

**Big Bets for our Future:
Rebuilding Airspace, Redesigning Aircraft
and Reinvesting in STEM Education**

Commercial aviation is at a cross roads; we have built the safest form of transportation through diligence yet our ability to grow beyond today's scope is limited. JetBlue's CEO Dave Barger will give his perspective on where we are, where we need to go as an aviation community, and how to get there.

- Thank you Bob and thank you for serving as President of the Aero Club of Washington – having served in this capacity for the Wings Club of New York, I know these lunches and the work of the Club doesn't just happen, so to you and your Board, thanks!
- I would also like to share with you how honored I am to have such a distinguished head table here with us today. Mr. Secretary, Administrator Huerta, Margaret (Jenny, RTCA) and Madhu (Unnikrishnan, Aviation Daily) – thank you all for being at today's luncheon.
- I am delighted to return to the Aero Club and update this distinguished group on all of the good things happening at JetBlue. I recognize the rich history of this organization, beginning with the first meeting in January 1909 with the first guests being the Wright Brothers.
- It was just a few short years later that commercial aviation began, in 1914, with Janus Airways flying between Tampa and St. Petersburg. All of us here today are additional threads in the fabric of aviation started a century ago, and I appreciate the ongoing dedication of the Aero Club to strike the right balance of honoring our history and promoting our future.
- While I'm always ready, willing and able to talk up JetBlue, and the 14,000 great crewmembers who make JetBlue the favorite airline of the Americas, today I'll focus my prepared remarks on my industry perspective – a more global view, if you will.
- As such, today I'm here representing the men and women of the NextGen Advisory Committee – the "NAC" – as the outgoing Chairman of that group.
- It's an auspicious time to speak before you today.
- We are 20 days away from Election Day, and while every election seems to be "the most contentious campaign to date" it does seem as though this election raises fundamental questions about our direction as a country and the role of government in our affairs.
- This is exciting to me, as an aviation guy, because as we know, aviation is a key driver of America's economic health and wealth.
- Our industry is responsible for 5 cents of every dollar of US GDP, and drives nearly 10 million American jobs.
- And for every 100 airline jobs, 360 associated jobs are created.

- Even in the brave new world of Twitter and “facetime,” real and meaningful business still gets done face-to-face – we have to look someone in the eye to size up their character, to know if we want to do business with them or create a relationship. Here, I’d like to think of aviation as the world’s first social network.
- So it’s no wonder that commercial aviation drives more than \$1 trillion – trillion with a “t” – in economic activity per year. Even in Washington, trillion-with-a-T still gets noticed.
- So with all of this economic benefit brought about by our birds flying at altitude, why is it that the only “bird” we hear about from the candidates is Big Bird!
- Just as an aside, we at JetBlue are offering voters a little “Election Protection.”
- Have you ever wanted to get out of the country if your candidate doesn’t win?
- JetBlue will help you do just that.
- Go online to jetblue.com/electionprotection and cast a vote for your candidate. If he doesn’t win, you’ll be entered to win tickets to any of our 12 international destinations.
- And just in case you want to come back, we’ll throw in a return ticket.
- So as you can see, we do have a sense of humor even in the face of some serious issues.
- And these issues are serious, indeed.
- It appears of Washington perceives the commercial airline industry as a revenue gift that keeps on giving. Policies treat us more like a milk cow rather than the economic powerplant we are, and while some folks get it, notably, the people in this room, I’d like to see more consistency in policies that nurture our growth, not weaken it.
 - In DC, aviation **IS** perceived by many to be a valid debt reduction plan – just tax the tickets to fund the deficit.
- This is, at best, a perilous policy, and at worst, an inhibitor to the economic recovery both political parties claim to be fighting for during this election season.
- Never before has there been such a need for a National Airline Policy – or NAP.
- But I’ll get to that in a minute.
- First, I want to talk about what’s going right in our industry, and why, despite some evidence to the contrary, I remain optimistic for our future.
- I am a “glass-half-full” person.
- As I mentioned before, I had the honor of chairing the FAA’s NextGen Advisory Committee for the past two years, and I will remain on the committee as a member going forward, in support of our new Chairman, Bill Ayer of the Alaska Air Group. I look forward to Bill’s leadership and to the continuation of the great work we’ve started, at our next meeting, which will be hosted in Salt Lake City.
- One of the pleasures of chairing this committee was in selecting or at least influencing the decision around locations. We have met in JetBlue’s hangar at JFK and Gracie Mansion, and met with Mayor Bloomberg in New York; from Embry Riddle Aeronautical University in Florida to the Boeing Renton

