JETBLUE AIRWAYS CORP
Form 424B5
May 30, 2008

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Filed Pursuant to Rule 424B5
Registration File No. 333-135545

PROSPECTUS SUPPLEMENT
(To prospectus dated June 30, 2006)

$175,000,000

$87,500,000 5.50% Convertible Debentures due 2038
$87,500,000 5.50% Convertible Debentures due 2038

Holders of the 5.50% convertible debentures due 2038 (the series A debentures) may convert their debentures into shares of our common stock at a conversion rate of 220.6288 shares per $1,000 principal amount of debentures (representing a conversion price of approximately $4.53 per share) and holders of the 5.50% convertible debentures due 2038 (the series B debentures) may convert their debentures into shares of our common stock at a conversion rate of 225.2252 shares per $1,000 principal amount of debentures (representing a conversion price of approximately $4.44 per share), in each case at any time before the close of business on the business day immediately preceding October 15, 2038.

At any time on or after October 15, 2013 (in the case of the series A debentures) or October 15, 2015 (in the case of the series B debentures), we may redeem any debentures for cash at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, if any. Holders may require us to repurchase their debentures for cash at a repurchase price equal to 100% of their principal amount plus accrued and unpaid interest, if any, on October 15, 2013, 2018, 2023, 2028 and 2033 (in the case of the series A debentures) and on October 15, 2015, 2020, 2025, 2030 and 2035 (in the case of the series B debentures), or at any time prior to their maturity following a designated event, as defined in this prospectus supplement.

If a holder elects to convert its debentures in connection with the occurrence of a fundamental change (as defined herein) that occurs prior to October 15, 2013 (in the case of the series A debentures) or October 15, 2015 (in the case of the series B debentures), the holder will be entitled to receive additional shares of common stock upon conversion in some circumstances as described in this prospectus supplement.

The debentures of each series will be our general obligations and will rank equal in right of payment with all of our other existing and future senior debt. Our obligations under the debentures of each series will be secured in part pursuant to a pledge and escrow agreement relating to that series of debentures until April 15, 2011. Holders who convert their debentures prior to April 15, 2011 will receive, in addition to a number of shares of our common stock calculated at the applicable conversion rate for principal amount of debentures, a cash payment from the escrow account for debentures of the series converted in an amount equal to the sum of all remaining interest payments that would have been due on or before April 15, 2011 in respect of the converted debentures. The debentures will effectively rank junior in right of payment to our secured debt to the extent of the assets securing such debt and will be structurally subordinated to all existing and future liabilities of our subsidiaries. As of March 31, 2008, we had $2 billion of senior debt outstanding, all of which was secured. Our subsidiaries do not have outstanding liabilities, except for intercompany liabilities and ordinary course of business liabilities. For a more detailed description of the debentures, see ''Description of the Debentures'' beginning on page S-21.

Concurrently with this offering of debentures, an aggregate of 44,864,059 shares of our common stock is being offered in a transaction pursuant to a separate prospectus supplement and accompanying prospectus. All of the shares included in that offering are being borrowed by an affiliate of Morgan Stanley & Co. Incorporated, an underwriter in this offering. We will not receive any proceeds of that offering of common stock, but will receive a nominal lending fee for each share we loan. See ''Description of Share Lending Agreement'' and ''Underwriting'' in this prospectus supplement.

Our common stock is listed on the Nasdaq Global Select Market under the symbol ''JBLU.'' On May 29, 2008, the last reported sale price of our common stock on the Nasdaq Global Select Market was $4.15 per share.

Investing in the debentures involves risks. See ''Risk Factors'' beginning on page S-11.

PRICE: 100% AND ACCRUED INTEREST, IF ANY

	Series A Debentures		Series B Debentures	
	Per Debenture	Total	Per Debenture	Total
Price to Public(1)	100 %	$ 87,500,000	100 %	$ 87,500,000
Underwriting Discounts and Commissions	2.25 %	$ 1,968,750	2.25 %	$ 1,968,750
Proceeds, Before Expenses, to JetBlue	97.75 %	$ 85,531,250	97.75 %	$ 85,531,250

(1) Plus accrued interest from June 4, 2008 if settlement occurs after that date.

We have granted the underwriters the right to purchase up to an additional $13,125,000 of the principal amount of the series A debentures and up to an additional $13,125,000 of the principal amount of the series B debentures, in each case solely to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the debentures of each series to purchasers on June 4, 2008.

Morgan Stanley Merrill Lynch & Co.

May 29, 2008.

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Prospectus Supplement

Prospectus

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. This document may be used only where it is legal to sell these securities. You should not assume that the information in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date of this prospectus supplement. Also, you should not assume that there has been no change in the affairs of JetBlue since the date of this prospectus supplement.

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Special Note About Forward-Looking Statements

Statements in this prospectus supplement and in the accompanying prospectus and other materials filed or to be filed with the Securities and Exchange Commission (or otherwise made by JetBlue or on JetBlue's behalf) contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which represent our management's beliefs and assumptions concerning future events. When used in this prospectus supplement and in the accompanying prospectus and in other materials filed or to be filed with the SEC (or otherwise made by JetBlue or on JetBlue's behalf), forward-looking statements include, without limitation, statements regarding financial forecasts or projections, and our expectations, beliefs, intentions or future strategies that are signified by the words ''expects,'' ''anticipates,'' ''intends,'' ''believes,'' ''plans'' or similar language. These forward-looking statements are to risks, uncertainties and assumptions that could cause our actual results and the timing of certain events to differ materially from those expressed in the forward-looking statements. It is routine for our internal projections and expectations to change as the year or each quarter in the year progresses, and therefore it should be clearly understood that the internal projections, beliefs and assumptions upon which we base our expectations may change prior to the end of each quarter or year. Although these expectations may change, we may not inform you if they do.

