

PCRB Action Plan

June 26, 2008

Dear JetBlue Pilots,

As promised in our email on May 30th, attached is the Pilot Compensation Review Board (PCRB) Action Plan for JetBlue Pilot compensation, benefits, and JetBlue Airways Employment Agreement for Pilots ("Agreement"). On behalf of Exec Crew, JetBlue's Senior Leadership Team and the Flight Operations Leadership Team, we would like to recognize the efforts of the PCRB and Pilot Values Committee (PVC) for delivering a report that, we believe, truly reflects the Pilot voice.

One of our primary objectives in analyzing the PCRB Report was to establish a permanent pay philosophy that targets the competitive peer set average for all seat positions. Consequently, we're pleased to report that effective September 1, 2008, we are providing pay scale increases for all seats, though not all longevities. A320 pay rate changes bring JetBlue Pilots to parity with the competitive peer average. As the rate-setter for the E190, we are raising the bar with a 5% increase for E190 First Officers, except for first-year First Officer. (Current first year E190 First Officers rate of \$47/hour will be grandfathered in for effected Pilots.) We are raising all E190 Captain rates by 10%. Not having a true competitive peer set from which to aim for an average, the guiding philosophy behind the 10% E190 CA increase was to create a base of approximately \$100,000 annual income (based on 81 credit hours per month) for a 5-year E190 Captain. An executive summary is provided on page 3, with further detail and commentary in the subsequent Sections.

JetBlue's primary goal for all Crewmembers is to provide predictable job security. To that end, we do not have a furlough mechanism in the Agreement, nor do we have a Force Majeure clause. Even in today's environment of \$135 barrel oil, which is resulting in reduced capacity, we have a plan to keep every JetBlue Pilot on property.

To meet the challenges of the current environment, JetBlue, along with the rest of the industry, is reducing capacity and adjusting its growth plans for the foreseeable future. For the first time ever, we will have a negative growth rate in the fourth quarter of 2008 on a year-over-year basis. However, our aircraft delivery plan is designed to flex with the economic circumstances. Should the economic conditions present an opportunity to resume growth, we can pull options and orders forward. This fleet flexibility makes it all the more important to keep JetBlue Pilots on active payroll.

Changes to other elements of your total compensation package include stronger pay protection for On the Job Injury (OJI), Long Term Disability (LTD) and adjusted Agreement language. Effective November 1, 2008, we are also going to change Paid Time Off (PTO/PTV/PTS) in order to improve operational reliability and incentivize planned time off. Paid Time Sick (PTS, including RPS and PPS) will be paid at base rate, while Paid Time Vacation (PTV, including PTX) will be paid toward premium.

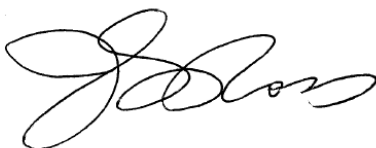
The Reserve system will also be changed in order to have Reserve Pilots available when the operation needs them most. We have worked with members of the Reserve Working Group to develop Reserve changes that are sustainable for the operation while minimizing the impact to our Reserves, and we are vetting these changes with the appropriate committees. The new system will have the added benefit of creating more Lineholders. Details will be communicated prior to the Amendment acceptance window, and will be effective September 1, 2008.

We will issue an Amendment to the relevant Agreement sections on August 1, 2008 to codify changes. Flight Operations Leadership and others will be available to you during the Amendment acceptance window (August 1 – 31, 2008) to answer questions.

The process of reviewing your total compensation package is not perfect, but we have learned a great deal over the last two years. We agree with the PVC that annual reviews conducted in this manner are not sustainable. We have the opportunity and responsibility to create a more collaborative process. To that end, Flight Operations Leadership will partner with the PVC to create three permanent committees: Work Rules Committee, Compensation Committee, and Professional Standards Committee. Our first order of business will be to focus our efforts and determine a realistic schedule of reviews. These Committees and Flight Operations Leadership will advocate for our Pilots within the framework of JetBlue's business and Crewmember goals, always with the primary goal of providing predictable job security.

In closing, we would like to again compliment the PCRB and PVC for their work.

