

Virgin America Inc.
Form S-1
March 16, 2015
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As filed with the Securities and Exchange Commission on March 16, 2015

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

VIRGIN AMERICA INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	4512 (Primary Standard Industrial Classification Code Number) 555 Airport Boulevard	20-1585173 (I.R.S. Employer Identification Number)
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Burlingame, California 94010

(650) 762-7000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

C. David Cush

President and Chief Executive Officer

Virgin America Inc.

555 Airport Boulevard, Burlingame, California 94010

(650) 762-7000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

may determine.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated March 16, 2015.

4,852,942 Shares

Common Stock

The selling stockholders identified in this prospectus are offering 4,852,942 shares of our common stock. The selling stockholders will receive all of the net proceeds from the sale of the shares of our common stock in this offering.

Our common stock is listed on the NASDAQ Global Select Market under the symbol VA. On March 13, 2015, the last sale price of the shares on the NASDAQ Global Select Market was \$34.77 per share.

Investing in the common stock involves risks. See Risk Factors beginning on page 16 of this prospectus.

	Per Share	Total
Price to the Public	\$	\$
Underwriting discounts and commissions (1)	\$	\$
Proceeds to selling stockholders (before expenses)	\$	\$

(1) We refer you to Underwriting beginning on page 130 of this prospectus for additional information regarding underwriting compensation. The selling stockholders have granted the underwriters an option to purchase up to 727,941 additional shares of common stock. Such selling stockholders will receive the net proceeds from any shares sold pursuant to the underwriters' option to purchase additional shares, if such option is exercised.

Neither the Securities and Exchange Commission nor any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to purchasers on or about March , 2015.

Barclays

Deutsche Bank Securities

Cowen and Company

Imperial Capital
March , 2015

Raymond James

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We are responsible for the information contained in this prospectus or contained in any free writing prospectus prepared by or on behalf of us to which we have referred you. Neither we, any of the selling stockholders nor the underwriters, have authorized anyone to provide you with additional information or information different from that contained in this prospectus or in any free writing prospectus filed with the Securities and Exchange Commission, and we take no responsibility for any other information that others may give you. The selling stockholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, results of operations or financial condition may have changed since such date.

For investors outside the United States: Neither we, any of the selling stockholders nor any of the underwriters have taken any action that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

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SUMMARY

This summary highlights selected information about us and the common stock being offered by the selling stockholders. It may not contain all of the information that is important to you. Before investing in our common stock, you should read this entire prospectus carefully for a more complete understanding of our business and this offering, including our financial statements and the accompanying notes and the sections entitled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

Virgin America is a premium-branded, low-cost airline based in California that provides scheduled air travel in the continental United States and Mexico. We operate primarily from our focus cities of Los Angeles and San Francisco, with a smaller presence at Dallas Love Field (DAL), to other major business and leisure destinations in North America. We provide a distinctive offering for our passengers, whom we call guests, that is centered around our brand and our premium travel experience, while at the same time maintaining a low-cost structure through our point-to-point network and high utilization of our efficient, single fleet type, consisting of Airbus A320-Family aircraft. Our distinctive business model allows us to offer a product that is attractive to guests who historically favored legacy airlines but at a lower cost than that of legacy airlines. This business model enables us to compete effectively with other low-cost carriers, or LCCs, by generating a higher stage-length adjusted revenue per available seat mile. Conversely, while our lower density seating configuration and the cost of our premium services contribute to a higher stage-length adjusted cost per available seat mile than that of other LCCs, our underlying cost structure principally stemming from our single fleet type and point-to-point network is competitive within the industry. As of December 31, 2014, we provided service to 21 airports in the United States and Mexico with a fleet of 53 narrow-body aircraft.

Leveraging the reputation of the Virgin brand, a global brand founded by Sir Richard Branson, we target guests who value the experience associated with the Virgin brand and the high-quality product and service that we offer. Our employees, whom we call teammates, provide a personalized level of service to our guests that is a key component of our product. Other elements of our premium product available fleetwide include power outlets adjacent to every seat, inflight wireless internet access, distinctive on-board mood lighting, leather seats, high-quality food and beverage offerings and our Red[®] inflight entertainment system, which we believe is industry leading, featuring a nine-inch personal touch-screen interface with a variety of features available on-demand, including live television, movies, seat-to-seat text chat, games, interactive maps and music. We have won numerous awards for our product, including Best Domestic Airline in *Travel + Leisure Magazine's* World's Best Awards and Best Domestic Airline in *Condé Nast Traveler Magazine's* Readers' Choice Awards for the past seven consecutive years as well as Best U.S. Business/First Class Airline in *Condé Nast Traveler Magazine's* Business Travel Poll for the past six consecutive years.

LCCs in the United States generally operate point-to-point networks with a single fleet type, a single class of service with a relatively high density seating configuration, high degree of outsourced operational services and high aircraft utilization. While we have many of these characteristics, we differentiate ourselves from other LCCs in the United States with additional attributes that business and high-end leisure travelers value. In contrast to most LCCs, we have three classes of service onboard our aircraft. In addition to our Main Cabin economy product, we offer our guests a First Class product and a premium economy class product called Main Cabin Select. We also provide a number of other amenities that are important to frequent travelers, including our Elevate[®] loyalty program with tiered benefits for our most loyal guests, lounge access in certain airports, including our own Virgin America Loft at Los Angeles International Airport (LAX), interline and codeshare partnerships with other airlines and a wide range of distribution channels and contractual travel discounts for over 250 major corporate customers and travel agents. While these amenities result in a higher cost per available seat mile, or CASM, than we could otherwise achieve with a more traditional LCC model, we believe that these

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amenities, along with our premium on-board features, enabled us to realize the highest average passenger revenue per available seat mile, or PRASM, during the twelve months ended September 30, 2014, among U.S. LCCs within most of our markets.

Our disciplined cost control is also core to our strategy, and we maintain the cost simplicity of other LCCs. We operate one of the youngest fleets among U.S. airlines, comprised entirely of fuel-efficient Airbus A320-family aircraft. Our single fleet type allows us to avoid the operational complexities and cost disadvantages of carriers with multiple and older fleet types. In addition, our long-haul, point-to-point network results in high aircraft utilization and efficient scheduling of our aircraft and crews. We believe that our teammates are productive and attentive to our guests, contributing to our cost advantage while maintaining our high-quality travel experience. We also outsource many non-core functions, such as certain ground handling activities, major airframe and engine maintenance and call center functions, leading to efficient, cost-competitive services and flexibility in these areas.

Executing our strategy of providing a premium travel experience within a disciplined, competitive cost structure has led to improved financial results. For 2014, we recorded operating revenues of \$1.5 billion, operating income of \$96.4 million and net income of \$60.1 million. We increased our revenue per available seat mile, or RASM, in 2014 by 4.6% compared to 2013. Furthermore, our CASM of 11.38 cents increased by only 3.6% from 2013. In 2014, our stage-length adjusted CASM, excluding profit sharing, was competitive within the industry and below that of legacy airlines.

Our business model relies on attracting guests who value the premium product that we provide. Because we provide a high level of amenities to our guests, it generally requires a longer period of time for us to reach profitability in each new market that we enter than it might require for a traditional LCC that does not provide this higher level of service. However, we believe that in the long term, our business model enables us to have financially successful routes as evidenced by our PRASM premium over other LCCs in our markets and in part by our history of operating profitability in 2013 and 2014 after two years of rapid growth into new markets in 2011 and 2012.

Our Competitive Strengths

We believe the following strengths allow us to compete successfully in the U.S. airline industry:

Premium Travel Experience. We believe our premium guest experience, attractive amenities, customer-focused teammates and wide array of inflight entertainment options differentiate us from other airlines in the United States. A key component of our product strength is the consistency across our entire fleet. In contrast to airlines with multiple aircraft types, our product offering is identical on every Airbus 320-family aircraft, allowing for the same enhanced travel experience on every flight. We also differentiate ourselves from other LCCs by providing both First Class and Main Cabin Select products in addition to our Main Cabin economy product. With just eight seats on every aircraft fewer than most first class cabins offered on competing airlines, our First Class cabin has an exclusive feel with a dedicated attendant providing a personal level of service. Unlike many other airlines, we do not provide complimentary upgrades to First Class, enhancing the exclusivity of this product. In addition to more leg room, which is a standard feature of most premium economy products, we offer additional features within Main Cabin Select, such as complimentary on-demand current-run movies, premium television programs, premium beverages and Main Cabin meals and snacks.

World-Class Virgin Brand. We believe that the Virgin brand is widely recognized in the United States and is known for being innovative, stylish, entrepreneurial and hip. We believe that the brand is recognized worldwide from the Virgin Group's offerings in music, air travel, wireless service and a wide variety of other products. We capitalize on the strength of the Virgin brand to target guests who value an enhanced travel experience and association with the Virgin brand. We believe that the Virgin brand has helped us to establish

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ourselves as a premium airline in the domestic market in a short period of time. When we enter a new market, awareness of the Virgin brand generates interest from new guests. The power of the Virgin brand provides an opportunity for low-cost public relations events that generate extensive media coverage in new markets and has led to other cooperative marketing relationships for us with major companies. In addition to capitalizing on the Virgin brand strength, we are rapidly establishing Virgin America as a distinct and premium brand for air travel in the United States in its own right. We believe our guests associate the Virgin and Virgin America brands with a distinctive high-quality and high-value travel experience.

Low-Cost, Disciplined Operating Structure. A core component of our business model is our disciplined cost structure. Key components of this low cost structure include our modern, fuel-efficient single-aircraft fleet, our high aircraft utilization, our point-to-point operations, our productive and engaged workforce, our outsourcing of non-core activities and our lean, scalable overhead structure. We are committed to maintaining this disciplined cost structure and believe we will continue to improve our competitive cost position in future years as we grow and further leverage our existing infrastructure. In 2014, the average stage-length adjusted domestic CASM of legacy airlines was 25% higher, and the average stage-length adjusted domestic CASM of LCCs was only 13% lower, than our stage-length adjusted CASM. We believe our lower seating density and three-class cabin configuration, which is a similar configuration to that of many legacy airlines, is the primary reason that our stage-length adjusted CASM was higher than that of other LCCs in 2014. However, our seating configuration with three classes of service was also a primary contributor to our higher stage-length adjusted PRASM for the twelve months ended September 30, 2014 when compared to other LCCs. For example, Spirit Airlines configures an Airbus A320 aircraft with 178 seats in a single class of service compared to our seating density of 146-149 seats for the same aircraft. We believe that Spirit Airlines' 19% higher seating density per aircraft contributed to a lower stage-length adjusted PRASM and lower stage-length adjusted CASM for the twelve months ended September 30, 2014 when compared to ours.

Established Presence in Los Angeles and San Francisco. We have built our network around the Los Angeles and San Francisco metropolitan areas, the second- and third-largest domestic air travel markets in the United States in 2013. We believe that these two markets, with a combined population of approximately 27 million people and strong economic bases in the technology, media and entertainment industries, serve as an excellent platform for long-term growth. Los Angeles and San Francisco both have large populations of technologically savvy, entrepreneurial and innovative individuals who we believe value our brand and premium guest experience. We have made significant investments in these key markets since 2010, and as of December 31, 2014, we provide service to 18 destinations from Los Angeles and 20 destinations from San Francisco. These destinations include seven of the top ten domestic destinations served from LAX and nine of the top ten domestic destinations served from San Francisco International Airport (SFO), based on passenger volume. This investment provides greater network coverage across North America for travelers from these two focus markets, and we expect that this investment will allow us to continue to grow by leveraging the loyal guest base that we have established in each market.

