

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

Signature Event

Robin Hayes

Speaker

Robin Hayes

Chief Executive Officer

JetBlue Airways Corporation

Moderator

David M. Rubenstein

Chairman

The Economic Club of Washington, D.C.

Washington, D.C.

Tuesday, Feb. 21, 2023

DAVID M. RUBENSTEIN: OK. So we have Robin Hayes, who is the CEO of JetBlue. And by brief background, he is a native of England. Went to the University of Bath. Got his bachelor's and master's degrees in engineering there. Joined British Airlines. Was there for 19 years. Left there to go to JetBlue in 2008. And became the CEO in 2018, is that right? CEO –

ROBIN HAYES: 2015.

MR. RUBENSTEIN: Fifteen. And now you're the CEO. You were president and CEO. Now you're the CEO. OK, right?

MR. HAYES: Yes. That's correct.

MR. RUBENSTEIN: Right. And he has three children, one of whom is in what I call the highest calling of mankind, private equity. So you must be very proud of that, right?

MR. HAYES: I am.

MR. RUBENSTEIN: OK.

MR. HAYES: He learned from my mistakes.

MR. RUBENSTEIN: All right. OK. So let me ask you this: The airline industry since it began seems to be an up and down industry. It's boom or bust. What is the state of it now? Is it doing reasonably well or is it not so great, hasn't recovered yet from COVID completely?

MR. HAYES: Well, I like the old quote, you know, how'd you become a millionaire? Start with a billion and buy an airline. [Laughs.] But, you know, I think, like, thankfully, the airline industry around the world is recovering. The good news is, the recovery in the U.S. is probably a year to two years ahead of anybody else. So, you know, we actually think by the time we get to 2024 the industry will be fully recovered. In other parts of the world, that recovery's still going on. So and I think that the support that we got from the U.S. government through the CARES Act was crucial to making sure this industry could come back more quickly.

MR. RUBENSTEIN: OK. So, OK, so that support from the U.S. government – to make it clear, they didn't just give you money and said: Do whatever you want with it. You had to pass the money through and, in fact, to your employees. Is that how it worked, mostly?

MR. HAYES: Yeah. Yeah. I mean, what it was was largely payroll support. So the money went directly to our – our work at JetBlue – our word for employees are crew members. It went directly to our crew members. It meant that they could stay on the payroll, keep their travel benefits – not that there was much traveling going on at the time – keep their pension benefits. As opposed to losing their career, going to claim unemployment, which still costs the government money, and then having to restart.

And I know people were frustrated last year, and in many cases rightly so, that as an industry we did not manage the ramp-up as well as we could. But I can't tell you how much

worse it would have been. There'd have been hundreds of airplanes retired from the system that wouldn't still be back.

MR. RUBENSTEIN: So your airplanes are all Airbuses, is that right?

MR. HAYES: They are. My friend Jeff is right there, from Airbus.

MR. RUBENSTEIN: OK.

MR. HAYES: They're very – they're beautiful, highly prized Airbus airplanes. I'm hoping Jeff is going – no, Jeff's great. Airbus are great. They've been with us since the beginning. But, you know, we could always do with a bit more of a discount, Jeff, please. [Laughter.]

MR. RUBENSTEIN: OK. All right. So right now you are what – the United States airline industry is basically down to four big players: American, United, Southwest, and Delta.

MR. HAYES: Yes.

MR. RUBENSTEIN: OK. They have 80 percent of the market.

MR. HAYES: They have about 80 percent of the market.

MR. RUBENSTEIN: OK. So you're not one of the big four. What do you call yourself? You're a what kind of airline?

MR. HAYES: Well, we call ourselves a low-cost carrier.

MR. RUBENSTEIN: Low-cost carrier.

MR. HAYES: And I think the unique thing about JetBlue is we're very proud that we can offer both low fares and great service.

MR. RUBENSTEIN: OK. So how do you offer lower fares than the other people? I mean, you're paying your employees less? Your planes are not as well serviced? What is the reason? How can you do that?

MR. HAYES: Well, we don't pay our people less.

MR. RUBENSTEIN: All right. So what's the trick then?

MR. HAYES: You know, I think our aircraft utilization tends to be higher. You know, we have more – we have more modern airplanes. We're very efficient at what we do. And we are – we have to be very thoughtful where we make decisions and where we don't. And we have to focus on the things that matter most to our crew members and our customers.

MR. RUBENSTEIN: All right. On average, you are, I don't know, 10 percent, 20 percent lower than the big four in your pricing?

MR. HAYES: On average, the average fares are actually about 15 to 20 percent lower.

MR. RUBENSTEIN: All right. And when people are selecting an airline, you must have done surveys, are they selecting it because it's cheaper, it goes when they want to go, they like the affinity club or the frequent flyer miles? What is it that they like?

