jetBlue

Annual Report 2019

Dear Fellow Owners:

This year we both celebrate our 20th birthday and face arguably the biggest threat to our industry that we have ever seen. As I reflect on our history, I could not be more pleased with the accomplishments of the JetBlue team over the past two decades. I am even more proud of the outstanding service of our crewmembers to each other and to our customers as we respond to the ongoing COVID-19 pandemic. Our 23,000 crewmembers continue to deliver a safe and secure JetBlue experience, while living our founding values of Safety, Caring, Integrity, Passion, and Fun. I am honored to serve them as CEO every day.

Our Accomplishments in 2019

For JetBlue, 2019 was a solid year from a financial, operational, and customer satisfaction standpoint. Notably, we made significant progress returning to our low cost roots, which we believe will allow us to continue to compete as a relatively smaller player against the large legacy airlines that control the vast share of the U.S. airline industry.

Looking back, I am extremely proud of what the JetBlue team achieved as we continued to strengthen the foundation of our business. Some of these highlights include:

- We generated revenues of $8.1 billion, up 5.7% year over year, and our pre-tax margin, excluding special items, was 9.5%. This is a one-point year-over-year improvement in our pre-tax margin
- We beat the mid-point of our 2019 initial cost guidance, and completed our Structural Cost Program, saving $314 million on an annual run-rate basis, exceeding the original goal we established in 2016 of $250-300 million
- We rolled out Fare Options 2.0, the next iteration of fare bundling, which helps drive revenue while giving customers more choice in travel
- We made significant progress in our Airbus cabin restyling program, which is improving both customer satisfaction and financial returns
- We took delivery of our first six fuel-efficient, range-boosting A321neos and launched our longest-ever route, connecting New York with Guayaquil, Ecuador
- We strengthened our focus cities, and made some difficult but important changes to our network to add relevance for our leisure and business customers and improve financial returns
- Our JetBlue Travel Products subsidiary ramped up, laying the groundwork for the next period of ancillary growth
- We strengthened our governance by adding two new members to our Board of Directors: Teri McClure and Vivek Sharma. We also updated our governance guidelines on tenure and retirement, resulting in Joel Peterson, Frank Sica, and Stephan Gemkow retiring from the Board in May 2020, and Peter Boneparth succeeding Peterson as chair
- We continued to invest in our most valuable asset – our crewmembers. We expanded our JetBlue Scholars higher education program to include master's degree options; since launching in 2016 our crewmembers have earned a total of 250 undergraduate degrees
- We continued to strengthen our culture as we grow and demonstrated our commitment to the communities we serve. Of note, in 2019 our crewmembers reached an incredible milestone volunteering one million hours of service over the past 8 years

An Early Look into 2020

Just three months into 2020, we are all navigating through very uncertain times as an industry. The novel coronavirus outbreak has brought a significant drop in demand, unlike anything our industry has seen before. As we navigate these uncertain times, our priority is to ensure the safety of our crewmembers and customers, as well as protect the financial safety of JetBlue for the long term.

We believe we are better positioned than any time in our 20-year history to endure the current environment. We have managed our balance sheet and liquidity conservatively, and we are pleased with the improvements to our credit rating over the past few years, which I believe speaks to the improving strength of our business.

Through our actions in the past, we have proven to be nimble and fast in responding to external events. We are taking swift and decisive action for the short term, while continuing to deliver on our longer term commitment to generating shareholder value. We remain confident in our future and every JetBlue crewmember is focused on managing through an unprecedented period in our history in a way that is true to our mission and values.

Five Building Blocks for JetBlue's Long Term Success

During the past few years we have talked about margin as the North Star for JetBlue. In 2019 we started to reap the benefits of our focus on executing our comprehensive plan that we laid out at our 2018 Investor Day to drive margin expansion and earnings growth. Our plan comprises five building blocks: network, product offering, fleet, cost, and capital allocation. We have taken a number of actions and have been working on a series of initiatives to ensure our success.

Strengthening our Network to Offer More Relevance to Customers

The JetBlue model works extremely well in high-value markets where customers value our highly differentiated model. For the past few years our goal has been to gain relevance and scale in geographies where our model has proven to be most effective and profitable. We have continued to target our growth and adjusted capacity through network reallocation in our focus cities, enabling us to drive higher revenues and margins.

In particular, last year we made significant progress in strengthening our relevance in Boston and Fort Lauderdale through added frequencies, new markets, and flying larger aircraft. Some examples of added relevance during 2019 include boosting top business markets such as Boston – Washington (DCA) to 15 daily roundtrips, and Boston – New York (LGA) to nearly 10 daily roundtrips. We have continued to find much success in the transcontinental market.

Building an Even More Differentiated Product Offering for our Customers

In 2019, we were recognized with some two dozen awards, demonstrating that customers continue to embrace the JetBlue brand. As our business and consumer preferences continue to evolve, though, we continue to look for ways to build customer loyalty by offering an even more relevant and compelling value proposition. Aside from continuing to enhance the JetBlue experience, we also have made progress in better merchandizing, pricing, and distributing our product through refined product segmentation and improved revenue management and distribution tools.

A significant product accomplishment in 2019 was the roll out of Fare Options 2.0, the next iteration of the fare bundles first rolled out in 2015, which give customers choice when they travel. Unlike other airlines, even JetBlue's lowest fare comes complete with the most legroom in coach, free inflight entertainment, free Fly-Fi® broadband, free snacks and soft drinks, and our award-winning service. We are pleased with the performance of Fare Options 2.0 during the last quarter of 2019 and early in the first quarter of 2020. Looking ahead, we plan to continue optimizing pricing, including of ancillaries.

In 2019, our ancillary revenue per customer grew 14% year over year to approximately $34, aided by another year of solid growth in our co-branded credit card portfolio and continued efforts in optimizing pricing for bags and seats. We also saw the benefit of continued momentum from customers signing up for our co-branded credit cards, and earning and redeeming TrueBlue® points.

Finally, we solidified our investments in our JetBlue Travel Products subsidiary and relaunched its JetBlue Vacations offering to include more perks such as no change fees, earlier boarding, a free inflight beverage, and access to a dedicated customer assurance team. Over the next few years we plan to continue developing and rolling out an even more innovative suite of products, which we believe will add to our earnings base.

Returning to our Low Cost Roots to Strengthen our Margins

Our low cost model offers value for all stakeholders, helping expand our margins while offering low fares and a great product to customers. In 2019, we executed better than planned from a cost perspective, thanks to the outstanding job of our crewmembers. We were able to reset our unit cost base despite meaningful headwinds to our capacity plans, including significant delays in Airbus NEO deliveries.

In 2019 we achieved cumulative run-rate Structural Cost Program savings of $314 million, exceeding our $250-300 million target that we set at our 2016 Investor Day. We also executed on our unit cost guidance for the year. One of our most recent achievements include reaching the final contracting stage of the V2500 SelectOne engine maintenance RFP.

Cost discipline is now a way of life for JetBlue, and we plan to mitigate future inflationary pressures through managing external spend, leveraging technology to enhance productivity, and benefiting from new aircraft and engine programs into the next decade. We believe that maintaining a lean cost structure as we grow will continue to position JetBlue for success.

Making Disciplined Investments in Fleet to Improve our Returns

In 2019, we put in place a fleet strategy that enhances our network growth and helped us grow our margins and returns. Over the past decade, we have systematically improved returns on all of our fleet types, from our oldest A320s to our newest A321neos. We ended 2019 with 259 aircraft in our fleet, and had six A321neos deliveries during the year.

We continued our restyling program for our A320s, completing nearly half of our fleet. Despite increasing seat capacity slightly, JetBlue continues to offer the most legroom in coach based on the industry average in the U.S. As a result of our restyling efforts, we have improved customer experience and Net Promoter Scores, while driving lower unit costs.

Maintaining a Conservative, yet Opportunistic Approach to Capital Allocation

Over the past few years we have significantly strengthened our balance sheet and maintained a conservative approach to managing it. At the close of 2019, we had $1.3 billion in cash, cash equivalents, and short term investments, a position significantly above our liquidity target of 10 to 12% of trailing 12-month revenue. Our adjusted debt-to-cap ratio was 34%, well within our target of 30 to 40%, and our adjusted net debt to EBITDA was 0.9x, among the lowest in our peer group.

Our strong balance sheet enabled us to re-invest an average of over 70% of our cash from operations back in our business during the past five years, and have made investments – mainly in fleet – between $1 - 1.2 billion every year. We have also balanced capital investments and opportunistic capital returns to our owners via share repurchases. Managing our JetBlue to investments metrics and maintaining a fortress balance sheet has proven essential to make return-accretive investments and build a strong cash position to protect our business.

Our Commitment to our Customers, Crewmembers and Owners

For the past two decades, our team has been dedicated to delivering a great experience while living our values and putting our mission into action. Our industry and consumer expectations have evolved over that time, and so have we, in order to be relevant and competitive. However, our values and our mission have not changed, and we have successfully withstood past times of uncertainty, coming out stronger as a team.

The current crisis is poised to be a historical event for our industry, both on a national and a global basis. Looking ahead, we aim to continue to be prudent with investment decisions, taking actions to manage factors which we cannot control, working on further strengthening our margins and maintaining discipline in our balance sheet to weather unexpected challenges. Our priority will always continue to be to live our values and deliver our mission, taking care of our customers, crewmembers, and owners.

Thanks to our 23,000 crewmembers who continue to deliver the JetBlue experience and inspiring humanity, which has never been more important than in our 20 years of history, and thank you to our owners for your continued support.

Most sincerely,

Robin Hayes

Robin Hayes

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2019
OR
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to ________

Commission file number 000-49728

JETBLUE AIRWAYS CORPORATION

(Exact name of registrant as specified in its charter)

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

(718) 286-7900

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:		
Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	**JBLU**	**The NASDAQ Stock Market LLC**

Indicate by check mark	YES	NO
■ if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	☑	☐
■ if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.	☐	☑
■ whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	☑	☐
■ whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).	☑	☐
■ whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.		
Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐		
■ If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.		☐
■ whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).	☐	☑

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of June 30, 2019 was approximately $5.4 billion (based on the last reported sale price on the NASDAQ Global Select Market on that date). The number of shares outstanding of the registrant's common stock as of January 31, 2020 was 282,201,849 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Designated portions of the Registrant's Proxy Statement for its 2020 Annual Meeting of Stockholders, which is to be filed subsequent to the date hereof, are incorporated by reference into Part III of this Annual Report on Form 10-K, or the Report, to the extent described therein.

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www.jetblue.com

Forward-Looking Information

Statements in this Report (or otherwise made by JetBlue or on JetBlue's behalf) contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which represent our management's beliefs and assumptions concerning future events. When used in this document and in documents incorporated herein by reference, the words "expects," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "outlook," "may," "will," "should," "seeks," "targets" and similar expressions are intended to identify forward-looking statements. 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, our extremely competitive industry; volatility in financial and credit markets which could affect our ability to obtain debt and/or lease financing or to raise funds through debt or equity issuances; our significant fixed obligations and substantial indebtedness; volatility in fuel prices, maintenance costs and interest rates; our reliance on high daily aircraft utilization; our ability to implement our growth strategy; our ability to attract and retain qualified personnel and maintain our culture as we grow; our reliance on a limited number of suppliers, including for aircraft, aircraft engines and parts and vulnerability to delays by those suppliers; our dependence on the New York and Boston metropolitan markets and the effect of increased congestion in these markets; our reliance on automated systems and technology; our being subject to potential unionization, work stoppages, slowdowns or increased labor costs; our presence in some international emerging markets that may experience political or economic instability or may subject us to legal risk; reputational and business risk from information security breaches or cyber-attacks; changes in or additional domestic or foreign government regulation, including new or increased tariffs; changes in our industry due to other airlines' financial condition; acts of war or terrorism; global economic conditions or an economic downturn leading to a continuing or accelerated decrease in demand for air travel; the spread of infectious diseases; adverse weather conditions or natural disasters; and external geopolitical events and conditions. 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.

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

PART I

ITEM 1 BUSINESS

Overview

General

JetBlue Airways Corporation, or JetBlue, is New York's Hometown Airline®. In 2019, JetBlue carried over 42 million customers with an average of more than 1,000 daily flights and served 99 destinations in the United States, the Caribbean and Latin America.

JetBlue was incorporated in Delaware in August 1998 and commenced service on February 11, 2000. As of the end of 2019, we were the sixth largest passenger carrier in the U.S. based on available seat miles, or ASMs. We believe our differentiated product and culture combined with our competitive cost structure enables us to compete effectively in the high-value geographies we serve. Looking to the future, we plan to continue to grow in our high-value geographies, invest in industry leading products and provide award-winning service by our more than 22,000 dedicated employees, whom we refer to as crewmembers. Going forward, we believe we will continue to differentiate ourselves from other airlines, enabling us to continue to attract a greater mix of customers, and to drive further profitable growth. We are focused on delivering solid results for our shareholders, our customers, and our crewmembers.

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

Our Industry and Competition

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

Price competition is intense in our industry. Our ability to operate successfully and grow in this environment depends on, among other things, our ability to operate at costs equal to or lower than our competitors.

Since 2001, the majority of traditional network airlines have undergone significant financial restructuring including bankruptcies, mergers and consolidations. These types of restructurings typically result in a lower cost structure through a reduction of labor costs, restructuring of commitments including debt terms, leases and aircraft, modification or termination of pension plans, increased workforce flexibility, and innovative offerings. These actions also have provided the restructured airlines significant opportunities for realignment of route networks, alliances, and frequent flyer programs. Each factor has had a significant influence on the industry's improved profitability.

2019 Operational Highlights

We believe our differentiated product and culture, and high-value geography relative to other airlines contributed to our continued success in 2019. Our 2019 operational highlights include:

- ***Product enhancements -*** Throughout 2019, we continued to invest in industry-leading products which we believe will continue to differentiate our offerings from the other airlines.
  - *Cabin Restyle* - We made significant progress on our cabin restyle program which includes two iterations. Phase 1 of the program introduced our popular Airbus A321 interior to our Airbus A320 aircraft. Phase 2, which began in early 2019, includes enhancements to provide our customers with a cabin experience of the future. It features a new seat design with memory foam cushion comfort and adjustable headrests, a next generation inflight entertainment system with an expanded collection of on demand movies, television shows including full seasons and video content, plus new gaming features, and expanded Fly-Fi® coverage over water to support our growing network.

- *Mobile Application* - We updated our mobile application to include an in-app chat functionality. With the added in-app functionality, customers will have even more options for connecting with our customer support crewmembers.
- *Fare Options 2.0* - Since launching our first fare options platform in 2015, we have gained deep insights into what customers want when they select a fare. In November 2019, we launched fare options 2.0 to offer the choices that today's customers want, including a new low fare for price sensitive travelers which we call *Blue Basic*, and an updated option for customers who value additional benefits like flexibility and speed, which we refer to as *Blue Extra*. *Blue Basic* is designed to help customers save while still offering the full JetBlue experience. Customers choosing the *Blue Basic* option will enjoy the same great experience with the most legroom in coach, free brand-name snacks and drinks, free high-speed wi-fi, DIRECTV® and movies at every seat, and our award-winning customer service. *Blue Extra* offers customers full change flexibility, early boarding, and Even More® Speed at a significant discount over the cost of purchasing these services as add-ons.

■ ***Network -*** We continued to gain relevance in our high-value geography by building out our focus cities to establish a position of strength. Our network growth in 2019 was primarily aimed at adding more connect-the-dot routes in Boston and Fort Lauderdale. In Boston, we added more flights on 12 of our most popular routes and adjusted schedules to offer up to 18 and 14 hourly flights per day to New York and Washington D.C., respectively. In Fort Lauderdale, we launched daily flights to St. Maarten and Phoenix. In addition to strengthening our transcon market, the new Fort Lauderdale - Phoenix flights will not only give Arizona customers a direct link to South Florida, but also onward connections to the Caribbean and Latin America.

In February 2019, we began daily round trip service from Fort Lauderdale to Guayaquil, Ecuador. Guayaquil joined Quito as our second BlueCity in Ecuador, highlighting our success in this South American country.

In April 2019, we announced plans to launch multiple daily flights from Boston and JFK to London beginning in 2021. London will be our first BlueCity in Europe.

In June 2019, we announced plans to start winter seasonal service between JFK and Guadeloupe with three times weekly service which launched in February 2020. The new service grows our already expansive footprint in the Caribbean and Latin America, and caters to leisure travelers in the Northeast looking to experience a unique island getaway during the cold winter months.

In September 2019, we announced plans to launch daily nonstop service between JFK and Georgetown, Guyana beginning in April 2020.

In October 2019, we relocated our operations in Houston from William P. Hobby Airport to George Bush Intercontinental Airport to better serve our customers.

In December 2019, we launched daily nonstop services between JFK and Guayaquil, our first route enabled by the capabilities of the Airbus A321 new engine option ("neo") aircraft. This route is the longest in our network, stretching beyond our previous longest route by more than 200 nautical miles.

We continued to examine our network to ensure we are making the best use of our aircraft and in 2019 we announced our plans to discontinue operations in Anchorage, La Romana in the Dominican Republic, and Mexico City. We believe these adjustments will promote healthy growth and improve the profitability of our network.

As a result of the decision by the U.S. Government to no longer permit air carriers to operate scheduled services to Cuban cities except for Havana, we ended our operations in Camagüey, Holguín and Santa Clara in December 2019.

■ ***Fleet -*** During 2019, we took delivery of six Airbus A321neo aircraft and bought out the lease of one of our aircraft.

In connection with our plans to launch flights to London in 2021, we amended our purchase agreement with Airbus in April 2019 to convert 13 Airbus A321neo deliveries into A321 Long Range ("A321LR") deliveries. The A321LR aircraft offers higher fuel capacity with a range of about 4,000 nautical miles.

In June 2019, we further amended our purchase agreement with Airbus to convert an additional 13 Airbus A321neo deliveries into the A321 Xtra Long Range ("A321XLR") deliveries. We believe the range of the Airbus A321XLR will allow us to expand our relevance in Boston and New York by adding more destinations into Europe. In addition, we also converted 10 of our options for the Airbus A220-300 aircraft into firm orders.

We anticipate that we will take delivery of a maximum of eleven Airbus A321neo aircraft and our first Airbus A220 aircraft in 2020.

■ ***Customer Service -*** JetBlue and our crewmembers were recognized in 2019 for industry leading customer service.

- J.D. Power and Associates named JetBlue its Top Low Cost Airline for Customer Satisfaction for 2019. Within the J.D. Power study, we led in four of the seven categories: aircraft, inflight services, flight crew, and reservations. This is our 13th J.D. Power and Associates award.
- Airline Ratings awarded JetBlue 7 out of 7 stars for safety, and 5 out of 5 stars for our product offerings. It also named us the Best Low Cost Airline in the Americas.
- We were recognized in the 2019 TripAdvisor Travelers' Choice® Awards for the Best Regional Business Class and Best in Passenger Comfort in North America.
- At The Points Guy Awards, JetBlue took top honors in both Best Domestic Business Class Product and Best Domestic Economy Product for a second year in a row. We were also recognized by The Points Guy as the Best Airline for Families.
- We are the number one domestic airline in *Travel + Leisure's* World's Best Awards 2019.

■ ***Our crewmembers -*** During 2019, our crewmembers recognized JetBlue as one of America's "Best Large Employers" by Forbes. JetBlue ranked #11 through a survey that asked individuals how likely they would be to recommend their employer to someone else. We were also ranked #15 in the list of Top 50 Top-Rated Workplaces by Indeed. Indeed compiled this list by including companies that are members of the Fortune 500 Index with at least 100 reviews between June 2017 and June 2019. These companies are the most highly rated on overall employee experience.

Jetblue Experience

We offer our customers a distinctive flying experience which we refer to as the "JetBlue Experience". We believe we deliver award-winning service that focuses on the entire customer experience, from booking an itinerary to arrival at the final destination. Typically, our customers are neither high-traffic business travelers nor ultra-price sensitive travelers. Rather, we believe we are the carrier of choice for the majority of travelers who have been underserved by other airlines as we offer a differentiated product and award winning customer service.

Differentiated Product and Culture

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

Our award winning service begins from the moment our customers purchase a ticket through one of our distribution channels such as *www.jetblue.com*, our mobile applications, or our reservations centers. Customers can purchase tickets under our Fare Options 2.0 pricing model, at one of four branded fares: *Blue Basic*, *Blue*, *Blue Extra*, and in select markets, *Blue Plus*. Each fare includes different offerings such as priority boarding, advance seat selections, free checked bags, reduced change fees, and additional TrueBlue® points, with all fares including our core offering of free inflight entertainment, free brand name snacks, and free non-alcoholic beverages. Customers can choose to "buy up" to an option with additional offerings. These different fares allow customers to select the products or services they need or value when they travel, without having to pay for the things they do not need or value.

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

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

Once onboard our aircraft, customers enjoy seats in a comfortable layout with the most legroom in the main cabin of all U.S. airlines, based on average fleet-wide seat pitch. Our Even More® Space seats are available for purchase across our fleet, giving customers the opportunity to enjoy additional legroom. Customers on certain transcontinental or Caribbean flights have the option to purchase our premium service, Mint®, which has 16 fully lie-flat seats, including four suites with privacy doors.

Our inflight entertainment system onboard the majority of our Airbus A320 and Embraer E190 aircraft includes 36 channels of free DIRECTV®, 100+ channels of free SiriusXM Radio® and premium movie channel offerings from JetBlue Features. Customers on our Airbus A321 aircraft and certain restyled Airbus A320 aircraft have access to 100+ channels of DIRECTV®, 100+ channels of SiriusXM Radio® and premium movie channel offerings from JetBlue Features. Our Mint® customers enjoy 15-inch flat screen televisions to experience our inflight entertainment offerings. Our entire fleet is equipped with Fly-Fi®, a broadband product that allows gate-to-gate wi-fi at every seat, with connectivity that we believe is significantly faster than airlines featuring KU-band satellites and older ground to air technology. Customers also have access to the Fly-Fi® Hub, a content portal where customers can access a wide range of movies, television shows, and additional content from their own personal devices.

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

Our Airbus A321 aircraft in a single cabin layout have 200 seats and those with our Mint® offering have 159 seats. Our Airbus A320 aircraft generally have 150 seats while our Embraer E190 aircraft have 100 seats. As part of our cabin restyling program we are increasing the seat density on our Airbus A320 fleet to 162 seats. We believe this multi-year restyling program will allow us to increase capacity in a capital-efficient and customer-focused way. Our first restyled Airbus A320 aircraft entered into revenue service in April 2018. As of December 31, 2019, we had 51 restyled Airbus A320 aircraft in service.

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

We work to provide a superior air travel experience, including communicating openly and honestly with customers about delays and service disruptions. We have a Customer Bill of Rights which was introduced in 2007 to provide compensation to customers who experience inconveniences. This Customer Bill of Rights commits us to high service standards and holds us accountable if we fall short.

In 2019, we completed 98.8% of our scheduled flights. Unlike most other airlines, we have a policy of not overbooking flights.

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

Network/ High-Value Geography

We are a predominately point-to-point system carrier, with the majority of our routes touching at least one of our six focus cities: New York, Boston, Fort Lauderdale-Hollywood, Orlando, Long Beach, and San Juan, Puerto Rico. During 2019, over 85% of our customers flew on nonstop itineraries.

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

As of December 31, 2019, our network served 99 BlueCities in 30 states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, and 21 countries in the Caribbean and Latin America.

We also made changes across our network by announcing new routes and frequencies between existing BlueCities. We group our capacity distribution based upon geographical regions rather than on a mileage or a length-of-haul basis. The historic distribution of ASMs, or capacity, by region for the years ending December 31 was:

Capacity Distribution	2019	2018	2017
Transcontinental	32.0%	31.3%	28.6%
Caribbean & Latin America[1]	31.2	28.7	28.3
Florida	25.2	27.3	30.1
East	6.0	6.5	6.4
Central	4.0	4.0	3.8
West	1.6	2.2	2.8
TOTAL	**100.0%**	**100.0%**	**100.0%**

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

During the past decade we invested in our network, which had been dominated by the New York metropolitan area with approximately one-half of our ASMs. Our network growth over the past few years has been focused on the business traveler in Boston as well as travelers to the Caribbean and Latin America region. We expect to continue increasing our presence in Fort Lauderdale-Hollywood where we believe there is an opportunity to increase our operations to destinations throughout the Caribbean and Latin America. Our plan is supported by significant investment from the Broward County Aviation Department in the airport and surrounding facilities. We believe our increased focus on Boston and Fort Lauderdale-Hollywood makes our ASMs more balanced and strengthens the overall network.

On February 1, 2020, we began scheduled service to Pointe-à-Pitre, Guadeloupe. We anticipate further expanding our network and have previously announced service to the following new destinations in 2020:

Destination	Service Scheduled to Commence
Georgetown, Guyana[*]	April 2, 2020
Guatemala City, Guatemala[*]	June 1, 2020

(*) Subject to receipt of government operating authority.

Airline Commercial Partnerships

Airlines frequently participate in commercial partnerships with other carriers in order to increase customer convenience by providing interline-connectivity, codesharing, complementary flight schedules, frequent flyer program reciprocity, and other joint marketing activities. As of December 31, 2019, we had 50 airline commercial partnerships. Our commercial partnerships typically begin as an interline agreement allowing a customer to book one itinerary with tickets on multiple airlines. During 2019, we entered into an interline agreement with Interjet (legally known as ABC Aerolíneas, S.A. de C.V.). Interjet joins our growing list of interline agreements that help us connect customers to destinations around the world, bringing the JetBlue Experience to even more customers, while strengthening our growing network and profitability. Interline agreements allow customers to use a single itinerary that combines flights on multiple carriers. On their day of travel, they enjoy a simplified airport experience with single check-in and bag drop. In 2020, we expect to continue to seek additional strategic opportunities through new commercial partners as well as assess ways to deepen existing airline partnerships. We plan to do this by expanding codeshare relationships and other areas of cooperation such as frequent flyer programs. We believe these commercial partnerships allow us to better leverage our strong network and drive incremental traffic and revenue while improving off-peak travel.

Marketing

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

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

Distribution

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

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

Customer Loyalty Program

TrueBlue® is our customer loyalty program designed to reward and recognize loyal customers. Members earn points based upon the amount paid for JetBlue flights and services from certain commercial partners. Our points do not expire, the program has no black-out dates or seat restrictions, and any JetBlue destination can be booked if the TrueBlue® member has enough points to exchange for the value of an open seat. Mosaic® is an additional level for our most loyal customers who either (1) fly a minimum of 30 times with JetBlue and acquire at least 12,000 base flight points within a calendar year or (2) accumulate 15,000 base flight points within a calendar year. Nearly 3 million TrueBlue® one-way redemption awards were flown during 2019, representing approximately 6% of our total revenue passenger miles.

We currently have co-branded loyalty credit cards available to eligible U.S. residents, as well as co-brand agreements in Puerto Rico and the Dominican Republic to allow cardholders to earn TrueBlue® points. Our current co-branded credit card partnership with Barclaycard® on the MasterCard® network exceeded expectations for conversion rates and new member enrollments. We also have co-branded loyalty credit cards issued by Banco Santander Puerto Rico and MasterCard® in Puerto Rico as well as Banco Popular Dominicano and MasterCard® in the Dominican Republic. These credit cards allow customers in Puerto Rico and the Dominican Republic to take full advantage of our TrueBlue® loyalty program.

We have a separate agreement with American Express® that allows any American Express® cardmember to convert Membership Rewards® points into TrueBlue® points. In 2016, we added a partnership agreement with Citibank® to convert Citi ThankYou® Rewards points into TrueBlue® points. We became a Chase Ultimate Rewards® point transfer partner in 2018, allowing eligible Chase® cardmembers to transfer Ultimate Rewards points to TrueBlue® points. We have various agreements with other loyalty partners, including hotels and car rental companies, that allow their customers to earn TrueBlue® points through participation in our partners' programs. We intend to continue to develop the footprint of our co-branded credit cards and pursue other loyalty partnerships in the future.