Our Team and Entrepreneurial Culture. Our teammates and culture are essential elements of our success because they contribute significantly to our premium travel experience. We start by hiring the right teammates through a rigorous process that includes numerous interviews, as well as pre-employment testing for our frontline teammates and our pilots. Key characteristics of Virgin America teammates include a friendly, personable nature, a willingness to think differently, a passionate approach to his or her work and intense pride in Virgin America and our product. We empower our teammates with a high level of authority to resolve guest issues throughout the travel experience, from making flight reservations to interactions at the airport and in flight. We strive to create an environment for our teammates where open communication is both encouraged and expected and where we celebrate our successes together. We believe our positive work environment has contributed to our having one of the highest customer satisfaction rankings in the airline industry.

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Our Growth Strategy

Our goal is to generate above-average RASM in each market we serve by providing the leading domestic air travel product through our brand and our premium guest experience, while at the same time maintaining our competitive cost structure through the efficient operations we have established. Key elements of our growth strategy include:

Expand Our Route Network. We currently serve only 14 of the 50 largest metropolitan areas in the United States and three leisure destinations in Mexico. We believe there are significant opportunities to expand our service from our focus cities of Los Angeles and San Francisco to other large markets throughout the United States, Canada and Mexico. We have firm commitments to take delivery of ten Airbus A320-family aircraft from July 2015 through June 2016, and we expect to continue to grow at a measured, disciplined pace beyond 2016. While we expect most of our expansion in the next several years will focus on the opportunities we have at Los Angeles and San Francisco, we are also growing our presence in Dallas, Texas. Through the use of recently acquired slots at New York LaGuardia Airport (LGA) and Ronald Reagan Washington National Airport (DCA), we added service at DAL to these markets in October 2014. We also moved our service between Dallas and LAX and Dallas and SFO from Dallas/Fort Worth International Airport (DFW) to DAL. DAL is located in a growing, affluent section of the Dallas/Fort Worth metropolitan area and is the closest airport to downtown Dallas. In addition, the airline facilities at DAL are limited by federal law to only 20 gates, providing a structural barrier to entry. Our new service at DAL further diversifies our route network and allows us to provide service to LGA and DCA. In addition, we intend to expand our codeshare and interline relationships with other airlines that are complementary to our network, expanding travel destination options for our guests while adding new sources of revenue and more guests.

Maintain Competitive Unit Operating Costs. We are highly focused on maintaining competitive unit operating costs. We expect to realize economies of scale as we continue to grow by leveraging our distribution, marketing and technology costs across our platform and by better utilizing our facilities and ground assets across a larger network. Our fleet is 100% financed by operating leases, of which 26 leases will expire between 2016 and 2022. As our leases expire, we expect to have the opportunity to lower our costs by renewing at lower lease rates or by opportunistically replacing these aircraft with new Airbus A320-family aircraft with lower operating costs sourced in the open market. In addition, we expect our cost structure will continue to benefit from our highly productive and flexible workforce as we grow our fleet and network.

Continue to Grow Our Base of Frequent Travelers. We intend to continue to grow our share of business travelers, a focus that is uncommon among U.S. LCCs, because we believe this population of airline travelers allows us to achieve increased RASM. We target the business community by providing a premium travel service between our focus cities and many of the most important business destinations in North America, as well as key leisure destinations that we believe are important to business travelers when flying for leisure travel. We have already attracted a significant base of frequent business and premium leisure travelers who regularly fly with us and who we believe prefer our premium product attributes. We believe that these types of guests also value a larger route network and frequent flights within markets. As we grow our network from California and expand our interline and codeshare partnerships, we believe we will be well positioned to attract additional business and high-end leisure travelers. We consider guests who book within 14 days of departure as business travelers. Using this as a measure, we believe that approximately 29% of our guests in 2014 were business travelers, representing approximately 39% of our revenue from ticket sales in 2014.

Continue to Enhance Our Product and Guest Experience. We believe our guest experience is unique in the industry and revolves around our teammates' focus on guest service, extensive entertainment options, compelling passenger comfort features and an association with our brand that would be difficult to replicate. We nevertheless are continually developing new enhancements to our product. For example, in early 2014, we further expanded our First Class food service on select flights to include enhanced gourmet food offerings and

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linen service. In the second quarter of 2014, we launched a redesigned version of the Virgin America website, enhancing the ease of use and functionality as well as providing a more customized experience for our guests. In 2015, we plan to upgrade the monitors within our inflight entertainment system to include a swipe touch capability, similar to that found on many modern personal electronic devices. This upgrade will include a redesign of the software behind our Red inflight entertainment system, allowing for future software features to what we believe is already an industry-leading system. Additionally, we continually analyze new technologies for longer-term enhancements to our fleet, inflight product and airport experience.

Route Network

We served 21 airports throughout North America as of December 31, 2014. The majority of our routes operate to and from our focus cities of Los Angeles and San Francisco, with a smaller presence located at DAL. Our current network is a mix of long-haul, transcontinental service combined with short-haul West coast service and select Mexico leisure destinations. Below is a route map of our network.

We use publicly available data related to existing traffic, fares and capacity in domestic markets to identify growth opportunities. To monitor the profitability of each route, we analyze monthly profitability reports as well as near-term forecasting. We routinely make adjustments to capacity and frequency of flights within our network based on the financial performance of our markets, and we discontinue service in markets where we determine that long-term profitability is not likely to meet our expectations.

Our future network plans include growing from our focus cities of Los Angeles and San Francisco to other major markets in North America. By continuing to add destinations in select markets from Los Angeles and San Francisco, we can leverage our existing base of loyal guests and grow our share of revenue within these focus

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cities while also expanding our customer base as we gain new guests in new markets. In 2014, we added service from DAL to LGA and DCA. We believe this DAL opportunity increased the diversity of our route network and provided growth into strategic airports that are limited by regulation.

Fleet

We fly only Airbus A320-family aircraft and operate only CFM engines, which provide us significant operational and cost advantages compared to airlines that operate multiple fleet and engine types. Flight crews are entirely interchangeable across all of our aircraft, and maintenance, spare parts inventories and other operational support are highly simplified relative to more complex fleets. Due to this commonality among Airbus single-aisle aircraft, we retain the benefits of a fleet consisting of a single family of aircraft while still having flexibility to match the capacity and range of the aircraft to the demands of many routes.

We have a fleet of 53 Airbus single-aisle aircraft, consisting of ten Airbus A319s and 43 Airbus A320s. The average age of the fleet was 5.8 years at December 31, 2014. Our Airbus A319 aircraft accommodate 119 guests, and our Airbus A320 aircraft accommodate 146-149 guests. All of our existing aircraft are financed under operating leases.

We plan to grow our fleet with additional Airbus A320-family aircraft, and we currently have an order with Airbus for ten Airbus A320 aircraft to be delivered between July 2015 and June 2016 and 30 Airbus A320 new engine option, or A320neo, aircraft to be delivered between 2020 and 2022. We have an option to cancel our Airbus A320neo positions up to two years in advance of delivery in groups of five aircraft, but we could incur a loss of deposits and credits as a cancellation fee. We may elect to supplement these deliveries by additional acquisitions from Airbus or in the open market if demand conditions merit. Twenty-six of our existing operating leases will expire between 2016 and 2022, and we believe there will be an opportunity to extend these leases at a reduced lease rate or to replace them with new or used Airbus A320-family aircraft. Although we expect to grow our fleet as we increase our flights on our existing route network and expand our route network to new markets, we are only committed to grow to 63 aircraft. As a result, our fleet plan provides significant flexibility.

Our Airbus A320 aircraft deliveries in 2015 and 2016 will be equipped with sharklets, a new wingtip device that we believe will create up to 3.0% additional fuel efficiency in our network. In addition to lowering our average fuel cost per flight, the sharklets provide increased range. This will reduce technical stops on our transcontinental flights that occasionally occur during specific weather patterns as well as allow for the possibility of operations to the state of Hawaii. Operating to Hawaii will require additional Federal Aviation Authority, or FAA, certification for extended twin-engine over-water operations, and we are currently evaluating these markets and the additional operational requirements.

Recent Developments

First Quarter 2015 Outlook

Along with most of the U.S. airline industry, we experienced a high level of cancellations throughout January and February due to severe Northeast winter storms. We do not expect winter cancellations to result in a material change to the revenue we expect to generate in the first quarter of 2015 or the guidance we previously provided. However, we now believe that our capacity, as measured by available seat miles, will increase by approximately 1.5% to 2.0% for the first quarter of 2015, versus the 2.0% to 3.0% previously expected, as compared to the first quarter of 2014.

We have generally experienced stable revenue performance across most of our markets to date during the first quarter of 2015. The three exceptions are performance in our Dallas markets, New York City transcontinental markets and Seattle markets. There have been significant capacity increases at Dallas Love Field

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(DAL) following the repeal of the Wright Amendment in October 2014. We believe this additional capacity at DAL has had a negative impact on unit revenue in a number of markets from the Dallas/Fort Worth metropolitan area, including the four markets that we serve from DAL. In addition, we believe that increased capacity on the JFK-LAX and JFK-SFO routes, particularly with respect to premium cabin capacity, has caused fares in these two markets to decrease. Finally, in the Seattle markets, we believe new flights added by other carriers in the LAX-SEA and SEA-SFO markets have continued to impact unit revenues negatively in these city pairs. Based on these current trends as well as generally stable trends in other markets that we serve, we currently expect PRASM for the first quarter of 2015 to range between a decrease of 1.0% and an increase of 1.0% versus the first quarter of 2014.

We believe that CASM, excluding fuel and profit sharing, for the first quarter of 2015 will increase between 1.0% and 3.0% versus the first quarter of 2014. We further believe that our economic fuel cost per gallon, which consists of our actual fuel costs, related fuel taxes and any gains or losses on any hedge instruments that settle during the quarter but excluding any gains or losses on hedges that will settle in future quarters, to average between \$2.45 and \$2.55 for the first quarter of 2015. This number may change depending on fluctuations in market prices for jet fuel during the remainder of the quarter.

Our projected results for the first quarter of 2015 are based on currently available information. Projections of results are inherently uncertain and subject to change. These projections may differ from actual results. We undertake no obligation to update or revise the projections set forth in this prospectus as a result of new information, future events or otherwise, except as otherwise required by law. Therefore, you should not place undue reliance upon these projections.

Risk Factors

Our business is subject to numerous risks and uncertainties, including those highlighted in the section entitled "Risk Factors" immediately following this prospectus summary, that represent potential challenges we face in connection with the successful implementation of our strategy and the growth of our business. We expect a number of factors to cause our results of operations to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance. Such factors include:

the price and availability of aircraft fuel;

our ability to compete in an extremely competitive industry;

the successful execution and implementation of our strategy;

security concerns resulting from any threatened or actual terrorist attacks or other hostilities;

our reliance upon technology and automated systems to operate our business;

our reputation and business being adversely affected in the event of an emergency, accident or similar incident;

changes in economic conditions;

our limited profitable operating history;

changes in governmental regulation; and

our ability to obtain financing or access capital markets.

Corporate Information

We were incorporated in the state of Delaware in 2004 as Best Air Holdings, Inc. We changed our name to Virgin America Inc. in November 2005. Our principal executive offices are located at 555 Airport Boulevard,

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Burlingame, California 94010. Our general telephone number is (650) 762-7000, and our website address is www.virginamerica.com. We have not incorporated by reference into this prospectus any of the information on, or accessible through, our website, and you should not consider our website to be a part of this document. Our website address is included in this document for reference only.