MR. HAYES: All of the above.

MR. RUBENSTEIN: All of that? OK.

MR. HAYES: No, I mean, it depends on – it depends on the customer. But I would say you've got to go to where – you've got to go to where we want to go, right? That's – and that's why we're excited about this Spirit merger, because we're going to do more of that. I want to – I want a low fare because, you know, most of the people flying JetBlue are paying with their own money. And I want to be treated with respect and have a great experience.

MR. RUBENSTEIN: Well, let me ask you about a common problem. There have been problems with people going on airlines recently who've had fights with flight attendants, attacked them. Is this due to mental illness? Is it alcohol? Is it drug related? And it never seems as if the people who are doing these things go to jail in any sense that I've ever read about. What happens to these people?

MR. HAYES: Well, first of all, I want to start by saying our crew members do an amazing job. We have a few in the room. Can you just stand? Because you guys are the best. All of you, come on, get up.

MR. RUBENSTEIN: OK. OK.

MR. HAYES: So it's our crew members dealing with these challenges. The good news is, it's a relatively low number of people. But when these challenges present themselves, especially when they happen in the air, I always say our in-flight crew members, you know, they are in the hospitality business. They're in the safety business. They're in the law enforcement business. They're in the counseling business. They have to know all of those things. And, you know, they are successful more times than not in diffusing the situation.

But we have had, you know, and continue to have, too many of these incidents. And I think the masking on airplanes did not help. You know, it was such a polarizing thing. I would say, since that – the mask mandate has gone, things have settled down a little bit. But we still need to – I don't know. I don't think it's a comment just about airplanes. I don't know if everyone agrees with me, I see it everywhere in society. You know, people are just less tolerant. They're less understanding. They're frustrated. And I think they kind of just take it out on people around them.

MR. RUBENSTEIN: Have you thought about just not serving alcohol?

MR. HAYES: Well, I could never fly again if they didn't. [Laughter.] You know, I think – so we try and – you know, we try and make sure when someone gets on an airplane, they're OK. We try not to overserve. Most people treat alcohol very responsibly. It's a very small number of cases that –

MR. RUBENSTEIN: Right. So when you're about to take off or land, if you put your cell phone on, will the plane crash?

MR. HAYES: No.

MR. RUBENSTEIN: No? So why do they tell you take your cell phone and put it away, because otherwise the plane could crash, or something like that?

MR. HAYES: So you used to have it turned off. Now you can have it in flight-safe mode. And I don't know how many people actually do that. [Laughter.] But it's meant to be in flight-safe mode. But the airplane is not going to crash. We're all good.

MR. RUBENSTEIN: OK. So actually in safety, the airline industry, commercial airline industry, seems to be in reasonably good shape these days when it comes to not having accidents, and so forth. But there have been incidents recently where the air traffic control people have not told some planes that they were going to hit each other on the runway. Are you worried that our system is a little antiquated?

MR. HAYES: So we do have a system that needs some technological upgrades, for sure. You know, we are still using the paper strips¹ to control airplanes. However, the system is safe. What happens is – what happens is when things start to overheat, if you like, or things start to get a bit busy, the system slows things down to make sure that the people working in the system – whether the controllers or anybody else – can handle what's in front of them. So I think we should be proud in the U.S. We have an aviation system, from a safety point of view, that's second to none. And, you know, we can't be complacent. We have to stay very focused. It's a great partnership between all stakeholders in the aviation business. And it's worked really well over the years.

MR. RUBENSTEIN: OK. So in your airline, you have – where do you fly to? You fly a limited number of routes. What are your main routes?

MR. HAYES: Well, our largest – our largest bases of operation, or focus cities as we call them, are in New York and Boston, Fort Lauderdale, Orlando, San Juan, and L.A.

MR. RUBENSTEIN: Now, you also fly to London?

MR. HAYES: We do fly to London, three flights a day.

¹ A flight progress strip is a small strip of paper used to track a flight in air traffic control.

MR. RUBENSTEIN: OK. And are they full?

MR. HAYES: Actually, four flights a day. How did I forget that? Are they full? Well, they could always be fuller. No, they're doing OK. You know, we're in the – we're in the sort of winter trough at the moment. But – and the transatlantic business tends to be quite seasonal. But we're going to have a great summer.

MR. RUBENSTEIN: Well, why not have more routes? I mean, why don't you fly all around the United States? You have a model that works. Why are you on a limited number of routes?

MR. HAYES: Well, again, that's a great question. And, you know, you talked about the big four earlier, with 20 percent. We're a 5 percent player. Bringing JetBlue and Spirit together, and the amazing team at Spirit – and Ted Christie, the CEO, is here. Thanks for your partnership, Ted. We're going to – we're going to go from 5 percent to 9 percent. So we're going to go to a lot more places.