Operations and Cost Structure

Historically, our cost structure has allowed us to price fares lower than many of our competitors and is a principal reason for our profitable growth. Our current cost advantage relative to some of our competitors is due to, among other factors, high aircraft utilization, new and efficient aircraft, relatively low distribution costs, and a productive workforce. Because our network initiatives and growth plans require a low cost platform, we strive to stay focused on our competitive costs, operational excellence, efficiency improvements, and enhancing critical elements of the JetBlue Experience.

During 2016, we introduced an initiative to reduce our structural cost with the goal of saving $250 to $300 million by 2020. The program covers all cost categories including our technical operations, corporate services, airports, and our distribution network. Through a combination of strategic sourcing, planning, automation, and a review of our distribution channel strategy, we anticipate delivering structural cost savings which will continue to allow us to deliver the JetBlue Experience to our customers while maintaining a competitive cost structure. We have made significant progress in the past three years. For example, we have executed agreements to upgrade our Customer Sales and Service ("CSS") system and signed several long-term engine maintenance agreements for our fleet. Our efforts enabled us to exceed our target by securing approximately $314 million of savings through renegotiated contracts, process optimization, and other structural cost initiatives.

Route Structure

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

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

- ***New York metropolitan area -*** We are New York's Hometown Airline®. Approximately one-half of our flights originate from or are destined for the New York metropolitan area, the nation's largest travel market. JFK is New York's largest airport, and we are the second largest airline at JFK as measured by domestic seats. Our 2019 operations accounted for 36% of seats offered on domestic routes from JFK. As JFK is a slot controlled airport, we have been able to continue to grow our operations by adding more seats per departure with the delivery of the Airbus A321 aircraft, restyling of the Airbus A320 aircraft, as well as continuing to optimize routes based upon load factor and costs. We operate from Terminal 5, or T5, which includes an international arrivals facility within our current T5 footprint. We believe T5 enables us to increase operational efficiencies, provide savings, streamline our operations and improve the overall travel experience for our customers arriving from international destinations. We also serve New Jersey's Newark Liberty International Airport, or Newark, New York City's LaGuardia Airport, or LaGuardia, New York's Stewart International Airport, or Newburgh, and New York's Westchester County Airport, or White Plains. We are the leading carrier in the average number of flights flown per day between the New York metropolitan area and Florida.
- ***Boston -*** We are the largest carrier at Boston's Logan International Airport, or Boston. At the end of 2019 we flew to 68 nonstop destinations from Boston and our operations accounted for 29% of all seats offered in Boston. We continue to capitalize on opportunities in the changing competitive landscape by adding routes, frequencies and increasing our relevance to local travelers. Our plan is to grow Boston with a general target of 200 flights per day. In 2019, we added more flights on 12 of our most popular routes and adjusted schedules to offer up to 18 and 14 hourly flights per day to New York and Washington D.C., respectively.
- ***Caribbean and Latin America -*** At the end of 2019, we had 35 BlueCities in the Caribbean and Latin America and we expect our presence to continue to grow. San Juan, Puerto Rico is our only focus city outside of the Continental U.S. We are the largest airline in Puerto Rico serving more nonstop destinations than any other carrier. We are also the largest airline in the Dominican Republic, serving five airports. While the Caribbean and Latin American region is a growing part of our network, operating in this region can present challenges, including working with less developed airport infrastructure, political instability, and vulnerability to corruption. Political unrest in Puerto Rico and recent earthquakes have led to a substantial reduction in traffic to the island. In addition, reports of illnesses, increased crime, and civil unrest in the Dominican Republic and Port-au-Prince, Haiti have also led to reduced traffic to these BlueCities.
- ***Fort Lauderdale-Hollywood -*** We are the largest carrier at Fort Lauderdale-Hollywood International Airport, or Fort Lauderdale-Hollywood, with approximately 24% of all seats offered in 2019. We expect Fort Lauderdale-Hollywood to continue to be our fastest growing focus city. Flying out of Fort Lauderdale-Hollywood instead of nearby Miami International Airport helps preserve our competitive cost advantage through lower enplanement costs. In 2012, Broward County authorities commenced a multi-year refurbishment effort at the airport and surrounding facilities including the construction of a new south runway. We operate primarily out of Terminal 3 which is now connected to the upgraded and expanded international

terminal. Terminal 3 allows for easy access to the expanded and enhanced airfield and the connection of these terminals has streamlined operations for both crewmembers and customers. Due to these factors, we believe Fort Lauderdale-Hollywood is an ideal location between the U.S. and Latin America as well as South Florida's high-value geography. During 2019, we launched nonstop service from Fort Lauderdale to Phoenix, St. Maarten, and Guayaquil, Ecuador. These new routes allow us to continue to grow our presence in Fort Lauderdale.

- ***Orlando -*** We are the second largest carrier measured by seats at Orlando International Airport, or Orlando, with 12% of all seats offered in 2019. Orlando is JetBlue's fourth largest focus city with 31 nonstop destinations and a growing mix of traffic including leisure, VFR, and business travelers. Our centralized training center, known as JetBlue University, is based in Orlando. In 2015, we opened the Lodge at OSC which is adjacent to our training center and is used for lodging our crewmembers when they attend training. In May 2018, the Board of the Greater Orlando Airport Authority ("GOAA") approved a non-binding memorandum of understanding ("MOU") for us to be the leading airline to operate out of the new South Terminal that is set to open in 2021. With the move to the South Terminal in 2021, we anticipate having priority use of 14 gates that are capable of both domestic and international operations, compared to 10 domestic gates today. Under the terms of the MOU, we would also have priority rights to access more gates as we grow in the years to come.
- ***Los Angeles area -*** We are the sixth largest carrier in the Los Angeles area measured by seats, operating from Long Beach Airport, or Long Beach, Los Angeles International Airport, or LAX, Burbank's Bob Hope Airport, or Burbank, and Ontario International Airport, or Ontario. We are the largest carrier in Long Beach, with 54% of all seats offered in 2019 operated by JetBlue.

As part of our West Coast strategy, we made a series of network enhancements in 2018 that were designed to better meet the needs of coast-to-coast travelers. We launched new nonstop services in Ontario, California, Steamboat Springs, Colorado, and Bozeman, Montana, further growing our presence in the western U.S. We refined our schedule in Long Beach to better meet the needs of the market by reducing intra-west flying and also increased frequencies on several popular transcontinental routes.

As announced in January 2020, we plan to end services at Oakland International Airport effective April 29, 2020. In addition, we also expect to reduce or eliminate flights on a half dozen short-haul flights in Long Beach. The redeployed capacity will enable new city, multi-route expansions, and frequency additions within our network.

Fleet Structure

We currently operate Airbus A321, Airbus A320 and Embraer E190 aircraft types. In 2019, our fleet had an average age of 10.6 years and operated an average of 11.9 hours per day. By scheduling and operating our aircraft more efficiently we are able to spread related fixed costs over a greater number of ASMs.

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

We are working with the Federal Aviation Administration, or FAA, in efforts towards implementing the Next Generation Air Transportation System, or NextGen. NextGen technology is expected to improve operational efficiency in the congested airspaces in which we operate. As part of NextGen, our aircraft will be outfitted with the following:

- ***Automatic Dependent Surveillance-Broadcast Out ("ADSB-Out"):*** ADSB-Out is a global positioning system ("GPS") surveillance technology that give air traffic controllers the precise location of aircraft every second. The goal of this technology is to safely boost the capacity of our airspace.
- ***Satellite-based Communications:*** We are putting satellite-based voice and data communications ("SATCOM") on our Airbus fleet. As planned, every aircraft will be assigned a unique phone number, similar to a cell network, aimed at giving us positive contact with our aircraft anywhere in the world.
- ***Data Comm:*** Data Comm makes departures more efficient by dramatically speeding up the process of aircraft pilots obtaining clearance from air traffic controllers. With Data Comm, controllers can simply push clearance details to the aircraft and dispatcher, which the pilot can confirm and automatically input into the flight computer with the push of a button.

Fleet Maintenance

Consistent with our core value of safety, our FAA-approved maintenance programs are administered by our technical operations department. We use qualified maintenance personnel and ensure they have comprehensive training. We maintain our aircraft and associated maintenance records in accordance with, if not exceeding, FAA regulations. Fleet maintenance work is divided into three categories: line maintenance, heavy maintenance, and component maintenance.

The bulk of our line maintenance is handled by JetBlue technicians and inspectors. It consists of daily checks, overnight and weekly checks, or "A" checks, diagnostics, and routine repairs.

Heavy maintenance checks, or "C" checks, consist of a series of more complex tasks taking from one to four weeks to complete and are typically performed once every 15 months. All of our aircraft heavy maintenance work is performed by third party FAA-approved facilities such as AAR Corp., Hong Kong Aircraft Engineering Company Limited ("HAECO"), Aeromantenimiento S.A., and Lufthansa Technik AG, and are subject to direct oversight by JetBlue personnel. We outsource heavy maintenance as the costs are lower than if we performed the tasks internally.

Component maintenance on equipment such as engines, auxiliary power units, landing gears, pumps, and avionic computers are all performed by a number of different FAA-approved third party repair stations. We have time and materials agreements with Lufthansa Technik AG and International Aero Engines AG for the repair, overhaul, modification, and logistics of our Airbus aircraft engines. We also have a maintenance agreement with

GE Engine Services, LLC for our Embraer E190 aircraft engines. Many of our maintenance service agreements are based on a fixed cost per flight hour. These fixed costs vary based upon the age of the aircraft and other operating factors impacting the related component. Required maintenance not otherwise covered by these agreements is performed on a time and materials basis. All other maintenance activities are sub-contracted to qualified maintenance, repair and overhaul facilities.

Aircraft Fuel

Aircraft fuel continues to be one of our largest expenses. Its price and availability has been extremely volatile due to global economic and geopolitical factors which we can neither control nor accurately predict. We use a third party to assist with fuel management service and to procure most of our fuel. Our historical fuel consumption and costs for the years ended December 31 were:

	2019	2018	2017
Gallons consumed (millions)	885	849	792
Total cost (millions)(1)	$ 1,847	$ 1,899	$ 1,363
Average price per gallon(1)	$ 2.09	$ 2.24	$ 1.72
Percent of operating expenses	25.3%	25.7%	22.6%

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

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

Financial Health

We strive to maintain financial strength and a cost structure that enables us to grow profitably and sustainably. In the first years of our history, we relied on financing activities to fund much of our growth. Starting in 2007, our growth has largely been funded through internally generated cash from operations. Since 2015, while we have invested approximately $5.4 billion in capital assets, we have also generated approximately $7.2 billion in cash from operations, resulting in approximately $1.8 billion in free cash flow. Our improved financial results have resulted in better credit ratings, which in turn allows for more attractive financing terms.

JetBlue Technology Ventures

JetBlue Technology Ventures, LLC, or JTV, is a wholly owned subsidiary of JetBlue. JTV incubates, invests in and partners with early stage startups at the intersection of technology, travel and hospitality. The investment focus of JTV is as follows:

- ***Seamless Customer Journey:*** Technologies to provide a seamless travel experience from the moment customers think about traveling until they return from the journey.
- ***Technology Powered Magnificent Service:*** Technologies that make it easier for our crewmembers and business partners to deliver magnificent customer service at every point of the journey.
- ***Future of Maintenance and Operations:*** Technologies and tools for technical, flight, system and airport operations that enhance safety, reduce maintenance downtime, and increase operational efficiency.
- ***Innovation in Distribution, Revenue and Loyalty:*** Innovations in loyalty, e-commerce, distribution, payments, and revenue management to enhance revenue, simplify commerce, and provide additional options for customers.
- ***Evolving Regional Travel:*** Innovations in new modes of transportation, new market places and technologies including electric propulsion, robotics, drones, and other disruptions in the regional travel ecosystem for traveling distances under 1,000 miles.

JetBlue Travel Products

In 2018, we launched JBTP, LLC, or JetBlue Travel Products, which includes our JetBlue Vacations® brand and other non-air travel products such as travel insurance, cruises, and car rental. With its Inspiration Center headquartered in Fort Lauderdale, we believe JetBlue Travel Products will play an important role in delivering our vision of inspiring humanity, extending our reach further across the travel ribbon to offer customers an even more seamless travel experience.

TWA Flight Center Hotel

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

Culture

Our People

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

Our culture is first introduced to new crewmembers during the screening process and then at an extensive new hire orientation program at JetBlue University, our training center in Orlando. Orientation focuses on the JetBlue strategy and emphasizes the importance of customer service, productivity, and cost control. We provide continuous training for our crewmembers including technical training, a specialized captain leadership training program unique in the industry, a leadership program for current company managers, an emerging managers program, regular training focused on the safety value and front line training for our customer service teams.

Our growth plans necessitate and facilitate opportunities for talent development. In 2016, we launched Gateway Select, a program for prospective pilots to join us for a rigorous, approximately four-year training program that incorporates classroom learning, extensive real-world flying experience and instruction in full flight simulators.

We believe a direct relationship between crewmembers and our leadership is in the best interests of our crewmembers, our customers, and our shareholders. Except for our pilots and inflight crewmembers, our crewmembers do not have third-party representation. In April 2014, the Air Line Pilots Association, or ALPA, was certified by the National Mediation Board, or NMB, as the representative body for JetBlue pilots after winning a representation election. We reached a final agreement for our first collective bargaining agreement which was ratified by the pilots in July 2018. The agreement is a four-year renewable contract effective August 1, 2018 which included changes to compensation, benefits, work rules, and other policies. In April 2018, JetBlue inflight crewmembers elected to be solely represented by the Transport Workers Union of America, or TWU. The NMB certified the TWU as the representative body for JetBlue inflight crewmembers and we are working with the TWU to reach a collective bargaining agreement. As of December 31, 2019, approximately 47 percent of our full-time equivalent crewmembers were represented by unions. The following table sets forth our crewmember groups and the status of their respective collective bargaining agreements.

Crewmember Group	Representative	Crewmembers(1)	Amendable Date(2)
Pilots	Air Line Pilots Association (ALPA)	3,661	August 1, 2022
Inflight	Transport Workers Union (TWU)	5,055	In negotiations

(1) Approximate number of active full-time equivalent crewmembers as of December 31, 2019.

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

We have individual employment agreements with each of our non-unionized FAA licensed crewmembers which consist of dispatchers, technicians, inspectors, and air traffic controllers. Each employment agreement is for a term of five years and renews for an additional five-year term, unless the crewmember is terminated for cause or the crewmember elects not to renew. Pursuant to these employment agreements, crewmembers can only be terminated for cause. In the event of a downturn in our business, resulting in a reduction of flying and related work hours, we are obligated to pay these crewmembers a guaranteed level of income and to continue their benefits. We believe that through these agreements we provide what we believe to be industry-leading job protection. We believe these agreements provide JetBlue and crewmembers flexibility and allow us to react to crewmember needs more efficiently than collective bargaining agreements.

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

We believe the efficiency and engagement of our crewmembers is a result of our flexible and productive work rules. We are cognizant of the competition for productive labor in key industry positions and new government rules requiring higher qualifications as well as more restricted hours that may result in potential labor shortages in the upcoming years.

Our leadership team communicates on a regular basis with all crewmembers in order to maintain a direct relationship and to keep them informed about news, strategy updates, and challenges affecting the airline and the industry. Effective and frequent communication throughout the organization is fostered through various means including email messages from our CEO and other senior leaders at least weekly, weekday news updates to all crewmembers, crewmember engagement surveys, a quarterly crewmember magazine, and active leadership participation in new hire orientations. Leadership is also heavily involved in periodic open forum meetings across our network, called "pocket sessions" which are often videotaped and posted on our intranet. By soliciting feedback for ways to improve our service, teamwork and work environment, our leadership team works to keep crewmembers engaged and makes our business decisions transparent. Additionally, we believe cost and revenue improvements are best recognized by crewmembers on the job.

Our average number of full-time equivalent crewmembers for the year ended December 31, 2019 consisted of 3,590 pilots, 4,887 inflight (whom other airlines may refer to as flight attendants), 4,644 airport operations personnel, 690 technicians (whom other airlines may refer to as mechanics), 1,278 reservation agents, and 3,446 management and other personnel. For the year ended December 31, 2019, we employed an average of 16,495 full-time and 5,074 part-time crewmembers.

Crewmember Programs

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

- ***Crewmember Resource Groups (CRGs) -*** These are groups formed by and consisting of crewmembers to act as a resource for both the group members as well as JetBlue. The groups serve as an avenue to embrace and encourage different perspectives, thoughts and ideas. At the end of 2019, we had six CRGs in place: JetPride, Women in Flight, Vets in Blue, Blue Conexión, the JetBlue African Diaspora Experience (JADE) and Blue Aviasian. All CRGs are committed to supporting the following pillars: professional development, JetBlue success, and recruitment and retention.
- ***JetBlue Crewmember Crisis Fund (JCCF) -*** This organization, originally formed in 2002, is a non-profit corporation independent from JetBlue and recognized by the IRS as of that date as a tax-exempt entity. JCCF was created to assist JetBlue crewmembers and their immediate family members (IRS Dependents) in times of crisis. Funds for JCCF grants come directly from crewmember donations via a tax-deductible payroll deduction. During 2017 we witnessed several unprecedented weather challenges including various hurricanes. JCCF helped provide over $2 million in relief to crewmembers impacted by Hurricanes Harvey, Irma and Maria. The assistance process is confidential with only the fund administrator and coordinator knowing the identity of the crewmembers in need.
- ***JetBlue Scholars -*** Developed in 2015, this program offers a new and innovative model to our crewmembers wishing to further their education. Crewmembers enrolled in the program can earn an undergraduate degree through self-directed online college courses facilitated by JetBlue. Since its inception, more than 1,000 crewmembers have participated in the program with nearly 700 currently enrolled. In November 2019, we celebrated the graduation of 52 of our crewmembers who took the initiative and successfully completed their undergraduate college degrees. Over 200 degrees have been earned by our crewmembers since the launch of JetBlue Scholars. This reemphasizes our continuous effort to help provide assistance to our most valued asset, our people. To build on the program, we introduced the Master's Pathway program in 2019 which is designed to help crewmembers who would like to advance their education even further by pursuing a master's degree. The Master's Pathway program partners with five reputable institutions to provide a variety of benefits to crewmembers including tuition discounts, scholarships, and access to specialized support services.
- ***Lift Recognition Program -*** Formed in 2012, this crewmember recognition program encourages crewmembers to celebrate their peers for living JetBlue's values by sending e-thanks through an on-line platform. Our leadership team periodically hosts an event for the crewmembers who receive the highest number of Lift award recognitions in each quarter of the year. In 2019, we saw more than 200,000 Lift awards.

Community Programs

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

- ***Corporate Social Responsibility (CSR) -*** The CSR team supports not-for-profit organizations focusing on youth and education, environment, and community in the BlueCities we serve. The team organizes and supports community service projects, charitable giving and non-profit partnerships such as KaBOOM!, which builds, opens and improves playgrounds to benefit millions of young children, and Soar with Reading, which works to get books into the hands of children who need them most, including via free book vending machines.
- ***JetBlue Foundation -*** Organized in 2013 as a non-profit corporation, the JetBlue Foundation is a JetBlue-sponsored organization to advance aviation-related education and to continue our efforts to promote aviation as a career choice for students. The foundation intends to do this by igniting interest in science, technology, engineering and mathematics. The foundation is legally independent from JetBlue and has a Board of Directors as well as an Advisory Committee, both of which are made up of crewmembers. The foundation is recognized by the IRS as a tax-exempt entity.
- ***USO Center T5/JFK -*** Continuing our tradition of proudly supporting the men, women and families of the U.S. military, in September 2014 we opened a USO Center in T5 at JFK. The USO Center is open seven days a week, 365 days per year for military members and their families traveling on any airline at JFK, not just JetBlue. This USO Center is fully stocked with computers, televisions, gaming devices/stations, furniture, iPads, food, beverages and much more. In conjunction with leading airport design firm Gensler, Turner Construction Company, the PANYNJ and more than 28 contractors and individual donors, 100% of the space, services, labor and materials were donated to ensure the USO Center would be free of any financial burden. Crewmembers donate time throughout the year to help run the USO Center.

- ***T5 Farm -*** Creating a healthier airport environment is a core pillar of JetBlue's sustainability philosophy. Through a partnership with TERRA brand and support from GrowNYC and the PANYNJ, we created the T5 Farm, a blue potato farm and produce garden on the roof of T5. The T5 Farm aims to serve as an agricultural and educational resource for the community, as well as a mechanism to absorb rainwater and runoff, reducing the possibility of flooding in the adjacent areas. Produce from the T5 Farm is donated to local food pantries.

Regulation

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

DOT

The DOT primarily regulates economic issues affecting air service including, but not limited to, certification and fitness, insurance, consumer protection and competitive practices. They set the requirement that carriers cannot permit domestic flights to remain on the tarmac for more than three hours. The DOT also requires that the advertised price for an airfare or a tour package including airfare (such as a hotel/air vacation package) has to be the total price to be paid by the customer, including all government taxes and fees. It has the authority to investigate and institute proceedings to enforce its economic regulations and may assess civil penalties, revoke operating authority and seek criminal sanctions.

FAA

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

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

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

Taxes & Fees

The airline industry is one of the most heavily taxed in the U.S., with taxes and fees accounting for approximately 17% of the total fare charged to a customer. Airlines are obligated to fund all of these taxes and fees regardless of their ability to pass these charges on to the customer. The September 11 Security Fee which is set by the TSA and is passed through to the customer, is currently $5.60 per enplanement, regardless of the number of connecting flights and a round trip fee is limited to a maximum of $11.20. Effective December 28, 2015, the Animal and Plant Health Inspection Service Aircraft Inspection fee increased from $70.75 to $225 per international aircraft arriving in the U.S.

State and Local

We are subject to state and local laws and regulations in a number of states in which we operate and the regulations of various local authorities operating the airports we serve.

Airport Access

JFK, LaGuardia, and Ronald Reagan Washington National Airport, or Reagan National, are slot-controlled airports subject to the "High Density Rule" and successor rules issued by the FAA, or Slots. These rules were implemented due to the high volume of traffic at these popular airports located in the northeast corridor airspace. The rules limit the air traffic in and out of these airports during specific times; however, even with the rules in place, delays remain among the highest in the nation due to continuing airspace congestion. Additionally, we have Slots at other Slot-controlled airports governed by unique local ordinances not subject to the High Density Rule, including Westchester County Airport in White Plains, NY and Long Beach (California) Municipal Airport. Gate access is another common issue at certain airports. As an example, we started flying to Atlanta in the first half of 2017 and were not granted the agreed upon number of gates.

Foreign Operations

International air transportation is subject to extensive government regulation. The availability of international routes to U.S. airlines is regulated by treaties and related agreements between the U.S. and foreign governments. We currently operate international service to Antigua and Barbuda, Aruba, the Bahamas, Barbados, Bermuda, the Cayman Islands, Colombia, Costa Rica, Cuba, Curaçao, the Dominican Republic, Ecuador, Grenada, Guadeloupe, Haiti, Jamaica, Mexico, Peru, Saint Lucia, St. Maarten, Trinidad and Tobago, and the Turks and Caicos Islands. We anticipate further expanding our network to Guatemala and Guyana in 2020. In 2021, we intend to begin service to London, our first destination in Europe. To the extent we seek to provide air transportation to additional international markets in the future, we would be required to obtain necessary authority from the DOT and the applicable foreign government.

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

Other

ENVIRONMENTAL

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

The Airport Noise and Capacity Act of 1990 recognizes the right of airport operators with special noise problems to implement local noise abatement procedures as long as those procedures do not interfere unreasonably with the interstate and foreign commerce of the national air transportation system. Certain airports, including San Diego and Long Beach airports in California, have established restrictions to limit noise which can include limits on the number of hourly or daily operations and the time of such operations. These limitations are intended to protect the local noise-sensitive communities surrounding the airport. Our scheduled flights at Long Beach and San Diego are in compliance with the noise curfew limits, but on occasion when we experience irregular operations, we may violate these curfews. In 2017, we entered into an agreement with the Long Beach City Prosecutor which requires us to pay a $6,000 fine per violation. The payments resulting from curfew violations go to support the Long Beach Public Library Foundation. This local ordinance has not had, and we believe it will not have, a significant effect on our operations.

Concern over climate change, including the impact of global warming, has led to significant U.S. and international legislative and regulatory efforts to limit GHG emissions, including our aircraft and ground operations emissions. In October 2016, the International Civil Aviation Organization ("ICAO") passed a resolution adopting the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), which is a global, market-based emissions offset program intended to promote carbon-neutral growth beyond 2020. CORSIA is scheduled to take effect by 2021. ICAO continues to develop details regarding implementation, but we believe compliance with CORSIA will increase our operating costs.

As part of our sustainability and environmental strategy, we are embracing new technologies and making changes that will ultimately benefit our crewmembers, customers, and shareholders. Some of our sustainability initiatives include:

Reducing and Managing Carbon Dioxide ("CO_2") Emissions

We have been purchasing CO_2 offsets since 2008. In 2019, we offset the CO_2 emissions for all customers traveling in the month of June which allowed us to reduce our flying impact by an estimated 700,000 metric tons of CO_2. In January 2020, we announced plans to offset CO_2 emissions from jet fuel for all domestic flights beginning in July 2020, making us the first major U.S. airline to take this critical step toward reducing the impact of our GHG emissions.

Operating a More Sustainable Fleet

We are working closely with the FAA towards implementing NextGen. NextGen will allow us to fly more direct routes and reduce fuel by optimizing trip durations and improving descent patterns. In addition, our Airbus A321neo aircraft will help reduce CO_2 emissions with improved fuel economy through newly designed engine technology and cabin changes.

Electric Ground Support Equipment

In 2018, we began replacing our gas-powered Ground Service Equipment ("GSE") at JFK with electric-powered versions, known as eGSE, to reduce fuel consumption, noise, and GHG emissions. Another large-scale conversion to eGSE is planned for Boston, our second busiest city.

Sustainable Aviation Fuel

As announced in January 2020, we have agreed to purchase sustainable aviation fuel produced entirely from waste and residue raw materials. We plan to start flying with sustainable aviation fuel in mid-2020 on flights from San Francisco International Airport. We believe making the switch will help us significantly reduce CO_2 emissions and our environmental footprint, with no impact on performance or safety.

Reporting

We report annually on environmental, social, governance ("ESG") issues using the Sustainable Accounting Standards Board and Task Force on Climate-related Financial Disclosures frameworks. The report can be found on our Investor Relations website at *http://investor.jetblue.com*.

FOREIGN OWNERSHIP

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

OTHER REGULATIONS

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

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

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

CIVIL RESERVE AIR FLEET

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

Insurance

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

Where you can find Other Information

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

ITEM 1A RISK FACTORS

Risks Related to JetBlue

We operate in an extremely competitive industry.

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

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

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

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

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

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

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

As of December 31, 2019, our debt of $2.3 billion accounted for 34% of our total capitalization. In addition to long-term debt, we have a significant amount of other fixed obligations under operating leases related to our aircraft, airport terminal space, airport hangars, other facilities and office space. As of December 31, 2019, future minimum payments under noncancelable leases and other financing obligations were approximately $2.4 billion for 2020 through 2024 and an aggregate of $1.7 billion for the years thereafter. T5 at JFK is under a lease with the PANYNJ that ends on the 28th anniversary of the date of beneficial occupancy of T5i. The minimum payments under this lease are being accounted for as a financing obligation and have been included in the future minimum payment totals above.

As of December 31, 2019, we had commitments of approximately $8.2 billion to purchase 149 additional aircraft and related flight equipment through 2026, including estimated amounts for contractual price escalations and predelivery deposits. We may incur additional debt and other fixed obligations as we take delivery of new aircraft or finance unencumbered aircraft in our fleet and other equipment and continue to expand into new or existing markets. In an effort to limit the incurrence of significant additional debt, we may seek to defer some of our scheduled deliveries, sell or lease aircraft to others, or pay cash for new aircraft, to the extent necessary or possible. The amount of our existing debt, and other fixed obligations, and potential increases in the amount of our debt and other fixed obligations could have important consequences to investors and could require a substantial portion of cash flows from operations for debt service payments, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes.

