principal payments of \$255 million on our outstanding debt and finance lease obligations.

Working Capital

We had a working capital deficit of \$1.8 billion at September 30, 2023 and December 31, 2022.

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 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 future developments related to 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. or international military actions, acts of terrorism, or other external geopolitical events and conditions. We believe there is sufficient liquidity available to us to meet our cash requirements for at least the next 12 months.

PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Contractual Obligations

Our material cash requirements for known contractual and other obligations as of September 30, 2023 includes the following (in millions):

	Remainder of 2023	2024	2025	2026	2027	Thereafter	Total
Debt and finance lease obligations ⁽¹⁾	\$ 136	\$ 401	\$ 359	\$ 1,094	\$ 331	\$ 2,546	\$ 4,867
Operating lease obligations	37	145	106	84	84	439	895
Flight equipment purchase obligations	1,005	2,188	1,701	1,334	987	—	7,215
Other obligations ⁽³⁾	148	416	458	469	491	360	2,342
Total	\$ 1,326	\$ 3,150	\$ 2,624	\$ 2,981	\$ 1,893	\$ 3,345	\$ 15,319

The amounts stated above do not include additional obligations incurred as a result of financing activities executed after September 30, 2023.

⁽¹⁾ Includes actual interest and estimated interest for floating-rate debt. Estimated floating rate is equal to Secured Overnight Financing Rate ("SOFR") plus an applicable margin based on September 30, 2023 rates.

⁽²⁾ Amounts represent obligations based on the current delivery schedule set forth in our Airbus order book as of September 30, 2023. Refer to Note 6 for additional information on our 2023 and 2024 capacity planning assumptions.

⁽³⁾ Amounts primarily include non-cancelable commitments for flight equipment maintenance, construction and information technology.

As of September 30, 2023, we are in compliance with the covenants of our debt and lease agreements. We have approximately \$53 million of restricted cash pledged under standby letters of credit related to certain leases that will expire at the end of the related lease terms.

As of September 30, 2023, our fleet consisted of:

Aircraft Type	Aircraft Count
Airbus	
A320	130
A321	63
A321neo	21
A321LR	8
A220	19
Embraer	
E190	55
Total	296

Of our fleet, 231 are owned by us, 65 are leased under operating leases, and none are leased under finance leases. Our owned aircraft include aircraft associated with sale-leaseback transactions that did not qualify as sales for accounting purposes. As of September 30, 2023, the average age of our operating fleet was 12.6 years.

PART I. FINANCIAL INFORMATION**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Our aircraft order book as of September 30, 2023 is as follows ⁽¹⁾:

Year	Airbus A321neo	Airbus A220	Total
Remainder of 2023	6	13	19
2024	13	30	43
2025	11	24	35
2026	12	14	26
2027	14	—	14
Total	56	81	137

⁽¹⁾ Our aircraft order book is subject to change based on modifications to the contractual agreements or changes in the delivery schedules. Refer to Note 6 for additional information on our 2023 and 2024 capacity planning assumptions.

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

Depending on market conditions, we anticipate using a mix of cash and debt financing for aircraft scheduled for delivery in 2023. For deliveries after 2023, although we believe debt and/or lease financing should be available to us, we cannot give any assurance that we will be able to secure financing on attractive terms, if at all. While these financings may or may not result in an increase in liabilities on our balance sheet, we expect our fixed costs to increase regardless of the financing method ultimately chosen. 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.

Off-Balance Sheet Arrangements

There have been no material changes to off-balance sheet arrangements from the information provided in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Off Balance Sheet Arrangements included in our 2022 Form 10-K.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies and Estimates included in our 2022 Form 10-K.

PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
REGULATION G RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

We report our financial results in accordance with GAAP; however, we present certain non-GAAP financial measures in this Report. Non-GAAP financial measures are financial measures that are derived from the condensed consolidated financial statements, but that are not presented in accordance with GAAP. We present these non-GAAP financial measures because we believe they provide useful supplemental information that enables 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 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 presented in this Report and shows a reconciliation of each such non-GAAP financial measure to its most directly comparable GAAP financial measure.