MR. RUBENSTEIN: Well, Southwest started out the same way you did. How did they grow so successfully?

MR. HAYES: Well, they grew like we did, organically, for many years. But then they acquired AirTran too. So, you know, Southwest – and Morris Air they acquired back in the day. So Southwest has also grown through acquisition.

MR. RUBENSTEIN: So you are proposing to buy Spirit Airlines.

MR. HAYES: Yes.

MR. RUBENSTEIN: Why do you want to buy them? Not that it's not a good airline, but why do you need to –

MR. HAYES: First of all, a great team. And, you know, whilst we have different business models, both of us have teams of people that are very proud of what they've done for the industry and are proud to work as part of a values-driven culture. So, you know, most mergers fail because of culture. So the most important thing is culture. Secondly, fleet commonality. I don't want to make Jeff's head even bigger, from Airbus, but –

MR. RUBENSTEIN: But they have Airbuses?

MR. HAYES: We're going to have even more Airbuses, so.

MR. RUBENSTEIN: OK. And he just told me, by the way, the Airbuses are not made in Europe. They're made, to some extent, in Alabama and other places. So –

MR. HAYES: Yeah. We have the same engines. And I say that because, as a carrier that has to keep our costs down, that fleet commonality is very important. And finally, we don't have that

much overlap. And so it's going to be complementary. It's going to allow us to fly to many markets we don't fly to today.

MR. RUBENSTEIN: All right. You're a discount airline.

MR. HAYES: Yes.

MR. RUBENSTEIN: What is Spirit?

MR. HAYES: Spirit's – so what they call – Sprit is called an ultra-low cost carrier. And we're called a low-cost carrier.

MR. RUBENSTEIN: Low cost. So you are 20 percent below, let's say, the other people, the big four. How much is Spirit below the big four or below you?

MR. HAYES: So their average fares will be lower. But I think it's important to recognize that the largest percentage of people flying JetBlue want a low fare. We just have more business travelers. We have more other types of business that brings the average fare up.

MR. RUBENSTEIN: Now, the government of the United States has recently said there's a lot of so-called junk fares that are – or fees, I should say – junk fees that are being added to the ticket cost. And so the government wants you to say if you're going to charge me for bringing a bag on, or bringing a dog on, or something, is that a fair thing for the government to do? And I assume you don't charge junk fees yourself.

MR. HAYES: Well, it's funny. You know, the airline industry, we've been trying to find a way to get in the State of the Union Address for years. And, boy, we got it. [Laughter.]

MR. RUBENSTEIN: All right. It worked. So is there anything changing now? Are you going to –

MR. HAYES: No. I mean, I think, again, the good thing about our business model is, yes, we have different types of fares. But you get a lot included that you don't pay for. You know, we offer free wi-fi. There's no charge. Free TV. There's no charge. We don't charge for drinks or snacks. We don't charge for water. And so you get a lot of that included. So, look, I think what the government is trying to say that they want more transparency in the fare structure so people know the totality of what –

MR. RUBENSTEIN: Are you going to go along with that? Or are you going to –

MR. HAYES: I think largely – I think largely we do that. I think if you go on the JetBlue website and you see a price, and the price you end up paying is the same price that you see when you start shopping.

MR. RUBENSTEIN: OK. So when you go on JetBlue, how do you get treated? They know you, I assume.

MR. HAYES: They know me. You know, the airplanes are always beautifully clean. They're on time.

MR. RUBENSTEIN: And you – now, you have two classes. You have coach and mint. Is that right?

MR. HAYES: Well, yeah, we have – we have – we call it core.

MR. RUBENSTEIN: Core, not coach.

MR. HAYES: But it's the same as coach. Well, it's not, because it's got more legroom. And – [laughter] –

MR. RUBENSTEIN: And mint.

MR. HAYES: And then mint is our business class that we have in certain routes.

MR. RUBENSTEIN: OK, in certain routes. And what's the advantage? What advantage do you get by being in mint?

MR. HAYES: Well, first of all, you're going to save a lot more money than if you're buying another airline's business-class ticket. So, for example, since we started flying to London, our business-class fares are about 50 percent of what the competition was charging. You're going to get a private suite with a door. You're going to get amazing food. You're going to have amazing crew members – best in the industry, in my opinion. And the most important thing – free wi-fi. But the most important thing, especially if you're a soccer fan, is you can watch free live primarily soccer from your TV.

MR. RUBENSTEIN: OK. Well, that should certainly clinch it, I think.

MR. HAYES: Yeah. [Laughs.]