Our level of debt and other fixed obligations could:

- impact our ability to obtain additional financing to support capital expansion plans and for working capital and other purposes on acceptable terms or at all;
- divert substantial cash flow from our operations, execution of our commercial initiatives and expansion plans in order to service our fixed obligations;
- require us to incur significantly more interest expense than we currently do if rates were to increase, since approximately 10% of our debt has floating interest rates; and
- place us at a possible competitive disadvantage compared to less leveraged competitors and competitors with better access to capital resources or more favorable financing terms.

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

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

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

Our maintenance costs will increase as our fleet ages.

Our maintenance costs will increase as our fleet ages. In the past, we have incurred lower maintenance expenses because most of the parts on our aircraft were under multi-year warranties, but many of these warranties have expired. If any maintenance provider with whom we have a flight hour agreement fails to perform or honor such agreements, we could incur higher interim maintenance costs until we negotiate new agreements.

Furthermore we expect to implement various fleet modifications over the next several years to ensure our aircraft's continued efficiency, modernization, brand consistency and safety. Our plans to restyle our Airbus aircraft with new cabins, for example, require significant modification time. These fleet modifications require significant investment over several years, including taking aircraft out of service for several weeks at a time.

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

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

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

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

In general, unionization has increased costs in the airline industry. On April 22, 2014, approximately 74% of our pilots voted to be represented by the Airlines Pilot Association, or ALPA. In July 2018, we reached a final agreement for our first collective bargaining agreement which was ratified by the pilots and became effective on August 1, 2018. In April 2018, JetBlue inflight crewmembers elected to be solely represented by the Transport Workers Union of America, or TWU. The NMB certified the TWU as the representative body for JetBlue inflight crewmembers and we are working with the TWU to reach a collective bargaining agreement. If we are unable to reach agreement on the terms of a collective bargaining agreement, or we experience widespread crewmember dissatisfaction, we could be subject to adverse actions.

There are risks associated with our presence in some of our international emerging markets, including political or economic instability and failure to adequately comply with existing legal and regulatory requirements.

Expansion into new international emerging markets may have risks due to factors specific to those markets. Emerging markets are countries which have less developed economies and may be vulnerable to economic and political instability, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets, trafficking and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets served by us and the resulting instability may adversely affect our business.

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

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

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

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

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

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

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

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

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

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

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

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

In order to operate within our current markets as well as continue to grow in new markets, we must be able to obtain adequate infrastructure and facilities within the airports we serve. This includes gates, check-in facilities, operations facilities, and landing slots, where applicable. The costs associated with these airports are often negotiated on a short-term basis with the airport authority and we could be subject to increases in costs on a regular basis with or without our approval.

In addition, our operations concentrated in older airports may be harmed if the infrastructure at those older airports fails to operate as expected due to age, overuse, or significant unexpected weather events.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Certain of the products and services that we purchase, including aircraft and related parts, are sourced from suppliers located outside the United States, and the imposition of new tariffs, or any increase in existing tariffs, by the U.S. government on the importation of such products or services could materially increase the amounts we pay for them. On October 2, 2019, the World Trade Organization ruled that the United States could impose up to $7.5 billion in retaliatory tariffs in response to European Union subsidies to Airbus. On October 18, 2019, the United States imposed these tariffs on certain imports from the European Union, including an ad valorem duty of 10% on commercial aircraft and related parts. On February 14, 2020, the United States announced it would increase the tariff to 15% with an effective date of March 18, 2020. These tariffs apply to aircraft and other parts that we are already contractually obligated to purchase. The imposition of these tariffs could substantially increase the cost of, among other things, new Airbus aircraft and parts, which in turn could have a material adverse effect on our fleet, business, financial condition and results of operations. We may also seek to postpone or cancel delivery of certain aircraft currently scheduled for delivery, and we may choose not to purchase in the future as many aircraft as we intended. In addition, should additional or different retaliatory tariffs be imposed, our business could be harmed. Any such action could have a material adverse effect on the size of our fleet, business, financial condition and results of operations.

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

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

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

The JetBlue brand name symbolizes high-quality friendly customer service, innovation, fun, and a pleasant travel experience. JetBlue is a widely recognized and respected global brand; the JetBlue brand is one of our most important and valuable assets. The JetBlue brand name and our corporate reputation are powerful sales and marketing tools and we devote significant resources to promoting and protecting them. Adverse publicity, whether or not justified, relating to activities by our crewmembers, contractors, or agents could tarnish our reputation and reduce the value of our brand. Damage to our reputation and loss of brand equity could reduce demand for our services and thus have an adverse effect on our financial condition, liquidity, and results of operations, as well as require additional resources to rebuild our reputation and restore the value of our brand.

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

At present, we have existing aircraft commitments through 2026. As technological evolution occurs in our industry, through the use of composites and other innovations, we may be competitively disadvantaged because we have existing extensive fleet commitments that would prohibit us from adopting new technologies on an expedited basis.

Risks Associated with the Airline Industry

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

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

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

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

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

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

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

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

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

Compliance with future environmental regulations may harm our business.

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

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

Concern over climate change, including the impact of global warming, has led to significant U.S. and international legislative and regulatory efforts to limit GHG emissions, including our aircraft and ground operations emissions. In October 2016, the ICAO passed a resolution adopting the Carbon Offsetting and Reduction Scheme for International Aviation ("CORSIA"), which is a global, market-based emissions offset program to encourage carbon-neutral growth beyond 2020. CORISA is scheduled to take effect by 2021. ICAO continues to develop details regarding implementation, but we believe compliance with CORSIA will increase our operating costs.

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

Any outbreak of a disease affecting travel behavior could have a material adverse impact on airlines. In addition, outbreaks of disease could result in quarantines of our personnel, business partners and their suppliers, or an inability to access facilities or our aircraft, which could adversely affect our operations. Similarly, if an environmental disaster were to occur and adversely impact any of our destination cities, travel behavior could be affected and in turn, could materially adversely impact our business.

ITEM 1B UNRESOLVED STAFF COMMENTS

None.

ITEM 2 PROPERTIES

Aircraft

As of December 31, 2019, we operated a fleet consisting of 63 Airbus A321 aircraft, 6 Airbus A321neo aircraft, 130 Airbus A320 aircraft and 60 Embraer E190 aircraft as summarized below:

Aircraft	Seating Capacity	Owned	Finance Leased	Operating Leased	Total	Average Age in Years
Airbus A320	162/ 150[1][2]	116	4	10	130	14.3
Airbus A321	200 / 159[3]	60	2	1	63	3.5
Airbus A321neo	200	6	—	—	6	0.2
Embraer E190	100	30	—	30	60	11.2
		212	**6**	**41**	**259**	**10.6**

(1) During 2019, we completed the buyout of one of our aircraft leases.

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

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

As of December 31, 2019, our aircraft leases had an average remaining term of approximately 4 years, with expiration dates between 2020 and 2026. We have the option to extend most of these leases for additional periods or to purchase the aircraft at the end of the related lease term.

In connection with our plans to launch flights to London, we amended our purchase agreement with Airbus in April 2019 to convert 13 Airbus A321neo deliveries into A321LR deliveries scheduled between 2023 and 2024.

In June 2019, we further amended our purchase agreement with Airbus to convert an additional 13 Airbus A321neo deliveries into the A321XLR. We believe the range of the Airbus A321XLR will allow us to expand our relevance in Boston and New York, by adding more destinations in Europe. In addition, we also converted 10 of our options for the Airbus A220-300 aircraft into firm orders scheduled for delivery between 2025 and 2026.

As of December 31, 2019, options for 50 additional A220-300 aircraft deliveries remain available to us and we retain the flexibility to convert certain aircraft to the A220-100 model. Both members of the A220 family share commonality in more than 99 percent of their replaceable parts and utilize the same family of engines.

As of December 31, 2019, we had 149 aircraft on order scheduled for delivery through 2026. Our future aircraft delivery schedule is as follows:

	Contractual Order Book		
Year	Airbus A321neo	Airbus A220	Total
2019	7	—	7
2020	14	1	15
2021	17	6	23
2022	15	8	23
2023	14	19	33
2024	12	22	34
2025	—	12	12
2026	—	2	2
TOTAL	**79**	**70**	**149**

The table above represents the current delivery schedule set forth in our Airbus order book as of December 31, 2019. In October 2018 and May 2019, we received notice from Airbus of anticipated delivery delays of the A321neo aircraft. Due to these delays, we only took delivery of six A321neo aircraft in 2019 with the remaining seven to be delivered beyond their contractual delivery year. We expect to take delivery of a maximum of 11 A321neo aircraft in 2020.

Ground Facilities

Airports

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

A summary of our most significant lease agreements are:

- ***JFK -*** We have a lease agreement with the PANYNJ for T5 and T5i. We have the option to terminate the agreement in 2033, five years prior to the end of the original scheduled lease term of October 2038. We also executed a supplement to this lease agreement for the T6 property, our original base of operations at JFK which afforded us the exclusive right to develop on the T6 property. T5i, our expansion of T5 that we use as an international arrivals facility opened to customers in November 2014. Another supplement of the original T5 lease was executed in 2013. The lease, as amended, now incorporates a total of approximately 19 acres of space for our T5 facilities.
- ***Boston -*** We had an initial five year lease agreement with Massport for five gates in Terminal C that started on May 1, 2005 and allowed JetBlue to grow to 11 gates by 2008. The agreement included extension language which provided for 20 successive one-year automatic renewals after the initial five year term. With the continued growth of our operations in Boston, we have periodically amended our lease to add additional gates and support spaces, most recently in 2017 to have the rights to six additional gates. As of December 31, 2019, we leased 27 gates in Boston.

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

Other

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

- ***New York -*** At JFK we have a ground lease agreement which expires in 2030 for an aircraft maintenance hangar, an adjacent office, and warehouse facility, including a storage facility for aircraft parts. These facilities accommodate our technical support and catering operations. We also lease a building from the PANYNJ which is mainly used for ground equipment maintenance work.
- ***Boston -*** We have a ground lease agreement which expires in 2022 for a building which includes an aircraft maintenance hangar and support space. We also have leases for facilities to accommodate our ground support equipment maintenance and catering operations.
- ***Orlando -*** We have a ground lease agreement for a hangar which expires in 2035. We also occupy a training center, JetBlue University, with a lease agreement expiring in 2035 which we use for the initial and recurrent training of our pilots and inflight crewmembers, as well as support training for our technical operations and airport crewmembers. This facility is equipped with seven full flight simulators, seven flight training devices, three cabin trainers, a training pool, classrooms, and support areas. We began the planned expansion of JetBlue University in April 2019. As we continue to grow, developing our crewmembers' technical, service, and hospitality skills that provide our JetBlue Experience is crucial to our continued success. The new learning space will include additional flight and cabin simulators, an auditorium that can accommodate six new classrooms, and a larger ditching pool.

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

Our primary corporate offices are located in Long Island City, New York with our lease expiring in 2023. Our offices in Salt Lake City, Utah contain a core team of crewmembers who are responsible for group sales, customer service, at-home reservation agent supervision, disbursements and certain other finance functions. The lease for our Salt Lake City facility expires in 2022. We also maintain other facilities that are necessary to support our operations in the cities we serve.

ITEM 3 LEGAL PROCEEDINGS

In the ordinary course of our business, we are party to various legal proceedings and claims which we believe are incidental to the operation of our business. Other than as described under Note 12 to our consolidated financial statements included in Part II, Item 8 of this Annual Report on Form 10-K, we believe the ultimate outcome of these proceedings to which we are currently a party will not have a material adverse effect on our business, financial position, results of operations or cash flows.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Market Information and Stockholder Matters

Our common stock is traded on the NASDAQ Global Select Market under the symbol JBLU. As of January 31, 2020, there were approximately 400 holders of record of our common stock.

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

Purchases of Equity Securities by the Issuer and Affiliated Purchases

On September 10, 2015, our Board of Directors approved a share repurchase program of up to $250 million worth of JetBlue common stock over a three year period beginning in January 2016. On December 7, 2016, the Board approved certain changes to our share repurchase program, or the 2016 Authorization, to increase the aggregate authorization to $500 million worth of common stock, and to extend the term of the program through December 2019. The 2016 Authorization was completed in 2017.

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

On September 19, 2019, the Board of Directors approved a share repurchase program, or the 2019 Authorization, of up to $800 million worth of common stock beginning on October 1, 2019 and ending no later than December 31, 2021. Our share repurchase programs include authorization for repurchases in open market transactions pursuant to Rules 10b-18 and/or 10b5-1 of the Exchange Act, and/or one or more privately-negotiated accelerated stock repurchase transactions. The timing, price, and volume of any repurchases will be based on market conditions and other relevant factors.

During 2019, the following shares were repurchased under the above programs (in millions, except per share data):

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
March 2019	6.1	(1)	6.1	$ 250
May 2019	1.3	(1)	1.3	250
June 2019	5.2	(2)	5.2	125
August 2019	1.5	(2)	1.5	125
September 2019	6.0	(3)	6.0	—
November 2019	8.0	(3)(4)	8.0	640
TOTAL	**28.1**		**28.1**	

(1) On March 11, 2019, JetBlue entered into an accelerated share repurchase agreement, or ASR, paying $125 million for an initial delivery of 6.1 million shares. The term of the ASR concluded on May 21, 2019 with delivery of 1.3 million additional shares to JetBlue on May 22, 2019. A total of 7.4 million shares, at an average price of $16.93 per share, were repurchased under the agreement.

(2) On June 13, 2019, JetBlue entered into an ASR paying $125 million for an initial delivery of 5.2 million shares. The term of the ASR concluded on August 13, 2019 with delivery of 1.5 million additional shares to JetBlue on August 15, 2019. A total of 6.7 million shares, at an average price of $18.58 per share, were repurchased under the agreement.

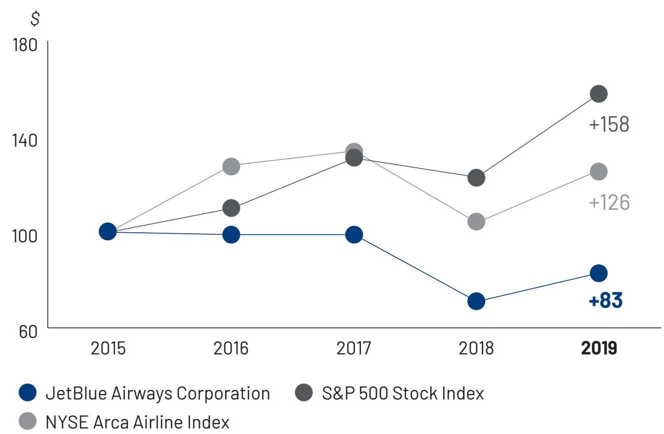
(3) On September 6, 2019, JetBlue entered into an ASR paying $125 million for an initial delivery of 6.0 million shares. The term of the ASR concluded on November 18, 2019 with delivery of 1.1 million additional shares to JetBlue. A total of 7.1 million shares, at an average price of $17.46 per share, were repurchased under the agreement.

(4) On November 21, 2019, JetBlue entered into an ASR paying $160 million for an initial delivery of 6.9 million shares. The term of the ASR is expected to be completed by the end of the first quarter of 2020. The total number of shares to ultimately be purchased by JetBlue will be based on the average volume weighted average prices of JetBlue's common stock during the term of the ASR, less a discount.

Stock Performance Graph

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

The following line graph compares the cumulative total stockholder return on our common stock with the cumulative total return of the S&P 500 Stock Index and the NYSE Arca Airline Index from December 31, 2015 to December 31, 2019. The comparison assumes the investment of $100 in our common stock and in each of the foregoing indices and reinvestment of all dividends. The stock performance shown represents historical performance and is not representative of future stock performance.



	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
JetBlue Airways Corporation	$ 100	$ 99	$ 99	$ 71	$ 83
S&P 500 Stock Index	100	110	131	123	158
NYSE Arca Airline Index	100	128	134	104	126

ITEM 6 SELECTED FINANCIAL DATA

The following financial information for each of the prior five years ending on December 31 has been derived from our consolidated financial statements. This information should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this Report.

(in millions except per share data)	2019	2018	2017	2016[1]	2015[1][2]
STATEMENTS OF OPERATIONS DATA					
Operating revenues	$ 8,094	$ 7,658	$ 7,012	$ 6,584	$ 6,416
Operating expenses:					
Aircraft fuel and related taxes	1,847	1,899	1,363	1,074	1,348
Salaries, wages and benefits	2,320	2,044	1,887	1,698	1,540
Landing fees and other rents	474	462	438	357	342
Depreciation and amortization	525	469	424	393	345
Aircraft rent	99	104	102	110	122
Sales and marketing	290	294	271	263	264
Maintenance, materials and repairs	619	625	622	563	490
Other operating expenses	1,106	1,060	932	866	749
Special items[3]	14	435	—	—	—
Total operating expenses	7,294	7,392	6,039	5,324	5,200
Operating income	800	266	973	1,260	1,216
Other income (expense)[4]	(32)	(47)	(55)	(96)	(119)
Income before income taxes	768	219	918	1,164	1,097
Income tax expense (benefit)[6][7]	199	30	(222)	437	420
NET INCOME	**$ 569**	**$ 189**	**$ 1,140**	**$ 727**	**$ 677**
Earnings per common share:					
Basic	$ 1.92	$ 0.60	$ 3.47	$ 2.23	$ 2.15
Diluted[2][3][4][6]	$ 1.91	$ 0.60	$ 3.45	$ 2.13	$ 1.98
Other Financial Data:					
Operating margin	9.9%	3.5%	13.9%	19.1%	19.0%
Pre-tax margin[5]	9.5%	2.9%	13.1%	17.7%	17.1%
Net cash provided by operating activities	$ 1,449	$ 1,200	$ 1,379	$ 1,632	$ 1,598
Net cash (used in) investing activities	(1,129)	(1,157)	(979)	(1,046)	(1,134)
Net cash provided by (used in) financing activities	165	131	(536)	(472)	(487)

(1) Amounts prior to 2017 do not reflect the impact of Accounting Standards Update (ASU) 2016-02, Leases (Topic 842) of the Codification, adopted as of January 1, 2019. Refer to Note 1 to our consolidated financial statements for details.

(2) Amounts in 2015 do not reflect the impact of ASU 2014-09, Revenue from Contracts with Customers (Topic 606) of the Codification, adopted as of January 1, 2018.

(3) In 2019 and 2018, we had special items of $14 million and $435 million, respectively, related to the implementation and ratification of our pilots' collective bargaining agreement, and our Embraer E190 fleet transition. The impact of special items to our diluted earnings per share was $0.03 and $1.04, for 2019 and 2018, respectively. Refer to Note 18 to our consolidated financial statements for details.

(4) In 2019, we recognized a gain on equity method investments of $15 million. The impact of this gain to our diluted earnings per share was $0.04.

(5) Pre-tax margin excluding special items and gain on equity method investments was 9.5% and 8.5%, in 2019 and 2018, respectively.

(6) Our 2017 results included a $564 million tax benefit, or $1.71 of diluted earnings per share, from the remeasurement of our deferred taxes to reflect the impact of the enactment of the Tax Cuts and Jobs Act.

(7) Our 2018 results included a $28 million tax benefit, or $0.09 of diluted earnings per share, resulting from measurement period adjustments related to the enactment of the Tax Cuts and Jobs Act.

(in millions)	2019	2018	2017	2016(1)	2015(1)(2)
Balance Sheet Data:					
Cash and cash equivalents	$ 959	$ 474	$ 303	$ 433	$ 318
Investment securities	372	416	392	628	607
Total assets	11,918	10,959	10,402	9,323	8,499
Total debt and finance leases	2,334	1,670	1,199	1,384	1,827
Common stockholders' equity	4,799	4,685	4,805	3,933	3,210

	2019	2018	2017	2016(1)	2015(1)(2)
Operating Statistics:					
Revenue passengers (thousands)	42,728	42,150	40,038	38,263	35,101
Revenue passenger miles (millions)	53,617	50,790	47,240	45,619	41,711
Available seat miles (ASMs) (millions)	63,841	59,881	56,007	53,620	49,258
Load factor	84.0%	84.8%	84.3%	85.1%	84.7%
Aircraft utilization (hours per day)	11.9	11.8	11.7	12.0	11.9
Average fare	$ 182.23	$ 175.11	$ 168.88	$ 166.74	$ 167.89
Yield per passenger mile (cents)	14.52	14.53	14.31	13.99	14.13
Passenger revenue per ASM (cents)	12.20	12.33	12.07	11.90	11.96
Operating revenue per ASM (cents)	12.68	12.79	12.52	12.28	13.03
Operating expense per ASM (cents)	11.43	12.34	10.78	9.93	10.56
Operating expense per ASM, excluding fuel(3)	8.44	8.37	8.29	7.88	7.82
Departures	368,355	366,619	353,681	337,302	316,505
Average stage length (miles)	1,140	1,096	1,072	1,093	1,092
Average number of operating aircraft during period	253.6	246.8	233.5	218.9	207.9
Average fuel cost per gallon, including fuel taxes	$ 2.09	$ 2.24	$ 1.72	$ 1.41	$ 1.93
Fuel gallons consumed (millions)	885	849	792	760	700
Average number of full-time equivalent crewmembers	18,535	17,766	17,118	15,696	14,537

(1) Amounts prior to 2017 do not reflect the impact of ASU 2016-02, Leases (Topic 842) of the Codification, adopted as of January 1, 2019. Refer to Note 1 to our consolidated financial statements for details.

(2) Amounts in 2015 do not reflect the impact ASU 2014-09, Revenue from Contracts with Customers (Topic 606) of the Codification, adopted as of January1, 2018.

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

Glossary of Airline terminology

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

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

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

Overview

In 2019, we experienced the persistent competitiveness of the airline industry and were challenged with unexpected revenue headwinds, particularly with an unusually volatile year in our Latin and Caribbean markets. Even with these external factors, we managed to generate operating revenue growth of 5.7% year-over-year. We remain committed to delivering a safe and reliable JetBlue Experience for our customers and increasing returns for our shareholders. We believe our continued focus on cost discipline, product innovation and network enhancements, combined with our commitment to service excellence, will drive our future success.

2019 Highlights

- We generated $8.1 billion in operating revenue, an increase of $436 million compared to 2018, primarily due to a 1.4% increase in revenue passengers and a 4.1% increase in average fare.
- Operating expense and operating expense per available seat mile (CASM) for 2019 decreased by 1.3% to $7.3 billion and 7.4% to 11.43 cents, respectively. Our 2019 and 2018 operating expense included special items of $14 million and $435 million, respectively, related to the implementation and ratification of our pilots' collective bargaining agreement, and our Embraer E190 fleet transition. These special items contributed 0.02 cents and 0.73 cents to our unit costs in 2019 and 2018, respectively. Excluding fuel and related taxes, special items, as well as operating expenses related to our non-airline businesses, our cost per available seat mile (CASM ex-fuel)[1] increased by 0.8% to 8.44 cents. In recent years, the benefits from our Structural Cost Program have slowed our unit cost growth.
- In 2019, we reported net income of $569 million, operating income of $800 million, operating margin of 9.9%, and diluted earnings per share of $1.91. This compares to reported net income of $189 million, operating income of $266 million, operating margin of 3.5%, and diluted earnings per share of $0.60 in 2018.
- Our 2019 and 2018 reported results included the effects of special items. Adjusting for these one-time items[1], our adjusted net income was $568 million, operating income was $814 million, and our adjusted operating margin was 10.1% for 2019. This compares to adjusted net income of $488 million, operating income of $701 million, and operating margin of 9.2% for 2018. Excluding one-time items[1], diluted earnings per share were $1.90 and $1.55 for 2019 and 2018, respectively.
- We generated $1.4 billion in cash from operations. The significant amount of cash we generated provided the opportunity to pay cash for all of our 2019 aircraft deliveries, buy out the lease of one aircraft, invest in our infrastructure and customer experience, and execute share repurchases.

Company Initiatives

Balance Sheet

We ended 2019 with unrestricted cash, cash equivalents and short-term investments of $1.3 billion and undrawn lines of credit of approximately $750 million. In March 2019, Fitch Ratings affirmed our Issuer Default Rating at BB with a positive outlook. At December 31, 2019, our unrestricted cash, cash equivalents and short-term investments was approximately 16% of trailing twelve months revenue. In 2019, we raised $981 million in secured aircraft debt and repaid $323 million of regularly scheduled debt. During 2019, we acquired approximately 28.1 million shares of our common stock for approximately $535 million under our share repurchase programs, returning excess capital to our shareholders. Our adjusted debt to capitalization ratio[1] was 34% at December 31, 2019.

Aircraft and Airport Infrastructure Investments

We placed our first Airbus A321neo aircraft into service in September 2019. During 2019, we took delivery of six Airbus A321neo aircraft and bought out the lease on one Airbus A320 aircraft.

We have made significant progress in our cabin restyle program which includes two iterations. Phase 1 of the program introduced our popular Airbus A321 interior to our Airbus A320 aircraft. Phase 2, which began in early 2019, includes enhancements to provide our customers with a cabin experience of the future. It features a new seat design with memory foam cushion comfort and adjustable headrests, a next generation inflight entertainment system with an expanded collection of

(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.

on demand movies, television shows including full seasons and video content, plus new gaming features, and expanded Fly-Fi® coverage over water to support our growing network. As of December 31, 2019, Phase 2 of the restyling program was completed on 31 of our Airbus A320 aircraft, bringing the total number of restyled aircraft to 51.

We continue to introduce self-tagging kiosks to our BlueCities in 2019. Quito, Ecuador became the 25th self-tagging lobby in our network and the first international BlueCity with our seamless lobby experience. Self-tagging kiosks were available at 28 of our BlueCities as of December 31, 2019. These kiosks reduce wait time for our customers during check-in and allow our crewmembers to deliver an even more personalized hospitality experience.

Network

As part of our ongoing network initiatives and route optimization efforts, we continued to make schedule and frequency adjustments throughout 2019. As a result, we added one new destination to our growing network as well as new routes and additional frequencies between existing BlueCities.

Outlook for 2020

We plan to add new destinations and route pairings based upon market demand. We are continuously looking to expand our other ancillary revenue opportunities, improve our TrueBlue® loyalty program, and deepen our portfolio of commercial partnerships. As in the past, we intend to continue investing in infrastructure and product enhancements in 2020, which we believe will enable us to reap future benefits. We also plan to continue strengthening the balance sheet.

For the full year 2020, we estimate our operating capacity will increase by approximately 5.5% to 7.5% over 2019 with the expected delivery of eleven Airbus A321neo aircraft and our first Airbus A220 aircraft. We are expecting our 2020 cost per available seat mile, excluding aircraft fuel and related taxes, operating expenses related to other non-airline businesses, and special items (CASM ex-fuel)[1] to decrease by between approximately (2.0)% to 0.0% year-over-year, carrying forward our achievements from 2019. We expect our CASM ex-fuel growth to be lower in the second half of 2020 driven by the timing of our capacity growth.

We plan to offset carbon dioxide emissions from jet fuel for all domestic flights beginning in July 2020. We anticipate contributing to emissions reduction projects around the globe which aim to reduce the amount of greenhouse gas in the atmosphere in at least one of three ways: avoiding greenhouse gas emissions in favor of renewable sources, removing emissions from the atmosphere, and destroying emissions when possible. In addition, we also plan to start flying with sustainable aviation fuel in mid-2020 on flights from San Francisco International Airport.

In October 2019, the Office of the U.S. Trade Representative announced a 10% tariff on new commercial aircraft and related parts imported from certain European Union member states, which include aircraft and other parts we are already contractually obligated to purchase, including those noted above. In February 2020, the U.S. Trade Representative announced an increase in the tariff to 15% which will become effective in March 2020. We are working with our business partners, including Airbus, to evaluate the potential financial and operational impact of these announcements on our future aircraft deliveries. The imposition of the tariff could substantially increase the cost of new Airbus aircraft and parts. Continued imposition of the tariff, including continued escalation of the tariff, could adversely affect our aircraft supply chain, growth plans, and our business.

Results of Operations

2019 Compared to 2018

OVERVIEW

We reported net income of $569 million, operating income of $800 million and operating margin of 9.9% for the year ended December 31, 2019. This compares to net income of $189 million, operating income of $266 million, and operating margin of 3.5% for the year ended December 31, 2018. Diluted earnings per share were $1.91 for 2019 compared to $0.60 for 2018.