facility in Seattle. And most recently, we enjoyed the hospitality of Wright Patterson Air Force base in Dayton, Ohio.

- Allow me to tell you a little bit about this team of people. The committee is composed of all sectors in aviation:
 - Commercial aviation
 - Military
 - Cargo
 - Labor
 - General aviation and corporate aviation
 - Airport authorities and operators
 - Air Traffic Controllers, from here and overseas
 - And of course, the FAA
- In all, 28 aviation leaders, all volunteer-driven, volunteer-led, in the true spirit of partnership.
- We serve the greater good, not our own provincial needs or wants, because what's good for our industry is eventually good for each of us.
- Who would have thought that the representatives from private jets, general aviation and manufacturers could work together in harmony with labor, federal agencies, military and commercial aviation?
- Yes, I'm an optimist.
- Even in an industry as intensely competitive as ours, the leadership at the RTCA is keeping us focused on the big picture. We leave our logos at the door, and everyone's voice is given fair hearing.
- Margaret Jenny and Andy Cebula of RTCA deserve a round of applause for their leadership, in particular. You couldn't find more consummate professionals than Andy and Margaret.
- The NAC is charged with providing consensus-based recommendations on complex policy issues to the FAA on the matters they identify for us in the form of official "taskings," or questions.
 - We have addressed aircraft equipage, incentives, Metroplex capabilities and prioritization, DataComm, performance metrics, business case analysis and issues associated with airspace and procedures.
 - And just a quick note on the matter of metrics, because as an airline CEO, metrics are the clearest way of validating your strategy and declaring victory.
 - But as a group, we know there exists no single metric that tells the entire story of NextGen.
 - So if you're asking how will YOU know if NextGen is working, here's what you should look for:
 - To enhance flight safety, we expect to see fewer airborne separation alerts;
 - To improve operational efficiency, we expect to increase the mean aircraft operating time – or utilization;

- We expect to improve fuel efficiency – and this particular metric represents the very important public goal of reducing emissions;
 - To improve ATC cost efficiency, we expect to produce a lower ATC cost per flight hour;
 - To increase Metroplex capacity, we expect to see an increase in Metroplex peak allowable throughput;
 - And to increase Metroplex access, we expect our Metroplexes to achieve their target utilization goals.
- Beyond the discussion of metrics and deciding our goal lines, we are now also being asked to build on our discussion of non-technical barriers to NextGen, the fielding of RNP approaches and the next round of NextGen implementation at Metroplexes.
 - We are also going to address the challenging issue of implementing a new authority from Congress on environmental categorical exclusions for the new procedures.
- Over the last two years, we have proven to the skeptics and cynics that working together is not only possible, it's achievable, and it produces real-world results.
- Frankly, what I have learned over the course of the last two years is that no meaningful results can possibly take place advancing NextGen without such deep, thoughtful and **early-stage** collaboration.
- This is what's going right in our industry:
 - We have identified the paths forward to redesign air space to improve efficiency so that we can enhance safety, save energy and improve the environment...
 - AND we have identified and implemented specific efficiencies that have borne fruit...
 - AND we have a realistic project plan to identify other barriers to success and how to overcome them.
- The essence of our work is centered on finding the right combination of technical and procedural improvements, while being mindful of the people involved in the delivery of the safest form of public transportation, our controllers and our pilots – all of them, commercial and military, corporate and private.
- The complexity of this work is extraordinary. The national airspace and how it works is truly a **system of systems**.
- Its complexity makes it invisible to most people outside of this room and invisible even to the hundreds of millions of flyers each year. Unlike roadways and bridges, for example, where you can see a pothole or a bridge in need of repair, our system's shortcomings are less visible.
- But you can feel the need for a refreshed aviation infrastructure – you feel it with every delay.
- Domestic flight delays in 2007 cost the United States approximately \$31 billion, according to the 2010 NEXTOR report.
- Even with the ATC system's capabilities reaching its limit, it should be noted that operational performance has gotten much better since 2007.
 - Between 2000-2011, U.S. airlines improved the on-time arrival rate from 72.6% to 79.6%