You should understand that many important factors, in addition to those discussed or incorporated by reference in this prospectus supplement or in the accompanying prospectus or other public communications, could cause our results to differ materially from those expressed in the forward-looking statements. Potential factors that could affect our results include, in addition to others not described in this prospectus supplement or in the accompanying prospectus or other public communications, are those described in the ''Risk Factors'' section of this prospectus supplement and the accompanying prospectus. In light of these risks and uncertainties, the forward-looking events discussed in this prospectus supplement or the accompanying prospectus or other public communications might not occur.

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Summary

This summary highlights selected information about our company and the offer and sale of debentures. This summary is not complete and does not contain all of the information that may be important to you. You should read carefully this entire prospectus supplement and the accompanying prospectus, including the ‘‘Risk Factors’’ section, and the other documents that we refer to and incorporate by reference herein for a more complete understanding of us and this offering. In particular, we incorporate by reference important business and financial information into this prospectus supplement and the accompanying prospectus. As used in this prospectus supplement and the accompanying prospectus, the terms ‘‘JetBlue’’, ‘‘we’’, ‘‘us’’, ‘‘our’’ and similar terms refer to JetBlue Airways Corporation and its subsidiar unless the context indicates otherwise.

JetBlue Airways Corporation

JetBlue Airways Corporation is a passenger airline that provides award-winning customer service at low fares primarily on point-to-point routes. As of March 31, 2008, we served 53 destinations in 21 states, Puerto Rico, Mexico and the Caribbean. Most of our flights have, as an origin or destination, one of our focus cities: Boston, Fort Lauderdale, Long Beach, New York, or Washington, D.C. As of March 31, 2008, we operated over 550 daily flights with a fleet of 105 Airbus A320 aircraft and 34 EMBRAER 190 aircraft. For the year ended December 31, 2007, JetBlue was the 8th largest passenger carrier in the United States based on revenue passenger miles as reported by those airlines.

Corporate Information

JetBlue was incorporated in Delaware in August 1998 and commenced service in February 2000. Our principal executive offices are located at 118-29 Queens Boulevard, Forest Hills, New York 11375 and our telephone number is (718) 286-7900. Our website address is http://investor.jetblue.com. Information contained on our website is not a prospectus and does not constitute part of this prospectus supplement or the accompanying prospectus.

Recent Developments

On April 22, 2008, we reported our results for the first quarter of 2008. In that quarter, we had operating revenues of $816 million, operating income of $17 million, a pre-tax loss of $13 million and a net loss of $8 million. For additional information regarding our first quarter results, you should refer to our Quarterly Report on Form 10-Q, which we have filed with the SEC and which is incorporated by reference herein. See ‘‘Where You Can Find More Information.’’ In addition, on that date we also stated that we were considering a range of strategic alternatives for our LiveTV business, which provides in-flight entertainment systems and data connectivity services for commercial aircraft operated both by us and by third parties. We further stated that it might be a few quarters until we have prioritized our options regarding these alternatives. Morgan Stanley is serving as our financial advisor. We cannot predict the outcome of our consideration, or whether it will result in the occurrence of any transaction.

On May 27, 2008, we announced that we planned to defer delivery of 21 Airbus A320 aircraft between 2014 through 2015, which were originally scheduled for delivery between 2009 through 2011. After giving effect to the deferral, the schedule for delivery of our A320 aircraft will be as follows:

	2009	2010	2011	2012	2013	2014	2015
Previous Firm A320 Orders	12	10	10	13	13	0	0
Revised Firm A320 Orders	3	3	5	13	13	12	9
Net Change	(9)	(7)	(5)	0	0	12	9

We believe that these deferrals will help us further moderate our growth rate in 2009 and beyond, and help us enhance liquidity, defer future debt obligations and drive improved profitability.

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In addition, as previously disclosed, we use several credit card processing companies to process ticket sales on credit cards. Our agreements with them provide for deposits or holdbacks from card proceeds in certain circumstances. We have entered into ongoing discussions with one of our primary credit card processors that, while not finalized, we believe will result in a requirement to post, as security for its exposure, a portion of our air traffic liability in an initial amount of approximately $30-$35 million either in the form of cash or a letter of credit. We further anticipate, as part of these discussions, that the processor will provide us with financial and other credit criteria currently used to establish its security requirements.

In addition, also as previously disclosed, our business is highly dependent on the price and availability of fuel. Since March 31, 2008, market prices for oil have continued to increase, reaching record levels and driving jet fuel prices higher. Although our hedging activities partially protect us against significant increases in fuel prices, such increases cause our expenses to increase, and, if current levels are sustained, would adversely affect our results and financial condition.

Concurrent Transaction

Concurrently with this offering of debentures, an aggregate of 44,864,059 shares of our common stock, which we refer to as the ‘‘borrowed shares,’’ are being offered in a transaction registered under the Securities Act pursuant to a separate prospectus supplement and accompanying prospectus. The shares of common stock to be sold in that offering will be lent by us to an affiliate of Morgan Stanley & Co. Incorporated, which we refer to as the ‘‘share borrower,’’ pursuant to a share lending agreement between us and the share borrower, acting through its agent. Morgan Stanley & Co. Incorporated is an underwriter in this offering of debentures.