Our 2019 and 2018 reported results included the effects of special items. Adjusting for these one-time items[1], our adjusted net income was $568 million, operating income was $814 million, and our adjusted operating margin was 10.1% for 2019. This compares to adjusted net income of $488 million, operating income of $701 million, and operating margin of 9.2% for 2018. Excluding one-time items[1], diluted earnings per share were $1.90 and $1.55 for 2019 and 2018, respectively.

(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.

OPERATING REVENUES

(revenues in millions; percent changes based on unrounded numbers)	2019	2018	Year-over-Year Change $	Year-over-Year Change %
Passenger revenue	$ 7,786	$ 7,381	405	5.5
Other revenue	308	277	31	11.0
Operating Revenues	**$ 8,094**	**$ 7,658**	**436**	**5.7**
Average fare	$ 182.23	$ 175.11	7.12	4.1
Yield per passenger mile (cents)	14.52	14.53	(0.01)	(0.1)
Passenger revenue per ASM (cents)	12.20	12.33	(0.13)	(1.1)
Operating revenue per ASM (cents)	12.68	12.79	(0.11)	(0.9)
Average stage length (miles)	1,140	1,096	44	4.0
Revenue passengers (thousands)	42,728	42,150	578	1.4
Revenue passenger miles (millions)	53,617	50,790	2,827	5.6
Available seat miles (ASMs) (millions)	63,841	59,881	3,960	6.6
Load factor	84.0%	84.8%		(0.8) pts

Passenger revenue accounted for 96.2% of our total operating revenue for the year ended December 31, 2019. In addition to seat revenue, passenger revenue includes revenue from our ancillary product offerings such as Even More® Space. Revenue generated from international routes, including Puerto Rico, accounted for 30.4% of our passenger revenue in 2019. Passenger revenue, including certain ancillary fees directly related to passenger tickets, is recognized when the transportation is provided. Passenger revenue from unused tickets and passenger credits are recognized in proportion to flown revenue based on estimates of expected expiration or when the likelihood of the customer exercising his or her remaining rights becomes remote. We measure capacity in terms of available seat miles, which represents the number of seats available for passengers multiplied by the number of miles the seats are flown. Yield, or the average amount one passenger pays to fly one mile, is calculated by dividing Passenger revenue by Revenue passenger miles. We attempt to increase Passenger revenue primarily by increasing our yield per flight which produces higher revenue per available seat mile. Our objective is to optimize our fare mix to increase our overall average fare while continuing to provide our customers with competitive fares.

In 2019, the increase in Passenger revenue was mainly attributable to a 1.4% increase in revenue passengers and a 4.1% increase in average fare. Fee revenue increased by $76 million as a result of changes in our baggage and change fee policies. Our largest ancillary product remains the Even More® Space seats, generating approximately $301 million in revenue, an increase of 10% compared to 2018.

Other revenue is primarily comprised of the marketing component of the sales of our TrueBlue® points. It also includes revenue from the sale of vacations packages, ground handling fees received from other airlines, and rental income.

OPERATING EXPENSES

(in millions; per ASM data in cents; percentages based on unrounded numbers)	2019	2018	Year-over-Year Change $	Year-over-Year Change %	per ASM 2019	per ASM 2018	per ASM % Change
Aircraft fuel and related taxes	$ 1,847	$ 1,899	(52)	(2.7)	2.89	3.17	(8.8)
Salaries, wages and benefits	2,320	2,044	276	13.5	3.64	3.41	6.5
Landing fees and other rents	474	462	12	2.6	0.74	0.77	(3.7)
Depreciation and amortization	525	469	56	12.1	0.82	0.78	5.2
Aircraft rent	99	104	(5)	(5.1)	0.16	0.17	(11.0)
Sales and marketing	290	294	(4)	(1.1)	0.46	0.49	(7.3)
Maintenance, materials and repairs	619	625	(6)	(1.0)	0.97	1.04	(7.2)
Other operating expenses	1,106	1,060	46	4.2	1.73	1.78	(2.2)
Special items	14	435	(421)	(96.7)	0.02	0.73	(96.9)
TOTAL OPERATING EXPENSES	**$ 7,294**	**$ 7,392**	**(98)**	**(1.3)**	**11.43**	**12.34**	**(7.4)**

Aircraft Fuel and Related Taxes

Aircraft fuel and related taxes represented 25% of our total operating expenses in 2019 compared to 26% in 2018. The average fuel price decreased 6.7% in 2019 to $2.09 per gallon. This was partially offset by a 4.3% increase in our fuel consumption of approximately 36 million gallons. Additional fuel consumption was mainly due to our increase in the average number of operating aircraft. Based on our expected fuel volume for 2020, a 10% per gallon increase in the cost of aircraft fuel would increase our annual fuel expense by approximately $192 million.

We recognized fuel hedge losses of $5 million and $2 million, in 2019 and 2018, respectively. These losses were recorded in Aircraft fuel and related taxes. We are unable to predict the potential loss from hedge accounting, which is determined on a derivative-by-derivative basis, due to the volatility in the forward markets for these commodities.

Salaries, Wages and Benefits

Salaries, wages and benefits represented 32% of our total operating expenses in 2019 compared to 28% in 2018. The increase in salaries, wages and benefits was primarily driven by the incremental costs of the new pilots' collective bargaining agreement which became effective on August 1, 2018. Our crewmember headcount also increased year-over-year. During 2019, the average number of full-time equivalent crewmembers increased by 4% and the average tenure of our crewmembers was 7 years. We expect the increasing tenure of our crewmembers, rising healthcare costs, and efforts to maintain competitiveness in our overall compensation packages to continue to pressure our costs in 2020.

Landing Fees and Other Rents

Landing fees and other rents include landing fees, which are at premium rates in the heavily trafficked northeast corridor of the U.S. where approximately 76% of our operations resided in 2019. Other rents primarily consist of rent for airports in our BlueCities. Landing fees and other rents increased $12 million, or 2.6%, in 2019 primarily due to our increased number of departures.

Depreciation and Amortization

Depreciation and amortization primarily include depreciation for our owned and finance leased aircraft, engines, and inflight entertainment systems. Depreciation and amortization increased $56 million, or 12.1%, primarily driven by a 2.8% increase in the average number of aircraft operating in 2019 compared to the same period in 2018. We placed five Airbus A321 aircraft into service and bought out the lease of one Airbus A320 aircraft in 2019. In addition, we also completed the cabin restyle on 42 Airbus A320 aircraft.

Maintenance, Materials and Repairs

Maintenance, materials and repairs are generally expensed when incurred unless covered by a long-term flight hour services contract. The average age of our aircraft in 2019 was 10.6 years which is relatively young compared to our competitors. However, as our fleet ages our maintenance costs will increase significantly, both on an absolute basis and as a percentage of our unit costs, as older aircraft require additional, more expensive repairs over time. We had an average of 6.8 additional total operating aircraft in 2019 compared to 2018.

In 2019, Maintenance, materials and repairs decreased by $6 million, or 1.0% compared to 2018. The decrease is attributable to lower cost structures achieved through the Structural Cost Program and timing of heavy maintenance visits.

Other Operating Expenses

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

In 2019, Other operating expenses increased by $46 million, or 4.2%, compared to 2018, primarily due to an increase in airport services and passenger onboard supplies resulting from an increased number of departures and customers flown.

Special Items

Special items in 2019 consisted of $6 million of one-time costs related to the Embraer E190 fleet transition and $8 million of one-time costs related to the implementation of our pilots' collective bargaining agreement. Special items in 2018 consisted of $362 million of impairment and one-time costs related to the Embraer E190 fleet transition, and $73 million of one-time costs related to the ratification of our pilots' collective bargaining agreement.

Income Taxes

Our effective tax rate was 25.9% in 2019, compared to 13.9% in 2018. Our 2018 effective tax rate included a benefit of $28 million related to implementation of various provisions of the Tax Cuts and Jobs Act of 2017. We estimate that our underlying tax rate in 2020 will be approximately 26%.

2018 Compared to 2017

OVERVIEW

We reported net income of $189 million, operating income of $266 million and operating margin of 3.5% for the year ended December 31, 2018. This compares to net income of $1.1 billion, operating income of $973 million and operating margin of 13.9% for the year ended December 31, 2017. Diluted earnings per share were $0.60 for 2018 compared to $3.45 for 2017.

Our 2018 and 2017 reported results included the effects of special items and the implementation of the Tax Cuts and Jobs Act of 2017. Adjusting for these one-time items(1), our net income was $488 million, operating income was $701 million, and our adjusted operating margin was 9.2%. for 2018. This compares to adjusted net income of $576 million, operating income of $973 million, and operating margin of 13.9% for 2017. Excluding one-time items(1), diluted earnings per share were $1.55 and $1.74 for 2018 and 2017, respectively.

(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.

OPERATING REVENUES

(revenues in millions; percent changes based on unrounded numbers)	2018	2017	Year-over-Year Change $	Year-over-Year Change %
Passenger revenue	$ 7,381	$ 6,761	620	9.2
Other revenue	277	251	26	10.5
OPERATING REVENUES	**$ 7,658**	**$ 7,012**	**646**	**9.2**
Average fare	$ 175.11	$ 168.88	$ 6.23	3.7
Yield per passenger mile (cents)	14.53	14.31	0.22	1.5
Passenger revenue per ASM (cents)	12.33	12.07	0.26	2.1
Operating revenue per ASM (cents)	12.79	12.52	0.27	2.1
Average stage length (miles)	1,096	1,072	24	2.2
Revenue passengers (thousands)	42,150	40,038	2,112	5.3
Revenue passenger miles (millions)	50,790	47,240	3,550	7.5
Available seat miles (ASMs) (millions)	59,881	56,007	3,874	6.9
Load factor	84.8%	84.3%		0.5 pts

Passenger revenue accounted for over 96.4% of our total operating revenues for the year ended December 31, 2018. In addition to seat revenue, passenger revenue includes revenue from our ancillary product offerings such as Even More® Space. Revenue generated from international routes, including Puerto Rico, accounted for 29.7% of our passenger revenue in 2018. Passenger revenue, including certain ancillary fees directly related to passenger tickets, is recognized when the transportation is provided. Passenger revenue from unused tickets and passenger credits are recognized in proportion to flown revenue based on estimates of expected expiration or when the likelihood of the customer exercising his or her remaining rights becomes remote. We measure capacity in terms of available seat miles, which represents the number of seats available for passengers multiplied by the number of miles the seats are flown. Yield, or the average amount one passenger pays to fly one mile, is calculated by dividing Passenger revenue by Revenue passenger miles. We attempt to increase Passenger revenue primarily by increasing our yield per flight which produces higher Revenue per available seat mile. Our objective is to optimize our fare mix to increase our overall average fare while continuing to provide our customers with competitive fares.

In 2018, the increase in Passenger revenue was mainly attributable to a 5.3% increase in revenue passengers and a 3.7% increase in average fare. Fee revenue increased by $60 million as a result of changes in our baggage and change fee policies. Our largest ancillary product was Even More® Space, generating approximately $274 million in revenue, an increase of over 14% compared to 2017.

Other revenue is primarily comprised of the marketing component of the sales of our TrueBlue® points. It also includes revenue from the sale of vacations packages, ground handling fees received from other airlines, and rental income.

OPERATING EXPENSES

(in millions; per ASM data in cents; percentages based on unrounded numbers)	2018	2017	Year-over-Year Change $	Year-over-Year Change %	per ASM 2018	per ASM 2017	per ASM % Change
Aircraft fuel and related taxes	$ 1,899	$ 1,363	536	39.4	3.17	2.43	30.4
Salaries, wages and benefits	2,044	1,887	157	8.3	3.41	3.37	1.3
Landing fees and other rents	462	438	24	5.4	0.77	0.78	(1.4)
Depreciation and amortization	469	424	45	10.5	0.78	0.76	3.3
Aircraft rent	104	102	2	2.6	0.17	0.18	(4.0)
Sales and marketing	294	271	23	8.4	0.49	0.49	1.4
Maintenance, materials and repairs	625	622	3	0.5	1.04	1.11	(6.0)
Other operating expenses	1,060	932	128	13.7	1.78	1.66	6.3
Special items	435	—	435	—	0.73	—	—
TOTAL OPERATING EXPENSES	**$ 7,392**	**$ 6,039**	**1,353**	**22.4**	**12.34**	**10.78**	**14.5**

Aircraft Fuel and Related Taxes

Aircraft fuel and related taxes represented 26% of our total operating expenses in 2018 compared to 23% in 2017. The average fuel price increased 30.2% in 2018 to $2.24 per gallon. This was coupled with an increase in our fuel consumption of approximately 57 million gallons. Additional fuel consumption was mainly due to our increase in the average number of operating aircraft.

In 2018, we recognized fuel hedge losses of $2 million compared to $15 million of fuel hedge gains in 2017 and these were recorded in Aircraft fuel and related taxes.

Salaries, Wages and Benefits

Salaries, wages and benefits represented approximately 28% of our total operating expenses in 2018 compared to 31% in 2017. The increase in salaries, wages and benefits was primarily driven by the incremental costs of the new pilots' collective bargaining agreement which became effective on August 1, 2018. Our crewmember headcount also increased year-over-year. During 2018, the average number of full-time equivalent crewmembers increased by 4% and the average tenure of our crewmembers was 7 years.

Our profit sharing is calculated as 10% of adjusted pre-tax income excluding special items, and reduced by *Retirement Plus* contributions. Profit sharing decreased by $38 million in 2018 compared to 2017, primarily driven by higher fuel prices which negatively impacted our adjusted pre-tax income.

Landing Fees and Other Rents

Landing fees and other rents include landing fees, which are at premium rates in the heavily trafficked northeast corridor of the U.S. where approximately 75% of our operations resided in 2018. Other rents primarily consisted of rent for airports in our BlueCities. Landing fees and other rents increased $24 million, or 5.4%, in 2018 primarily due to our increased number of departures.

Depreciation and Amortization

Depreciation and amortization primarily include depreciation for our owned and finance leased aircraft, engines, and inflight entertainment systems. Depreciation and amortization increased $45 million, or 10.5%, primarily driven by a 5.7% increase in the average number of aircraft operating in 2018 compared to 2017.

Maintenance, Materials and Repairs

Maintenance, materials and repairs are generally expensed when incurred unless covered by a long-term flight hour services contract. The average age of our aircraft in 2018 was 9.8 years which was relatively young compared to our competitors. We had an average of 13.3 additional total operating aircraft in 2018 compared to 2017.

In 2018, Maintenance, materials and repairs increased by $3 million, or 0.5% compared to 2017. The marginal increase was primarily driven by a change in the pricing structure of our Airbus A320 engine maintenance program which became effective in September 2017 and the timing of engine overhauls.

Other Operating Expenses

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

In 2018, Other operating expenses increased by $128 million, or 13.7%, compared to 2017, primarily due to an increase in airport services and passenger onboard supplies resulting from an increased number of passengers flown and additional Mint® offerings.

Special Items

Special items in 2018 consisted of $362 million of impairment and one-time transition costs related to our Embraer E190 fleet exit, and $73 million of one-time costs related to the ratification of our pilots' collective bargaining agreement.

Income Taxes

Our effective tax rate was 13.9% in 2018, compared to a benefit of 24.2% in 2017. Our 2018 and 2017 effective tax rates included a benefit of $28 million related to implementation of various provisions of the Tax Cuts and Jobs Act of 2017, or The Act, and $564 million benefit in 2017 related to the remeasurement of our deferred taxes at the time The Act was enacted.

Liquidity and Capital Resources

The airline business is capital intensive. Our ability to successfully execute our profitable 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 two available lines of credit. Additionally, our unencumbered assets could be an additional source of liquidity, if necessary.

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, maintaining financial flexibility, and allowing for prudent capital spending.

As of December 31, 2019, we had unrestricted cash and cash equivalents of $959 million and short-term investments of $369 million. We believe our current level of unrestricted cash, cash equivalents and short-term investments of approximately 16% of trailing twelve months revenue, combined with our approximately $750 million in available lines of credit and our portfolio of unencumbered assets, provides us with a strong liquidity position. We believe we have taken several important steps during 2019 in solidifying our strong balance sheet and overall liquidity position. Our adjusted debt to capitalization ratio[1] at December 31, 2019 was 34%.

Analysis of Cash Flows

We had unrestricted cash and cash equivalents of $959 million as of December 31, 2019. This compares to $474 million and $303 million as of December 31, 2018 and 2017, respectively. We held both short and long-term investments in 2019, 2018 and 2017. Our short-term investments totaled $369 million as of December 31, 2019 compared to $413 million and $390 million as of December 31, 2018 and 2017, respectively. Our long-term investments totaled $3 million as of December 31, 2019 compared to $3 million and $2 million as of December 31, 2018 and 2017, respectively.

OPERATING ACTIVITIES

Cash flows provided by operating activities totaled approximately $1.4 billion in 2019, compared to $1.2 billion and $1.4 billion in 2018 and 2017, respectively. There was a $249 million increase in cash flows from operating activities in 2019 compared to 2018 principally driven by an increase in operating margin. The $179 million decrease in cash flows from operations in 2018 compared to 2017 was primarily due to lower earnings principally driven by an increase in aircraft fuel expenses, partially offset by higher operating revenues. We rely primarily on cash flows from operations to provide working capital for current and future operations.

INVESTING ACTIVITIES

During 2019, capital expenditures related to our purchase of flight equipment included $478 million for the purchase of six new Airbus A321neo aircraft and the buyout of one Airbus A320 aircraft lease, $224 million for flight equipment deposits, $249 million for flight equipment work-in-progress, and $48 million for spare part purchases. Other property and equipment capital expenditures included ground equipment purchases and facilities improvements for $158 million. Investing activities also included the net purchase of $40 million in investment securities.

During 2018, capital expenditures related to our purchase of flight equipment included $519 million for the purchase of 10 new Airbus A321 aircraft and the buyout of two aircraft leases, $206 million for flight equipment deposits, $163 million for flight equipment work-in-progress, and $130 million for spare part purchases. Other property and equipment capital expenditures included ground equipment purchases and facilities improvements for $97 million. Investing activities also included the net purchase of $28 million in investment securities.

During 2017, capital expenditures related to our purchase of flight equipment included $759 million for the purchase of 16 new Airbus A321 aircraft, and the buyout of three aircraft leases, $128 million for flight equipment deposits, $156 million for flight equipment work-in-progress, and $61 million for spare part purchases. Other property and equipment capital expenditures included ground equipment purchases and facilities improvements for $98 million. Investing activities also included the net purchase of $236 million in investment securities.

We currently anticipate 2020 capital expenditures to be between $1.35 billion and $1.55 billion.

FINANCING ACTIVITIES

Financing activities during 2019 consisted of the net issuance of $981 million of debt, $764 million of which relates to the offering of our Enhanced Equipment Trust Certificates, Series 2019-1 ("2019-1 EETC") in November, partially offset by the scheduled repayment of $323 million in debt and finance lease obligations. In addition, we acquired $542 million in treasury shares of which $535 million related to our accelerated share repurchases during 2019. During this period, we received $51 million in proceeds from the issuance of stock related to employee share-based compensation.

Financing activities during 2018 consisted of the net issuance of $687 million of debt partially offset by the scheduled repayment of $222 million relating to debt and finance lease obligations. In addition, we acquired $382 million in treasury shares of which $375 million related to our accelerated share repurchases during 2018. During this period, we received $48 million in proceeds from the issuance of stock related to employee share-based compensation.

Financing activities during 2017 consisted of the scheduled repayment of $194 million relating to debt and finance lease obligations. In addition, we acquired $390 million in treasury shares of which $380 million related to our accelerated share repurchases during 2017. During this period, we received $48 million in proceeds from the issuance of stock related to employee share-based compensation.

In the future we may issue, in one or more offerings, debt securities, pass-through certificates, common stock, preferred stock, and/or other securities.

In March 2019, we filed an automatic shelf registration statement with the SEC. Under this shelf registration statement, we may offer and sell from time to time common stock, preferred stock, debt securities, depositary shares, warrants, stock purchase contracts, stock purchase units, subscription rights, and pass-through certificates. We may utilize this shelf registration statement, or a replacement filed with the SEC, in the future to raise capital to fund the continued development of our products and services, the commercialization of our products and services, to repay indebtedness, or for other general corporate purposes.

None of our lenders or lessors are affiliated with us.

(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.

Capital Resources

We have been able to generate sufficient funds from operations to meet our working capital requirements and we have historically paid cash or financed our aircraft through either secured debt or lease financing. Approximately 50% of our property and equipment is pledged as security under various loan arrangements. We believe our current level of unrestricted cash, cash equivalents, and short-term investments, combined with our available lines of credit and portfolio of unencumbered assets provide us with a strong liquidity position.

Dependent on market conditions, we anticipate using a mix of cash and debt financing for our expected aircraft deliveries in 2020. To the extent we cannot secure financing on terms we deem attractive, we may be required to pay in cash, further modify our aircraft acquisition plans, or incur higher than anticipated financing costs. Although we believe debt and/or lease financing should be available to us if needed, we cannot give assurances we will be able to secure financing on terms attractive to us, if at all.

Working Capital

We had a working capital deficit of $877 million as of December 31, 2019 compared to a deficit of $1.1 billion as of December 31, 2018. Working capital deficits can be customary in the airline industry since air traffic liability is classified as a current liability.

In 2012, we entered into a revolving line of credit with Morgan Stanley for up to approximately $200 million. This line of credit is secured by a portion of our investment securities held by Morgan Stanley and the borrowing amount may vary accordingly. This line of credit bears interest at a floating rate based upon the London Interbank Offered Rate, or LIBOR, plus a margin. We did not borrow under this facility in 2019 or 2018 and the line was undrawn as of December 31, 2019.

In August 2019, we amended and restated our revolving Credit and Guaranty Agreement with Citibank N.A. as the administrative agent. The amendment increased our borrowing capacity by $125 million to $550 million and extended the term of the facility through August 2023. Borrowings under the Credit and Guaranty Agreement bear interest at a variable rate equal to LIBOR, plus a margin. The Amended and Restated Facility is secured by Slots at JFK, LaGuardia, and Reagan National, and certain other assets. Slots are rights to take-off or land at a specific airport during a specific time period and are a means by which airport capacity and congestion can be managed. The Credit and Guaranty Agreement includes customary 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. During 2019 and 2018, we did not borrow on this facility and the line was undrawn as of December 31, 2019.

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, as they may be available to us. We expect to generate positive working capital through our operations. However, we cannot predict what the effect on our business might be from the extremely competitive environment we are operating in or from events beyond our control, such as volatile fuel prices, economic conditions, weather-related disruptions, the spread of infectious diseases, the impact of airline bankruptcies, restructurings or consolidations, U.S. military actions, or acts of terrorism. We believe there is sufficient liquidity available to us to meet our cash requirements for at least the next 12 months.

Debt and Finance Leases

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

Contractual Obligations

Our contractual obligations at December 31, 2019 include the following (in billions):

	Payments due in						
	Total	2020	2021	2022	2023	2024	Thereafter
Debt and finance lease obligations[1]	$ 2.7	$ 0.4	$ 0.4	$ 0.4	$ 0.3	$ 0.2	$ 1.0
Operating lease obligations	1.1	0.1	0.1	0.1	0.1	0.1	0.6
Flight equipment purchase obligations[2]	7.8	1.1	1.5	1.3	1.7	1.6	0.6
Other obligations[3]	2.6	0.3	0.3	0.3	0.3	0.4	1.0
TOTAL	**$ 14.2**	**$ 1.9**	**$ 2.3**	**$ 2.1**	**$ 2.4**	**$ 2.3**	**$ 3.2**

(1) Includes actual interest and estimated interest for floating-rate debt based on December 31, 2019 rates.

(2) Amounts represent obligations based on the current delivery schedule set forth in our Airbus order book as of December 31, 2019. Due to production delays, we only took delivery of six A321neo aircraft in 2019 with the remaining seven to be delivered beyond their contractual delivery year. The committed expenditures for these seven backlogged A321neo aircraft are not included in the amounts above due to uncertainties in the timing of these deliveries.

(3) Amounts include noncancelable commitments for the purchase of goods and services.

The interest rates are fixed for $2.2 billion of our debt and finance lease obligations, with the remaining $0.2 billion having floating interest rates. The floating interest rates adjust either quarterly or semi-annually based on LIBOR. The weighted average maturity of all of our debt was eight years as of December 31, 2019.

As of December 31, 2019, we believe we were in compliance with the covenants of our debt and lease agreements and approximately 50% of our owned property and equipment were pledged as security under various loan agreements.

As of December 31, 2019, we had operating lease obligations for 41 aircraft with lease terms that expire between 2020 and 2026. Our aircraft lease agreements contain termination provisions which include standard maintenance and return conditions. Our policy is to record these lease return conditions when they are probable and the costs can be estimated. We also lease airport terminal space and other airport facilities in each of our markets, as well as office space and other equipment. We have approximately $26 million of restricted assets pledged under standby letters of credit related to certain of our leases which will expire at the end of the related leases. As of December 31, 2019, the average age of our operating fleet was 10.6 years.

Our firm aircraft order book as of December 31, 2019 was as follows:

Year	Airbus A321neo	Airbus A220	Total
2019	7	—	7
2020	14	1	15
2021	17	6	23
2022	15	8	23
2023	14	19	33
2024	12	22	34
2025	—	12	12
2026	—	2	2
TOTAL	**79**	**70**	**149**

The table above represents the current delivery schedule set forth in our Airbus order book as of December 31, 2019. In October 2018 and May 2019, we received notice from Airbus of anticipated delivery delays of the A321neo aircraft. Due to these delays, we only took delivery of six A321neo aircraft in 2019 with the remaining seven to be delivered beyond their contractual delivery year. We expect to take delivery of a maximum of 11 A321neo aircraft in 2020.

Committed expenditures for our firm 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 generally 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.

Our Terminal at JFK, T5, is governed by a lease agreement we entered into with the PANYNJ in 2005. We are responsible for making various payments under the lease. This includes ground rents for the terminal site which began at the time of the lease execution in 2005 and facility rents commenced in October 2008 upon our occupancy of T5. The facility rents are based on the number of passengers enplaned out of the terminal, subject to annual minimums. The PANYNJ reimbursed us for construction costs of this project in accordance with the terms of the lease, except for approximately $76 million in leasehold improvements provided by us. In 2013, we amended this lease to include additional ground space for our international arrivals facility, T5i, which we opened in November 2014. Minimum ground and facility rents at JFK totaling $788 million are included in the commitments table above as operating lease obligations.

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

Off-Balance Sheet Arrangements

Although some of our aircraft lease arrangements are with variable interest entities, as defined by the *Consolidations* topic of the Codification, none of them require consolidation in our financial statements. The decision to finance these aircraft through operating leases rather than through debt was based on an analysis of the cash flows and tax consequences of each financing alternative and a consideration of liquidity implications. We are responsible for all maintenance, insurance, and other costs associated with operating these aircraft. However, we are not obligated to provide any residual value or other guarantees to our lessors.

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

We have also made certain guarantees and indemnities to other unrelated parties that are not reflected on our consolidated balance sheets, which we believe will not have a significant impact on our results of operations, financial condition or cash flows. We have no other off-balance sheet arrangements. See Notes 3, 4, and 12 to our consolidated financial statements for a more detailed discussion of our variable interests and other contingencies, including guarantees and indemnities.

Critical Accounting Policies And Estimates

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

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

Passenger Revenue

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

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

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

Loyalty Program

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

POINTS EARNED FROM A TICKET PURCHASE

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

POINTS SOLD TO TRUEBLUE® PARTNERS

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

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

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

Accounting for Long-Lived Assets

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

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

To determine whether impairment exists for aircraft used in operations, we group assets at the fleet-type level (the lowest level for which there are identifiable cash flows) and then estimate future cash flows based on projections of capacity, passenger yield, fuel costs, labor costs, and other relevant factors. If an impairment occurs, the impairment loss recognized is the amount by which the fleet's carrying amount exceeds its estimated fair value. We estimate aircraft fair value using published sources, appraisals, and bids received from third parties, as available.