- Between 2000-2011, U.S. airlines halved the flight cancellation rate from 3.30% to 1.91%
- Still, we have to do a much better job explaining today's delays.
- The industry clearly has motivation to change. Delays and inefficiencies cost us money, and with margins razor thin as it is, motivation is plentiful.
- As CEO of JetBlue, I don't need a government program to incentivize me to equip planes **as long as** I know the equipment will be utilized as it was designed to be utilized – and thus, pay for itself.
- Think about it: Apple made nearly a \$100M net profit per day, net. For an industry that produced a 77 cent profit per enplaned customer in 2011 – 77 cents! – finding a more efficient approach path that shaves minutes of fuel burn is the brass ring. Fuel, of course, has become the first- or second-largest line item expense for every U.S. carrier over the past five years.
- One initiative that is bearing fruit is Greener Skies, spearheaded by the FAA, the Port of Seattle and Alaska Airlines in Seattle.
- This initiative allows carriers to “move flight tracks over water, reducing miles flown while optimizing descent profiles and altering Air Traffic Control procedures to enhance required navigational performance.”
- The result? Increased safety, reduced fuel burn and emissions, reduced noise for those communities close to the airport, and ultimately, a savings of \$2 million – million with an “M” – gallons of fuel annually.
- In the Northeast, where one in every five airborne commercial aircraft on Earth are taking off, landing, or passing through the congested corridor between Washington DC, Philadelphia, New York and Boston, JetBlue became the first airline to use satellite-based Required Navigation Performance Authorization Required (RNP AR) approaches to runways 13-left and 13-right at New York JFK.
- These unique Special Performance-Based Navigation (PBN) procedures are designed to utilize a constant vertical descent in conjunction with a precise curved flight path to the runways, resulting in:
 - A stabilized approach path;
 - Shorter flight times for customers;
 - Reduced noise levels and greenhouse-gas emissions;
 - And an increased fuel savings by as much as 120 lbs., or 18 gallons, per flight, for JetBlue.
- Most importantly, these and other LaGuardia RNP approaches are allowing the two airports in tiny Queens, NY to essentially be “decoupled,” increasing safety and through-put at both airports.
- We are making progress; NextGen is becoming NowGen in pockets throughout the country. I am extraordinarily pleased to be part of the group effecting change.
- Airlines are taking further action on an individual basis – investing in refreshing their fleets to younger, more fuel-efficient aircraft and engines; implementing procedures like single-engine taxi and immediate hook-up to ground power upon block in; and planning to retrofit with wingtips and sharklets for even greater fuel efficiency.
- We accept our responsibility to act in our own best interest, whether that interest is competitive, financial or otherwise.
- We aren't blind to our own responsibilities to the communities we serve, the people we employ or the shareholders who invest in us.