Virgin America®, the Virgin America logo and the Virgin signature are trademarks of Virgin America Inc. in the United States and other countries by license from certain entities affiliated with the Virgin Group. This prospectus also contains trademarks and trade names of other companies.

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THE OFFERING

Common stock offered by the selling stockholders	4,852,942 shares
Shares outstanding after the offering	43,119,886 shares (1)
Underwriters' option to purchase additional shares	The selling stockholders have granted the underwriters an option to purchase up to 727,941 additional shares of common stock.
Use of proceeds	We will not receive any proceeds from the sale of common stock by the selling stockholders in this offering. The selling stockholders include our principal stockholders, affiliates of Virgin Group Holdings Limited, which we refer to in this prospectus collectively as the Virgin Group, and Cyrus Aviation Holdings, LLC, which we refer to as Cyrus Holdings and, together with CM Finance Inc, Cyrus Capital. Please see Principal and Selling Stockholders.
Risk factors	See Risk Factors and the other information included elsewhere in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
NASDAQ Global Select Market symbol	VA

- (1) The number of shares outstanding after the offering is based on 43,119,886 shares of our common stock (including non-voting common stock) outstanding as of December 31, 2014, and excludes:

1,047,857 shares of common stock issuable upon the exercise of stock options outstanding as of December 31, 2014 at a weighted-average exercise price of \$15.95 per share, of which 115,839 are vested and exercisable;

295,779 shares of common stock issuable upon the vesting of restricted stock units, or RSUs, as of December 31, 2014 under our 2005 Stock Incentive Plan that vest once the price of our stock equals or exceeds \$30.20 per share on a daily moving-average basis over a 90-day period after May 18, 2015, the expiration date of the lockup agreements to which such RSUs are subject;

655,904 shares of common stock issuable upon the vesting of additional RSUs outstanding as of December 31, 2014, of which an aggregate of 604,384 shares vest only if the price of our stock meets certain price thresholds, which range from \$18.87 to \$37.74 per share, on a daily moving-average basis over a six-month period, (provided that 298,054 of such shares are also subject to additional service conditions which range from 12 to 36 months) and 51,520 of which have no stock price thresholds and vest over service terms ending between January 2015 and January 2017;

340,411 shares of common stock issuable upon the vesting of additional RSUs outstanding as of December 31, 2014, granted to certain of our executive officers, members of our board of directors and other management, which vest over a three-year service term;

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an aggregate of 1,017,570 shares of common stock reserved for issuance under our 2014 Equity Incentive Award Plan; and

an aggregate of 160,000 shares of common stock reserved for issuance under our 2014 Employee Stock Purchase Plan.

Except as otherwise indicated, information in this prospectus reflects or assumes no exercise of the underwriters' option to purchase additional shares of common stock from the selling stockholders.

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The following tables summarize the consolidated financial and operating data for our business for the periods presented. You should read this summary consolidated financial and operating data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes, included elsewhere in this prospectus. We derived the summary consolidated statements of operations data for the years ended December 31, 2012, 2013 and 2014 and the summary consolidated balance sheet data as of December 31, 2013 and 2014 from our audited consolidated financial statements included in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future.

	Year Ended December 31,		
	2012	2013	2014
(in thousands, except per share data)			
Consolidated Statements of Operations Data:			
Operating revenues	\$ 1,332,837	\$ 1,424,678	\$ 1,489,967
Operating expenses	1,364,570	1,343,797	1,393,552
Operating income (loss)	(31,733)	80,881	96,415
Other expense	(113,640)	(70,420)	(35,127)
Net income (loss) before income tax	(145,373)	10,461	61,288
Income tax expense	15	317	1,179
Net income (loss)	\$ (145,388)	\$ 10,144	\$ 60,109
Net income (loss) per share:			
Basic (1)	\$ (207.20)	\$ 5.60	\$ 8.42
Diluted (1)	\$ (207.20)	\$ 3.68	\$ 7.13
Shares used in per share calculation:			
Basic (1)	701,671	701,671	6,175,186
Diluted (1)	701,671	1,646,821	7,470,396
Non-GAAP Financial Data:			
EBITDA (2)	\$ (20,473)	\$ 94,844	\$ 110,901
EBITDAR (2)	216,327	296,915	295,258

- (1) See Note 15 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate basic and diluted earnings per share.
- (2) EBITDA is earnings before interest, income taxes, and depreciation and amortization. EBITDAR is earnings before interest, income taxes, depreciation and amortization and aircraft rent. EBITDA and EBITDAR are included as supplemental disclosure because we believe they are useful indicators of our operating performance. Derivations of EBITDA and EBITDAR are well recognized performance measurements in the airline industry that are frequently used by companies, investors, securities analysts and other interested parties in comparing the operating performance of companies in our industry. We also believe EBITDA is useful for evaluating performance of our senior management team. EBITDAR is useful in evaluating our operating performance compared to our competitors because its calculation isolates the effects of financing in general, the accounting effects of capital spending and acquisitions (primarily aircraft, which may be acquired directly, directly subject to acquisition debt, by capital lease or by operating lease, each of which is presented differently for accounting purposes) and income taxes, which may vary significantly between periods and for different companies for reasons unrelated to overall operating performance. However, because derivations of EBITDA and EBITDAR are not determined in accordance with GAAP, such measures are susceptible to varying calculations, and not all companies calculate the measures in the same

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manner. As a result, derivations of EBITDA and EBITDAR as presented may not be directly comparable to similarly titled measures presented by other companies.

These non-GAAP financial measures have limitations as an analytical tool. Some of these limitations are: they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments; they do not reflect changes in, or cash requirements for, our working capital needs; they do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and other companies in our industry may calculate EBITDA and EBITDAR differently than we do, limiting their usefulness as a comparative measure. Because of these limitations, EBITDA and EBITDAR should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP.

The following table represents the reconciliation of net income (loss) to EBITDA and EBITDAR for the periods presented below:

	Year Ended December 31,		
	2012	2013	2014
	(in thousands)		
Reconciliation:			
Net income (loss)	\$ (145,388)	\$ 10,144	\$ 60,109
Interest expense	116,110	71,293	37,519
Capitalized interest	(2,176)	(534)	(2,668)
Interest income	(294)	(339)	276
Income tax expense	15	317	1,179
Depreciation and amortization	11,260	13,963	14,486
EBITDA	\$ (20,473)	\$ 94,844	\$ 110,901
Aircraft rent	236,800	202,071	184,357
EBITDAR	\$ 216,327	\$ 296,915	\$ 295,258

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	Year Ended December 31,		
	2012	2013	2014
Operating Statistics (unaudited): (1)			
Available seat miles ASMs (millions)	12,514	12,243	12,240
Departures	56,362	58,215	58,432
Average stage length (statute miles)	1,567	1,474	1,466
Aircraft in service end of period	52	53	53
Fleet utilization	11.6	10.8	10.8
Passengers (thousands)	6,219	6,329	6,507
Average fare	\$ 195.38	\$ 203.70	\$ 204.27
Yield per passenger mile (cents)	12.26	13.14	13.19
Revenue passenger miles RPMs (millions)	9,912	9,814	10,074
Load factor	79.2%	80.2%	82.3%
Passenger revenue per available seat mile PRASM (cents)	9.71	10.53	10.86
Total revenue per available seat mile RASM (cents)	10.65	11.64	12.17
Cost per available seat mile CASM (cents)	10.90	10.98	11.38
CASM, excluding fuel (cents)	6.61	6.83	7.30
CASM, excluding fuel and profit sharing (in cents)	6.61	6.82	7.19
Fuel cost per gallon	\$ 3.32	\$ 3.18	\$ 3.08
Fuel gallons consumed (thousands)	161,404	159,326	161,791
Teammates (FTE)	2,395	2,482	2,492

(1) See Glossary of Airline Terms beginning on the next page of this prospectus for definitions of terms used in this table.

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GLOSSARY OF AIRLINE TERMS

Set forth below is a glossary of industry terms used in this prospectus:

Airbus A320-family includes A318, A319, A320 and A321 aircraft manufactured by the Airbus Group. The Airbus A320-family have common engine, airframe and cockpit design, leading to shared maintenance and flight operations procedures. We currently operate A319 and A320 aircraft.

Ancillary revenue means the amount of non-ticket revenue received from passengers, including baggage fees, change fees, seat selection fees, on-board sales and other revenue, including charter revenue.

Ancillary revenue per passenger means the total ancillary revenue divided by passengers.

ASMs, or available seat miles, refer to the number of seats available for passengers multiplied by the number of miles the seats are flown.

Average fare means total passenger revenue divided by passengers.

Block hours means the hours during which the aircraft is in revenue service, measured from the time of gate departure before take-off until the time of gate arrival at the destination.

CASM, or cost per available seat mile, means the airline's total operating costs divided by available seat miles.

CASM, excluding fuel, or CASM ex-fuel, means operating costs less aircraft fuel expense divided by ASMs.

CASM, excluding fuel and profit sharing means operating costs less aircraft fuel expense and profit sharing expense divided by ASMs. Under our annual profit sharing program, we accrue 15% of cumulative year-to-date income before income taxes and profit sharing for the benefit of our eligible teammates each quarter to the extent that we have cumulative year-to-date pre-tax income.

Codeshare refers to a type of arrangement where two or more airlines share the same flight and where a seat can be purchased through one airline but actually operated by a cooperating airline under a different flight number or code.

Fleet utilization, or aircraft utilization, means block hours in the period divided by average number of aircraft in our fleet divided by number of days in the period.

Flight equipment means all types of property and equipment used in the inflight operation of aircraft.

Flight hours means the total time an aircraft is in the air between an origin-destination airport pair, i.e. from wheels-up at the origin airport to wheels-down at the destination airport.

Hub-and-spoke network refers to a method of organizing an airline network in which one major airport is used as a connecting point for passengers traveling to other destinations, including smaller local airports and international destinations.

Interline refers to a type of agreement among airline partners that allow guests to create itineraries connecting from one airline to another.

Load factor means the proportion of airline capacity (ASMs) that is actually consumed, calculated by dividing RPMs by ASMs.

Passenger revenue means revenue received by the airline from the carriage of passengers in scheduled operations.

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Passengers means the total number of passengers flown on all flight segments.

PDP means pre-delivery payments, which are payments required by aircraft manufacturers in advance of delivery of the aircraft; typically aircraft-specific payments begin 24 months prior to aircraft delivery.

Pitch, or seat pitch, means the measure of distance between seat rows on an aircraft, measured in inches from the middle of one seat to the middle of the seat directly in front of it.

Point-to-point network means a method of organizing an airline network in which flights travel directly to a destination rather than going through a central hub.

PRASM, or passenger revenue per available seat mile, refers to a measure of passenger unit revenue calculated by dividing passenger revenue by available seat miles, or ASMs.

RASM, revenue per available seat mile or unit revenue refers to a measure of unit revenue calculated by dividing the airline's total revenue by available seat miles, or ASMs.

RPMs, or revenue passenger miles, means the number of miles flown by revenue passengers.

Seat-weighted stage length means the average distance flown, measured in statute miles, per seat, calculated by dividing total ASMs by the number of total seats flown.

Stage length means the average distance flown, measured in statute miles, per aircraft departure, calculated by dividing total aircraft miles flown by the number of total aircraft departures performed.

Stage length adjusted CASM means CASM adjusted for a seat-weighted stage length.