MR. RUBENSTEIN: So the United States government – well, let me ask. When I was a young staff person, I worked on Capitol Hill. And I was standing on the Senate floor and they were passing the Hart-Scott-Rodino Act when I remember Senator Hart got up and said: This is just a notification process. Companies just notify the government what they're going to do. Not going to slow anything down. So how long have you been trying to get your Spirit acquisition done?

MR. HAYES: Is that right?

MR. RUBENSTEIN: Yes, that's what they told me.

MR. HAYES: Wow. I need to raise that. We've been working on this now for several months. And honestly, you know, we hope to hear soon what's going to happen next, whether we are

going to be able to proceed with this with regulatory approval or whether, you know, we're going to get sued and go to court.

MR. RUBENSTEIN: So in our country, two agencies decide, or government entities decide. It's either the Justice Department or the FTC. You have the Justice Department doing this?

MR. HAYES: Correct. Department of Justice, yeah.

MR. RUBENSTEIN: OK. So you've been waiting seven months or so for this decision?

MR. HAYES: Well, look, it is complex. It does take some time. But, yeah, seven months since we started with what they call a second request, which is sort of the investigative part.

MR. RUBENSTEIN: So when they do that and they come to you and they say: Guess what? We're not going to approve it. You can say, all right, I'm not – the deal's over. Or you can go into court. What are you going to do?

MR. HAYES: We're going to go to court.

MR. RUBENSTEIN: OK.

MR. HAYES: We have – the law hasn't changed. The facts are on our side. And the best – you know, look, where we agree with the Department of Justice is that there has been a lot of consolidation and there is a limited amount of competition in many places. We – but, you know, how can you have a situation where four airlines have 80 percent between them and the rest of us have 20 percent between them? You don't really see that level of dominance anywhere else. And so a bigger JetBlue, taking the best of JetBlue and the best of Spirit, allow this airline to grow to 8 to 9 percent, we're going to create an amazing airline based around our people and our consumers, and we're going to make the industry much more competitive.

MR. RUBENSTEIN: So your competitors, your big four, are they against this acquisition?

MR. HAYES: I have no idea.

MR. RUBENSTEIN: They haven't said anything?

MR. HAYES: Honestly, when you've got 20 percent of the market, you don't have to worry about what anyone else thinks. [Laughter.]

MR. RUBENSTEIN: Well, normally Justice Department and the FTC, they kind of stop things if customers, not competitors but customers, are not happy. Are the customers complaining about this anywhere? Or do you know if they are?

MR. HAYES: No. I would say, you know, I think – well, I know that the vast majority of people that we've talked to are very excited about this. I mean, if you're in Fort Lauderdale and you look at JetBlue and Spirit today, and between the two we're going to fly to 250 markets,

we're going to fly to 90 of the top 100 markets out of Miami, I don't have to drive to Miami anymore to fly on one of our competitors.

MR. RUBENSTEIN: So how many employees might lose their jobs if you did this acquisition?

MR. HAYES: Zero.

MR. RUBENSTEIN: Zero?

MR. HAYES: Yes.

MR. RUBENSTEIN: OK.

MR. HAYES: You know, in JetBlue's 23-year history, we've never furloughed a single crew member for the entire time.

MR. RUBENSTEIN: Really? Wow. OK. Well, let's think about the history of JetBlue. Who founded JetBlue and when was it started?

MR. HAYES: It was founded by an amazing serial entrepreneur called David Neeleman, who founded it in the late '90s. The first flight was on the 11th of February 2000 – Buffalo to JFK, and then JFK to Fort Lauderdale, ironically. And, yeah, David just built this amazing airline. And it's been an honor for all of us to continue in his footsteps.

MR. RUBENSTEIN: Now, he's got another airline he's starting now in the United States. Does he call you with tips from time to time, or?

MR. HAYES: Yeah, he calls with a lot of tips. [Laughter.] But, no, so he was – yeah. So JetBlue – well, before that, he was at Morris Air. Sold that to Southwest. Then he was at – he founded JetBlue. Then he went to create Azul, a Brazilian airline – very successful airline. Then he went to TAP Air Portugal, to take over the Portuguese airline. And then he came back to the U.S. to start another airline called Breeze.

MR. RUBENSTEIN: OK. So you like more airlines, I assume?

MR. HAYES: Yeah, I love more airlines.

MR. RUBENSTEIN: In the 1970s in the United States, we deregulated airlines. Before that, the airlines were told by the government where they could fly and what they could charge. Do you think deregulation's been a plus for the airline industry or a minus?

MR. HAYES: I think overall it's been a huge plus, because it's created an industry that has kind of grown, created a lot of jobs, created a lot of opportunities for people. I think the problem is that as we got towards the backend of that it just led to a lot of over-consolidation. And unfortunately, you know, when you've got three large legacy airlines whose business models are

very focused around business travelers and, you know, lower growth rates, it does create an upward momentum on fares.

