

A CRISIS OUT OF THIN AIR:



An Analysis of JetBlue's Response to a Pilot's Mid-Flight Breakdown

Arthur W. Page Society
2013 Case Study Competition

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I. CASE STUDY

1. OVERVIEW

When a pilot was recently arrested for being under the influence of alcohol before a flight to New York-based LaGuardia Airport, one passenger remarked that it reminded him of “Flight,” a recent movie starring Denzel Washington as a substance-abusing pilot.¹

But topassengers aboard JetBlueFlight 191 on March 27, 2012, experiencing the scare of a medically estranged pilot was more than just a Blockbuster film — it was a nightmare come true. What started as an ordinary cross-country flight from New York’s John F. Kennedy International airport to Las Vegas that dayresulted in a bizarre episode that gave all 131 passengers and 6 crewmembers the fright of their lives.²

To most, 49-year-old Capt. Clayton Osbon was an ordinary family man with 12 years of quality service to JetBlue.³Such an image was all but erased that Tuesday morning, when just minutes after takeoff, Osbon began flipping switches “erratically” andtold First Officer Jason Dowd, that they “wouldn’t make it to Las Vegas.”⁴Later in the flight, Osbon proceeded to march through the main cabin, rant about Al-Qaida and the 9/11 attacks, claim the presence of an onboard bomb,and sought to re-enter the cockpit — only to be locked out by the co-pilot himself. At that point, under the direction of the first officer, several passengers took stronger action and subdued Osbon — then pounding on the cockpit door — until Dowd made an emergency landing in Amarillo, Texas, where the distraught Osbonwas immediately hospitalized.⁵Meanwhile, several Smartphone-savvy passengers turned short clips of the subdued pilot into YouTube sensations. As the story penetrated mainstream media and landed special coverage on *ABC World News* with Diane Sawyer and *This Week* with George Stephanopoulos, Osbon continued to suffer delusions “secondary to sleep deprivation” for an entire week after the incident, according to Neuropsychologist Robert E.H. Johnson.⁶

Originally ruling innocence by reason of insanity in July 2012, U.S. District Court Judge Mary Lou Robinson ordered Osbon to undergo psychiatric evaluation at a prison medical facility in North Carolina before issuing a final ruling on whether he should be set free or face prison time.⁷

By November 2012, Robinson ruled Osbon to be set free on the condition he forgo his license and participate in a treatment program for alcohol, drug and narcotic dependency.⁸ Nevertheless, it’s safe to say Capt. Clayton Osbon may never fly again.

Still, despite communicative efforts to explain the incident, such a bizarre sequence of events didn’t excuse JetBlue from public outcry and corresponding litigation — adding up to \$2 million in damages.⁹ By late September 2012, two dozenpassengers filed a lawsuit in federal court against Jet Blue; claiming the airline was “grossly negligent” in allowing Osbon to fly in the first place. “It was extremely frightening. It was extremely unnerving. I still haven’t got a good night’s sleep,” said passenger-turned-plaintiff, Richard Signoretti.¹⁰

Other passengers, including Laurie Dhue,praised “the brave people on board” for taking quick action to bring Osbon to the ground.¹¹ Upon receiving word of the incident, Transportation Secretary Ray LaHood said “the co-pilot had the good sense to get the

pilot out of the cockpit, and that there were enough people on that plane that had the good sense to restrain the pilot.”¹²

Clearly, JetBlue's immediate classification of the Flight 191 incident as merely a “medical situation involving the captain” didn't please everyone.¹³ But by celebrating the heroic actions of First Officer Dowd, appreciating and compensating the passengers' resilience, and delivering precise information in the 48-hour period following the flight through its trusted online platforms, JetBlue alleviated a crisis that occurred out of thin air. Meanwhile, it retained the trust of its most loyal customers — even if JetBlue is subject to multiple lawsuits, inquiries from the Federal Aviation Administration, and harsh, yet fair questions regarding the care and sensibility given to commercial pilots' demanding schedules.

Indeed, JetBlue's steadfast communication through its corporate blog, “BlueTales,”¹⁴ heeds to the new realities of the “Millennial” media environment — where public relations professionals in the corporate realm must not only possess adequate knowledge to engage stakeholders but also the efficient means to do so “on the fly.” Moving forward, JetBlue's persistent — yet accurate — communication must carry over to its long-term commitment to even further transparency in the air travel industry. Externally, JetBlue now faces the reputational challenge of assuring hesitant passengers that a low-fare, “fun and friendly” airline can still guarantee high-quality service in a marketplace of notable competitors — especially from the cockpit.

2. A HISTORY OF JETBLUE

2.1 JetBlue Company Background

As the youngest domestic fleet, JetBlue is an American low-cost airline headquartered in Long Island City, New York, serving out of its main base at the John F. Kennedy International Airport.¹⁵ David Neeleman, a former Southwest Airlines employee, founded the company in February 1999 as he sought to “to bring civility back to air travel.”¹⁶ JetBlue did just that. With seed money from notable investors such as George Soros,¹⁷ JetBlue started operations on February 11, 2000, coupling the low-cost airfare with amenities such as in-flight entertainment, DIRECTV on every seat and satellite radio. Originally beginning with flights to Florida and upstate New York, JetBlue now serves out of 71 U.S. cities in 21 states, as well as 12 international cities in Central and South America and the Caribbean.¹⁸ JetBlue's dedication to low-cost airfare and friendly service made the company profitable after just six months of operation.¹⁹ Today JetBlue is one of the leading low fare carriers with over \$2 billion in annual revenue, nearly 12,000 employees, and millions of dedicated customers.²⁰ JetBlue's popular frequent-flyer program, *TrueBlue*, awards passengers points for every time they purchase a flight.²¹ In 2011, JetBlue reported pre-tax income of \$145 million and \$40 million in the fourth quarter,²² ending what was “a very good year for JetBlue,” according to JetBlue CEO Dave Barger.²³

2.2 Corporate Philosophy

In light of what was known as the “Valentines Day storm” in 2007, JetBlue issued a “*Customer Bill of Rights*,”²⁴ providing, in writing, what type of service passengers should expect to receive when flying on JetBlue and what type of compensation they are entitled to should the service not meet industry expectations. As outlined in the Bill of Rights (See Exhibit 1):