Stage-length adjustment refers to an adjustment to enable comparison of CASM and RASM across airlines. All other things being equal, the same airline will have lower CASM and RASM as stage length increases since fixed and departure related costs are spread over increasingly larger average flight lengths. Therefore, to properly compare these quantities across airlines (or even across the same airline for two different periods if the airline's average stage length has changed significantly) requires settling on a common assumed stage length and then adjusting CASM and RASM appropriately. This requires some judgment and different observers may use different stage-length adjustment techniques. We adjust for stage-length using the MIT Global Airline Industry Program's methodology for adjusting both PRASM and CASM, which we believe to be the most commonly accepted methodology in the industry. For comparisons in this prospectus in which CASM is stage-length adjusted, the stage-length being utilized is a seat-weighted distance, or the average of the distances flown by each seat divided by total seats flown. For comparisons where PRASM is stage-length adjusted, the stage being utilized is the passenger-weighted distance, or the average of the individual distances flown by the airlines' passengers.

U.S. citizen means a citizen of the United States as that term is defined in 49 U.S.C. §40102(a)(15).

Yield refers to a measure of average fare paid per mile per passenger, calculated by dividing passenger revenue by revenue passenger miles.

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Virgin America Destinations:

- AUS** Austin-Bergstrom International Airport (Austin, Texas).
- BOS** General Edward Lawrence Logan International Airport (Boston, Massachusetts).
- CUN** Cancún International Airport (Cancún, Mexico).
- DAL** Dallas Love Field (Dallas, Texas).
- DCA** Ronald Reagan Washington National Airport (Washington, D.C.).
- EWR** Newark Liberty International Airport (Newark, New Jersey).
- FLL** Fort Lauderdale-Hollywood International Airport (Fort Lauderdale, Florida).
- IAD** Washington Dulles International Airport (Dulles, Virginia).
- JFK** John F. Kennedy International Airport (Jamaica, New York).
- LAS** McCarran International Airport (Las Vegas, Nevada).
- LAX** Los Angeles International Airport (Los Angeles, California).
- LGA** LaGuardia Airport (New York, New York).
- MCO** Orlando International Airport (Orlando, Florida).
- ORD** Chicago O Hare International Airport (Chicago, Illinois).
- PDX** Portland International Airport (Portland, Oregon).
- PSP** Palm Springs International Airport (Palm Springs, California).
- PVR** Licenciado Gustavo Díaz Ordaz International Airport (Puerto Vallarta, Mexico).
- SAN** San Diego International Airport (San Diego, California).
- SEA** Seattle Tacoma International Airport (Seattle, Washington).
- SFO** San Francisco International Airport (San Francisco, California).
- SJD** Los Cabos International Airport (Los Cabos, Mexico).

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RISK FACTORS

Our business involves significant risks, some of which are described below. You should carefully consider these risks, as well as the other information in this prospectus, including our financial statements and the related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations. The occurrence of any of the events or developments described below, as well as additional risks and uncertainties not presently known to us or that we currently deem immaterial, could materially adversely affect our business, results of operations, financial condition and growth prospects.

Our business has been and in the future may be materially adversely affected by the price and availability of aircraft fuel. High fuel costs and increases in fuel prices or a shortage or disruption in the supply of aircraft fuel would have a material adverse effect on our business.

The price of aircraft fuel may be high or volatile. The cost of aircraft fuel is highly volatile and is our largest individual operating expense, accounting for 35.8%, 37.7%, and 39.4% of our operating expenses for 2014, 2013, and 2012. High fuel costs or increases in fuel costs (or in the price of crude oil) could materially adversely affect our business. Since August 2014, the price of jet fuel has fallen by approximately forty percent, which benefits us by lowering our expenses. However, because fuel prices are highly volatile, the price of jet fuel may increase significantly at any time. We may be more susceptible to fuel-price volatility than most of our competitors since fuel represents a larger proportion of our total costs due to the longer average stage length of our flights.

Availability of aircraft fuel may be low. Our business is also dependent on the availability of aircraft fuel (or crude oil), which is not predictable. Weather-related events, natural disasters, terrorism, wars, political disruption or instability involving oil-producing countries, changes in governmental or cartel policy concerning crude oil or aircraft fuel production, labor strikes or other events affecting refinery production, transportation, taxes or marketing, environmental concerns, market manipulation, price speculation and other unpredictable events may drive actual or perceived fuel supply shortages. Shortages in the availability of, or increases in demand for, crude oil in general, other crude-oil-based fuel derivatives and aircraft fuel in particular could result in increased fuel prices and could materially adversely affect our business.

Fare increases may not cover increased fuel costs. We may not be able to increase ticket prices sufficiently to cover increased fuel costs, particularly when fuel prices rise quickly. We sell a significant number of tickets to passengers well in advance of travel, and, as a result, fares sold for future travel may not reflect increased fuel costs. In addition, our ability to increase ticket prices to offset an increase in fuel costs is limited by the competitive nature of the airline industry and the price sensitivity associated with air travel, particularly leisure travel, and any increases in fares may reduce the general demand for air travel.

Our fuel hedging program may not be effective. We cannot assure you our fuel hedging program, including our forward fixed price contracts, or FFPs, which we use as part of our hedging strategy, will be effective or that we will maintain a fuel hedging program. Even if we are able to hedge portions of our future fuel requirements, we cannot guarantee that our hedge contracts will provide an adequate level of protection against increased fuel costs or that the counterparties to our hedge contracts will be able to perform. Certain of our fuel hedge contracts may contain margin funding requirements that could require us to post collateral to counterparties in the event of a significant drop in fuel prices. For example, the recent decrease in the price of jet fuel has triggered unrealized losses on certain hedge positions of \$27.1 million at December 31, 2014. Additionally, our ability to realize the benefit of declining fuel prices will be delayed by the impact of fuel hedges in place, and we may record significant losses on fuel hedges during periods of declining prices. A failure of our fuel hedging strategy, significant margin funding requirements, overpaying for fuel through the use of FFPs or our failure to maintain a fuel hedging program could prevent us from adequately mitigating the risk of fuel price increases and could materially adversely affect our business.

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The airline industry is exceedingly competitive, and we compete against both legacy airlines and low-cost carriers; if we are not able to compete successfully in the domestic airline industry, our business will be materially adversely affected.

The domestic airline industry is characterized by significant competition from both large legacy airlines and low-cost carriers, or LCCs. Airlines compete for passengers with a variety of fares, discounts, route networks, flight schedules, flight frequencies, frequent flyer programs and other products and services, including seating, food, entertainment and other on-board amenities. Airlines also compete on the basis of customer-service performance statistics, such as on-time arrivals, customer complaints and mishandled baggage reports. We face significant competition from both large legacy airlines and LCCs on the routes we operate, and if we are unable to compete effectively, our business will be materially adversely affected.

Large legacy airlines have numerous competitive advantages in competing for airline passengers, particularly following the consolidation in the domestic airline industry that occurred between 2008 and 2013, which resulted in the creation of four dominant domestic airlines with significant breadth of network coverage and financial resources. We face competition from one or more of these legacy carriers with respect to nearly all of the routes we serve. The legacy carriers have a number of competitive advantages relative to us that may enable them to attain higher average fares, more passenger traffic and a greater percentage of business passengers than we attain. These advantages include a much larger route network with domestic and international connections, more flights and convenient flight schedules in routes that overlap with ours. These carriers also offer frequent flyer programs and lounge access benefits that reward and create loyalty with travelers, particularly business travelers. Moreover, several legacy carriers have corporate travel contracts that direct employees to fly with a preferred carrier. The enormous route networks operated by these airlines, combined with their marketing and partnership relationships with regional airlines and international alliance partner carriers, allow them to generate increased passenger traffic from domestic and international cities. Our smaller, point-to-point route network and lack of connecting traffic and marketing alliances puts us at a competitive disadvantage to legacy carriers, particularly with respect to our appeal to higher-fare business travelers.

Each of the legacy carriers operates a much larger fleet of aircraft and has greater financial resources than we do, which permits them to add service in response to our entry into new markets. For example, United Airlines operates a hub at San Francisco International Airport (SFO) and has engaged in aggressive competitive practices, such as increasing seat capacity by introducing larger-gauge aircraft or adding incremental flights in response to our entry into new markets served from SFO. Due to our relatively small size, we are more susceptible to a fare war or other competitive activities in one or more of the markets we serve, which could prevent us from attaining the level of passenger traffic or maintaining the level of ticket sales required to sustain profitable operations in new or existing markets.

LCCs also have numerous competitive advantages in competing for airline passengers. LCCs generally offer a more basic service to travelers and therefore have lower cost structures than other airlines. The lower cost structure of LCCs permits them to offer flights to and from many of the same markets as most major airlines, which are defined by the U.S. Department of Transportation, or DOT, as U.S.-based air carriers with annual operating revenues in excess of one billion dollars during a fiscal year, but at lower prices. LCCs also typically fly direct, point-to-point flights, which tends to improve aircraft and crew scheduling efficiency. Many LCCs also provide only a single class of service, thereby avoiding the incremental cost of offering premium-class services like those that we offer.

In addition, some LCCs have a relentless focus on lowering costs and provide only a very basic level of service to passengers. These carriers configure their aircraft with high-density seating configurations and offer minimal amenities during the flight, and as a result, they incur lower unit costs than we do. Some LCCs also charge ancillary fees for basic services that we provide free of charge, such as making a reservation, printing boarding passes at the airport and carrying bags onboard the cabin for stowage in the overhead bins. In general, LCCs have lower unit costs and therefore are able to offer lower base fares.

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If we fail to implement our business strategy successfully, our business will be materially adversely affected.

Our business strategy is to target business and leisure travelers who are willing to pay a premium for our newer aircraft, more comfortable seating, better customer service and the latest on-board amenities while maintaining a cost structure that is lower than that of the legacy airlines that these business and premium travelers have historically favored. We may not be successful in attracting enough passengers willing to pay a premium over the fares offered by the LCCs, which we require to offset the additional costs embedded within our premium service model. In addition, American Airlines, Delta Air Lines, United Airlines and JetBlue Airways are increasing the quality of their seating and on-board amenities in some of the routes where they compete with us, making it more challenging to attract passengers who are loyal to those airlines. Continuing to grow our business profitably is also critical to our business strategy. Growth poses various operational and financial challenges, including securing additional financing for aircraft acquisition, obtaining airport gates and facilities at congested airports that serve business and premium travelers and hiring qualified personnel while maintaining our culture, which we believe is vital to the continued success of our airline. We cannot assure you that we will be able to successfully and profitably expand our fleet, enter new markets or grow existing markets in order to achieve additional economies of scale and maintain or increase our profitability. If we are unsuccessful in deploying our strategy, or if our strategy is unsustainable, our business will be materially adversely affected.

Threatened or actual terrorist attacks or security concerns involving airlines could materially adversely affect our business.

Past terrorist attacks against airlines have caused substantial revenue losses and increased security costs. As a result, any actual or threatened terrorist attack or security breach, even if not directly against an airline, could materially adversely affect our business by weakening the demand for air travel and resulting in increased safety and security costs for us and the airline industry generally. Terrorist attacks made directly on a domestic airline, or the fear of such attacks or other hostilities (including elevated national threat warnings or selective cancellation or redirection of flights due to terror threats), would have a negative impact on the airline industry and materially adversely affect our business.

We rely heavily on technology and automated systems to operate our business, and any failure of these technologies or systems could materially adversely affect our business.

We are highly dependent on technology and computer systems and networks to operate our business. These technologies and systems include our computerized airline reservation system, flight operations systems, telecommunications systems, airline website, maintenance systems and check-in kiosks.