In 2018, we recorded an impairment charge of flight equipment and other property and equipment related to the Embraer E190 fleet transition. Refer to Note 18 to our consolidated financial statements for details.

Lease Accounting

We operate airport facilities, office buildings, and aircraft under operating leases with minimum lease payments. We recognize the costs associated with these agreements as rent expense on a straight-line basis over the expected lease term. Within the provisions of certain leases, there are minimum escalations in payments over the base lease term. There are also periodic adjustments of lease rates, landing fees, and other charges applicable under such agreements, as well as renewal periods. The effects of the escalations and other adjustments have been reflected in rent expense on a straight-line basis over the lease term. This includes renewal periods when it is deemed to be reasonably assured at the inception of the lease that we would incur an economic penalty for not renewing. The amortization period for leasehold improvements is the term used in calculating straight-line rent expense or their estimated economic life, whichever is shorter.

Derivative Instruments used for Aircraft Fuel

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

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

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

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

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

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

Regulation G Reconciliation of Non-Gaap Financial Measures

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

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

Operating expenses per available seat mile, or CASM, is a common metric used in the airline industry. We exclude aircraft fuel and related taxes, operating expenses related to other non-airline businesses, such as our subsidiaries, JetBlue Technology Ventures and JetBlue Travel Products, and special items from operating expenses to determine CASM ex-fuel, which is a non-GAAP financial measure. During the periods presented below, special items include one-time costs related to the Embraer E190 fleet transition as well as one-time costs related to the ratification and implementation of our pilots' collective bargaining agreement. We believe that CASM ex-fuel is useful for investors because it provides investors the ability to measure financial performance excluding items beyond our control, such as fuel costs, which are subject to many economic and political factors, or not related to the generation of an available seat mile, such as operating expense related to other non-airline businesses. We believe this non-GAAP measure is more indicative of our ability to manage airline costs and is more comparable to measures reported by other major airlines.

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

	2019		2018		2017		2016(1)		2015(1)	
(in millions; per ASM data in cents)	$	per ASM	$	per ASM	$	per ASM	$	per ASM	$	per ASM
Total operating expenses	$ 7,294	11.43	$ 7,392	12.34	$ 6,039	10.78	$ 5,324	9.93	$ 5,200	10.56
Less:										
Aircraft fuel and related taxes	1,847	2.89	1,899	3.17	1,363	2.43	1,074	2.00	1,348	2.74
Other non-airline expenses(2)	46	0.08	44	0.07	35	0.06	26	0.05	—	—
Special items	14	0.02	435	0.73	—	—	—	—	—	—
Operating expenses, excluding fuel	**$ 5,387**	**8.44**	**$ 5,014**	**8.37**	**$ 4,641**	**8.29**	**$ 4,224**	**7.88**	**$ 3,852**	**7.82**

(1) *Amounts prior to 2017 do not reflect the impact of the adoption of ASU 2016-02, Leases (Topic 842) of the Codification, adopted as of January 1, 2019. Refer to Note 1 to our consolidated financial statements for details.*

(2) *Other non-airline expenses for 2016 includes operating expenses related to JetBlue Technology Ventures only.*

With respect to JetBlue's CASM Ex-Fuel guidance, we are not able to provide a reconciliation of the non-GAAP financial measure to the most directly comparable GAAP financial measure because the excluded items have not yet occurred and cannot be reasonably predicted. 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.

Reconciliation of Operating Expense, Income before Taxes, Net Income and Earnings per Share, excluding special items, gain on equity method investments, and impact of tax reform

Our GAAP results in the applicable periods were impacted by the following: (a) the 2017 tax reform, (b) gain on equity method investments, and (c) charges that are deemed special items. We believe the impact of these items make our results difficult to compare to prior periods as well as future periods and guidance, and, as a result, we exclude these items from the calculation of adjusted operating expense, adjusted income before taxes, adjusted net income, and adjusted earnings per share, which are non-GAAP financial measures. During the periods presented below, special items include one-time costs related to the Embraer E190 fleet transition, as well as one-time costs related to the implementation of our pilots' collective bargaining agreement. We believe the impacts of these items distort our overall trends and that our metrics and results are more comparable with the presentation of our results excluding the impact of these items and therefore is more useful for investors.

The table below provides a reconciliation of our GAAP reported amounts to the non-GAAP amounts excluding the impacts of these items.

NON-GAAP FINANCIAL MEASURE
RECONCILIATION OF OPERATING EXPENSE, INCOME BEFORE TAXES, NET INCOME AND EARNINGS PER SHARE EXCLUDING SPECIAL ITEMS, GAIN ON EQUITY METHOD INVESTMENTS, AND IMPACT OF TAX REFORM

	Year Ended December 31,		
(in millions except per share amounts)	2019	2018	2017
Total Operating Revenues	$ 8,094	$ 7,658	$ 7,012
Total Operating Expenses	$ 7,294	$ 7,392	$ 6,039
Less: Special items	14	435	—
TOTAL OPERATING EXPENSES EXCLUDING SPECIAL ITEMS	**$ 7,280**	**$ 6,957**	**$ 6,039**
Operating Income	$ 800	$ 266	$ 973
Add back: Special items	14	435	—
Operating Income Excluding Special Items	**$ 814**	**$ 701**	**$ 973**
Operating Margin Excluding Special Items	***10.1%***	***9.2%***	***13.9%***
Income Before Income Taxes	$ 768	$ 219	$ 918
Add back: Special items	14	435	—
Less: Gain on equity method investments	15	—	—
INCOME BEFORE INCOME TAXES EXCLUDING SPECIAL ITEMS AND GAIN ON EQUITY METHOD INVESTMENTS	**$ 767**	**$ 654**	**$ 918**
Pre-Tax Margin Excluding Special Items	***9.5%***	***8.5%***	***13.1%***
Income before Income Taxes Excluding Special Items and Gain on Equity Method Investments	$ 767	$ 654	$ 918
Less: Income tax expense (benefit)	199	30	(222)
Less: Income tax benefit related to special items	4	108	—
Less: Income tax (expense) related to gain on equity method investments	(4)	—	—
Less: Income tax benefit related to tax reform	—	28	564
NET INCOME EXCLUDING SPECIAL ITEMS, GAIN ON EQUITY METHOD INVESTMENTS, AND TAX REFORM IMPACT	**$ 568**	**$ 488**	**$ 576**
Earnings Per Common Share:			
Basic	$ 1.92	$ 0.60	$ 3.47
Add back: Special items, net of tax	0.04	1.05	—
Less: Gain on equity method investments, net of tax	0.04	—	—
Less: Tax reform impact	—	0.09	1.72
BASIC EXCLUDING SPECIAL ITEMS, GAIN ON EQUITY METHOD INVESTMENTS, AND TAX REFORM IMPACT	**$ 1.92**	**$ 1.56**	**$ 1.75**
Diluted	$ 1.91	$ 0.60	$ 3.45
Add back: Special items, net of tax	0.03	1.04	—
Less: Gain on equity method investments, net of tax	0.04	—	—
Less: Tax reform impact	—	0.09	1.71
Diluted Excluding Special Items, Gain on Equity Method Investments, and Tax Reform Impact	**$ 1.90**	**$ 1.55**	**$ 1.74**

Return on Invested Capital

Return on invested capital, or ROIC, is an important financial metric which we believe provides meaningful information as to how well we generate returns relative to the capital invested in our business. Our ROIC in 2019 was 9.5% compared to 8.6% in 2018, primarily due to an increase in adjusted operating income driven by cost savings realized from the execution of our Structural Cost Program and lower fuel prices. We are committed to taking appropriate actions which will allow us to produce returns greater than our cost of capital while adding capacity and continuing to grow.

We believe this non-GAAP financial measure provides a meaningful comparison of our results to the rest of the airline industry and our prior year results. Investors should consider this non-GAAP financial measure in addition to, and not as a substitute for, our financial performance measures prepared in accordance with GAAP.

NON-GAAP FINANCIAL MEASURE
RECONCILIATION OF RETURN ON INVESTED CAPITAL

	Twelve Months Ended December 31,	
(in millions)	**2019**	**2018**
Operating Income	$ 800	$ 266
Add: Interest income	19	11
Add: Interest component of aircraft lease commitments(1)	17	22
Add: Special items(2)	14	435
Subtotal	850	734
Less: Income tax expense impact	219	186
Operating Income after Tax, Adjusted	**$ 631**	**$ 548**
Average stockholders' equity	$ 4,710	$ 4,660
Average total debt	1,735	1,389
Average aircraft lease commitments	229	287
Invested Capital	**$ 6,674**	**$ 6,336**
Return on Invested Capital	**9.5%**	**8.6%**
(1) Interest component of aircraft lease commitments		
Average aircraft lease commitments	$ 229	$ 287
Interest component of aircraft lease commitments (Imputed interest at 7.5%)	17	22

(2) *During the periods presented above, special items include one-time costs related to the Embraer E190 fleet transition as well as one-time costs related to the ratification and implementation of our pilots' collective bargaining agreement.*

Free Cash Flow

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

NON-GAAP FINANCIAL MEASURE
RECONCILIATION OF FREE CASH FLOW

	Year Ended December 31,				
(in millions)	**2019**	**2018**	**2017**	**2016(1)**	**2015(1)(2)**
Net cash provided by operating activities	$ 1,449	$ 1,200	$ 1,379	$ 1,632	$ 1,598
Less: Capital expenditures	(932)	(908)	(1,074)	(850)	(837)
Less: Predelivery deposits for flight equipment	(224)	(206)	(128)	(161)	(104)
Free Cash Flow	**$ 293**	**$ 86**	**$ 177**	**$ 621**	**$ 657**

(1) *Amounts prior to 2017 do not reflect the impact of the adoption of ASU 2016-02, Leases (Topic 842) of the Codification, adopted as of January 1, 2019. Refer to Note 1 to our consolidated financial statements for details.*

(2) *Amounts in 2015 do not reflect the impact of the adoption of ASU 2014-09, Revenue from Contracts with Customers (Topic 606) of the Codification, adopted as of January 1, 2018.*

Adjusted Debt to Capitalization Ratio

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

NON-GAAP FINANCIAL MEASURE
ADJUSTED DEBT TO CAPITALIZATION RATIO

	December 31,	
(in millions)	**2019**	**2018**
Long-term debt and finance lease obligations	$ 1,990	$ 1,361
Current maturities of long-term debt and finance lease obligations	344	309
Operating lease liabilities - aircraft	183	256
Adjusted Debt	**$ 2,517**	**$ 1,926**
Long-term debt and finance lease obligations	$ 1,990	$ 1,361
Current maturities of long-term debt and finance lease obligations	344	309
Operating lease liabilities - aircraft	183	256
Stockholders' equity	4,799	4,685
Adjusted Capitalization	**$ 7,316**	**$ 6,611**
Adjusted Debt to Capitalization Ratio	**34%**	**29%**

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The risk inherent in our market risk sensitive instruments and positions is the potential loss arising from adverse changes to the price of fuel and interest rates as discussed below. The sensitivity analyses presented do not consider the effects such adverse changes may have on the overall economic activity, nor do they consider additional actions we may take to mitigate our exposure to such changes. Variable-rate leases are not considered market sensitive financial instruments and, therefore, are not included in the interest rate sensitivity analysis below. Actual results may differ from the sensitivity analyses. See Notes 1, 3 and 13 to our consolidated financial statements for accounting policies and additional information.

Aircraft fuel

Our results of operations are affected by changes in the price and availability of aircraft fuel. Market risk is estimated as a hypothetical 10% increase in the December 31, 2019 cost per gallon of fuel. Based on projected 2020 fuel consumption, such an increase would result in an increase to aircraft fuel expense of approximately $192 million in 2020. This is compared to an estimated $180 million for 2019 measured as of December 31, 2018. As of December 31, 2019, we had hedged approximately 10% of our projected 2020 fuel requirements. All hedge contracts existing as of December 31, 2019 settle by June 30, 2020.

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

Interest

Our earnings are affected by changes in interest rates due to the impact those changes have on interest expense from variable-rate debt instruments and on interest income generated from our cash and investment balances. The interest rate is fixed for $2.1 billion of our debt and finance lease obligations, with the remaining $217 million having floating interest rates. If interest rates were on average 100 basis points higher in 2020 than they were during 2019, our interest expense would increase by approximately $2 million. This amount is determined by considering the impact of the hypothetical change in interest rates on our variable rate debt.

If interest rates were an average 100 basis points lower in 2020 than they were during 2019, 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 interest rates on our cash and cash equivalents and short-term investment securities balances.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of JetBlue Airways Corporation (the Company) as of December 31, 2019 and 2018 and the related consolidated statements of operations, comprehensive income, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in Item 15(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of JetBlue Airways Corporation at December 31, 2019 and 2018, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 18, 2020 expressed an unqualified opinion thereon.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for leases in 2019 due to the adoption of Accounting Standards Update No. 2016-02, Leases (Topic 842), and the related amendments.

Basis for Opinion

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

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

Critical Audit Matter

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

Accounting for Loyalty Program - Breakage

Description of the Matter	As discussed in Note 2 to the consolidated financial statements, under the customer loyalty program, the Company issues points to customers based upon the fare paid for a ticket purchase or through sales to business partners, including JetBlue's co-branded credit card partners. The Company defers a portion of the transaction price allocable to points issued and recognizes revenue when the points are utilized for travel. The Company estimates breakage for issued points using historical redemption patterns and records revenue for points that are not expected to be redeemed. Estimates of breakage are evaluated annually, and changes to breakage estimates prospectively impact Passenger revenue and Air traffic liability. The balance of the Company's Air traffic liability associated with the loyalty program was $661 million at December 31, 2019. Auditing management's estimates and calculations used in its accounting for the loyalty program is significant to our audit as the related impact to Passenger revenue and Air traffic liability is material and sensitive to changes in the breakage rate. The estimate of breakage by management requires the Company to forecast redemption patterns, which involves the application of judgment and estimation. As a result, auditing the Company's accounting for the loyalty program required complex auditor judgement.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's accounting for the loyalty program, including controls over management's estimation of breakage rates and review of the significant assumptions underlying the determination of estimated redemption patterns. Our audit procedures included, among others, evaluating the significant assumptions and the accuracy and completeness of the underlying data used in management's calculation including the total number of points issued to and redeemed by customers. We involved our valuation professionals to assist us in our evaluation of the methodology used by the Company to estimate expected redemption patterns. We performed a sensitivity analysis of management's estimate of points expected to be redeemed to evaluate the impact on Passenger revenue and Air traffic liability. We also tested the calculation used to determine the amount recognized as revenue for the period.

/s/ Ernst & Young LLP

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

New York, New York
February 18, 2020

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control over Financial Reporting

We have audited JetBlue Airways Corporation's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, JetBlue Airways Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2019 consolidated financial statements of the Company and our report dated February 18, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

New York, New York
February 18, 2020

JETBLUE AIRWAYS CORPORATION

Consolidated Balance Sheets

(in millions, except per share data)	December 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 959	$ 474
Investment securities	369	413
Receivables, less allowance (2019 - $1; 2018-$1)	231	211
Inventories, less allowance (2019 - $22; 2018-$18)	81	78
Prepaid expenses and other	146	212
Total current assets	1,786	1,388
PROPERTY AND EQUIPMENT		
Flight equipment	10,332	9,525
Predelivery deposits for flight equipment	433	293
Total flight equipment and predelivery deposits, gross	10,765	9,818
Less accumulated depreciation	2,768	2,448
Total flight equipment and predelivery deposits, net	7,997	7,370
Other property and equipment	1,145	1,074
Less accumulated depreciation	528	461
Total other property and equipment, net	617	613
Total property and equipment, net	8,614	7,983
OPERATING LEASE ASSETS	912	1,056
OTHER ASSETS		
Investment securities	3	3
Restricted cash	59	59
Other	544	470
Total other assets	606	532
TOTAL ASSETS	**$ 11,918**	**$ 10,959**

See accompanying notes to consolidated financial statements.

JETBLUE AIRWAYS CORPORATION

Consolidated Balance Sheets

(in millions, except per share data)	December 31, 2019	December 31, 2018
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 401	$ 437
Air traffic liability	1,119	1,035
Accrued salaries, wages and benefits	376	313
Other accrued liabilities	295	298
Current operating lease liabilities	128	133
Current maturities of long-term debt and finance lease obligations	344	309
Total current liabilities	2,663	2,525
LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS	1,990	1,361
LONG-TERM OPERATING LEASE LIABILITIES	690	798
DEFERRED TAXES AND OTHER LIABILITIES		
Deferred income taxes	1,251	1,112
Air traffic liability - loyalty non-current	481	447
Other	44	31
Total deferred taxes and other liabilities	1,776	1,590
COMMITMENTS AND CONTINGENCIES (NOTES 11 & 12)		
STOCKHOLDERS' EQUITY		
Preferred stock, $0.01 par value; 25 shares authorized, none issued	—	—
Common stock, $0.01 par value; 900 shares authorized, 427 and 422 shares issued and 282 and 306 shares outstanding at 2019 and 2018, respectively	4	4
Treasury stock, at cost; 145 and 116 shares at 2019 and 2018, respectively	(1,782)	(1,272)
Additional paid-in capital	2,253	2,203
Retained earnings	4,322	3,753
Accumulated other comprehensive income (loss)	2	(3)
Total stockholders' equity	4,799	4,685
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 11,918**	**$ 10,959**

See accompanying notes to consolidated financial statements.

JETBLUE AIRWAYS CORPORATION

Consolidated Statements of Operations

(in millions, except per share data)	Years Ended December 31, 2019	2018	2017
OPERATING REVENUES			
Passenger	$ 7,786	$ 7,381	$ 6,761
Other	308	277	251
Total operating revenues	8,094	7,658	7,012
OPERATING EXPENSES			
Aircraft fuel and related taxes	1,847	1,899	1,363
Salaries, wages and benefits	2,320	2,044	1,887
Landing fees and other rents	474	462	438
Depreciation and amortization	525	469	424
Aircraft rent	99	104	102
Sales and marketing	290	294	271
Maintenance, materials and repairs	619	625	622
Other operating expenses	1,106	1,060	932
Special items	14	435	—
Total operating expenses	7,294	7,392	6,039
OPERATING INCOME	800	266	973
OTHER INCOME (EXPENSE)			
Interest expense	(79)	(70)	(71)
Capitalized interest	14	10	10
Gain on equity method investments	15	—	—
Interest income and other	18	13	6
Total other income (expense)	(32)	(47)	(55)
INCOME BEFORE INCOME TAXES	768	219	918
Income tax expense (benefit)	199	30	(222)
NET INCOME	**$ 569**	**$ 189**	**$ 1,140**
EARNINGS PER COMMON SHARE			
Basic	$ 1.92	$ 0.60	$ 3.47
Diluted	$ 1.91	$ 0.60	$ 3.45

See accompanying notes to consolidated financial statements.

JETBLUE AIRWAYS CORPORATION

Consolidated Statements of Comprehensive Income

	Years Ended December 31,		
(in millions)	2019	2018	2017
NET INCOME	**$ 569**	**$ 189**	**$ 1,140**
Changes in fair value of derivative instruments, net of reclassifications into earnings, net of tax benefit (expense) of $(1), $2, and $8 in 2019, 2018, and 2017, respectively	5	(3)	(13)
Total other comprehensive income (loss)	5	(3)	(13)
COMPREHENSIVE INCOME	**$ 574**	**$ 186**	**$ 1,127**

See accompanying notes to consolidated financial statements.

JETBLUE AIRWAYS CORPORATION

Consolidated Statements of Cash Flows

(in millions)	Years Ended December 31, 2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 569	$ 189	$ 1,140
Adjustments to reconcile net income to net cash provided by operating activities:			
Deferred income taxes	139	90	(309)
Depreciation	474	423	383
Impairment of long-lived assets	—	319	—
Amortization	51	46	41
Stock-based compensation	31	28	29
Changes in certain operating assets and liabilities:			
(Increase) decrease in receivables	(3)	46	(52)
(Increase) decrease in inventories, prepaid and other	188	(178)	21
Increase in air traffic liability	118	131	101
Increase (decrease) in accounts payable and other accrued liabilities	(91)	103	47
Other, net	(27)	3	(22)
Net cash provided by operating activities	1,449	1,200	1,379
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(932)	(908)	(1,074)
Predelivery deposits for flight equipment	(224)	(206)	(128)
Purchase of held-to-maturity investments	(374)	(429)	(207)
Proceeds from the maturities of held-to-maturity investments	534	505	244
Purchase of available-for-sale securities	(1,000)	(979)	(245)
Proceeds from the sale of available-for-sale securities	880	875	444
Other, net	(13)	(15)	(13)
Net cash used in investing activities	(1,129)	(1,157)	(979)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of common stock	51	48	48
Proceeds from issuance of long-term debt	981	687	—
Repayment of long-term debt and finance lease obligations	(323)	(222)	(194)
Acquisition of treasury stock	(542)	(382)	(390)
Other, net	(2)	—	—
Net cash provided by (used in) financing activities	165	131	(536)
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	485	174	(136)
Cash, cash equivalents and restricted cash at beginning of period	533	359	495
Cash, cash equivalents and restricted cash at end of period [(1)]	$ 1,018	$ 533	$ 359

See accompanying notes to consolidated financial statements.

(in millions)	Years Ended December 31, 2019	2018	2017
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash payments for interest (net of amount capitalized)	$ 62	$ 59	$ 60
Cash payments for income taxes (net of refunds)	(52)	11	139
NON-CASH TRANSACTIONS			
Operating lease assets obtained in exchange for operating lease liabilities	$ 7	$ 20	$ 51

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

	December 31, 2019	2018	2017
Cash and cash equivalents	$ 959	$ 474	$ 303
Restricted cash	59	59	56
TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**$ 1,018**	**$ 533**	**$ 359**

See accompanying notes to consolidated financial statements.

JETBLUE AIRWAYS CORPORATION

Consolidated Statements of Stockholders' Equity

(in millions)	Common Shares	Common Stock	Treasury Shares	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
BALANCE AT DECEMBER 31, 2016	**414**	**$ 4**	**77**	**$ (500)**	**$ 2,050**	**$ 2,366**	**$ 13**	**$ 3,933**
Cumulative Effect for the adoption of ASU 2016-02	—	—	—	—	—	58	—	58
Net income	—	—	—	—	—	1,140	—	1,140
Other comprehensive (loss)	—	—	—	—	—	—	(13)	(13)
Vesting of restricted stock units	1	—	1	(10)	—	—	—	(10)
Exercise of stock options	—	—	—	—	4	—	—	4
Stock compensation expense	—	—	—	—	29	—	—	29
Stock issued under Crewmember Stock Purchase Plan	3	—	—	—	44	—	—	44
Shares repurchased	—	—	19	(380)	—	—	—	(380)
BALANCE AT DECEMBER 31, 2017	**418**	**$ 4**	**97**	**$ (890)**	**$ 2,127**	**$ 3,564**	**$ —**	**$ 4,805**
Net income	—	—	—	—	—	189	—	189
Other comprehensive (loss)	—	—	—	—	—	—	(3)	(3)
Vesting of restricted stock units	1	—	—	(7)	—	—	—	(7)
Stock compensation expense	—	—	—	—	28	—	—	28
Stock issued under Crewmember Stock Purchase Plan	3	—	—	—	48	—	—	48
Shares repurchased	—	—	19	(375)	—	—	—	(375)
BALANCE AT DECEMBER 31, 2018	**422**	**$ 4**	**116**	**$ (1,272)**	**$ 2,203**	**$ 3,753**	**$ (3)**	**$ 4,685**
Net income	—	—	—	—	—	569	—	569
Other comprehensive income	—	—	—	—	—	—	5	5
Vesting of restricted stock units	2	—	—	(6)	—	—	—	(6)
Stock compensation expense	—	—	—	—	31	—	—	31
Stock issued under Crewmember Stock Purchase Plan	3	—	—	—	51	—	—	51
Shares repurchased	—	—	29	(504)	(32)	—	—	(536)
BALANCE AT DECEMBER 31, 2019	**427**	**$ 4**	**145**	**$ (1,782)**	**$ 2,253**	**$ 4,322**	**$ 2**	**$ 4,799**

See accompanying notes to consolidated financial statements.

JETBLUE AIRWAYS CORPORATION

Notes to Consolidated Financial Statements

JetBlue Airways Corporation, or JetBlue, is New York's Hometown Airline®. We believe our differentiated product and service offerings combined with our competitive cost advantage enables us to effectively compete in the high-value geography we serve. As of December 31, 2019, we served 99 destinations in 30 states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, and 21 countries in the Caribbean and Latin America.

NOTE 1 Summary of Significant Accounting Policies

Basis of Presentation

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

Use of Estimates

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

Fair Value

The *Fair Value Measurements and Disclosures* topic of the Financial Accounting Standards Board, or FASB, Accounting Standards Codification®, or Codification, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. This topic clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The topic also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs. Refer to Note 14 to our consolidated financial statements for more information.

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash primarily consists of security deposits, funds held in escrow for estimated workers' compensation obligations, and performance bonds for aircraft and facility leases.

Accounts and Other Receivables

Accounts and other receivables are carried at cost. They primarily consist of amounts due from credit card companies associated with sales of tickets for future travel. We estimate an allowance for doubtful accounts based on known troubled accounts, if any, and historical experience of losses incurred.

Investment Securities

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

AVAILABLE-FOR-SALE INVESTMENT SECURITIES

Our available-for-sale investment securities include highly liquid investments such as time deposits, U.S. Treasury bills with maturities between three and twelve months, commercial paper, and convertible debt securities which are stated at fair value.

HELD-TO-MATURITY INVESTMENT SECURITIES

Our held-to-maturity investments consist of investment-grade interest bearing instruments, such as corporate bonds and U.S. Treasury notes, which are stated at amortized cost. We do not intend to sell these investment securities and the contractual maturities are not greater than 24 months. Those with maturities less than twelve months are included in short-term investments on our consolidated balance sheets. Those with remaining maturities in excess of twelve months are included in long-term investments on our consolidated balance sheets. We did not record any material gains or losses on these securities during the years ended December 31, 2019, 2018 or 2017. The estimated fair value of these investments approximated their carrying value as of December 31, 2019 and 2018.

The carrying values of investment securities consisted of the following at December 31, 2019 and 2018 (in millions):

	December 31, 2019	December 31, 2018
Available-for-sale securities		
Time deposits	$ 325	$ 190
U.S. Treasury	—	39
Commercial paper	20	—
Debt securities	6	7
Total available-for-sale securities	351	236
Held-to-maturity securities		
U.S. Treasury	—	180
Corporate bonds	21	—
Total held-to-maturity securities	21	180
TOTAL INVESTMENT SECURITIES	**$ 372**	**$ 416**

Equity Method Investments

Investments in which we can exercise significant influence are accounted for using the equity method in accordance with Topic 323, *Investments - Equity Method and Joint Ventures* of the Codification. The carrying amount of our equity method investments, which is recorded within other assets on our consolidated balance sheets, was $38 million and $11 million as of December 31, 2019 and 2018, respectively. In September 2019, we recognized a gain of $15 million on one of our equity method investments related to its fair value measurement upon the closing of a subsequent financing round.

Derivative Instruments

Our derivative instruments include fuel hedge contracts, such as jet fuel call options and call option spreads, which are stated at fair value, net of any collateral postings. Derivative instruments are included in other current assets and other current liabilities on our consolidated balance sheets. Refer to Note 13 to our consolidated financial statements for more information.

Inventories

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

Property and Equipment

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

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

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

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

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

Software

We capitalize certain costs related to the acquisition and development of computer software. We amortize these costs using the straight-line method over the estimated useful life of the software, which is generally five years. The net book value of computer software, which is included in other assets on our consolidated balance sheets, was $102 million and $96 million as of December 31, 2019 and 2018, respectively. Amortization expense related to computer software was $52 million, $46 million and $41 million for the years ended December 31, 2019, 2018, and 2017, respectively. As of December 31, 2019, amortization expense related to computer software is expected to be approximately $35 million in 2020, $26 million in 2021, $22 million in 2022, $15 million in 2023, and $4 million in 2024.