We will not receive any proceeds from the sale of the borrowed shares in the concurrent offering, but we will receive from the share borrower a nominal lending fee for the use of those shares. We have been informed by Morgan Stanley & Co. Incorporated that it or its affiliates intend to use the short position created by the share loan and the concurrent short sales of the borrowed shares to facilitate transactions by which investors in the debentures offered hereby may hedge their investments. The delivery of the debentures is contingent upon the delivery of 44,864,059 borrowed shares pursuant to the share lending agreement. We expect to make delivery of such borrowed shares concurrently with the closing of this offering. See ‘‘Description of Share Lending Agreement’’ and ‘‘Underwriting.’’

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The Offering

The following summary contains basic information about the debentures and is not intended to be complete. It does not contain all the information that may be important to you. For a more complete understanding of the debentures, please refer to the section of this prospectus supplement entitled ''Description of the Debentures.'' As used in this portion of the prospectus supplement, the words ''we,'' ''us,'' ''our,'' or ''JetBlue'' refer only to JetBlue Airways Corporation and do include any of our current or future subsidiaries.

Securities Offered $175,000,000 aggregate principal amount of debentures, consisting of:

- $87,500,000 aggregate principal amount of 5.50% Convertible Debentures due 2038, or the series A debentures, and
- $87,500,000 aggregate principal amount of 5.50% Convertible Debentures due 2038, or the series B debentures.

We have also granted the underwriters the right to purchase up to an additional $13,125,000 of the principal amount of the series A debentures and up to an additional $13,125,000 of the principal amount of the series B debentures to cover over-allotments.

Maturity Date The debentures of each series will mature on October 15, 2038.

Interest 5.50% per annum (in the case of the series A debentures) and 5.50% per annum (in the case of the series B debentures) on the principal amount of the debentures from June 4, 2008, payable semi-annually in arrears in cash on April 15 and October 15 of each year, beginning October 15, 2008.

Interest Escrow Until April 15, 2011, our obligations under the debentures of each series will be secured in part pursuant to a pledge and escrow agreement relating to that series of debentures. The debentures will not otherwise be secured.

We will deposit into each escrow account cash equal to the sum of the first six scheduled interest payments for that series of debentures. This will be approximately $13.8 million (plus an additional approximately $2.1 million if the underwriters' over-allotment option is exercised in full) in the case of the escrow account for the series A debentures and approximately $13.8 million (plus an additional approximately $2.1 million if the underwriters' over-allotment option is exercised in full) in the case of the escrow account for the series B debentures.

We will invest the funds in each escrow account in money market securities issued by permitted money market funds and will use the assets in the escrow account for each

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series of debentures to disburse funds to make each of the first six scheduled interest payments on the debentures of that series. See ‘‘Description of the Debentures—Interest Escrow.’’

Conversion You may convert the series A debentures into shares of our common stock at a conversion rate of 220.6288 shares per $1,000 principal amount of debentures, representing a conversion price of approximately $4.53 per share, subject to adjustment.

You may convert the series B debentures into shares of our common stock at a conversion rate of 225.2252 shares per $1,000 principal amount of debentures, representing a conversion price of approximately $4.44 per share, subject to adjustment.

You may convert debentures of either series at any time prior to the close of business on the business day immediately preceding their final maturity date.

In addition, if you elect to convert your debentures in connection with the occurrence of a fundamental change that occurs prior to October 15, 2013 (in the case of the series A debentures) or October 15, 2015 (in the case of the series B debentures), you will be entitled to receive additional shares of common stock upon conversion in some circumstances as described under ‘‘Description of the Debentures—Conversion of Debentures—Make Whole Amount Upon the Occurrence of a Fundamental Change.’’

Ranking The debentures of each series will be our general obligations and will rank equal in right of payment with all of our other existing and future senior debt, effectively junior in right of payment to our existing and future secured debt (including our secured equipment notes) to the extent of the value of the assets securing such debt, and senior in right of payment to any subordinated debt. In addition, the debentures will be structurally subordinated to all liabilities of our subsidiaries. The debentures of each series will be secured to the extent described under ‘‘—Interest Escrow.’’

As of March 31, 2008, we had $2 billion of senior debt outstanding, all of which was secured. The indentures governing the debentures do not limit the amount of indebtedness that we or any of our subsidiaries may incur. Our subsidiaries do not have outstanding liabilities, except for intercompany liabilities and ordinary course of business liabilities.

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Redemption At any time on or after October 15, 2013 (in the case of the series A debentures) and October 15, 2015 (in the case of the series B debentures), we may redeem any debentures for cash by giving you at least 30 days' notice. We may redeem the debentures either in whole or in part at a redemption price equal to 100% of the principal amount of the debentures to be redeemed, plus accrued and unpaid interest, if any, up to, but excluding, the redemption date.

Repurchase at the Option of the Holder You may require us to repurchase all or part of your debentures for cash on October 15, 2013, 2018, 2023, 2028 and 2033 (in the case of the series A debentures) and on October 15, 2015, 2020, 2025, 2030 and 2035 (in the case of the series B debentures) at a repurchase price equal to 100% of their principal amount. We will pay accrued and unpaid interest, if any, up to, but excluding, the date of repurchase to the holder from whom debentures are repurchased (unless the repurchase date falls after a regular record date and on or prior to the corresponding interest payment date in which case payment will be made to the record holder of the debentures on the corresponding record date).

Designated Event If a designated event, as described under ''Description of the Debentures—Repurchase at Option of the Holder upon a Designated Event,'' occurs prior to maturity, you will have the right to require us to purchase all or part of your debentures for cash at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, up to, but excluding, the repurchase date.