In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information. We depend on our reservation system, which is hosted and maintained under a long-term contract by a third-party service provider, to issue, track and accept electronic tickets, conduct check-in, board and manage our passengers through the airports we serve and provide us with access to global distribution systems, which enlarge our pool of potential passengers. In May 2011, we experienced significant reservations system outages, which resulted in lost ticket sales on our website which materially adversely affected our business and goodwill. If our reservation system fails or experiences interruptions again, and we are unable to book seats for any period of time, we could lose a significant amount of revenue as customers book seats on other airlines, and our reputation could be harmed.

We also rely on third-party service providers to maintain our flight operations systems, and if those systems are not functioning, we could experience service disruptions, which could result in the loss of important data, increase our expenses, decrease our operational performance and temporarily stall our operations. Replacement services may not be readily available on a timely basis, at competitive rates or at all, and any transition time to a new system may be significant. In the event that one or more of our primary technology or systems vendors fails to perform and a replacement system is not available, our business could be materially adversely affected.

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Our business could be materially adversely affected from an accident or safety incident involving our aircraft.

An accident or safety incident involving one of our aircraft could expose us to significant liability and a public perception that our airline is unsafe or unreliable. In the event of a major accident, we could be subject to significant personal injury and property claims. While we maintain liability insurance in amounts and of the type generally consistent with industry practice, the amount of such coverage may not be adequate to cover fully all claims, and we may be forced to bear substantial losses from an accident. In addition, any accident or incident involving one of our aircraft (or an accident involving another Virgin-branded airline), even if fully insured, could harm our reputation and result in a loss of future passenger demand if it creates a public perception that our operation is unsafe or unreliable as compared to other airlines or means of transportation. As a result, any accident or safety incident involving our aircraft could materially adversely affect our business.

The demand for airline services is sensitive to changes in economic conditions, and another recession would weaken demand for our services and materially adversely affect our business.

The demand for business and leisure travel is affected by U.S. and global economic conditions. Unfavorable economic conditions have historically reduced airline travel spending. For most leisure consumers, travel is a discretionary expense, and during unfavorable economic conditions, travelers have often replaced air travel with car travel or other forms of ground transportation or have opted not to travel at all. Likewise, during unfavorable economic conditions, businesses have foregone or deferred air travel. Travelers have also reduced spending by purchasing less expensive tickets, which can result in a decrease in average revenue per seat. Because we have relatively high fixed costs, much of which cannot be mitigated during periods of lower demand for air travel, our business is particularly sensitive to changes in U.S. economic conditions. A reduction in the demand for air travel due to unfavorable economic conditions also limits our ability to raise fares to counteract increased fuel, labor and other costs. If U.S. or global economic conditions are unfavorable or uncertain for an extended period of time, it would materially adversely affect our business.

We have a limited operating history and have only recorded two years of profit, and we may not sustain or increase profitability in the future.

We have a history of losses and only a limited operating history upon which you can evaluate our business and prospects. While we recorded an annual profit in 2013 and 2014, we cannot assure you that we will be able to sustain or increase profitability on a quarterly or an annual basis. In turn, this may cause the trading price of our common stock to decline and may materially adversely affect our business.

Airlines are subject to extensive regulation and taxation by governmental authorities, and compliance with new regulations and any new or higher taxes will increase our operating costs and may materially adversely affect our business.

We are subject to extensive regulatory and legal compliance requirements. Congress regularly passes laws that affect the airline industry, and the DOT, the Federal Aviation Administration, or FAA, and the Transportation Security Administration, or TSA, continually issue regulations, orders, rulings and guidance relating to the operation, safety and security of airlines that require significant expenditures and investment by us. For example, the DOT has broad authority over airlines to prevent unfair and deceptive practices and has used this authority to impose numerous airline regulations, including rules and fines relating to airline advertising, pricing, baggage compensation, denied boarding compensation and tarmac delayed flights. The DOT frequently considers the adoption of new regulations, such as rules relating to congestion-based landing fees at airports and limits or disclosures concerning ancillary passenger fees. For example, in June 2014, the DOT issued a notice of proposed rulemaking to further enhance passenger protections that addresses several areas of regulation, including post-purchase ticket increases, ancillary fee disclosures and code-share data reporting and disclosure. Compliance with existing requirements drives administrative, legal and operational costs and subjects us to potential fines, and any new regulatory requirements issued by the DOT may increase our compliance costs, reduce our revenues and materially adversely affect our business.

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The FAA has broad authority to address airline safety issues, including inspection authority over our flight, technical and safety operations, and has the ability to issue mandatory orders relating to, among other things, the grounding of aircraft, installation of mandatory equipment and removal and replacement of aircraft parts that have failed or may fail in the future. Any decision by the FAA to require aircraft inspections, complete aircraft maintenance or ground aircraft types operated by us could materially adversely affect our business. For example, on January 4, 2014, the FAA's new and more stringent pilot flight and duty time requirements under Part 117 of the Federal Aviation Regulations took effect, which has increased costs and could further increase our costs in the future.

The FAA also has extensive authority to address airspace/airport congestion issues and has imposed limitations on take-off and landing slots at four airports: Ronald Reagan Washington National Airport (DCA), LaGuardia Airport (LGA), John F. Kennedy International Airport (JFK) and Newark Liberty International Airport (EWR). The FAA could reduce the number of slots allocated at these airports or impose new slot restrictions at other airports.

The Port Authority of New York & New Jersey maintains a so-called "perimeter rule" that prohibits, with certain exceptions, weekday non-stop flights longer than 1,500 statutory miles from LGA, a restriction that does not exist at JFK and EWR. We currently have a limited number of take-off and landing slots at LGA, compared to certain of our competitors. If the LGA perimeter rule were relaxed or eliminated, it could increase competition at LGA for high-revenue longer haul routes favored by business travelers and higher revenue passengers. If New York business travelers and higher revenue passengers elect to travel out of LGA rather than JFK and EWR, airports that are farther from Manhattan, the financial performance of our operations at JFK and EWR may be materially adversely affected. Additionally, we may not have sufficient slots at LGA to compete, which could materially adversely affect our business.

We are also subject to restrictions imposed by federal law that require that no more than 24.9% of our stock be voted, directly or indirectly, by persons who are not U.S. citizens, that no more than 49.9% of our outstanding stock be owned 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 and senior management be U.S. citizens. For more information on these requirements, see "Our corporate charter and bylaws include provisions limiting voting and ownership by non-U.S. citizens and specifying an exclusive forum for stockholder disputes." We are currently in compliance with these ownership restrictions. Our high level of foreign ownership may limit our opportunity to participate in U.S. government travel contracts and the Civilian Reserve Air Fleet program, however, if we are unable to satisfy policies and procedures of the U.S. Department of Defense for the mitigation of foreign ownership, control or influence required of cleared U.S. contractors.

Domestic airlines are also subject to significant taxation, including taxes on jet fuel, passenger tickets and security fees to compensate the federal government for its role in regulating airlines, providing air traffic controls and implementing security measures related to airlines and airports. In July 2014, the TSA implemented an increased passenger security fee at a flat rate of \$5.60 per passenger. Any significant increase in ticket taxes or security fees could weaken the demand for air travel, increase our costs and materially adversely affect our business.

Many aspects of airlines' operations are also subject to increasingly stringent environmental regulations, and growing concerns about climate change may result in the imposition of additional regulation. Since the domestic airline industry is highly price sensitive, we may not be able to recover from our passengers the cost of compliance with new or more stringent environmental laws and regulations, which could materially adversely affect our business. Although we do not expect the costs of complying with current environmental regulations will have a material adverse effect on our business, we cannot assure you that the costs of complying with environmental regulations would not materially adversely affect us in the future.

Almost all commercial service airports are owned and/or operated by units of local or state governments. Airlines are largely dependent on these governmental entities to provide adequate airport facilities and capacity

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at an affordable cost. Many airports have increased their rates and charges to air carriers because of higher security costs, increased costs related to updated infrastructures and other costs. Additional laws, regulations, taxes and airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce the demand for air travel. Although lawmakers may impose these additional fees and consider them pass-through costs, we believe that a higher total ticket price will influence consumer purchase and travel decisions and may result in an overall decline in passenger traffic, which could materially adversely affect our business.

Our ability to obtain financing or access capital markets may be limited.

We have significant obligations to purchase aircraft and spare engines that we have on order from Airbus and CFM International, or CFM, and we have historically relied solely on lessors to provide financing for our aircraft acquisition needs. As of December 31, 2014, committed expenditures for these aircraft and spare engines, including estimated amounts for contractual price escalations and \$94.3 million of pre-delivery payment commitments, were approximately \$396.1 million. Because we may not have sufficient liquidity or creditworthiness to fund the purchase of aircraft and engines, including payment of pre-delivery payments, we expect to seek external financing for these expenses. There are a number of factors that may affect our ability to raise financing or access the capital markets, including our liquidity and credit status, our operating cash flows, market conditions in the airline industry, U.S. and global economic conditions, the general state of the capital markets and the financial position of the major providers of commercial aircraft financing. We cannot assure you that we will be able to source external financing for our planned aircraft acquisitions or for other significant capital needs, and if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected. To the extent we finance our activities with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our strategy or otherwise constrain our growth and operations.

In addition, we may be unable to fully finance future aircraft acquisitions if the aircraft are perceived to be less valuable for any reason. We presently have ten Airbus A320-family, current technology aircraft on order for delivery between July 2015 and June 2016. If Airbus's newer A320neo-family aircraft provide expected improvements in the fuel consumption and an increase in nautical mile range, the Airbus A320-family current-technology aircraft may be perceived to be less valuable. If we are unable to fully finance our acquisition of these aircraft, our business may be materially adversely affected.

The Virgin brand is not under our control, and negative publicity related to the Virgin brand name could materially adversely affect our business.

We believe the Virgin brand, which is integral to our corporate identity, represents quality, innovation, creativity, fun, a sense of competitive challenge and employee-friendliness. We license rights to the Virgin brand from certain entities affiliated with the Virgin Group on a non-exclusive basis. The Virgin brand is also licensed to and used by a number of other companies, including two airlines, Virgin Atlantic Airways and Virgin Australia Airlines, operating in other geographies. We rely on the general goodwill of consumers and our employees, whom we call teammates, towards the Virgin brand as part of our internal corporate culture and external marketing strategy. Consequently, any adverse publicity in relation to the Virgin brand name or its principals, particularly Sir Richard Branson who is closely associated with the brand, or in relation to another Virgin-branded company over which we have no control or influence, could have a material adverse effect on our business.

We obtain our rights to use the Virgin brand under agreements with certain entities affiliated with the Virgin Group, and we would lose those rights if these agreements are terminated or not renewed.

We are party to license agreements with certain entities affiliated with the Virgin Group pursuant to which we obtain rights to use the Virgin brand. The licensor may terminate the agreements upon the occurrence of a number of specified events including if we commit a material breach of our obligations under the agreements that

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is uncured for more than 10 business days or if we materially damage the Virgin brand. If we lose our rights to use the Virgin brand, we would lose the goodwill associated with our brand name and be forced to develop a new brand name, which would likely require substantial expenditures, and our business would likely be materially adversely affected.

We are subject to labor-related disruptions that could materially adversely affect our business.

On August 13, 2014, our inflight teammates (whom other airlines refer to as flight attendants), representing approximately 32% of our workforce at the time, voted for representation by the Transport Workers Union, or TWU. As a result, the TWU has been certified as the representative of our inflight teammates, and we will be engaged with the TWU in a collective bargaining process for a first contract for those teammates in accordance with the requirements of the Railway Labor Act. Although we currently have a direct relationship with our remaining teammates, airline workers are one of the most heavily unionized private-sector employee groups, and any of our other non-management teammates could also seek to unionize. If we are not able to reach agreement with the TWU on the terms of the collective bargaining agreement for our inflight teammates, or if one or more of our other teammate groups elects a union to represent them, it could create a risk of work stoppages which could materially adversely affect our business.