Intangible Assets

Our intangible assets consist primarily of acquired take-off and landing slots, or Slots, at certain domestic airports. Slots are the rights to take-off or land at a specific airport during a specific time period of the day and are a means by which airport capacity and congestion can be managed. We account for Slots at High Density Airports, including Reagan National Airport in Washington, D.C., LaGuardia Airport, and JFK Airport, both in New York City, as indefinite life intangible assets which result in no amortization expense. We evaluate our intangible assets for impairment at least annually or when events and circumstances indicate they may be impaired. Indicators include operating or cash flow losses as well as various market factors to determine if events and circumstances could reasonably have affected the fair value. As of December 31, 2019 and 2018, our intangible assets for Slots at High Density Airports with indefinite lives were $139 million.

Passenger Revenue

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

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

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

Loyalty Program

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

POINTS EARNED FROM A TICKET PURCHASE

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

POINTS SOLD TO TRUEBLUE® PARTNERS

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

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

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

Airframe and Engine Maintenance and Repair

Regular airframe maintenance for owned and leased flight equipment is charged to expense as incurred unless covered by a third-party long-term flight hour service agreement. We have separate service agreements in place covering scheduled and unscheduled repairs of certain airframe line replacement unit components as well as the engines in our fleet. Certain of these agreements, whose original terms generally range from 10 to 15 years, require monthly payments at rates based either on the number of cycles each aircraft was operated during each month or the number of flight hours each engine was operated during each month, subject to annual escalations. These power by the hour agreements transfer certain risks, including cost risks, to the third-party service providers. They generally fix the amount we pay per flight hour or number of cycles in exchange for maintenance and repairs under a predefined maintenance program, which are representative of the time and materials that would be consumed. These costs are expensed as the related flight hours or cycles are incurred.

Advertising Costs

Advertising costs, which are included in sales and marketing, are expensed as incurred. Advertising expense was $66 million in 2019, $72 million in 2018 and $66 million in 2017.

Share-Based Compensation

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

Income Taxes

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

Recently Issued Accounting Standards

New accounting rules and disclosure requirements can impact our financial results and the comparability of our financial statements. The authoritative literature which has recently been issued and that we believe will impact our consolidated financial statements is described below. There are also several new proposals under development. If and when enacted, these proposals may have a significant impact on our financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The update requires the use of an "expected loss" model on certain types of financial instruments and requires consideration of a broader range of reasonable and supportable information to calculate credit loss estimates. For trade receivables, loans, and held-to-maturity debt securities, entities will be required to estimate lifetime expected credit losses. For available-for-sale debt securities, entities will be required to recognize an allowance for credit losses rather than a reduction to the carrying value of the asset. The new standard is effective for us on January 1, 2020 and we are required to adopt its provisions using a modified retrospective transition approach by recording a cumulative effect adjustment in retained earnings as of the beginning of the year of adoption. We have substantially completed our assessment of the new standard and do not expect its adoption to have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The update eliminates, adds, and modifies certain disclosure requirements for fair value measurements. The new standard is effective for us on January 1, 2020. We have substantially completed our assessment of the new standard and do not expect its adoption to have a significant impact on our consolidated financial statement disclosures.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The update eliminates, clarifies, and modifies certain guidance related to the accounting for income taxes. ASU 2019-12 is effective for annual reporting periods beginning after December 15, 2020, with early adoption permitted. We are still evaluating the full impact of adopting the amendments on our consolidated financial statements.

Recently Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* of the Codification, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842;* ASU 2018-10, *Codification Improvements to Topic 842, Leases;* ASU 2018-11, *Targeted Improvements;* ASU 2018-20, *Narrow-Scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. Under the new standard, a lessee will recognize liabilities on the balance sheet, initially measured at the present value of the lease payments, and right-of-use (ROU) assets representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less at the commencement date, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. The new standard also eliminates the build-to-suit lease accounting guidance which results in the derecognition of build-to-suit assets and liabilities that remained on the balance sheet after the end of the construction period.

We adopted the requirements of ASU 2016-02 as of January 1, 2019, utilizing the modified retrospective method of transition for all leases existing at or commencing after the date of initial application. We recorded a $58 million cumulative adjustment to retained earnings as of January 1, 2017, the beginning of the retrospective reporting period, for the impact of the new accounting standard. The adjustments to retained earnings were driven principally by the derecognition of our existing assets constructed for others and construction obligation related to our Terminal 5 (T5) build-to-suit project at John F. Kennedy International Airport in New York.

We elected to use the package of transition provisions available for expired or existing contracts, which allowed us to carryforward our historical assessment of whether contracts are or contain leases, lease classification, and initial direct costs. Refer to Note 4 to our consolidated financial statements for more information.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other— Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. The update provides guidance for determining if a cloud computing arrangement is within the scope of internal-use software guidance, and would require capitalization of certain implementation costs. ASU 2018-15 is effective for annual reporting periods beginning after December 15, 2019, with early adoption permitted. We adopted the requirements of ASU 2018-15 on April 1, 2019 using the prospective transition method. The adoption of ASU 2018-15 did not have a material impact on our consolidated financial statements.

NOTE 2 Revenue Recognition

The Company categorizes the revenue received from contracts with its customers by revenue source as we believe it best depicts the nature, amount, timing, and uncertainty of our revenue and cash flow. The following table provides the revenue recognized by revenue source for the years ended December 31, 2019, 2018, and 2017 (in millions):

	2019	2018	2017
Passenger Revenue			
Passenger travel	$ 7,395	$ 7,061	$ 6,508
Loyalty revenue - air transportation	391	320	253
Other Revenue			
Loyalty revenue	201	168	140
Other revenue	107	109	111
TOTAL REVENUE	**$ 8,094**	**$ 7,658**	**$ 7,012**

For 2019, 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 the revenue recognized when TrueBlue points have been redeemed and the travel has occurred. The corresponding amounts for 2018 and 2017 have been reclassified to be comparable with the current year presentation. These reclassifications do not impact total passenger revenue.

Contract Liabilities

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

	December 31, 2019	December 31, 2018
Air traffic liability - passenger travel	$ 929	$ 892
Air traffic liability - loyalty program (air transportation)	661	580
Deferred revenue	10	10
TOTAL	**$ 1,600**	**$ 1,482**

During the years ended December 31, 2019 and 2018, we recognized passenger revenue of $878 million and $823 million respectively, that was included in passenger travel liability at the beginning of the respective periods.

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

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

The table below presents the activity of the current and non-current air traffic liability for our loyalty program, and includes points earned and sold to participating companies (in millions):

Balance at December 31, 2017	**$ 502**
TrueBlue® points redeemed	(320)
TrueBlue® points earned and sold	398
Balance at December 31, 2018	**580**
TrueBlue® points redeemed	(391)
TrueBlue® points earned and sold	472
Balance at December 31, 2019	**$ 661**

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

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

Long-term debt and finance lease obligations and the related weighted average interest rate at December 31, 2019 and 2018 consisted of the following (in millions):

	December 31, 2019		December 31, 2018	
Secured Debt				
Floating rate equipment notes, due through 2028[1]	$ 201	4.3%	$ 247	4.9%
Fixed rate enhanced equipment notes, due through 2023[2]	134	4.5%	152	4.5%
Fixed rate enhanced equipment notes:[3]				
Series AA, due through 2032	589	2.8%	—	—%
Series A, due through 2028	183	3.0%	—	—%
Fixed rate equipment notes, due through 2028[4]	1,113	4.2%	1,131	4.7%
Fixed rate specialty bonds, due through 2036[5]	43	4.9%	43	4.9%
Finance Leases[6]	89	4.8%	107	4.7%
Total Debt and Finance Lease Obligations	**2,352**		**1,680**	
Less: Current maturities	(344)		(309)	
Less: Debt acquisition cost	(18)		(10)	
LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS	**$ 1,990**		**$ 1,361**	

(1) Interest rates adjust quarterly or semi-annually based on LIBOR, plus a margin. In 2018, we issued $120 million in floating rate equipment notes due through 2028, which are secured by six Airbus A320 aircraft and one Airbus A321 aircraft.

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

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

(4) In 2019, we issued $219 million in fixed rate equipment notes due through 2027, which are secured by 10 Airbus A320 aircraft and two Airbus A321 aircraft. In 2018, we issued $567 million in fixed rate equipment notes due through 2028, which are secured by 14 Airbus A320 aircraft and 10 Airbus A321 aircraft.

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

(6) As of December 31, 2019 and 2018, four finance leased Airbus A320 aircraft and two finance leased Airbus A321 aircraft were included in property and equipment at a cost of $250 million and $253 million, respectively, with accumulated amortization of $80 million and $72 million, respectively. The future minimum lease payments under these non-cancelable leases are $35 million in 2020, $39 million in 2021, $9 million in 2022, $9 million in 2023, $5 million in 2024 and no payments in the years thereafter. Included in the future minimum lease payments is $8 million representing interest, resulting in a present value of finance leases of $89 million with a current portion of $31 million and a long-term portion of $58 million.

As of December 31, 2019, we believe we were in material compliance with all of our covenants in relation to our debt and lease agreements.

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

	Maturities
2020	$ 341
2021	340
2022	319
2023	298
2024	169
Thereafter	867

Aircraft, engines, and other equipment and facilities having a net book value of $4.3 billion at December 31, 2019 were pledged as security under various financing arrangements. Cash payments for interest related to debt and finance lease obligations, net of capitalized interest, aggregated $62 million, $59 million and $60 million in 2019, 2018, and 2017, respectively.

The carrying amounts and estimated fair values of our long-term debt, net of debt acquisition costs, at December 31, 2019 and 2018 were as follows (in millions):

	December 31, 2019		December 31, 2018	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Public Debt				
Fixed rate special facility bonds, due through 2036	$ 42	$ 46	$ 42	$ 44
Fixed rate enhanced equipment notes:				
Series AA, due through 2032	581	586	—	—
Series A, due through 2028	181	186	—	—
Non-Public Debt				
Fixed rate enhanced equipment notes, due through 2023	133	141	151	153
Floating rate equipment notes, due through 2028	201	207	245	245
Fixed rate equipment notes, due through 2028	1,107	1,201	1,125	1,135
TOTAL[(1)]	**$ 2,245**	**$ 2,367**	**$ 1,563**	**$ 1,577**

(1) Total excludes finance lease obligations of $89 million and $107 million at December 31, 2019 and 2018, respectively.

The estimated fair values of our publicly held long-term debt are classified as Level 2 in the fair value hierarchy. The fair values of our enhanced equipment notes and our special facility bonds were based on quoted market prices in markets with low trading volumes. The fair value of our non-public debt was estimated using a discounted cash flow analysis based on our borrowing rates for instruments with similar terms and therefore classified as Level 3 in the fair value hierarchy. The fair values of our other financial instruments approximate their carrying values. Refer to Note 14 to our consolidated financial statements for an explanation of the fair value hierarchy structure.

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

Short-term Borrowings

CITIBANK LINE OF CREDIT

In August 2019, we amended and restated our revolving Credit and Guaranty Agreement with Citibank, N.A. as the administrative agent. The amendment increased our borrowing capacity by $125 million to $550 million and extended the term of the facility through August 2023. Borrowings under the Credit and Guaranty Agreement bear interest at a variable rate equal to LIBOR, plus a margin. The Credit and Guaranty Agreement is secured by Slots at John F. Kennedy International Airport, LaGuardia Airport, and Reagan National Airport, as well as certain other assets. Slots are rights to take-off or land at a specific airport during a specific time period during the day and a means by which airport capacity and congestion can be managed. The Credit and Guaranty Agreement includes covenants that require us to maintain certain minimum balances in unrestricted cash, cash equivalents, and unused commitments available under revolving credit facilities. In addition, the covenants restrict our ability to, among other things, dispose of certain collateral, or merge, consolidate, or sell assets. As of and for the years ended December 31, 2019 and 2018, we did not have a balance outstanding or 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. This line of credit is secured by a portion of our investment securities held by Morgan Stanley and the amount available to us under this line of credit may vary accordingly. This line of credit bears interest at a floating rate based upon LIBOR, plus a margin. As of and for the years ended December 31, 2019 and 2018, we did not have a balance outstanding or borrowings under this line of credit.

NOTE 4 Leases

As discussed in Note 1 to our consolidated financial statements, we adopted ASU 2016-02, *Leases (Topic 842)* of the Codification, as of January 1, 2019. The new standard requires leases with durations greater than twelve months to be recognized on the balance sheet. Our 2018 and 2017 financial statements have been recast to reflect the retrospective application of the new standard.

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

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

The table below presents the lease-related assets and liabilities recorded on our consolidated balance sheets as of December 31, 2019 and 2018 (in millions):

		As of December 31,	
		2019	2018
Assets	**Classification on Balance Sheet**		
Operating lease assets	Operating lease assets	$ 912	$ 1,056
Finance lease assets	Property and equipment, net	171	181
Total lease assets		**$ 1,083**	**$ 1,237**
Liabilities	**Classification on Balance Sheet**		
Current:			
Operating lease liabilities	Current operating lease liabilities	$ 128	$ 133
Finance lease liabilities	Current maturities of long-term debt and finance lease obligations	31	18
Long-term:			
Operating lease liabilities	Long-term operating lease liabilities	690	798
Finance lease liabilities	Long-term debt and finance lease obligations	58	89
Total lease liabilities		**$ 907**	**$ 1,038**

	As of December 31,	
	2019	2018
Weighted Average Remaining Lease Term (in Years)		
Operating leases	11	11
Finance leases	3	4
Weighted Average Discount Rate		
Operating leases	5.95%	5.95%
Finance leases	4.75%	4.73%

Flight Equipment Leases

We operated a fleet of 259 aircraft as of December 31, 2019. Of our fleet, 41 aircraft were under operating leases and six aircraft were under finance leases. Our aircraft leases generally have long durations with remaining terms of one month to six years.

The majority of aircraft operating leases can be renewed at rates based on fair market value at the end of the lease term for one or two years. None of our aircraft operating leases have variable rent payments. We have purchase options for 41 of our aircraft leases at the end of their lease terms. These purchase options are at fair market value and have a one-time option during the term at fixed amounts that were expected to approximate the fair market value at lease inception.

Facility Leases

Our facility leases are primarily for space at the airports we serve. These leases are classified as operating leases and reflect our use of passenger terminal service facilities consisting of ticket counters, gate space, operations support area, and baggage service offices. We generally lease space directly or indirectly from the local airport authority on varying terms dependent on prevailing practices at each airport. The remaining terms of our airport leases vary from eight months to 15 years. Our leases at certain airports contain provisions for periodic adjustments of rental rates based on the operating costs of the airports or the frequency of use of the facilities. Because of the variable nature of the rates, these leases are not recorded as operating lease assets and operating lease liabilities on our consolidated balance sheets.

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

Other Ground and Property Equipment

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

Lease Costs

The table below presents certain information related to our lease costs during the years ended December 31, 2019, 2018, and 2017 (in millions):

		2019		2018		2017
Operating lease cost	$	180	$	185	$	180
Short-term lease cost		2		2		2
Finance lease cost:						
Amortization of assets		9		10		10
Interest on lease liabilities		3		3		4
Variable lease cost		391		379		358
Sublease income		(19)		(15)		(14)
TOTAL NET LEASE COST	**$**	**566**	**$**	**564**	**$**	**540**

Other Information

The table below presents supplemental cash flow information related to leases during the years ended December 31, 2019, 2018, and 2017 (in millions):

		2019		2018		2017
Cash paid for amounts included in the measurement of lease liabilities						
Operating cash flows for operating leases	$	136	$	151	$	150
Operating cash flows for finance leases		5		5		6
Financing cash flows for finance leases		17		17		16

Lease Commitments

The table below presents scheduled future minimum lease payments for operating and finance leases recorded on our consolidated balance sheets, as of December 31, 2019 (in millions):

	As of December 31, 2019	
	Operating Leases	Finance Leases
2020	$ 128	$ 35
2021	122	39
2022	114	9
2023	104	9
2024	95	5
Thereafter	565	—
Total minimum lease payments	1,128	97
Less: amount of lease payment representing interest	(310)	(8)
Present value of future minimum lease payment	818	89
Less: current obligations under leases	(128)	(31)
LONG-TERM LEASE OBLIGATIONS	**$ 690**	**$ 58**

We did not have any lease commitments that have not yet commenced as of December 31, 2019.

NOTE 5 JFK Terminal 5

We operate out of T5 at JFK and our occupancy is governed by various lease agreements with the PANYNJ. Under the terms of the facility lease agreement, we were responsible for the construction of the 635,000 square foot 26-gate terminal, a parking garage, roadways, and an AirTrain Connector, all of which are owned by the PANYNJ and collectively referred to as the T5 Project. In 2014, we completed construction of an international arrivals facility and additional gates, T5i. T5i includes six international arrival gates comprised of three new gates and three converted gates from T5, as well as an international arrivals hall with full U.S. Customs and Border Protection services.

We executed an extension to the original T5 lease in 2013. The lease, as amended, now incorporates a total of approximately 19 acres of space for our T5 facilities and ends on the 28th anniversary of the date of beneficial occupancy of T5i. We have the option to terminate the agreement in 2033, five years prior to the end of the original scheduled lease term of October 2038. We are responsible for various payments under the leases, including ground and facility rents which are reflected in the future minimum lease payments table in Note 4 to our consolidated financial statements. The facility rents are based upon the number of passengers enplaned out of the terminal, subject to annual minimums.

We were previously considered the owner of the T5 Project for financial reporting purposes and were required to reflect an asset for costs incurred on our consolidated balance sheets since construction commenced in 2005. The total costs incurred for elements of the T5 Project were $637 million, of which $561 million was classified as Assets Constructed for Others and the remaining $76 million was classified as leasehold improvements on our consolidated balance sheets as of December 31, 2018. The PANYNJ has reimbursed us for the amounts included in Assets Constructed for Others. These reimbursements and related interest were reflected as Construction Obligation on our consolidated balance sheets. When the facility rents were paid, they were treated as a debt service on the Construction Obligation, with the portion not relating to interest reducing the principal balance. The balance classified as Construction Obligation was $424 million as of December 31, 2018. The T5 Project was derecognized from our consolidated balance sheets upon the adoption of ASC 842, *Leases*, on January 1, 2019. Following the derecognition of these assets and liabilities, we recognized a ROU asset and lease liability representing the fixed component of the lease payments.

Our construction of T5i is accounted for at cost with no financing obligation. Total expenditures relating to T5i were approximately $207 million, all of which were incurred prior to 2016 and are classified as leasehold improvements in our consolidated balance sheets.

NOTE 6 Stockholders' Equity

On September 10, 2015, our Board of Directors approved a share repurchase program of up to $250 million worth of JetBlue common stock over a three year period beginning in January 2016. On December 7, 2016, the Board approved certain changes to our share repurchase program, or the 2016 Authorization, to increase the aggregate authorization to $500 million worth of common stock, and to extend the term of the program through December 2019. The 2016 Authorization was completed in 2017.

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

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

Our share repurchase programs include authorization for repurchases in open market transactions pursuant to Rules 10b-18 and/or 10b5-1 of the Exchange Act, and/or one or more privately-negotiated accelerated stock repurchase transactions.

In 2017, we entered into three separate ASR agreements for a sum of $380 million. A total of 18.7 million shares were repurchased under these ASR agreements with an average price paid per share of $20.36.

In 2018, we entered into three separate ASR agreements for a sum of $375 million. A total of 19.1 million shares were repurchased under these ASR agreements with an average price paid per share of $19.60.

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

The total shares purchased by JetBlue under each of the ASRs in 2019, 2018, and 2017 were based on the volume weighted average prices of JetBlue's common stock during the terms of the respective agreements.

As of December 31, 2019, we had a total of 18.3 million shares of our common stock reserved for issuance. These shares are primarily related to our equity incentive plans. Refer to Note 8 to our consolidated financial statements for further details on our share-based compensation.

As of December 31, 2019, we had a total of 144.6 million shares of treasury stock.

NOTE 7 Earnings Per Share

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

		2019		2018		2017
Net Income(1)	**$**	**569**	**$**	**189**	**$**	**1,140**
Weighted Average Basic Shares		**296.6**		**312.9**		**328.7**
Effect of dilutive securities		1.8		1.6		1.7
Weighted average diluted shares		**298.4**		**314.5**		**330.4**
Earnings Per Common Share						
Basic	$	1.92	$	0.60	$	3.47
Diluted	$	1.91	$	0.60	$	3.45

(1) *As discussed in Note 1 to our consolidated financial statements, we adopted ASC 842, Leases, as of January 1, 2019. The adoption of this standard increased previously reported net income by approximately $1 million for 2018, and $15 million or $0.04 per diluted share for 2017. It did not have a material impact on our earnings per diluted share in 2018.*

As discussed in Note 6 to our consolidated financial statements, JetBlue entered into various ASR agreements in 2019, 2018, and 2017 and purchased approximately 28.1 million, 19.1 million, and 18.7 million shares, respectively, for $535 million, $375 million, and $380 million, respectively. The number of shares repurchased are based on the volume weighted average prices of JetBlue's common stock during the term of the ASR agreements.

NOTE 8 Share-Based Compensation

We have various equity incentive plans under which we have granted stock awards to our eligible crewmembers and members of our Board of Directors. These include the JetBlue Airways Corporation Restated and Amended 2002 Stock Incentive Plan, or 2002 Plan, which was replaced by the JetBlue Airways Corporation 2011 Incentive Compensation Plan, or 2011 Plan. We additionally have a Crewmember Stock Purchase Plan, or CSPP, that is available to all eligible crewmembers. Both the 2011 Plan and CSPP were amended in 2015 by shareholders at our annual meeting.

Unrecognized stock-based compensation expense, which was approximately $25.3 million as of December 31, 2019, related to a total of 2.5 million unvested restricted stock units, or RSUs, performance stock units, or PSUs, and deferred stock units, or DSUs, under our 2011 Plan. We expect to recognize this stock-based compensation expense over a weighted average period of approximately two years.

The total stock-based compensation expense for the years ended December 31, 2019, 2018, and 2017 was $31 million, $28 million, and $29 million, respectively.

2011 Incentive Compensation Plan

At our Annual Shareholders Meeting held on May 26, 2011, our shareholders approved the JetBlue Airways Corporation 2011 Incentive Compensation Plan. Upon inception, the 2011 Plan had 15.0 million shares of our common stock reserved for issuance. The 2011 Plan, by its terms, will terminate no later than May 2021. RSUs vest in annual installments over three years which can be accelerated upon the occurrence of a change in control. Under this plan, we grant RSUs to certain crewmembers. Our policy is to grant RSUs based on the market price of the underlying common stock on the date of grant. Under this plan, we grant DSUs to members of our Board of Directors, and PSUs to certain members of our executive leadership team.

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

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

RESTRICTED STOCK UNITS

The following is a summary of RSU activity under the 2011 Plan for the year ended December 31, 2019 (in millions except per share data):

	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of year	1.7	$ 20.59
Granted	1.3	17.27
Vested	(0.9)	20.29
Forfeited	(0.1)	18.99
NONVESTED AT END OF YEAR	**2.0**	**18.59**

The total intrinsic value, determined as of the date of vesting, for all RSUs that vested during the year ended December 31, 2019, 2018 and 2017 was $15 million, $16 million and $20 million, respectively. The weighted average grant-date fair value of share awards during the years ended December 31, 2019, 2018 and 2017 was $17.27, $20.62, and $19.76, respectively.

The vesting period for DSUs under the 2011 Plan is either one or three years of service. Once vested, shares are issued six months and one day following a Director's departure from our Board of Directors. During the years ended December 31, 2019, 2018, and 2017, we granted a nominal amount of DSUs, almost all of which remain outstanding at December 31, 2019. In 2019, 2018, and 2017, we granted a nominal amount of PSUs to members of our executive leadership team, payment of which are based upon achievements of certain performance criteria.

Crewmember Stock Purchase Plan

In May 2011, our shareholders approved the 2011 Crewmember Stock Purchase Plan, or the CSPP. At inception, the CSPP had 8 million shares of our common stock reserved for issuance. The CSPP, by its terms, will terminate no later than the last business day of April 2021.

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

The CSPP has a series of six month offering periods, with a new offering period beginning on the first business day of May and November each year. Crewmembers can enroll in CSPP nearly year-round, with the exception of specific blackout dates.

Crewmembers may contribute up to 10% of their pay towards the purchase of common stock via payroll deductions. Purchase dates occur on the last business day of April and October each year. The purchase price is the stock price on the purchase date, less a 15% discount. The compensation cost relating to the discount is recognized over the offering period. The total expense recognized relating to the CSPP for the years ended December 31, 2019, 2018, and 2017 was approximately $9 million, $9 million and $8 million, respectively. Under this plan, crewmembers purchased 3.2 million, 3.2 million, and 2.5 million new shares for the years ended December 31, 2019, 2018, and 2017, respectively, at weighted average prices of $16.06, $15.21, and $17.46 per share, respectively.

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

Taxation

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

Note 9 Income Taxes

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

	2019	2018	2017
Deferred:			
Federal	$ 119	$ 82	$ (356)
State	20	7	24
Foreign	—	1	23
Deferred income tax expense (benefit)	139	90	(309)
Current:			
Federal	36	(61)	94
State	19	(5)	18
Foreign	5	6	(25)
Current income tax expense (benefit)	60	(60)	87
TOTAL INCOME TAX EXPENSE (BENEFIT)	**$ 199**	**$ 30**	**$ (222)**

The Tax Cuts and Jobs Act, or The Act, was enacted on December 22, 2017. The Act made significant changes to the federal tax code, including a reduction in the federal corporate statutory tax rate from 35% to 21%. At December 31, 2017, the Company was able to make a reasonable estimate of the tax effects of enactment of The Act as written, on the existing deferred tax balances. As a result of these estimates, the Company recognized a provisional benefit in the amount of $551 million. During 2018, the Company continued to refine the calculations as we gained a more thorough understanding of The Act, including those related to the deductibility of purchased assets, state tax treatment, deferred revenue, as well as changes in interpretations of The Act and additional regulatory guidance that was issued. The calculations of measurement period adjustments of $28 million were completed by December 22, 2018. As discussed in Note 1 to our consolidated financial statements, we adopted the requirements of ASU 2016-02, *Leases (Topic 842)* of the Codification as of January 1, 2019 utilizing the modified retrospective method of transition, which recast amounts previously reported for 2018 and 2017. This adoption also increased our previously reported benefit from the enactment of The Act from $551 million to $564 million for 2017.

The effective tax rate on income before income taxes differed from the federal income tax statutory rate for the years ended December 31 for the following reasons (in millions):

	2019	2018	2017
Income tax expense at statutory rate	$ 161	$ 45	$ 322
State income tax, net of federal benefit	31	8	28
Adjustment of net deferred tax liability from enacted tax rate change	—	(28)	(564)
Nondeductible expenses	8	5	3
Foreign rate differential	(3)	(2)	(7)
Other, net	2	2	(4)
TOTAL INCOME TAX EXPENSE (BENEFIT)	**$ 199**	**$ 30**	**$ (222)**

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

	2019	2018
Deferred Tax Assets:		
Deferred revenue/gains	$ 127	$ 106
Employee benefits	47	35
Foreign tax credit	42	32
Net operating loss carryforward	31	28
Operating lease liabilities	212	241
Rent expense	17	20
Total deferred tax assets	476	462
Valuation allowance	(31)	(21)
Deferred tax assets, net	445	441
Deferred Tax Liabilities:		
Accelerated depreciation	(1,423)	(1,270)
Operating lease assets	(236)	(266)
Other	(37)	(17)
Total deferred tax liabilities	(1,696)	(1,553)
NET DEFERRED TAX LIABILITY	**$ (1,251)**	**$ (1,112)**

We have a U.S. foreign tax credit carryforward of $3 million which expires in 2028.

In evaluating the realizability of the deferred tax assets, we assess whether it is more likely than not that some portion, or all, of the deferred tax assets, will be realized. We consider, among other things, the generation of future taxable income (including reversals of deferred tax liabilities) during the periods in which the related temporary differences will become deductible. At December 31, 2019, we provided a $31 million valuation allowance to reduce the deferred tax assets to an amount that we consider is more likely than not to be realized. The $10 million net change in our valuation allowance during 2019 relates to foreign NOL carryforwards.