Early Conversion Make-Whole Amount Holders who convert their debentures prior to April 15, 2011 will receive, in addition to a number of shares of our common stock calculated at the applicable conversion rate, a cash payment from the escrow account for debentures of the series converted in an amount equal to the sum of all remaining interest payments that would have been due on or before April 15, 2011 in respect of the converted debentures (excluding any interest payment for which the record date has passed at the time of such conversion, which will instead be made to the relevant record holder), which we refer to as the early conversion make-whole amount.

Upon receipt by the conversion agent of a conversion notice, the trustee will instruct the escrow agent to liquidate the required money market securities in the relevant escrow account and release the required cash to the converting holder.

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Use of Proceeds We intend to use the net proceeds from this offering as follows:

- approximately $13.8 million to fund the escrow account for the series A debentures (or approximately $2.1 million if the underwriters exercise their over-allotment option in respect of the series A debentures in full), as described above under ‘‘—Interest Escrow,’’
- approximately $13.8 million to fund the escrow account for the series B debentures (or approximately $2.1 million if the underwriters exercise their over-allotment option in respect of the series B debentures in full), as described above under ‘‘—Interest Escrow’’ and
- the remaining net proceeds for repayment of our 3½% convertible notes due 2033.

Our 3½% notes due 2033 currently have an outstanding principal amount of $175 million and we anticipate that the holders of substantially all of those notes will exercise their option under the notes’ terms to require us to repurchase them on July 15, 2008.

After the allocation of net proceeds as aforementioned, to the extent there are remaining net proceeds from the offering, JetBlue intends to use them for general corporate purposes.

Trading The debentures of each series will be a new issue of securities for which no market currently exists. While the underwriters have informed us that they intend to make a market in the debentures, they are under no obligation to do so and may discontinue such activities at any time without notice. The debentures will not be listed on any securities exchange or included in any automated quotation system. Accordingly, we cannot assure you that any active or liquid market will develop for the debentures of either series.

Nasdaq Global Select Market Symbol for our Common Stock JBLU

Risk Factors You should carefully consider the information set forth in the ‘‘Risk Factors’’ section of this prospectus supplement and accompanying prospectus as well as the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to invest in our common stock.

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Summary Financial Data

The following tables set forth our summary consolidated financial information. We derived the statements of operations data and other financial data for the three years ended December 31, 2007 and the three months ended March 31, 2007 and 2008, and balance sheet data as of such dates from our consolidated financial statements incorporated by reference into this prospectus supplement. This information should be read in conjunction with the consolidated financial statements and related notes thereto incorporated by reference into this prospectus supplement.

	Three Months Ended March 31,		Year Ended December 31,		
	2008	2007	2007	2006	2005
	(in millions, except per share data)				
Statement of Operations Data:					
Operating revenues	$ 816	$ 608	$ 2,842	$ 2,363	$ 1,701
Operating expenses:					
Aircraft fuel	308	190	929	752	488
Salaries, wages and benefits	178	164	648	553	428
Landing fees and other rents	51	45	180	158	112
Depreciation and amortization	45	42	176	151	115
Aircraft rent	32	30	124	103	74
Sales and marketing	39	29	121	104	81
Maintenance materials and repairs	33	26	106	87	64
Other operating expenses(1)	113	95	389	328	291
Total operating expenses(2)	799	621	2,673	2,236	1,653
Operating income	17	(13)	169	127	48
Other income (expense)	(30)	(32)	(128)	(118)	(72)
Income (loss) before income taxes	(13)	(45)	41	9	(24)
Income tax expense (benefit)	(5)	(23)	23	10	(4)
Net income (loss)	$ (8)	$ (22)	$ 18	$ (1)	$ (20)
Earnings (loss) per common share:					
Basic	$ (0.04)	$ (0.12)	$ 0.10	$ —	$ (0.13)
Diluted	$ (0.04)	$ (0.12)	$ 0.10	$ —	$ (0.13)
Other Financial Data:					
Operating margin	2.2 %	(2.2)%	6.0 %	5.4 %	2.8 %
Pre-tax margin	(1.5)%	(7.3)%	1.4 %	0.4 %	(1.4)%
Ratio of earnings to fixed charges(3)	—	—	—	—	—
Net cash provided by operating activities	$ 49	$ 147	$ 358	$ 274	$ 170
Net cash provided by investing activities	57	(330)	(734)	(1,307)	(1,276)
Net cash provided by financing activities	417	229	556	1,037	1,093

(1) In 2007, we sold three Airbus A320 aircraft, which resulted in gains of $7 million. In 2006, we sold five Airbus A320 aircraft, resulting in gains of $12 million. (2) In 2005, we recorded $7 million in non-cash stock-based compensation expense related to the acceleration of certain employee stock options and wrote-off $6 million in development costs relating to a maintenance and inventory tracking system that was not implemented. (3) Earnings were inadequate to cover fixed charges by $1 million, $17 million and $39 million for the years ended December 31, 2007, 2006 and 2005, respectively and $27 million and $53 million for the three months ended March 31, 2008 and 2007, respectively.