We depend on the Los Angeles and San Francisco markets to be successful.

Most of our current flights operate from our two focus cities of Los Angeles and San Francisco. In 2014, passengers to and from Los Angeles International Airport (LAX) and to and from SFO accounted for 43.2% and 54.1% of our total passengers. We believe that concentrating our service offerings in this way allows us to maximize our investment in personnel, aircraft and ground facilities and to leverage sales and marketing efforts in those regions. As a result, we are highly dependent on the LAX and SFO markets.

At LAX, we operate out of Terminal Three under an airport lease agreement that runs through 2019, subject to our completion of certain leasehold improvement projects. Under the LAX lease, we have the preferential use of six airport gates with the opportunity to build a new seventh gate with a jet-boarding bridge, and shared access with other airlines to additional common-use gates. At SFO, we primarily operate out of recently renovated Terminal Two, under an operating lease that runs through June 2021, with the occasional use of a gate in the international terminal for flights from Mexico. Under the SFO lease, we have preferential access to seven Terminal Two gates, shared access with other airlines to one common-use Terminal Two gate and shared access to international terminal gates. In the past, we have used SFO international gates for domestic flights. While gate space is limited at both LAX and SFO, we believe that our gate access at each airport is capable of handling our planned growth in operations for at least the next several years.

However, both LAX and SFO are high-traffic airports with limited excess facilities and capacity, which may restrict our growth at these two bases or may even constrict our existing operations. If either LAX or SFO are fully utilized by other airlines, we may be unable to increase our operations at such airport. Additionally, under our LAX and SFO leases, each airport has reserved the right to reevaluate the airlines' collective utilization of the airport facilities to re-allocate preferential gates among the airlines based on certain usage standards. If we are unable to meet future minimum usage standards, we may lose access to our preferential gates. If we are unable to increase flights in these and other key markets, if any events cause a reduction in demand for air transportation in these key markets, if increases in competition cause us to reduce fares in these key markets, or if we lose access to our preferential gates, our business may be materially adversely affected.

Our quarterly results of operations fluctuate due to a number of factors, including seasonality.

We expect our quarterly results of operations to continue to fluctuate due to a number of factors, including actions by our competitors, price changes in aircraft fuel and the timing and amount of maintenance expenses. As a result of these and other factors, quarter-to-quarter comparisons of our results of operations may not be reliable indicators of our future performance. In addition, seasonality may cause our quarterly results of operations to

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fluctuate since passengers tend to fly more during the summer months and less in the winter months. We cannot assure you that we will find profitable markets in which to operate during the winter season. Lower demand for air travel during the winter months may materially adversely affect our business.

We have a significant amount of fixed obligations.

The airline business is capital intensive, and many airlines, including us, are highly leveraged. We currently lease all of our aircraft, and these leases contain provisions requiring the payment of monthly rent regardless of usage. As of December 31, 2014, we had undiscounted future operating lease obligations of approximately \$1.5 billion, as well as significant maintenance reserve requirements associated with these leases that are variable in nature. In addition, we have ordered aircraft and spare engines from Airbus and CFM for delivery over the next eight years. Under those agreements, we are obligated to make pre-delivery payments to Airbus and CFM on regular intervals in advance of the delivery of our ordered aircraft and spare engines. Moreover, we expect to incur additional fixed expenses as we take delivery of new aircraft, with ten aircraft scheduled for delivery between July 2015 and June 2016 and 30 aircraft scheduled for delivery in 2020 through 2022 but that can be canceled by forfeiting amounts on deposit with Airbus.

The amount of our current and expected future fixed obligations could strain our cash flows from operations, reducing the availability of our cash flows to fund working capital, capital expenditures and other general corporate purposes and limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete. Our substantial fixed obligations could reduce our credit, which would negatively impact our ability to obtain additional financing and could place us at a competitive disadvantage compared to less leveraged competitors and competitors that have better access to capital resources or more favorable terms. We cannot assure you that we will be able to generate sufficient cash flows from our operations or from capital market activities to pay our debt and other fixed obligations as they become due or that we will be able to finance these obligations on favorable terms, or at all. If we are unable to generate sufficient cash flows for any reason, we may be unable to meet our fixed obligations, and our business may be materially adversely affected. In particular, if we are unable to make our required aircraft lease rental payments, we could lose access to one or more aircraft and forfeit our rent deposits, and our lessors could exercise their remedies under the lease agreements. Also, an event of default under any of our leases and our debt financing agreements could trigger cross-default provisions under other agreements.

Our credit card processors have the right to impose larger holdbacks which could have a material adverse effect on our business.

Most of our tickets are sold to customers using credit cards as the form of payment. Our credit card processors have rights in their agreements to hold back receivable monies related to tickets sold for future travel services (i.e., a holdback). Any related holdback is remitted to us shortly after the customer travels. Holdbacks are commonly imposed on newer or less creditworthy airlines. Prior to our IPO, we had significant holdback requirements with our two primary credit card processors, Elavon Inc. for Visa/MasterCard and American Express. In connection with the IPO, the Virgin Group obtained a \$100.0 million letter of credit on our behalf which was issued to our credit card processors in order to release \$100.0 million of our credit card holdbacks. We had no amounts in excess of the letter of credit held back as of December 31, 2014. Our outstanding receivable from our processors, which consists of amounts held back for future travel as well as ordinary course receivables, was \$9.6 million at December 31, 2014. If a credit card processor determines there is a material risk with respect to our business or liquidity, it has the right to increase the amount or duration of the holdback. Any increase in the amount or duration of our holdbacks may negatively impact our liquidity and materially adversely affect our business.

Significant flight delays, cancellations or aircraft unavailability may materially adversely affect our business.

Various factors, many of which are beyond our control, such as air traffic congestion at airports, other air traffic control problems, security requirements, unscheduled maintenance and adverse weather conditions, can

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cause flight delays or cancellations or cause certain of our aircraft to be unavailable for a period of time. SFO, one of our two primary focus airports, is particularly vulnerable to air traffic constraints and other delays due to fog and inclement weather. Factors that cause flight delays frustrate passengers, and reduced aircraft availability could lead to customer dissatisfaction that harms our reputation. Additionally, if we are forced to cancel a flight due to an event within our control, we will be liable to re-accommodate our guests, including by purchasing tickets for them on other airlines. If one or more of our aircraft is unavailable to fly revenue service for any amount of time, our capacity will be reduced. Significant flight delays, cancellations or aircraft unavailability for any reason could have a material adverse effect on our business.

Our maintenance costs will increase as our fleet ages.

As of December 31, 2014, the average age of aircraft in our fleet of Airbus A320-family aircraft was 5.8 years. Our aircraft will require more scheduled and unscheduled maintenance as they age. We are beginning to incur substantial costs for major maintenance visits for our aircraft, and because of the pattern of our historical fleet growth, we expect to have several aircraft undergoing major maintenance at roughly the same time. These more significant maintenance activities result in out-of-service periods during which certain of our aircraft are unavailable to fly passengers. Any significant increase in maintenance and repair expenses, as well as resulting out-of-service periods, could have a material adverse effect on our business.

We expect that costs associated with the final qualifying major engine maintenance events for our aircraft will be amortized over the remaining lease term rather than until the next estimated major maintenance event, because we account for major maintenance under the deferral method. This could result in significantly higher depreciation and amortization expense related to major maintenance in the last few years of the leases as compared to the expenses in earlier periods.

In addition, the terms of our lease agreements require us to pay supplemental rent, also known as maintenance reserves, to our lessor in advance of the performance of major maintenance, resulting in our recording significant aircraft maintenance deposits on our consolidated balance sheet. However, the payments made after the final qualifying major engine maintenance event during the lease term are generally fully expensed, as the majority of these amounts are not reimbursable from the lessor. As such, it will result in both additional rent expense and depreciation and amortization expense for previously capitalized maintenance being recorded in the period after the final qualifying major engine maintenance event and just prior to the termination of the lease.

We depend on sole-source suppliers for our aircraft and engines.

A critical cost-saving element of our business strategy is to operate a single-family aircraft fleet; however, our dependence on the Airbus A320-family aircraft and CFM engines for all of our flights makes us more vulnerable to any design defects or mechanical problems associated with this aircraft type or these engines. In the event of any actual or suspected design defects or mechanical problems with the Airbus A320-family aircraft or CFM engines, whether involving our aircraft or that of another airline, we may choose or be required to suspend or restrict the use of our aircraft. Our business could also be materially adversely affected if the public avoids flying on our aircraft due to an adverse perception of the Airbus A320-family aircraft or CFM engines, whether because of safety concerns or other problems, real or perceived, or in the event of an accident involving such aircraft or engines. Separately, if Airbus or CFM becomes unable to perform its contractual obligations and we must lease or purchase aircraft from another supplier, we would incur substantial transition costs, including expenses related to acquiring new aircraft, engines, spare parts, maintenance facilities and training activities, and we would lose the cost benefits from our current single-fleet composition, any of which could have a material adverse effect on our business.

We rely on third-party service providers to perform functions integral to our operations.

We depend on third-party service providers to provide the majority of the services required for our operations, including fueling, maintenance, catering, passenger handling, reservations and airport ground

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handling, as well as certain administrative and support services. We are likely to enter into similar service agreements for new markets we enter, and we cannot assure you that we will be able to obtain the necessary services at acceptable rates. Moreover, although we do enter into agreements with many of our third-party service providers that define expected service performance, we do not directly control these third-party service providers. Any of these third-party service providers may fail to meet their service performance commitments to us, suffer disruptions to their systems that could negatively impact their services or fail to perform their services reliably, professionally or at the high standard of quality that we expect. Any such failure of our third-party service providers may prevent us from operating one or more flights or providing other services to our customers and may materially adversely affect our business. In addition, our business could be materially adversely affected if our customers believe that our services are unreliable or unsatisfactory.

Our business could be affected by severe weather conditions, natural disasters or the outbreak of contagious disease, any of which could materially adversely affect our business.

Our operations may be materially adversely affected by factors beyond our control, including severe weather conditions, natural disasters and the outbreak of disease. Severe weather conditions, such as winter snowstorms, hurricanes or other weather events, can cause flight cancellations, turbulence or significant delays that may result in increased costs and reduced revenue. Also, our two focus cities, Los Angeles and San Francisco, and our headquarters in Burlingame, California, are located on or near active seismic faults, and an earthquake could occur at any time, which could disrupt our operations at those locations. Similarly, outbreaks of pandemic or contagious diseases, such as avian flu, severe acute respiratory syndrome (SARS), H1N1 (swine) flu and the Ebola virus could significantly reduce demand for passenger traffic and result in travel restrictions. Any interruption in our ability to operate flights or reduction in airline passenger demand because of such events could have a material adverse effect on our business.

Increases in insurance costs or reductions in insurance coverage may materially adversely affect our business.

If any of our aircraft were to be involved in an accident or if our property or operations were to be affected by a significant natural catastrophe or other event, we could be exposed to significant liability or loss. If we are unable to obtain sufficient insurance (including aviation hull and liability insurance and property and business interruption coverage) to cover such liabilities or losses, whether due to insurance market conditions or otherwise, our business could be materially adversely affected.

We currently obtain third-party war risk (terrorism) insurance, which is a separate policy from our commercial aviation hull and liability policy, from private insurance companies. Our current war risk insurance from commercial underwriters excludes NBCR (nuclear, biological, chemical and radiological) events. If we are unable to obtain adequate third-party war risk (terrorism) insurance or if a NBCR attack were to take place, our business could be materially adversely affected.