Operating Expenses, excluding Fuel and Related Taxes, Other Non-Airline Operating Expenses, and Special Items (“Operating Expenses ex-fuel”) and Operating Expense ex-fuel per Available Seat Mile ex-fuel (“CASM ex-fuel”)

Operating Expense per Available Seat Mile (“CASM”) is a common metric used in the airline industry. Our CASM for the relevant periods are summarized in the table below. We exclude aircraft fuel and related taxes, operating expenses related to other non-airline businesses, such as JetBlue Technology Ventures and JetBlue Travel Products, and special items from total operating expenses to determine Operating Expenses ex-fuel, which is a non-GAAP financial measure, and we exclude the same items from CASM to determine CASM ex-fuel, which is also a non-GAAP financial measure. We believe the impact of these special items distorts our overall trends and that our metrics are more comparable with the presentation of our results excluding such impact.

For the three and nine months ended September 30, 2023, special items included Spirit acquisition costs and union contract costs.

Special items for 2022 included Spirit acquisition costs, union contract costs and Embraer E190 fleet transition costs.

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

The table below provides a reconciliation of our total operating expenses (“GAAP measure”) to Operating Expenses ex-fuel, and our CASM to CASM ex-fuel for the periods presented.

**NON-GAAP FINANCIAL MEASURE
RECONCILIATION OF OPERATING EXPENSE AND OPERATING EXPENSE PER ASM (CASM), EXCLUDING FUEL**

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	\$	per ASM	\$	per ASM	\$	per ASM	\$	per ASM
<i>(\$ in millions; per ASM data in cents)</i>								
Total operating expenses	\$ 2,509	\$ 14.45	\$ 2,423	\$ 14.94	\$ 7,453	\$ 14.48	\$ 7,084	\$ 14.76
Less:								
Aircraft fuel and related taxes	678	3.90	825	5.08	2,043	3.97	2,305	4.80
Other non-airline expenses	16	0.09	14	0.09	49	0.09	43	0.09
Special items	33	0.19	13	0.08	168	0.33	57	0.12
Operating expenses, excluding fuel	\$ 1,782	\$ 10.27	\$ 1,571	\$ 9.69	\$ 5,193	\$ 10.09	\$ 4,679	\$ 9.75

PART I. FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

With respect to JetBlue's CASM ex-fuel guidance, we are unable to provide a reconciliation of the non-GAAP financial measure to GAAP CASM, the most directly comparable GAAP measure, because the quantification of certain excluded items reflected in the CASM ex-fuel guidance cannot be calculated or predicted at this time without unreasonable efforts. The reconciling information that is unavailable would include a forward-looking range of financial performance measures beyond our control, such as fuel costs, which are subject to many economic and political factors. For the same reasons, we are unable to address the probable significance of the unavailable information, which could have a potentially unpredictable and potentially significant impact on our future GAAP financial results.

Operating Expense, Adjusted Operating Margin, Income (Loss) before Taxes, Adjusted Pre-tax Margin, Net Income (Loss) and Earnings (Loss) per Share, excluding Special Items and Net Gain (Loss) on Investments

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

For the three and nine months ended September 30, 2023, special items included Spirit acquisition costs and union contract costs.

Special items for 2022 included Spirit acquisition costs, union contract costs and Embraer E190 fleet transition costs.

Certain gains and losses on our equity investments were also excluded from our 2023 and 2022 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 impact of these items for the periods presented.

PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
NON-GAAP FINANCIAL MEASURE
RECONCILIATION OF OPERATING EXPENSE, OPERATING INCOME (LOSS), ADJUSTED OPERATING MARGIN, PRE-TAX INCOME (LOSS), ADJUSTED PRE-TAX MARGIN, NET INCOME (LOSS), EARNINGS (LOSS) PER SHARE, EXCLUDING SPECIAL ITEMS AND GAIN (LOSS) ON EQUITY INVESTMENTS

