

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

FORM 10-Q

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

For the quarterly period ended September 30, 2022

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

(State or other jurisdiction of incorporation or organization)

87-0617894

(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 whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

Large accelerated filer	☒	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. ☐

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

As of September 30, 2022, there were 323,877,614 shares outstanding of the registrant's common stock, par value \$0.01.

JETBLUE AIRWAYS CORPORATION
FORM 10-Q
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,401	\$ 2,018
Investment securities	692	824
Receivables, less allowance (2022-\$3; 2021-\$3)	298	207
Inventories, less allowance (2022-\$27; 2021-\$24)	79	74
Prepaid expenses and other	141	124
Total current assets	2,611	3,247
PROPERTY AND EQUIPMENT		
Flight equipment	11,579	11,161
Predelivery deposits for flight equipment	398	337
Total flight equipment and predelivery deposits, gross	11,977	11,498
Less accumulated depreciation	3,532	3,227
Total flight equipment and predelivery deposits, net	8,445	8,271
Other property and equipment	1,303	1,205
Less accumulated depreciation	711	662
Total other property and equipment, net	592	543
Total property and equipment, net	9,037	8,814
OPERATING LEASE ASSETS	713	729
OTHER ASSETS		
Investment securities	175	39
Restricted cash	83	59
Intangible assets, less accumulated amortization (2022-\$443; 2021-\$405)	258	284
Other	453	470
Total other assets	969	852
TOTAL ASSETS	\$ 13,330	\$ 13,642

See accompanying notes to condensed consolidated financial statements.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2022	December 31, 2021
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 600	\$ 499
Air traffic liability	1,745	1,618
Accrued salaries, wages and benefits	510	480
Other accrued liabilities	421	359
Current operating lease liabilities	103	106
Current maturities of long-term debt and finance lease obligations	524	355
Total current liabilities	3,903	3,417
LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS	3,235	3,651
LONG-TERM OPERATING LEASE LIABILITIES	686	690
DEFERRED TAXES AND OTHER LIABILITIES		
Deferred income taxes	790	843
Air traffic liability - non-current	702	640
Other	507	552
Total deferred taxes and other liabilities	1,999	2,035
COMMITMENTS AND CONTINGENCIES (Note 6)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.01 par value; 25 shares authorized, none issued	—	—
Common stock, \$0.01 par value; 900 shares authorized, 483 and 478 shares issued and 324 and 320 shares outstanding at September 30, 2022 and December 31, 2021, respectively	5	5
Treasury stock, at cost; 159 and 158 shares at September 30, 2022 and December 31, 2021, respectively	(1,995)	(1,989)
Additional paid-in capital	3,102	3,047
Retained earnings	2,400	2,786
Accumulated other comprehensive (loss)	(5)	—
Total stockholders' equity	3,507	3,849
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 13,330	\$ 13,642

See accompanying notes to condensed consolidated financial statements.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
OPERATING REVENUES				
Passenger	\$ 2,415	\$ 1,856	\$ 6,319	\$ 3,913
Other	147	116	424	290
Total operating revenues	2,562	1,972	6,743	4,203
OPERATING EXPENSES				
Aircraft fuel and related taxes	825	443	2,305	973
Salaries, wages and benefits	675	620	2,058	1,718
Landing fees and other rents	131	182	412	470
Depreciation and amortization	147	140	435	398
Aircraft rent	30	25	83	76
Sales and marketing	81	60	216	130
Maintenance, materials and repairs	178	205	492	472
Other operating expenses	343	297	1,026	768
Special items	13	(186)	57	(841)
Total operating expenses	2,423	1,786	7,084	4,164
OPERATING INCOME (LOSS)	139	186	(341)	39
OTHER (EXPENSE) INCOME				
Interest expense	(44)	(42)	(121)	(153)
Interest income	11	4	24	12
Gain (loss) on investments, net	—	54	(4)	57
Other	(1)	(12)	(1)	(55)
Total other (expense) income	(34)	4	(102)	(139)
INCOME (LOSS) BEFORE INCOME TAXES	105	190	(443)	(100)
Income tax expense (benefit)	48	60	(57)	(47)
NET INCOME (LOSS)	\$ 57	\$ 130	\$ (386)	\$ (53)
EARNINGS (LOSS) PER COMMON SHARE:				
Basic	\$ 0.18	\$ 0.41	\$ (1.20)	\$ (0.17)
Diluted	\$ 0.18	\$ 0.40	\$ (1.20)	\$ (0.17)

See accompanying notes to condensed consolidated financial statements.

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JETBLUE AIRWAYS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited, in millions)

	Three Months Ended September 30,	
	2022	2021
NET INCOME	\$ 57	\$ 130
Changes in fair value of available-for-sale securities and derivative instruments, net of reclassifications into earnings, net of deferred taxes of \$2 and \$0 in 2022 and 2021, respectively.	(3)	—
Total other comprehensive (loss)	(3)	—
COMPREHENSIVE INCOME	\$ 54	\$ 130
	Nine Months Ended September 30,	
	2022	2021
NET (LOSS)	\$ (386)	\$ (53)
Changes in fair value of available-for-sale securities and derivative instruments, net of reclassifications into earnings, net of deferred taxes of \$2 and \$0 in 2022 and 2021, respectively.	(5)	—
Total other comprehensive (loss)	(5)	—
COMPREHENSIVE (LOSS)	\$ (391)	\$ (53)

See accompanying notes to condensed consolidated financial statements.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	Nine Months Ended September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	\$ (386)	\$ (53)
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Deferred income taxes	(51)	(40)
Depreciation	396	365
Amortization	39	33
Impairment of long-lived asset	5	—
Stock-based compensation	25	23
Changes in certain operating assets and liabilities	300	1,438
Other, net	(7)	(11)
Net cash provided by operating activities	321	1,755
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(483)	(770)
Predelivery deposits for flight equipment	(116)	(33)
Purchase of held to maturity investments	(142)	—
Purchase of available-for-sale securities	(470)	(520)
Proceeds from the sale/maturity of held to maturity investments	2	—
Proceeds from the sale of available-for-sale securities	589	590
Payment for acquisition	(25)	—
Other, net	(2)	(2)
Net cash used in investing activities	(647)	(735)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	—	1,010
Proceeds from issuance of common stock	29	22
Proceeds from issuance of stock warrants	—	14
Repayment of long-term debt and finance lease obligations	(255)	(1,775)
Acquisition of treasury stock	(6)	(7)
Other, net	(35)	(1)
Net cash used in financing activities	(267)	(737)
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(593)	283
Cash, cash equivalents and restricted cash at beginning of period	2,077	1,969
Cash, cash equivalents and restricted cash at end of period ⁽¹⁾	\$ 1,484	\$ 2,252
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash payments for interest	\$ 86	\$ 121
Cash receipts of income tax refunds (net of payments)	(95)	—
NON-CASH TRANSACTIONS		
Operating lease assets obtained in exchange for operating lease liabilities	\$ 61	\$ —
Lease Modifications and lease conversions	\$ —	40

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

	September 30, 2022	September 30, 2021
Cash and cash equivalents	\$ 1,401	\$ 2,193
Restricted cash	83	59
Total cash, cash equivalents and restricted cash	\$ 1,484	\$ 2,252

See accompanying notes to condensed consolidated financial statements.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

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

	Common Shares	Common Stock	Treasury Shares	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at June 30, 2021	476	\$ 5	158	\$ (1,989)	\$ 3,012	\$ 2,785	\$ —	\$ 3,813
Net income	—	—	—	—	—	130	—	130
Vesting of restricted stock units	—	—	—	—	—	—	—	—
Stock compensation expense	—	—	—	—	6	—	—	6
Stock issued under crewmember stock purchase plan	—	—	—	—	—	—	—	—
Warrants issued under federal support programs	—	—	—	—	—	—	—	—
Balance at September 30, 2021	476	\$ 5	158	\$ (1,989)	\$ 3,018	\$ 2,915	\$ —	\$ 3,949

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

	Common Shares	Common Stock	Treasury Shares	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2020	474	\$ 5	158	\$ (1,981)	\$ 2,959	\$ 2,968	\$ —	\$ 3,951
Net (loss)	—	—	—	—	—	(53)	—	(53)
Vesting of restricted stock units	1	—	—	(8)	—	—	—	(8)
Stock compensation expense	—	—	—	—	23	—	—	23
Stock issued under crewmember stock purchase plan	1	—	—	—	22	—	—	22
Warrants issued under federal support programs	—	—	—	—	14	—	—	14
Balance at September 30, 2021	476	\$ 5	158	\$ (1,989)	\$ 3,018	\$ 2,915	\$ —	\$ 3,949

See accompanying notes to condensed consolidated financial statements.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

Note 1—Summary of Significant Accounting Policies

Basis of Presentation

JetBlue Airways Corporation ("JetBlue"), provides air transportation services across the United States, the Caribbean, Latin America, Canada, and the United Kingdom. Our condensed consolidated financial statements include the accounts of JetBlue and our subsidiaries which are collectively referred to as "we" or the "Company". All majority-owned subsidiaries are consolidated on a line by line basis, with all intercompany transactions and balances being eliminated. These condensed consolidated financial statements and related notes should be read in conjunction with our 2021 audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021 ("2021 Form 10-K").

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

Due to the ongoing impacts from the coronavirus ("COVID-19") pandemic, seasonal variations in the demand for air travel, the volatility of aircraft fuel prices, and other factors, our operating results for the periods presented herein are not necessarily indicative of the results that may be expected for other interim periods or the entire fiscal year.

Investment Securities

Investment securities consist of available-for-sale investment securities, held-to-maturity investment securities, and equity 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 investments such as time deposits, commercial paper, and convertible debt securities.

The fair values of these instruments are based on observable inputs in non-active markets, which are therefore classified as Level 2 in the fair value hierarchy. We did not record any material gains or losses on these securities during the three and nine months ended September 30, 2022 or 2021. Refer to Note 7 to our condensed consolidated financial statements for an explanation of the fair value hierarchy structure.

Held-to-maturity investment securities. Our held-to-maturity investment securities 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 of 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 three and nine months ended September 30, 2022 or 2021.

Equity investment securities. Our equity investment securities include investments in common stocks of publicly traded companies which are stated at fair value. We recognized a net unrealized loss of \$10 million on these securities during the nine months ended September 30, 2022. An immaterial gain was recorded during the same period in 2021.

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(unaudited)

The aggregate carrying values of our short-term and long-term investment securities consisted of the following at September 30, 2022 and December 31, 2021 (in millions):

	September 30, 2022	December 31, 2021
Available-for-sale investment securities		
Time deposits	\$ 630	\$ 790
Debt securities	11	8
Commercial paper	39	2
Total available-for-sale investment securities	680	800
Held-to-maturity investment securities		
Corporate bonds	176	37
Total held-to-maturity investment securities	176	37
Equity investment securities		
Common stock of publicly traded companies	11	26
Total equity investment securities	11	26
Total investment securities	\$ 867	\$ 863

Other Investments

Our wholly-owned subsidiary, JetBlue Technology Ventures, LLC ("JetBlue Ventures") has equity investments in emerging companies which do not have readily determinable fair values. In accordance with Topic 321, *Investments - Equity Securities* of the Financial Accounting Standards Board Accounting Standards Codification (the "FASB Codification"), we account for these investments using a measurement alternative which allows entities to measure these investments at cost, less any impairment, adjusted for changes from observable price changes in orderly transactions for identifiable or similar investments of the same issuer. The carrying amount of these investments was \$78 million and \$72 million as of September 30, 2022 and December 31, 2021, respectively. We did not record any material gains or losses on these investments during the three and nine months ended September 30, 2022 and 2021.

We have an approximate 10% ownership interest in the TWA Flight Center Hotel at John F. Kennedy International Airport and it is also accounted for under the measurement alternative. The carrying amount of this investment was \$14 million as of September 30, 2022 and December 31, 2021.

Equity Method Investments

Investments in which we can exercise significant influence are accounted for using the equity method in accordance with Topic 323, *Investments - Equity Method and Joint Ventures* of the FASB Codification. The carrying amount of our equity method investments was \$39 million and \$32 million as of September 30, 2022 and December 31, 2021, respectively, and is included within other assets on our consolidated balance sheets.