MR. RUBENSTEIN: So what about for investors? I mean, the investor community, they don't generally love the airline industry because it's very cyclical. Warren Buffett famously said that if there had been a capitalist at Kitty Hawk, he would have shot Orville Wright down because the amount of money lost in the industry has been so much. Is that unfair?

MR. HAYES: No. [Laughs.] I think it has been challenging. What I would say is that, you know, we were definitely seeing momentum in the back half of the last decade. And I think, you know, airlines were sort of hitting a groove. You know, there was – you know, they were making money around the world at a net level. And then, of course, COVID came. And I feel it's a bit like – the analogy I give is, you know, you spend 20-30 years pushing the car up the hill. You know, every – just trying to get it a bit higher, a bit higher. And then a pandemic happens. And you let go of the car and it goes right back down to where it came. And so we're all having to rebuild our businesses again.

MR. RUBENSTEIN: So what should propel a young person to want to go into the airline industry? You joined the airline industry. You originally were in some other line of work, and you got excited about this industry. Would you join the airline industry today, knowing everything you now know?

MR. HAYES: Oh, yeah. It's so much fun. You know, I mean, who doesn't like being in an industry that's 24/7, you never know what's coming tomorrow, you don't control much of what's going on, you're high profile in the media. And, I mean, I never –

MR. RUBENSTEIN: Don't have to worry about P/E ratios either.

MR. HAYES: Yeah. So, no, I mean – [laughter] – P/E ratio? So, but you know what, I wouldn't change it for anything. It is so –

MR. RUBENSTEIN: OK. You're happy?

MR. HAYES: I'm as happy as Larry.

MR. RUBENSTEIN: So your mother is alive in her nineties, did you say – tell me?

MR. HAYES: She's in her eighties.

MR. RUBENSTEIN: Eighties. And she flies on it. Does she tell everybody her son is the CEO?

MR. HAYES: She knows I don't really share exactly what I do. Because sometimes I'm not sure myself. But she has flown. And, you know, I mean I was 19 years at British Airways. She did like British Airways a lot. So, you know, it's going to be a gradual process.

MR. RUBENSTEIN: OK. OK. So, today if somebody's here and says I'm going to fly to, let's say, Fort Lauderdale from New York or from Washington – do you fly from Washington much?

MR. HAYES: We do fly from Washington, D.C., yeah.

MR. RUBENSTEIN: OK. So the reason I should fly or they should fly on JetBlue is, in the end, just going one leg down, it's cheaper and better service?

MR. HAYES: One, the best people, the best service. Two, it's cheaper. And, three, you know, the most legroom in coach, free TV, free wi-fi, drinks and snacks.

MR. RUBENSTEIN: Now, a number of years ago the FCC looked at whether they should let people talk on airplanes. And it was – 99 percent said over our dead body, because people don't want to listen to other people talking. That's not going to change, right?

MR. HAYES: Yeah. I don't think that's going to change. I mean, people sometimes talk too loudly for the person next to them on the airplane. But, no, I don't think that's going to change. And we don't allow it. I don't see that happening.

MR. RUBENSTEIN: OK. What do you think about the responsibilities of a passenger to not recline their seat? Is that a responsibility not to do it? Or do people complain about this? Or how does that work?

MR. HAYES: When you give people plenty of legroom, it doesn't matter if the person in front's reclining or not.

MR. RUBENSTEIN: All right. So people don't – so people are OK. Nobody complains about that, right? It's OK to recline a bit?

MR. HAYES: You know, I think it's OK to recline a bit. You've got to get the recline. You know, it's when the seat's broken. Not on JetBlue of course. But you sort of go all the way back. Hello! [Laughter.]

MR. RUBENSTEIN: So if I joined JetBlue Mosaic, what are the benefits I'm getting? Am I getting cheaper fares eventually? Or what are the benefits you get by being on your frequent flyer club?

MR. HAYES: Well, have I got a chance of getting you on one of our airplanes?

MR. RUBENSTEIN: Well –

MR. HAYES: Maybe. [Laughter.]

MR. RUBENSTEIN: I don't know. Do you have any Gulfstreams? I don't know. [Laughter.] I don't know. I'll think about it. Would it make a difference? I don't know.

MR. HAYES: Yeah. No, I mean, lots of – you know, lots of benefits, including – you know, we offer free upgrades. We offer additional points, free drinks on board, priority boarding, and –

MR. RUBENSTEIN: Free alcohol drinks?

MR. HAYES: A free alcohol drink, yeah.

MR. RUBENSTEIN: Really? They don't charge for that?