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Total operating revenues	\$ 2,353	\$ 2,562	\$ 7,290	\$ 6,743
RECONCILIATION OF OPERATING EXPENSE				
Total operating expenses	\$ 2,509	\$ 2,423	\$ 7,453	\$ 7,084
Less: Special items	33	13	168	57
Total operating expenses excluding special items	\$ 2,476	\$ 2,410	\$ 7,285	\$ 7,027
RECONCILIATION OF OPERATING INCOME (LOSS)				
Operating income (loss)	\$ (156)	\$ 139	\$ (163)	\$ (341)
Add back: Special items	33	13	168	57
Operating income (loss) excluding special items	\$ (123)	\$ 152	\$ 5	\$ (284)
RECONCILIATION OF ADJUSTED OPERATING MARGIN				
Operating margin	(6.6)%	5.4 %	(2.2)%	(5.1)%
Operating income (loss) excluding special items	\$ (123)	\$ 152	\$ 5	\$ (284)
Total operating revenues	2,353	2,562	7,290	6,743
Adjusted operating margin	(5.2)%	5.9 %	0.1 %	(4.2)%
RECONCILIATION OF PRE-TAX INCOME (LOSS)				
Income (loss) before income taxes	\$ (174)	\$ 105	\$ (224)	\$ (443)
Add back: Special items	33	13	168	57
Less: Net gain (loss) on investments	—	—	6	(4)
Income (loss) before income taxes excluding special items and net gain (loss) on investments	\$ (141)	\$ 118	\$ (62)	\$ (382)
RECONCILIATION OF ADJUSTED PRE-TAX MARGIN				
Pre-tax margin	(7.4)%	4.1 %	(3.1)%	(6.6)%
Income (loss) before income taxes excluding special items and net gain (loss) on investments	\$ (141)	\$ 118	\$ (62)	\$ (382)
Total operating revenues	2,353	2,562	7,290	6,743
Adjusted pre-tax margin	(6.0)%	4.6 %	(0.9)%	(5.7)%
RECONCILIATION OF NET INCOME (LOSS)				
Net income (loss)	\$ (153)	\$ 57	\$ (207)	\$ (386)
Add back: Special items	33	13	168	57
Less: Income tax benefit related to special items	9	1	30	7
Less: Net gain (loss) on investments	—	—	6	(4)
Less: Income tax expense related to net gain (loss) on investments	—	—	(1)	—
Net income (loss) excluding special items and net gain (loss) on investments	\$ (129)	\$ 69	\$ (74)	\$ (332)

PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
NON-GAAP FINANCIAL MEASURE
RECONCILIATION OF OPERATING EXPENSE, OPERATING INCOME (LOSS), ADJUSTED OPERATING MARGIN, PRE-TAX INCOME (LOSS), ADJUSTED PRE-TAX MARGIN, NET INCOME (LOSS), EARNINGS (LOSS) PER SHARE, EXCLUDING SPECIAL ITEMS AND GAIN (LOSS) ON EQUITY INVESTMENTS (CONTINUED)

CALCULATION OF EARNINGS (LOSS) PER SHARE	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Earnings (loss) per common share				
Basic	\$ (0.46)	\$ 0.18	\$ (0.63)	\$ (1.20)
Add back: Special items	0.10	0.04	0.51	0.18
Less: Income tax benefit related to special items	0.03	0.01	0.08	0.02
Less: Net gain (loss) on investments	—	—	0.02	(0.01)
Less: Income tax expense (benefit) related to net gain (loss) on investments	—	—	—	—
Basic excluding special items and net gain (loss) on investments	<u>\$ (0.39)</u>	<u>\$ 0.21</u>	<u>\$ (0.22)</u>	<u>\$ (1.03)</u>
Diluted	\$ (0.46)	\$ 0.18	\$ (0.63)	\$ (1.20)
Add back: Special items	0.10	0.04	0.51	0.18
Less: Income tax benefit related to special items	0.03	0.01	0.08	0.02
Less: Net gain (loss) on investments	—	—	0.02	(0.01)
Less: Income tax expense (benefit) related to net gain (loss) on investments	—	—	—	—
Diluted excluding special items and net gain (loss) on investments	<u>\$ (0.39)</u>	<u>\$ 0.21</u>	<u>\$ (0.22)</u>	<u>\$ (1.03)</u>

Free Cash Flow

We define Free Cash Flow as net cash provided by operating activities less capital expenditures and predelivery deposits for flight equipment. Management believes that Free Cash Flow is a relevant metric in measuring our financial strength and is useful to investors 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.