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(in millions)	March 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005
Balance Sheet Data:				
Cash and cash equivalents	$ 713	$ 190	$ 10	$ 6
Short-term investment securities	40	644	689	478
Total assets	6,050	5,598	4,843	3,892
Total debt	3,097	3,048	2,840	2,326
Common stockholders' equity	1,329	1,036	952	911

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Year Ended December 31, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005
Operating Statistics (unaudited):					
Revenue passengers (thousands)	5,518	5,091	21,387	18,565	14,729
Revenue passenger miles (millions)	6,563	5,942	25,737	23,320	20,200
Available seats miles (ASMs)(millions)	8,395	7,370	31,904	28,594	23,703
Load factor	78.2 %	80.6 %	80.7 %	81.6 %	85.2 %
Breakeven load factor(4)	82.2 %	88.1 %	80.7 %	81.4 %	86.1 %
Aircraft utilization (hours per day)	12.9	12.7	12.8	12.7	13.4
Average fare	$ 135.64	$ 110.79	$ 123.23	$ 119.73	$ 110.03
Yield per passenger mile (cents)	11.40	9.49	10.24	9.53	8.02
Passenger revenue per ASM (cents)	8.92	7.65	8.26	7.77	6.84
Operating revenue per ASM (cents)	9.72	8.25	8.91	8.26	7.18
Operating expense per ASM (cents)	9.51	8.43	8.38	7.82	6.98
Operating expense per ASM, excluding fuel (cents)	5.84	5.85	5.47	5.19	4.92
Airline operating expense per ASM (cents)(4)	9.37	8.36	8.27	7.76	6.91
Departures	52,265	46,574	196,594	159,152	112,009
Average stage length (miles)	1,131	1,086	1,129	1,186	1,358
Average number of operating aircraft during period	136.3	121.5	127.8	106.5	77.5
Average fuel cost per gallon	$ 2.65	$ 1.88	$ 2.09	$ 1.99	$ 1.61
Fuel gallons consumed (millions)	117	101	444	377	303
Percent of sales through jetblue.com during period	76.7 %	76.4 %	75.7 %	79.1 %	77.5 %
Full-time equivalent employees at period end(4)	10,165	9,260	9,909	9,265	8,326

(4) Excludes results of operations and employees of LiveTV, LLC, which are unrelated to our airline operations and are immaterial to our consolidated operating results.

The following terms used in this section and elsewhere in this prospectus supplement have the meanings indicated below:

''Revenue passengers'' represents the total number of paying passengers flown on all flight segments.

''Revenue passenger miles'' represents the number of miles flown by revenue passengers.

''Available seat miles'' represents the number of seats available for passengers multiplied by the number of miles the seats are flown.

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‘‘Load factor’’ represents the percentage of aircraft seating capacity that is actually utilized (revenue passenger miles divided by available seat miles).

‘‘Breakeven load factor’’ is the passenger load factor that will result in operating revenues being equal to operating expenses, assuming constant revenue per passenger mile and expenses.

‘‘Aircraft utilization’’ represents the average number of block hours operated per day per aircraft for the total fleet of aircraft.

‘‘Average fare’’ represents the average one-way fare paid per flight segment by a revenue passenger.

‘‘Yield per passenger mile’’ represents the average amount one passenger pays to fly one mile.

‘‘Passenger revenue per available seat mile’’ represents passenger revenue divided by available seat miles.

‘‘Operating revenue per available seat mile’’ represents operating revenues divided by available seat miles.

‘‘Operating expense per available seat mile’’ represents operating expenses divided by available seat miles.

‘‘Operating expense per available seat mile, excluding fuel’’ represents operating expenses, less aircraft fuel, divided by available seat miles.

‘‘Average stage length’’ represents the average number of miles flown per flight.

‘‘Average fuel cost per gallon’’ represents total aircraft fuel costs, which excludes fuel taxes, divided by the total number of fuel gallons consumed.

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RISK FACTORS

An investment in the debentures involves certain risks. You should carefully consider the risks described below, as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The market or trading price of the debentures could decline due to any of these risks, and you may lose all or part of your investment. In addition, please read ‘‘Special Note About Forward-Looking Statements’’ in this prospectus supplement where we describe additional uncertainties associated with our business and the forward-looking statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.

Risks Relating to Our Business

Certain risks relating to us and our business are described under the heading ‘‘Risk Factors’’ in our Annual Report on Form 10-K for the year ended December 31, 2007 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, which are incorporated by reference into this prospectus supplement, and which you should carefully review and consider.

Risks Relating to Our Common Stock

The effect of the issuance and sale of our shares of common stock in the concurrent offering, which issuance is being made to facilitate transactions by which investors in the debentures may hedge their investments, may be to lower the market price of our common stock.

The underwriter of the concurrent offering has informed us that it, or its affiliates, intends to short sell the borrowed shares concurrently with this offering. The borrowed shares are being borrowed by the share borrower under the share lending agreement. We will not receive any proceeds from the borrowed shares of common stock, but we will receive a nominal lending fee from the share borrower for the use of those shares. All borrowed shares (or identical shares or, in certain circumstances, the cash value thereof) must be returned to us on or about the maturity date of the debentures or earlier upon demand when the debentures are no longer outstanding, or in certain other circumstances. See ‘‘Description of Share Lending Agreement.’’

We have been further advised by the underwriter of the concurrent offering that it, or its affiliates, intend to use the short position created by the share loan and the short sales of the borrowed shares to facilitate transactions by which investors in the debentures may hedge their investments through short sales or privately negotiated derivatives transactions. The existence of the share lending agreement, the short sales of our common stock effected in connection with the sale of the debentures, and the related derivatives transactions, or any unwind of such short sales or derivatives transactions, could cause the market price of our common stock to be lower over the term of the share lending agreement than it would have been had we not entered into that agreement, due to the effect of the increase in the number of outstanding shares of our common stock or otherwise. For example, in connection with any cash settlement of any such derivative transaction, the underwriter or its affiliates may purchase shares of our common stock and the debenture investors may sell shares of our common stock, which could temporarily increase, temporarily delay a decline in, or temporarily decrease, the market price of our common stock. The market price of our common stock could be further negatively affected by these or other short sales of our common stock, including other sales by the purchasers of the debentures hedging their investment therein.