Security breaches involving a compromise of customer information or personal data could expose us to liability, damage our reputation and materially adversely affect our business.

We are subject to laws relating to privacy of personal data. In the processing of our customer transactions and as part of our ordinary business operations, we and certain of our third-party service providers collect, process, transmit and store a large volume of personally identifiable information, including financial data such as credit card information. The security of the systems and network where we and our service providers store this data is a critical element of our business. Any security breach in which employee or customer data is improperly released or disclosed could result in the loss, disclosure or improper use of this data and subject us to regulatory penalties and litigation, disrupt our operation, damage our reputation and materially adversely affect our business. Additionally, any material failure by us or our service providers to maintain compliance with the Payment Card Industry security requirements or rectify a data security issue may result in fines and restrictions on our ability to accept credit cards as a form of payment.

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Our business could be materially adversely affected if we lose the services of our key personnel.

Our success depends to a significant extent upon the efforts and abilities of our officers, senior management team and key operating personnel. Competition for highly qualified personnel is intense, and a substantial turnover in key employees without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect on our business.

Concentrated ownership by our principal stockholders could materially adversely affect our other stockholders.

As of December 31, 2014, the Virgin Group and Cyrus Holdings own approximately 19.0% (which does not include the Virgin Group's non-voting common stock) and 24.4% of our outstanding common stock, respectively. After giving effect to this offering (and assuming no exercise of the option to purchase additional shares), and assuming conversions by the Virgin Group of certain shares of non-voting common stock to shares of voting common stock, while remaining within contractual limitations agreed to between the Virgin Group and us, the Virgin Group and Cyrus Holdings will own approximately 19.0% (which does not include the Virgin Group's non-voting common stock) and 19.9% of our outstanding common stock, respectively. This concentrated ownership may limit the ability of other stockholders to influence corporate matters; as a result, these stockholders may cause us to take actions that our other stockholders do not view as beneficial. For example, this concentration of ownership could delay or prevent a change in control or otherwise discourage a potential acquirer from attempting to obtain control of us, which in turn could cause the trading price of our common stock to decline or prevent our stockholders from realizing a premium over the market price for their common stock.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members or executive officers.

As a public company, we have incurred and will incur significant legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act of 2002, as amended, the Dodd-Frank Wall Street Reform and Consumer Protection Act, related rules implemented or to be implemented by the Securities and Exchange Commission, or the SEC, and the listing rules of the NASDAQ Global Select Market. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations could also make it more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or our board committees or as our executive officers and may divert management's attention. Furthermore, if we are unable to satisfy our obligations as a public company, our common stock could be delisted, and we could be subject to fines, sanctions and other regulatory action and potentially civil litigation.

We will be required to assess our internal control over financial reporting on an annual basis, and any future adverse findings from such assessment could result in a loss of investor confidence in our financial reports, result in significant expenses to remediate any internal control deficiencies and have a material adverse effect on our business.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and beginning with our Annual Report on Form 10-K for the year ending December 31, 2015, our management will be required to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting. The rules governing management's assessment of our internal control over financial reporting

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are complex and require significant documentation, testing and possible remediation. We are currently in the process of reviewing, documenting and testing our internal control over financial reporting. We may encounter problems or delays in completing the implementation of any changes necessary to make a favorable assessment of our internal control over financial reporting. In connection with the attestation process by our independent registered public accounting firm, we may encounter problems or delays in implementing any requested improvements and receiving a favorable attestation. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, we will not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the NASDAQ Global Select Market, regulatory investigations, civil or criminal sanctions and litigation, any of which would materially adversely affect our business.

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

We completed our initial public offering in November 2014. Prior to that offering, there was no public market for shares of our common stock, and an active public market for our shares may not be sustained. From November 14, 2014, the first date of trading of our common stock, through March 13, 2015, the last reported sale price of our common stock has fluctuated between \$30.00 and \$43.81 per share. In addition, the market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including:

announcements concerning our competitors, the airline industry or the economy in general;

strategic actions by us or our competitors, such as acquisitions or restructurings;

media reports and publications about the safety of our aircraft or the aircraft type we operate;

new regulatory pronouncements and changes in regulatory guidelines;

changes in the price of aircraft fuel;

announcements concerning the availability of the type of aircraft we use;

general and industry-specific economic conditions;

changes in financial estimates or recommendations by securities analysts or failure to meet analysts' performance expectations;

sales of our common stock or other actions by investors with significant shareholdings, including sales by our principal stockholders;

trading strategies related to changes in fuel or oil prices; and

general market, political and other economic conditions.

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The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. Broad market fluctuations may materially adversely affect the trading price of our common stock.

In the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management's attention and resources and materially adversely affect our business.

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If securities or industry analysts cease to publish research or reports about our business or publish negative reports about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities and industry analysts may publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the trading price of our common stock would likely decline. If one or more of these analysts ceases to cover our company or fails to publish reports on us regularly, demand for our stock could decrease, which may cause the trading price of our common stock and our trading volume to decline.

Our anti-takeover provisions may delay or prevent a change of control, which could materially adversely affect the price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make it difficult to remove our board of directors and management and may discourage or delay change of control transactions, which could materially adversely affect the price of our common stock. These provisions include, among others:

our board of directors is divided into three staggered classes, with each class serving a three-year term, which prevents stockholders from electing an entirely new board of directors at a single annual meeting;

actions to be taken by our stockholders may only be effected at an annual or special meeting of our stockholders and not by written consent;

special meetings of our stockholders can be called only by our board of directors, the Chairman of the Board, our chief executive officer or our president;

advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors and propose matters to be brought before an annual meeting of our stockholders may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company; and

our board of directors may, without stockholder approval, issue series of preferred stock, or rights to acquire preferred stock, that could dilute the interest of, or impair the voting power of, holders of our common stock or could also be used as a method of discouraging, delaying or preventing a change of control.

The value of our common stock may be materially adversely affected by additional issuances of common stock or preferred stock by us or sales by our principal stockholders.

Any future issuances or sales of our common stock by us will be dilutive to our existing common stockholders. Prior to this offering, Cyrus Holdings and the Virgin Group collectively hold an aggregate of 17,399,966 shares of our voting common stock, or 48.0% of our voting common stock outstanding, and 56.2% of the total outstanding equity interests in our company as of December 31, 2014 (which includes 6,852,738 shares of non-voting common stock held by the Virgin Group). After giving effect to this offering (and assuming no exercise of the option to purchase additional shares), and assuming conversions by the Virgin Group of certain shares of non-voting common stock to shares of voting common stock, while remaining within contractual limitations agreed to between the Virgin Group and us, Cyrus Holdings and the Virgin Group will hold an aggregate of 16,178,106 shares of our voting common stock, or 40.5% of our voting common stock outstanding, and 45.0% of our total outstanding equity interests in our company (which includes certain shares of non-voting common stock held by the Virgin Group). Cyrus Capital and the Virgin Group are entitled to rights with respect to registration of such shares under the Securities Act. Sales of substantial amounts of our common stock in the public or private market, a perception in the market that such sales could occur, or the issuance or exercise of securities exercisable or convertible into our common stock, including warrants to purchase our common stock, could materially adversely affect the prevailing price of our common stock.

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Our corporate charter and bylaws include provisions limiting voting and ownership by non-U.S. citizens and specifying an exclusive forum for stockholder disputes.

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 common stock by non-U.S. citizens. The restrictions imposed by federal law currently require that no more than 24.9% of our stock be voted, directly or indirectly, by persons who are not U.S. citizens, that no more than 49.9% of our outstanding stock be owned (beneficially or of record) 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 and senior management 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 also provide that any transfer or issuance of our stock that would cause the amount of our stock owned by persons who are not U.S. citizens to exceed foreign ownership restrictions imposed by federal law will be void and of no effect.

Our amended and restated bylaws further provide that no shares of our common stock will be registered on the foreign stock record if the amount so registered would exceed the foreign ownership restrictions imposed by federal law. If it is determined that the amount registered in the foreign stock record exceeds the foreign ownership restrictions imposed by federal law, shares will be removed from the foreign stock record in reverse chronological order based on the date of registration therein, until the number of shares registered therein does not exceed the foreign ownership restrictions imposed by federal law. We are currently in compliance with these ownership restrictions.

As of January 2, 2015, non-U.S. citizens owned, in the aggregate, 7,215,503 shares of voting common stock (representing approximately 19.9% of the total voting rights and approximately 16.7% of the total outstanding equity interests in our company).

Our amended and restated certificate of incorporation provides that, unless we consent in writing to an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of a fiduciary duty owed by, or otherwise wrongdoing by, any of our directors, officers or other employees to us or our stockholders; (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law or our amended and restated certificate of incorporation or amended and restated bylaws; (iv) any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or the bylaws; or (v) any action asserting a claim against us or any of our directors, officers or employees governed by the internal affairs doctrine. Accordingly, you may be limited in your ability to pursue legal actions.

We do not intend to pay cash dividends for the foreseeable future.

We have never declared or paid cash dividends on our common stock. We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in current or future financing instruments, business prospects and such other factors as our board of directors deems relevant.

We may become involved in litigation that may materially adversely affect us.

From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including patent, commercial, product liability, employment, class action, whistleblower and other litigation and claims, and governmental and other regulatory investigations and

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proceedings. In particular, in recent years, there has been significant litigation in the United States and abroad involving patents and other intellectual property rights. We have in the past faced, and may face in the future, claims by third parties that we infringe upon their intellectual property rights. Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability and/or require us to change our business practices. Because of the potential risks, expenses and uncertainties of litigation, we may, from time to time, settle disputes, even where we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business.

Risks associated with our presence in international emerging markets, including political or economic instability, and failure to adequately comply with existing legal requirements, may materially adversely affect us.

Countries with less developed economies, legal systems, financial markets and business and political environments are vulnerable to economic and political problems, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets, trafficking and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets served by us now or in the future and the resulting instability may materially adversely affect our business.

We emphasize legal compliance and have implemented and continue to implement and refresh policies, procedures and certain ongoing training of our teammates with regard to business ethics and many key legal requirements; however, we cannot assure you that our teammates will adhere to our code of business ethics, other policies or other legal requirements. If we fail to enforce our policies and procedures properly or maintain adequate record-keeping and internal accounting practices to record our transactions accurately, we may be subject to sanctions. In the event we believe or have reason to believe our teammates have or may have violated applicable laws or regulations, we may incur investigation costs, potential penalties and other related costs which in turn may materially adversely affect our reputation and business.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

We incurred significant cumulative net taxable losses through 2014. Our unused losses generally carry forward to offset future taxable income, if any, until such unused losses expire. We may be unable to use these losses to offset income before such unused losses expire. In addition, if a corporation undergoes an ownership change (generally defined as a greater than 50-percentage-point cumulative change in the equity ownership of certain stockholders over a rolling three-year period) under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, the corporation's ability to use its pre-change net operating loss carryforwards, or NOLs and other pre-change tax attributes to offset future taxable income or taxes may be limited. We have experienced ownership changes in the past, including in connection with our IPO and 2014 Recapitalization, that could limit our ability to use pre-change NOLs to offset future taxable income. In addition, we may experience ownership changes as a result of future changes in our stock ownership (some of which changes may not be within our control), including in connection with this offering or other sales of our common stock by Cyrus Capital or the Virgin Group. This, in turn, could materially reduce or eliminate our ability to use our losses or tax attributes to offset future taxable income or tax and have an adverse effect on our future cash flows.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at which or by which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good-faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

the price and availability of aircraft fuel;

our ability to compete in an extremely competitive industry;

the successful execution and implementation of our strategy;

security concerns resulting from any threatened or actual terrorist attacks or other hostilities;

our reliance upon technology and automated systems to operate our business;

our reputation and business being adversely affected in the event of an emergency, accident or similar incident;

changes in economic conditions;

our limited profitable operating history;

changes in governmental regulation; and

our ability to obtain financing or access capital markets.

Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

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USE OF PROCEEDS

We will not receive any proceeds from the sale of shares of our common stock in this offering. We will pay substantially all of the expenses of the selling stockholders other than underwriting discounts and commissions.

Table of Contents**PRICE RANGE OF OUR COMMON STOCK AND DIVIDEND POLICY**

Our common stock has been listed and traded on the NASDAQ Global Select Market under the symbol VA since November 14, 2014 when our IPO priced at \$23.00 per share. Prior to that time, there was no public market for our common stock. The following table shows, for the periods indicated, the high and low closing sales price per share for our common stock on the NASDAQ Global Select Market.

	High	Low
Year ended December 31, 2014		
Fourth Quarter	\$ 43.80	\$ 30.00
Year ending December 31, 2015		
First Quarter (<i>through March 13, 2015</i>)	\$ 43.81	\$ 33.21

On March 13, 2015, the last sale price of our common stock as reported on the NASDAQ Global Select Market was \$34.77 per share. As of March 12, 2015, there were 65 holders of record of our common stock. Because many of our shares are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these recordholders. As of March 12, 2015, there was one holder of record of our non-voting common stock, which class is not listed or traded on any stock exchange.

We have never declared or paid, and do not anticipate declaring or paying, any cash dividends on our common stock in the foreseeable future. In addition, certain of our current debt instruments currently, and debt instruments we may enter into in the future may, contain covenants that restrict our ability to declare or pay dividends. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Table of Contents**CAPITALIZATION**

The following table sets forth our cash and cash equivalents, credit card holdbacks and capitalization as of December 31, 2014.

You should read this table together with our financial statements and the related notes appearing at the end of this prospectus, Management's Discussion and Analysis of Financial Condition and Results of Operations elsewhere in this prospectus and the other financial information included in this prospectus.

	As of December 31, 2014
	(in thousands)
Cash and cash equivalents	\$ 394,643
Long-term debt-current portion	\$ 33,824
Long-term debt-related parties	38,848
Long-term debt	57,416
Total long-term debt	130,088
Stockholders' equity:	
Preferred stock, \$0.01 par value per share. 10,000,000 authorized, no shares issued and outstanding	
Common stock, \$0.01 par value per share. 750,000,000 shares authorized, 43,119,886 shares issued and outstanding	431
Additional paid-in capital	1,237,944
Accumulated deficit	(753,016)
Accumulated other comprehensive income	(26,106)
Total stockholders' equity	459,253
Total capitalization	\$ 589,341

The above table is based on 43,119,886 shares of our common stock outstanding as of December 31, 2014, and excludes:

1,047,857 shares of common stock issuable upon the exercise of stock options outstanding as of December 31, 2014 at a weighted-average exercise price of \$15.95 per share, of which 115,839 are vested and exercisable;

636,190 shares of common stock issuable upon the vesting of RSUs outstanding as of December 31, 2014 under our 2005 Stock Incentive Plan and 2014 Equity Award Incentive Plan;

655,904 shares of common stock issuable upon the vesting of additional RSUs outstanding as of December 31, 2014;

an aggregate of 1,017,570 shares of common stock reserved for issuance under our 2014 Equity Incentive Award Plan; and

an aggregate of 160,000 shares of common stock reserved for issuance under our 2014 Employee Stock Purchase Plan.

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UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

The unaudited pro forma consolidated statement of operations is presented as if the recapitalization and our initial public offering, which we refer to as our IPO, both of which occurred in November 2014, and each of which are described below, had occurred on January 1, 2014, by applying adjustments to our historical consolidated statement of operations included elsewhere in this prospectus.

The unaudited pro forma consolidated statement of operations has been adjusted to illustrate the effect of our IPO and the agreement we entered into in connection with our recapitalization in 2014, which we refer to as the 2014 Recapitalization Agreement, and which effected the following transactions: (a) the repayment of \$156.5 million of certain secured related-party notes, which we refer to as the Related-Party Notes, including \$56.5 million from the proceeds of our IPO and \$100.0 million from the release of cash collateral to us in connection with a \$100.0 million letter of credit facility issued on our behalf to certain of our credit card processors by the Virgin Group, which we refer to as the Letter of Credit Facility, (b) the issuance of a new \$50.0 million note to the Virgin Group, which we refer to as the Post-IPO Note, in exchange for the cancellation of \$50.0 million of certain Related-Party Notes previously outstanding and held by the Virgin Group, (c) the exchange of the remainder of the outstanding Related-Party Notes for 22.2 million shares of our common stock based on the IPO offering price and the remaining outstanding contractual value of the debt, except for principal and accrued interest under certain secured notes issued in December 2011, which we refer to as the FNPA Notes, and certain secured notes issued in May 2013, which we refer to as the FNPA II Notes, both held by Cyrus Capital, which were converted at a premium of 117% of the outstanding contractual value, (d) the exchange of certain related-party warrants, which we refer to as the Related-Party Warrants, for 5.7 million shares of our common stock without receipt of cash consideration and (e) the issuance of 13.1 million shares in connection with our IPO.

The unaudited pro forma consolidated statement of operations should be read in conjunction with the sections entitled Selected Consolidated Financial and Operating Data and Management's Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and related notes included elsewhere in this prospectus.

Table of Contents**Virgin America Inc.****Unaudited Pro Forma Statement of Operations****For the Year Ended December 31, 2014****(in thousands, except share and per share data)**

	Actual	Adjustments		Pro Forma (unaudited)
Operating revenues:				
Passenger	\$ 1,329,211			\$ 1,329,211
Other	160,756			160,756
Total operating revenues	1,489,967			1,489,967
Operating expenses:				
Aircraft fuel	499,102			499,102
Salaries, wages and benefits	257,367			257,367
Aircraft rent	184,357			184,357
Landing fees and other rents	133,128			133,128
Sales and marketing	113,203			113,203
Aircraft maintenance	60,069			60,069
Depreciation and amortization	14,486			14,486
Other operating expenses	131,840			131,840
Total operating expenses	1,393,552			1,393,552
Operating income (loss):	96,415			96,415
Other income (expense):				
Interest expense-related-party	(33,708)	33,414	(a)	(3,268)
		(2,974)	(b)	
Interest expense	(3,811)			(3,811)
Capitalized interest	2,668			2,668
Interest income and other	(276)	(4,877)	(c)	(5,153)
Total other expense	(35,127)	25,563		(9,564)
Income (loss) before income tax	61,288	25,563		86,851
Income tax expense	1,179		(d)	1,179
Net income (loss)	\$ 60,109	\$ 25,563		\$ 85,672
Net income (loss) per share:				
Basic	\$ 8.42	\$ (6.43)	(e)	\$ 1.99
Diluted	\$ 7.13	\$ (5.21)	(e)	\$ 1.92
Shares used for computation:				
Basic	6,175,786	36,944,100	(e)	43,119,886
Diluted	7,470,396	37,112,393	(e)	44,582,789

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NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED

STATEMENT OF OPERATIONS

(1) Basis of Presentation

The unaudited pro forma consolidated statement of operations and per share data for the year ended December 31, 2014 have been adjusted to illustrate the effect of the recapitalization in 2014, or the 2014 Recapitalization, and initial public offering, as if they had occurred on January 1, 2014.

The unaudited pro forma consolidated statement of operations has been presented for informational purposes only. The unaudited pro forma consolidated statement of operations does not purport to represent what our results of operations or financial condition would have been had the transactions to which the adjustments relate actually occurred as of the dates indicated. In addition, the unaudited pro forma consolidated statement of operations does not purport to project our future financial position or operating results for any future period or as of any future date.

The adjustments reflected give effect to events that are (1) directly attributable to transactions, (2) factually supportable, (3) expected to have a continuing impact on the consolidated results. The assumptions underlying the adjustments reflected are described in the accompanying notes, which should be read in conjunction with this unaudited pro forma consolidated statement of operations.

The pro forma consolidated statement of operations does not reflect the indirect effects of the transaction on our teammate annual profit sharing program, under which we pay 15% of profit before income taxes and profit sharing to substantially all of our teammates (other than officers and certain management teammates who are not eligible). The effects of stock compensation and other IPO related compensation of \$18.9 million from our initial public offering are reflected in the historical financial statements and have not been adjusted.

(2) Pro Forma Adjustments

- (a) Reflects the elimination of all historical interest expense on related-party debt of \$33.4 million. All of this indebtedness was repaid, converted to common stock or exchanged for the Post-IPO Note as part of the 2014 Recapitalization and initial public offering.
- (b) Reflects the addition of interest expense of \$3.3 million for the year ended December 31, 2014 on the \$50.0 million note, or the Post-IPO Note, issued in exchange for the cancellation of \$50.0 million of Related-Party Notes held by the Virgin Group, recorded at the estimated fair value of \$38.5 million, calculated using an effective interest rate of 8.5%, determined based on an estimated market rate for unsecured instruments with similar terms. The Post-IPO Note bears payment-in-kind interest at 5.0% per year, compounded annually, and is due in November 2022, or in November 2020 if the Company terminates the Letter of Credit Facility prior to its expiration
- (c) Reflects the annual commitment fee of 5.0% and estimated other fees of 0.48% associated with the issuance and maintenance of the \$100.0 million Letter of Credit Facility, the terms of which we believe approximate fair value.
- (d) As a result of our existing income tax loss carry-forwards in the United States, for which full valuation allowances have been provided, no deferred income taxes have been established and no income tax has been provided related to the pro forma adjustments for the 2014 Recapitalization.
- (e) The weighted-average number of shares used to compute pro forma basic and diluted earnings per share is calculated to give effect to the issuance of 42.3 million shares in connection with the 2014 Recapitalization and our initial public offering as if they had occurred as of the beginning of the period. Pro forma dilutive shares include the weighted average effect of 1,462,904 dilutive shares

associated with outstanding stock options and RSUs.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA**

The following tables summarize the consolidated financial and operating data for our business for the periods presented. You should read this selected consolidated financial and operating data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus.

We derived the selected consolidated statements of operations data for the years ended December 31, 2012, 2013 and 2014 and the selected consolidated balance sheet data as of December 31, 2013 and 2014 from our audited consolidated financial statements included elsewhere in this prospectus. We derived the selected consolidated statements of operations data for the years ended December 31, 2010 and 2011 and the selected consolidated balance sheet data as of December 31, 2010, 2011 and 2012 from our audited consolidated financial statements not included in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future.

	2010	2011	Year Ended December 31,		2014
			2012	2013	
	in thousands, except share and per share data				
Consolidated Statements of Operations Data:					
Operating revenues:					
Passenger	\$ 655,448	\$ 950,933	\$ 1,215,178	\$ 1,289,268	\$ 1,329,211
Other	68,598	86,175	117,659	135,410	160,756
Operating revenues	724,046	1,037,108	1,332,837	1,424,678	1,489,967
Operating expenses:					
Aircraft fuel (1)	246,699	417,815	537,501	507,035	499,102
Salaries, wages and benefits	108,901	138,276	176,216	196,477	257,367
Aircraft rent	138,422	187,876	236,800	202,071	184,357
Landing fees and other rents	69,036	87,133	110,165	122,621	