- What we seek is a greater awareness by our elected officials here in Washington and across the country of the fundamentals of our business. Starting with this fundamental: It doesn't make sense to further tax tickets to pay down our debt.
- This merely makes the problem worse by making travel prohibitively more expensive, resulting in fewer travelers making fewer trips, conducting less face-to-face business meetings and slowing the economy.
- The comparison between the U.S. attitude toward aviation infrastructure and those of the emerging economies in China and the Middle East is instructive.
- I know some in this town and in this industry like to point fingers and offer scorn for the growth in these regions, yet those nations are investing in runways and airports, and aircraft and infrastructure in a way that I wish we were, here at home.
- Perhaps some are a bit jealous of these flagrantly pro-aviation government policies -- But I say, good on them!
- This investment alone will allow their economies to blossom, and if we don't at least match them in the investment, they will overtake the historic leader in aviation, the United States.
- We believe the time has come for a real National Airline Policy. Airlines contribute far too much to the health and vitality of our nation to not have such a policy. It is simply prudent governance.
- The airline industry's business infrastructure is every bit as important as our nation's air traffic infrastructure – both need to be modernized.
- Today, 20% of your airfare goes directly to the government. On a \$300 ticket, that's \$60.
- Oh – and that \$300 ticket is pretty much what you'll pay. While the Consumer Price Index has gone up 30 points since the year 2000, domestic airfare has gone up only 9.2 points over the same time frame.
- In addition, we need a National Airline Policy to help mitigate jet fuel price volatility, so we can compete globally and ensure the U.S. has equal footing on a level playing field.
- The bottom line is that our industry is doing its share.
- We are committed, we are focused, we are motivated.
- We need our partners in government to move the needle further. Having seen two Presidential debates, I would settle for the mere mention of the word "aviation" from one of the candidates.
- On a related topic, I strongly encourage the permanent appointment of Michael Huerta to Administrator of the FAA. Every flight has a Captain and a First Officer. Michael has done yeoman's work in the year-plus he has been Acting Administrator, but he needs a First Officer.
- And finally, it is my hope that once we roll out more NextGen successes and have a National Airline Policy in place, we can turn our considerable attention and energies to really preparing for our future in the form of education.
- A couple of closing thoughts...
- We are facing an exodus of talent in the next few years. The military is producing fewer pilots, and those students inclined to aviation and engineering are finding they are as competitive for dot-com jobs as they are for commercial airlines.
- We can succeed on NextGen and the National Airline Policy and wake up one day to find we have no one to operate or maintain the planes.
- And Secretary LaHood, I congratulate you on choosing this venue to present the first RAISE award – Recognizing Aviation and Aerospace Innovation in Science and Engineering.

- And may I also take the opportunity to thank the Secretary for his leadership in establishing the Future of Aviation Advisory Committee in April 2010.
- One of the five goals of that Committee is “to ensure a world-class aviation workforce.”
- The formation of that group, of which I am a proud member, along with several others in this room, notably Assistant Secretary Susan Kurland, was yet another step in the journey that brings us here today.
- The Secretary has set the pace, but we must do more to encourage interest in STEM education – Science, Technology, Engineering and Mathematics – at all grade levels.
- At JetBlue, we have invested in Pilot career pathing with our Gateway program, partnering with Cape Air to develop talent.
- I’m proud to report that the first two Pilots who have worked their way through the Gateway program are currently in training at JetBlue University today.
- So in fact, we have to do all three – continue the focus on NextGen, it makes sense to implement a National Airline Policy, and grow the talent pool, all at once, and now.
- I believe we can do it. This is where it helps to be somewhat irrationally optimistic.
- I believe this because we stand on the shoulders of giants in our industry. Two weeks ago, I had the pleasure of being at Wright-Patterson Air Force Base for our most recent NextGen meeting, and toured the Aviation Museum there.
- Among the acres and acres of aviation history, it dawned on me that those who came before us were simple men and women who believed something could be done, and they set about to do it.
 - They proved heavier-than-air flight was possible.
 - They proved flying at altitude could be done – safely.
 - They proved we could go to the moon and return safely.
 - And most recently, Felix Baumgartner proved that man could break the speed the sound protected only by a thin space suit, freefall 24 miles and land safely.
- The spirit of can-do is baked into the DNA of our industry. That inspires me to get up every morning and prove that it can be done – we can continue to change this world for the better.
- Thank you for your kind attention. I’ll be happy to take a few questions, but I do, appropriately, have a flight to catch!

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