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

	2019	2018	2017
Unrecognized Tax Benefits at January 1,	**$ 33**	**$ 31**	**$ 26**
Increases for tax positions taken during a prior period	—	—	2
Increases for tax positions taken during the period	6	5	6
Decreases for tax positions taken during a prior period	(3)	(3)	(3)
UNRECOGNIZED TAX BENEFITS DECEMBER 31,	**$ 36**	**$ 33**	**$ 31**

Interest and penalties accrued on unrecognized tax benefits were not significant. If recognized, $15 million of the unrecognized tax benefits as of December 31, 2019 would impact our effective tax rate. We do not expect any significant change in the amount of the unrecognized tax benefits within the next twelve months. As a result of net operating losses and statute of limitations in our major tax jurisdictions, years 2004 through 2018 remain subject to examination by the relevant tax authorities.

NOTE 10 Crewmember Retirement Plan

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

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

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

Effective August 1, 2018, pilots receive a non-elective Company contribution of 15% of eligible pilot compensation per the terms of the finalized collective bargaining agreement between JetBlue and the Air Line Pilots Association, or ALPA, in lieu of the above 401(k) Company matching contribution, *Retirement Plus*, and *Retirement Advantage* contributions. Refer to Note 11 to our consolidated financial statements for additional information. The Company's non-elective contribution of 15% of eligible pilot compensation vests after three years of service.

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

Total 401(k) company match, *Retirement Plus*, *Retirement Advantage*, pilot retirement contribution, and profit sharing expensed for the years ended December 31, 2019, 2018, and 2017 were $196 million, $172 million, and $182 million, respectively.

NOTE 11 Commitments

Flight Equipment Commitments

As of December 31, 2019, our firm aircraft orders consisted of 79 Airbus A321neo aircraft and 70 Airbus A220 aircraft, all scheduled for delivery through 2026. Committed expenditures for these aircraft and related flight equipment, including estimated amounts for contractual price escalations and predelivery deposits, is approximately $1.1 billion in 2020, $1.5 billion in 2021, $1.3 billion in 2022, $1.7 billion in 2023, $1.6 billion in 2024 and $0.6 billion thereafter. We are scheduled to receive 14 new Airbus A321neo aircraft in 2020.

The amount of committed expenditures stated above represents the current delivery schedule set forth in our Airbus order book as of December 31, 2019. In October 2018 and May 2019, we received notice from Airbus of anticipated delivery delays of the A321neo aircraft. Due to these delays, we only took delivery of six A321neo aircraft in 2019 with the remaining seven to be delivered beyond their contractual delivery year. The committed expenditures for these seven backlogged A321 neo aircraft are not included in the amounts above due to uncertainties in the timing of these deliveries. We expect a delivery of a maximum of 11 Airbus A321neo aircraft in 2020 as a result of the delays.

In October 2019, the Office of the U.S. Trade Representative announced a 10% tariff on new commercial aircraft and related parts imported from certain European Union member states, which include aircraft and other parts we are already contractually obligated to purchase, including those noted above. In February 2020, the U.S. Trade Representative announced an increase in the tariff to 15% which will become effective in March 2020. We are working with our business partners, including Airbus, to evaluate the potential financial and operational impact of these announcements on our future aircraft deliveries. The imposition of the tariff could substantially increase the cost of new Airbus aircraft and parts.

Other Commitments

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

As of December 31, 2019, we had approximately $34 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.

In April 2014, ALPA was certified by the National Mediation Board, or NMB, as the representative body for JetBlue pilots after winning a representation election. We reached a final agreement for our first collective bargaining agreement which was ratified by the pilots in July 2018. The agreement is a four-year, renewable contract, which became effective August 1, 2018 and included compensation, benefits, work rules, and other policies.

In April 2018, JetBlue inflight crewmembers elected to be solely represented by the Transport Workers Union of America, or TWU. The NMB certified the TWU as the representative body for JetBlue inflight crewmembers and we are working with the TWU to reach a collective bargaining agreement.

As of December 31, 2019, approximately 47 percent of our full-time equivalent crewmembers were represented by unions.

Except as noted above, our crewmembers do not have third party representation.

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.

NOTE 12 Contingencies

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

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

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

Under both aircraft leases with foreign lessors and aircraft mortgages with foreign lenders, we have agreed to customary indemnities concerning withholding tax law changes. Under these contracts we are responsible, should withholding taxes be imposed, for paying such amount of additional rent or interest as is necessary to ensure that the lessor or lender still receives, after taxes, the rent stipulated in the lease or the interest stipulated under the loan. The term of these indemnities matches the length of the related lease or loan up to 20 years.

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

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

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

Under a certain number of our operating lease agreements we are required to restore certain property or equipment to its original form upon expiration of the related agreement. We have recorded the estimated fair value of these retirement obligations of approximately $5 million as of December 31, 2019. This liability may increase over time.

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.

NOTE 13 Financial Derivative Instruments and Risk Management

As part of our risk management techniques, we periodically purchase over the counter energy derivative instruments and enter into fixed forward price agreements, or FFPs, 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 volatility in average fuel prices. We also periodically enter into jet fuel basis swaps for the differential between heating oil and jet fuel, to further limit the variability in fuel prices at various locations. 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 Codification which allows for gains and losses on the effective portion of qualifying hedges to be deferred until the underlying planned jet 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 aircraft fuel hedging derivative gains and losses is recognized in aircraft fuel expense in the period 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. ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities,* eliminated the requirement for companies to separately measure and record ineffectiveness after initial qualification. If a hedge does not qualify for hedge accounting, the periodic changes in its fair value are 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.

Our current approach to fuel hedging is to enter into hedges on a discretionary basis without a specific target of hedge percentage needs. 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 hedge percentages of our projected 2020 fuel usage by quarter as of December 31, 2019, related to our outstanding fuel hedging contracts that were designated as cash flow hedges for accounting purposes.

	Jet fuel call option spread agreements	Total
First Quarter 2020	20%	20%
Second Quarter 2020	19%	19%
Third Quarter 2020	—%	—%
Fourth Quarter 2020	—%	—%

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):

	As of December 31, 2019	As of December 31, 2018
Fuel Derivatives		
Asset fair value recorded in prepaid expenses and other[1]	$ 8	$ —
Longest remaining term (months)	6	6
Hedged volume (barrels, in thousands)	2,112	756
Estimated amount of existing (gains) losses expected to be reclassified into earnings in the next 12 months	$ (2)	$ 4

	Year Ended December 31,		
	2019	2018	2017
FUEL DERIVATIVES			
Hedge effectiveness (gains) losses recognized in aircraft fuel expense	$ 5	$ 2	$ (15)
Hedge (gains) losses on derivatives recognized in comprehensive income	$ (1)	$ 6	$ 6
Percentage of actual consumption economically hedged	6%	4%	10%

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

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

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

There were no offsetting derivative instruments as of December 31, 2019 and 2018.

NOTE 14 Fair Value

Under the *Fair Value Measurements and Disclosures* topic of 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 quoted prices in active markets for identical assets or liabilities;

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

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

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

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

	As of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 611	$ 30	$ —	$ 641
Available-for-sale investment securities	—	351	—	351
Aircraft fuel derivatives	—	8	—	8

	As of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 198	$ —	$ —	$ 198
Available-for-sale investment securities	39	197	—	236
Aircraft fuel derivatives	—	—	—	—

The carrying values of all other financial instruments approximated their fair values at December 31, 2019 and 2018. Refer to Note 3 to our consolidated financial statements for fair value information related to our outstanding debt obligations as of December 31, 2019 and 2018.

Cash equivalents

Our cash equivalents include money market securities, commercial paper, and time deposits which are readily convertible into cash, have maturities of 90 days or less when purchased, and are considered to be highly liquid and easily tradable. The money market securities are valued using inputs observable in active markets for identical securities and are therefore classified as Level 1 within our fair value hierarchy. The fair values of remaining instruments are based on observable inputs in non-active markets, which are therefore classified as Level 2 in the hierarchy.

Available-for-sale investment securities

Our available-for-sale investment securities include investments such as time deposits, U.S. treasury bills, commercial paper, and convertible debt securities. The U.S. treasury bills are valued using inputs observable in active markets for identical securities and are therefore classified as Level 1 within the fair value hierarchy. The fair values of remaining instruments are based on observable inputs in non-active markets, which are therefore classified as Level 2 in the hierarchy. We did not record any material gains or losses on these securities during the years ended December 31, 2019, 2018, and 2017.

Aircraft fuel derivatives

Our aircraft fuel derivatives include call option spreads and call 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 quantitative models and processes to generate forward curves and volatilities related to the specific terms of the underlying hedge contracts.

NOTE 15 Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss) includes changes in fair value of our aircraft fuel derivatives which qualify for hedge accounting. A rollforward of the amounts included in accumulated other comprehensive income (loss), net of taxes for the years ended December 31, 2019, 2018, and 2017 is as follows (in millions):

	Aircraft Fuel Derivatives[1]	Total
Balance of Accumulated Income, at December 31, 2016	**$ 13**	**$ 13**
Reclassifications into earnings, net of tax benefit of $6	(9)	(9)
Change in fair value, net of tax benefit of $2	(4)	(4)
Balance of Accumulated Income, at December 31, 2017	**—**	**—**
Reclassifications into earnings, net of tax benefit of $0	1	1
Change in fair value, net of tax benefit of $2	(4)	(4)
Balance of Accumulated (Losses), at December 31, 2018	**(3)**	**(3)**
Reclassifications into earnings, net of tax (expense) of $(1)	4	4
Change in fair value, net of tax benefit of $0	1	1
Balance of accumulated income, at December 31, 2019	**$ 2**	**$ 2**

(1) Reclassified to aircraft fuel expense.

NOTE 16 Geographic Information

Under the *Segment Reporting* topic of the Codification, disclosures are required for operating segments that are regularly reviewed by chief operating decision makers. Air transportation services accounted for substantially all of the Company's operations in 2019, 2018 and 2017.

Operating revenues are allocated to geographic regions, as defined by the Department of Transportation, or DOT, based upon the origination and destination of each flight segment.

As of December 31, 2019, we served 31 locations in the Caribbean and Latin American region, or Latin America as defined by the DOT. However, our management includes our three destinations in Puerto Rico and one destination in the U.S. Virgin Islands in our Caribbean and Latin America allocation of revenues. Therefore, we have reflected these locations within the Caribbean and Latin America region in the table below. Operating revenues by geographic regions for the years ended December 31 are summarized below (in millions):

	2019	2018	2017
Domestic	$ 5,633	$ 5,386	$ 4,999
Caribbean & Latin America	2,461	2,272	2,013
TOTAL	**$ 8,094**	**$ 7,658**	**$ 7,012**

Our tangible assets primarily consist of our fleet of aircraft, which is deployed systemwide, with no individual aircraft dedicated to any specific route or region; therefore our assets do not require any allocation to a geographic area.

NOTE 17 Quarterly Financial Data (Unaudited)

Quarterly results of operations for the years ended December 31, 2019 and 2018 are summarized below (in millions, except per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2019				
Operating revenues	$ 1,871	$ 2,105	$ 2,086	$ 2,031
Operating income(1)(2)	76	250	247	227
Net income(1)(2)	42	179	187	161
Basic earnings per share	$ 0.14	$ 0.60	$ 0.63	$ 0.56
Diluted earnings per share(1)(2)	$ 0.14	$ 0.59	$ 0.63	$ 0.56
2018				
Operating revenues	$ 1,754	$ 1,928	$ 2,008	$ 1,968
Operating income(3)	125	(152)	78	216
Net income(3)(4)	90	(121)	50	170
Basic earnings per share	$ 0.28	$ (0.39)	$ 0.16	$ 0.55
Diluted earnings per share(3)(4)	$ 0.28	$ (0.39)	$ 0.16	$ 0.55

(1) *Our 2019 reported results include special items related to the Embraer E190 fleet transition and the ratification of our pilots' collective bargaining agreement. We recorded special items of $12 million or ($0.02) per diluted share in the first quarter and $2 million or ($0.01) per diluted share in the second quarter of 2019. See Note 18 to our consolidated financial statements for details.*

(2) *During the third quarter of 2019, we recorded a gain of $15 million, or $0.04 per diluted share, on one of our equity method investments related to its fair value measurement upon the closing of a subsequent financing round.*

(3) *Our 2018 reported results include special items related to the Embraer E190 fleet transition and the ratification of our pilots' collective bargaining agreement. We recorded special items of $319 million or ($0.76) per diluted share in the second quarter, $112 million or ($0.27) per diluted share in the third quarter, and $4 million or ($0.01) per diluted shares in the fourth quarter of 2018. See Note 18 to our consolidated financial statements for details.*

(4) *Our 2018 reported results include tax benefits related to the enactment of the Tax Cuts and Jobs Act. We recorded benefits of $7 million or $0.02 per diluted share in the first quarter, $4 million or $0.01 per diluted share in the third quarter, and $17 million or $0.06 per diluted share in the fourth quarter of 2018.*

The sum of the quarterly results may not equal the annual amount reported due to immaterial rounding differences.

The sum of the quarterly earnings per share amounts does not equal the annual amount reported since per share amounts are computed independently for each quarter and for the full year based on respective weighted average common shares outstanding and other dilutive potential common shares.

NOTE 18 Special Items

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

	Year Ended December 31,		
	2019	2018	2017
Special Items			
Embraer E190 fleet transition costs(1)	$ 6	$ 362	$ —
Union contract costs(2)	8	73	—
TOTAL	**$ 14**	**$ 435**	**$ —**

(1) *In July 2018, we announced our decision to exit the Embraer E190 fleet and order 60 Airbus A220-300 aircraft, formerly known as the Bombardier CS300, for expected deliveries beginning in 2020 with the option for 60 additional aircraft. For the year ended December 31, 2018, fleet transition costs include a $319 million impairment charge of flight equipment and other property and equipment related to our fleet review and certain termination costs associated with the transition. We assessed our Embraer E190 asset group by comparing projected undiscounted cash flows over the remaining time period we expect to utilize the aircraft to the book value of the asset group and determined the book value was in excess of the cash flows. We estimated the fair value of our Embraer E190 asset group using third party valuations and considering specific circumstances of our fleet such as aircraft age, maintenance requirements and condition, and therefore classified as Level 3 in the fair value hierarchy. We reassessed our Embraer E190 assets and adjusted the depreciable lives and salvage value to align with our expected transition dates to the Airbus A220-300 through 2025.*

Fleet transition costs for the year ended December 31, 2019 include certain contract termination costs associated with the transition.

(2) *In April 2014, ALPA was certified by NMB as the representative body for JetBlue pilots after winning a representation election. We reached a final agreement for our first collective bargaining agreement which was ratified by the pilots in July 2018. The agreement is a four-year renewable contract, which became effective August 1, 2018 and included changes to compensation, benefits, work rules, and other policies. For the year ended December 31, 2018, contract costs include the one-time $50 million ratification bonus and other negotiated contractual provisions related to our pilots' collective bargaining agreement. Union contract costs for the year ended December 31, 2019 include various one-time costs incurred to implement the provisions of the collective bargaining agreement into our IT systems.*

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer, or CEO, and our Chief Financial Officer, or CFO, to allow timely decisions regarding required disclosure. Management, with the participation of our CEO and CFO, performed an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2019. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2019.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) or Rule 15d-15(f) under the Exchange Act). Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2019 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external reporting purposes in accordance with GAAP.

Ernst & Young LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, audited the effectiveness of our internal control over financial reporting as of December 31, 2019. Ernst & Young LLP has issued their report which is included elsewhere herein.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our controls performed during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B OTHER INFORMATION

None.

PART III

ITEM 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Code of Ethics

We adopted a Code of Ethics within the meaning of Item 406(b) of SEC Regulation S-K. This Code of Ethics applies to our principal executive officer, principal financial officer, and principal accounting officer. This Code of Ethics is publicly available on our website at *http://investor.jetblue.com*. If we make substantive amendments to this Code of Ethics or grant any waiver, including any implicit waiver, we will disclose the nature of such amendment or waiver on our website or in a report on Form 8-K within four days of such amendment or waiver.

Executive Officers of the Registrant

Certain information concerning JetBlue's executive officers as of the date of this Report follows. There are no family relationships between any of our executive officers.

Robin Hayes, age 53, is our Chief Executive Officer. He was promoted to Chief Executive Officer on February 16, 2015 and served as our President from January 2014 to May 2018. He joined JetBlue as its Chief Commercial Officer in 2008, after nineteen years at British Airways. In his last role at British Airways, Mr. Hayes served as Executive Vice President for The Americas and before that he served in a number of operational and commercial positions in the UK and Germany.

Joanna Geraghty, age 47, is our President and Chief Operating Officer. She was appointed to the position in May 2018. Ms. Geraghty joined JetBlue in 2005 and was most recently our Executive Vice President Customer Experience from 2015 to 2018. She served as Executive Vice President Chief People Officer from 2010 to 2014 and was previously the airline's Vice President and Associate General Counsel and Director of Litigation and Regulatory Affairs.

Steve Priest, age 49, is our Chief Financial Officer, a position he has held since February 2017. Mr. Priest joined JetBlue in August 2015 as our Vice President Structural Programs. Prior to JetBlue, he worked at British Airways from 1996 to 2015 where he served as Senior Vice President of the carrier's North Atlantic joint venture business with American Airlines, Iberia, and Finnair, as well as several other leadership roles.

Brandon Nelson, age 45, is our General Counsel and Corporate Secretary. He was appointed to the position in November 2018. Mr. Nelson joined JetBlue in 2005 and previously served as Director, Corporate Counsel and Assistant Secretary before being promoted in 2009 to Vice President, Associate General Counsel. Prior to JetBlue, Mr. Nelson practiced corporate and business litigation law at firms in California and New York, including Shearman & Sterling LLP.

Eash Sundaram, age 48, is our Chief Digital & Technology Officer. Mr. Sundaram joined JetBlue in March 2012 as our Chief Information Officer. Prior to joining JetBlue, Mr. Sundaram served as the Chief Information Officer at Pall Corporation and has also held various leadership positions in the Healthcare and Supply Chain Management industries.

Alexander Chatkewitz, age 55, is our Vice President and Chief Accounting Officer, a position he has held since December 2014. Prior to joining JetBlue, Mr. Chatkewitz worked at Philip Morris International, where he served as Vice President & Controller - Financial Reporting & Accounting Research since 2008. Prior to Phillip Morris, he served for a decade as Altria Group's Vice President Assistant Controller - Financial Reporting & Consolidations. Mr. Chatkewitz also held positions at Marsh & McLennan Companies as well as the audit practice of Deloitte & Touche.

The other information required by this Item will be included in and is incorporated herein by reference from our definitive proxy statement for our 2020 Annual Meeting of Stockholders to be filed with the SEC pursuant to Regulation 14A within 120 days after the end of our 2019 fiscal year, or our 2020 Proxy Statement.

ITEM 11 EXECUTIVE COMPENSATION

The information required by this Item will be included in and is incorporated herein by reference from our 2020 Proxy Statement.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The table below provides information relating to our equity compensation plans, including individual compensation arrangements, under which our common stock is authorized for issuance as of December 31, 2019, as adjusted for stock splits:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	3,060,375	$ 17.60	15,191,355
Equity compensation plans not approved by security holders	—	—	—
TOTAL	**3,060,375**	**$ 17.60**	**15,191,355**

Refer to Note 8 to our consolidated financial statements for further information regarding the material features of the above plans.

Other information required by this Item will be included in and is incorporated herein by reference from our 2020 Proxy Statement.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be included in and is incorporated herein by reference from our 2020 Proxy Statement.

ITEM 14 PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item will be included in and is incorporated herein by reference from our 2020 Proxy Statement.

PART IV

ITEM 15 EXHIBITS, FINANCIAL STATEMENT SCHEDULES

1.	Financial statements:
	Reports of Independent Registered Public Accounting Firm
	Consolidated Balance Sheets — December 31, 2019 and December 31, 2018
	Consolidated Statements of Operations — For the years ended December 31, 2019, 2018 and 2017
	Consolidated Statements of Comprehensive Income — For the years ended December 31, 2019, 2018 and 2017
	Consolidated Statements of Cash Flows — For the years ended December 31, 2019, 2018 and 2017
	Consolidated Statements of Stockholders' Equity — For the years ended December 31, 2019, 2018 and 2017
	Notes to Consolidated Financial Statements
2.	Financial Statement Schedules:
	Schedule II — Valuation of Qualifying Accounts and Reserves
	All other schedules have been omitted because they are inapplicable, not required, or the information is included elsewhere in the consolidated financial statements or notes thereto.
3.	Exhibits: See accompanying Exhibit Index included after the signature page of this Report for a list of the exhibits filed or furnished with or incorporated by reference in this Report.

ITEM 16 FORM 10-K SUMMARY

Omitted.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

JETBLUE AIRWAYS CORPORATION
(Registrant)

By: /s/ Alexander Chatkewitz

Date: February 18, 2020

Vice President, Controller, and Chief Accounting Officer (Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Brandon Nelson his or her attorney-in-fact with power of substitution for him or her in any and all capacities, to sign any amendments, supplements or other documents relating to this Annual Report on Form 10-K which he or she deems necessary or appropriate, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that such attorney-in-fact or their substitute may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated (and, as indicated with an asterisk, representing at least a majority of the members of the Board of Directors).

Signature	Capacity	Date
/S/ ROBIN HAYES Robin Hayes	Chief Executive Officer and Director (Principal Executive Officer)	February 18, 2020
/S/ STEVE PRIEST Steve Priest	Chief Financial Officer (Principal Financial Officer)	February 18, 2020
/S/ ALEXANDER CHATKEWITZ Alexander Chatkewitz	Vice President, Controller, and Chief Accounting Officer (Principal Accounting Officer)	February 18, 2020
/S/ B. BEN BALDANZA B. Ben Baldanza*	Director	February 18, 2020
/S/ PETER BONEPARTH Peter Boneparth*	Director	February 18, 2020
/S/ VIRGINIA GAMBALE Virginia Gambale*	Director	February 18, 2020
/S/ STEPHAN GEMKOW Stephan Gemkow*	Director	February 18, 2020
/S/ ELLEN JEWETT Ellen Jewett*	Director	February 18, 2020
/S/ TERI P. MCCLURE Teri P. McClure*	Director	February 18, 2020
/S/ SARAH ROBB O'HAGAN Sarah Robb O'Hagan*	Director	February 18, 2020
/S/ JOEL PETERSON Joel Peterson*	Director	February 18, 2020
/S/ VIVEK SHARMA Vivek Sharma*	Director	February 18, 2020
/S/ FRANK SICA Frank Sica*	Director	February 18, 2020
/S/ THOMAS WINKELMANN Thomas Winkelmann*	Director	February 18, 2020

Exhibit Index	
2.1	Membership Interest Purchase Agreement among Harris Corporation and Thales Avionics In-Flight Systems, LLC and In-Flight Liquidating, LLC and Glenn S. Latta and Jeffrey A. Frisco and Andreas de Greef and JetBlue Airways Corporation, dated as of September 9, 2002 relating to the interests in LiveTV, LLC—incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K dated September 27, 2002 (File No. 000-49728).
2.1(a)	Purchase agreement between JetBlue Airways Corporation and Thales Avionics, Inc., dated as of March 13, 2014—incorporated by reference to Exhibit 2.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014.
2.1(b)	Amended and Restated Purchase Agreement between JetBlue Airways Corporation and Thales Holding Corporation, dated June 10, 2014—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.
3.1	Amended and Restated Certificate of Incorporation of JetBlue Airways Corporation—incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated May 20, 2016 (File No. 000-49728).
3.2	Amended and Restated Bylaws of JetBlue Airways Corporation—incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated January 8, 2018.
3.3	Certificate of Designation of Series A Participating Preferred Stock dated April 1, 2002—incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K dated July 10, 2003 (File No. 000-49728).
4.1	Specimen Stock Certificate—incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1, as amended (File No. 333-82576).
4.2	Amended and Restated Registration Rights Agreement, dated as of August 10, 2000, by and among JetBlue Airways Corporation and the Stockholders named therein—incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-1, as amended (File No. 333-82576).
4.2(a)	Amendment No. 1, dated as of June 30, 2003, to Amended and Restated Registration Rights Agreement, dated as of August 10, 2000, by and among JetBlue Airways Corporation and the Stockholders named therein—incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-3, filed on July 3, 2003, as amended on July 10, 2003 (File No. 333-106781).
4.2(b)	Amendment No. 2, dated as of October 6, 2003, to Amended and Restated Registration Rights Agreement, dated as of August 10, 2000, by and among JetBlue Airways Corporation and the Stockholders named therein—incorporated by reference to Exhibit 4.9 to the Registration Statement on Form S-3, filed on October 7, 2003 (File No. 333-109546).
4.2(c)	Amendment No. 3, dated as of October 4, 2004, to Amended and Restated Registration Rights Agreement, dated as of August 10, 2000, by and among JetBlue Airways Corporation and the Stockholders named therein—incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K/A dated October 4, 2004 (File No. 000-49728).
4.2(d)	Amendment No. 4, dated as of June 22, 2006, to Amended and Restated Registration Rights Agreement, dated as of August 10, 2000, by and among JetBlue Airways Corporation and the Stockholders named therein—incorporated by reference to Exhibit 4.19 to our Registration Statement on Form S-3 ASR, filed on June 30, 2006 (File No. 333-135545).
4.3	Pass Through Trust Agreement, dated as of November 12, 2019, between JetBlue Airways Corporation and Wilmington Trust Company—incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K dated November 12, 2019.
4.3(a)	Trust Supplement No. 2019-1AA, dated as of November 12, 2019, between JetBlue Airways Corporation and Wilmington Trust Company, as Class AA Trustee, to the Pass Through Trust Agreement dated as of November 12, 2019—incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K dated November 12, 2019.
4.3(b)	Trust Supplement No. 2019-1A, dated as of November 12, 2019, between JetBlue Airways Corporation and Wilmington Trust Company, as Class A Trustee, to the Pass Through Trust Agreement dated as of November 12, 2019—incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K dated November 12, 2019.
4.3(c)	Form of Pass Through Trust Certificate, Series 2019-1AA (included in Exhibit A to Exhibit 4.3(a))—incorporated by reference to Exhibit 4.4 to our Current Report on Form 8-K dated November 12, 2019.
4.3(d)	Form of Pass Through Trust Certificate, Series 2019-1A (included in Exhibit A to Exhibit 4.3(b))—incorporated by reference to Exhibit 4.5 to our Current Report on Form 8-K dated November 12, 2019.
4.3(e)	Intercreditor Agreement (2019-1), dated as of November 12, 2019, among JetBlue Airways Corporation, Wilmington Trust Company, as Trustee of the JetBlue Airways Pass Through Trust 2019-1AA and the JetBlue Airways Pass Through Trust 2019-1A, Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class AA Liquidity Provider and Wilmington Trust Company—incorporated by reference to Exhibit 4.6 to our Current Report on Form 8-K dated November 12, 2019.

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4.3(f)	Revolving Credit Agreement (2019-1AA), dated as of November 12, 2019, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of JetBlue Airways Pass Through Trust 2019-1AA and as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class AA Liquidity Provider—incorporated by reference to Exhibit 4.7 to our Current Report on Form 8-K dated November 12, 2019.
4.3(g)	Revolving Credit Agreement (2019-1A), dated as of November 12, 2019, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of JetBlue Airways Pass Through Trust 2019-1A and as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class A Liquidity Provider—incorporated by reference to Exhibit 4.8 to our Current Report on Form 8-K dated November 12, 2019.
4.3(h)	Participation Agreement (N976JT), dated as of November 12, 2019, among JetBlue Airways Corporation, Wilmington Trust Company, as Pass Through Trustee under the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein*—incorporated by reference to Exhibit 4.9 to our Current Report on Form 8-K dated November 12, 2019.
4.3(i)	Indenture and Security Agreement (N976JT), dated as of November 12, 2019, between JetBlue Airways Corporation and Wilmington Trust Company, as Loan Trustee†—incorporated by reference to Exhibit 4.10 to our Current Report on Form 8-K dated November 12, 2019.
4.3(j)	Form of Series 2019-1 Equipment Notes (included in Exhibit 4.3(i))—incorporated by reference to Exhibit 4.11 to our Current Report on Form 8-K dated November 12, 2019.
4.3(k)	Schedule I†
4.4	Summary of Rights to Purchase Series A Participating Preferred Stock—incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-1, as amended (File No. 333-82576).
4.5	Stockholder Rights Agreement—incorporated by reference to Exhibit 4.3 to our Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 000-49728).
4.5(a)	Amendment to the Stockholder Rights Agreement, dated as of January 17, 2008, by and between JetBlue Airways Corporation and Computershare Trust Company, N.A.—incorporated by reference to Exhibit 4.5(a) to our Current Report on Form 8-K dated January 23, 2008 (File No. 000-49728).
4.9	Indenture, dated as of March 16, 2005, between JetBlue Airways Corporation and Wilmington Trust Company, as Trustee, relating to the Company's debt securities—incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K dated March 10, 2005 (File No. 000-49728).
4.9(f)	Fourth Supplemental Indenture dated as of June 9, 2009 between JetBlue Airways Corporation and Wilmington Trust Company, as Trustee-incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed on June 9, 2009 (File No. 000-49728).
4.9(g)	Fifth Supplemental Indenture dated as of June 9, 2009 between JetBlue Airways Corporation and Wilmington Trust Company, as Trustee-incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K filed on June 9, 2009 (File No. 000-49728).
4.9(h)	Form of Global Debenture-6.75% Convertible Debenture due 2039 (Series A)-incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K filed on June 9, 2009 (File No. 000-49728).
4.9(i)	Form of Global Debenture-6.75% Convertible Debenture due 2039 (Series B)-incorporated by reference to Exhibit 4.4 to Current Report on Form 8-K filed on June 9, 2009 (File No. 000-49728).
4.10	Stock Purchase Agreement, dated as of December 13, 2007, between JetBlue Airways Corporation and Deutsche Lufthansa AG—incorporated by reference to Exhibit 4.11 to our Current Report on Form 8-K dated December 13, 2007 (File No. 000-49728).
4.10(a)	Amendment No. 1, dated as of January 22, 2008, to the Stock Purchase Agreement, dated as of December 13, 2007, between JetBlue Airways Corporation and Deutsche Lufthansa AG—incorporated by reference to Exhibit 4.11(a) to our Current Report on Form 8-K dated January 23, 2008 (File No. 000-49728).
4.11	Registration Rights Agreement, dated as of January 22, 2008, by and between JetBlue Airways Corporation and Deutsche Lufthansa AG—incorporated by reference to Exhibit 4.12 to our Current Report on Form 8-K dated January 23, 2008 (File No. 000-49728).
4.12	Supplement Agreement, dated as of May 27, 2008, between JetBlue Airways Corporation and Deutsche Lufthansa AG—incorporated by reference to Exhibit 4.12 to our Current Report on Form 8-K dated May 28, 2008 (File No. 000-49728).

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4.13	Registration Rights Agreement, dated as of April 5, 2012, among JetBlue Airways Corporation, Deutsche Lufthansa AG and Lufthansa Malta Blues LP—incorporated by reference to Exhibit 4.22 to our Current Report on Form 8-K filed on April 5, 2012 (File No. 000-49728).
10.3**	V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, including Side Letters No. 1 through No. 3 and No. 5 through No. 9—incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-1, as amended (File No. 333-82576).
10.3(a)**	Side Letter No. 10 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated April 25, 2002—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (File No. 000-49728).
10.3(b)**	Side Letter No. 11 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated February 10, 2003—incorporated by reference to Exhibit 10.8 to our Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 000-49728).
10.3(c)**	Side Letter No. 12 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated March 24, 2003—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 000-49728).
10.3(d)**	Side Letter No. 13 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated April 23, 2003—incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K dated June 30, 2003 (File No. 000-49728).
10.3(e)**	Side Letter No. 14 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated October 3, 2003—incorporated by reference to Exhibit 10.15 to our Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-49728).
10.3(f)**	Side Letter No. 15 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated November 10, 2003—incorporated by reference to Exhibit 10.16 to our Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-49728).
10.3(g)**	Side Letter No. 16 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated February 20, 2004—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 (File No. 000-49728).
10.3(h)**	Side Letter No. 17 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated June 11, 2004—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 (File No. 000-49728).
10.3(i)**	Side Letter No. 18 to V2500 General Terms of Sale between IAE International Aero Engines AG and NewAir Corporation, dated November 19, 2004—incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on January 18, 2005 (File No. 000-49728).
10.3(j)**	Side Letter No. 19 to V2500 General Terms of Sale between IAE International Aero Engines AG and New Air Corporation, dated July 21, 2005—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 (File No. 000-49728).
10.3(k)**	Side Letter No. 20 to V2500 General Terms of Sale between IAE International Aero Engines AG and New Air Corporation, dated July 6, 2006—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (File No. 000-49728).
10.3(l)**	Side Letter No. 21 to V2500 General Terms of Sale between IAE International Aero Engines AG and New Air Corporation, dated January 30, 2007—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (File No. 000-49728).
10.3(m)**	Side Letter No. 22 to V2500 General Terms of Sale between IAE International Aero Engines AG and New Air Corporation, dated March 27, 2007—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (File No. 000-49728).
10.3(n)**	Side Letter No. 23 to V2500 General Terms of Sale between IAE International Aero Engines AG and New Air Corporation, dated December 18, 2007—incorporated by reference to Exhibit 10.3(n) to our Annual Report on Form 10-K, as amended, for the year ended December 31, 2007 (File No. 000-49728).
10.3(o)**	Side Letter No. 24 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated April 2, 2008—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 (File No. 000-49728).

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10.3(p)**	Side Letter No. 25 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated May 27, 2008—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008 (File No. 000-49728).
10.3(q)**	Side Letter No. 26 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated January 27, 2009—incorporated by reference to Exhibit 10.3(q) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 (File No. 000-49728).
10.3(r)**	Side Letter No. 27 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated June 5, 2009-incorporated by reference to Exhibit 10.3(r) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 (File No. 000-49728).
10.3(s)**	Side letter No. 28 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated August 31, 2010—incorporated by reference to Exhibit 10.3(s) to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (File No. 000-49728).
10.3(t)**	Side letter No. 29 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated March 14, 2011—incorporated by reference to Exhibit 10.3(t) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 (File No. 000-49728).
10.3(u)**	Side letter No. 30 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated August 17, 2011—incorporated by reference to Exhibit 10.3(u) to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011(File No. 000-49728).
10.3(v)**	Side letter No. 31 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated September 27, 2011—incorporated by reference to Exhibit 10.3(v) to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 (File No. 000-49728).
10.3(w)**	Side letter No. 32 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated November 8, 2011—incorporated by reference to Exhibit 10.3(w) to our Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 000-49728).
10.3(x)**	Side letter No. 33 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated December 1, 2011—incorporated by reference to Exhibit 10.3(x) to our Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 000-49728).
10.3(y)**	Side letter No. 34 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated February 21, 2012—incorporated by reference to Exhibit 10.3(y) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (File No. 000-49728).
10.3(z)**	Side letter No. 35 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated March 15, 2012—incorporated by reference to Exhibit 10.3(z) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (File No. 000-49728).
10.3(aa)**	Side letter No. 36 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated May 1, 2012—incorporated by reference to Exhibit 10.3(aa) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (File No. 000-49728).
10.3(ab)**	Side letter No. 37 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated November 9, 2012—incorporated by reference to Exhibit 10.3(ab) to our Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 000-49728).
10.3(ac)**	Side letter No. 38 to V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated October 2, 2013—incorporated by reference to Exhibit 10.3(ac) to our Annual Report on Form 10-K for the year ended December 31, 2014.
10.3(ad)**	Amendment No.1 to the V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated December 15, 2014—incorporated by reference to Exhibit 10.3(ad) to our Annual Report on Form 10-K for the year ended December 31, 2014.
10.3(ae)**	Amendment No. 2 to the V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated December 4, 2015—incorporated by reference to Exhibit 10.3(ae) to our Annual Report on Form 10-K for the year ended December 31, 2015.
10.3(af)**	Amendment No. 3 to the V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated August 15, 2017—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2017.

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10.3(ag)	Amendment No. 4 to the V2500 General Terms of Sale between IAE International Aero Engines and New Air Corporation, dated March 20, 2018—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.
10.15	Form of Director/Officer Indemnification Agreement—incorporated by reference to Exhibit 10.20 to the Registration Statement on Form S-1, as amended (File No. 333-82576) and referenced as Exhibit 10.19 in our Current Report on Form 8-K dated February 12, 2008 (File No. 000-49728).
10.17**	Embraer-190 Purchase Agreement DCT-025/2003, dated June 9, 2003, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K dated June 30, 2003 (File No. 000-49728).
10.17(a)**	Amendment No. 1 to Purchase Agreement DCT-025/2003, dated as of July 8, 2005, between Embraer-Empresa Brasileria de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 (File No. 000-49728).
10.17(b)**	Amendment No. 2 to Purchase Agreement DCT-025/2003, dated as of January 5, 2006, between Embraer-Empresa Brasileria de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.22(b) to our Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 000-49728).
10.17(c)**	Amendment No. 3 to Purchase Agreement DCT-025/2003, dated as of December 4, 2006, between Embraer-Empresa Brasileria de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.21(c) to our Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 000-49728).
10.17(d)**	Amendment No. 4 to Purchase Agreement DCT-025/2003, dated as of October 17, 2007, between Embraer-Empresa Brasileria de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(d) to our Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 000-49728).
10.17(e)**	Amendment No. 5 to Purchase Agreement DCT-025/2003, dated as of July 18, 2008, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 000-49728).
10.17(f)**	Amendment No. 6 to Purchase Agreement DCT-025/2003, dated as of February 17, 2009, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(f) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 (File No. 000-49728).
10.17(g)**	Amendment No. 7 to Purchase Agreement DCT-025/2003, dated as of December 14, 2009, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(g) to our Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 000-49728).
10.17(h)**	Amendment No. 8 to Purchase Agreement DCT-025/2003, dated as of March 11, 2010, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(h) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (File No. 000-49728).
10.17(i)**	Amendment No. 9 to Purchase Agreement DCT-025/2003, dated as of May 24, 2010, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(i) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (File No. 000-49728).
10.17(j)**	Amendment No. 10 to Purchase Agreement DCT-025/2003, dated as of September 10, 2010, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(j) to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (File No. 000-49728).
10.17(k)**	Amendment No. 11 to Purchase Agreement DCT-025/2003, dated as of October 20, 2011, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(k) to our Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 000-49728).
10.17(l)**	Amendment No. 12 to Purchase Agreement DCT-025/2003, dated as of October 25, 2011, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(l) to our Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 000-49728).
10.17(m)**	Amendment No. 13 to Purchase Agreement DCT-025/2003, dated as of July 20, 2012, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(m) to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (File No. 000-49728).
10.17(n)**	Amendment No. 14 to Purchase Agreement DCT-025/2003, dated as of December 3, 2012, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(n) to our Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 000-49728).

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10.17(o)**	Amendment No. 15 to Purchase Agreement DCT-025/2003, dated as of December 19, 2012, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(o) to our Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 000-49728).
10.17(p)**	Amendment No. 16 to Purchase Agreement DCT-025/2003, dated as of January 31, 2013 between Embraer S.A. (formerly known as Embraer - Empresa Brasileira de Aeronáutica S.A.) and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(p) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
10.17(q)**	Amendment 17 to Purchase Agreement DCT-025/2003, dated as of May 14, 2013 between Embraer S.A. (formerly known as Embraer—Empresa Brasileira de Aeronáutica S.A.) and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(q) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
10.17(r)**	Amendment 18 to Purchase Agreement DCT-025/2003, dated as of June 25, 2013 between Embraer S.A. (formerly known as Embraer—Empresa Brasileira de Aeronáutica S.A.) and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(r) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
10.17(s)**	Amendment No. 19 to Purchase Agreement DCT-025/2003, dated as of October 1, 2013 between Embraer S.A. (formerly known as Embraer—Empresa Brasileira de Aeronautica S.A.) and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(s) to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.17(t)**	Amendment No. 20 to Purchase Agreement DCT-025/2003, dated as of October 24, 2013 between Embraer S.A. (formerly known as Embraer - Empresa Brasileira de Aeronáutica S.A.) and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.17(t) to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.18**	Letter Agreement DCT-026/2003, dated June 9, 2003, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K dated June 30, 2003 (File No. 000-49728).
10.18(a)**	Amendment No. 1, dated as of July 8, 2005, to Letter Agreement DCT-026/2003, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 (File No. 000-49728).
10.18(b)**	Amendment No. 2, dated as of January 5, 2006, to Letter Agreement DCT-026/2003, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.22(b) to our Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 000-49728).
10.18(c)**	Amendment No. 3, dated as of December 4, 2006, to Letter Agreement DCT-026/2003, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.22(c) to our Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 000-49728).
10.18(d)**	Amendment No. 4, dated as of October 17, 2007, to Letter Agreement DCT-026/2003, between Embraer-Empresa Brasileria de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.18(d) to our Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 000-49728).
10.18(e)**	Amendment No. 5 to Letter Agreement DCT-026/2003, dated as of March 6, 2008, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 000-49728).
10.18(f)**	Amendment No. 6 to Letter Agreement DCT-026/2003, dated as of July 18, 2008, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (File No. 000-49728).
10.18(g)**	Amendment No. 7 to Letter Agreement DCT-026/2003, dated as of February 17, 2009, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.18(g) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 (File No. 000-49728).
10.18(h)**	Amendment No. 8 to Letter Agreement DCT-026/2003, dated as of December 14, 2009, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.18(h) to the Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 000-49728).
10.18(i)**	Amendment No. 9 to Letter Agreement DCT-026/2003, dated as of March 11, 2010, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.18(i) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (File No. 000-49728).
10.18(j)**	Amendment No. 10 to Letter Agreement DCT - 026/2003, dated as of November 18, 2010, between Embraer-Empresa Brasileira de Aeronautica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.18(j) to our Annual Report on Form 10-K for the year ended December 31, 2013.

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10.18(k)**	Amendment No. 11 to Letter Agreement DCT-026/2003, dated as of October 24, 2013 between Embraer - Empresa Brasileira de Aeronáutica S.A. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.18(k) to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.20	Agreement of Lease (Port Authority Lease No. AYD-350), dated November 22, 2005, between The Port Authority of New York and New Jersey and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.30 to our Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 000-49728).
10.20(a)	Supplement No. 3 to Agreement of Lease, dated July 1, 2012 between The Port Authority of New York and New Jersey and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.20(a) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.
10.21*	Amended and Restated 2002 Stock Incentive Plan, dated November 7, 2007, and form of award agreement—incorporated by reference to Exhibit 10.21 to the Annual Report for Form 10-K for the year ended December 31, 2008 (File No. 000-49728).
10.22*	JetBlue Airways Corporation Executive Change in Control Severance Plan, dated as of June 28, 2007—incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, dated June 28, 2007 (File No. 000-49728).
10.22(a)*	JetBlue Airways Corporation Severance Plan, dated May 22, 2014—incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated May 22, 2014.
10.30**	Sublease by and between JetBlue Airways Corporation and Metropolitan Life Insurance Company—incorporated by reference to Exhibit 10.30 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (File No. 000-49728).
10.31*	JetBlue Airways Corporation 2011 Incentive Compensation Plan—incorporated by reference to Exhibit 10.31(a) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.
10.31(a)*	Amended and Restated JetBlue Airways Corporation 2011 Incentive Compensation Plan—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.
10.31(b)*	JetBlue Airways Corporation 2011 Incentive Compensation Plan forms of award agreement—incorporated by reference to Exhibit 10.31(b) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011.
10.31(c)*	JetBlue Airways Corporation 2011 Incentive Compensation Plan form of Performance Share Unit Award Agreement—incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on April 12, 2013.
10.31(d)*	JetBlue Airways Corporation 2011 Incentive Compensation Plan forms of amended award agreement—incorporated by reference to Exhibit 10.31(d) to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.31(e)*	Form of Performance Share Unit Award Agreement as amended—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.
10.31(f)*	Amended and Restated JetBlue Airways Corporation 2011 Incentive Compensation Plan form of Restricted Stock Unit Award Agreement—incorporated by reference to Exhibit 10.2(a) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.
10.31(g)*	Amended and Restated JetBlue Airways Corporation 2011 Incentive Compensation Plan form of Deferred Stock Unit Award Agreement—incorporated by reference to Exhibit 10.2(b) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.
10.31(h)*	Amended and Restated JetBlue Airways Corporation 2011 Incentive Compensation Plan form of Performance Share Unit Agreement (2015)—incorporated by reference to Exhibit 10.2(c) to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.
10.31(i)*	JetBlue Airways Corporation 2011 Amendment and Restatement form of Performance Share Unit Award Agreement—incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on April 12, 2013.
10.31(j)*	Form of Performance Share Unit Award Agreement as amended—incorporated by reference to Exhibit 10.1(a) to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.
10.33**	Airbus A320 Family Purchase Agreement, dated October 19, 2011, between Airbus S.A.S. and JetBlue Airways Corporation, including Letter Agreements 1-8, each dated as of same date—incorporated by reference to Exhibit 10.33 to our Annual Report on Form 10-K for the year ended December 31, 2011.
10.33(a)**	Letter Agreement 9 to Airbus A320 Family Purchase Agreement, dated December 19, 2012, between Airbus S.A.S. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.33(a) to our Annual Report on Form 10-K for the year ended December 31, 2012.

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10.33(b)**	Amendment No. 1 to Airbus A320 Family Purchase Agreement, dated as of October 25, 2013, between Airbus S.A.S. and JetBlue Airways Corporation, including Amended and Restated Letter Agreements 1, 2, 3 and 6, each dated as of the same date—incorporated by reference to Exhibit 10.33(b) to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.33(c)**	Amendment No. 2 to Airbus A320 Family Purchase Agreement, dated as of November 19, 2014, between Airbus S.A.S. and JetBlue Airways Corporation, including Amended and Restated Letter Agreements 1 and 3, each dated as of the same date—incorporated by reference to Exhibit 10.33(c) to our Annual Report on Form 10-K for the year ended December 31, 2014.
10.33(d)**	Amendment No. 3 to Airbus A320 Family Purchase Agreement, dated as of July 26, 2016, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.
10.33(e)**	Amendment No. 4 to Airbus A320 Family Purchase Agreement, dated as of July 26, 2016, between Airbus S.A.S. and JetBlue Airways Corporation, including Amended and Restated Letter Agreements 1, 2, 3 and 6 and Letter Agreement 9, each dated as of the same date-incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.
10.33(f)**	Amendment No. 5 to Airbus A320 Family Purchase Agreement, dated as of August 9, 2016, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.
10.33(g)**	Amendment No. 6 to Airbus A320 Family Purchase Agreement, dated as of April 11, 2017, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
10.33(h)**	Amendment No. 7 to Airbus A320 Family Purchase Agreement, dated as of April 25, 2017, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
10.33(i)**	Amendment No. 8 to Airbus A320 Family Purchase Agreement, dated as of December 19, 2017, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.33(i) to our Annual Report on Form 10-K for the year ended December 31, 2017.
10.33(j)**	Amendment No. 9 to Airbus A320 Family Purchase Agreement, dated as of March 30, 2018, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.
10.33(k)**	Amendment No. 10 to Airbus A320 Family Purchase Agreement, dated as of July 7, 2018, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.
10.33(l)***	Amendment No. 11 to Airbus A320 Family Purchase Agreement, dated as of July 7, 2018, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.33(l) to our Annual Report on Form 10-K for the year ended December 31, 2018.
10.33(m)****	Amendment No. 12 to Airbus Family Purchase Agreement, dated as of April 9, 2019, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2019.
10.33(n)****	Amendment No. 13 to Airbus Family Purchase Agreement, dated as of June 20, 2019, between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2019.
10.34**	Letter Agreement dated as of July 23, 2015 between Airbus S.A.S. and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2015.
10.34(a)**	Letter Agreement dated as of April 11, 2016 between Airbus S.A.S. and JetBlue Airways Corporation-incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016.
10.35*	Amended and Restated JetBlue Airways Corporation 2011 Crewmember Stock Purchase Plan—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.
10.36	Amended and Restated Credit and Guaranty Agreement, dated as of April 6, 2017 among JetBlue Airways Corporation, as Borrower, the Subsidiaries of JetBlue party thereto from time to time, as guarantors, the Lenders party thereto from time to time, and Citibank, N.A., as Administrative Agent—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
10.36(a)	First Amendment, dated August 1, 2019, to the Amended and Restated Credit and Guaranty Agreement, dated as of April 6, 2017, among JetBlue Airways Corporation, as Borrower, the Subsidiaries of the Borrower party thereto as Guarantors, the Lenders party thereto and Citibank, N.A., as Administrative Agent—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.

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10.37	Slot and Gate Security Agreement dated as of April 23, 2013 between JetBlue Airways Corporation, as Grantor, and Citibank, N.A., as Administrative Agent—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
10.37(a)	Security Agreement Ratification, dated as of April 6, 2017 between JetBlue Airways Corporation, as Borrower, and Citibank, N.A., as Administrative Agent—incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
10.38**	Engine Services Agreement between JetBlue Airways Corporation and GE Engine Services, LLC, dated as of May 1, 2013—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.
10.38(a)**	Amendment No. 1 to Engine Services Agreement between JetBlue Airways Corporation and GE Engine Services, LLC, dated as of December 23, 2014—incorporated by reference to Exhibit 10.38(a) to our Annual Report on Form 10-K for the year ended December 31, 2014.
10.39*	JetBlue Airways Corporation Retirement Plan, amended and restated effective as of January 1, 2013—incorporated by reference to Exhibit 10.39 to our Annual Report on Form 10-K for the year ended December 31, 2013.
10.41*	Employment Agreement, dated February 12, 2015, between JetBlue Airways Corporation and Robin Hayes—incorporated by reference to Exhibit 10.41 to our Annual Report on Form 10-K for the year ended December 31, 2014.
10.41(a)*	Amendment No. 1 to the Employment Agreement, dated February 16, 2017, between JetBlue Airways Corporation and Robin Hayes—incorporated by reference to Exhibit 10.41(a) to our current report on Form 8-K filed on February 22, 2017.
10.44*	Separation Agreement dated May 17, 2018 by and between James Hnat and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated May 18, 2018.
10.44(a)*	Separation Agreement and General Release dated July 15, 2019 by and between Martin St. George and JetBlue Airways Corporation—incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.
10.45**	Amended and Restated PW1100G-JM Engine Purchase and Support Agreement by and between International Aero Engines, LLC and JetBlue Airways Corporation, dated as of March 30, 2018—incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.
21.1	List of Subsidiaries.
23	Consent of Ernst & Young LLP.
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.
32	Section 1350 Certifications, furnished herewith.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

† *Pursuant to Instruction 2 to Item 601 of Regulation S-K, Exhibit 4.3(k) filed herewith contains a list of documents applicable to each Aircraft (other than Aircraft bearing Registration No. N976JT) that relate to the offering of the JetBlue Airways Pass Through Certificates, Series 2019-1, which documents are substantially identical to those which are filed herewith as Exhibits 4.3(h) and 4.3(i), except for the information identifying such Aircraft in question and various information relating to the principal amounts of the Equipment Notes relating to such Aircraft. Exhibit 4.3(k) sets forth the details by which such documents differ from the corresponding representative sample of documents filed herewith as Exhibits 4.3(h) and 4.3(i) with respect to Aircraft bearing Registration No. N976JT.*

* *Compensatory plans in which the directors and executive officers of JetBlue participate.*

** *Pursuant to a Confidential Treatment Request under Rule 24b-2 filed with and approved by the SEC, portions of this exhibit have been omitted.*

*** *Pursuant to 17 CFR 240.24b-2, confidential information has been omitted and has been provided separately to the Securities and Exchange Commission pursuant to a Confidential Treatment Request filed with the Commission.*

**** *Information in this exhibit identified by brackets is confidential and has been excluded pursuant to Item 601(b)(10)(iv) of Regulation S-K because it (i) is not material and (ii) would likely cause competitive harm to the Company if publicly disclosed.*

FINANCIAL STATEMENT SCHEDULE

JETBLUE AIRWAYS CORPORATION
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

(in millions)	Balance at beginning of period	Additions Charged to Costs and Expenses	Deductions	Balance at end of period
Year Ended December 31, 2019				
Valuation allowance for deferred tax assets	$ 21	$ 10	$ — (3)	$ 31
Allowance for obsolete inventory parts	18	4	— (1)	22
Allowance for doubtful accounts	1	—	— (2)	1
TOTAL	**$ 40**	**$ 14**	**$ —**	**$ 54**
Year Ended December 31, 2018				
Valuation allowance for deferred tax assets	$ 1	$ 20	$ —	$ 21
Allowance for obsolete inventory parts	14	4	— (1)	18
Allowance for doubtful accounts	1	2	2 (2)	1
TOTAL	**$ 16**	**$ 26**	**$ 2**	**$ 40**
Year Ended December 31, 2017				
Valuation allowance for deferred tax assets	$ —	$ 1	$ —	$ 1
Allowance for obsolete inventory parts	12	2	— (1)	14
Allowance for doubtful accounts	5	—	4 (2)	1
TOTAL	**$ 17**	**$ 3**	**$ 4**	**$ 16**

(1) *Inventory scrapped.*
(2) *Uncollectible accounts written off, net of recoveries.*
(3) *Relates to foreign NOL carryforwards.*

EXHIBIT 21.1 List of Subsidiaries

As of December 31, 2019

BlueBermuda Insurance, LTD (Bermuda corporation)
JetBlue Technology Ventures, L.L.C. (Delaware corporation)
JBTP, LLC (Delaware corporation)

EXHIBIT 23 Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-86444) pertaining to the JetBlue Airways Corporation 2002 Stock Incentive Plan and the JetBlue Airways Corporation Crewmember Stock Purchase Plan,

(2) Registration Statement (Form S-8 No. 333-129238) pertaining to the JetBlue Airways Corporation 2002 Stock Incentive Plan and the JetBlue Airways Corporation Crewmember Stock Purchase Plan,

(3) Registration Statement (Form S-8 No. 333-161565) pertaining to the JetBlue Airways Corporation 2002 Stock Incentive Plan and the JetBlue Airways Corporation Crewmember Stock Purchase Plan,

(4) Registration Statement (Form S-8 No. 333-174947) pertaining to the JetBlue Airways Corporation 2011 Incentive Compensation Plan and the JetBlue Airways Corporation 2011 Crewmember Stock Purchase Plan,

(5) Registration Statement (Form S-3 ASR No. 333-202143) of JetBlue Airways Corporation,

(6) Registration Statement (Form S-3 ASR No. 333-230007) of JetBlue Airways Corporation; and

(7) Registration Statement (Form S-8 No. 333-207242) pertaining to the JetBlue Airways Corporation 2011 Incentive Compensation Plan and the JetBlue Airways Corporation 2011 Crewmember Stock Purchase Plan

of our reports dated February 18, 2020, with respect to the consolidated financial statements of JetBlue Airways Corporation, the effectiveness of internal control over financial reporting of JetBlue Airways Corporation and the financial statement schedule of JetBlue Airways Corporation listed in Item 15(2) included in this Annual Report (Form 10-K) of JetBlue Airways Corporation for the year ended December 31, 2019.

/s/ Ernst & Young LLP

New York, New York
February 18, 2020

EXHIBIT 31.1 Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer

I, Robin Hayes, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 18, 2020

By: /s/ ROBIN HAYES

Chief Executive Officer

EXHIBIT 31.2 Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer

I, Steve Priest, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 18, 2020

By: /s/ STEVE PRIEST
Chief Financial Officer

EXHIBIT 32 Section 1350 Certifications

In connection with the Annual Report of JetBlue Airways Corporation on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on February 18, 2020 (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: February 18, 2020

By: /s/ ROBIN HAYES
Chief Executive Officer

Date: February 18, 2020

By: /s/ STEVE PRIEST
Chief Financial Officer