The table below reconciles cash provided by operations determined in accordance with GAAP to Free Cash Flow, a non-GAAP financial measure, for the periods presented.

**NON-GAAP FINANCIAL MEASURE
RECONCILIATION OF FREE CASH FLOW**

<i>(in millions)</i>	Nine Months Ended September 30,	
	2023	2022
Net cash provided by operating activities	\$ 486	\$ 321
Less: Capital expenditures	(750)	(483)
Less: Predelivery deposits for flight equipment	(23)	(116)
Free Cash Flow	<u>\$ (287)</u>	<u>\$ (278)</u>

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Except as described below, there have been no material changes in market risks from the information provided in Item 7A. Quantitative and Qualitative Disclosures About Market Risk included in our 2022 Form 10-K.

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 September 30, 2023 cost per gallon of fuel. Based on projected fuel consumption for the next 12 months, including the impact of our hedging position, such an increase would result in an increase to aircraft fuel expense of approximately \$312 million. As of September 30, 2023, we have hedged approximately 31% for the fourth quarter of 2023.

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 \$3.9 billion of our debt and finance lease obligations, with the remaining \$113 million having floating interest rates. As of September 30, 2023, if interest rates were on average 100 basis points higher in 2023, our annual 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 to average 100 basis points lower in 2023 than they were during 2022, our interest income from cash and investment balances would decrease by approximately \$3 million. This amount is determined by considering the impact of the hypothetical change in interest rates on the balances of our money market funds and short-term, interest-bearing investments for the trailing twelve-month period.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 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 ("CEO") and our Chief Financial Officer ("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 September 30, 2023. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2023.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. 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. Refer to Note 6 to our condensed consolidated financial statements included in Part I, Item 1 of this Report for additional information.

ITEM 1A. RISK FACTORS

Part I, Item 1A "Risk Factors" of our 2022 Form 10-K as supplemented by Part II, Item 1A "Risk Factors" of our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023, includes a discussion of our risk factors. There have been no material changes from the risk factors associated with our business previously disclosed in our 2022 Form 10-K and our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023.

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 any 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, but is not limited to 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. For example, we are subject to a removal of certain Pratt & Whitney engines for inspection, announced in July 2023, due to contaminated metal parts on V2500, PW1100G and PW1500G engines. The full impact of the removal and any potential remediation steps on our operations remains fluid and subject to change. 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.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

None.

ITEM 5. OTHER INFORMATION

(a) None.

(b) None.

(c) During the three months ended September 30, 2023, no director or "officer" (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit
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**	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)
*	Filed herewith.
**	Furnished herewith.

SIGNATURES

Pursuant to the requirements 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)

Date: October 31, 2023

By: /s/ Al Spencer

Al Spencer

Vice President, Controller

(Principal Accounting Officer)

CERTIFICATION

I, Robin Hayes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of JetBlue Airways Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2023

/s/ Robin Hayes

Robin Hayes
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Ursula L. Hurley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of JetBlue Airways Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2023

By: /s/ Ursula L. Hurley

Ursula L. Hurley
Chief Financial Officer
(Principal Financial Officer)

JetBlue Airways Corporation
CERTIFICATIONS PURSUANT TO
18 U.S.C SECTION 1350, ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of JetBlue Airways Corporation on Form 10-Q for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on October 31, 2023 (the "Report"), the undersigned, in the capacities and on the dates indicated below, each hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of JetBlue Airways Corporation.

Date: October 31, 2023

By: /s/ Robin Hayes

Robin Hayes
Chief Executive Officer
(Principal Executive Officer)

Date: October 31, 2023

By: /s/ Ursula L. Hurley

Ursula L. Hurley
Chief Financial Officer
(Principal Financial Officer)