Very Respectfully,



John Ross
VP-Flight Operations



Vinny Stabile
SVP-People Department

Executive Summary

The Pilot Compensation Review Board (PCRB) highlighted areas where JetBlue Pilots are not competitive in areas of compensation, benefits and Employment Agreement for Pilots (Agreement) language. Below are the actions and effective dates.

<p>Section 1 Pay</p> <p>JetBlue targets pay at average of competitive peer set.</p> <p>A320 Captains</p> <ul style="list-style-type: none"> • 5% base rate increase for years 2 through 5 • 1% base rate increase for years 6 and 7 <p>A320 First Officers</p> <ul style="list-style-type: none"> • Year 1 rate adjusted to \$40/hour (from \$47/hour); current year 1 A320 FOs grandfathered at \$47/hour • 4% base rate increase for year 4 • 5% base rate increase for years 5 through 12 <p>E190 Captains</p> <ul style="list-style-type: none"> • 10% base rate increase for years 1 through 12 <p>E190 First Officers</p> <ul style="list-style-type: none"> • Year 1 rate adjusted to \$40/hour (from \$47/hour); current year 1 E190 FOs grandfathered at \$47/hour • 5% base rate increase for years 2 through 12 <p>No separate COLA; comparison to current competitive peer set includes OAL COLA where it exists. No change to premium rate calculation. No change to retirement. All pay rate changes effective September 1, 2008*</p>	<p>Section 3 PTO/PTV/PTS</p> <p>PTO/PTV/PTS system will be adjusted to incentivize planned time off. Paid Time Vacation (PTV/PTX) will now count toward premium pay. Paid Time Sick (PTS/RPS/PPS) will no longer count toward premium pay. Effective November 1, 2008*</p> <p>Section 4 Benefits</p> <p>On-the-job Injury (OJI)</p> <ul style="list-style-type: none"> • Pay protection change: Pilots may redeem full bank of PTO in case of OJI (effective July 1, 2008). • JetBlue will ensure a 70-hour guarantee total income for months four through six following injury (effective July 1, 2008). <p>Long Term Disability (LTD)</p> <ul style="list-style-type: none"> • Revise LTD language to reflect company behavior that is currently not included in program details, with the range of scenarios that are covered. • Revise language to include "Must be under AME care." <p>Benefits checklists have been updated and will be posted to Pilot intranet site by July 1, 2008. These changes must be approved by New York State; once approved, Summary Plan Descriptions (SPDs) will be updated.</p>
<p>Section 2 Reserve</p> <p>Reduced need for Reserve Pilots will result in more Lineholder Pilots. In September, we will implement a Reserve system that provides more consistent coverage for peak-need days while maintaining Pilot schedule flexibility.</p>	<p>Section 5 Agreement*</p> <ul style="list-style-type: none"> • Change the 5-day window at renewal period, whereby the Pilot's employment may only be terminated for cause, retirement or resignation. • Incorporate non-war internment protection. • Changes to the Merger/Acquisition job security language will be made to strengthen the definition of a Transactional Event and provide individual financial assistance to allow the Pilot to participate in seniority integration issues. <p>*These changes become effective upon signing and returning the Amendment.</p>

* The **August 2008 Amendment** will be provided to each Pilot on August 1, 2008, and must be returned to your Chief Pilot Office by August 31, 2008 in order for these changes to go into effect.

Section 1: Pay

Competitive Peer Set

A320
AirTran B737
Alaska B737
American B737
Continental B737
Delta B737
Frontier A319
Northwest A320
Spirit A320
Southwest B737
United A320
US Airways East and West A320

E190
AirTran B717 (this is a blended Mixed Fleet Flying rate with the B737)
Midwest B717
Northwest DC-9 family
US Airways E190

JetBlue defines A320 competitive peer set as Part 121 U.S. passenger air carriers operating similar aircraft size: A320, A319, B737 family. JetBlue defines E190 competitive peer set range as Part 121 U.S. passenger air carriers operating similar aircraft size.

FedEx and UPS, while viable career options for JetBlue Pilots, operate under a different business model. To include FedEx and UPS rates would also allow including private and charter operation pay rates. Limiting the competitive peer set to U.S. passenger air carriers allows for comparable business models, which are under similar business constraints and compete for similar markets.

PAY RATES:

A320: Captain

A320 Captain					
Year	Current Base	New Base	Change: New v. Current	New Rate Longevity Increase	New Premium Rate
1	\$ 110.49	\$ 110.49	0.0%		\$ 165.74
2	\$ 113.00	\$ 118.65	5.0%	7.4%	\$ 177.98
3	\$ 115.51	\$ 121.29	5.0%	2.2%	\$ 181.94
4	\$ 118.07	\$ 123.97	5.0%	2.2%	\$ 185.96
5	\$ 120.69	\$ 126.72	5.0%	2.2%	\$ 190.08
6	\$ 126.72	\$ 127.99	1.0%	1.0%	\$ 191.99
7	\$ 129.26	\$ 130.55	1.0%	2.0%	\$ 195.83
8	\$ 131.84	\$ 131.84	0.0%	1.0%	\$ 197.76
9	\$ 134.48	\$ 134.48	0.0%	2.0%	\$ 201.72
10	\$ 137.16	\$ 137.16	0.0%	2.0%	\$ 205.74
11	\$ 139.90	\$ 139.90	0.0%	2.0%	\$ 209.85
12	\$ 146.90	\$ 146.90	0.0%	5.0%	\$ 220.35

New rates are effective September 1, 2008.

A320: First Officer

A320 First Officer					
Year	Current Base	New Base	Change: New v. Current	New Rate Longevity Increase	New Premium Rate
1	\$ 47.00	\$ 40.00**	-14.9%		\$ 60.00
2	\$ 57.34	\$ 57.34	0.0%	43.4%	\$ 86.01
3	\$ 67.09	\$ 67.09	0.0%	17.0%	\$ 100.64
4	\$ 72.45	\$ 75.35	4.0%	12.3%	\$ 113.03
5	\$ 75.35	\$ 79.12	5.0%	5.0%	\$ 118.68
6	\$ 76.86	\$ 80.70	5.0%	2.0%	\$ 121.05
7	\$ 78.40	\$ 82.32	5.0%	2.0%	\$ 123.48
8	\$ 79.97	\$ 83.97	5.0%	2.0%	\$ 125.96
9	\$ 81.56	\$ 85.64	5.0%	2.0%	\$ 128.46
10	\$ 83.20	\$ 87.36	5.0%	2.0%	\$ 131.04
11	\$ 84.86	\$ 89.10	5.0%	2.0%	\$ 133.65
12	\$ 86.56	\$ 90.89	5.0%	2.0%	\$ 136.34

New rates are effective September 1, 2008.

****Current first-year A320 FO rate will be grandfathered for current first-year A320 First Officers.**

E190: Discussion

Our goal is to improve E190 compensation while maintaining our ability to compete effectively in the market. The E190 is still a very young aircraft, and the marketplace for this aircraft is still being carved out. As a “new category aircraft,” the E190 has matured to the point where appropriate and sustainable targets can be created and met.

Comparisons to current “like” aircraft pose difficulties:

- AirTran’s B717 rates are not purely B717. AirTran has a Mixed Fleet Flying rate for B717 and B737. AirTran’s B737 is a peer of JetBlue’s A320. Because we use AirTran’s blended B717/B737 rate in the comparison for our A320 rates, we thought it was fair to include the same rate in the E190 peer set for illustrative purposes.
- The Northwest Airlines’ DC-9 rate is blended for the -30 (100 seats), the -40 (110 seats) and the -50 (125 seats).

Understanding our unique status in the industry as the launch customer of this aircraft, we have raised E190 First Officer rates 5% for all seats except the first year FO rate. First year E190 FO rates are adjusted downward from \$47 to \$40, which is still above competitive average. Current first-year E190 FOs will be grandfathered in at the \$47/hour rate.

Our philosophy regarding E190 Captain pay rates is centered around the goal of achieving approximately \$100,000 annual income for a 5-year Captain. We believe this is an appropriate base goal from which to build increases for all longevities. To achieve this goal, we have raised all longevities 10%, effective September 1, 2008.

E190 Captains

E190 Captain					
Year	Current Base	New Base	Change: New v. Current	New Rate Longevity Increase	New Premium Rate
1	\$ 80.00	\$ 88.00	10%		\$ 132.00
2	\$ 81.82	\$ 90.00	10%	2.3%	\$ 135.00
3	\$ 83.64	\$ 92.00	10%	2.2%	\$ 138.00
4	\$ 85.49	\$ 94.04	10%	2.2%	\$ 141.06
5	\$ 87.39	\$ 96.13	10%	2.2%	\$ 144.20
6	\$ 89.13	\$ 98.04	10%	2.0%	\$ 147.06
7	\$ 90.92	\$ 100.01	10%	2.0%	\$ 150.02
8	\$ 92.73	\$ 102.00	10%	2.0%	\$ 153.00
9	\$ 94.58	\$ 104.04	10%	2.0%	\$ 156.06
10	\$ 96.47	\$ 106.12	10%	2.0%	\$ 159.18
11	\$ 98.41	\$ 108.25	10%	2.0%	\$ 162.38
12	\$ 100.38	\$ 110.42	10%	2.0%	\$ 165.63

New rates are effective September 1, 2008.

E190: First Officer

E190 First Officer					
Year	Current Base	New Base	Change: New v. Current	New Rate Longevity Increase	New Premium Rate
1	\$ 47.00	\$ 40.00**	-14.9%		\$ 60.00
2	\$ 50.61	\$ 53.14	5.0%	32.9%	\$ 79.71
3	\$ 52.70	\$ 55.34	5.0%	4.8%	\$ 83.01
4	\$ 55.55	\$ 58.33	5.0%	5.4%	\$ 87.50
5	\$ 58.30	\$ 61.22	5.0%	5.0%	\$ 91.83
6	\$ 59.46	\$ 62.43	5.0%	2.0%	\$ 93.65
7	\$ 60.65	\$ 63.68	5.0%	2.0%	\$ 95.52
8	\$ 61.86	\$ 64.95	5.0%	2.0%	\$ 97.43
9	\$ 63.10	\$ 66.26	5.0%	2.0%	\$ 99.39
10	\$ 64.36	\$ 67.58	5.0%	2.0%	\$ 101.37
11	\$ 65.65	\$ 68.93	5.0%	2.0%	\$ 103.40
12	\$ 66.96	\$ 70.31	5.0%	2.0%	\$ 105.47

New rates are effective September 1, 2008.

****Current first-year E190 FO rate will be grandfathered for current first-year E190 First Officers.**

Pay: Retirement

The PCRB discussed retirement comparisons and reported the following perceived inadequacies of the current programs.

Concern	Response
Industry average company contribution is 13%, higher than JetBlue's maximum contribution of 10%.	JetBlue plans no change to company contribution levels at this time.
5% personal contribution required to receive full company 5% match	Encourages personal saving for the future and provides a tax benefit by reducing taxable income. True-up is available for Pilots who need to adjust their contribution at certain times of the year in order to manage their income. Our company match ranks in the top 25% of PCRB comparable companies that offer a 401(k) program.
401(k) compliance test failure could limit individual maximum contribution	There are several legally acceptable corrective measures to compliance test failure. The corrective measure of choice for 2006 was a qualified non-elective contribution, rather than issuing a refund or limiting contributions to bring the plan into balance. The 2007 corrective measure has not yet been selected.
<p>Pilots potentially could lose benefits because of limitations under IRC Sections 415(c) and 401(a)(17). Currently JetBlue has no mechanism to provide such lost value through a cash payment.</p> <ul style="list-style-type: none"> • \$46,000 IRC 415(c) limit • \$230,000 IRC 401(a) (17) limit 	The limits imposed by the IRS are not unique to JetBlue. All U.S. companies must comply. To hit the 415(c) limit, a Crewmember over age 50 would need to earn \$280,000. If the Crewmember was under age 50, they would need to have earnings in excess of \$380,000.
<p>JetBlue's Profit Sharing Plan Limitations</p> <ul style="list-style-type: none"> • Profit sharing contributions are subject to the Board of Directors approval and are not contained in the Agreement. • Profit sharing above 5% is paid in cash and taxed as supplemental income. • Pilots do not have the option of directing all profit sharing into the qualified 401(k) plan. • The profit sharing plan disbursement does not allow pilots to take advantage of dollar cost averaging and the time value of money. • JetBlue lacks an option for after tax employee contributions into the 401(k) plan. 	<ul style="list-style-type: none"> • Profit Sharing contribution language is contained within the Agreement, paragraph 3E. Cash payments are taxed as supplemental income; However, income can be considered as compensation for 401(k) deferrals. • Cash payments may be deferred into the 401(k) plan, and take advantage of dollar cost averaging as well as company matching contributions. • The Roth 401(k) is an after-tax option for contributions into the retirement plan and is matched on the same basis as pre-tax contributions.
Current company documentation does not reflect the following 2007 JetBlue retirement plan changes.	The Agreement reflects JetBlue's current retirement plan; paragraph 3E.

Note: With the recent change to the FAA mandatory retirement age (from age 60 to age 65), retirement at age 65 coincides with Medicare eligibility. There is no longer a need to bridge the gap between mandatory retirement and Medicare.

Section 2: Reserve

Our current Reserve system was designed for fast progression to Lineholder. The system no longer supports the size and complexity of the operation. The unintended consequences of the current Reserve system results in an imbalance between company need and Pilot schedule flexibility.

In May, we saw an increase of 50 Reserves with no appreciable increase in weekend (peak need) coverage. In 2007, we spent approximately \$3 million in RSA. For every IROP on a weekend, we find ourselves on very weak footing operationally well into the beginning of the following week, with the associated impact to quality of life.

While there are some finishing touches that need to be worked through with the Pilot Values and Scheduling Committees, we will create a system where Reserves are available when needed to provide IROP and PTO coverage, while balancing Pilot quality of life. We will issue details of the new system prior to the Amendment acceptance window, with implementation effective September 1, that considers the multi-day nature of our pairings and reasonable non-peak maximums, while preserving existing features such as long-call and excess Reserve release when operationally responsible. A stable Reserve system that protects the operation will allow Reserve improvements for the Pilot that have been asked for many times, but not achievable with the current system. We are also developing more definable minimums that align with flying patterns and other system and operational demands. This is a continuous improvement process, and we commit to transparent decision making.

Section 3: PTO/PTV/PTS

JetBlue's current PTO/PTV/PTS program unintentionally incentivizes PTS rather than planned PTV and PTO. For example, in the last 12 months, 25% of Lineholders use PTS at least once per month. January through May, year-over-year, we have seen a 20% increase in Lineholder PTS, with a 40% increase in Reserve RPS.

To improve efficiency and operational predictability, while continuing to protect the Pilot's pay, JetBlue will revise the pay-toward-premium program design:

Use	Current	Effective November 1, 2008
PTO Applied toward Personal Days	PTO hours used for personal reasons will not be credited toward premium pay in the month used or toward the Pilot's minimum hour guarantee discussed in Section 3(C) of the Agreement.	No change.
PTS/RPS/PPS Applied toward sick time; unpredicted time off due to illness; requires disproportionate number of Reserves to protect the operation.	PTO hours used for illness will be credited toward premium pay in the month used and also credited toward the Pilot's minimum hour guarantee.	PTO hours used for illness will be credited at base rate in the month used.
PTV/PTX Applied toward planned time off for vacation. Provides for more trips to Lineholders.	PTO hours used for vacation will not be credited toward premium pay in the month used.	PTO hours used for vacation will be credited toward premium pay in the month used and also credited toward the Pilot's minimum hour guarantee.

Section 4: Benefits

The PCRB discussed benefit provisions and expressed the following concerns:

Concern	Response
Plan details reside in documents outside the scope the Agreement and the details of each plan can be amended by the company.	Plan details cover all Crewmembers, and are contained in the appropriate plans, some of which reside on the BlueBenefits site on HelloJetBlue. The Benefits site will be updated with the plan document locations and contact information.
<p>While on LTD/LOL, or any company approved leave of absence, Crewmembers will be transitioned to direct billing for health plan benefits.</p> <ul style="list-style-type: none"> • During the first 6 months premiums remain unchanged but are paid on an after tax basis directly to Wage Works (automatic withdrawal from your paycheck is not available); • If the Crewmember is unable to return to work within 6 months, the crewmember will become responsible for both the employee and employer portions of premium payments; • If the Crewmember is unable to return to work after the 18 month COBRA period, health insurance is terminated; the crewmember must independently acquire health insurance. 	<p>It is common industry and corporate practice to have the employee pay their portion of the benefits while on a Leave of Absence (LOA).</p> <ul style="list-style-type: none"> ➤ Leave benefits are paid by our disability carrier directly to the Crewmember. Because JetBlue does not pay the leave benefits out of our payroll system, direct withdrawal from paychecks is not possible. ➤ We do not have specific information about how our competitors direct bill employees on LOA. ➤ The cost of coverage beyond 18 months of COBRA is prohibitive.
Upon the death of a pilot, the pilot's survivors (spouse and/or dependents) are not offered access to the JetBlue employer sponsored health plan other than the 18 months required by COBRA.	A Pilot's survivors may acquire an individual policy during the 18 month COBRA period or may obtain coverage through another employer's plan.
Upon retirement, the pilot and pilot's spouse and/or dependants are not offered access to the JetBlue employer sponsored health plan other than the minimum required by COBRA.	With the recent change to the FAA mandatory retirement age (from age 60 to age 65), retirement at age 65 coincides with Medicare eligibility. There is no longer a need to bridge the gap between mandatory retirement and Medicare. A Pilot's spouse and dependents may acquire an individual policy during the 18 month COBRA period or may obtain coverage through another employer's plan.
VSTD and LTD/LOL language requires pilots to be "under the care of a physician". This plan language does not take into consideration the unique nature of FAA medically certificated employees. Currently, when a JetBlue pilot is released from the regular care of his/her doctor and is awaiting the FAA to issue a new medical certificate, JetBlue's VSTD and the current version of LTD/LOL plan language does not ensure continuation of coverage.	<p>Long Term Disability (LTD)</p> <ul style="list-style-type: none"> • Revise LTD language to reflect current company behavior, describing the range of scenarios that are covered. • Revise language to include "Must be under AME care." <p>These changes must be approved by New York State; will be reflected in the SPDs.</p>

Additional Benefits information: **On-the-job Injury (OJI):**

Pay protection change: Pilots may redeem full bank of PTO in case of OJI (effective July 1, 2008). JetBlue will bridge the gap between Workers' Compensation benefits and the 70-hour pay guarantee for months four through six while on OJI (effective September 30, 2008).

Section 5: Agreement

Concern	Response
The five day open renewal period window in Paragraph 1 of the Agreement is an area of potential exposure because, during this window, JetBlue can terminate the Agreement without cause.	JetBlue is amending the 5-day window language at renewal period whereby the Pilot's employment may only be terminated for cause, retirement or resignation during this window.
A provision to establish periodic COLA adjustments is absent from the Agreement.	Pay rate comparisons reflect OAL COLA where they exist, creating a fair and equitable competitive peer set average.
There are no provisions to furlough a pilot and establish recall rights, in lieu of not renewing the Agreement.	JetBlue maintains its No Furlough philosophy, and has no mechanism to furlough Pilots. Pursuant to Paragraph 8 in the Agreement, JetBlue is obligated to pay all active pilots at least 70 hours per month. This policy reflects JetBlue's intent to keep all Pilots on property despite economic down-turns.
Scheduling, work rule, retirement, health and benefit plan provisions are contained within company policy manuals/documents that are not contained in the Agreement and could be subject to changes.	A permanent Work Rule Committee will be created in conjunction with the Pilot Values Committee (PVC). Benefit plans remain subject to change, in order to retain company flexibility in responding to a changing business environment while limiting impact to JetBlue Pilots where and when possible.
JetBlue pilots do not feel protected by the merger and acquisition language of the JetBlue Agreement. There is no process in place to organize and fund the JetBlue pilot's legal needs before, during or after a transactional event.	The Merger/Acquisition job security language has been changed to strengthen the definition of a Transactional Event and provide individual financial assistance to allow the Pilot to participate in seniority integration issues.
The internment provisions do not provide protection in the event of a kidnapping while at work.	JetBlue will include non-war internment protection.
Agreement amendment process is not documented in the Agreement. It is unclear to the PCRB what rights a pilot has in the event a pilot chooses not to ratify an amended Agreement.	The Pilot may elect to retain current Agreement provisions by not returning a signed Amendment by the announced deadline. Amendments may only be accepted in the announced period of time, and expire (may not be enacted) after the deadline, with limited exceptions (i.e. Military Leave). Should the Pilot elect to decline the Amendment, the current Agreement remains in effect until the next available Amendment window.

August 2008 Amendment:

The **August 2008 Amendment** will be provided to each Pilot on or by August 1, 2008, and must be returned to your Chief Pilot Office by August 31, 2008 for the changes to go into effect.