JetBlue Airways' Customer Bill of Rights

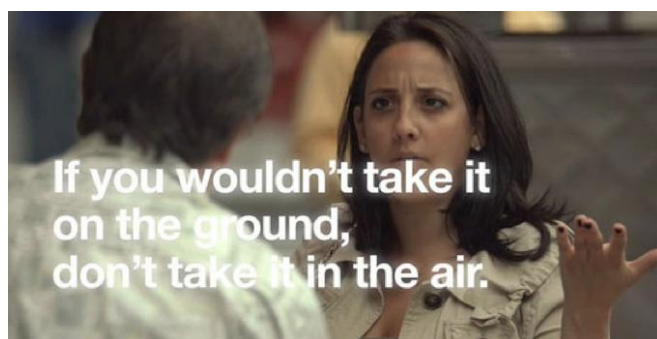
Above all else, JetBlue Airways is dedicated to bringing humanity back to air travel. We strive to make every part of your experience as simple and as pleasant as possible. Unfortunately, there are times when things do not go as planned. If you're inconvenienced as a result, we think it is important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

- Flight cancellations result in an automatic refund for the next available JetBlue flight *and* an additional \$50 credit if a flight is cancelled within 4 hours of expected departure.²⁵

The same philosophy applies to flight delays; based on the number of hours a flight is delayed, a passenger is awarded credit for future JetBlue travel:

- A flight delay of six hours or more, for example, entitles passengers to credit for future travel in the amount of their roundtrip ticket or their one-way ticket doubled.²⁶
- Passengers are also awarded some measure of credit for onboard ground delays — past one hour for delays on arrival and past three hours for delays on departure.²⁷
- If the in-flight entertainment system goes awry, passengers are rewarded \$15 credit for future JetBlue travel.²⁸
- Lastly, if passengers are involuntarily denied seating due to overbooking, they receive a stipend in the form of \$1,300.²⁹

In 2010, JetBlue launched a \$3 million campaign to position the airline “for the next 10 years,”³⁰ according to Martin St. George, JetBlue senior vice president for marketing and commercial strategy. Under the theme, “You Above All,” JetBlue sought to create an “emotional differentiation” between itself and its major competitors, said Alex Leikikh, an account coordinator at Mullen, JetBlue’s advertising agency.³¹ The advertisements appeared in print, online and social media sites including Hulu.com and YouTube.com. In these ads, JetBlue highlighted the most common annoyances with travelling — such as expensive food, uncomfortable seating, and inadequate entertainment — and compared such grievances to the low-cost, high-quality service in JetBlue.³² Each ad ended with the following slogan:



2.3 Competitive Analysis

Primarily for its similar business model that offers low-cost travel expenses, Southwest Airlines is JetBlue's most direct competitor. Incorporated in Texas in 1971, Southwest exceeded the billion-dollar revenue mark in 1989 and, by 2011, marked its 39th consecutive year of profitability.³³ Under the leadership of President and CEO, Gary Kelly, Southwest now serves 97 destinations in 41 states, the District of Columbia, the Commonwealth of Puerto Rico, six near-international countries, and employs approximately 46,000 people.³⁴ Southwest's total operating revenue is \$17 billion compared to JetBlue's \$4.9 billion (See Exhibit 2). According to its website, Southwest is the "United States' largest (in terms of domestic originating passengers carried) low-fare, high frequency, point-to-point carrier."³⁵ It remains one of the most highly reputable airlines among passengers who fly cheap yet fly often. JetBlue is seeking to gain higher market share of a lucrative market where Southwest still retains a substantial competitive advantage.

Additional competitors include well-established airline companies such as AMR corporation, — parent company of American Airlines — and United Continental Holdings — United Airlines' host company. Both airlines were established in the late 1920's and each hold more than \$20 billion in revenue (See Exhibit 2). Still, despite trailing in overall assets, JetBlue has one advantage over this market in its low fares made possible by low distribution and operating costs, as well as nonunion affiliation.³⁶

2.4 Past Crises

- **Emergency landing:** On Sept. 21, 2005, JetBlue flight 292 from Burbank, Calif., to New York had to make an emergency landing at Los Angeles International Airport (LAX).³⁷ The front landing gear would not retract after takeoff from Burbank, with the wheels jamming in a sideways position. With 140 passengers and six crewmembers on board, pilots flew the plane over Southern California for more than two hours in order to use as much fuel as possible before attempting the emergency landing.³⁸ Millions of Americans watched the drama unfold on their local news station. Even worse, many of the passengers saw themselves on the news through the DirecTV satellite television as the plane circled the Pacific. After three hours, the plane finally touched down and skidded down the runway with sparks flying from the grinding of the front landing gear on the concrete before safely coming to a stop.³⁹ Yet, despite the worldwide coverage, there was little real danger to Flight 292 passengers.⁴⁰

- **Valentines Day Snowstorm:** Much of the goodwill Neeleman generated toward JetBlue in its early years evaporated in 2007, when a Valentines Day storm known within the company as "2/14," wreaked havoc on major airports including the JFK International — JetBlue's major hub.⁴¹ Its planes were snowbound at gates or stuck on runways, trapping passengers for up to 11 hours. Though Neeleman was commended for giving the "public ample face time" as he pioneered a widespread apology tour, it wasn't enough to explain for the six days — a total of 1,000 cancelled flights — it took to JetBlue's schedule back to normal.⁴² Almost immediately, David Barger replaced Neeleman as JetBlue's chief and led a "reinvention" drive amid a crisis that, according to Barger, was

“pretty humiliating.”⁴³ The stock market especially was not JetBlue’s best ally; a low-fare, jaunty airline that was trading above \$14 in its early years was closing at \$4.52 by October 2008, less than a year after the 2/14 disaster.⁴⁴ Bringing in executives from the Federal Aviation Administration, Southwest Airlines, and the information technology field to join his team, Barger shifted the airline from its roots as a low-fare carrier and adopted a sober identity as “a value airline.”⁴⁵ If they learned one thing from the 2/14 disaster, the new management learned it needed to go beyond JetBlue’s brand identity and to invest in the resources necessary to compete in the global market. But to do so, the airline needed capital in the face of rising fuel costs. JetBlue therefore quickly arranged a \$110 credit line with Citigroup Global Markets. \$80 million was used to establish a newly refurbished Terminal 5 at Kennedy International Airport — a 635,000 square foot space, with 26 gates and a variety of shopping and dining options.⁴⁶ The new terminal helped improve JetBlue’s on-time arrival rate which, at the time of 2/14, was just below 65 percent, among the worst of major airlines, which averaged 75.7 percent.⁴⁷ To improve operations, Barger’s team also veered JetBlue away from its original identity and established higher airfares. Just a few months after the snowstorm, JetBlue’s average airfare skyrocketed from \$88 one-way to \$134; still a few dollars less than those of American, Continental and United, but more than Delta, Northwest or US Airways.⁴⁷ Despite winning praise for his crisis management efforts,⁴⁸ Neeleman was at odds with JetBlue management and was thus forced out of the picture.