MR. HAYES: Not for Mosaic. Mosaic's going to have free alcohol, yeah.

MR. RUBENSTEIN: No limits to how much you can drink?

MR. HAYES: Well, I think –

MR. RUBENSTEIN: You try to be careful.

MR. HAYES: Yeah, we're careful, yeah.

MR. RUBENSTEIN: OK. So today the pilots that you have, I assume they're compensated at roughly the same rates as the big four?

MR. HAYES: At the moment they are – we have had a pay rate adjustment, actually. So right now, they're ahead of their big four colleagues.

MR. RUBENSTEIN: Really?

MR. HAYES: Yeah.

MR. RUBENSTEIN: Wow.

MR. HAYES: And they're – our pilots are awesome, so they deserve it.

MR. RUBENSTEIN: OK. So right now your workforce – how many employees do you have?

MR. HAYES: We have about 24-to-25,000.

MR. RUBENSTEIN: And the diversity, DEI, would you say – what would you say it is?

MR. HAYES: Well, you know, it is – it is a work in progress. I mean, as a company, we have a very diverse group. You know, we have the same challenges as many to make sure that our leadership team is diverse. But we have a couple of great programs I want to spend 10 seconds on. First of all, for years we've had a program called JetBlue Scholars. So if you join JetBlue and you don't have a degree, we have a program that will get you a degree in a very low-cost way.

Secondly, we have a gateway program. You know, if you want to become a pilot or a maintenance technician and you've worked for JetBlue for two years, we will train you to become a pilot or maintenance technician. By the way, that extends to your family as well. And we've now – what we're seeing is the – because these programs are more affordable, they're more accessible, and we're seeing a much more diverse group of our crew members come through them.

MR. RUBENSTEIN: OK. So let me ask you about the safety issues today. Right now all the airlines are the same in terms of safety. Basically, there haven't been many crashes in many, many years of commercial airlines, and so forth. Are you comfortable that the air traffic system is as safe as it could be? Or could it be modernized in some ways?

MR. HAYES: Well, the system definitely needs to be modernized, but it's safe. And, you know, I think the danger is always complacency, and making sure that every time a flight – I mean, it is a modern miracle, don't you think? Twenty thousand flights a day in the U.S. They push back full of people, bags, and fuel. They fly in the air, they land, they take them, and then they go around and do it again. It is a modern miracle. And you know, I'm very proud of the efforts of – yeah. So, now, it's an industry that keeps it safe. But we can't be complacent. And we need to continue to look at where it's not going as well as it should and correct it.

MR. RUBENSTEIN: So what about lost baggage? Some people say that baggage sometimes gets lost. And now you probably don't have that big a problem, you don't have that many connections because your people are flying directly from one site to another. But is that a complaint that you get still?

MR. HAYES: I don't know what lost baggage is? What is lost baggage? No, it is a – it is a – you know, so we don't have as much as many because mainly it's on connections. That's when you have the highest risk. But we do have lost bags. And, you know, it's about investing in technology. It's about making sure our procedures are good to try and minimize that. And then also, when people lose bags you give them comfort that you know – that we know where it is. You know, one of the challenges now is people have these AirTags on the bags. So sometimes they know better than we do where the bag is. And we've got to figure out a way of tapping into that technology.

MR. RUBENSTEIN: Well, when people say they lose their bags, what percentage do you actually find them?

MR. HAYES: Oh, most are found. The vast majority of bags will be on the next flight somewhere.

MR. RUBENSTEIN: OK. Then when people lose their bags, do they say they had diamonds in them, or things like that, and they –

MR. HAYES: Yeah. We've lost a lot of diamonds. [Laughter.] Yeah. I mean, that can – look, I think there's a – there is a small part of that goes on. But, you know, we have some systems that can sort of help manage that – where there is fault and manage it.

MR. RUBENSTEIN: So how would you compare the U.S. internal aircraft and airplane system with what you saw in England or Europe? Are we safer here than in Europe? Do they have better service in Europe? How are we different than Europe, or in London, which you know pretty well?

MR. HAYES: No, I think the system in Europe is extremely safe as well. I certainly wouldn't want to say the U.S. is any more or less safe. And, you know, both those organizations work. I think one of the biggest challenges in Europe, which you don't have here in the U.S., is that when I started my career in the late '80s, there was this talk of a single European sky. You know, we're still waiting for it. Because each country in Europe wants to maintain sort of jurisdiction over its sort of airspace. And so it's not always as efficient as it is in the U.S. for that reason.

MR. RUBENSTEIN: So you rose up to be the CEO of this airline. What would you say your skillset was when you were –

MR. HAYES: I have no idea. [Laughs.]

MR. RUBENSTEIN: You're a finance person. You're an engineer, operations. What was your skillset that enabled you to rise up?

MR. HAYES: I have no idea, honestly. Maybe I was promoted to get me out of the day from doing some real damage. No, look, I think – you know, I started in this industry. It's all I've done. I was very lucky enough to work across different parts of the airline at an early – well, an early and then not-so-early age. I was actually very late getting promoted. Yeah, there you go. But I was doing a lot of sideways moves to learn the company. I think maybe there's not enough people in the industry who take the time or trouble –

MR. RUBENSTEIN: So if I was looking for a good investment, would you say an investment in an airline would be a good investment? What about your company?

MR. HAYES: I think our stock price has only gotten –

MR. RUBENSTEIN: Low. It can't get much lower.

MR. HAYES: It's not going to get lower. It's only going to go up.

MR. RUBENSTEIN: Great. It's gone – it's low. But your market cap is, you know, relatively modest. How can you be such a big airline and have a market cap of under \$3 billion, I think it is.

MR. HAYES: Well, that's why we're going to – we're going to merge with Spirit. We're going to create this big airline. And the share price is going to move up and up.

MR. RUBENSTEIN: OK. And previously you had said you thought there was too much consolidation in the industry. Now you say there isn't enough or there should be more?

MR. HAYES: Well, the problem is you can't un-ring that bell, right? You've got four with 80 percent. And the question is, how do we – how do we make the industry more competitive? There is something called the JetBlue effect, which didn't come from our PR department. It was actually coined by MIT over 10 years ago, which when JetBlue starts flying on a market against the legacy airline, prices come down, and the legacy airlines also compete on service. So that is a fact. It's as true today as it was 20 years ago because we are turning up with a great product that is a real alternative for people to fly on. Legacy airlines bring down their fares to match JetBlue. By doing that across a bigger geography, we will make the industry even more competitive.

MR. RUBENSTEIN: The biggest factor in the price of tickets going up, is that the price of fuel? In other words, that's the thing you can't at all control, right?

MR. HAYES: Yeah. I think there's two issues at the moment. First of all, fuel is high, as we know. Significantly higher than it was in 2019. And, secondly, the industry still has a lot of constraints. And so there isn't as much capacity that has come back as there is demand. So the demand is still outstripping our ability to put capacity in the market. And so, you know, that is going to take another year or so probably to normalize. Fuel will hopefully come down. And I think some of those – some of those issues will course correct.

MR. RUBENSTEIN: And do you have – do you have algorithms such that you can figure out how – if you should reduce your fares day-by-day based on demand, or something? How do you decide what the fare is going to be? And is it ever the case that somebody's sitting here on a plane and somebody sitting right next to them is paying a different fare?

MR. HAYES: Oh, yes, probably.

MR. RUBENSTEIN: Probably that happens?

MR. HAYES: Yeah, because a lot of it is when do you buy your ticket and what restrictions are you willing to take or not take in terms of the fare that you're buying. And so every day, every flight is monitored. And, you know, there's a price of every sort of – you know, there's 26 inventory buckets on an airplane. And when people say, well, why is there 26 inventory buckets I say, because there are 26 letters in the alphabet. And then, you know, the flight will be opened and closed based on how demand is booking against forecast.

MR. RUBENSTEIN: OK. So the – let me ask you about the restrooms in airplanes. They're very small. And sometimes I'm told people smoke in them. Do you ever have that problem?

MR. HAYES: I think the smoke alarms work pretty well. So I don't think that's a huge issue. It does, obviously, happen from time to time. I think a lot goes on in the bathrooms. [Laughter.]

MR. RUBENSTEIN: People stuff everything down the toilet and it doesn't work anymore?

MR. HAYES: Actually, I was on a flight the other day we were trying to get unclogged because some stuff had gone down there.

MR. RUBENSTEIN: Was that JetBlue or some other airlines.

MR. HAYES: I was actually on JetBlue.

MR. RUBENSTEIN: But you're the CEO. Did you get it fixed, or?

MR. HAYES: I got my gloves on and I got it. We'll leave it there. People are eating. But, no, yeah, the bathrooms are pretty small. That's true.

MR. RUBENSTEIN: You ever mention that to the Airbus people, and they could fix it or make them bigger?

MR. HAYES: Actually, you could fix that, Jeff. We need bigger bathrooms. Yeah.

MR. RUBENSTEIN: So when do you think the government of the United States is going to come up with a decision on whether or not you're going to be able to buy Spirit? Is that going to be in a month, or two, or three?

MR. HAYES: Hopefully within the next month. We'll see.

MR. RUBENSTEIN: And suppose they say it's going to take another six months? I mean, can you just – sometimes people go ahead and close these deals and they say: Go ahead and sue me in court. I'm going to close it anyway.

MR. HAYES: Well, I think the way the process works is that they'll let us know by a certain date, that date to be sort of agreed, whether they plan to, you know, allow us to proceed or whether they plan to sue to block it.

MR. RUBENSTEIN: All right. If they do try to block it, and you go into court, and you lose, then what are you going to do?

MR. HAYES: Well, we're focused on winning. We've got great facts. The law hasn't changed. Everyone we meet really wants this to happen. And, you know, we're very confident in our case.

MR. RUBENSTEIN: OK. Sometimes people when they close the deal before the government allows them to do it, the government doesn't usually unwind them. But I won't give you antitrust advice, but that's – [laughter] – sometimes you see that happening. OK.

So what is the main message you want to give the people here about JetBlue? And, by the way, where did the name "JetBlue" come from?

MR. HAYES: Well, the name – so David Neeleman and Amy, who was the head of marketing at the time, came up with – they were – they were struggling. Rob Land was in JetBlue at the time. They were originally going to do Chocolate. And then it was going to be Taxi. But the air traffic controllers didn't like the idea of taxi 44 to taxiway 1. And so they ended up with JetBlue. And I think it literally happened a day or two before the announcement of the new airline. So they were scrambling to get all the stuff done.

But, look, I think that, you know, we are excited about the role that we play in aviation. We're proud to be part of the industry here. We're very proud to fly all of you. We're proud to have lots of great crew members work for us. And we just – by getting this deal done we're going to be bigger, and we're going to do more of what you all love.

MR. RUBENSTEIN: All right. So how many people are going to fly more JetBlue than they did before now.

MR. HAYES: OK.

MR. RUBENSTEIN: There you go. And how many people think that the Spirit Airlines deal should be allowed to go through, how many? OK. So we should point that out to the Justice Department. People are demanding this.

MR. HAYES: Yeah. You're demanding it!

MR. RUBENSTEIN: So, OK, well, look, you've done a really good job. You've got an impressive career. And final question is, if I really want a good investment, JetBlue would be a good investment because, you know, you're a low price right now, and can only go one way, right?

MR. HAYES: Yeah. I think, you know, we have a great plan and there's only one way, which is to be bigger and to be bolder. And that's what we're going to do. And everyone's going to benefit – our crew members, our customers, and actually all of us.

MR. RUBENSTEIN: And any of your children go into the airline industry?

MR. HAYES: They were all smart enough not to do that.

MR. RUBENSTEIN: But, I mean, you would recommend young people go into it?

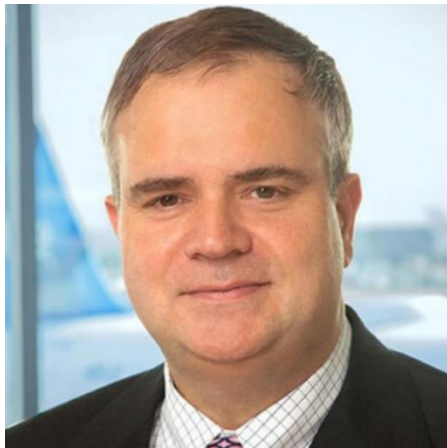
MR. HAYES: We tried. You know, my wife was a – my wife was a pilot. My wife was one of the first pilots when the Royal Airforce first started taking women.

MR. RUBENSTEIN: Did she ever do JetBlue?

MR. HAYES: No. No, this was a long time ago. And so we tried very hard to get our daughter to consider a career in aviation as a pilot. But not having any of it.

MR. RUBENSTEIN: OK. Well, good luck to you. Thank you for your time. And I hope everything works out with the Justice Department. I'm sure they'll move quickly. OK, thanks a lot.

MR. HAYES: Thank you.



Robin Hayes
Chief Executive Officer
JetBlue Airways Corporation

Since February 2015, Robin Hayes has served as Chief Executive Officer of JetBlue Airways, which encompasses JetBlue, as well as subsidiaries JetBlue Technology Ventures and JetBlue Travel Products. He joined JetBlue in 2008 and served as the company's Executive Vice President and Chief Commercial Officer until becoming President of the airline in January 2014.

Prior to joining JetBlue, Mr. Hayes was Executive Vice President for the Americas at British Airways (BA). Over the span of a wide-ranging 19-year career with BA, he also served as Area General Manager for Europe, Latin America and the Caribbean.

He serves as past Chair of the Board of Governors of the International Air Transport Association (IATA); Vice Chair of the Board of Airlines for America (A4A); and a member of the Board of KeyCorp; Make-A-Wish Connecticut; and the Wings Club Foundation.

Robin is a graduate in electrical and electronic engineering, receiving a BSc from the University of Bath in the United Kingdom. He also received a MSc in engineering from the university.