STATEMENT

OF

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Before the

Committee on Transportation and Infrastructure
Subcommittee on Aviation

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Introduction

Mr. Chairman, Ranking Member Petri and Members of the subcommittee: I am grateful for the opportunity to appear before you to discuss Aviation Consumer issues.

Regrettably, JetBlue Airways operational performance during and following the severe Valentines Day ice storm in the northeast negatively impacted thousands of our customers directly and numerous more thousands indirectly. Many of our customers experienced extensive delays, multiple cancellations and worse still, the harrowing experience of being stranded on our aircraft on the airport tarmac for up to ten hours. This past Valentines Day proved to be the singular worst operational day in our company's seven year history and for this, the impact on our customers and especially the impact on our most treasured asset, all of our crewmembers, we are deeply sorry.

Yet, on behalf of our more than 11,000 passionate and hardworking crewmembers who are the very essence of our airline, I can inform you that during the past two months we have examined every aspect of our company, its culture, its leadership structure, its processes and its systems and we have learned a great deal which has enabled us to actively address and permanently rectify many shortcomings which lead to our terrible day. And our efforts in this regard continue.

Customer Service

The tragic irony of JetBlue being at the center of a debate on negative customer service is hardly lost on me. Any airline can fly a customer from point A to point B, but the hallmark of JetBlue has always been excellent customer service. JetBlue is an airline that was founded to bring humanity back to air travel by exceeding customer's expectations and offering everyday affordable airfares. Inaugurated in February 2000, we entered the competitive landscape at a time when customer service in the airline industry was perceived to be at an all-time low level. The industry had collectively, in response to this perception and a series of storm-related strandings, issued its own Airline Customer Service Commitment, with individual carriers each issuing their own Customer Service Plans. JetBlue was not a party to this industry Commitment as we were not a certified airline when it was crafted. However, since our first flight, we have complied with nearly all of the provisions of the Customer Service Commitment and surpassed its commitments in many ways.

Today, JetBlue operates a fleet of 126 jets to 51 cities in 21 states and 6 countries with 550 daily flights. Each of our planes has leather seats featuring the most legroom in coach of any US airline, 36 channels of LiveTV, a selection of pay-per-view movies and our fleet is currently being upgraded to also include 100 channels of Satellite Radio. Yet, these features and our low fares only serve to compliment our signature product – our customer-focused crewmembers (employees).

Our genuine commitment to excellent customer service is why JetBlue has won award after award, including the both the highest low-cost carrier Customer Satisfaction Award by J.D. Power and Associates and the Best Domestic Airline award by Conde Nast Traveler's Reader's Choice Awards, which we have won for the past four years. Our commitment to excellent customer service is why our customers keep coming back. The dedication of our crewmembers and the loyalty of our customers are the key ingredients that have enabled JetBlue to successfully grow and weather the many obstacles that have confronted us such as September 11th, SARS, record high fuel prices, storms such as Katrina and intense industry competition.

Against this background, when JetBlue realized what it put its loyal customers through, we truly feared that our airline might lose all of the good will we had engendered over seven years and perhaps see our customers go elsewhere. Faced with this possibility and while simultaneously working around the clock to get our airline operating again, we immediately went to work to examine what caused our failures and to take steps to prevent it from ever reoccurring. We also took immediate steps to reassure our customers, both those impacted and those who only learned about our failings through the media, that we were taking concrete steps to protect their interests.

The Storm

As the well-predicted winter storm approached New York from the south and was impacting Washington D.C. on Tuesday, February 13th, JetBlue was preparing for its arrival at our home base of operations at John F. Kennedy International Airport ("JFK") the next day – Valentines Day. Although the storm produced a significant amount of ice in the nation's capital, the consistent forecasts for JFK, located on the Atlantic shoreline of Long Island, indicated snow, followed by only a limited window of icing activity with a turnover to all rain. Based on these forecasts, including those issued early in the morning of February 14th, and based on JetBlue's historic inclination not to cancel flights and negatively impact our customers (for which we have lead the industry with the fewest cancelled flights for many years), few JFK departures were in fact pre-cancelled. In retrospect, this was clearly a mistake and one at the crux of our forthcoming difficulties.

At our JFK home, JetBlue operates 21 gates and a hardstand that can normally hold up to 14 aircraft. On February 14th, the Wednesday before the busy President's Day getaway weekend, our JFK flights were heavily booked to a load factor of 94 percent. On the 14th, all of our gates were occupied by a plane and our hardstand was being used for planned deicing. We were operating at full capacity. All of our originating JFK departures were, based on the latest weather forecasts as of 6 a.m., dispatched for flight with deicing to precede their departure. All scheduled arrivals into JFK which had departed their originating city the night before (primarily from the west coast) and early on the 14th

from other cities were en route with plans to utilize gates scheduled to have been vacated by our first JFK departures.

The very nature of this carefully choreographed but very complex operation makes it ripe for failure should something go wrong. On the 14th, something went terribly wrong. In addition to JetBlue's forecast-based decision to not to cancel many flights, the weather forecasts proved inaccurate and JFK experienced nearly eight hours of continuous icing conditions – an extremely rare weather phenomenon and one simply not forecast. This was further complicated by an interpretation of FAA rules which prohibited JetBlue departures in ice pellet conditions even though international carriers at JFK were not subject to these restrictions nor was one airline in the New York region which had obtained FAA authority to work around these rules. With aircraft off the gates and in various stages of readying for departure (taxiing to the runway or deicing), inbound flights began to arrive. Yet, with the deteriorating weather conditions, planes were not departing off of their gates as scheduled which impacted arriving flights ability to park and deplane customers at those gates. Further, aircraft deicing was taking far longer than planned and departures were greatly slowed and at some points stopped, due to the worsening weather conditions.

JetBlue's operations team, recognizing this dynamic situation, began to cancel flights across our system and especially at JFK to minimize the growing problem. However, with still more flights en route to JFK and not enough cancellations having been previously implemented, operating conditions worsened. In total, on the 14th at JFK, JetBlue alone had nine aircraft with stranded customers on board for more than five hours. Of these, four were arriving flights and five were departing flights. By mid-afternoon, JetBlue enlisted the assistance of the Port Authority, the airport operator, and with their assistance, customers were safely deplaned and bussed back to our terminal.

At no point on any of these stranded flights did JetBlue run out of drinking water, other beverages and snacks or lose functionality of all of the lavatories on board. At no point were customers without the ability to have emergency medical care sought as JetBlue

maintains a med-link connection on each aircraft. While these minimal benefits pale in comparison to the suffering of those customers on board these impacted aircraft, establishing the facts and not solely relying on media reports is important.

By the end of the operating day of February 14th, JetBlue only operated 17 flights out of 156 scheduled JFK departures. This immense disruption to our internal operational plan, with crews and aircraft out of position, caused the operational disruptions to continue well into Friday, by which point we had increased operations to 136 flights out of 183 scheduled JFK departures. Finally, in order to effectively restart the airline and end the cycle of not fulfilling our published schedule, JetBlue cancelled approximately a quarter of our flying for three days, Saturday through Monday, mostly by cancelling all service on our fleet of 23 Embraer E-190 jets. This decision, while terribly stressful for impacted customers and crewmembers, allowed our operations and crew services teams to reposition assets and successfully restart the operation and by Tuesday the 20th, systemwide, JetBlue operated 100 percent of its scheduled flights.

The Impact

While government statistics clearly demonstrate that extended periods of being delayed on a plane are extremely rare, such statistics ring hollow with our customers who were stranded. Thousands of customers experienced lengthy delays onboard our planes at the gate or on the tarmac. Even more customers planning to begin their holiday vacation found themselves in crowded, tense and confusing conditions in our JFK terminal and throughout our system as a result of the JFK operational conditions. With hours of delays and expectations that their flights would eventually operate, many customers understandably reached their breaking point.

As difficult as the situation our customers faced proved to be, it was equaled by that endured by JetBlue's crewmembers, from pilots and flight attendants to reservations agents, airport crew and business partners in our terminal. Each of these individuals worked tirelessly to be responsive to our angry customers while only receiving

information, which in many cases, due to the changing weather conditions, proved inaccurate. The emotions they experienced from our customers tested their professionalism time and time again. Once past this very difficult week, the emotional toll on our crewmembers and customers alike was heavy. JetBlue provided customers millions of dollars in refunds and travel vouchers and this negatively impacted our First Quarter operating margin.

JetBlue Airways Customer Bill of Rights

Recognizing the depth of what we put our customers through and wanting to both make amends and ensure we always would keep their best interests in mind, we published a Customer Bill of Rights. An apology letter with a link to this document was emailed to all of our impacted customers as well as millions of other customers who had ever flown JetBlue. This document, our commitment to customers on how we would handle operational interruptions going forward, and made retroactive to cover those impacted by the February storm, was unprecedented in its scope.

Key commitments in JetBlue's Customer Bill of Rights include:

- JetBlue will promptly notify customers of delays, cancellations or diversions along with the cause.
- If JetBlue cancels a flight, in addition to either a refund or rebooking, and the cancellation is due to events within our control and within twelve hours of the scheduled flight time, JetBlue will provide a credit in the amount paid for the customer's roundtrip travel.
- If a JetBlue customer is involuntarily denied board (bumped), JetBlue will pay that customer $1000.
- If JetBlue delays a flight prior to its scheduled departure time for reasons within our control, starting at one hour, customers will be compensated with a $25 travel voucher, between two and four hours – a $50 voucher, between four and six hours a full one-way voucher and beyond six hours a full roundtrip travel voucher.

- For ground delays of five hours, JetBlue will ensure the customers are deplaned. Further, during ground delays, customers will have access to food and drink, restrooms and as necessary, medical attention.
- For arriving flights on ground delays, starting at 30 minutes, customers will be compensated with a $25 travel voucher, between one and two hours, compensation will be a $100 travel voucher, between two and three hours, a one-way voucher and for more than three hours, a roundtrip travel voucher.
- For departing flights on ground delays, customers experiencing a three hour delay will receive a $100 travel voucher and beyond four hours, compensation will be a full roundtrip travel voucher in amount the customer paid.

Each of these commitments by JetBlue far supersede anything required by law or any level of commitment made by other carriers to their customers. JetBlue initiated these steps in reaction to our operational failings in February and we believe our customers have been receptive.

The aviation marketplace is a fiercely competitive one. While JetBlue's signature customer service and low fares served as a strong competitive advantage over the past seven years, so too has the customer reaction and negative publicity of Valentines Day served as an enormous competitive disadvantage in the consumer marketplace.

Customers do have choices. In every single JetBlue market, customers have choices to get to the same destination on another airline. If JetBlue fails to perform, customers will rightly book elsewhere. We failed to live up to our customer's expectations in February and we took immediate and proactive steps to begin to regain the trust of our customers. No act of Congress or government regulation can repair the damage JetBlue has suffered. No act of Congress or government regulation can impose on JetBlue more penalty than the marketplace has already imposed on JetBlue. Conversely, JetBlue is uniquely situated to address the problems that JetBlue itself created.

Moving Forward

Over the past two months, while several audits and reviews were being conducted of our operations, JetBlue has significantly altered its leadership reporting structure. We have made several key personnel hires, including the very talented Russ Chew to be our Chief Operating Officer. Russ is a familiar face to this subcommittee, having lead the remarkable transformation of the FAA's Air Traffic Organization into an accountable, business-like entity with budgets, goals and performance standards. Prior to that leadership position, Russ played a significant role in leading the operational team at American Airlines. We are delighted he has joined our team and look forward to his guidance and wisdom as we raise JetBlue to greater levels of operational excellence.

In addition to leadership team enhancements, JetBlue has undertaken significant reviews of all of its processes and systems, from crew scheduling, aircraft schedule planning, airport operations, information technology and distribution, reservations, staffing and other areas. Each of these components of JetBlue is being thoroughly reviewed and enhanced, with many enhancements already complete. We will not rest until every single area of our airline has been examined, enhanced and tested to meet a new and greatly improved level of customer service excellence.

Conclusion

JetBlue let our customers down and we know it. Our customers deserved better from us and they know it. We were embarrassed by the service they experienced and we are deeply sorry. JetBlue has made clear to all of its customers, without any mandates from Washington, that we deeply regret our actions and we will work vigorously to regain their trust. If we fail to do so, our customers will simply exercise their freedom to choose another carrier for their travel needs.

I can think of no greater incentive for JetBlue to improve its operations and make things right for its customers. Thank you Mr. Chairman.

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CUSTOMER RIGHTS

JetBlue Airways' Customer Bill of Rights

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

INFORMATION

JetBlue will notify customers of the following:

- Delays prior to scheduled departure
- Cancellations and their cause
- Diversions and their cause

CANCELLATIONS

All customers whose flight is canceled by JetBlue will, at the customer's option, receive a full refund or re-accommodation on a future JetBlue flight at no additional charge or fare. If JetBlue cancels a flight within 12 hours of scheduled departure and the cancellation is due to a *Controllable Irregularity*, JetBlue will also provide the customer with a Voucher valid for future travel on JetBlue in the amount paid by the customer for the roundtrip (or the oneway trip, doubled).

DEPARTURE DELAYS

1. Customers whose flight is delayed prior to scheduled departure for 1-1:59 hours due to a *Controllable Irregularity* are entitled to a $25 Voucher good for future travel on JetBlue.
2. Customers whose flight is delayed prior to scheduled departure for 2-3:59 hours due to a *Controllable Irregularity* are entitled to a $50 Voucher good for future travel on JetBlue.
3. Customers whose flight is delayed prior to scheduled departure for 4-5:59 hours due to a *Controllable Irregularity* are entitled to a Voucher good for future travel on JetBlue in the amount paid by the customer for the oneway trip.
4. Customers whose flight is delayed prior to scheduled departure for 6 or more hours due to a *Controllable Irregularity* are entitled to a Voucher good for future travel on JetBlue in the amount paid by the customer for the roundtrip (or the oneway trip, doubled).

OVERBOOKINGS (As defined in JetBlue's Contract of Carriage)

Customers who are involuntarily denied boarding shall receive $1,000.

ONBOARD GROUND DELAYS

For customers who experience an onboard Ground Delay for more than 5 hours, JetBlue will take necessary action so that customers may deplane. JetBlue will also provide customers experiencing an onboard Ground Delay with food and drink, access to restrooms and, as necessary, medical treatment.

Arrivals:

1. Customers who experience an onboard Ground Delay on Arrival for 30-59 minutes after scheduled arrival time are entitled to a $25 Voucher good for future travel on JetBlue.
2. Customers who experience an onboard Ground Delay on Arrival for 1-1:59 hours after scheduled arrival time are entitled to a $100 Voucher good for future travel on JetBlue.
3. Customers who experience an onboard Ground Delay on Arrival for 2-2:59 hours after scheduled arrival time are entitled to a Voucher good for future travel on JetBlue in the amount paid by the customer for the oneway trip, or $100, whichever is greater.
4. Customers who experience an onboard Ground Delay on Arrival for 3 or more hours after scheduled arrival time are entitled to a Voucher good for future travel on JetBlue in the amount paid by the customer for the roundtrip (or the oneway trip, doubled).

Departures:

1. Customers who experience an onboard Ground Delay on Departure for 3-3:59 hours are entitled to a $100 Voucher good for future travel on JetBlue.
2. Customers who experience an onboard Ground Delay on Departure for 4 or more hours are entitled to a Voucher good for future travel on JetBlue in the amount paid by the customer for the roundtrip (or the oneway trip, doubled).

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*These Rights are subject to JetBlue's Contract of Carriage and, as applicable, the operational control of the flight crew, and apply to only JetBlue operated flights.

This document is representative of what is reflected in JetBlue's Contract of Carriage, the legally binding document between JetBlue and its customers.