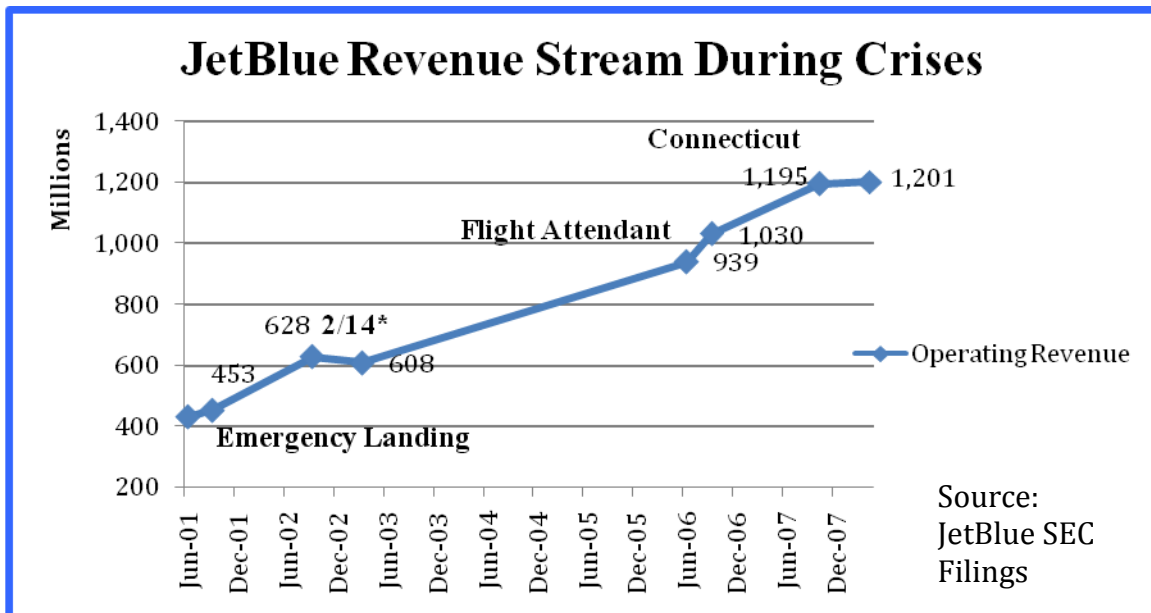
• **JetBlue Flight Attendant Makes Dramatic Exit:** In August 2010, 38-year-old JetBlue flight attendant Steven Slater lost his temper⁴⁹ when Flight 1052 had just arrived to JFK International from Pittsburgh. As Slater tried to assist a woman struggling with her carry-on luggage, the woman hit him on the head with her bag — prompting Slater to lose patience.⁵⁰ He proceeded to walk to the intercom, curse out the entire aircraft, grab a beer, and slide down the emergency evacuation chute to return home.⁵¹ Slater was sentenced to a year of probation and completed a court-ordered treatment program to cure what appeared to be a clinical disorder and alcohol-abuse problems.⁵² Queens District Attorney Richard Brown said it “benefits society by fairly balancing the seriousness of the charges against the defendant's need for rehabilitation.”⁵³ JetBlue Airways Corp. suspended Slater after the incident and demanded \$10,000 in compensation.⁵⁴

• **Connecticut Snowstorm:** In October 2011, JetBlue Flight 504 from Fort Lauderdale, Florida to Newark, New Jersey was caught in another snowstorm and forced to land at Bradley Airport in Hartford, Connecticut. For seven hours, passengers were stranded on the tarmac — without working bathrooms, water, and adequate power.⁵⁵ A regulation that went into effect in 2010 enforced the three-hour mark as the maximum limit airlines can hold domestic flights on a tarmac. But after three hours, when passengers were told a tug was coming to take the plane to a gate, no such tug arrived. Passengers grew furious. As the plane sat motionless, some began dialing 911 when they weren’t given adequate explanations for why they were stuck.⁵⁶ A JetBlue spokeswoman, Victoria Lucia, confirmed in an emailed statement that six of its planes, carrying a total of about 700 passengers, were diverted to Hartford as a result of a “confluence of events” involving weather issues at both the JFK and Newark airports.⁵⁷ While Lucia affirmed those on the

plane would be fully reimbursed, it didn’t stop passengers, including Andrew Carter, from venting their outrage. “I’ll never fly JetBlue again, and I’ll never fly through Connecticut again,” one passenger told NBC Connecticut.⁵⁸ While refunds were issued to passengers, Chief Operating Officer Rob Maruster offered an apology through the airline’s blog and YouTube channel, saying JetBlue intends to “fully participate with the Department of Transportation and cooperate with their investigation into events over the weekend, and we’re also going to conduct an internal evaluation... You deserve better — and we expect better from our crew members and our operation.”⁵⁹

2.5 Financial Impact of Crises

Despite having to face multiple functional and weather-related crises in its early history, JetBlue continued to grow at a steady 30 percent per year as its operations quickly expanded across the nation.⁶⁰ Breaking down the aforementioned crises into their impact on quarterly earnings, moreover, provides a glimpse into the steady revenue stream JetBlue continued to rein in despite early challenges to its corporate reputation.⁶¹



**The Valentines Day Storm in 2007 was the only crisis where JetBlue experienced a decrease in quarterly operating revenue. Every other crisis saw an increase in revenue by comparing the quarterly filings before and after an incident took place. It’s important to note, however that according to its SEC Filing in March 2007, JetBlue “preemptively cancelled approximately 440 flights... which enabled us to avoid many of the operational challenges we experienced due to the February storm.”*