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Adjustments by purchasers of the debentures of their hedging positions in our common stock and the expectation thereof may have a negative effect on the market price of our common stock.

The shares of our common stock that are being offered in the concurrent offering in connection with the share lending agreement are expected to be used by investors in the debentures to establish hedged positions with respect to our common stock through short sale transactions or privately negotiated derivative transactions. The number of shares of our common stock offered in the concurrent offering may be more or less than the number of shares that will be needed in such hedging transactions. Any buying or selling of shares of our common stock by those investors to adjust their hedging positions in connection with this offering or the concurrent offering or in the future may affect the market price of our common stock.

Changes in the accounting guidelines relating to the borrowed shares could decrease our reported earnings per share and potentially our common stock price.

Because the borrowed shares that are being offered in the concurrent offering (or identical shares) must be returned to us at the end of the loan availability period under the share lending agreement or earlier in certain circumstances, we believe that under U.S. GAAP, as presently in effect, the borrowed shares will not be considered outstanding for the purpose of computing and reporting our earnings per share. If accounting guidelines were to change in the future, we may become required to treat the borrowed shares as outstanding for purposes of computing earnings per share, our reported earnings per share would be reduced and our common stock price could decrease, possibly significantly.

The market price of our common stock may be volatile, which could cause the value of your investment in JetBlue to decline.

Any of the following factors could affect the market price of our common stock:

- general market, political and economic conditions;
- changes in earnings estimates and recommendations by financial analysts;
- our failure to meet financial analysts' performance expectations;
- changes in fuel prices; and
- changes in market valuations of other airlines.

In addition, many of the risks that are described elsewhere in this ''Risk Factors'' section and under the heading ''Risk Factors'' in our Annual Report on Form 10-K for the year ended December 31, 2007 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (which are incorporated by reference into this prospectus supplement) could materially and adversely affect our stock price. The stock markets have experienced price and volume volatility that has affected many companies' stock prices. Stock prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may affect the market price of our common stock.

Other companies may have difficulty acquiring us due to provisions under our corporate charter, bylaws, option plans, stockholder rights agreement and some of our employment agreements and benefit plans, as well as Delaware law.

Provisions in our amended and restated certificate of incorporation, our amended and restated bylaws, our stockholder rights agreement and under Delaware law could make it more difficult for other companies to acquire us, even if that acquisition would benefit our stockholders. Our amended and restated certificate of incorporation and amended and restated bylaws contain the following provisions, among others, which may inhibit an acquisition of our company by a third party.

- advance notification procedures for matters to be brought before stockholder meetings;
- a limitation on who may call stockholder meetings;
- a prohibition on stockholder action by written consent; and
- the ability of our board of directors to issue up to 25,000,000 shares of preferred stock without a stockholder vote.

The issuance of stock under our stockholder rights agreement could delay, deter or prevent a takeover attempt that some stockholders might consider in their best interests. We are also subject to provisions of Delaware law that prohibit us from engaging in any business combination with any ‘‘interested stockholder,’’ meaning generally that a stockholder who beneficially owns 15% or more of our stock cannot acquire us for a period of three years from the date this person became an interested stockholder, unless various conditions are met, such as approval of the transaction by our board of directors. In addition, under current United States laws and the regulations of the U.S. Department of Transportation, or DOT, United States citizens must effectively control us. As a result, our president and at least two-thirds of our board of directors must be United States citizens and not more than 25% of our voting stock may be owned by non-U.S. citizens (although subject to DOT approval, the percentage of foreign economic ownership may be as high as 49%). Any of these restrictions could have the effect of delaying or preventing a change of control.

Furthermore, our employment agreements with our pilots, technicians and dispatchers, and special severance benefit plans for employees and executive officers, contain change of control provisions, which could discourage a change of control. In the event we are sold to or consolidate with another company, with respect to some classes of employees we must request that the successor company merge these employees onto their seniority lists or place these employees on a preferential hiring list. If such employees are not hired by the successor company, they will be entitled to a severance payment of up to one year’s salary. With respect to other classes of employees, if such employees are involuntarily terminated without cause or in the case of certain subclasses of these employees, when they resign, during the two year period following a change of control, they will be entitled to receive up to two years of salary and certain additional payments.

In addition, all of our currently outstanding options under our amended and restated 2002 Stock Incentive Plan, or our 2002 Plan, have a special acceleration feature pursuant to which those options will vest in full in the event we are acquired, to the extent such options have not already vested as a result of our prior acceleration in December 2005. The accelerated vesting of our employee stock options may prove to be a deterrent to a potential acquisition of us because (i) the acquiring company may have to implement additional retention programs to assure the continued service of our employees, and (ii) the additional dilution which will result from the accelerated vesting of our outstanding employee stock options will likely reduce the amount which would otherwise be payable to our stockholders in an acquisition.

Our corporate charter and bylaws include provisions limiting voting by non-U.S. citizens.

To comply with restrictions imposed by federal law on foreign ownership of U.S. airlines, our amended and restated certificate of incorporation and amended and restated bylaws restrict voting of shares of our capital stock by non-U.S. citizens. The restrictions imposed by federal law currently require that no more than 25% of our stock be voted, directly or indirectly, by persons who are not U.S. citizens, and that our president and at least two-thirds of the members of our board of directors be U.S. citizens. Our amended and restated bylaws provide that the failure of non-U.S. citizens to register their shares on a separate stock record, which we refer to as the ‘‘foreign stock record’’ would result in a suspension of their voting rights in the event that the aggregate foreign ownership of the outstanding common stock exceeds the foreign ownership restrictions imposed by federal law. Our amended and restated bylaws further provide that no shares of our capital stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. Registration on the foreign stock record is made in chronological order based on the date we receive a written request for registration. We are currently in compliance with these ownership restrictions.