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(unaudited)

Note 2— Revenue Recognition

The Company categorizes the revenues 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 revenues recognized by revenue source for the three and nine months ended September 30, 2022 and 2021 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Passenger revenue				
Passenger travel	\$ 2,308	\$ 1,773	\$ 5,959	\$ 3,717
Loyalty revenue - air transportation	107	83	360	196
Other revenue				
Loyalty revenue	102	80	287	206
Other revenue	45	36	137	84
Total revenue	\$ 2,562	\$ 1,972	\$ 6,743	\$ 4,203

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

Contract Liabilities

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

	September 30, 2022	December 31, 2021
Air traffic liability - passenger travel	\$ 1,443	\$ 1,323
Air traffic liability - loyalty program (air transportation)	976	891
Deferred revenue ⁽¹⁾	547	613
Total	2,966	2,827

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

During the nine months ended September 30, 2022 and 2021, we recognized passenger revenue of \$1.2 billion and \$468 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 generally 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.

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(unaudited)

The table below presents the activity of the current and non-current air traffic liability for our loyalty program, and includes points earned and sold to participating companies for the nine months ended September 30, 2022 and 2021 (in millions):

Balance at December 31, 2021	\$ 891
TrueBlue® points redeemed	(360)
TrueBlue® points earned and sold	445
Balance at September 30, 2022	\$ 976
Balance at December 31, 2020	\$ 733
TrueBlue® points redeemed	(196)
TrueBlue® points earned and sold	308
Balance at September 30, 2021	\$ 845

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

During the nine months ended September 30, 2022, we made payments of \$255 million on our outstanding debt and finance lease obligations.

As of September 30, 2022, we pledged aircraft, engines, other equipment, and facilities with a net book value of \$6.3 billion as security under various financing arrangements.

At September 30, 2022, scheduled maturities of our long-term debt and finance lease obligations were \$100 million for the remainder of 2022, \$557 million in 2023, \$332 million in 2024, \$192 million in 2025, \$929 million in 2026, and \$1.6 billion thereafter.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

The carrying amounts and estimated fair values of our long-term debt, net of debt acquisition costs, at September 30, 2022 and December 31, 2021 were as follows (in millions):

	September 30, 2022		December 31, 2021	
	Carrying Value	Estimated Fair Value ⁽¹⁾	Carrying Value	Estimated Fair Value ⁽¹⁾
Public Debt				
Fixed rate special facility bonds, due through 2036	\$ 42	\$ 41	\$ 42	\$ 45
Fixed rate enhanced equipment notes:				
2019-1 Series AA, due through 2032	519	342	532	442
2019-1 Series A, due through 2028	162	125	166	150
2019-1 Series B, due through 2027	88	94	94	121
2020-1 Series A, due through 2032	567	467	587	634
2020-1 Series B, due through 2028	144	151	153	199
Non-Public Debt				
Fixed rate enhanced equipment notes, due through 2023	60	59	88	88
Fixed rate equipment notes, due through 2028	495	400	620	706
Floating rate equipment notes, due through 2028	64	56	103	99
Sale-leaseback transactions, due through 2024	343	332	347	374
Unsecured CARES Act Payroll Support Program loan, due through 2030	259	134	259	219
Unsecured Consolidated Appropriations Act Payroll Support Program Extension loan, due through 2031	144	73	144	121
Unsecured American Rescue Plan Act of 2021 Payroll Support loan, due through 2031	132	67	132	111
0.50% convertible senior notes due 2026	738	543	736	673
Total⁽²⁾	\$ 3,757	\$ 2,884	\$ 4,003	\$ 3,982

(1) The estimated fair values of our publicly held long-term debt are classified as Level 2 in the fair value hierarchy. 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. Refer to Note 7 to our condensed consolidated financial statements for an explanation of the fair value hierarchy structure.

(2) Total excludes finance lease obligations of \$2 million and \$3 million at September 30, 2022 and December 31, 2021, respectively.

We have financed certain aircraft with Enhanced Equipment Trust Certificates ("EETCs"). One of the benefits of this structure is being able to finance several aircraft at one time, rather than individually. The structure of EETC financing is that we create pass-through trusts in order to issue pass-through certificates. The proceeds from the issuance of these certificates are then used to purchase equipment notes, which are issued by us and secured by our aircraft. These trusts meet the definition of a variable interest entity ("VIE") as defined in Topic 810, *Consolidation* of the FASB Codification, and must be considered for consolidation in our financial statements. Our assessment of our EETCs considers both quantitative and qualitative factors including the purpose for which these trusts were established and the nature of the risks in each. The main purpose of the trust structure is to enhance the 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.

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2022 \$3.5 Billion Senior Secured Bridge Facility

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

In connection with the entry into the Merger Agreement, JetBlue entered into a second amended and restated commitment letter (the "Commitment Letter"), dated July 28, 2022, with Goldman Sachs Bank USA; BofA Securities, Inc.; Bank of America, N.A.; BNP Paribas; Credit Suisse AG, New York Branch; Credit Suisse Loan Funding LLC; Credit Agricole Corporate and Investment Bank; Natixis, New York Branch; Sumitomo Mitsui Banking Corporation; and MUFG Bank, Ltd. (collectively, the "Commitment Parties"), pursuant to which the Commitment Parties have committed to provide a senior secured bridge facility in an aggregate principal amount of up to \$3.5 billion to finance the acquisition of Spirit.

As part of the Commitment Letter, we have agreed to pledge, as part of any financing to be provided, certain specified collateral including aircraft and spare engines; rights to certain landing and takeoff slots at Gatwick Airport, John F. Kennedy International Airport, LaGuardia Airport, and Ronald Reagan Washington National Airport; as well as certain assets that comprise the JetBlue brand; and certain rights in the TrueBlue customer loyalty program. As of and for the period ended September 30, 2022 we did not have a balance outstanding or any borrowings thereunder.

Federal Payroll Support Programs

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

CARES Act — Payroll Support Program

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

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

Consolidated Appropriations Act – Payroll Support Program 2

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

American Rescue Plan Act – Payroll Support Program 3

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

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

The carrying values relating to the payroll support grants were recorded within other accrued liabilities and were recognized as a contra-expense within special items on our consolidated statements of operations as the funds were utilized. The relative fair value of the warrants were recorded within additional paid-in capital and reduced the total carrying value of the grants. Proceeds from the payroll support grants and from the issuance of payroll support warrants were classified within operating activities and financing activities, respectively, on our condensed consolidated statements of cash flows. Our funding from all payroll support grants was fully utilized as of September 30, 2021.

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

CARES Act – Secured Loan Program

Under the CARES Act Loan Program, JetBlue had the ability to borrow up to a total of approximately \$1.9 billion from Treasury. We entered into a loan and guarantee agreement (the "Loan Agreement") with Treasury and made an initial drawing of \$115 million under the CARES Act Loan Program on September 29, 2020. In connection with this initial drawing, we entered into a warrant agreement with Treasury, pursuant to which we issued warrants to Treasury to purchase approximately 1.2 million shares of our common stock at an exercise price of \$9.50 per share. The warrants will expire five years after issuance and will be exercisable either through net cash settlement or net share settlement, at our option, in whole or in part at any time.

On September 15, 2021, the Company repaid the full amount of outstanding borrowings under the Loan Agreement, which, together with accrued interest and fees, totaled approximately \$118 million. All obligations under the Loan Agreement, including all pledges of collateral, were terminated in full.

0.50% Convertible Senior Notes due 2026

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

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

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

We are not required to periodically redeem or retire the notes. We may, at our option, redeem any of the notes for cash at a redemption price of 100% of their principal amount, plus accrued and unpaid interest at any time on or after April 1, 2024 if

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the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide a notice of redemption to the holders.

We evaluated the conversion feature of this note offering for embedded derivatives in accordance with Topic 815, *Derivatives and Hedging* of the FASB Codification, and the substantial premium model in accordance with ASC 470, *Debt* of the FASB Codification. Based on our assessment, separate accounting for the conversion feature of this note offering is not required.

Interest expense recognized during the nine months ended September 30, 2022 was \$6 million and included \$2 million in amortization of debt issuance costs. During the nine months ended September 30, 2021, interest expense recorded was \$4 million and included \$2 million in amortization of debt issuance costs.

Short-term Borrowings

Citibank Line of Credit

We have a revolving Credit and Guaranty Agreement with Citibank N.A. as the administrative agent (the "Agent"), for up to \$550 million (the "Existing Credit Facility"). The term of the facility runs through August 2023. Borrowings under the Existing Credit Facility bear interest at a variable rate equal to LIBOR, plus a margin. The Existing Credit Facility is secured by aircraft, simulators, and certain other assets. The Existing Credit Facility includes covenants that require us to maintain certain minimum balances in unrestricted cash, cash equivalents, and unused commitments available under revolving credit facilities. In addition, the covenants restrict our ability to, among other things, dispose of certain collateral, or merge, consolidate, or sell assets. As of and for the periods ended September 30, 2022 and December 31, 2021, we did not have a balance outstanding or any borrowings under this line of credit.

On October 21, 2022, JetBlue entered into the Second Amended and Restated Credit and Guaranty Agreement (the "Second Amended and Restated Facility"), amending and restating the Existing Credit Facility. The Second Amended and Restated Facility is among JetBlue, the Agent and the lenders party thereto. The Second Amended and Restated Facility modifies the Existing Credit Facility to, among other things, (i) increase the lending commitments by \$50 million, for total lending commitments of \$600 million, and (ii) establish the maturity date for the \$600 million in lending commitments as October 21, 2024. Borrowings under the Second Amended and Restated Facility bear interest at a variable rate based on the secured overnight financing rate, known as SOFR, plus a margin of 2.00% per annum, or another rate (at JetBlue's election) based on certain market interest rates, plus a margin of 1.00% per annum, in each case with a floor of 0%. JetBlue has not made any drawings under the Second Amended and Restated Facility as of the date of this report.

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 periods ended September 30, 2022 and December 31, 2021, we did not have a balance outstanding or any borrowings under this line of credit.

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Note 4—Earnings (Loss) Per Share

Basic earnings per share is calculated by dividing net income (loss) by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated similarly but includes potential dilution from restricted stock units, crewmember purchases made under the Company's crewmember Stock Purchase Plan, convertible notes, warrants issued under various federal payroll support programs, and any other potentially dilutive instruments using the treasury stock and if-converted methods. There were no anti-dilutive common stock equivalents excluded from the computation of diluted earnings per share amounts for the three months ended September 30, 2022 and 2021. Anti-dilutive common stock equivalents excluded from the computation of diluted earnings per share amounts were 1.9 million and 3.5 million for the nine months ended September 30, 2022 and September 30, 2021, respectively.

The following table shows how we computed basic and diluted earnings per common share for the three and nine months ended September 30, 2022 and 2021 (dollars and share data in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (loss)	\$ 57	\$ 130	\$ (386)	\$ (53)
Weighted average basic shares	323.9	318.0	322.5	317.3
Effect of dilutive securities	1.1	3.3	—	—
Weighted average diluted shares	325.0	321.3	322.5	317.3
Earnings (loss) per common share				
Basic	\$ 0.18	\$ 0.41	\$ (1.20)	\$ (0.17)
Diluted	\$ 0.18	\$ 0.40	\$ (1.20)	\$ (0.17)

Note 5—Crewmember Retirement Plan

We sponsor a retirement savings 401(k) defined contribution plan ("the Plan"), covering all of our crewmembers where we match 100% of our crewmember contributions up to 5% of their eligible wages. 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 ("FAA") licensed crewmembers receive an additional contribution of 3% of eligible compensation, which we refer to as *Retirement Advantage*.

Our pilots receive a non-elective Company contribution of 16% of eligible pilot compensation per the terms of the collective bargaining agreement between JetBlue and the Air Line Pilots Association ("ALPA"), in lieu of the above 401(k) Company matching contribution, *Retirement Plus*, and *Retirement Advantage* contributions. The Company's non-elective contribution of 16% 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 contributions, *Retirement Plus*, *Retirement Advantage*, pilot retirement contribution, and profit sharing expensed for the nine months ended September 30, 2022 and 2021 was \$186 million and \$157 million, respectively.

Note 6—Commitments and Contingencies

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As of September 30, 2022, our firm aircraft orders consisted of 63 Airbus A321neo aircraft and 88 Airbus A220 aircraft, scheduled for delivery through 2027. Committed expenditures for these aircraft and related flight equipment, including estimated amounts for contractual price escalations and predelivery deposits as of September 30, 2022 is approximately \$245 million for the remainder of 2022, \$1.5 billion in 2023, \$2.1 billion in 2024, \$1.8 billion in 2025, \$1.4 billion in 2026, and \$1.0 billion thereafter. The amount of committed expenditures stated above represents the current delivery schedule set forth in our Airbus order book as of September 30, 2022. In February 2022, we received notice from Airbus of anticipated delivery delays for certain A220 aircraft and in September 2022, we signed an amendment to the Airbus A220 purchase agreement.

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. The U.S. Trade Representative increased the tariff to 15% effective March 2020. In March 2021, the U.S. Trade Representative announced a four-month suspension of the tariff that was followed by an announcement in June 2021 that the suspension will be extended for five years. We continue to work with our business partners, including Airbus, to evaluate the potential financial and operational impact of these announcements on our future aircraft deliveries, including after the suspension is lifted. The imposition of this or any tariff could substantially increase the cost of new aircraft and parts.

Other Commitments

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

As of September 30, 2022, we had approximately \$40 million in assets serving as collateral for letters of credit relating to a certain number of our leases. These are included in restricted cash and expire at the end of the related lease terms. Additionally, we had approximately \$40 million in assets 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.

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

In April 2021, ALPA, on behalf of the JetBlue pilot group, filed a grievance relating to the Northeast Alliance Agreement ("NEA"), an expanded codeshare and marketing alliance between JetBlue and American Airlines, Inc. ("American") at four Northeast airports. ALPA claims that in entering the NEA, JetBlue violated certain scope clauses as contained in the pilots' ALPA collective bargaining agreement. The matter proceeded to arbitration pursuant to the grievance procedure contained in the collective bargaining agreement, which concluded in September 2021, and in January 2022, the parties submitted final, written briefs to the System Board of Adjustment. Shortly after submission of the briefs, the parties agreed to enter into non-binding mediation with the assistance of the arbitrator with a temporary hold on a System Board decision. As a result of the mediation process, the parties agreed to certain changes to the collective bargaining agreement. The agreement, ratified by the JetBlue pilot group in April 2022, included a one-time payment and associated payroll taxes of \$32 million, paid and recorded as an expense within special items in the second quarter of 2022, and a 3% base pay increase effective May 1, 2022.

In September 2022, the International Association of Machinists and Aerospace Workers ("IAM") filed for an election to unionize our ground operations crewmembers. We continue to monitor this process as it affects our crewmembers.

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

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when it is probable a liability has been incurred and the amount of the loss can be reasonably estimated. These subjective determinations are based on the status of such legal or regulatory proceedings, the merits of our defenses, and consultation with legal counsel. Actual outcomes of these legal and regulatory proceedings may materially differ from our current estimates. It is possible that resolution of one or more of the legal matters currently pending or threatened could result in losses material to our consolidated results of operations, liquidity, or financial condition.

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

In September 2021, the United States Department of Justice ("DOJ"), along with the Attorneys General of each of the States of Arizona, California, and Florida, the Commonwealths of Massachusetts, Pennsylvania, and Virginia, and the District of Columbia, filed a lawsuit in the United States District Court for the District of Massachusetts (the "Court") against JetBlue and American Airlines alleging that the NEA violates Section 1 of the Sherman Act, and asking that the carriers be permanently enjoined from implementing the NEA. A bench trial was held September 27, 2022 through October 27, 2022. A decision has not yet been issued. Given the nature of this case, we are unable to estimate the reasonably possible loss or range of loss, if any, arising from this matter.

Note 7—Fair Value

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

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

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

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

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

The following is a listing of our assets and liabilities required to be measured at fair value on a recurring basis and where they are classified within the fair value hierarchy as of September 30, 2022 and December 31, 2021 (in millions):

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	\$ 1,004	\$ —	\$ —	\$ 1,004
Available-for-sale investment securities	—	680	—	680
Equity investment securities	11	—	—	11
Aircraft fuel derivatives	—	3	—	3
	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	\$ 1,515	\$ —	\$ —	\$ 1,515
Available-for-sale investment securities	—	800	—	800
Equity investment securities	26	—	—	26
Aircraft fuel derivatives	—	—	—	—

Refer to Note 3 to our condensed consolidated financial statements for fair value information related to our outstanding debt obligations as of September 30, 2022 and December 31, 2021.

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Cash equivalents

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

Available-for-sale investment securities

Our available-for-sale investment securities include investments such as time deposits and convertible debt securities. The fair values of these instruments are based on observable inputs in non-active markets, which are therefore classified as Level 2 in the hierarchy. We did not record any material gains or losses on these securities during the three and nine months ended September 30, 2022 and 2021.

Equity investment securities

Our equity investment securities include investments in common stocks of publicly traded companies. The fair values of these instruments are classified as Level 1 in the hierarchy as they are based on unadjusted quoted prices in active markets for identical assets. We recognized a net unrealized loss of \$1 million and \$10 million on these securities during the three and nine months ended September 30, 2022, respectively. An immaterial gain was recorded during the same period in 2021.

Aircraft fuel derivatives

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

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Note 8—Financial Derivative Instruments and Risk Management

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

Aircraft Fuel Derivatives

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

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

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

The following table illustrates the approximate hedged percentages of our projected fuel usage by quarter as of September 30, 2022 related to our outstanding fuel hedging contracts that were designated as cash flow hedges for accounting purposes. As of September 30, 2022 there were no fuel hedge contracts beyond December 31, 2022.

	Aircraft fuel call option spread agreements	Total
Fourth Quarter 2022	27 %	27 %

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

	September 30, 2022	December 31, 2021
Fuel Derivatives		
Asset fair value recorded in prepaid expense and other current assets ¹	\$ 3	\$ —
Longest remaining term (months)	3	0
Hedged volume (barrels, in thousands)	1,379	—
Estimated amount of existing losses expected to be reclassified into earnings in the next 12 months	\$ —	—

¹ Gross asset of each contract prior to consideration of offsetting positions with each counterparty and prior to the impact of collateral paid

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Fuel Derivatives				
Hedge effectiveness gains (losses) recognized in aircraft fuel expense	\$ —	\$ —	\$ —	\$ —
Hedge gains (losses) on derivatives recognized in comprehensive income	\$ (3)	\$ —	\$ (3)	\$ —
Percentage of actual consumption economically hedged	—	—	—	—

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

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

There were no offsetting derivative instruments as of September 30, 2022 and December 31, 2021.

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Note 9—Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss) includes changes in fair value of our available-for-sale securities and our aircraft fuel derivatives which qualify for hedge accounting. A roll forward of the amounts included in accumulated other comprehensive income (loss), net of taxes for the three months ended September 30, 2022 and 2021 is as follows (in millions):

	Available-for-sale securities(1)	Aircraft Fuel Derivatives(2)	Total
Balance of accumulated income (loss), at June 30, 2022	\$ (2)	\$ —	\$ (2)
Reclassifications into earnings, net of taxes of \$0	—	—	—
Change in fair value, net of taxes of \$2	—	(3)	(3)
Balance of accumulated income (loss), at September 30, 2022	\$ (2)	\$ (3)	\$ (5)
Balance of accumulated income (loss), at June 30, 2021	\$ —	\$ —	\$ —
Reclassifications into earnings, net of taxes \$0	—	—	—
Change in fair value, net of taxes of \$0	—	—	—
Balance of accumulated income (loss), at September 30, 2021	\$ —	\$ —	\$ —

A roll forward of the amounts included in accumulated other comprehensive income (loss), net of taxes for the nine months ended September 30, 2022 and 2021 is as follows (in millions):

	Available-for-sale securities(1)	Aircraft Fuel Derivatives(2)	Total
Balance of accumulated income (loss), at December 31, 2021	\$ —	\$ —	\$ —
Reclassifications into earnings, net of taxes of \$0	—	—	—
Change in fair value, net of taxes of \$2	(2)	(3)	(5)
Balance of accumulated income (loss), at September 30, 2022	\$ (2)	\$ (3)	\$ (5)
Balance of accumulated income (loss), at December 31, 2020	\$ —	\$ —	\$ —
Reclassifications into earnings, net of taxes \$0	—	—	—
Change in fair value, net of taxes of \$0	—	—	—
Balance of accumulated income (loss), at September 30, 2021	\$ —	\$ —	\$ —

(1) Reclassified to interest income.

(2) Reclassified to aircraft fuel expense.

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Note 10—Special Items

The following is a listing of special items presented on our consolidated statements of operations for the three and nine months ended September 30, 2022 and 2021 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Special Items				
Federal payroll support grant recognition ⁽¹⁾	\$ —	\$ (186)	\$ —	\$ (830)
CARES Act employee retention credit ⁽²⁾	—	—	—	(11)
Fleet Impairment ⁽³⁾	—	—	5	—
Air Lines Pilot Association ratification bonus ⁽⁴⁾	—	—	32	—
Spirit Airlines, Inc. acquisition related expenses ⁽⁵⁾	11	—	18	—
Fleet Retirement ⁽⁶⁾	2	—	2	—
Total	\$ 13	\$ (186)	\$ 57	\$ (841)

(1) As discussed in Note 3 to our condensed consolidated financial statements, we received assistance in the form of grants and unsecured loans under various federal payroll support programs in 2020 and 2021. Funds under these federal payroll support programs were to be used exclusively for the continuation of payment of crewmember wages, salaries and benefits. The carrying values of the payroll support grants (after consideration of the warrants we issued) were recorded within other liabilities and were recognized as contra-expenses within special items on our consolidated statements of operations as the funds were utilized. We utilized \$186 million and \$830 million of payroll support grants for the three and nine months ended September 30, 2021, respectively. Our payroll support grants were fully utilized as of September 30, 2021.

(2) The Employee Retention Credit ("ERC") under the CARES Act is a refundable tax credit which encourages businesses to keep employees on the payroll during the COVID-19 pandemic. Eligible employers can qualify for up to \$5,000 of credit for each employee based on qualified wages paid after March 12, 2020 and before January 1, 2021. The Internal Revenue Service ("IRS") subsequently issued Notice 2021-23 and Notice 2021-49 which collectively extended the ERC eligibility to cover qualified wages paid after December 31, 2020 and before January 1, 2022. Qualified wages are the wages paid to an employee for the time that the employee is not providing services due to an economic hardship, specifically, either (1) a full or partial suspension of operations by order of a governmental authority due to COVID-19, or (2) a significant decline in gross receipts. Our policy is to recognize the ERC when it is filed with the Internal Revenue Service. We recognized \$11 million of ERC as a contra-expense within special items on our consolidated statements of operations for the nine months ended September 30, 2021, respectively.

(3) Under Topic 320 - *Property, Plant, and Equipment* of the FASB Codification, we are required to assess long-lived assets for impairment when events and circumstances indicate that the assets may be impaired. An impairment of long-lived assets exists when the sum of the estimated undiscounted future cash flows expected to be generated directly by the assets are less than the book value of the assets. Our long-lived assets include both owned and leased properties which are classified as property and equipment, and operating lease assets on our consolidated balance sheets, respectively.

To determine if impairment exists in our fleet, we grouped our aircraft by fleet-type and estimated their future cash flows based on projections of capacity, aircraft age, and maintenance conditions. Based on the assessment, we determined the future cash flows from the operation of our Embraer E190 fleet were lower than the carrying value. For those aircraft, including the ones that are under operating lease, and related spare parts in our Embraer E190 fleet, we recorded impairment losses of \$5 million for the nine months ended September 30, 2022. These losses represent the difference between the book value of these assets and their fair value. In determining fair value, we obtained third party valuations for our Embraer E190 fleet, which considered the effects of the current market environment, age of the assets, and marketability. For our owned Embraer E190 aircraft and related spare parts, we made adjustments to the valuations to reflect the impact of their current maintenance conditions to determine fair value. Our estimate of fair value was not based on distressed sales or forced liquidations. The fair value of our Embraer E190 aircraft under operating lease and related parts was based on the present value of current market lease rates utilizing a market discount rate for the remaining term of each lease. Since the fair value of our Embraer E190 fleet was

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determined using unobservable inputs, it is classified as Level 3 in the fair value hierarchy.

We did not record any impairment loss on our long-lived assets for the three and nine months ended September 30, 2021.

(4) As discussed in Note 6 to our condensed consolidated financial statements, we paid \$32 million for an ALPA ratification bonus and the associated payroll taxes during the nine months ended September 30, 2022.

(5) As discussed in Note 11 to our condensed consolidated financial statements, we incurred and paid \$18 million for acquisition-related cost related to our Spirit merger during the nine months ended September 30, 2022.

(6) As part of our Embraer E190 retirement plan, we exchanged the title to an unencumbered CF34 engine with an engine owned by an Embraer E190 lessor. We recorded the \$2 million difference between the carrying value of the original engine and the appraised value of the received engine as a loss for the three and nine months ended September 31, 2022.

Note 11—Entry into Merger Agreement with Spirit Airlines

On July 28, 2022, JetBlue entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Spirit Airlines, Inc., a Delaware corporation (“Spirit”), and Sundown Acquisition Corp., a Delaware corporation and a direct wholly owned subsidiary of JetBlue (“Merger Sub”), pursuant to which and subject to the terms and conditions therein, Merger Sub will merge with and into Spirit, with Spirit continuing as the surviving corporation (the “Merger”). On October 19, 2022, Spirit announced that its stockholders approved the Merger Agreement.

As a result of the Merger, each existing share (“Share”) of Spirit’s common stock, par value \$0.0001 per share, will be converted at the effective time of the Merger into the right to receive an amount in cash per Share, without interest, equal to (a) \$33.50 minus (b) (i) to the extent paid, an amount in cash equal to \$2.50 per Share and (ii) the lesser of (A) \$1.15 and (B) the product of (1) \$0.10 multiplied by (2) the number of Additional Prepayments (as defined below) paid prior to the date of the closing of the Merger (the “Closing Date”) (such amount in subclause (B), the “Aggregate Additional Prepayment Amount”).

On October 26, 2022, in accordance with the Merger Agreement, JetBlue paid \$2.50 per share to each holder of record as of September 12, 2022, the record date for the special meeting of Spirit stockholders. The total payment came to \$272 million.

On or prior to the last business day of each calendar month commencing after December 31, 2022, until the earlier of (a) the Closing Date and (b) the termination of the Merger Agreement in accordance with its terms, JetBlue will pay or cause to be paid to the holders of record of outstanding Shares as of a date not more than five business days prior to the last business day of such month, an amount in cash equal to \$0.10 per Share (such amount, the “Additional Prepayment Amount,” each such monthly payment, an “Additional Prepayment”).

The Closing is subject to the satisfaction or waiver of certain closing conditions, including, among other things: (a) receipt of Spirit stockholder approval, which was obtained on October 19, 2022; (b) receipt of applicable regulatory approvals, including approvals from the U.S. Federal Communications Commission, U.S. Federal Aviation Administration and the U.S. Department of Transportation; (c) the expiration or early termination of the statutory waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”) and approval under certain foreign antitrust laws; (d) the absence of any law or order prohibiting the consummation of the transactions; and (e) the absence of any material adverse effect on Spirit (as defined in the Merger Agreement).

Spirit, JetBlue and Merger Sub each make certain customary representations, warranties and covenants, as applicable, in the Merger Agreement.

The Merger Agreement also contains certain provisions relating to efforts to obtain regulatory approval of the Merger, including to provide that JetBlue and Spirit, in connection with obtaining any necessary approval of a governmental entity (including under the HSR Act), will use their respective reasonable best efforts to take, or cause to be taken, all appropriate actions to obtain such approvals, including, to contest, defend and appeal any proceeding brought by a governmental entity challenging or seeking to prohibit the consummation of the Merger, provided that JetBlue shall not be required to take any divestiture actions) if such action would or would reasonably be expected to result in a material adverse effect on JetBlue and its subsidiaries (including Spirit and its subsidiaries) after giving effect to the transactions contemplated by the Merger Agreement, taken as a whole, and in no event shall JetBlue be required to agree to any such divestiture action that, in JetBlue’s discretion, would be reasonably likely to materially and adversely affect the anticipated benefits of the parties to the Northeast

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Alliance Agreement between JetBlue and American Airlines, Inc., dated as of July 15, 2020, and the agreements contemplated thereby. Any such divestiture action may be conditioned upon the closing of the Merger.

The Merger Agreement contains certain customary termination rights for JetBlue and Spirit, including, without limitation, a right for either party to terminate if the Merger is not consummated on or before July 28, 2023, which may be extended to January 28, 2024 and to July 24, 2024 in certain circumstances (such date, as extended, the "Outside Date") if needed to obtain the required regulatory approvals. Upon the termination of the Merger Agreement under specified circumstances, Spirit will be required to pay JetBlue a breakup fee of \$94 million. The Merger Agreement also provides the methodology by which certain expenses of JetBlue will be borne by Spirit. In addition, upon the termination of the Merger Agreement by JetBlue because of a material, uncured breach by Spirit of the Merger Agreement, Spirit will be required to pay JetBlue an amount equal to the sum of all amounts paid by JetBlue to the Spirit stockholders prior to the date of such termination.

In the event that the Merger Agreement is terminated due to either (a) a governmental entity issuing an order or taking any other action permanently enjoining or otherwise prohibiting the Merger under U.S. federal competition laws, or (b) the Merger having not occurred by the Outside Date solely to the extent that the closing condition requiring (i) the waiting period applicable to the consummation of the Merger under the HSR Act (and any customary timing agreement with any governmental entity to toll, stay, or extend any such waiting period, or to delay or not to consummate the Merger contemplated by the Merger Agreement entered into in connection therewith) to have expired or been terminated or (ii) that no governmental entity has issued an order or taken any other action (whether temporary, preliminary or permanent) enjoining or otherwise prohibiting the Merger under U.S. federal competition laws, and that no law shall be in effect making the Merger illegal or preventing the consummation of the Merger under U.S. federal competition laws, in either case, has not been satisfied at a time when all other closing conditions to JetBlue's obligations to consummate the Merger have been satisfied (or are capable of being satisfied if the closing were to occur on such date of termination), then (i) solely to the extent that the Remaining Parent Regulatory Fee (as defined in the Merger Agreement) is greater than zero, (A) JetBlue will pay directly to the stockholders of Spirit as of a record date that is five business days following the date of such termination an amount per Share in cash equal to the Remaining Regulatory Fee Per Share Amount (as defined in the Merger Agreement) and (B) JetBlue will pay to Spirit an amount equal to the Remaining Regulatory Fee Award Amount, in each case, on the second business day following such record date, and (ii) JetBlue will pay Spirit a fee in the amount of \$70 million (the "Additional Parent Regulatory Fee") within two business days following the date of such termination; provided, however, that neither the Remaining Parent Regulatory Fee nor the Additional Parent Regulatory Fee will be payable by JetBlue pursuant to the terms of the Merger Agreement under specified circumstances.

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

Prior to the execution of the Merger Agreement, Spirit terminated the Agreement and Plan of Merger (the "Frontier Merger Agreement"), dated as of February 5, 2022, by and among Frontier Group Holdings, Inc. ("Frontier"), Top Gun Acquisition Corp., and Spirit, in accordance with its terms and pursuant to a Termination Agreement (the "Termination Agreement") among the parties. Consistent with the Frontier Merger Agreement and pursuant to the Termination Agreement, on July 29, 2022, Spirit paid \$25 million to Frontier for the reimbursement of transaction expenses incurred by Frontier. In accordance with the Merger Agreement, on August 2, 2022, JetBlue reimbursed Spirit for the \$25 million paid to Frontier. This amount is included as Other Assets in the Company's Consolidated Balance Sheet as of September 30, 2022 and reported as Payment for Acquisition in the company's condensed consolidated statements of cash flows for the nine months ended September 30, 2022.

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In the third quarter of 2022, we returned to profitability with our first adjusted quarterly profit since the beginning of the COVID-19 pandemic. We also recorded the highest quarterly revenue in JetBlue's history. However, our operating results in the third quarter of 2021 and 2020 were adversely impacted by the COVID-19 pandemic. As a result, comparisons of our year-over-year performance are inflated and would not necessarily be indicative of our future operating results. In certain cases, we have also provided comparisons of our third quarter 2022 results to our third quarter 2019 results (or year-over-three), which are better reflective of pre-pandemic operations, allowing for a better understanding of the full impact of the COVID-19 pandemic and the progress of our recovery.

- Third quarter system capacity increased by 0.3% year-over-year and decreased by (0.5)% versus the third quarter of 2019.
- Revenue for the third quarter of 2022 increased by 30.0%, or \$590 million year-over-year, to \$2.6 billion. Compared to the third quarter of 2019, revenue increased by 22.8%, or \$476 million.
- Operating revenue per available seat mile ("RASM") for the third quarter of 2022 increased by 29.6% year-over-year to 15.80 cents. This compares to an increase of 23.4% year-over-three.
- Operating expense for the third quarter of 2022 increased by 35.7% to \$2.4 billion. Compared to the third quarter of 2019, operating expense increased by 31.8%, or \$584 million.
- Operating expense per available seat mile ("CASM") for the third quarter of 2022 increased by 35.3% to 14.94 cents. This compares to an increase of 32.4% from the third quarter of 2019.
- Our operating expense for the third quarter of 2022, 2021, and 2019 included the effects of special items. Excluding fuel and related taxes, special items, as well as operating expenses related to our non-airline businesses, our operating expense⁽¹⁾ increased by 3.5% to \$1.6 billion year-over-year. This compares to an increase of 16.3% compared to the third quarter of 2019.
- 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 3.2% to 9.69 cents in the third quarter of 2022 compared to the third quarter of 2021.
- Our reported diluted earnings per share for the third quarter of 2022, 2021, and 2019 were \$0.18, \$0.41, and \$0.63, respectively. Excluding special items, mark-to-market and certain gains and losses on our investments, our adjusted earnings per share⁽¹⁾ for the third quarter of 2022 was \$0.21. Excluding special items, our adjusted (loss) diluted earnings per share⁽¹⁾ for the third quarter of 2021 and 2019 were \$(0.12) and \$0.59, respectively.

Network

Following the success of our inaugural transatlantic service between New York's John F. Kennedy International Airport and London, which began in August 2021, we began service to London from Boston Logan International Airport ("Boston") on August 4, 2022.

In June 2022, we received permanent slots at London Heathrow Airport for flights starting October 29, 2022, which will help secure our long-term future at the iconic global hub. Permanent slots allow us to retain our presence and visibility at the busiest airport in the United Kingdom as we continue to grow our base of transatlantic travelers.

Customer Experience

In September 2022, we announced the expansion of our JetBlue Travel Products Insider Experience program for JetBlue Vacations packages to Nassau, Bahamas. The Insider Experience is currently included, free of charge, in all JetBlue Vacations flight + hotel packages to Aruba, Cancún, Montego Bay, and Punta Cana, making Nassau the fifth destination to offer customers traveling to these destinations unique concierge services. The Insider Experience also features before, during and post-trip support.

In September 2022, JetBlue Travel Products announced the formation of Troupe, a free and collaborative group trip planning app. Aligned with JetBlue's efforts to make travel seamless for its customers, Troupe is a convenient app dedicated to

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

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taking as much work off planners' plates as possible. Troupe brings groups together to decide on all the important details, so one person does not have to do it alone, presenting travelers with a stress-free experience from start to finish.

In October 2022, we announced a Cash + Points redemption option for JetBlue Vacations, which will allow customers to use TrueBlue points to book their entire vacation package (minus insurance and certain taxes & fees), where previously they could only use their points towards the flight portion of a flight + hotel package. For JetBlue Vacations customers who are ready to book travel but do not have enough TrueBlue points to cover the full cost of their entire trip, TrueBlue members are now able to make up the difference by using a combination of cash and points towards their flight, hotel, and even a rental car.

Environmental, Social, and Governance ("ESG")

We remain focused on continuing to lead in ESG initiatives. In September 2022, we announced our plans to bolster our transition to sustainable aviation fuel ("SAF") with a new agreement with AIR COMPANY, an innovative carbon technology company creating carbon-negative alcohols and fuels from carbon dioxide ("CO₂"). AIR COMPANY has developed and deployed a single-step process for CO₂-derived fuel production using renewable electricity to create its novel AIRMADE™ SAF product. JetBlue's memorandum of understanding with AIR COMPANY comes on the heels of a direct capital investment into AIR COMPANY's Series A funding round from JetBlue's venture capital subsidiary, JetBlue Ventures.

With this commitment, JetBlue announced its intent to purchase 25 million gallons of AIRMADE™ SAF over five years, with a targeted start date in 2027. AIR COMPANY joins JetBlue's growing list of SAF partnerships as it advances its goal to convert 10% of its total fuel usage to SAF on a blended basis by 2030.

Outlook for 2022

We are pleased with the momentum we have seen in demand and revenue trends which accelerated throughout the third quarter resulting in our return to profitability. We expect unit revenue for the fourth quarter of 2022 to increase between 15% to 19% compared to the same period in 2019. For the fourth quarter of 2022, we expect capacity to increase in a range between 1% to 4% compared to the same period in 2019. Full year 2022 capacity is expected to increase between 0% to 2% compared to 2019. Our previous expectation for full year 2022 capacity was an increase of between 0% to 3% versus 2019.

Operating expenses per available seat mile, excluding fuel and related taxes, other non-airline operating expenses, and special items ("CASM Ex-Fuel")⁽¹⁾ for the fourth quarter of 2022 is expected to increase between 8.5% to 10.5% compared to the fourth quarter of 2019. This increase is primarily attributed to the following factors: sequential step-down in capacity, timing of maintenance events, and continued operational investments. As previously announced, we expect to deliver \$250 million of cost savings from our new structural cost program and our Embraer E190 retirement plan through 2024. The new structural cost program is expected to deliver run rate savings of approximately \$150 million to \$200 million through 2024 by leveraging the new Enterprise Planning team to help unlock structural efficiencies across the airline longer-term; and investing in automation across the business, particularly in support of end-of-life maintenance planning as we begin to retire aircraft.

We expect to show benefits from our new structural cost program and our E190 retirement plan in the fourth quarter of 2022 and through 2024. We expect full year 2022 CASM Ex-Fuel to increase between 13% to 14% compared to 2019 and to be profitable again in the fourth quarter.

RESULTS OF OPERATIONS**Three Months Ended September 30, 2022 vs. 2021****Overview**

We reported net income of \$57 million, operating income of \$139 million and an operating margin of 5.4% for the three months ended September 30, 2022. This compares to a net income of \$130 million, an operating income of \$186 million and an operating margin of 9.4% for the three months ended September 30, 2021. Earnings per diluted share was \$0.18 for the third quarter of 2022 compared to \$0.40 of earnings per diluted share for the same period in 2021.

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

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

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Our reported results for the three months ended September 30, 2021 included the effects of special items. Adjusting for these special items⁽¹⁾, our adjusted net loss⁽¹⁾ was \$39 million, adjusted operating loss⁽¹⁾ was \$0 million, adjusted operating margin⁽¹⁾ was 0.0%, and adjusted loss per share was \$(0.12) for the three months ended September 30, 2021.

On-time performance, as defined by the Department of Transportation ("DOT") is arrival within 14 minutes of scheduled arrival time. In the third quarter of 2022, our system wide on-time performance was 67.2% compared to 63.5% for the same period in 2021. Our completion factor was 97.7% in each of the third quarter of 2022 and the same period in 2021.

Operating Revenues

<i>(Revenues in millions; percent changes based on unrounded numbers)</i>	Three Months Ended September 30,		Year-over-Year Change	
	2022	2021	\$	%
Passenger revenue	\$ 2,415	\$ 1,856	\$ 559	30.1 %
Other revenue	147	116	31	27.1
Total operating revenues	\$ 2,562	\$ 1,972	\$ 590	30.0 %
Average Fare	\$ 229.95	\$ 204.50	\$ 25.45	12.4 %
Yield per passenger mile (cents)	17.30	14.37	2.93	20.4
Passenger revenue per ASM (cents)	14.89	11.48	3.41	29.7
Operating revenue per ASM (cents)	15.80	12.20	3.60	29.6
Average stage length (miles)	1,191	1,320	(129)	(9.8)
Revenue passengers (thousands)	10,502	9,075	1,427	15.7
Revenue passenger miles (millions)	13,963	12,913	1,050	8.1
Available Seat Miles (ASMs) (millions)	16,217	16,168	49	0.3
Load Factor	86.1 %	79.9 %		6.2 pts.

Passenger revenue is our primary source of revenue, which includes seat revenue and baggage fees, as well as revenue from our ancillary product offerings such as Even More[®] Space. The increase in passenger revenue of \$559 million, or 30.1%, for the three months ended September 30, 2022 compared to the same period in 2021, was primarily driven by the return in demand for travel as we continue to recover from the COVID-19 pandemic. Revenue passengers increased to 10.5 million for the three months ended September 30, 2022 from 9.1 million for the same period in 2021.

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

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Operating Expenses

In detail, our operating costs per available seat mile ("ASM") were as follows:

(in millions; per ASM data in cents; percent changes based on unrounded numbers)	Three Months Ended September 30,		Year-over-Year Change		Cents per ASM		
	2022	2021	\$	%	2022	2021	% Change
Aircraft fuel and related taxes	\$ 825	\$ 443	\$ 382	86.0 %	5.08	2.74	85.5 %
Salaries, wages and benefits	675	620	55	8.9	4.16	3.83	8.6
Landing fees and other rents	131	182	(51)	(27.9)	0.81	1.12	(28.1)
Depreciation and amortization	147	140	7	5.2	0.90	0.86	4.9
Aircraft rent	30	25	5	20.7	0.19	0.16	20.4
Sales and marketing	81	60	21	35.4	0.50	0.37	35.0
Maintenance, materials and repairs	178	205	(27)	(13.0)	1.10	1.27	(13.3)
Other operating expenses	343	297	46	15.4	2.12	1.84	15.0
Special items	13	(186)	199	(106.8)	0.08	(1.15)	(106.8)
Total operating expenses	\$ 2,423	\$ 1,786	\$ 637	35.7 %	14.94	11.04	35.3 %
Total operating expenses excluding special items⁽¹⁾	\$ 2,410	\$ 1,972	\$ 438	22.2 %	14.86	12.19	21.9 %

Aircraft Fuel and Related Taxes

Aircraft fuel and related taxes increased by \$382 million, for the three months ended September 30, 2022 compared to the same period in 2021. The average fuel price for the three months ended September 30, 2022 increased by 84.0% to \$3.84 per gallon. Our fuel consumption for this period increased by 1.1%, or 2 million gallons, due to the increase in capacity as demand for travel returned.

Salaries, Wages and Benefits

Salaries, wages and benefits increased \$55 million, or 8.9%, for the three months ended September 30, 2022 compared to the same period in 2021. The increase was driven primarily by higher total hours worked by our crewmembers as we align our workforce with the increased demand for travel and the need to support our operation. As of September 30, 2022, we have approximately 24,500 crewmembers compared to approximately 21,250 crewmembers at September 30, 2021. The average number of full-time equivalent crewmembers increased by 24.4% compared to the same period in 2021.

Landing Fees and Other Rents

Landing fees and other rents decreased \$51 million, or (27.9)%, for the three months ended September 30, 2022 compared to the same period in 2021 primarily due to a decrease in rates offset by a 10.3% increase in departures.

Depreciation and Amortization

Depreciation and amortization increased \$7 million, or 5.2%, for the three months ended September 30, 2022 compared to the same period in 2021 primarily driven by the addition of eight new aircraft that were placed into service since September 30, 2021. The average number of our operating aircraft increased by 3.7% during the three months ended September 30, 2022 as compared to the same period in 2021.

Sales and Marketing

Sales and marketing increased \$21 million, or 35.4%, for the three months ended September 30, 2022 compared to the same period in 2021 principally driven by higher credit card fees and computer reservation system charges, which are directly related to the return in demand as we continue to recover from the COVID-19 pandemic. Revenue passengers increased by 1.4 million, or 15.7%, during the three months ended September 30, 2022 as compared to the same period in 2021.

Maintenance Materials and Repairs

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

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Maintenance materials and repairs decreased \$27 million, or (13.0)%, for the three months ended September 30, 2022 compared to the same period in 2021, primarily driven by the timing of engine maintenance, offset by an increase in heavy maintenance and power by the hour based maintenance driven by the increase in aircraft utilization.

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.

Other operating expenses increased \$46 million, or 15.4%, for the three months ended September 30, 2022 compared to the same period in 2021 as we ramped up the level of our operations in response to the return in demand for air travel.

Special Items

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

- \$11 million in acquisition costs relating to our merger with Spirit; and
- \$2 million relating to engine exchanges related to the retirement of our Embraer E190 fleet.

Special items for the three months ended September 30, 2021 included the following:

- Contra-expense of \$(186) million which represents the amount of federal payroll support grants utilized during the period.

Nine Months Ended September 30, 2022 vs. 2021**Overview**

We reported a net loss of \$386 million, an operating loss of \$341 million and an operating margin of (5.1)% for the nine months ended September 30, 2022. This compares to a net loss of \$53 million, an operating income of \$39 million and an operating margin of 0.9% for the nine months ended September 30, 2021. Loss per share was \$(1.20) for the nine months ended September 30, 2022 compared to \$(0.17) for the same period in 2021.

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

Our reported results for the nine months ended September 30, 2021 included the effects of special items. Adjusting for these special items, our adjusted net loss⁽¹⁾ was \$685 million, adjusted operating loss⁽¹⁾ was \$802 million, adjusted operating margin⁽¹⁾ was (19.1)%, and adjusted loss per share⁽¹⁾ was \$(2.16) for the nine months ended September 30, 2021.

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

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Operating Revenues

	Nine Months Ended September 30,		Year-over-Year Change	
	2022	2021	\$	%
<i>(Revenues in millions; percent changes based on unrounded numbers)</i>				
Passenger revenue	\$ 6,319	\$ 3,913	\$ 2,406	61.5 %
Other revenue	424	290	134	46.4
Total operating revenues	\$ 6,743	\$ 4,203	\$ 2,540	60.4 %
Average Fare	\$ 217.34	\$ 182.22	\$ 35.12	19.3 %
Yield per passenger mile (cents)	16.26	13.26	3.00	22.7
Passenger revenue per ASM (cents)	13.17	10.06	3.11	30.9
Operating revenue per ASM (cents)	14.05	10.80	3.25	30.0
Average stage length (miles)	1,218	1,293	(75)	(5.8)
Revenue passengers (thousands)	29,075	21,476	7,599	35.4
Revenue passenger miles (millions)	38,857	29,524	9,333	31.6
Available Seat Miles (ASMs) (millions)	48,005	38,902	9,103	23.4
Load Factor	80.9 %	75.9 %		5.0 pts.

Passenger revenue is our primary source of revenue, which includes seat revenue and baggage fees, as well as revenue from our ancillary product offerings such as Even More[®] Space. The increase in passenger revenue of \$2.4 billion, or 61.5%, for the nine months ended September 30, 2022 compared to the same period in 2021, was primarily driven by the return in demand for travel and a 19.3% increase in fares, as we continue to recover from the COVID-19 pandemic. Revenue passengers increased by 35.4% to 29.1 million for the nine months ended September 30, 2022 from 21.5 million for the same period in 2021.

Operating Expenses

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

	Nine Months Ended September 30,		Year-over-Year Change		Cents per ASM		
	2022	2021	\$	%	2022	2021	% Change
<i>(in millions; per ASM data in cents; percent changes based on unrounded numbers)</i>							
Aircraft fuel and related taxes	\$ 2,305	\$ 973	\$ 1,332	137.0 %	4.80	2.50	92.0 %
Salaries, wages and benefits	2,058	1,718	340	19.8	4.29	4.42	(2.9)
Landing fees and other rents	412	470	(58)	(12.5)	0.86	1.21	(29.1)
Depreciation and amortization	435	398	37	9.4	0.91	1.02	(11.3)
Aircraft rent	83	76	7	10.0	0.17	0.19	(10.9)
Sales and marketing	216	130	86	66.6	0.45	0.33	35.0
Maintenance, materials and repairs	492	472	20	4.0	1.02	1.22	(15.7)
Other operating expenses	1,026	768	258	33.5	2.14	1.97	8.2
Special items	57	(841)	898	106.8	0.12	(2.16)	105.5
Total operating expenses	\$ 7,084	\$ 4,164	\$ 2,920	70.1 %	14.76	10.70	37.9 %
Total operating expenses excluding special items⁽¹⁾	\$ 7,027	\$ 5,005	\$ 2,022	40.4 %	14.64	12.86	13.8 %

Aircraft Fuel and Related Taxes

Aircraft fuel and related taxes increased by \$1.3 billion, or 137.0%, for the nine months ended September 30, 2022 compared to the same period in 2021. The average fuel price for the nine months ended September 30, 2022 increased by 89.4% to \$3.68 per gallon. Our fuel consumption increased by 25.1%, or 125 million gallons, due to the increase in capacity as

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

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demand for travel returned. Scheduled departures increased to 246,653 flights, or 31.0%, for the nine months ended September 30, 2022.

Salaries, Wages and Benefits

Salaries, wages and benefits increased by \$340 million, or 19.8%, for the nine months ended September 30, 2022 compared to the same period in 2021. The increase was driven primarily by higher total hours worked by our crewmembers as we align our workforce with the increased demand for travel and the need for premium and incentive pay to support our operation. As of September 30, 2022, we have approximately 24,500 crewmembers compared to approximately 21,250 crewmembers at September 30, 2021.

Landing Fees and Other Rents

Landing fees and other rents decreased by \$58 million, or (12.5%), for the nine months ended September 30, 2022 compared to the same period in 2021 primarily due to a decrease in rates offset by a 31% increase in departures.

Depreciation and Amortization

Depreciation and amortization increased by \$37 million, or 9.4%, for the nine months ended September 30, 2022 compared to the same period in 2021. This increase was primarily attributed to the addition of eight new aircraft that were placed into service since September 30, 2021. The average number of aircraft increased by 5.0% during the nine months ended September 30, 2022 as compared to the same period in 2021.

Aircraft Rent

Aircraft rent increased \$7 million, or 10.0%, for the nine months ended September 30, 2022 compared to the same period in 2021. The increase was driven primarily by an increase of 24 leased engines in 2022.

Sales and Marketing

Sales and marketing increased \$86 million, or 66.6%, for the nine months ended September 30, 2022 compared to the same period in 2021, driven by higher credit card fees and computer reservation system charges, which are directly related to demand increases as we continue to recover from the COVID-19 pandemic. Revenue passengers for the nine months ended September 30, 2022 increased by 7.6 million, or 35.4%, year-over-year.

Maintenance Materials and Repairs

Maintenance materials and repairs increased \$20 million, or 4.0%, for the nine months ended September 30, 2022 compared to the same period in 2021, primarily driven by the timing of engine maintenance, offset by an increase in heavy maintenance and power by the hour based maintenance driven by the increase in aircraft utilization.

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.

Other operating expenses increased \$258 million, or 33.5%, for the nine months ended September 30, 2022 compared to the same period in 2021 as we ramped up the level of our operations in response to the return in demand for air travel.

Special Items

Special items for the nine months ended September 30, 2022 included the following:

- \$32 million relating to an ALPA ratification bonus and associated payroll taxes;
- \$18 million in acquisition costs relating to our merger with Spirit;
- \$5 million relating to an impairment on our Embraer E190 fleet; and
- \$2 million relating to engine exchanges as part of our Embraer E190 retirement plan.

For the nine months ended September 30, 2021, special items included:

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

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- Contra-expense of \$(830) million, which represents the amount of federal payroll support grants utilized during the period; and
- Contra-expense of \$(11) million related to the recognition of Employee Retention Credits provided by the CARES Act.

Operational Statistics

The following table sets forth our operating statistics for the three and nine months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Year-over-Year Change	Nine Months Ended September 30,		Year-over-Year Change
	2022	2021	%	2022	2021	%
<i>(percent changes based on unrounded numbers)</i>						
Operational Statistics						
Revenue passengers (thousands)	10,502	9,075	15.7	29,075	21,476	35.4
Revenue passenger miles (RPMs) (millions)	13,963	12,913	8.1	38,857	29,524	31.6
Available seat miles (ASMs) (millions)	16,217	16,168	0.3	48,005	38,902	23.4
Load factor	86.1 %	79.9 %	6.2 pts	80.9 %	75.9 %	5.0 pts
Aircraft utilization (hours per day)	10.1	10.1	—	10.1	8.3	21.7
Average fare	\$ 229.95	\$ 204.50	12.4	\$ 217.34	\$ 182.22	19.3
Yield per passenger mile (cents)	17.30	14.37	20.4	16.26	13.26	22.7
Passenger revenue per ASM (cents)	14.89	11.48	29.7	13.17	10.06	30.9
Operating revenue per ASM (cents)	15.80	12.20	29.6	14.05	10.80	30.0
Operating expense per ASM (cents)	14.94	11.04	35.3	14.76	10.70	37.9
Operating expense per ASM, excluding fuel ⁽¹⁾	9.69	9.39	3.2	9.75	10.29	(5.3)
Departures	84,805	76,918	10.3	246,653	188,220	31.0
Average stage length (miles)	1,191	1,320	(9.8)	1,218	1,293	(5.8)
Average number of operating aircraft during period	286	276	3.7	284	270	5.0
Average fuel cost per gallon, including fuel taxes	\$ 3.84	\$ 2.08	84.0	\$ 3.68	\$ 1.94	89.4
Fuel gallons consumed (millions)	215	213	1.1	626	501	25.1
Average number of full-time equivalent crewmembers				20,013	16,088	24.4

We expect our operating results to significantly fluctuate from quarter-to-quarter in the future due to the uncertainties related to economic conditions, cost of aircraft fuel, recovery from the COVID-19 pandemic, and various other factors which are outside of our control. Consequently, we believe quarter-to-quarter comparisons of our operating results may not necessarily be meaningful; you should not rely on our results for any one quarter as an indication of our future performance.

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

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The following is a discussion of the significant changes between September 30, 2022, and December 31, 2021.

(in millions)

Selected Balance Sheet Data:

	September 30, 2022	December 31, 2021	\$ Change	% Change
ASSETS				
Cash and cash equivalents	1,401	2,018	(617)	(30.6)%
Investment securities	692	824	(132)	(16.0)%
Receivables, less allowance (2022-\$3; 2021-\$3)	298	207	91	44.1 %
Flight equipment	11,579	11,161	418	3.7 %
LIABILITIES				
Air traffic liability	1,745	1,618	127	7.9 %
Other accrued liabilities	421	359	62	17.5 %
LONG-TERM DEBT AND FINANCE LEASE OBLIGATIONS	3,235	3,651	(416)	(11.4)%

Cash and cash equivalents

Cash and cash equivalents decreased by \$617 million, or (30.6)%, to \$1.4 billion as of September 30, 2022. Notable outflows during the nine months ended September 30, 2022 include: \$599 million in capital expenditures inclusive of predelivery deposits for flight equipment, \$21 million of net purchases in investment securities, and \$255 million in repayment of long-term debt and finance lease obligations. These outflows were partially offset by net cash provided by operating activities of \$321 million.

Investment securities

Investment securities decreased by \$132 million, or (16.0)%, primarily driven by the net purchases of commercial paper and time deposits which had maturities between three and twelve months at September 30, 2022.

Receivables, less allowance

Receivables increased by \$91 million, primarily driven by an increase in credit card receivables due to an increase in sales.

Flight equipment

Flight equipment increased by \$418 million, or 3.7%, principally driven by aircraft capital expenditures made in the first nine months of 2022. Additional information related to our aircraft capital expenditures are provided within our discussion of investing activities under the "Liquidity and Capital Resources" section below.

Air traffic liability

Air traffic liability increased by \$127 million, or 7.9%, driven by the improvements in demand as customers began to gain confidence to travel in the midst of the COVID-19 pandemic and resume booking travel further in advance. The cash collected from customers for future travel is recorded on our balance sheet until the point in time that the customer travels.

Other accrued liabilities

Other accrued liabilities increased by \$62 million, or 17.5%, primarily as a result of an increase in passenger tax liabilities.

Long-term debt and finance lease obligations

Long-term debt and finance lease obligations decreased by \$416 million, or (11.4)%, mainly due to regularly scheduled principal payments made in the first nine months of 2022.

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

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The airline business is capital intensive. Our ability to successfully execute our growth plans is largely dependent on the continued availability of capital on attractive terms. In addition, our ability to successfully operate our business depends on maintaining sufficient liquidity. We believe we have adequate resources from a combination of cash and cash equivalents, investment securities on hand, and available lines of credit. Additionally, our unencumbered assets could be an additional source of liquidity, if necessary.

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

At September 30, 2022, we had cash, cash equivalents, and short-term investments of approximately \$2.1 billion.

Analysis of Cash Flows***Operating Activities***

We rely primarily on operating cash flows to provide working capital for current and future operations. Cash flows from operating activities were \$321 million and \$1.8 billion for the nine months ended September 30, 2022 and 2021, respectively. Higher losses, principally driven by higher operating expenses during the nine months ended September 30, 2022, coupled with significant cash flow benefits from the federal grants received under various payroll support programs and the initial cash payments associated with our new co-branded credit card agreements noted for the nine months ended September 30, 2021 all contributed to the \$1.5 billion decrease in operating cash flows.

Investing Activities

During the nine months ended September 30, 2022, capital expenditures related to our purchase of flight equipment included \$172 million related to the purchase of four Airbus A220 aircraft, one Airbus A321neo aircraft, and several spare engines; \$51 million for spare part purchases; \$165 million in work-in-progress relating to flight equipment; and \$116 million for flight equipment deposits. Other property and equipment capital expenditures also included ground equipment purchases and facilities improvements for \$95 million. Investing activities also included the net purchase of investment securities of \$21 million and \$25 million paid to Spirit pursuant to our Merger Agreement.

During the nine months ended September 30, 2021, capital expenditures related to our purchase of flight equipment included \$577 million for the purchase of eight Airbus A321neo aircraft, five Airbus A220 aircraft, and several spare engines; \$97 million in work-in-progress relating to flight equipment; \$34 million for spare part purchases; and \$33 million for flight equipment deposits. Other property and equipment capital expenditures also included ground equipment purchases and facilities improvements for \$62 million.

Investing activities for the nine months ended September 30, 2021 also included \$70 million of net proceeds from maturities of investment securities.

Financing Activities

Financing activities for the nine months ended September 30, 2022 primarily consisted of the following:

- Principal payments of \$255 million on our outstanding debt and finance lease obligations.
- Entering into a commitment letter for a Senior Secured Bridge Facility of up to \$3.5 billion to finance the acquisition of Spirit.

Financing activities for the nine months ended September 30, 2021 primarily consisted of debt repayments of \$1.8 billion

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

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on our outstanding debt and finance lease obligations which included the following payoffs:

- \$722 million on our Term Loan;
- \$550 million on our Revolving Facility; and
- \$115 million on our secured loan balance under the CARES Act Loan Program.

These principal payments were partially offset by:

- Net proceeds of \$734 million from the issuance of our 0.50% Convertible Senior Notes due 2026;
- Net proceeds of \$276 million and \$14 million from the issuances of unsecured term loans and warrants, respectively, in connection with the Payroll Support Program 2 under the Consolidated Appropriations Act and Payroll Support Program 3 under the American Rescue Plan Act; and
- \$22 million of proceeds from the issuance of common stock related to our Crewmember Stock Purchase Plan.

Working Capital

We had a working capital deficit of \$1.3 billion at September 30, 2022 compared to \$170 million at December 31, 2021. Our working capital decreased by \$1.1 billion due to several factors, including an overall increase in our air traffic liability which was attributed to the increase in customer bookings primarily driven by the return in demand for travel.

We expect to meet our obligations as they become due through available cash, investment securities, and internally generated funds, supplemented, as necessary, by financing activities which may be available to us. We expect to generate positive working capital through our operations. However, we cannot predict what the effect on our business might be from future developments related to the recovery of the COVID-19 pandemic and its impact on the economy and consumer behavior, the extremely competitive environment in which we operate, or from events beyond our control, such as volatile fuel prices, economic conditions, weather-related disruptions, airport infrastructure challenges, the spread of infectious diseases, the impact of other airline bankruptcies, restructurings or consolidations, U.S. or international military actions, acts of terrorism, or other external geopolitical events and conditions. We believe there is sufficient liquidity available to us to meet our cash requirements for at least the next 12 months.

Contractual Obligations

Our contractual obligations at September 30, 2022 include the following (in billions):

	Payments due in						
	Total	2022	2023	2024	2025	2026	Thereafter
Debt and finance lease obligations ⁽¹⁾	\$ 4.4	\$ 0.1	\$ 0.7	\$ 0.4	\$ 0.3	\$ 1.0	\$ 1.9
Operating lease obligations	1.0	—	0.1	0.1	0.1	0.1	0.6
Flight equipment purchase obligations ⁽²⁾	8.0	0.2	1.5	2.1	1.8	1.4	1.0
Other obligations ⁽³⁾	2.5	0.1	0.4	0.4	0.4	0.4	0.8
Total	\$ 15.9	\$ 0.4	\$ 2.7	\$ 3.0	\$ 2.6	\$ 2.9	\$ 4.3

The amounts stated above do not include additional obligations incurred as a result of financing activities executed after September 30, 2022. In October 2022, we entered into the Second Amended and Restated Agreement. See Note 3 to condensed consolidated financial statements. Also in October 2022, we paid \$2.50 per share to each holder of record in accordance with the Merger Agreement totaling \$272 million. See Note 11 to condensed consolidated financial statements.

(1) Includes actual interest and estimated interest for floating-rate debt based on September 30, 2022 rates.

(2) Amounts represent obligations based on the current delivery schedule set forth in our Airbus order book as of September 30, 2022.

(3) Amounts include non-cancelable commitments for the purchase of goods and services.

As of September 30, 2022, we believe we are in compliance with the covenants of our debt and lease agreements. We have approximately \$40 million of restricted cash pledged under standby letters of credit related to certain leases that will expire at the end of the related lease terms.

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

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As of September 30, 2022, we operated a fleet of 130 Airbus A320 aircraft, 63 Airbus A321 aircraft, 18 Airbus A321neo aircraft, 4 Airbus A321neo long range aircraft, 12 Airbus A220 aircraft, and 60 Embraer E190 aircraft. Of our fleet, 219 are owned by us, 68 are leased under operating leases, and none are leased under finance leases. Our owned aircraft include aircraft associated with sale-leaseback transactions that did not qualify as sales for accounting purposes. As of September 30, 2022, the average age of our operating fleet was 12 years.

Our aircraft order book as of September 30, 2022 is as follows:

Year	Airbus A321neo	Airbus A220	Total
2022	2	2	4
2023	11	18	29
2024	13	30	43
2025	11	24	35
2026	12	14	26
2027	14	—	14
Total	63	88	151

In September 2022, we signed an amendment to the Airbus A220 purchase agreement, delaying the delivery dates for certain A220 aircraft. The table above represents the current delivery schedule set forth in our Airbus order book as of September 30, 2022. However, we note that due to Airbus delivery delays, we anticipate delivery in 2023 of 14 A220 aircraft and 8 A321neo aircraft.

Expenditures for our aircraft and spare engines include estimated amounts for contractual price escalations and predelivery deposits. We expect to meet our predelivery deposit requirements for our aircraft by paying cash or by using short-term borrowing facilities for deposits required 6 to 24 months prior to delivery. Any predelivery deposits paid by the issuance of notes are fully repaid at the time of delivery of the related aircraft.

Depending on market conditions, we anticipate paying in cash for all scheduled aircraft deliveries in 2022. For deliveries after 2022, although we believe debt and/or lease financing should be available to us, we cannot give any assurance that we will be able to secure financing on attractive terms, if at all. While these financings may or may not result in an increase in liabilities on our balance sheet, we expect our fixed costs to increase regardless of the financing method ultimately chosen. To the extent we cannot secure financing on terms we deem attractive, we may be required to pay in cash, further modify our aircraft acquisition plans, or incur higher than anticipated financing costs.

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. The U.S. Trade Representative increased the tariff to 15% effective March 2020. In March 2021, the U.S. Trade Representative announced a four-month suspension of the tariff that was followed by an announcement in June 2021 that the suspension will be extended for five years. We continue to work with our business partners, including Airbus, to evaluate the potential financial and operational impact of these announcements on our future aircraft deliveries, including after the suspension is lifted. The imposition of this or any tariff could substantially increase the cost of new aircraft and parts.

Off-Balance Sheet Arrangements

Although some of our aircraft lease arrangements are with variable interest entities, as defined by Topic 810, Consolidations of the FASB Codification, none of them require consolidation in our condensed consolidated financial statements. Our 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 have not made 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. They maintain liquidity facilities 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.

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

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We have also made certain guarantees and indemnities to other unrelated parties that are not reflected on our balance sheet, 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.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Critical Accounting Policies and Estimates included in our 2021 Form 10-K.

Forward-Looking Information

This Report (or otherwise made by JetBlue or on JetBlue's behalf) contains various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("the Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("the Exchange Act"), which represent our management's beliefs and assumptions concerning future events. These statements are intended to qualify for the "safe harbor" from liability established by the Private Securities Litigation Reform Act of 1995. When used in this document and in documents incorporated herein by reference, the words "expects," "plans," "intends," "anticipates," "indicates," "remains," "believes," "estimates," "forecast," "guidance," "outlook," "may," "will," "should," "seeks," "goals," "targets" and similar expressions are intended to identify forward-looking statements. Additionally, forward-looking statements include statements that do not relate solely to historical facts, such as statements which identify uncertainties or trends, discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed, or assured. Forward-looking statements involve risks, uncertainties and assumptions, and are based on information currently available to us. Actual results may differ materially from those expressed in the forward-looking statements due to many factors, including, without limitation, the COVID-19 pandemic including new and existing variants, and the outbreak of any other disease or similar public health threat that affects travel demand or behavior; restrictions on our business related to the financing we accepted under various federal government support programs such as the Coronavirus Aid, Relief, and Economic Security Act, the Consolidated Appropriations Act, and the American Rescue Plan Act; our significant fixed obligations and substantial indebtedness; risk associated with execution of our strategic operating plans in the near-term and long-term; the recording of a material impairment loss of tangible or intangible assets; 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; 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; the outcome of the lawsuit filed by the Department of Justice and certain state Attorneys General against us related to our Northeast Alliance entered into with American Airlines, 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; adverse weather conditions or natural disasters; external geopolitical events and conditions; the occurrence of any event, change or other circumstances that could give rise to the right of JetBlue or Spirit Airlines Inc. ("Spirit") or both of them to terminate the Merger Agreement; failure to obtain applicable regulatory approval in a timely manner or otherwise and the potential financial consequences thereof; failure to satisfy other closing conditions to the transaction with Spirit; failure of the parties to consummate the transaction; JetBlue's ability to finance the transaction with Spirit and the indebtedness JetBlue expects to incur in connection with the transaction; the possibility that JetBlue may be unable to achieve expected synergies and operating efficiencies within the expected timeframes or at all and to successfully integrate Spirit's operations with those of JetBlue; the possibility that such integration may be more difficult, time-consuming or costly than expected or that operating costs and business disruption (including, without limitation, disruptions in relationships with employees, customers or suppliers) may be greater than expected in connection with the transaction with Spirit; failure to realize anticipated benefits of the combined operations; demand for the combined company's services; the growth, change and competitive landscape of the markets in which the combined company participates; expected seasonality trends; diversion of managements' attention from ongoing business operations and opportunities; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the transaction with Spirit; risks related to investor and rating agency perceptions of each of the parties and their respective business, operations, financial condition and the industry in which they operate; risks related to the potential impact of general economic, political and market factors on the companies or the transaction with Spirit; and ongoing and increase in costs related to IT network security. It is routine for our internal projections

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

PART I. FINANCIAL INFORMATION

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and expectations to change as the year or each quarter in the year progresses, and therefore it should be clearly understood that the internal projections, beliefs, and assumptions upon which we base our expectations may change prior to the end of each quarter or year. Any outlook or forecasts in this document have been prepared without taking into account or consideration the transaction with Spirit.

Given the risks and uncertainties surrounding forward-looking statements, you should not place undue reliance on these statements. You should understand that many important factors, in addition to those discussed or incorporated by reference in this Report, could cause our results to differ materially from those expressed in the forward-looking statements. Further information concerning these and other factors is contained in JetBlue's filings with the Securities and Exchange Commission, or SEC, including but not limited to, JetBlue's 2021 Annual Report on Form 10-K. In light of these risks and uncertainties, the forward-looking events discussed in this Report might not occur. Our forward-looking statements speak only as of the date of this Report. Other than as required by law, we undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

Where You Can Find Other Information

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

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

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

We use non-GAAP financial measures in this report. Non-GAAP financial measures are financial measures that are derived from the condensed consolidated financial statements, but that are not presented in accordance with generally accepted accounting principles in the United States ("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 Expenses 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 ("CASM"), is a common metric used in the airline industry. Our CASM for the relevant periods are summarized in the table below. We exclude aircraft fuel and related taxes, operating expenses related to other non-airline businesses, such as JetBlue Ventures and JetBlue Travel Products, and special items from operating expenses to determine CASM ex-fuel, which is a non-GAAP financial measure.

In 2022, special items include an ALPA ratification bonus and associated payroll taxes, an impairment on our E-190 fleet, fleet retirement costs, and expenses relating to the Spirit acquisition.

Special items for 2021 include contra-expenses recognized on the utilization of federal grants received under various payroll support programs, contra-expenses recognized on the Employee Retention Credits provided by the CARES Act.

Special items for 2019 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 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 certain 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.

2022 vs. 2021

	NON-GAAP FINANCIAL MEASURE RECONCILIATION OF OPERATING EXPENSE PER ASM, EXCLUDING FUEL							
	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
	\$	per ASM	\$	per ASM	\$	per ASM	\$	per ASM
(\$ in millions; per ASM data in cents)								
Total operating expenses	\$ 2,423	\$ 14.94	\$ 1,786	\$ 11.04	\$ 7,084	\$ 14.76	\$ 4,164	\$ 10.70
Less:								
Aircraft fuel and related taxes	825	5.08	443	2.74	2,305	4.80	973	2.50
Other non-airline expenses	14	0.09	11	0.06	43	0.09	30	0.07
Special items	13	0.08	(186)	(1.15)	57	0.12	(841)	(2.16)
Operating expenses, excluding fuel	\$ 1,571	\$ 9.69	\$ 1,518	\$ 9.39	\$ 4,679	\$ 9.75	\$ 4,002	\$ 10.29

PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
2022 vs. 2019

	NON-GAAP FINANCIAL MEASURE RECONCILIATION OF OPERATING EXPENSE PER ASM, EXCLUDING FUEL							
	Three Months Ended Sept,				Nine Months Ended Sept 30,			
	2022		2019		2022		2019	
	\$	per ASM	\$	per ASM	\$	per ASM	\$	per ASM
<i>(\$ in millions; per ASM data in cents)</i>								
Total operating expenses	\$ 2,423	\$ 14.94	\$ 1,839	\$ 11.29	\$ 7,084	\$ 14.76	\$ 5,490	\$ 11.50
Less:								
Aircraft fuel and related taxes	825	5.08	471	2.89	2,305	4.80	1,392	2.92
Other non-airline expenses	14	0.09	10	0.07	43	0.09	32	0.07
Special items	13	0.08	—	—	57	0.12	14	0.03
Operating expenses, excluding fuel	\$ 1,571	\$ 9.69	\$ 1,358	\$ 8.33	\$ 4,679	\$ 9.75	\$ 4,052	\$ 8.48

With respect to JetBlue's CASM ex-fuel guidance, we are unable to provide a reconciliation of the non-GAAP financial measure to GAAP 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. Accordingly, a reconciliation to CASM is not available without unreasonable effort.

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

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

In 2022, special items include an ALPA ratification bonus and associated payroll taxes, an impairment on our E-190 fleet, fleet retirement costs, and expenses relating to the Spirit acquisition.

Special items for 2021 include contra-expenses recognized on the utilization of federal grants received under various payroll support programs, contra-expenses recognized on the Employee Retention Credits provided by the CARES Act.

Special items for 2019 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 impact of these items distort our overall trends and that our metrics are more comparable with the presentation of our results excluding the impact of these items. The table below provides a reconciliation of our GAAP reported amounts to the non-GAAP amounts excluding the impact of these items.

PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
2022 vs. 2021
NON-GAAP FINANCIAL MEASURE
RECONCILIATION OF OPERATING EXPENSE, (LOSS) INCOME BEFORE TAXES, NET (LOSS) INCOME AND (LOSS) EARNINGS PER SHARE EXCLUDING SPECIAL ITEMS AND NET GAIN (LOSS) ON INVESTMENTS

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Total operating revenues	\$ 2,562	\$ 1,972	\$ 6,743	\$ 4,203
Total operating expenses	\$ 2,423	\$ 1,786	\$ 7,084	\$ 4,164
Less: Special items	13	(186)	57	(841)
Total operating expenses excluding special items	\$ 2,410	\$ 1,972	\$ 7,027	\$ 5,005
Operating income (loss)	\$ 139	\$ 186	\$ (341)	\$ 39
Add back: Special items	13	(186)	57	(841)
Operating income (loss) excluding special items	\$ 152	\$ —	\$ (284)	\$ (802)
<i>Operating margin excluding special items</i>	<i>5.9 %</i>	<i>— %</i>	<i>(4.2)%</i>	<i>(19.1)%</i>
Income (loss) before income taxes	\$ 105	\$ 190	\$ (443)	\$ (100)
Add back: Special items	13	(186)	57	(841)
Less: Net gain (loss) on investments	—	54	(4)	57
Income (loss) before income taxes excluding special items and net gain (loss) on investments	\$ 118	\$ (50)	\$ (382)	\$ (998)
<i>Pre-tax margin excluding special items</i>	<i>4.6 %</i>	<i>(2.6)%</i>	<i>(5.7)%</i>	<i>(23.8)%</i>
Net income (loss)	\$ 57	\$ 130	\$ (386)	\$ (53)
Add back: Special items	13	(186)	57	(841)
Less: Income tax (expense) benefit related to special items	1	(55)	7	(250)
Less: Net gain (loss) on investments	—	54	(4)	57
Less: Income tax (expense) benefit related to net gain (loss) on investments	—	(16)	—	(16)
Net income (loss) excluding special items and net gain (loss) on investments	\$ 69	\$ (39)	\$ (332)	\$ (685)
Earnings Per Common Share:				
Basic	\$ 0.18	\$ 0.41	\$ (1.20)	\$ (0.17)
Add back: Special items, net of tax	0.03	(0.41)	0.16	(1.86)
Less: Net gain (loss) on investments, net of tax	—	0.12	(0.01)	0.13
Basic excluding special items and net gain (loss) on investments	\$ 0.21	\$ (0.12)	\$ (1.03)	\$ (2.16)
Diluted	\$ 0.18	\$ 0.40	\$ (1.20)	\$ (0.17)
Add back: Special items, net of tax	0.03	(0.40)	0.16	(1.86)
Less: Net gain (loss) on investments, net of tax	—	0.12	(0.01)	0.13
Diluted excluding special items and net gain (loss) on investments	\$ 0.21	\$ (0.12)	\$ (1.03)	\$ (2.16)

PART I. FINANCIAL INFORMATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
2022 vs. 2019
NON-GAAP FINANCIAL MEASURE
RECONCILIATION OF OPERATING EXPENSE, (LOSS) INCOME BEFORE TAXES, NET (LOSS) INCOME AND (LOSS) EARNINGS PER SHARE EXCLUDING SPECIAL ITEMS AND NET GAIN (LOSS) ON INVESTMENTS

<i>(in millions, except per share amounts)</i>	Three months ended September 30,		Nine Months Ended September 30,	
	2022	2019	2022	2019
Total operating revenues	\$ 2,562	\$ 2,086	\$ 6,743	\$ 6,063
Total operating expenses	\$ 2,423	\$ 1,839	\$ 7,084	\$ 5,490
Less: Special items	13	—	57	14
Total operating expenses excluding special items	\$ 2,410	\$ 1,839	\$ 7,027	\$ 5,476
Operating income (loss)	\$ 139	\$ 247	\$ (341)	\$ 573
Add back: Special items	13	—	57	14
Operating income (loss) excluding special items	\$ 152	\$ 247	\$ (284)	\$ 587
<i>Operating margin excluding special items</i>	<i>5.9 %</i>	<i>11.8 %</i>	<i>(4.2)%</i>	<i>9.7 %</i>
Income (loss) before income taxes	\$ 105	\$ 254	\$ (443)	\$ 548
Add back: Special items	13	—	57	14
Less: Net gain (loss) on investments	—	15	(4)	15
Income (loss) before income taxes excluding special items and net gain (loss) on investments	\$ 118	\$ 239	\$ (382)	\$ 547
<i>Pre-tax margin excluding special items</i>	<i>4.6 %</i>	<i>11.4 %</i>	<i>(5.7)%</i>	<i>9.0 %</i>
Net income (loss)	\$ 57	\$ 187	\$ (386)	\$ 408
Add back: Special items	13	—	57	14
Less: Income tax (expense) benefit related to special items	1	—	7	3
Less: Net gain (loss) on investments	—	15	(4)	15
Less: Income tax (expense) benefit related to net gain (loss) on investments	—	(4)	—	(4)
Net income (loss) excluding special items and net gain (loss) on investments	\$ 69	\$ 176	\$ (332)	\$ 408
Earnings Per Common Share:				
Basic	\$ 0.18	\$ 0.63	\$ (1.20)	\$ 1.36
Add back: Special items, net of tax	0.03	—	0.16	0.03
Less: Net gain (loss) on investments, net of tax	—	0.04	(0.01)	0.04
Basic excluding special items and net gain (loss) on investments	\$ 0.21	\$ 0.59	\$ (1.03)	\$ 1.35
Diluted	\$ 0.18	\$ 0.63	\$ (1.20)	\$ 1.35
Add back: Special items, net of tax	0.03	—	0.16	0.03
Less: Net gain (loss) on investments, net of tax	—	0.04	(0.01)	0.03
Diluted excluding special items and net gain (loss) on investments	\$ 0.21	\$ 0.59	\$ (1.03)	\$ 1.35

PART I. FINANCIAL INFORMATION**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*****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. Management believes that Free Cash Flow is a relevant metric in measuring our financial strength and is useful to investors in assessing our ability to fund future capital commitments and other obligations. Investors should consider this non-GAAP financial measure in addition to, and not as a substitute for, our financial measures prepared in accordance with GAAP.

<i>(in millions)</i>	NON-GAAP FINANCIAL MEASURE	
	RECONCILIATION OF FREE CASH FLOW	
	Nine Months Ended September 30,	
	2022	2021
Net cash provided by operating activities	\$ 321	\$ 1,755
Less: Capital expenditures	(483)	(770)
Less: Predelivery deposits for flight equipment	(116)	(33)
Free Cash Flow	\$ (278)	\$ 952

PART I. FINANCIAL INFORMATION**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Except as described below, there have been no material changes in market risks from the information provided in Item 7A. Quantitative and Qualitative Disclosures About Market Risk included in our 2021 Form 10-K.

Aircraft Fuel

Our results of operations are affected by changes in the price and availability of aircraft fuel. Market risk is estimated as a hypothetical 10% increase in the September 30, 2022 cost per gallon of fuel. Based on projected fuel consumption for the next 12 months, including the impact of our hedging position, such an increase would result in an increase to aircraft fuel expense of approximately \$321 million. As of September 30, 2022, we have hedged 27% of our projected fuel requirement for the remainder of 2022.

Interest

Our earnings are affected by changes in interest rates due to the impact those changes have on interest expense from variable-rate debt instruments and on interest income generated from our cash and investment balances. The interest rate is fixed for \$3.7 billion of our debt and finance lease obligations, with the remaining \$64 million having floating interest rates. As of September 30, 2022, if interest rates were on average 100 basis points higher in 2022, our annual interest expense would increase by approximately \$1 million. This amount is determined by considering the impact of the hypothetical change in interest rates on our variable rate debt.

If interest rates were to average 100 basis points lower in 2022 than they were during 2021, our interest income from cash and investment balances would decrease by approximately \$1 million. This amount is determined by considering the impact of the hypothetical change in interest rates on the balances of our money market funds and short-term, interest-bearing investments for the trailing twelve month period.

ITEM 4. CONTROLS AND PROCEDURES**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer ("CEO"), and our Chief Financial Officer ("CFO"), to allow timely decisions regarding required disclosure. Management, with the participation of our CEO and CFO, performed an evaluation of the effectiveness of our disclosure controls and procedures as of September 30, 2022. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2022.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our controls performed during the quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of our business, we are party to various legal proceedings and claims which we believe are incidental to the operation of our business. Refer to Note 6 to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

ITEM 1A. RISK FACTORS

Part I, Item 1A "Risk Factors" of our 2021 Form 10-K as supplemented by Part II, Item 1A "Risk Factors" of our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022, includes a discussion of our risk factors which are incorporated herein. There have been no material changes from the risk factors associated with our business previously disclosed in our Form 10-K and Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In accordance with the Payroll Support Program Agreement, the Payroll Support Program Extension Agreement, the Payroll Support 3 Agreement, and the Loan Agreement with Treasury, we have been prohibited from making any share repurchases through September 30, 2022. We suspended our share repurchase program as of March 31, 2020, and it remains suspended. The acquisition of treasury stock reflected on our condensed consolidated statement of cash flows for the nine months ended September 30, 2022 and 2021 represents the return of shares to satisfy tax payments associated with crewmember stock compensation that vested during the respective periods.

In consideration for the Payroll Support 2 Payments, during the nine months ended September 30, 2021, we issued warrants to purchase approximately \$1.0 million shares of common stock to Treasury at an exercise price of \$14.43 per share. In consideration for the Payroll Support 3 Payments, during the nine months ended September 30, 2021, we issued warrants to purchase approximately \$0.7 million shares of common stock to Treasury at an exercise price of \$19.90 per share. See Note 3 to our condensed consolidated financial statements.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See accompanying Exhibit Index for a list of the exhibits filed or furnished with this Report.

EXHIBIT INDEX

Exhibit Number	Exhibit
2.1	Agreement and Plan of Merger, dated July 28, 2022, by and among JetBlue Airways Corporation, Sundown Acquisition Corp., and Spirit Airlines, Inc. incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K/A dated July 28, 2022 and filed on August 16, 2022
10.1***	Second Amended and Restated Credit and Guaranty Agreement, dated as of October 21, 2022, among JetBlue Airways Corporation, as Borrower, the Subsidiaries of the Borrower party thereto as Guarantors, the Lenders party thereto and Citibank, N.A., as Administrative Agent—incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated October 21, 2022 and filed on October 24, 2022
31.1*	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer
31.2*	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer
32**	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition 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)
*	Filed herewith.
**	Furnished herewith.
***	Information in this exhibit identified by brackets is confidential and has been excluded because it (i) is not material and (ii) is the type of information that the registrant treats as private or confidential.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

JETBLUE AIRWAYS CORPORATION

(Registrant)

Date: November 2, 2022

By: /s/ Al Spencer

Al Spencer

Vice President, Controller and Principal Accounting Officer

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

I, Robin Hayes, certify that:

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

Date: November 2, 2022

/s/ Robin Hayes

Robin Hayes
Chief Executive Officer

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

I, Ursula L. Hurley, certify that:

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

Date: November 2, 2022

By: /s/ Ursula L. Hurley

Ursula L. Hurley
Chief Financial Officer

JetBlue Airways Corporation**SECTION 1350 CERTIFICATIONS**

In connection with the Quarterly Report of JetBlue Airways Corporation on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission on November 2, 2022 (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: November 2, 2022

By: /s/ Robin Hayes

Robin Hayes

Chief Executive Officer

Date: November 2, 2022

By: /s/ Ursula L. Hurley

Ursula L. Hurley

Chief Financial Officer