3. FEDERAL AVIATION ADMINISTRATION POLICY

3.1 Drug Use

Public records indicate Capt. Osbon suffered a “brief psychotic disorder brought on by lack of sleep” when he arrived late to duty on March 27.⁶² Neither JetBlue nor the judiciary, headed by District Judge Mary Lou Robinson, made any public comments regarding medication and/or stimulant drugs Osbon may have been taking prior to the flight that day.⁶³ In fact, reports on Osbon's psychiatric evaluations over the past several months have been sealed from the public out of respect for Capt. Osbon and his family's privacy.⁶⁴ Even so, the FAA's “General Operating and Flight Rules” are vague on the issue of pilot drug use to begin with. Under the section, “Carriage of narcotic drugs, marijuana, and depressant or stimulant drugs or substances,” the FAA states the following:

“(a) Except as provided in paragraph (b) of this section, no person may operate a civil aircraft within the United States with knowledge that narcotic drugs, marihuana, and depressant or stimulant drugs or substances as defined in Federal or State statutes are carried in the aircraft.”⁶⁵

To avoid substance abuse, pilots are required to have annual medical checkups and are also subject to random testing.⁶⁶ Yet, according to the F.A.A., “Pilots are supposed to [voluntarily] disclose all physical and psychological conditions and medications or face significant fines, which can reach \$250,000, if they are found to have falsified information.”⁶⁷ But industry analysts say pilots may be reluctant to provide such information for fear of losing their license.⁶⁸

3.2 Pilot Fatigue

Given the relative ambiguity of its policy on substance abuse, and knowing Osbon was charged with “interference with a flight crew,” not drug use, we refer to the F.A.A.'s policy on “Careless or reckless operation,” which specifically states the following:

“(a) Aircraft operations for the purpose of air navigation. No person may operate an aircraft in a careless or reckless manner so as to endanger the life or property of another.”⁶⁹

Yet, so-called “careless operation” has been commonly associated with the “pilot fatigue”⁷⁰ that, as far as the public is concerned, attributed Capt. Osbon's mental condition on Flight 191. The case of pilot fatigue, however, is nothing new. In the past 20 years, more than two dozen accidents and more than 250 fatalities have been linked to pilot fatigue, according to the National Transportation Safety Board.⁷¹ The most recent case, the 2009 Colgan Air crash in Buffalo, New York, killed 50

passengers. Naturally, family members demanded answers. Further investigation found neither the pilot nor the first officer of that flight — both commuting from long distances to report for duty — slept in a bed the night before the flight. In fact, yawns were heard on the cockpit voice recorder, according to a special investigation by Brian Ross on ABC's *Nightline*.⁷² A series of complaints from both travelers and industry officials prompted the F.A.A to address the issue of pilot fatigue through an "overhaul of commercial passenger airline pilot scheduling to ensure pilots have a longer opportunity for rest before they enter the cockpit," according to an F.A.A press release.⁷³ The key component of the F.A.A provisions, issued in 2011, requires commercial pilots to have a 10-hour rest period in between flights and to "have an opportunity for eight hours of uninterrupted sleep within the 10-hour rest period."⁷⁴ Still, the provisions continued to place the sole responsibility on the pilot to ensure they are fit for duty, and if not, to report their fatigue to the airline. But such communication between the pilot and the airline is not so simple, according to aviators.

"I think a pilot who consistently calls in fatigued could be faced with disciplinary action later on. Without actual protection by F.A.A in the rules for pilots who call in fatigued, you're going to see that at airlines across the country," said former Express Jet pilot Josh Verde.⁷⁵

It's no surprise airlines and pilots are at odds with one another. In overseeing F.A.A's new rules on pilot fatigue, Transportation Secretary LaHood said "We made a promise to the traveling public that we would do everything possible to make sure pilots are rested when they get in the cockpit."⁷⁶ But in light of Flight 191, what we see is a continual lack of communication between pilots and their respective airlines — at the expense of passengers' safety. And to fully understand the severity of Capt. Osbon's actions, JetBlue's public relations department would be wise to analyze the step-by-step sequence of events that took place on Flight 191, and the extent to which a pilot's physical and mental state could have ramifications for both the airline's immediate and long-term reputation.

4. SEQUENCE OF EVENTS

Upon filing an F.B.I affidavit, Special Agent John Whitworth found the following took place:

- Capt. Osbon showed up late to work Tuesday morning and missed the crew briefing. At first, he appeared to be acting normal.⁷⁷
- As the plane took off, Osbon began uttering a series of incoherent statements about "being evaluated by someone."⁷⁸
- Osbon yelled over the radio to air traffic control and "instructed them to be quiet." He then turned off the radios, dimmed the monitors, and then turned to First Officer Jason Dowd, delivering a "sermon."⁷⁹
- Osbon began lecturing about "sins in Las



Vegas,” saying “We need to take a leap of faith,” and “We’re not going to Vegas.”⁸⁰

- 3 ½ hours into the flight, Dowd tricked Osbon into leaving the cockpit to check something out, locked the door behind him, and changed the security code to prevent Osbon from getting back in.⁸¹
- Osbon then headed to the bathroom, at which point he “aggressively grabbed a flight attendant’s hands” and banged on the lavatory door. At the same time, Dowd summoned an off-duty pilot who had been traveling as a passenger to enter the cockpit.⁸²
- When he left the restroom, Osbon began making comments about “150 souls on board” and tried to force his way into the cockpit. Osbon continued to rant about the Middle East and urged passengers to “say their prayers.” Dowd then urged passengers to subdue Osbon.⁸³
- 5 male passengers jumped in to restrain Osbon, using seat belts to keep him from escaping. Some saw Osbon foaming at the mouth, continuing to utter remarks about Al-Qaida, a bomb, and threatening that the plane was going down. Osbon began to curse the passengers restraining him.⁸⁴
- After an emergency landing in Amarillo, Texas, the handcuffed captain was taken into an ambulance and immediately hospitalized. Here, Osbon underwent psychiatric treatment.⁸⁵



5. JET BLUE RESPONSE

- **March 27, 2012:** In the immediate hours after Flight 191, JetBlue instantaneously utilized its social media platforms to reach out to customers and to refer them to the airline’s corporate blog, BlueTales⁸⁶ — serving as the hub for information and two-way dialogue between the airline and stakeholders (See Exhibit 3).
 - **12:37 p.m. ET** — JetBlue reports the “pilot in command elected to divert to Amarillo, TX for a medical situation involving the Captain.”⁸⁷ Some customers took offense to the incident being called a “medical situation” when it appeared to many as a psychotic episode. CEO Dave Barger

would later reclassify situation on the “Today Show.”

- **3:25 p.m. ET** — JetBlue reports a “ferry flight” is due to arrive soon to fly passengers to their destination in Las Vegas. The airline thanks the “crew on board for handling this situation per their training, and the customers on board for following crewmember instructions.”⁸⁸
- **8:50 p.m. ET** — JetBlue reports passengers safely landed in Las Vegas. Meanwhile it informs customers it is working to verify “what details we can and will only report what we know is accurate.” At that time, the airline only knew the Captain received proper medical attention and had been transferred to a medical facility.⁸⁹
- **March 28, 2012:** JetBlue solicited the “Top 10 Questions” received by customers and offered as much input as it could at the time (See Exhibit 4).
 - Out of 106 comments to the BlueTales blog, 35 were considered very positive and a clear majority of those thanked the First Officer, Jason Dowd, for working with the crew and with passengers to handle the incident safely.⁹⁰
 - 5 comments brought up Jet Blue’s stance against recording on the aircraft.⁹¹
 - 6 comments blamed the airline industry as a whole, specifically mentioning the F.A.A. for upholding insufficient standards of analyzing pilots’ physical and mental conditions before boarding a flight.⁹²
- **March 28, 2012:** CEO Dave Barger goes on the “Today Show” with Host Matt Lauer.⁹³
 - “It was a true team effort at 35,000 feet yesterday,” Barger said of the response by passengers and crew.⁹⁴
 - Barger said he knew Capt. Osbon personally and found him to be a “consummate professional” that is now “in the hands of medical care.”
 - Answering remarks made by angry customers on the corporate blog the day before, Barger said “I think we know less than 24 hours later, it started medical. But clearly it was more than that.”⁹⁵
 - When asked about screening procedures for pilots, Barger said “I’m very confident about our procedures, the industry’s procedures... Yesterday’s actions by the rest of the crew and the customers... That’s the example of the rest of JetBlue’s 14,000 employees. That’s what takes place day in and day out. It’s not so much one individual’s actions.”⁹⁶
- **March 29, 2012:** JetBlue explains the resources available to crewmembers and customers in times of need.⁹⁷
 - Care and Emergency Response Department — “Offers customers and crewmembers resources when they need them... Our Care Team also

deployed to Amarillo on Tuesday to assist customers on Flight 191.”⁹⁸

- Peer Assist Program — “Directs crewmembers to a variety of resources provided by JetBlue including BlueBenefits, LifeSolutions, JetBlue Crewmember Crisis Fund (a non-profit that provides financial assistance to crewmembers in need), and community-affiliated organizations.”⁹⁹
- LifeSolutions — “Offers mental health assistance, financial and legal resources, and guidance to crewmembers and their families.”¹⁰⁰
- **March 30, 2012:** Looking to highlight the positives, JetBlue asked loyal followers to post a message on its BlueTales blog for Flight 191 crewmembers and customers.¹⁰¹
 - 86 comments were posted.¹⁰²
 - A clear majority of the comments came from “loyal” JetBlue passengers extending their wishes to the Osbon family and appreciating the crew for their courageous efforts.¹⁰²
 - One comment, however, harshly criticized the JetBlue PR team,¹⁰³ saying:

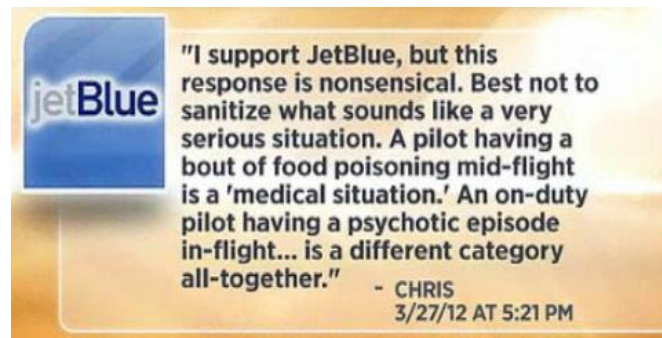
Posted by **Tim Meier** on April 2, 2012 at 7:08 pm

To the passengers and crew- great job handling the situation.
To the JetBlue PR team- why in the world would you create a page dedicated to posting about an embarrassing and unfortunate incident like this? The goal in handling a PR nightmare is moving the conversation, not blogging about it!

- **April 1, 2012:** Concluding a short-term public relations campaign to ease concerns about Flight 191, JetBlue released a press release on behalf of the Osbon family.¹⁰⁴ Connye Osbon, the wife of the pilot, said the following (See Exhibit 5):
 - “We would like to recognize the Crew and passengers of Flight 191 for their effective yet compassionate handling of the situation. It is our belief, as Clayton's family, that while he was clearly distressed, he was not intentionally violent toward anyone. We know you were placed in an awful situation and we appreciate your ability to respond professionally.”¹⁰⁵

6. MEDIA BACKLASH

6.1 “Medical Situation”



While primetime news applauded the quick-thinking co-pilot for safely landing passengers and preventing a tragedy in the air, commentators elaborated on public concern and criticized JetBlue for “spinning” the incident to position Osbon’s disorderly conduct as a mere “medical situation.”¹⁰⁶ Indeed, in less than two hours after Dowd decided to make an emergency landing in Amarillo, the JetBlue communications team had referred its social media followers to the BlueTales blog post, “Flight 191,” declaring a “medical situation involving the Captain” had taken place.¹⁰⁷ The *Wall Street Journal* immediately mocked the response, saying JetBlue’s account was at odds with what passengers experienced to be a captain’s “erratic behavior.”¹⁰⁸ Based on the post’s 91 comments, some customers weren’t buying JetBlue’s explanation.¹⁰⁹ More specifically, 8 comments questioned JetBlue’s classification of the incident as a medical condition as opposed to a “mental breakdown” or a “psychotic episode.”¹¹⁰ Each of the comments, however, were debunked by customers who either A.) expressed sensitivity to the pilot and his need for privacy, B) urged bloggers to wait for the “full story” to be released before passing judgment on Osbon’s condition, — medical or otherwise — and/or C.) implied it is against Federal law for JetBlue to reveal Osbon’s case as anything other than a medical emergency.¹¹¹

Before airline communication teams started incorporating social media challenges into their public relations agenda, they might have considered blog comments from online junkies to be irrelevant to the formation of a crisis communications plan. But in today’s age, the BlueTales blog debates sparked enough buzz for Matt Lauer to challenge CEO Dave Barger to elaborate on JetBlue’s initial response to the incident the next morning, when Barger pivoted and said “It started medical... But clearly it was more than that.”¹¹² As the investigation revealed new facts, JetBlue’s ability to self-correct and build upon its own comments within those critical 24 hours after the incident showcased an organizational maturity by an airline; willing to have as much of an open and honest conversation with itself as much as it was with its concerned, information-hungry stakeholders. But to some, it may have appear as a lack of sensitivity to Osbon’s condition — reflecting a widespread lack of respect for commercial pilots’ physical, or mental, well being.

6.2 Balancing multiple stakeholders

Within just a few short hours after Flight 191, JetBlue’s public relations team was put to the test; searching the right balance between delivering a consistent stream of information to its social media gateways and carefully analyzing the facts at hand in the best interest of corporate credibility. “Prudent consideration of safety, legal and/or fiscal responsibilities, mainstays of sustaining reputation, only mean time lost in staunching public criticism,” said Michael Cherenon, past chair of the Public Relations Society of America and executive vice president of Success Communications Group.¹¹³ “A few, short hours can mean the difference between stemming the tide or feeding the frenzy.”¹¹⁴ As media speculation allowed narratives to grow upon narratives with regards to Osbon’s condition and the airline’s supposed “spinning” of the situation, the JetBlue team quietly, yet proactively, met the needs of its most immediate stakeholders — the Osbon family, Flight 191 passengers, social media-savvy JetBlue customers, and

crewmembers — confidently building trust along the way as JetBlue tapped into its human element.

Cherenson added that “none of us will ever help out clients or companies avoid all criticism.”¹¹⁵ But at the end of the day, JetBlue told the story it knew to be true and in doing so allowed Osborn’s wife to find peace in knowing her husband was alive, in a hospital, “receiving proper medical attention.” The airline extended its appreciation for the customers and crewmembers onboard for helping to resolve the situation. Finally, the JetBlue team stayed true to its word to provide accurate information to mainstream followers as efficiently as possible — even if it meant taking heat over the wording of a particular response. After all, the alternative, a non-response in the instant aftermath of the Flight 191 incident, would have been reputational suicide, especially for an airline being observed under the microscope; quelling any effort to engage stakeholders when the opportunity and timing was prime.

7. INVESTOR POINT OF VIEW

Closing at a stock price of \$5.21 on March 26, 2012, JetBlue traded at \$4.89 by March 30 — just a few days after the Flight 191 incident. By the end of April 2012, the price lowered to \$4.75.¹¹⁶ “Volatile fuel prices” may have explained a portion of the minor impact on JetBlue’s shares.¹¹⁷ Yet, while JetBlue’s PR team retained customer loyalty in the face of what may be classified as JetBlue’s most bizarre crisis in its young history, the lack of immediate action taken to address pilot safety may have also contributed to the airline’s declining shareholder value. The lack of comprehensive action, however, will impact far more than the airline’s stock price; JetBlue is also risking the trust it has worked hard to manage among its stakeholders over the past decade.

Seeking to maintain investors’ confidence in the airline, JetBlue’s Quarterly SEC Filing on May 2, 2012 — shortly after Flight 191 — stated:

Our overall strategy remains focused on strengthening our culture, offerings, and foundations to improve the JetBlue Experience for our employees, customers, and shareholders.”¹¹⁸

Fortunately, similar to aforementioned crises, JetBlue saw its quarterly revenue remain steady after the Flight 191 incident took place — actually increasing from \$1.2 billion in May 2012 to \$1.27 billion in August 2012.¹¹⁹ It’s clear JetBlue’s communicative strategy was an effective, levelheaded response to public inquiry and, to the shareholders’ benefit, helped retained consumer demand for the low-fare airline. Still, JetBlue must be wary of those customers hesitant to fly JetBlue due to the assumption that, in light of Flight 191, a low-fare airline indicates low-quality pilots. While experiencing a rare, isolated incident, JetBlue must be committed to realigning its brand with the realities of the marketplace; knowing it’s not enough just to explain what happened but also to articulate a policy that, moving forward, expresses internal trust between the airline and

crewmembers — pioneering a corporate character that can serve as an example for the rest of the airline industry.

8. JETBLUE'S CHALLENGE

When CEO Dave Barger assumed leadership of JetBlue in 2007, he said he saw a company that, in its initial years, propelled an “establishment of a brand but not an airline.”¹²⁰ Five years later, Flight 191 posed a clear threat to Barger’s conservative vision for a “a value airline”; cutting back on aggressive expansion and instead focusing on quality service in light of previous crises.¹²¹ Though Barger was wise to admit in his *Today Show* interview that Capt. Osbon’s breakdown didn’t reflect the 14,000 employees who proudly represent JetBlue,¹²² the young company now faces the long-term challenge — just a few months after the incident — of assuring both shareholders and loyal customers that pilot safety remains the airline’s number one priority. Even in today’s 60-second news cycle, when stakeholders demand frequent communication with companies that consume their time, money and resources, a public relations team initiating long-term reform to prevent another Flight 191 would generate maximum goodwill — not just between management and flight staff, but especially between the airline and its valued customers. Sure enough, JetBlue will retain a loyal, cost-conscientious customer base. Still, losing one customer’s trust — and business — because of the incident should be approached as one too many; especially considering that customer will simply switch loyalties to a competitor.

This is where Barger can learn from his predecessor, David Neeleman. After the 2/14 disaster and before his departure, Neeleman instantly proved his apologetic words with action in pioneering a “Customer Bill of Rights”¹²³ to communicate to passengers that fair treatment will always be administered regardless of the situation at hand. In matching words with action, no one could argue Neeleman didn’t take customer feedback seriously. In this case, Barger might choose to champion the same mentality in advocating an agreement between the airline and pilots that allows both parties to meet in the middle on the issue of flight safety. “This is what you can expect from your JetBlue pilot,” Barger might say to fellow passengers. “After soliciting the opinions of valued customers, airline officials, and of course, our aviators, JetBlue presents a written agreement demonstrating JetBlue is doing its part to ensure our pilots are fit to serve your travel needs — placing You Above All.”

In his interview with Matt Laur, Barger promised to conduct a full review of “the entire event... within JetBlue and also the entire industry.”¹²⁴ Yet, despite adhering to proper communicative mechanics in alleviating a crisis out of thin air, Barger-led JetBlue still has yet to prove its words with action — comprehensible reform that puts pilot safety at the center of the conversation. Ultimately, the JetBlue brand and the JetBlue airline reflect one another; treating them as mutually exclusive runs the danger of sacrificing the airline’s strong measure of transparency that has long guided JetBlue’s core principle in treating every customer as a valued guest — not a number on a balance sheet. By proactively incorporating pilots — professionals millions of Americans entrust with their lives on a day-to-day basis — as part of the value-added by flying with JetBlue,

customers will only grow more loyal to the young airline that places, in words and in action, "You Above All."

After putting out the fire, will JetBlue finally initiate a collaborative effort with the airline industry to identify gaps in pilot screening procedures? Can JetBlue demonstrate that, when push comes to shove, it can assume greater accountability for pilot conduct and take a vested interest in crewmembers' concerns of the stress level inherent in commercial airline employment? Moving forward, will JetBlue view Flight 191 as an unfortunate, isolated incident that could have happened to any airline on any flight? Or will it approach the incident as a call to action — an opportunity to establish concrete measures that spare passengers the worry of another meltdown occurring from within the cockpit thousands of miles in the air? Meanwhile, can JetBlue celebrate their pilots the way Americans celebrate Captain "Sully" Sullenberger?

Above all, even in an age characterized by instant, and often impulsive, dialogue, can JetBlue take the less flashy, albeit necessary, step to carefully plan and execute an enhanced platform for airline corporate stewardship— identifying a positive correlation between sensible pilot safety measures and overall consumer satisfaction?

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III. ATTACHMENTS

Exhibit 1: Customer Bill of Rights



INFORMATION

JetBlue will notify customers of known delays of 30 minutes or more, cancellations and diversions. Notification will be given in any of the following forms: via jetblue.com, via telephone upon request, on flight information display systems, via airport announcement, via onboard announcement, email or text message.

CANCELLATIONS

All customers whose flight is cancelled by JetBlue will, at the customers' option, receive a full refund or reaccommodation on the next available JetBlue flight at no additional charge or fare. If JetBlue cancels a flight within 4 hours of scheduled departure and the cancellation is due to a *Controllable Irregularity*, JetBlue will also issue the customer a \$50 Credit good for future travel on JetBlue.

DELAYS (Departure Delays or Onboard Ground Delays on Departure)

For customers whose flight is delayed 3 hours or more after scheduled departure, JetBlue will provide free movies on flights that are 2 hours or longer.

DEPARTURE DELAYS

1. Customers whose flight is delayed for 1:30-1:59 hours after scheduled departure time due to a *Controllable Irregularity* are entitled to a \$25 Credit good for future travel on JetBlue.
2. Customers whose flight is delayed for 2-2:59 hours after scheduled departure time due to a *Controllable Irregularity* are entitled to a \$50 Credit good for future travel on JetBlue.
3. Customers whose flight is delayed for 3-3:59 hours after scheduled departure time due to a *Controllable Irregularity* are entitled to a \$75 Credit good for future travel on JetBlue.
4. Customers whose flight is delayed for 4-4:59 hours after scheduled departure time due to a *Controllable Irregularity* are entitled to a \$100 Credit good for future travel on JetBlue.
5. Customers whose flight is delayed for 5-5:59 hours after scheduled departure time due to a *Controllable Irregularity* are entitled to a Credit good for future travel on JetBlue in the amount paid by the customer for the one-way trip less taxes and fees.
6. Customers whose flight is delayed for 6 or more hours after scheduled departure time due to a *Controllable Irregularity* are entitled to a Credit good for future travel on JetBlue in the amount paid by the customer for the roundtrip (or the one-way trip, doubled) less taxes and fees.

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These Rights are subject to JetBlue's Contract of Carriage and, as applicable, the operational control of the flight crew, and apply to only JetBlue-operated flights. DIRECTV service is not available on flights outside the continental United States; however, where applicable, movies from JetBlue Features are offered complimentary on these routes. This document is representative of what is reflected in JetBlue's Contract of Carriage, the legally binding document between JetBlue and its customers.

JetBlue Airways' Customer Bill of Rights

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

ONBOARD GROUND DELAYS

JetBlue will provide customers experiencing an onboard ground delay with 36 channels of DIRECTV®, food and drink, access to clean restrooms and, as necessary, medical treatment. JetBlue will not permit the aircraft to remain on the tarmac for more than three hours unless the pilot-in-command determines there is a safety or security-related reason for remaining on the tarmac or Air Traffic Control advises the pilot-in-command that returning to the gate or another disembarkation point elsewhere in order to deplane would significantly disrupt airport operations.

Arrivals:

1. Customers who experience an Onboard Ground Delay on Arrival for 1-1:59 hours after scheduled arrival time are entitled to a \$50 Credit good for future travel on JetBlue.
2. Customers who experience an Onboard Ground Delay on Arrival for 2 hours or more after scheduled arrival time are entitled to a Credit good for future travel on JetBlue in the amount paid by the customer for the roundtrip (or the one-way trip, doubled) less taxes and fees.

Departures:

1. Customers who experience an Onboard Ground Delay on Departure after scheduled departure time for 3-3:59 hours are entitled to a \$50 Credit good for future travel on JetBlue.
2. Customers who experience an Onboard Ground Delay on Departure after scheduled departure time for 4 or more hours are entitled to a Credit good for future travel on JetBlue in the amount paid by the customer for the roundtrip (or the one-way trip, doubled) less taxes and fees.

IN-FLIGHT ENTERTAINMENT

JetBlue offers 36 channels of DIRECTV® service on its flights in the Continental U.S. If our LiveTV™ system is inoperable on flights in the Continental U.S., customers are entitled to a \$15 Credit good for future travel on JetBlue.

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

Customers who are involuntarily denied boarding shall receive \$1,300.



Exhibit 2: JetBlue Competitor Comparison

Direct Competitor Comparison					
	JBLU	AAMRQ	LUV	UAL	Industry
Market Cap:	1.70B	298.39M	8.05B	8.53B	1.69B
Employees:	11,797	80,100	46,048	88,000	11.80K
Qtrly Rev Growth (yoy):	0.10	0.01	0.00	-0.03	0.20
Revenue (ttm):	4.93B	24.87B	17.02B	37.38B	3.62B
Gross Margin (ttm):	0.29	0.22	0.22	0.25	0.26
EBITDA (ttm):	651.00M	1.45B	1.70B	3.08B	377.90M
Operating Margin (ttm):	0.08	0.02	0.05	0.05	0.11
Net Income (ttm):	150.00M	-3.23B	495.00M	-241.00M	N/A
EPS (ttm):	0.47	-9.64	0.65	-0.80	0.65
P/E (ttm):	12.81	N/A	16.78	N/A	12.96
PEG (5 yr expected):	0.40	-0.35	0.93	1.07	0.40
P/S (ttm):	0.34	0.01	0.47	0.23	0.43

AAMRQ = AMR Corporation

LUV = Southwest Airlines Co.

UAL = United Continental Holdings, Inc.

Industry = Regional Airlines

Exhibit 3: Flight 191 Instant Updates

March 27, 2012

Flight 191

Update: 8:50 p.m. ET

Flight 191 landed in Las Vegas at 4:13pm local where customers deplaned at their original destination after the diversion to Amarillo, Texas.

We're aware of a number of stories of what transpired today. We're working to verify what details we can and will only report what we know is accurate.

While we don't what led to the incident, what we can verify is that the pilot in command elected to divert to Amarillo to ensure the Captain received proper medical attention and we know that the Captain was then transferred to a medical facility.

We're committed to providing accurate information and we're working closely with authorities to investigate. The safety of our customers and crewmembers is our number one priority.

Update: 3:25 p.m. ET

A ferry flight is due to arrive to Amarillo at 3:11 p.m. local time to fly customers to their originally-scheduled destination in Las Vegas.

We would like to thank our crew on board for handling this situation per their training, and we would like to thank the customers on board for following crewmember instructions.

12:37 p.m. ET

Flight 191 departed New York's JFK airport at 7:28 am ET (was scheduled to depart 6:55 am ET). At roughly 10 am CT/11 am ET, the pilot in command elected to divert to Amarillo, TX for a medical situation involving the Captain. Another Captain, traveling off duty, entered the flight deck prior to landing at Amarillo, and took over the duties of the ill crewmember. The aircraft arrived Amarillo at 10:11 am CT, and the crewmember was removed from the aircraft and taken to a local medical facility.

Customers have safely deplaned and we're sending a new aircraft and crew to Amarillo to continue the flight to Las Vegas.

Exhibit 4: Top 10 Questions Received by Customers

1. You're saying it's a "medical situation" but isn't it a security issue?

Initial reports indicated that Flight 191 was diverting to Amarillo due to a medical situation. As the events unfolded, it became clear that security was also an element of this episode, but not the overriding issue in our opinion. The FBI has said terrorism is not a factor in this incident.

2. What happened to the pilot? What was the health issue?

Although we do not know at this time what caused the pilot's actions, the Captain is currently under the care of medical professionals and out of respect for his privacy, we won't share further details about his private life.

3. Do we know what caused this?

We're not privy to that information – but hope and trust he is getting the care he needs and we are offering our support to him and his family. We would like to acknowledge the professional and immediate action of the First Officer, the off-duty Captain, and the Inflight Crew – their focus was on the safety of the customers on board, and we believe they handled the situation perfectly.

4. How badly could things have gone if the Captain remained in or returned to the flight deck?

We think it would be inappropriate to speculate on what might have happened. We are confident in the procedures in place by the industry as well as at JetBlue that ensured a safe landing. Our Flight and Inflight crewmembers are trained to handle situations with the safety of the customers and crew onboard as their first priority, and to call upon customers for help when needed. Our aircraft are built with redundancies to protect the flight deck.

JetBlue was actually the first airline to install [bullet-proof hardened cockpit doors](#), which are coded and virtually impenetrable. When the flight crew inside the deck close and lock that door, no one can get in.

5. What would have happened if there hadn't been an off-duty Captain on the flight to step in?

Both Captains and First Officers are trained to fly our aircraft. Our First Officer was the pilot in command yesterday (in control of the aircraft from takeoff to landing) and the off-duty Captain stepped in to help.

6. What is the health screening for pilots/employees?

We're fully compliant with the FAA mandate that all pilots under the age of 40 receive an annual health screening, and twice annually for those over the age of 40.

7. Do you have any resources for JetBlue crewmembers in distress?

JetBlue offers a peer-assist program for our Pilots and LifeSolutions, an employee assistance program, for all crewmembers. Crewmembers are also able, and expected, to call a safety time-out should they need it, and the company will support them 100%.

8. Have you done anything for the customers on board?

We're extremely grateful to the customers who assisted with onboard security, and to all of the customers for following crewmember instructions. We communicated directly with all customers onboard Flight 191 Tuesday upon their arrival in Las Vegas, including a hand-delivered letter detailing their compensation: a refund for their one-way fare as well as a voucher for twice the value of their original ticket. In addition, members of our Care Team and local leadership from Long Beach, CA flew in to Amarillo yesterday to ensure that all customers were taken care of, and our leadership as well as our Customer Support Team are reaching out to each customer individually today to check on them.

9. What about the crew? Have you done anything for them?

The crew has been given time off and we are making all resources available to them. They have our thanks and appreciation for the professional handling of this situation.

10. Do we have anything to say to the customers that came forward to assist?

We're sorry they were put in that situation, but are so thankful for their efforts. What the customers did to help our inflight crew was amazing and we really appreciate their efforts, and also the cooperation of everyone on board – it contributed to the safe landing.

Exhibit 5: Connye Osbon Statement

April 1, 2012

Statement by Connye Osbon on Behalf of the Osbon Family

We released the following statement by Connye Osbon, wife of Captain Clayton Osbon, on behalf of the Osbon family today:

"First, we would like to thank all those who have expressed concern and kind thoughts during this difficult time. We appreciate the public's interest in our family's current situation and in Clayton's well-being.

"We would also like to thank the kind and compassionate team of doctors and staff at Northwest Texas Healthcare System in Amarillo, as well as the many friends, coworkers, and loved ones who have reached out to us to wish Clayton well during this challenging time.

"At this time, we ask that the media respect our wishes for privacy. We understand the public's interest in speaking with Clayton and family members, but we respectfully decline all interview requests and will not be making further statement.

"We hope you can empathize and understand that our focus completely surrounds Clayton's recovery and the path that lies immediately ahead.

"Finally, we would like to recognize the Crew and passengers of Flight 191 for their effective yet compassionate handling of the situation. It is our belief, as Clayton's family, that while he was clearly distressed, he was not intentionally violent toward anyone. We know you were placed in an awful situation and we appreciate your ability to respond professionally."