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Risks Relating to the Debentures

The debentures of each series will effectively rank junior in right of payment to our existing and future secured debt (including our secured equipment notes) and the liabilities of our subsidiaries.

The debentures of each series will be our general obligations and will effectively rank junior in right of payment to our existing and future secured debt (including our secured equipment notes) to the extent of the value of the assets securing such debt. In any liquidation, dissolution, bankruptcy, or other similar proceeding, holders of our secured debt may assert rights against the assets securing that debt in order to receive full payment of their debt before the assets may be used to pay our unsecured creditors, including the holders of the debentures.

As of March 31, 2008, we had $2 billion of senior debt outstanding, all of which was secured debt. In addition, almost all of the assets that we own secure some portion of our debt. We typically finance our aircraft through either secured debt or lease financing. As a result, we expect that going forward a substantial portion of our total debt, other than our outstanding convertible notes and debentures or the debentures offered hereby, will continue to be secured and almost all of the assets that we own will secure some portion of our debt.

In addition, the debentures will not be guaranteed by any of our existing or future subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due with respect to the debentures or to make any funds available therefor, whether by dividends, loans or other payments. As a result, the debentures will effectively rank junior in right of payment to all existing and future debt and other liabilities (including trade payables) of our subsidiaries.

There is no public market for the debentures, which could limit their market price or your ability to sell them for an amount equal to or higher than their initial offering price.

The debentures of each series will be a new issuance of securities for which there currently is no trading market. While the underwriters have informed us that they intend to make a market for the debentures, they are not obligated to do so and may terminate market making activities at any time. A liquid market may not develop or be sustained for the debentures of either series. If any of the debentures are traded after their initial issuance, they may trade at a discount from their initial offering price. Future trading prices of the debentures of each series will depend on many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition, performance and prospects.

We may not have the funds necessary to finance the repurchase of the debentures of either series or may otherwise be restricted from making such repurchases if required by holders pursuant to either indenture.

On October 15, 2013, 2018, 2023, 2028 and 2033 (in the case of the series A debentures) and on October 15, 2015, 2020, 2025, 2030 and 2035 (in the case of the series B debentures), or in the event of a ‘‘designated event’’ under either indenture, holders may require us to repurchase their debentures for cash at a price of 100% of the principal amount of the debentures, plus accrued and unpaid interest, if any, to the repurchase date. However, it is possible that we will not have sufficient funds available at such time to make the required repurchase of debentures. In addition, any future credit agreements or other agreements relating to our indebtedness could contain provisions prohibiting the repurchase of the debentures under certain circumstances, or could provide that a designated event constitutes an event of default under that agreement. If any agreement governing our indebtedness prohibits or otherwise restricts us from repurchasing the debentures when we become obligated to do so, we could seek the consent of the lenders to repurchase the debentures or attempt to refinance this debt. If we do not obtain such a consent or refinance the debt, we would not be permitted to repurchase the debentures without potentially causing a default under this debt. Our failure to repurchase tendered debentures of either series would constitute an event of default under the relevant indenture, which might constitute a default under the terms of our other indebtedness.

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The price of our common stock historically has been volatile, which may make it difficult for you to resell the debentures or the common stock into which the debentures are convertible.

The debentures will be convertible into shares of our common stock. The market price of our common stock historically has experienced and may continue to experience high volatility, and the broader stock market has experienced significant price and volume fluctuations in recent years. This volatility has affected the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the price of our common stock. Some of the factors that could affect the market price of our common stock are discussed above under ''—Risks Relating to Our Common Stock.''

The make whole amount payable on debentures converted in connection with certain fundamental change transactions may not adequately compensate you for the lost option time value of your debentures as a result of the transaction.

If certain transactions that constitute a fundamental change occur on or prior to October 15, 2013 (in the case of the series A debentures) and October 15, 2015 (in the case of the series B debentures), under certain circumstances, we will increase the conversion rate by a number of additional shares for any conversions of debentures, as described below under ''Description of the Debentures—Conversion of Debentures—Make Whole Amount Upon the Occurrence of a Fundamental Change.'' While the number of additional shares to be delivered is designed to compensate you for the lost option time value of your debentures as a result of a fundamental change transaction, the make whole amount is only an approximation of the lost value and may not adequately compensate you for the loss. In addition, if a fundamental change transaction occurs after October 15, 2013 (in the case of the series A debentures) and October 15, 2015 (in the case of the series B debentures), or if the stock price of our common stock on the conversion date is less than $3.70 (in the case of the series A debentures) or $3.70 (in the case of the Series B debentures) or greater than $35.00 (in the case of the series A debentures) or $35.00 (in the case of the Series B debentures), the applicable conversion rate will not be increased.

We could enter into various transactions, such as acquisitions, refinancings, recapitalizations or other highly leveraged transactions, which would not constitute a fundamental change, under the terms of either series of debentures, but which could nevertheless increase the amount of our outstanding debt at such time, or adversely affect our capital structure or credit ratings, or otherwise adversely affect holders of the debentures.

A variety of acquisition, refinancing, recapitalization or other highly leveraged transactions would not be considered fundamental change transactions under the terms of either series of debentures. The term ''fundamental change'' is limited to certain specified transactions and may not include other events that might harm our financial condition. In addition, the term ''fundamental change'' does not apply to transactions in which at least 90% of the consideration paid for our common stock in a merger or similar transaction is publicly traded common stock. As a result, we could enter into any such transactions without being required to make an offer to repurchase the debentures of that series even though the transaction could increase the total amount of our outstanding debt, adversely affect our capital structure or credit ratings or otherwise materially adversely affect the holders of the debentures. In addition, if the transaction is not considered a fundamental change, holders will not be able to receive a make whole premium adjustment in connection with any conversion in connection with the transaction.

There are no restrictive covenants in either indenture relating to our ability to incur future indebtedness or complete other transactions.

Neither of the indentures governing the debentures contains any financial or operating covenants or restrictions on the payment of dividends, the incurrence of indebtedness, transactions with affiliates, incurrence of liens or the issuance or repurchase of securities by us or any of our subsidiaries. We therefore may incur additional debt, including secured indebtedness that would be effectively senior to the debentures to the extent of the value of the assets securing such debt, or

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indebtedness at the subsidiary level to which the debentures would be structurally subordinated. These higher levels of indebtedness may affect our ability to pay principle and interest on the debentures and our creditworthiness generally.

Although a pledge of our interest in the escrow account for each series of debentures, and in the assets that the escrow account holds, will secure the initial six interest payments on the relevant series of debentures, the ability of holders of debentures of each series to enforce their security will be delayed if we become the subject of a proceeding under the U.S. Bankruptcy Code.

The pledge of our interest in the escrow account for each series of debentures, and in the assets that the escrow account holds, is intended to secure the first six installments of interest on the relevant debentures. If we become the subject of a case under the U.S. Bankruptcy Code, however, the ability of holders of the debentures of each series to enforce their security interest in the relevant escrow account and receive payment in respect of the money market securities would be delayed by the imposition of the automatic stay under Section 362 of the Bankruptcy Code. Any resulting delay could be for a substantial period of time.

The conversion rate of the debentures of either series may not be adjusted for all dilutive events.

The conversion rate of the debentures of either series is subject to adjustment for certain events, including, but not limited to, the issuance of stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, cash dividends and certain issuer tender or exchange offers as described under ‘‘Description of the Debentures—Conversion Rate Adjustments.’’ The conversion rate of either series of debentures will not be adjusted for other events, such as a third party tender or exchange offer or an issuance of common stock for cash, that may adversely affect the trading price of that series of debentures or the common stock. An event that adversely affects the value of either series of debentures may occur, and that event may not result in an adjustment to the conversion rate.

You may have to pay taxes if we adjust the conversion rate of the debentures in certain circumstances, even though you would not receive any cash.

The conversion rate of the debentures is subject to adjustment for certain events, including, but not limited to, the issuance of stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, cash dividends and certain issuer tender or exchange offers as described under ‘‘Description of the Debentures—Conversion Rate Adjustments.’’ Upon certain adjustments to (or certain failures to make adjustments to) the conversion rate (including, but not limited to, an adjustment with respect to a cash dividend on our common stock), you may be treated as having received a constructive distribution from us, resulting in taxable income to you for U.S. federal income tax purposes, even though you would not receive any cash in connection with the adjustment to (or failure to adjust) the conversion rate and even though you might not exercise your conversion right. In addition, non-U.S. holders of debentures may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal withholding tax requirements. See ‘‘Certain U.S. Federal Income Tax Considerations.’’

Although the matter is not free from doubt, absent further guidance to the contrary, we intend to take the position that an adjustment to the conversion rate as the result of a make whole fundamental change should not be treated as a constructive distribution for U.S. federal income tax purposes. See ‘‘—Description of the Debentures—Conversion Rate’’ and ‘‘—Make Whole Amount Upon the Occurrence of a Fundamental Change.’’ No assurances can be given, however, that the U.S. Internal Revenue Service (the ‘‘IRS’’) would not challenge, or that a court would sustain, our position. For example, the IRS may treat an adjustment to the conversion rate as the result of a make whole fundamental change as a constructive distribution in accordance with the foregoing paragraph. U.S. holders should consult their independent tax advisors regarding the proper U.S. federal income tax treatment of such adjustments.

Sales of a significant number of shares of our common stock in the public markets, or the perception of these sales, could depress the market price of the debentures.

Sales of a substantial number of shares of our common stock or other equity-related securities in the public markets, including the issuance of common stock upon conversion of the

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debentures or the vesting of restricted stock, could depress the market price of the debentures, our common stock, or both, and impair our ability to raise capital through the sale of additional equity securities. We, our executive officers and directors, and Deutsche Lufthansa AG have agreed not to dispose of or hedge any common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus supplement continuing through the date 90 days after the date of this prospectus supplement, subject to certain exceptions including sales by pledgees of the shares under pledge agreements entered into prior to the date of this prospectus supplements to secure margin loans. As of the date hereof, our chief executive officer had pledged approximately 115,000 shares that could be sold pursuant to the pledge agreements. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock or the value of the debentures.

In addition, the existence of the debentures also may encourage short selling by market participants because the conversion of the debentures could depress our common stock price. The price of our common stock could be affected by possible sales of our common stock by investors who view the debentures as a more attractive means of equity participation in us and by hedging or arbitrage trading activity which we expect to occur involving our common stock. This hedging or arbitrage could, in turn, affect the market price of the debentures.

If you hold debentures, you will not be entitled to any rights with respect to our common stock, but will be subject to all changes made with respect to our common stock.

If you hold debentures, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights or rights to receive any dividends or other distributions on our common stock), but will be subject to all changes affecting our common stock. You will have rights with respect to our common stock only if and when you tender your debentures for conversion and comply with the other requirements to convert them (the ‘‘conversion date’’) and, in limited cases, under the conversion rate adjustments applicable to the debentures. For example, in the event that an amendment is proposed to our charter or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote