UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2022

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **001-38202**

Virgin Galactic Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**85-3608069** **(I.R.S. Employer Identification Number)**
1700 Flight Way Tustin, California (Address of principal executive offices)	**92782** (Zip Code)

(949) 774-7640
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.0001 par value per share	SPCE	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and" emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2022, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting common stock held by non-affiliates, computed by reference to the closing sales price of $6.02 reported on The New York Stock Exchange, was approximately $1.4 billion.

As of February 15, 2023, there were 280,260,286 shares of the registrant's common stock, $0.0001 par value per share, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement relating to its annual meeting of stockholders to be held in 2023 (the "2023 Annual Meeting"), to be filed with the Securities and Exchange Commission (the "SEC") within 120 days after the end of the fiscal year to which this Annual Report on Form 10-K relates, are incorporated herein by reference where indicated. Except with respect to information specifically incorporated by reference in this Annual Report on Form 10-K, such proxy statement is not deemed to be filed as part hereof.

VIRGIN GALACTIC HOLDINGS, INC.

TABLE OF CONTENTS

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements (including within the meaning of the Private Securities Litigation Reform Act of 1995) concerning us and other matters. These statements may discuss goals, intentions and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of management, as well as assumptions made by, and information currently available to management. Forward-looking statements may be accompanied by words such as "achieve," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "future," "grow," "increase," "intend," "may," "opportunity," "plan," "possible," "potential," "predict," "project," "should," "strategy," "target," "will," "would," or similar words, phrases, or expressions. These forward-looking statements are subject to various risks and uncertainties, many of which are outside our control. Therefore, you should not place undue reliance on such statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, the following:

- any delay in completing the flight test program and final development of our spaceflight fleet, which is comprised of our SpaceShipTwo spaceships, VSS Unity and VSS Imagine, and our mothership carrier aircraft, VMS Eve;
- our ability to successfully develop our next generation vehicles, and the time and costs associated with doing so;
- our ability to conduct test flights;
- our ability to operate our spaceflight system after commercial launch;
- the safety of our spaceflight systems;
- the development of the markets for commercial human spaceflight and commercial research and development payloads;
- our ability to effectively market and sell human spaceflights;
- our ability to convert our backlog or inbound inquiries into revenue;
- our anticipated full passenger capacity;
- our ability to achieve or maintain profitability;
- delay in development or the manufacture of spaceflight systems;
- our ability to supply our technology to additional market opportunities;
- our expected capital requirements and the availability of additional financing;
- our ability to attract or retain highly qualified personnel;
- the effect of terrorist activity, armed conflict, including any escalation of hostility arising out of the conflict between Russia and Ukraine, natural disasters or pandemic diseases, including without limitation the COVID-19 pandemic, on the economy generally, and on our future financial or operational results, and our access to additional financing;
- consumer preferences and discretionary purchasing activity, which can be significantly adversely affected by unfavorable economic or market conditions;
- extensive and evolving government regulation that impact the way we operate;
- risks associated with international expansion;
- our ability to maintain effective internal control over financial reporting and disclosure and procedures; and

- our ability to continue to use, maintain, enforce, protect and defend our owned and licensed intellectual property, including the Virgin brand.

Additional factors that may cause actual results to differ materially from current expectations include, among other things, those set forth in Part I, Item 1A. “Risk Factors” and Part II, Item 7. “Management's Discussion and Analysis of Financial Condition and Results of Operations" below and for the reasons described elsewhere in this Annual Report on Form 10-K. Although we believe that the expectations reflected in the forward-looking statements are reasonable, our information may be incomplete or limited, and we cannot guarantee future results. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

Each of the terms the “Company,” “Virgin Galactic,” “we,” “our,” “us” and similar terms used herein refer collectively to Virgin Galactic Holdings, Inc., a Delaware corporation, and its consolidated subsidiaries, unless otherwise stated.

Risk Factor Summary

Your investment in our common stock will involve certain risks. Set forth below is only a summary of the principal risks associated with an investment in our common stock. You should consider carefully the following discussion of risks, as well as the discussion of risks included in this annual report, before you decide that an investment in our common stock appropriate for you.

- We have incurred significant losses since inception, we expect to incur losses in the future and we may not be able to achieve or maintain profitability.
- The success of our business will be highly dependent on our ability to effectively market and sell human spaceflights.
- The market for commercial human spaceflight has not been established with precision. It is still emerging and may not achieve the growth potential we expect or may grow more slowly than expected.
- We anticipate commencing commercial spaceflight operations with a single spaceflight system, which has yet to complete flight testing. Delays in completing the flight test program and the final development of our existing spaceflight system would adversely impact our business, financial condition and results of operations.
- Any inability to operate our spaceflight system after commercial launch at our anticipated flight rate could adversely impact our business, financial condition and results of operations.
- Our ability to grow our business depends on the successful development of our spaceflight systems and related technology, which is subject to many uncertainties, some of which are beyond our control.
- Unsatisfactory safety performance of our spaceflight systems or security incidents at our facilities could have a material adverse effect on our business, financial condition and results of operation.
- Any delays in the development and manufacture of additional spaceflight systems and related technology may adversely impact our business, financial condition and results of operations.
- We may require substantial additional funding to finance our operations, but adequate additional financing may not be available when we need it, on acceptable terms or at all.
- Failure of third-party contractors could adversely affect our business.
- Our investments in developing new offerings and technologies and exploring the application of our existing proprietary technologies for other uses and those offerings, technologies or opportunities may never materialize.
- The “Virgin” brand is not under our control, and negative publicity related to the Virgin brand name could materially adversely affect our business.
- If we fail to adequately protect our proprietary intellectual property rights, our competitive position could be impaired and we may lose valuable assets, generate reduced revenue and incur costly litigation to protect our rights.

- Our business is subject to a wide variety of extensive and evolving government laws and regulations. Failure to comply with such laws and regulations could have a material adverse effect on our business.
- The COVID-19 pandemic has disrupted and may continue to adversely affect our business operations and our financial results.
- Virgin Investments Limited has significant ability to control the direction of our business, which may prevent you and other stockholders from influencing significant decisions.

Part I

Item 1. Business.

Overview

We are at the vanguard of a new industry, pioneering a consumer space experience using reusable spaceflight systems. We believe the commercial exploration of space represents one of the most exciting and important technological initiatives of our time. Approximately 640 humans have ever traveled above the Earth's atmosphere into space. This industry is growing dramatically due to new products, new sources of private and government funding, and new technologies. Demand is emerging from new sectors and demographics, which we believe is broadening the total addressable market. As government space agencies have retired or reduced their capacity to send humans into space, private companies are beginning to make exciting inroads into the fields of human space exploration. We have embarked on this journey with a mission to put humans and research experiments into space and return them safely to Earth on a routine and consistent basis. We believe that opening access to space will connect the world to the wonder and awe created by space travel, offering customers a transformative experience, and providing the foundation for a myriad of exciting new industries.

We are an aerospace and space travel company offering access to space for private individuals, researchers and government agencies. Our missions include flying passengers to space as tourists, professional astronaut training, flying autonomous scientific payloads and flying researchers to space in order to conduct experiments for scientific and educational purposes. Our operations include the design and development, manufacturing, ground and flight testing, and post-flight maintenance of our spaceflight system vehicles. Our spaceflight system is developed using our proprietary technology and processes and is focused on providing space experiences for private astronauts, researchers and professional astronauts.

We intend to offer our customers a unique, multi-day experience culminating in a spaceflight that includes several minutes of weightlessness and views of Earth from space. Our elegant and distinctive spaceflight system – which takes off and lands on a runway – has been designed for optimal safety and comfort. As part of our commercial operations, we have exclusive access to the Gateway to Space facility at Spaceport America located in New Mexico. Spaceport America is the world's first purpose-built commercial spaceport and will be the site of our initial commercial spaceline operations. We believe the site provides us with a competitive advantage as it has a desert climate with relatively predictable weather conditions preferable to support our spaceflights and it also has airspace that is restricted for surrounding general commercial air traffic which facilitates frequent and consistent flight scheduling.

Our near-term focus is to launch the commercial program for human spaceflight. In December 2018, we made history by flying our groundbreaking spaceship, VSS Unity, to space. This represented the first flight of a spaceflight system built for commercial service to take humans into space. In February 2019, we flew our second spaceflight with VSS Unity, which carried a crew member in the cabin in addition to the two pilots. After relocating our operations to Spaceport America, we have flown an additional two spaceflights in May and July of 2021. The May 2021 flight carried revenue-generating research experiments as part of NASA's Flight Opportunities Program. This was the third time Virgin Galactic has flown technology experiments in the cabin on a spaceflight. This flight also completed the data submission to the Federal Aviation Administration ("FAA") resulting in the approval for the expansion of our commercial space transportation operator license to allow for the carriage of space flight participants. This marked the first time the FAA licensed a spaceline to fly customers and was further validation of the inherent safety of our system.

Our flight in July 2021 was the 22nd flight of VSS Unity, the fourth rocket powered spaceflight and the first spaceflight with a full crew of four mission specialists in the cabin, including our Founder, Sir Richard Branson.

We believe that the market for commercial human spaceflight is significant and untapped. As of December 31, 2022, we received reservations for approximately 800 spaceflight tickets and collected $103.3 million in deposits and membership fees from future astronauts. With each ticket purchased, future astronauts are granted membership in Virgin Galactic's Future Astronaut community. This membership provides access to events and experiences, including exclusive weeks 'at home' with Virgin Galactic Astronaut 001, Sir Richard Branson. With this membership, they will experience a multi-day journey to prepare their mind and body for their upcoming flight, which includes a comprehensive spaceflight training preparation program and culminates with a trip to space on the final day.

We have developed an extensive portfolio of proprietary technologies embodied in the highly specialized assets that we have developed or leased to enable commercial spaceflight and address these industry trends. These assets include:

- ***Our carrier aircraft, the mothership.*** The mothership is a twin-fuselage, custom-built aircraft designed to carry our spaceships up to an altitude of approximately 45,000 feet, where the spaceship is released for its flight into space. Using the mothership's air launch capacity, rather than a standard ground-launch, reduces the energy requirements of

our spaceflight system as the spaceship does not have to ascend through the higher density atmosphere closest to the Earth's surface. Our carrier aircraft is designed to launch thousands of spaceship flights over its lifetime. This reusable launch platform design provides a flight experience and economics similar to commercial airplanes and may offer a considerable economic advantage over other potential launch alternatives. Additionally, our carrier aircraft is designed to have a rapid turnaround time to enable it to provide frequent spaceflight launch services for multiple spaceships.

- ***Our spaceship.*** The spaceship is a vehicle with the capacity to carry pilots and private astronauts, research experiments and researchers that travel with their experiments for human tended research flights, into space and return them safely to Earth. The spaceship is a rocket-powered winged vehicle designed to achieve a maximum speed of over Mach 3 and has a flight duration, measured from the takeoff of our carrier aircraft to the landing of spaceship, of up to approximately 90 minutes. The spaceship cabin has been designed to maximize the future astronaut's safety, experience and comfort. A dozen windows line the sides and ceiling of the spaceship, offering customers the ability to view the blackness of space as well as stunning views of the Earth below. Pilot-designed and pilot-flown missions aid safety and customer confidence, enhancing the spaceflight experience. With the exception of the rocket motor's fuel and oxidizer, which must be replenished after each flight, the spaceship is designed as a wholly reusable vehicle.

- ***Our hybrid rocket motor.*** Our spaceships are powered by a hybrid rocket propulsion system that propels them on a trajectory into space. The term "hybrid" rocket refers to the fact that the rocket uses a solid fuel grain cartridge and a liquid oxidizer. The fuel cartridge is consumed over the course of a flight and replaced in between flights. Our rocket motor has been designed to provide performance capabilities necessary for spaceflight with a focus on safety, reliability and economy. Its design incorporates comprehensive critical safety features, including the ability to be safely shut down at any time, and its limited number of moving parts increases reliability and robustness for human spaceflight. Furthermore, the fuel is made from a benign substance that needs no special or hazardous storage.

- ***Spaceport America.*** The future astronaut flight preparation and experience will take place at our operational headquarters at Spaceport America. Spaceport America is the first purpose-built commercial spaceport in the world and serves as the home of our terminal hangar building, officially designated the "Virgin Galactic Gateway to Space." Spaceport America is located in New Mexico on 27 square miles of desert landscape, with access to 6,000 square miles of restricted airspace running from the ground to space. The restricted airspace will facilitate frequent and consistent flight scheduling by preventing general commercial air traffic from entering the area. Additionally, the desert climate and its relatively predictable weather provide favorable launch conditions year-round. Our license from the FAA includes Spaceport America as a location from which we can launch and land our spaceflight system on a routine basis.

Our team is currently in various stages of designing, testing and manufacturing additional spaceships, motherships, and rocket motors in order to meet the expected demand for human spaceflight experiences. Our next generation spaceships will include the various learnings from our flight test program so we are able to design and manufacture our future spaceships to allow for greater predictability, faster turnaround time and easier maintenance. Concurrently, we are also researching and developing new products and technologies to grow our company.

Our goal is to offer our future astronauts an unmatched, safe, and affordable journey to space without the need for any prior experience or significant prior training and preparation. We have worked diligently for over a decade to plan every aspect of the future astronaut's journey to become an astronaut, drawing on a world-class team with extensive experience with human spaceflight, high-end customer experiences, and reliable transportation system operations and safety. Each future astronaut will spend several days at Spaceport America, including days devoted to pre-flight training and the spaceflight itself occurring at the end of the training period. In space, they will be able to float out of their seats and experience weightlessness, floating about the cabin and positioning themselves at one of the many windows around the cabin, looking directly down at Earth. After enjoying several minutes of weightlessness, our astronauts will maneuver back to their seats to prepare for re-entry and the journey back into the Earth's atmosphere. Upon landing, astronauts will disembark and join family and friends to celebrate their achievements and receive their Virgin Galactic astronaut wings.

Our operations also include spaceflight opportunities for research and technology development. Researchers have historically utilized parabolic aircraft and drop towers to create moments of microgravity and conduct significant research activities related to the space environment. In most cases, these solutions offer only seconds of continuous microgravity time and do not offer access to the upper atmosphere or space itself. Researchers can also conduct experiments on sounding rockets, satellites or orbital platforms. These opportunities are high cost, infrequent and may impose highly limiting operational constraints. Our spaceflight system is intended to provide the scientific research community low cost, repeatable access to space and the microgravity environment. Our suborbital platform is an end-to-end offering, which includes not only our vehicles, but also the hardware such as middeck lockers that we provide to researchers that request them, along with the processes and facilities needed for a successful campaign. The platform offers a routine, reliable and responsive service allowing for

experiments to be repeated rapidly and frequently and with the opportunity to be tended in-flight by one or more researchers. This capability will enable scientific experiments as well as educational and research programs to be carried out by a broader range of individuals, organizations and institutions than ever before. Our commitment to advancing research and science has been present in all of our spaceflights to date. In May 2021, we carried payloads into space for research purposes through NASA's Flight Opportunities Program, and our flight in July 2021 included a research payload from the University of Florida.

We have also leveraged our knowledge and expertise in manufacturing spaceships to occasionally perform engineering services, such as research, design, development, manufacturing and integration of advanced technology systems.

Commercial Space Industry

The commercial exploration of space represents one of the most exciting and important technological initiatives of our time. For the last six decades, crewed spaceflight missions commanded by the national space agencies of the United States, Russia and China have captured and sustained the attention of the world, inspiring countless entrepreneurs, scientists, inventors, ordinary citizens and new industries. Despite the importance of these missions and their cultural, scientific, economic and geopolitical influence, as of December 31, 2022, only approximately 640 humans have ever traveled above the Earth's atmosphere into space. Overwhelmingly, these men and women have been government employees handpicked by government space agencies such as NASA, and trained over many years at significant expense. While these highly capable government astronauts have inspired millions, individuals in the private sector have had extremely limited opportunity to fly into space, regardless of their wealth or ambitions. We are planning to change that.

Over the past decade, several trends have converged to invigorate the commercial space industry. Rapidly advancing technologies, decreasing costs, open innovation models with improved access to technology and greater availability of capital have driven explosive growth in the commercial space market. The growth in private investment in the commercial space industry has led to a wave of new companies reinventing parts of the traditional space industry, including human spaceflight, satellites, payload delivery and methods of launch, in addition to unlocking entirely new potential market segments. Government agencies have taken note of the massive potential and growing import of space and are increasingly relying on the commercial space industry to spur innovation and advance national space objectives. In the United States, this has been evidenced by notable policy initiatives and by commercial contractors' growing share of space activity.

As a result of these trends, we believe the exploration of space and the cultivation and monetization of space-related capabilities offers immense potential to create economic value and future growth. Further, we believe we are at the center of these industry trends and well-positioned to capitalize on them by bringing human spaceflight to a broader global population that dreams of traveling to space. We are initially focused on human spaceflight for recreation and research, but we believe our differentiated technology and unique capabilities can be leveraged to address numerous commercial and government opportunities in the commercial space industry.

We have developed an extensive set of integrated aerospace development capabilities for developing, manufacturing and testing aircraft and related propulsion systems. These capabilities encompass preliminary systems and vehicle design and analysis, detail design, manufacturing, ground testing, flight testing and post-delivery support and maintenance. We believe our unique approach and rapid prototyping capabilities enable innovative ideas to be designed quickly, built and tested with process and rigor. In addition, we have expertise in configuration management and developing documentation needed to transition our technologies and systems to commercial applications. Further, we have developed a significant amount of know-how, expertise and capability that we believe we can leverage to capture growing demand for innovative, agile and low-cost development projects for third parties, including contractors, government agencies and commercial service providers. We are exploring strategic relationships to identify new applications for our technologies and to develop advanced aerospace technologies for commercial and transportation applications that we believe will accelerate progress within relevant industries and enhance our growth.

Human Spaceflight

The market for commercial human spaceflight for private individuals is new and virtually untapped. To date, private commercial space travel has been limited to a select group of individuals who were able to reach space only at great personal expense and risk. In 2001, Dennis Tito was the first private individual to purchase a ticket for space travel, paying an estimated $20 million for a ride to the International Space Station (the "ISS") on a Russian Soyuz rocket. Since then, only a limited number of individuals have purchased tickets and flown successful orbital and suborbital missions. In 2021, Blue Origin sold its first commercial ticket for a suborbital flight at a price of $28 million. Current prices for NASA spaceflights to the ISS and SpaceX orbital missions approximately range between $50 million and $75 million per seat.

Historically, the privatization of human spaceflight has been limited primarily by cost and availability to private individuals. In the past, the technologies necessary to journey to space have been owned and controlled strictly by government space agencies. Government agencies have recently demonstrated interest in opening up access to the private sector for human spaceflight. Because of the high cost of development, historically, there has been limited innovation to foster the commercial viability of human spaceflight. For example, most spacecraft were developed as single-use vehicles; and while the Space Shuttle was built as a reusable vehicle, it required significant recovery and refurbishment between flights.

The interconnected dynamics of national security concerns, government funding, a lack of competing technologies and economies of scale, as well as the infrequency of flights, have all contributed to sustained high costs of human spaceflight. In addition to the cost, privatization has also been limited by concerns surrounding the ability to safely transport untrained general members of the public into space.

While these obstacles have significantly limited the adoption of human space travel, we believe the few private individuals who have already flown at significant personal cost provide important insight into the potential demand for private space travel, particularly if these obstacles can be addressed.

Our Strategy

Using our proprietary and reusable flight system and supported by a distinctive, Virgin-branded customer experience, we seek to provide affordable, safe, reliable and regular transportation to space. To accomplish this, we intend to:

- ***Launch our commercial program for human spaceflight.*** In December 2018, we flew our first spaceflight using our spaceship, VSS Unity. This marked the first-ever flight of a vehicle designed for commercial service to take humans into space and was the first crewed space launch from U.S. soil since 2011. In February 2019, we flew VSS Unity to space for a second time and, in addition to the two pilots, carried a crew member in the cabin. The crew member was able to unbuckle her seatbelt and float around the cabin in weightlessness – another first for a commercial space vehicle. All five crew members flown across these two flights were thereafter awarded official U.S. government commercial astronaut wings in recognition of having traveled more than 50 miles above sea level. After relocating our flight operations to Spaceport America, we have flown an additional two spaceflights, in May and July of 2021. The May 2021 flight was the third time Virgin Galactic had flown technology experiments in the cabin on a spaceflight. This flight also completed the data submission to the FAA resulting in the approval for the expansion of our commercial space transportation operator license to allow for the carriage of space flight participants. This marked the first time the FAA licensed a spaceline to fly customers and was further validation of the inherent safety of our systems.
- ***Expand the fleet to increase our flight rate.*** We will commence commercial operations with our spaceship, VSS Unity, and our mothership carrier aircraft, VMS Eve, which together comprise our spaceflight system. We are currently developing our newest spaceship, VSS Imagine. We believe these crafts will be sufficient to meet our initial operating plan. We intend to expand our fleet with our next generation vehicles, our Delta class spaceships and our next generation motherships, which will allow us to increase our annual flight rate. Beyond that, we plan to identify opportunities to expand to additional spaceports.
- ***Lower operating costs.*** We are focused on developing and implementing manufacturing and operating efficiencies in an effort to decrease the manufacturing cost per spaceship, mothership and propulsion system. Additionally, we expect that, as we commence commercial operations, our staff will become more efficient in various aspects of operations and maintenance to reduce associated operating costs.
- ***Leverage our proprietary technology and deep manufacturing experience to augment our product and service offerings and expand into adjacent and international markets.*** We have developed an extensive set of integrated aerospace development capabilities and technologies. While our primary focus for the foreseeable future will be on commercializing human space flight, we intend to explore the application of our proprietary technologies and our capabilities in areas such as design, engineering, composites manufacturing, high-speed propulsion and production for other commercial and government uses. Among other opportunities, we believe our technology could be used to develop high-speed vehicles that drastically reduce travel time for point-to-point international travel. By leveraging our technology and operations, we believe we will also have an opportunity in the future to pursue growth opportunities abroad, including by potentially opening additional spaceports or entering into other arrangements with different international government agencies. We also expect to continue and expand our government and research payload business, in addition to developing additional commercial partnerships.

Our Competitive Strengths

We are a pioneer in commercial human spaceflight with a mission to transform access to space for the benefit of humankind; to reveal the wonder of space to more people than ever before. We believe that our collective expertise, coupled with the following strengths, will allow us to build our business and expand our market opportunity and addressable markets:

- ***Differentiated technology and capabilities.*** Since the Company was formed in 2004, we have developed reusable vehicles and capabilities that will allow us to move towards airline-like operations for spaceflight, and which were the basis for the FAA granting us our commercial space launch license in 2016. Our spaceflight system and our hybrid rocket motor together enable the following key differentiators:
    - horizontal take-off and landing using winged vehicles and traditional airplane runway infrastructure that enable a familiar airplane-like experience;
    - use of our carrier aircraft for the first stage of flight and then to air launch our spaceship, which is intended to maximize the safety and efficiency of our spaceflight system;
    - pilot-designed and pilot-flown missions to aid safety and customer confidence;
    - carbon composite construction that is light, strong and durable;
    - robust, controllable spaceship hybrid rocket motor propulsion system that can be safely shut down at any time during the flight;
    - large cabin with multiple windows, allowing for an experience of weightlessness and easy access to views of Earth for all of our future astronauts;
    - unique “wing-feathering” system, designed to enable a safe, aerodynamically controlled re-entry into the Earth’s atmosphere on a repeated basis; and
    - Versatile cabin provides the adaptability to operate research-focused flights with payload racks and researchers onboard as well as private astronaut flights with a full cabin of commercial passengers.
- ***Significant backlog and pent-up customer demand.*** We believe a significant market opportunity exists for a company that can provide high net worth individuals with the opportunity to enjoy a spaceflight experience in comfort and safety. While not yet in commercial service, we have already received significant interest from future astronauts and research organizations. As of December 31, 2022, we received reservations for spaceship flights from approximately 800 future astronauts and collected $103.3 million in deposits and membership fees. In August 2021, following Sir Richard Branson's successful test flight, we reopened ticket sales to a select group and increased the pricing of our consumer offerings to a base price of $450,000 per seat. In February 2022, we opened ticket sales to the general public. We are reserving 100 seats within our first 1,000 commercial seats sold for research and scientific experiments. As of December 31, 2022, the tickets sold represent approximately $207 million in expected future spaceflight revenue upon completion of space flights and collection of outstanding balances owed by customers, which become due prior to space flights. Additionally, as of December 31, 2022, we have flown 12 payloads for space research missions and intend to pursue similar arrangements for additional research missions. We continue to see demand for future payload flights with per-seat equivalent prices higher than our consumer offering.
- ***Iconic brand associated with unique customer experiences.*** The Virgin brand carries an exceptional reputation worldwide for innovation, customer experience, adventure and luxury. We have been planning our customer journey for many years and have refined our plans with the help of our future astronauts, many of whom are highly regarded enthusiasts who are committed to optimizing their experience and our success. The customer journey starts with marketing materials, the sales process and the purchase of a reservation. It concludes with a multi-day spaceflight experience in New Mexico, which includes several days of personalized training with the full flight crew and the Virgin Galactic team at the world’s first purpose built commercial spaceport. The training program is designed to optimize the flight for each crew member. Luxury accommodations will house future astronaut family and guests, underpinned by Virgin’s renowned all-inclusive luxury amenities. The experience culminates in an epic flight to space and a full video and photographic record of the journey. A clear customer service ethos and language runs through the entire journey and is managed by our uniquely experienced team.
- ***Limited competition with natural barriers to entry.*** Entry into the commercial human spaceflight market requires a significant financial investment as well as many years of high-risk development. We were formed in 2004 after the architecture of our spaceflight system had been proven in prototype form, which in itself had taken several years. In total, the development of our platform and capabilities has required approximately $2 billion in total investment to

date. We are aware of only one competitor with a similar investment of time and money in suborbital commercial human spaceflight, which is taking a different approach to its launch architecture.

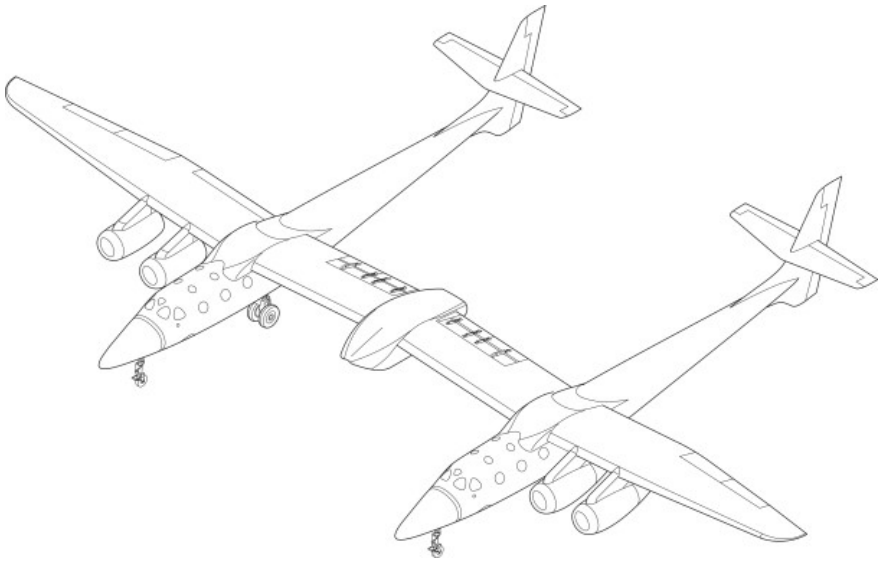
- ***Highly specialized and extensive integrated design and manufacturing capabilities.*** We possess highly specialized and extensive integrated capabilities that enable us to manage and control almost all elements of design and manufacturing of our current generation of spaceships and carrier aircraft. These capabilities include a unique approach to rapid prototyping that enables us to design, build and test innovative ideas quickly; a deep composite manufacturing experience with broad applications in the aerospace industry; a dedicated team and facilities that support the full development of our high-performance vehicles; a 200,000 square foot campus in Mojave, California that houses fabrication, assembly, hangar and office space and where we perform ground and test operations; and a design and collaboration center in Tustin, California. We have partnered with third parties to manufacture key subassemblies for our next generation spaceships, which will be assembled in our manufacturing and operations facilities in Mesa, Arizona. Additionally, we have partnered with a third party for the design and manufacturing of our next generation motherships. These partnerships further enhance our current design and manufacturing capabilities.

- ***First purpose-built commercial spaceport.*** We operate our flights at Spaceport America, which was designed to be both functional and beautiful and sets the stage for our future astronaut experiences. Spaceport America is located in New Mexico on 27 square miles of desert landscape, with access to 6,000 square miles of restricted airspace running from the ground to space. The restricted airspace will facilitate frequent and consistent flight scheduling and the desert climate and its relatively predictable weather provide favorable launch conditions year-round. Although leased, the facilities were built with our operational requirements and our future astronauts in mind, with comprehensive consideration of its practical function, while also providing the basis for the Virgin Galactic experience.

- ***Experienced management team and an industry-leading flight team.*** Our Chief Executive Officer spent more than 30 years working at The Walt Disney Company, most recently as its President and Managing Director, Disney Parks International, and leads a senior management and advisory team with extensive experience in the aerospace industry, including NASA's former space shuttle launch integration manager and former Senior Vice President of Delta Air Lines' TechOps Services Group. Our team of pilots is similarly experienced, with 267 years of collective flight experience, and includes former test pilots for NASA, the Royal Air Force, the Royal Canadian Air Force, the U.S. Air Force, the Italian Air Force, and the U.S. Marine Corps. Our commercial team is managed and supported by individuals with significant experience and success in building and growing a commercial spaceflight brand, selling spaceflight reservations and managing the Future Astronaut community.

Our Assets

We have developed an extensive portfolio of proprietary technologies that are embodied in the highly specialized vehicles that we have created to enable commercial spaceflight. These technologies underpin our carrier aircraft, the mothership; our spaceships; our hybrid rocket motor; and our safety systems. Our future astronauts will interact with these technologies at our operational headquarters at Spaceport America, the first purpose-built commercial spaceport, and our terminal hangar building, officially designated the "Virgin Galactic Gateway to Space."



Our Carrier Aircraft—The Mothership

The mothership is a twin-fuselage, custom-built aircraft designed to carry spaceships up to an altitude of approximately 45,000 feet, where the spaceship is released for its flight into space. Using the mothership rather than a standard ground-launch rocket reduces the energy requirements for suborbital launch because our spaceships are not required to propel their way through the higher density atmosphere nearer to the Earth's surface. Air-launch systems have a well-established flight heritage, having first been used in 1947 for the Bell X-1, which was the first aircraft to break the speed of sound, and later on, the X-15 suborbital spaceplane, in Northrop Grumman's Pegasus rocket system and in earlier versions of our spaceflight system.

The mothership's differentiating design features include its twin-boom configuration, its single-piece composite main wing spars, its reusability as the first stage in our space launch system, and its versatility as a flight training vehicle for our pilots and spaceships. The twin-boom configuration allows for a spacious central area between the two fuselages to accommodate a center wing launch pylon to which the spaceship can be attached. Both cabins of the mothership are constructed using the same tooling and are identical in shape and size to the spaceship cabin. The commonality of cabin construction provides cost savings in production, as well as operational, maintenance and crew training advantages. The mothership's all-composite material construction substantially reduces weight as compared to an all-metal design. The mothership is powered by four Pratt and Whitney Canada commercial turbo-fan engines. Spare parts and maintenance support are readily available for these engines, which have reliably been in service on the mothership since December 2008.

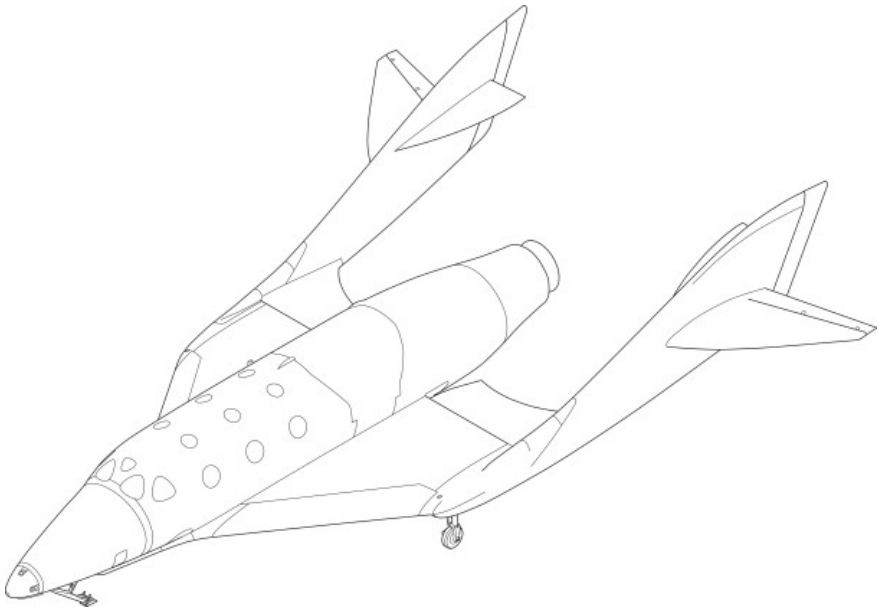
The mothership's pilots are all located in the right boom during all phases of ground operations and flight. At present, the left boom is empty and unpressurized; however, in the future, the left boom could be used to accommodate additional crew, research experiments or astronauts training for their flight on our spaceship, if permitted by relevant government agencies.

The mothership's 140 foot main wing houses large air brakes that allow the mothership to mimic the spaceship's aerodynamic characteristics in the gliding portions of the spaceship's flight. This provides our pilots with a safe, cost-effective and repeatable way to train for the spaceship's final approach and landing.

Our carrier aircraft is designed to launch thousands of spaceship flights over its lifetime. As such, our spaceflight launch platform system provides a flight experience and economics akin to commercial airplanes and offers a considerable economic advantage over other potential launch architectures. Additionally, our carrier aircraft has a rapid turnaround time, enabling it to provide frequent spaceflight launch services for multiple spaceships.

The mothership was designed with a view towards supporting our international expansion and has a range of up to 2,800 nautical miles. As a result, the mothership can transport our spaceships virtually anywhere in the world to establish launch capabilities.

The mothership has completed an extensive, multi-year test program that included a combination of ground and flight tests. As of December 31, 2022, it had completed 300 test flights, with more than 50 of those being dual tests with SpaceShipTwo, VSS Unity. Planned upgrades of the mothership are complete, and ground tests and validation test flights have commenced in the first quarter of 2023 to verify the enhancements to the ship.



Our Spaceships

Virgin Galactic spaceships are reusable with the capacity to carry two pilots and up to six private astronauts, research experiments or researchers that travel with their experiments for human tended research flights, into space and return them safely to Earth. The spaceship is a rocket-powered winged vehicle designed to achieve a maximum speed of over Mach 3 and has a flight duration, measured from the mothership's takeoff to landing, of up to approximately 90 minutes.

The spaceship begins each mission by being carried to an altitude of approximately 45,000 feet by the mothership before being released. Upon release, the pilot fires the hybrid rocket motor, which propels the spaceship on a near vertical trajectory into space. Once in space, after providing the future astronauts with amazing views and a weightlessness experience, a pilot uses the spaceship's unique "wing-feathering" feature in order to prepare the vehicle for re-entry. The feathering system works like a badminton shuttlecock, naturally orienting the spaceship into the desired re-entry position with minimal pilot and computer input. This re-entry position uses the entire bottom of the spaceship to create substantial drag, thereby slowing the vehicle to a safe re-entry speed and preventing unacceptable heat loads. Once the spaceship has descended back to an altitude of approximately 55,000 feet above sea level, the wings un-feather back to their normal position, and the spaceship glides back to the base for a runway landing, similar to NASA's Space Shuttle or any other glider. The spaceship's feathering system was originally developed and tested on SpaceShipTwo's smaller predecessor, SpaceShipOne.

Our spaceship's cabin has been designed to maximize customer safety and comfort. A dozen windows in the cabin line the sides and ceiling of the spaceship, offering future astronauts the ability to view the black of space as well as stunning views of the Earth below.

With the exception of the rocket motor's fuel and oxidizer, which must be replenished after each flight, our spaceships are designed to be reusable. Like the mothership, our spaceship was constructed with all-composite material construction, providing beneficial weight and durability characteristics.

SpaceShipTwo, VSS Unity, is completing an extensive flight test program that began in March 2010 with the original SpaceShipTwo, VSS Enterprise, which was built by a third-party contractor. This flight program was designed to include a rigorous series of ground and flight tests. As of December 31, 2022, the SpaceShipTwo configuration had completed more than 50 test flights, of which ten were rocket-powered test flights, including successful flights to space in December 2018, February 2019, May 2021 and July 2021. Prior to commercial launch, SpaceShipTwo will complete its flight test program at Spaceport America in New Mexico.

Hybrid Rocket Motor

Our spaceship is powered by a hybrid rocket propulsion system that propels it on a trajectory into space. The term "hybrid" rocket refers to the fact that the rocket uses a solid fuel grain and a liquid oxidizer. The fuel cartridge is consumed over the course of a flight, meaning that each spaceship flight will require the installation of a new, replaceable fuel cartridge that contains the fuel used in the hybrid rocket motor. The assembly of this fuel cartridge is designed to be efficient and to support high rates of commercial spaceflight. In 2018, our rocket motor set a Guinness world record as the most powerful hybrid rocket to be used in crewed flight. In February 2019, it was accepted into the permanent collection of the National Air and Space Museum.

Our rocket motor has been designed to provide the required mission performance capability with a focus on safety, reliability and economy. Its design benefits from critical safety features, including its ability to be shut down safely at any time during flight and its limited number of moving parts, which increases reliability and robustness for human spaceflight. Furthermore, the motor is made from a benign substance that needs no special or hazardous storage.

Our in-house propulsion team is in the process of upgrading our fuel cartridge production plant to increase the production rate and to reduce the unit production cost to accommodate planned growth in the spaceship fleet and drive increasingly attractive per-flight economics.

Safety Systems

We have designed our spaceflight system with a fundamental focus on safety. Important elements of our safety design include:

- ***Horizontal takeoff and landing.*** We believe that launching our spaceship from the mothership offers several critical safety advantages. Among other advantages, horizontal launch generally requires less fuel, oxidizer and pressurant on board than would otherwise be required. Moreover, the horizontal launch method allows increased time for pilots and crew to respond to any potential problems that may arise with the spaceship or its propulsion system. As such, if the pilots observe a problem while the spaceship is still mated to the mothership, they can quickly and safely return to the ground without releasing our spaceship. Furthermore, if potential concerns emerge after release from the mothership, spaceship can simply glide back to the runway.
- ***The mothership's engine reliability.*** Highly reliable and rigorously tested jet engines made by Pratt and Whitney Canada power the first 45,000 feet of the journey to space.
- ***Two pilots per vehicle.*** Two pilots will fly in each mothership and each spaceship. Having a second pilot in the vehicles spreads the workload and provides critical redundancies.
- ***Design of our rocket motors*****.** Our rocket motor is a simple and robust, human-rated spaceflight rocket motor with no turbo-pumps or complicated machinery. This rocket offers simple shut-off control at any point in the trajectory, unlike a traditional solid rocket motor.
- ***Feathering system.*** Our unique wing feathering technology provides self-correcting capability that requires limited pilot input for our spaceship to align properly for re-entry.

- ***Astronaut preparation.*** Each of our future astronauts will go through a customized medical screening and flight preparation process, including training for the use of communication systems, flight protocols, emergency procedures and G-force training. In addition, initial customer questionnaires and health assessments have been completed and are maintained in a comprehensive and secure medical database.
- ***Full mission abort capability.*** Due to our air-launch configuration and flight profile, mission abort capability exists at all points along the flight path and consists of aborts that mimic the normal mission profile. For example, if pre-launch release criteria are not met, the spaceship is designed to remain attached to the carrier aircraft and make a smooth, mated landing. In the event of an abort in a short-burn duration, the spaceship pilot may choose to fly a parabolic, gliding recovery. For longer duration burns, pilots will continue to climb to configure a feathered re-entry and establish a gliding recovery at nominal altitudes.
- ***Safety Management System.*** We have an aviation Safety Management System (SMS) that is aligned with industry and regulatory standards contained in FAA SMS Advisory Circular 120-92B and 14 Code of Federal Regulations Part 5, which advocates for a formal, top-down, and business-like approach to managing safety. Our SMS provides a framework designed to minimize the consequences of hazards in our business life cycle through a continuing process of hazard identification and risk management that decreases the likelihood of incident, accident, injury, or illness. Our SMS has four subparts: Safety Policy, Safety Risk Management, Safety Assurance and Safety Promotion.

Spaceport America

The future astronauts' flight preparation and experience will take place at The Gateway To Space at Spaceport America, the first purpose-built commercial spaceport in the world. Spaceport America is located in New Mexico on 27 square miles of desert landscape and includes a space terminal, hangar facilities and a 12,000 foot runway. The facility has access to 6,000 square miles of restricted airspace running from the ground to space. The restricted airspace will facilitate frequent and consistent flight scheduling, and the desert climate and its relatively predictable weather provide favorable launch conditions year-round. The development costs of Spaceport America were largely funded by the State of New Mexico. Our license from the FAA includes Spaceport America as a location from which we can launch and land our spaceflight system.

The terminal hangar building, officially designated the "Virgin Galactic Gateway to Space," was designed to be functional and beautiful, matching future astronauts' high expectations of a Virgin-branded facility and delivering an aesthetic consistent with the Virgin Galactic experience. The form of the building in the landscape and its interior spaces capture the drama and mystery of spaceflight, reflecting the thrill of space travel for our future astronauts. The LEED-Gold certified building has ample capacity to accommodate our staff and our current fleet of vehicles.

Signature Campus in Sierra County

In August 2022, the Company secured land to move forward with the development of a new astronaut campus and training facility in the State of New Mexico, near Spaceport America. The land, located in Sierra County, will be home to a new, first-of-its-kind astronaut campus, for the exclusive use by Virgin Galactic future astronauts and up to three of their guests in advance of a spaceflight from Spaceport America. The master plan for the campus includes training facilities, purposeful accommodations, and tailored experiences as well as an observatory, wellness center, recreation activities, and unique dining options.

The Astronaut Journey

Our goal is to offer our future astronauts an unmatched but affordable opportunity to experience spaceflight safely and without the need for any prior experience or training. We have worked diligently for over a decade to plan every aspect of the customer's journey to become an astronaut, drawing on a world-class team with extensive experience with human spaceflight, high-end customer experiences and reliable transportation system operations and safety. We have had the considerable advantage of building and managing our initial community of future astronauts, comprised of individuals from 65 countries who have made reservations to fly on our spaceships. This community is actively engaged, allowing us to understand the style of customer service and experience expected before, during and after each flight. We have used customer input to ensure that each customer's journey with us, from end to end, will represent a pinnacle life experience and achievement.

The Virgin Galactic astronaut reservation process, honed and proven over many years, is personalized and consultative, but underpinned by a digital customer relationship management journey. It is designed to deliver a high-touch but efficient and scalable user experience. Once the reservation transaction is completed, the customer receives immediate membership of the Future Astronaut community and access to an annual calendar of money-can't-buy events and experiences, including exclusive weeks 'at home' with Sir Richard Branson, visits to Virgin Galactic's facilities in New Mexico and California, as well as space readiness activities such as zero-gravity aircraft flights and high-g centrifuge training. Each customer is welcomed and on-boarded into the Future Astronaut community via a call with our customer team in the London-

based ‘Astronaut Office.’ That welcome and sense of membership is reinforced by a high quality and personalized welcome pack sent to each customer. This pack contains specially designed branded assets, including a membership card and a personal letter from Sir Richard Branson, welcoming the future astronaut into the Virgin Galactic family. Future astronauts are kept apprised of community activity and company news through an app-accessed customer portal, which has undergone an extensive upgrade. Once we commence commercial operations, which is expected to begin in the second quarter of 2023, this portal will also be the principal tool by which we will provide and receive necessary information from our future astronauts in preparation for their spaceflights.

Prior to traveling to Spaceport America to begin their journey, each future astronaut will be required to complete a medical history questionnaire. In addition to completing this questionnaire, each future astronaut will also undergo a medical assessment with an aerospace medical specialist, typically within six months of flight. Some future astronauts may be asked for additional testing as indicated by their health status. Based on our observations in tests involving a large group of our future astronauts, we believe that the vast majority of people who want to travel to space in our program will not be prevented from doing so by health or fitness considerations.

Pre-Flight Training

Future astronauts will participate in several days of pre-flight training. The spaceflight is expected to occur following the completion of training.

Pre-flight training will include briefings, mock-up training and time spent with the mission’s fellow future astronauts and crew. The purpose of this training is to ensure that the future astronauts get the maximum enjoyment of their spaceflight experience while ensuring that they do so safely.

We have worked with training experts, behavioral health experts, experienced flight technicians, and experienced government astronauts in order to customize training for our suborbital missions. This program is expected to include training for emergency egress, flight communication systems, flight protocols, seat ingress and egress and will meet all training requirements prescribed by applicable regulation.

The training program has been built on the philosophy that familiarization with the systems, procedures, equipment and personnel that will be involved in the actual flight will make the future astronaut more comfortable and allow the customer to focus their attention on having the best possible experience. As a result, most training is expected to involve hands-on activities with real flight hardware or with high fidelity mock-ups.

Although broadly similar for each flight, the training program and the flight schedule may vary slightly depending on the backgrounds, personalities, physical health of the future astronauts and weather and other conditions. Additionally, we expect to review, assess and modify the program regularly as we gain commercial experience.

The Spaceflight Experience

On the morning of their flight to space, the future astronauts will head out to the spaceport for their final flight briefings and preparation. The future astronauts will then meet up with their fellow future astronauts and board our spaceship, which will already be mated to the mothership.

The spaceship cabin has been designed, like the spaceport interior, to deliver an aesthetic consistent with our brand values and optimize the flight experience. User experience features are expected to include strategically positioned high-definition video cameras, flight data displays and cabin lighting. Virgin companies are renowned for their interior design, particularly in the aviation industry. That experience and reputation have been brought to bear on both spaceship and spaceport interiors to optimize the customer journey.

Once all future astronauts are safely onboard and the pilots have coordinated with the appropriate regulatory and operational groups, the mothership will take-off and climb to an altitude of approximately 45,000 feet. Once at altitude, the pilots will perform all necessary vehicle and safety checks and then will release the spaceship from the mothership. Within seconds, the rocket motor will be fired, instantly producing acceleration forces of up to 4Gs as the spaceship undertakes a near vertical climb and achieves speeds of more than Mach 3.

The rocket motor will fire for approximately 60 seconds, burning all of its propellant, and the spaceship will coast up to apogee. Our astronauts will be able to exit their seats and experience weightlessness, floating about the cabin and positioning themselves at one of the dozen windows around the cabin sides and top. The vehicle’s two pilots will maneuver the spaceship to give the astronauts spectacular views of the Earth and an opportunity to look out into the blackness of space. While the

astronauts are enjoying their time in space, our spaceship's pilots will have reconfigured the spaceship into its feathered re-entry configuration.

After enjoying several minutes of weightlessness, our astronauts will maneuver back to their seats to prepare for re-entry. We have conducted seat egress and ingress testing in weightlessness to verify that our astronauts will be able to return to their seats quickly and safely. Our personalized seats, custom-designed to support each astronaut safely during each phase of flight, will cushion the astronauts as the spaceship rapidly decelerates upon re-entry. Our astronauts will enjoy the journey back into the Earth's atmosphere, at which time the vehicle's wings will be returned to their normal configuration, and the spaceship will glide back to the original runway from which the combined mothership and spaceship pair had taken off less than two hours prior. Upon landing, astronauts will disembark and join family and friends to celebrate their achievements and receive their Virgin Galactic astronaut wings.

Sales and Marketing

In August 2021, following Sir Richard Branson's successful test flight, we reopened ticket sales to a select group and increased the pricing of our consumer offerings to a base price of $450,000 per seat. In February 2022, we opened ticket sales to the general public. As of December 31, 2022, we had reservations for approximately 800 spaceflight tickets and collected $103.3 million in deposits and membership fees from future astronauts, representing potential spaceflight revenue of approximately $207 million. Through strong capabilities in community management, we have high retention rates, despite deposits being largely refundable. We are reserving 100 seats within our first 1,000 commercial seats sold for research and scientific experiments. We believe these sales are largely attributable to the strength and prominence of the Virgin Galactic brand, which has driven many of our future astronauts directly to us with inbound requests. We have also benefited from Sir Richard Branson's network to generate new inquiries and reservation sales, as well as referrals from existing reservation holders. As we transition to full commercialization, we intend to take a more active role in marketing and selling our spaceflight experience.

Given that sales of spaceflights are consultative and generally require a one-on-one sales approach, we intend to go to market using our direct sales organization as well as utilize partnerships with third-party luxury travel agencies. Our direct sales organization, known as the "Astronaut Office," is headquartered in London, England. The Astronaut Office also actively manages our Future Astronaut community and has expanded the reach of our direct sales organization using a global network of high-end travel professionals. Our current partnership with Virtuoso presents a referral and marketing opportunity to Virtuoso's network of more than 20,000 luxury travel advisors and their upscale clientele.

We are continuing to evaluate and develop our marketing strategy in anticipation of commercial operations and believe our existing direct sales organization possess the people, processes, systems and experience we will need to support profitable and fast-growing commercial operations.

Research and Education Applications

In addition to the potential market for human space travel, we believe our existing technology has potential application in additional markets, including scientific research and professional astronaut training. Historically, the ability to perform microgravity research has been limited by the same challenges facing human spaceflight, including the significant cost associated with traveling to space and the limited physical capacity available for passengers or other payloads. Additionally, the long launch lead times and the low launch rate for these journeys make it difficult to run an experiment quickly or to fly repeated experiments, and there has traditionally been a significant delay in a researcher's ability to obtain the data from the experiment once the journey was complete. As a result, researchers have used parabolic aircraft and drop towers to create moments of microgravity and conduct significant research activities. While these solutions help address cost concerns, they offer only seconds of continuous microgravity per flight. They do not offer access to the upper atmosphere or space, rapid re-flight or, in the case of drop towers and sounding rockets, the opportunity for the principal investigator to fly with the scientific payload. We believe our existing spaceflight system addresses many of these issues by providing:

- researchers the ability to accompany and tend to their experiments in space;
- the ability to fly payloads repeatedly, which can enable lower cost and iterative experiments;
- prompt access to experiments following landing;
- access to a large payload capacity; and
- in the case of sounding rockets, gentler G-loading.

We believe the demand for access to suborbital research is likely to come from educational and commercial research institutions across a broad range of technical disciplines. Multiple government agencies and research institutions have expressed interest in contracting with us to launch research payloads to space and to conduct suborbital experiments. We have flown twelve payloads for research-related missions and we expect research missions to form an important part of our launch manifest in the future.

Design, Development and Manufacturing

Our development and manufacturing team consists of talented and dedicated engineers, technicians and professionals with thousands of years of combined design, engineering, manufacturing and flight test experience from a wide variety of the world's leading research, commercial and military aerospace organizations.

We have developed extensive vertically integrated aerospace development capabilities for developing, manufacturing and testing aircraft and related propulsion systems. These capabilities encompass preliminary systems and vehicle design and analysis, detail design, manufacturing, ground testing, flight testing and post-delivery support and maintenance. We believe our unique approach and rapid prototyping capabilities enable innovative ideas to be designed quickly and built and tested with process rigor. In addition, we have expertise in configuration management and developing documentation needed to transition our technologies and systems to commercial applications. We believe our breadth of capabilities, experienced and cohesive team, and culture would be difficult to re-create and can be easily leveraged on the future design, build and test of transformational aerospace vehicles.

The first vehicle we manufactured was VSS Unity, the second SpaceShipTwo. Leveraging the extensive design engineering invested in VSS Unity, we are currently manufacturing additional spaceships based on that design, at a substantially lower cost. In addition, we are manufacturing rocket motors to support the growth of our commercial operations over time.

Additionally, we have developed a significant amount of know-how, expertise and capabilities that we believe we can leverage to capture growing demand for innovative, agile and low-cost development projects for third parties, including contractors, government agencies and commercial service providers. We are exploring strategic relationships to develop new applications for our technologies and to develop new aerospace technologies for commercial and transportation applications that we believe will accelerate progress within relevant industries and enhance our growth.

All of our manufacturing operations, which include, among others, fabrication, assembly, warehouse and both ground and test operations, are located in Mojave, California, at the Air and Space Port, where our campus spans over 200,000 square feet. This location provides us with year-round access to airspace for various flight test programs. The Company plans to assemble our next generation spaceships in Mesa, Arizona, which consists of approximately 151,000 square feet of manufacturing and operating facilities. Our Design and Engineering center is located in Tustin, California and encompasses approximately 61,000 square feet of office space and functions as our headquarters.

Additional Potential Applications of our Technology and Expertise

We believe we can leverage our robust platform of advanced technologies, significant design, engineering and manufacturing experience, and thousands of hours of flight training to develop additional aerospace applications, including, among others, the manufacturing of aircrafts capable of high-speed point-to-point travel. High-speed aircrafts are aircrafts capable of traveling at speeds faster than the speed of sound. We believe a significant market opportunity exists for vehicles with this capability, as they could be used to drastically reduce international travel times. In August 2020, following the completion of an internal mission concept review that allows progress to our next design phase, we unveiled the concept for our preliminary design of a high-speed aircraft. Under this initial design, the aircraft would be a Mach 3 certified delta-wing vehicle with a focus on environmental sustainability, and a cabin intended to accommodate 9 to 19 passengers flying at an altitude above 60,000 feet. We entered into a space act agreement with NASA in 2020 relating to the development of high-speed point-to-point travel technologies, and into a non-binding memorandum of understanding with Rolls-Royce to collaborate in designing and developing engine propulsion technology for high-speed commercial aircraft.

While our primary focus for the foreseeable future is on commencing and managing our commercial human spaceflight operations, we intend to expand our commitment to exploring and evaluating the application of our technologies and expertise into these and other ancillary applications.

Competition

The commercial spaceflight industry is still developing and evolving, but we expect it to be highly competitive. Currently, our primary competitor in establishing a suborbital commercial human spaceflight market is Blue Origin, a privately-funded company that has developed a vertically-launched, suborbital capsule. In addition, we are aware of several large, well-funded, public and private entities actively engaged in developing competitive products within the aerospace industry, including SpaceX and Boeing. While these companies are currently focused on providing orbital spaceflight transportation to government agencies, a fundamentally different product from ours, we cannot ensure that one or more of these companies will not shift their focus to include suborbital spaceflight and directly compete with us in the future. We may also explore the application of our proprietary technologies for other uses, such as high-speed point-to-point travel, where the industry is even earlier in its development.

Many of our current and potential competitors are larger and have substantially greater resources than we do. They may also be able to devote greater resources to the development of their current and future technologies or the promotion and sale of their offerings, or to offer lower prices. Our current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings. Further, it is possible that domestic or foreign companies or governments, some with greater experience in the aerospace industry or greater financial resources than we possess, will seek to provide products or services that compete directly or indirectly with our products and services in the future. Any such foreign competitor could potentially, for example, benefit from subsidies from or other protective measures by its home country.

We believe our ability to compete successfully as a commercial provider of human spaceflight does and will depend on several factors, including the price of our offerings, consumer confidence in the safety of our offerings, consumer satisfaction for the experiences we offer, and the frequency and availability of our offerings. We believe that we compete favorably on the basis of these factors.

Intellectual Property

Our success depends in part upon our ability to protect our core technology and intellectual property. We attempt to protect our intellectual property rights, both in the United States and abroad, through a combination of patent, trademark, copyright, and trade secret laws, as well as nondisclosure and invention assignment agreements with our consultants and employees, and we seek to control access to and distribution of, our proprietary information through non-disclosure agreements with our vendors and business partners. Unpatented research, development and engineering skills make an important contribution to our business, but we pursue patent protection when we believe it is possible and consistent with our overall strategy for safeguarding intellectual property.

Virgin Trademark License Agreement

We possess certain exclusive and non-exclusive rights to use the name and brand "Virgin Galactic" and the Virgin signature logo pursuant to an amended and restated trademark license agreement (the "Amended TMLA"). Our rights under the Amended TMLA are subject to certain reserved rights and pre-existing licenses granted by Virgin to third parties. In addition, for the term of the Amended TMLA, to the extent the Virgin Group does not otherwise have a right to place a director on our board of directors, we have agreed to provide Virgin with the right to appoint one director to our board of directors, provided the designee is qualified to serve on the board under all applicable corporate governance policies and applicable regulatory and listing requirements.

Unless terminated earlier, the Amended TMLA will have an initial term of 25 years expiring October 2044, subject to up to two additional 10-year renewals by mutual agreement of the parties. The Amended TMLA may be terminated by Virgin upon the occurrence of several specified events, including if:

- we commit a material breach of our obligations under the Amended TMLA (subject to a cure period, if applicable);
- we materially damage the Virgin brand;
- we use the brand name "Virgin Galactic" outside of the scope of the activities licensed under the Amended TMLA (subject to a cure period);
- we become insolvent;
- we undergo a change of control to an unsuitable buyer, including to a competitor of Virgin;

- we fail to make use of the "Virgin Galactic" brand to conduct our business;
- we challenge the validity or entitlement of Virgin to own the "Virgin" brand; or
- the commercial launch of our services does not occur by a fixed date or thereafter if we are unable to undertake any commercial flights for paying passengers for a specified period (other than in connection with addressing a significant safety issue).

Upon any termination or expiration of the Amended TMLA, unless otherwise agreed with Virgin, we will have 90 days to exhaust, return or destroy any products or other materials bearing the licensed trademarks, and to change our corporate name to a name that does not include any of the licensed trademarks, including the Virgin name.

Pursuant to the terms of the Amended TMLA, we are obligated to pay Virgin quarterly royalties equal to the greater of (a) a low single-digit percentage of our gross sales and (b) (i) prior to the first spaceflight for paying future astronauts, a mid-five figure amount in dollars and (ii) from our first spaceflight for paying future astronauts, a low-six figure amount in dollars, which increases to a low-seven figure amount in dollars over a four-year ramp up and thereafter increases in correlation with the consumer price index. In relation to certain sponsorship opportunities, a higher, mid-double-digit percentage royalty on related gross sales applies.

The Amended TMLA also contains, among other things, customary mutual indemnification provisions, representations and warranties, information rights of Virgin and restrictions on our and our affiliates' ability to apply for or obtain registration for any confusingly similar intellectual property to that licensed to us pursuant to the Amended TMLA. Furthermore, Virgin is generally responsible for the protection, maintenance, enforcement and protection of the licensed intellectual property, including the Virgin brand, subject to our step-in rights in certain circumstances.

All Virgin and Virgin-related trademarks are owned by Virgin Investments Limited and our use of such trademarks is subject to the terms of the Amended TMLA, including our adherence to Virgin's quality control guidelines and granting Virgin customary audit rights over our use of the licensed intellectual property.

Spacecraft Technology License Agreement

We are party to a Spacecraft Technology License Agreement, as amended, with Mojave Aerospace Ventures, LLC ("MAV") pursuant to which we possess a non-exclusive, worldwide license under certain patents and patent applications, including improvements that have been reduced to practice within a specified period. Unless terminated earlier, the term of this license agreement will expire on the later of a fixed date and the expiration date of the last to expire of the patent rights granted under the agreement. The license agreement and the associated licenses granted thereunder may be terminated if we commit a material breach of our obligations under the agreement that is uncured for more than 30 days or if we become insolvent.

Under the terms of the license agreement, we are obligated to pay MAV license fees and royalties through the later of a fixed date and the expiration date of the last to expire of the patent rights granted under the agreement of (a) a low-single-digit percentage of our commercial spaceflight operating revenue, subject to an annual cap that is adjusted annually for changes in the consumer price index, (b) a low-single-digit percentage of our gross operating revenue on the operation of spacecraft, and (c) a mid-single-digit percentage of our gross sales revenue of spacecraft sold to third parties.

Regulatory

Federal Aviation Administration

The regulations, policies, and guidance issued by the FAA apply to the use and operation of our spaceflight system. When we operate our spaceflight system as "launch vehicles," meaning a vehicle built to operate in, or place a payload or human beings in, space, the FAA's commercial space transportation requirements apply. Operators of launch vehicles are required to have proper licenses, permits and authorizations from the FAA and comply with the FAA's financial responsibility and insurance requirements for third party liability and government property. Congress enacted a law prohibiting the FAA from issuing regulations until 2023 for the safety of persons on launch vehicles such as our spaceships and mothership unless a death or serious injury, or event that could have led to a death or serious injury, were to occur earlier. Once this law expires, we may face increased and more expensive regulation from the FAA relating to our spaceflight activities. The FAA recently issued a revision to their regulations governing commercial spaceflight that is intended to streamline the approach towards licensing. We are evaluating the scope and impact of these regulations on our existing license as well as any future operations.

When not operating as launch vehicles, our spaceflight system vehicles are regulated as experimental aircraft by the FAA. The FAA is responsible for the regulation and oversight of matters relating to experimental aircraft, the control of navigable air space, the qualification of flight personnel, flight training practices, compliance with FAA aircraft certification and maintenance, and other matters affecting air safety and operations.

We have a current FAA Reusable Launch Vehicle Operator License that allows test and payload revenue flights from both Mojave, California and Spaceport America, New Mexico.

Failure to comply with the FAA's aviation or space transportation regulations may result in civil penalties or private lawsuits, or the suspension or revocation of licenses or permits, which would prevent us from operating our spaceflight system.

Informed Consent and Waiver

Our commercial human spaceflight operations and any third-party claims that arise from our operation of spaceflights are subject to federal and state laws governing informed consents and waivers of claims, including under the Commercial Space Launch Amendments Act of 2004 ("CSLA") and the New Mexico Space Flight Informed Consent Act ("SFICA").

Under U.S. federal law and the CSLA, operators of spaceflights are required to obtain informed consent from both participants and members of the crew for any commercial human spaceflight. In addition, the CSLA requires that an operator must obtain any spaceflight participant's informed consent before receiving compensation or making an agreement to fly. While compensation is not defined in regulation or statute, the FAA does not consider refundable deposits for future spaceflight to be compensation. Moreover, the CSLA established a three-tiered indemnification system, subject to appropriations, for a portion of claims by third parties for injury, damage or loss that result from a commercial spaceflight incident. All operators with an FAA-license for commercial launches and reentries are covered by this federal indemnification and are required to carry insurance in amounts up to the maximum probable loss level likely to occur in an accident subject to a cap. In the instance of a catastrophic loss, U.S. law provides that the federal government will pay up to $3.0 billion to indemnify the operator above the levels covered by insurance.

Additionally, the SFICA offers spaceflight companies protection in New Mexico, where we will conduct our commercial operations, from lawsuits from passengers on space vehicles where spaceflight participants provide informed consent and a waiver of claims. This law generally provides coverage to operators, manufacturers and suppliers, and requires operators to maintain at least $1.0 million in insurance for all spaceflight activities.

At this time, no such claim regarding these informed consent provisions has been brought in New Mexico or in federal courts. We are unable to determine whether the immunity provided by the CSLA, the SFICA or other applicable laws or regulations would be upheld by the U.S. or foreign courts. The various federal and state regulations regarding informed consent for suborbital commercial spaceflight are evolving, and we continue to monitor these developments. However, we cannot predict the timing, scope or terms of any other state, federal or foreign regulations relating to informed consent and waivers of claims relating to commercial human spaceflight.

International Traffic in Arms Regulations and Export Controls

Our spaceflight business is subject to, and we must comply with, stringent U.S. import and export control laws, including the International Traffic in Arms Regulations ("ITAR") and the U.S. Export Administration Regulations ("EAR"). The ITAR generally restricts the export of hardware, software, technical data, and services that have defense or strategic applications. The EAR similarly regulates the export of hardware, software, and technology that has commercial or "dual-use" applications (i.e., for both military and commercial applications) or that have less sensitive military or space-related applications that are not subject to the ITAR. The regulations exist to advance the national security and foreign policy interests of the United States.

The U.S. government agencies responsible for administering the ITAR and the EAR have significant discretion in the interpretation and enforcement of these regulations. The agencies also have significant discretion in approving, denying, or conditioning authorizations to engage in controlled activities. Such decisions are influenced by the U.S. government's commitments to multilateral export control regimes, particularly the Missile Technology Control Regime with respect to the spaceflight business.

Many different types of internal controls and safeguards are required to maintain compliance with such export control rules. In particular, we are required to maintain a registration under the ITAR; determine the proper licensing jurisdiction and classification of products, software and technology; and obtain licenses or other forms of U.S. government authorizations to engage in certain activities, including the performance of services for foreign persons, related to and that support our spaceflight business. The authorization requirements include the need to get permission to release controlled technology to foreign persons, including foreign person employees. The inability to secure and maintain necessary licenses and other authorizations could negatively affect our ability to compete successfully or to operate our spaceflight business as planned. Any changes in the

export control regulations or U.S. government licensing policy, such as that necessary to implement U.S. government commitments to multilateral control regimes, may restrict our operations.

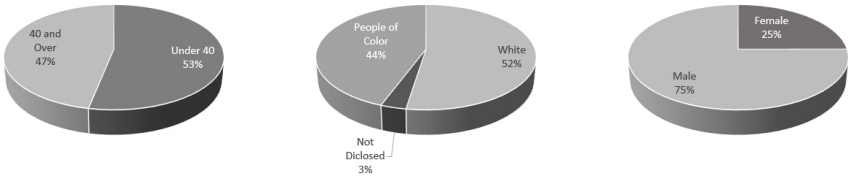
Failure by us to comply with applicable export control laws and regulations could result in reputational harm as well as significant civil or criminal penalties, fines, more onerous compliance requirements, loss of export privileges, debarment from government contracts, or limitations on our ability to enter into contracts with the U.S. government. Further, even investigations of suspected or alleged violations can be expensive and disruptive. Thus, violations (or allegations of violations) of applicable export control laws and regulations could materially adversely affect our reputation, business, financial condition and results of operations.

Human Capital

Our employees are the cornerstone to our success. As of December 31, 2022, we had 1,166 employees across the globe. Prior to joining our company, many of our employees had prior experience working for a wide variety of reputed commercial aviation, aerospace, high-technology, and world-recognized organizations.

Our integrated human capital management strategy includes the acquisition, development, and retention of our employees, as well as the design of market-based compensation and benefits programs to enable and achieve our strategic mission.

Total Workforce Demographics:



- Compensation and Benefits:
  - Virgin Galactic strives to offer competitive compensation, benefits and services that meet the needs of its employees, including short-term and long-term incentive programs, defined contribution plan, healthcare benefits, and wellness and employee assistance programs. Management monitors market compensation and benefits to attract, retain and promote high-performing employees and reduce turnover and associated costs. In addition, Virgin Galactic's incentive programs are aligned with the Company's mission and intended to motivate strong performance.

  - For the year ended December 31, 2022, the compensation and benefits expense earned by personnel totaled $162.0 million.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the internet at the SEC's website at *www.sec.gov*. Our SEC filings are also available free of charge on the Investor Information page of our website at *virgingalactic.com* as soon as reasonably practicable after they are filed with or furnished to the SEC. Our website and the information contained on or through that site are not incorporated into this Annual Report on Form 10-K.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described below. Investors should consider carefully the risks and uncertainties described below, in addition to the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks or others not specified below materialize, our business, financial condition and results of operations could be materially and adversely affected. In that case, the trading price of our common stock could decline.

Risks Related to Our Business

We have incurred significant losses since inception, we expect to incur losses in the future and we may not be able to achieve or maintain profitability.

We have incurred significant losses since inception. We incurred net losses of $500.2 million, $352.9 million and $644.9 million for the years ended December 31, 2022, 2021 and 2020, respectively. While we have generated limited revenue from flying payloads into space, scientific research services, and fees related to our Future Astronaut community membership and Future Astronaut community event, we have not yet started commercial human spaceflight operations, and it is difficult for us to predict our future operating results. As a result, our losses may be larger than anticipated, and we may not achieve profitability when expected, or at all, and even if we do, we may not be able to maintain or increase profitability.

We expect our operating expenses to increase over the next several years as we prepare for and commence the commercial launch of our human spaceflight operations, continue to attempt to streamline our manufacturing process, increase our flight cadence, hire more employees and continue research and development efforts relating to new products and technologies. These efforts may be more costly than we expect and may not result in increased revenue or growth in our business. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow. Furthermore, if our future growth and operating performance fail to meet investor or analyst expectations, or if we have future negative cash flow or losses resulting from our investment in acquiring future astronauts or expanding our operations, this could have a material adverse effect on our business, financial condition and results of operations.

The success of our business will be highly dependent on our ability to effectively market and sell human spaceflights.

We have generated only limited revenue from spaceflight, and we expect that our success will be highly dependent, especially in the foreseeable future, on our ability to effectively market and sell human spaceflight experiences. We have limited experience in marketing and selling human spaceflights, which we refer to as our astronaut experience. If we are unable to utilize our current sales organization effectively, or to expand our sales organization as needed, to adequately target and engage our potential future astronauts, our business may be adversely affected. To date, we have primarily sold the reservations for our astronaut experience to future astronauts through direct sales and have sold a limited number of seats each year. Our success depends, in part, on our ability to attract new future astronauts in a cost-effective manner. While we had a backlog of approximately 800 future astronauts as of December 31, 2022, we are making, and we expect that we will need to continue to make, significant investments in order to attract new future astronauts. Our sales growth depends on our ability to implement strategic initiatives and these initiatives may not be effective in generating sales growth. In addition, marketing campaigns, which we have not historically utilized, can be expensive and may not result in the acquisition of future astronauts in a cost-effective manner, if at all. Further, as our brand becomes more widely known, future marketing campaigns or brand content may not attract new future astronauts at the same rate as past campaigns or brand content. If we are unable to attract new future astronauts, our business, financial condition and results of operations will be harmed.

The market for commercial human spaceflight has not been established with precision. It is still emerging and may not achieve the growth potential we expect or may grow more slowly than expected.

The market for commercial human spaceflight has not been established with precision and is still emerging. Our estimates for the total addressable market for commercial human spaceflight are based on a number of internal and third-party estimates, including our current backlog, the number of consumers who have expressed interest in our astronaut experience, assumed prices at which we can offer our astronaut experience, assumed flight cadence, our ability to leverage our current manufacturing and operational processes and general market conditions. While we believe our assumptions and the data underlying our estimates are reasonable, these assumptions and estimates may not be correct. The conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. As a result, our estimates of the annual total addressable market for our astronaut experience, as well as the expected growth rate for the total addressable market for that experience, may prove to be incorrect.

We anticipate commencing commercial spaceflight operations with a single spaceflight system, which has yet to complete flight testing. Delays in completing the flight test program and the final development of our existing spaceflight system would adversely impact our business, financial condition and results of operations.

We expect to commence commercial operations with a single spaceflight system in the second quarter of 2023, with both the spaceship and the carrier craft being needed to conduct commercial spaceflight operations. Following each flight test we undertake, we analyze the resulting data and determine whether additional changes to the spaceflight system are required. Historically, changes have been required and implementing those changes has resulted in additional delay and expense. For example, an unanticipated in-flight incident involving an earlier model of SpaceShipTwo manufactured and operated by a third-party contractor, led to the loss of that spaceship and significant delays in the planned launch of our spaceflight system as we addressed design and safety concerns, including with applicable regulators. If issues like this arise or recur, if our remediation measures and process changes do not continue to be successful or if we experience issues with manufacturing improvements or design and safety of either the spaceship or the carrier craft that comprise our spaceflight system, the anticipated launch of our commercial human spaceflight operations could be delayed.

Any inability to operate our spaceflight system after commercial launch at our anticipated flight rate could adversely impact our business, financial condition and results of operations.

Even if we complete development and commence commercial human spaceflight operations, we currently are dependent on a single spaceflight system. To be successful, we will need to maintain a sufficient flight rate, which will be negatively impacted if we are not able to operate that system for any reason. We may be unable to operate our current spaceflight system at our anticipated flight rate for a number of reasons, including, but not limited to, unexpected weather patterns, maintenance issues, pilot error, design and engineering flaws, natural disasters, epidemics or pandemics (including COVID-19), changes in governmental regulations or in the status of our regulatory approvals or applications or other events that force us to cancel or reschedule flights. Our spaceflight systems are highly sophisticated and depend on complex technology, and we require them to meet rigorous performance goals that may from time to time necessitate that we replace critical components or hardware. Our ability to operate in airspace may also be superseded by the U.S. Department of Defense priority missions. In the event we need to replace any components or hardware of our spaceflight system, there are limited numbers of replacement parts available, some of which have significant lead time associated with procurement or manufacture, so any failure of our systems or their components or hardware could result in reduced numbers of flights and significant delays to our planned growth.

Our ability to grow our business depends on the successful development of our spaceflight systems and related technology, which is subject to many uncertainties, some of which are beyond our control.

Our current primary research and development objectives focus on the development of our existing and any additional spaceflight systems and related technology. If we do not complete this development in our anticipated timeframes or at all, our ability to grow our business will be adversely affected. The successful development of our spaceflight systems and related technology involves many uncertainties, some of which are beyond our control, including:

- timing in finalizing spaceflight systems design and specifications;
- successful completion of flight test programs, including flight safety tests;
- our ability to obtain additional applicable approvals, licenses or certifications from regulatory agencies, if required, and maintaining current approvals, licenses or certifications;

- performance of our manufacturing facilities despite risks that disrupt productions, such as natural disasters and hazardous materials;
- performance of a limited number of suppliers for certain raw materials and supplied components;
- performance of our third-party contractors that support our research and development activities;
- performance of our third-party contractors to design and manufacture our next generation carrier aircraft as well as manufacture key subassemblies for our next generation spaceships;
- our ability to maintain rights from third parties for intellectual properties critical to our research and development activities;
- our ability to continue funding and maintain our current research and development activities; and
- the impact of the COVID-19, or an outbreak of another highly infectious or contagious disease or other health concern, on us, our customers, suppliers and distributors, and the global economy.

Unsatisfactory safety performance of our spaceflight systems or security incidents at our facilities could have a material adverse effect on our business, financial condition and results of operation.

We manufacture and operate highly sophisticated spaceflight systems and offer a specialized astronaut experience that depends on complex technology. While we have built operational processes to ensure that the design, manufacture, performance and servicing of our spaceflight systems meet rigorous performance goals, there can be no assurance that we will not experience operational or process failures and other problems, including through manufacturing or design defects, pilot error, natural disasters, cyber-attacks, or other intentional acts, that could result in potential safety risks. In addition, we may experience threats to the security of our facilities and employees or threats from terrorist or other acts. We work cooperatively with our suppliers, subcontractors, venture partners and other parties, such as our lessors, to address and prepare for these risks, but in some instances, we must rely on safeguards put in place by these third parties, some of which we may not control. There can be no assurance that our preparations, or those of third parties, will be able to prevent any such incidents.

Any actual or perceived safety issues may result in significant reputational harm to our businesses, in addition to tort liability, maintenance, increased safety infrastructure and other costs that may arise. Such issues with our spaceflight systems, facilities, or customer safety could result in delaying or cancelling planned flights, increased regulation or other systemic consequences. Our inability to meet our safety standards or adverse publicity affecting our reputation as a result of accidents, mechanical failures, damages to customer property or medical complications could have a material adverse effect on our business, financial condition and results of operation.

We may not be able to convert our orders in backlog or inbound inquiries about flight reservations into revenue.

As of December 31, 2022, our backlog represents orders from approximately 800 future astronauts for which we have not yet recognized spaceflight revenue. While many of these orders were accompanied by a significant deposit, the deposits are largely refundable and the reservations may be cancelled under certain circumstances without penalty. As a result, we may not receive revenue from these orders and deposits, and any order backlog or other deposits we report may not be indicative of our future revenue.

Many events may cause a delay in our ability to fulfill reservations or cause planned spaceflights to not be completed at all, some of which may be out of our control, including unexpected weather patterns, maintenance issues, natural disasters, epidemics or pandemics (including COVID-19), changes in governmental regulations or in the status of our regulatory approvals or applications or other events that may force us to cancel or reschedule flights. If we delay spaceflights or if future astronauts reconsider their astronaut experience, those future astronauts may seek to cancel their planned spaceflight, and may obtain a full or partial refund.

We have not yet tested flights at our anticipated full passenger capacity of our spaceship.

We have not yet tested flights at our full passenger capacity of six persons. The success of our human spaceflight operations will depend on our achieving and maintaining a sufficient level of passenger capacity on our spaceflights. We have not yet tested flights with this full cabin, and it is possible that the number of passengers per flight may not meet our expectations for a number of factors, including maximization of the passenger experience and satisfaction. Any decrease from our assumptions in the number of passengers per flight could adversely impact our ability to generate revenue at the rate we anticipate.

Any delays in the development and manufacture of additional spaceflight systems and related technology may adversely impact our business, financial condition and results of operations.

We have previously experienced, and may experience in the future, delays or other complications in the design, manufacture, launch, production, delivery and servicing ramp of new spaceflight systems and related technology, including due to the COVID-19 pandemic, as well as other factors. If delays like this arise or recur, if our remediation measures and process changes do not continue to be successful or if we experience issues with planned manufacturing improvements or design and safety, we could experience issues in sustaining the ramp of our spaceflight system or delays in increasing production further.

If we encounter difficulties in scaling our delivery or servicing capabilities, if we fail to develop and successfully commercialize spaceflight technologies, if we fail to develop such technologies before our competitors, or if such technologies fail to perform as expected, are inferior to those of our competitors or are perceived as less safe than those of our competitors, our business, financial condition and results of operations could be materially and adversely impacted.

If we are unable to adapt to and satisfy customer demands in a timely and cost-effective manner, our ability to grow our business may suffer.

The success of our business depends in part on effectively managing and maintaining our existing spaceflight system, manufacturing more spaceflight systems, operating a sufficient number of spaceflights to meet customer demand and providing future astronauts with an astronaut experience that meets or exceeds their expectations. If for any reason we are unable to manufacture new spaceflight systems or are unable to schedule spaceflights as planned, this could have a material adverse effect on our business, financial condition and results of operations. If our current or future spaceflight systems do not meet expected performance or quality standards, including with respect to customer safety and satisfaction, this could cause operational delays. In addition, any delay in manufacturing new spacecraft as planned could cause us to operate our existing spaceflight system more frequently than planned and in such a manner that may increase maintenance costs. Further, flight operations within restricted airspace require advance scheduling and coordination with government range owners and other users, and any high priority national defense assets will have priority in the use of these resources, which may impact our cadence of spaceflight operations or could result in cancellations or rescheduling. Any operational or manufacturing delays or other unplanned changes to our ability to operate spaceflights could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy.

If our operations continue to grow as planned, of which there can be no assurance, we will need to expand our sales and marketing, research and development, customer and commercial strategy, products and services, supply, and manufacturing and distribution functions. We will also need to continue to leverage our manufacturing and operational systems and processes, and there is no guarantee that we will be able to scale the business and the manufacture of spacecraft as currently planned or within the planned timeframe. The continued expansion of our business may also require additional manufacturing and operational facilities, as well as space for administrative support, and there is no guarantee that we will be able to find suitable locations or partners for the manufacture and operation of our spaceflight systems.

Our continued growth could increase the strain on our resources, and we could experience operating difficulties, including difficulties in hiring, training and managing an increasing number of pilots and employees, finding manufacturing capacity to produce our spaceflight systems and related equipment, and delays in production and spaceflights. These difficulties may result in the erosion of our brand image, divert the attention of management and key employees and impact financial and operational results. In addition, in order to continue to expand our fleet of spacecraft and increase our presence around the globe, we expect to incur substantial expenses as we continue to attempt to streamline our manufacturing process, increase our flight cadence, hire more employees, and continue research and development efforts relating to new products and technologies and expand internationally. If we are unable to drive commensurate growth, these costs, which include lease commitments, headcount and capital assets, could result in decreased margins, which could have a material adverse effect on our business, financial condition and results of operations.

Our prospects and operations may be adversely affected by changes in consumer preferences and economic conditions that affect demand for our spaceflights.

Because our business is currently concentrated on a single, discretionary product category, commercial human spaceflight, we are vulnerable to changes in consumer preferences or other market changes. The global economy has in the past, and will in the future, experience recessionary periods and periods of economic instability. During such periods, our potential future astronauts may choose not to make discretionary purchases or may reduce overall spending on discretionary purchases,

which may include not scheduling spaceflight experiences or cancelling existing reservations for spaceflight experiences. There could be a number of other effects from adverse general business and economic conditions on our business, including insolvency of any of our third-party suppliers or contractors, decreased consumer confidence, decreased discretionary spending and reduced consumer demand for spaceflight experiences. Moreover, future shifts in consumer spending away from our spaceflight experience for any reason, including decreased consumer confidence, adverse economic conditions or heightened competition, could have a material adverse effect on our business, financial condition and results of operations. If such business and economic conditions are experienced in future periods, this could reduce our sales and adversely affect our profitability, as demand for discretionary purchases may diminish during economic downturns, which could have a material adverse effect on our business, financial condition and results of operations.

Adverse publicity stemming from any incident involving us or our competitors, or an incident involving a commercial airline or other air travel provider, could have a material adverse effect on our business, financial condition and results of operations.

We are at risk of adverse publicity stemming from any public incident involving our company, our people or our brand. If our personnel or one of our spaceflight systems, or the personnel or spacecraft of one of our competitors or the personnel or aircraft of a commercial airline or governmental agency, were to be involved in a public incident, accident or catastrophe, this could create an adverse public perception of spaceflight and result in decreased customer demand for spaceflight experiences, which could cause a material adverse effect on our business, financial conditions and results of operations. Further, if our personnel or our spaceflight systems were to be involved in a public incident, accident or catastrophe, we could be exposed to significant reputational harm or potential legal liability. Any reputational harm to our business could cause future astronauts with existing reservations to cancel their spaceflights and could significantly impact our ability to make future sales. The insurance we carry may be inapplicable or inadequate to cover any such incident, accident or catastrophe. In the event that our insurance is inapplicable or not adequate, we may be forced to bear substantial losses from an incident or accident.

Due to the inherent risks associated with commercial spaceflight, there is the possibility that any accident or catastrophe could lead to the loss of human life or a medical emergency.

Human spaceflight is an inherently risky activity that can lead to accidents or catastrophes impacting human life. For example, on October 31, 2014, VSS Enterprise, an earlier model of SpaceShipTwo manufactured and operated by a third-party contractor, had an accident during a rocket-powered test flight. The pilot was seriously injured, the co-pilot was fatally injured and the vehicle was destroyed. As part of its 2015 accident investigation report, the National Transportation Safety Board (the "NTSB") determined that the probable cause of the accident related to the failure by a third-party contractor to consider and protect against the possibility that a single human error could result in a catastrophic hazard to the vehicle. After the accident, we assumed responsibility for the completion of the flight test program and submitted a report to the NTSB that listed the actions we were taking for reducing the likelihood and effect of human error. This included modification of the feather lock control mechanism to add automatic inhibits that would prevent inadvertent operation during safety critical periods of flight. We have implemented and repeatedly demonstrated the efficacy of these actions, including implementing more rigorous protocols and procedures for safety-critical aircrew actions, requiring additional training for pilots that focuses on response protocols for safety critical actions, and eliminating certain single-point human performance actions that could potentially lead to similar accidents. We believe the steps we have taken are sufficient to address the issues noted in the NTSB's report; however, it is impossible to completely eliminate the potential for human error, and there is a possibility that other accidents may occur in the future as a result of human error or for a variety of other reasons, some of which may be out of our control. Any such accident could result in substantial losses to us, including reputational harm and legal liability, and, as a result, could have a material adverse effect on our business, financial condition and results of operations.

We may require substantial additional funding to finance our operations, but adequate additional financing may not be available when we need it, on acceptable terms or at all.

In the future, we could be required to raise capital through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could harm our business. For example, unfavorable economic conditions, whether related to the COVID-19 pandemic, inflation, interest rates or otherwise have resulted in, and may continue to result in, significant disruption and volatility of global financial markets that could adversely impact our ability to access capital. We may sell equity securities or debt securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, our current investors may be materially diluted. Any debt financing, if available, may involve restrictive covenants and could reduce our operational flexibility or profitability. If we cannot raise funds on acceptable terms, we may not be able to grow our business or respond to competitive pressures.

Certain future operational facilities may require significant expenditures in capital improvements and operating expenses to develop and foster basic levels of service needed by the spaceflight operation, and the ongoing need to maintain existing operational facilities requires us to expend capital.

As part of our growth strategy, we may utilize additional spaceports outside the United States. Construction of a spaceport or other facilities in which we conduct our operations may require significant capital expenditures to develop, and in the future we may be required to make similar expenditures to expand, improve or construct adequate facilities for our spaceflight operations. While Spaceport America was funded by the State of New Mexico and we intend to pursue similar arrangements in the future, we cannot assure that such arrangements will be available to us on terms similar to those we have with the State of New Mexico or at all. If we cannot secure such an arrangement, we would need to use cash flows from operations or raise additional capital in order to construct additional spaceports or facilities. In addition, as Spaceport America and any other facilities we may utilize mature, our business will require capital expenditures for the maintenance, renovation and improvement of such existing locations to remain competitive and maintain the value of our brand standard. This creates an ongoing need for capital, and, to the extent we cannot fund capital expenditures from cash flows from operations, we will need to borrow or otherwise obtain funds. If we cannot access the capital we need, we may not be able to execute on our growth strategy, take advantage of future opportunities or respond to competitive pressures. If the costs of funding new locations or renovations or enhancements at existing locations exceed budgeted amounts or the time for building or renovation is longer than anticipated, our business, financial condition and results of operations could be materially adversely affected.

We rely on a limited number of suppliers for certain raw materials and supplied components. We may not be able to obtain sufficient raw materials or supplied components to meet our manufacturing and operating needs, or obtain such materials on favorable terms, which could impair our ability to fulfill our orders in a timely manner or increase our costs of production.

Our ability to produce our current and future spaceflight systems and other components of operation is dependent upon sufficient availability of raw materials and supplied components, such as nitrous oxide, valves, tanks, special alloys, helium and carbon fiber, which we secure from a limited number of suppliers. Our reliance on suppliers to secure these raw materials and supplied components exposes us to volatility in the prices and availability of these materials. We may not be able to obtain sufficient supply of raw materials or supplied components, on favorable terms or at all, which could result in delays in manufacture of our spacecraft or increased costs. For example, there are only a few nitrous oxide plants around the world and if one or more of these plants were to experience a slowdown in operations or to shutdown entirely, including as a result of the COVID-19 pandemic, we may need to qualify new suppliers or pay higher prices to maintain the supply of nitrous oxide needed for our operations.

In addition, we have in the past and may in the future experience delays in manufacture or operation as we go through the requalification process with any replacement third-party supplier, as well as the limitations imposed by ITAR and other restrictions on transfer of sensitive technologies. Additionally, the imposition of tariffs on such raw materials or supplied components could have a material adverse effect on our operations. Prolonged disruptions in the supply of any of our key raw materials or components, difficulty qualifying new sources of supply, implementing use of replacement materials or new sources of supply or any volatility in prices could have a material adverse effect on our ability to operate in a cost-efficient, timely manner and could cause us to experience cancellations or delays of scheduled spaceflights, customer cancellations or reductions in our prices and margins, any of which could harm our business, financial condition and results of operations.

Our spaceflight systems and related equipment may have shorter useful lives than we anticipate.

Our growth strategy depends in part on the continued operation of our current spaceflight system and related equipment, as well as the manufacture of other spaceflight systems in the future. Each spaceflight system has a limited useful life, which is driven by the number of cycles that the system undertakes. While the vehicle is designed for a certain number of cycles, known as the design life, there can be no assurance as to the actual operational life of a spaceflight system or that the operational life of individual components will be consistent with its design life. A number of factors impact the useful lives of the spaceflight systems, including, among other things, the quality of their design and construction, the durability of their component parts and availability of any replacement components, the actual combined environment experienced compared to the assumed combined environment for which the spaceflight systems were designed and tested and the occurrence of any anomaly or series of anomalies or other risks affecting the spaceflight systems during launch, flight and reentry. In addition, we are continually learning, and as our engineering and manufacturing expertise and efficiency increases, we aim to leverage this learning to be able to manufacture our spaceflight systems and related equipment using less of our currently installed equipment, which could render our existing inventory obsolete. Any continued improvements in spaceflight technology may

make obsolete our existing spaceflight systems or any component of our spacecraft prior to the end of its life. If the spaceflight systems and related equipment have shorter useful lives than we currently anticipate, this may lead to greater maintenance costs than previously anticipated such that the cost to maintain the spacecraft and related equipment may exceed their value, which would have a material adverse effect on our business, financial condition and results of operations.

Failure of third-party contractors could adversely affect our business.

We are dependent on various third-party contractors to develop and provide critical technology, systems and components required for our spaceflight system. For example, each spaceflight currently requires replenishment of certain components of our rocket motor propulsion system that we obtain from third-party contractors. Should we experience complications with any of these components, which are critical to the operation of our spacecraft, we may need to delay or cancel scheduled spaceflights. We face the risk that any of our contractors may not fulfill their contracts and deliver their products or services on a timely basis, or at all. We have experienced, and may in the future experience, operational complications with our contractors. The ability of our contractors to effectively satisfy our requirements could also be impacted by such contractors' financial difficulty or damage to their operations caused by fire, terrorist attack, military conflict, natural disaster, pandemic, such as the COVID-19 pandemic, or other events. The failure of any contractors to perform to our expectations could result in shortages of certain manufacturing or operational components for our spacecraft or delays in spaceflights and harm our business. In addition, the failure of third-party providers to design and manufacture our next generation carrier aircraft as well as manufacture key subassemblies for our next generation spaceships in accordance with our expectations could result in delays to our next generation vehicles service dates and adversely impact our future flight rate. Our reliance on contractors and inability to fully control any operational difficulties with our third-party contractors could have a material adverse effect on our business, financial condition and results of operations.

We expect to face intense competition in the commercial spaceflight industry and other industries in which we may develop products.

The commercial spaceflight industry is still developing and evolving, but we expect it to be highly competitive. Currently, our primary competitor in establishing a commercial suborbital spaceflight offering is Blue Origin, a privately funded company founded in 2000. In addition, we are aware of several large, well-funded, public and private entities actively engaged in developing products within the aerospace industry, including SpaceX and Boeing. While SpaceX and Boeing are currently focused on providing orbital spaceflight transportation to government agencies, a fundamentally different product from ours, we cannot assure you that one or more of these companies will not shift their focus to include suborbital spaceflight and directly compete with us in the future. We may also explore the application of our proprietary technologies for other uses, such as high-speed point-to-point travel, where the industry is even earlier in its development.

Many of our current and potential competitors are larger and have substantially greater resources than we have and expect to have in the future. They may also be able to devote greater resources to the development of their current and future technologies or the promotion and sale of their offerings, or offer lower prices. Our current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings. Further, it is possible that domestic or foreign companies or governments, some with greater experience in the aerospace industry or greater financial resources than we possess, will seek to provide products or services that compete directly or indirectly with ours in the future. Any such foreign competitor, for example, could benefit from subsidies from, or other protective measures by, its home country.

We believe our ability to compete successfully as a commercial provider of human spaceflight does and will depend on a number of factors, which may change in the future due to increased competition, including the price of our offerings, consumer confidence in the safety of our offerings, consumer satisfaction for the experiences we offer, and the frequency and availability of our offerings. If we are unable to compete successfully, our business, financial condition and results of operations could be adversely affected.

Our investments in developing new offerings and technologies and exploring the application of our existing proprietary technologies for other uses and those offerings, technologies or opportunities may never materialize.

While our primary focus for the foreseeable future will be on commercializing and expanding access to human spaceflight, we have invested certain of our resources in developing new technologies, services, products and offerings, such as high speed point-to-point travel and expect that we may invest a more significant amount of resources to those purposes in the future. However, we may not realize the expected benefits of these investments. These anticipated technologies, services, products and offerings are unproven and subject to significant continued design and development efforts, may take longer than

anticipated to materialize, if at all, and may never be commercialized in a way that would allow us to generate revenue from the sale of these technologies, services, products and offerings. Relatedly, if such technologies become viable offerings in the future, we may be subject to competition, some of which may have substantially greater monetary and knowledge resources than we have and expect to have in the future to devote to the development of these technologies. We may also seek to expand the application of our existing proprietary technology in new and unproven offerings. Further, under the terms of an amended and restated trademark license agreement (the "Amended TMLA"), our ability to operationalize some of the technologies may be dependent upon the consent of Virgin Enterprises Limited ("VEL"). Such competition or any limitations on our ability to take advantage of such technologies could impact our market share, which could have a material adverse effect on our business, financial condition and results of operations.

Such research and development initiatives may also have a high degree of risk and involve unproven business strategies and technologies with which we have limited operating or development experience. They may involve claims and liabilities (including, but not limited to, personal injury claims), expenses, regulatory challenges and other risks that we may not be able to anticipate. There can be no assurance that consumer demand for such initiatives will exist or be sustained at the levels that we anticipate, or that any of these initiatives will gain sufficient traction or market acceptance to generate sufficient revenue to offset any new expenses or liabilities associated with these new investments. Further, any such research and development efforts could distract management from current operations, and would divert capital and other resources from our more established offerings and technologies. Even if we were to be successful in developing new products, services, offerings or technologies, regulatory authorities may subject us to new rules or restrictions in response to our innovations that may increase our expenses or prevent us from successfully commercializing new products, services, offerings or technologies.

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

We possess certain exclusive and non-exclusive rights to use the name and brand "Virgin Galactic" and the Virgin signature logo pursuant to the Amended TMLA. We believe the "Virgin" brand, is integral to our corporate identity and represents quality, innovation, creativity, fun, a sense of competitive challenge and employee-friendliness. We expect to rely on the general goodwill of consumers and our pilots and employees towards the Virgin brand as part of our internal corporate culture and external marketing strategy. The Virgin brand is also licensed to and used by a number of other companies unrelated to us and in a variety of industries, and the integrity and strength of the Virgin brand will depend in large part on the efforts and the licensor and any other licensees of the Virgin brand and how the brand is used, promoted and protected by them, which will be outside of our control. Consequently, any adverse publicity in relation to the Virgin brand name or its principals, 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, financial condition and results of operations.

If we fail to adequately protect our proprietary intellectual property rights, our competitive position could be impaired and we may lose valuable assets, generate reduced revenue and incur costly litigation to protect our rights.

Our success depends, in part, on our ability to protect our proprietary intellectual property rights, including certain methodologies, practices, tools, technologies and technical expertise we utilize in designing, developing, implementing and maintaining applications and processes used in our spaceflight systems and related technologies. To date, we have relied primarily on trade secrets and other intellectual property laws, non-disclosure agreements with our employees, consultants and other relevant persons and other measures to protect our intellectual property, and intend to continue to rely on these and other means, including patent protection, in the future. However, the steps we take to protect our intellectual property may be inadequate, and we may choose not to pursue or maintain protection for our intellectual property in the United States or foreign jurisdictions. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third parties to copy our technology and use information that we regard as proprietary to create technology that competes with ours.

Further, the laws of some countries do not protect proprietary rights to the same extent as the laws of the United States, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. To the extent we expand our international activities, our exposure to unauthorized copying and use of our technologies and proprietary information may increase. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our technology and intellectual property.

We rely in part on trade secrets, proprietary know-how and other confidential information to maintain our competitive position. Although we enter into non-disclosure and invention assignment agreements with our employees, enter into non-disclosure agreements with our future astronauts, consultants and other parties with whom we have strategic relationships and business alliances and enter into intellectual property assignment agreements with our consultants and vendors, no assurance

can be given that these agreements will be effective in controlling access to and distribution of our technology and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products.

We rely on licenses from third parties for intellectual property that is critical to our business, and we would lose the rights to use such intellectual property if those agreements were terminated or not renewed.

We rely on licenses from third parties for certain intellectual property that is critical to our branding and corporate identity, as well as the technology used in our spacecraft. Termination of our current or future license agreements could cause us to have to negotiate new or restated agreements with less favorable terms or cause us to lose our rights under the original agreements.

In the case of our branding, we do not own the Virgin brand or any other Virgin-related assets, as we license the right to use the Virgin brand pursuant to the Amended TMLA. Virgin controls the Virgin brand, and the integrity and strength of the Virgin brand will depend in large part on the efforts and businesses of Virgin and the other licensees of the Virgin brand and how the brand is used, promoted and protected by them, which will be outside of our control. For example, negative publicity or events affecting or occurring at Virgin or other entities who use the Virgin brand, including transportation companies and/or other entities unrelated to us that presently or in the future may license the Virgin brand, may negatively impact the public's perception of us, which may have a material adverse effect on our business, contracts, financial condition, operating results, liquidity and prospects.

In addition, there are certain circumstances under which the Amended TMLA may be terminated in its entirety, including our material breach of the Amended TMLA (subject to a cure period, if applicable), our insolvency, our improper use of the Virgin brand, our failure to commercially launch a spaceflight for paying passengers by a specified date, if we are unable to undertake any commercial flights for paying passengers for a specified period (other than in connection with addressing a significant safety issue), and our undergoing of a change of control to an unsuitable buyer, including a competitor of VEL's group. Termination of the Amended TMLA would eliminate our rights to use the Virgin brand and may result in our having to negotiate a new or reinstated agreement with less favorable terms or cause us to lose our rights under the Amended TMLA, including our right to use the Virgin brand, which would require us to change our corporate name and undergo other significant rebranding efforts. These rebranding efforts may require significant resources and expenses and may affect our ability to attract and retain future astronauts, all of which may have a material adverse effect on our business, contracts, financial condition, operating results, liquidity and prospects.

In the case of a loss of technology used in our spaceflight systems, we may not be able to continue to manufacture certain components for our spacecraft or for our operations or may experience disruption to our manufacturing processes as we test and requalify any potential replacement technology. Even if we retain the licenses, the licenses may not be exclusive with respect to such component design or technologies, which could aid our competitors and have a negative impact on our business.

Protecting and defending against intellectual property claims may have a material adverse effect on our business.

Our success depends in part upon successful prosecution, maintenance, enforcement and protection of our owned and licensed intellectual property, including the Virgin brand and other intellectual property that we license from Virgin under the Amended TMLA. Under the terms of the Amended TMLA, Virgin has the primary right to take actions to obtain, maintain, enforce and protect the Virgin brand. If, following our written request, Virgin elects to not take an action to maintain, enforce or protect the Virgin brand, we may do so, at our expense, subject to various conditions including that so long as doing so would not have a material adverse effect on Virgin, any of Virgin's other licensees or the Virgin brand and we reasonably believe failing to do so would materially adversely affect our business. Should Virgin determine not to maintain, enforce or protect the Virgin brand, we and/or the Virgin brand could be materially harmed and we could incur substantial cost if we elect to take any such action.

To protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology, as well as any costly litigation or diversion of our management's attention and resources, could disrupt our business, as well as have a material adverse effect on our financial condition and results of operations. The results of intellectual property litigation are difficult to predict and may require us to stop using certain

technologies or offering certain services or may result in significant damage awards or settlement costs. There is no guarantee that any action to defend, maintain or enforce our owned or licensed intellectual property rights will be successful, and an adverse result in any such proceeding could have a material adverse impact on our business, financial condition, operating results and prospects.

In addition, we may from time to time face allegations that we are infringing, misappropriating or otherwise violating the intellectual property rights of third parties, including the intellectual property rights of our competitors. We may be unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Irrespective of the validity of any such claims, we could incur significant costs and diversion of resources in defending against them, and there is no guarantee any such defense would be successful, which could have a material adverse effect on our business, contracts, financial condition, operating results, liquidity and prospects.

Even if these matters do not result in litigation or are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could divert the time and resources of our management team and harm our business, our operating results and our reputation.

We have government customers, which subjects us to risks including early termination, audits, investigations, sanctions and penalties.

We derive limited revenue from contracts with NASA and may enter into further contracts with the U.S. or foreign governments in the future, and this subjects us to statutes and regulations applicable to companies doing business with the government, including the Federal Acquisition Regulation. These government contracts customarily contain provisions that give the government substantial rights and remedies, many of which are not typically found in commercial contracts and which are unfavorable to contractors. For instance, most U.S. government agencies include provisions that allow the government to unilaterally terminate or modify contracts for convenience, and in that event, the counterparty to the contract may generally recover only its incurred or committed costs and settlement expenses and profit on work completed prior to the termination. If the government terminates a contract for default, the defaulting party may be liable for any extra costs incurred by the government in procuring undelivered items from another source.

Some of our federal government contracts are subject to the approval of appropriations being made by the U.S. Congress to fund the expenditures under these contracts. In addition, government contracts normally contain additional requirements that may increase our costs of doing business, reduce our profits, and expose us to liability for failure to comply with these terms and conditions. These requirements include, for example:

- specialized disclosure and accounting requirements unique to government contracts;
- financial and compliance audits that may result in potential liability for price adjustments, recoupment of government funds after such funds have been spent, civil and criminal penalties, or administrative sanctions such as suspension or debarment from doing business with the U.S. government;
- public disclosures of certain contract and company information; and
- mandatory socioeconomic compliance requirements, including labor requirements, non-discrimination and affirmative action programs and environmental compliance requirements.

Government contracts are also generally subject to greater scrutiny by the government, which can initiate reviews, audits and investigations regarding our compliance with government contract requirements. In addition, if we fail to comply with government contract laws, regulations and contract requirements, our contracts may be subject to termination, and we may be subject to financial and/or other liability under our contracts, the Federal Civil False Claims Act (including treble damages and other penalties), or criminal law. In particular, the False Claims Act's "whistleblower" provisions also allow private individuals, including present and former employees, to sue on behalf of the U.S. government. Any penalties, damages, fines, suspension, or damages could adversely affect our ability to operate our business and our financial results.

If we commercialize outside the United States, we will be exposed to a variety of risks associated with international operations that could materially and adversely affect our business.

As part of our growth strategy, we expect to leverage our initial U.S. operations to expand internationally. In that event, we expect that we would be subject to additional risks related to entering into international business relationships, including:

- restructuring our operations to comply with local regulatory regimes;
- identifying, hiring and training highly skilled personnel;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability in foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- the need for U.S. government approval to operate our spaceflight systems outside the United States;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenue;
- government appropriation of assets;
- workforce uncertainty in countries where labor unrest is more common than in the United States; and
- disadvantages of competing against companies from countries that are not subject to U.S. laws and regulations, including anti-corruption laws and anti-money laundering regulations, as well as exposure of our foreign operations to liability under these regulatory regimes.

We could suffer increased costs, exposure to significant liability, reputational harm and other serious negative consequences if we sustain cyber-attacks or other data security breaches that disrupt our operations or result in the dissemination of proprietary or confidential information about us or our customers, suppliers or other third parties.

We manage and store proprietary information and sensitive or confidential data relating to our operations. We may be subject to cyber-attacks on and breaches of the information technology systems we use for these purposes. If we are unable to protect sensitive information, including complying with evolving information security and data protection/privacy regulations, our customers or governmental authorities could question the adequacy of our threat mitigation and detection processes and procedures.

Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of third parties, create system disruptions or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms, malware, ransomware and other malicious software programs that attack our systems or otherwise exploit any security vulnerabilities of our systems or products. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including “bugs” and other problems that could unexpectedly interfere with the operation of our systems. Cyber-threats in particular vary in technique and sources, are persistent, frequently change and increasingly are more sophisticated, targeted and difficult to detect and prevent against.

Given the rapidly evolving nature and proliferation of cyber threats, there can be no assurance that our employee training, operational and other technical security measures or other controls will detect, prevent or remediate security or data breaches in a timely manner or otherwise prevent unauthorized access to, damage to, or interruption of our systems and operations. We are likely to face attempted cyber-attacks in the future. Accordingly, we may be vulnerable to losses associated with the improper functioning, security breach or unavailability of our information systems as well as any systems used in acquired operations.

In addition, breaches of our security measures and the unapproved use or disclosure of proprietary information or sensitive or confidential data about us or our suppliers, customers or other third parties could expose us or any such affected third party to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our brand and reputation or otherwise harm our business, even if we were not responsible for the breach. Furthermore, we are exposed to additional risks because we rely in certain capacities on third-party data management and cloud service providers with possible security problems and security vulnerabilities beyond our control. Media or other reports of perceived security vulnerabilities to our systems or those of our third-party suppliers, even if no breach has been attempted or occurred, could adversely impact our brand and reputation and materially impact our business.

Given increasing cyber security threats, there can be no assurance that we will not experience business interruptions, data loss, ransom, misappropriation or corruption or theft or misuse of proprietary information or related litigation and investigation, any of which could have a material adverse effect on our financial condition and results of operations and harm our business reputation.

The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Our disclosure controls and procedures address cybersecurity and include elements intended to ensure that there is an analysis of potential disclosure obligations arising from security breaches.

Our business is subject to a wide variety of extensive and evolving government laws and regulations. Failure to comply with such laws and regulations could have a material adverse effect on our business.

We are subject to a wide variety of laws and regulations relating to various aspects of our business, including with respect to our spaceflight system operations, employment and labor, health care, tax, privacy and data security, health and safety, and environmental issues. Laws and regulations at the foreign, federal, state and local levels frequently change, especially in relation to new and emerging industries, and we cannot always reasonably predict the impact from, or the ultimate cost of compliance with, current or future regulatory or administrative changes. We monitor these developments and devote a significant amount of management's time and external resources towards compliance with these laws, regulations and guidelines, and such compliance places a significant burden on management's time and other resources, and it may limit our ability to expand into certain jurisdictions. Moreover, changes in law, the imposition of new or additional regulations or the enactment of any new or more stringent legislation that impacts our business could require us to change the way we operate and could have a material adverse effect on our sales, profitability, cash flows and financial condition.

Failure to comply with these laws, such as with respect to obtaining and maintaining licenses, certificates, authorizations and permits critical for the operation of our business, may result in civil penalties or private lawsuits, or the suspension or revocation of licenses, certificates, authorizations or permits, which would prevent us from operating our business. For example, commercial space launches, reentry of our spacecraft and the operation of our spaceflight system in the United States require licenses and permits from certain agencies of the Department of Transportation, including the FAA, and review by other agencies of the U.S. Government, including the Department of Defense, Department of State, and Federal Communications Commission. License approval includes an interagency review of safety, operational, national security, and foreign policy and international obligations implications, as well as a review of foreign ownership.

Additionally, the FAA and other state government agencies also enforce informed consent and cross-waiver requirements for spaceflight participants and have the authority to regulate training and medical requirements for crew. Certain related federal and state laws provide for indemnification or immunity in the event of certain losses. However, this indemnification is subject to limits, and money to be used for indemnification under federal laws is still subject to approval by the FAA and Congress. Furthermore, no such claim regarding the immunity provided by these informed consent provisions has been brought in New Mexico or in federal courts, and we are unable to determine whether the protections provided by applicable laws or regulations would be upheld by U.S. or foreign courts.

Moreover, regulation of our industry is still evolving, and new or different laws or regulations could affect our operations, increase direct compliance costs for us or cause any third-party suppliers or contractors to raise the prices they charge us because of increased compliance costs. For example, the FAA has recently released new licensing rules relating to commercial space launches, and our ability to achieve compliance with these rules by the 2026 deadline and maintain compliance thereafter could affect us and our operations. Application of these laws to our business may negatively impact our performance in various ways, limiting the collaborations we may pursue, further regulating the export and re-export of our products, services, and technology from the United States and abroad, and increasing our costs and the time necessary to obtain required authorization. The adoption of a multi-layered regulatory approach to any one of the laws or regulations to which we are or may become subject, particularly where the layers are in conflict, could require alteration of our manufacturing processes or operational parameters which may adversely impact our business. Potential conflicts between U.S. policy and international norms defining the altitude above the earth's surface where "space" begins and defining the status of, and obligations toward, spaceflight participants could introduce an additional level of legal and commercial complexity. We may not be in complete compliance with all such requirements at all times and, even when we believe we are in complete compliance, a regulatory agency may determine that we are not.

We are subject to stringent U.S. export and import control laws and regulations. Unfavorable changes in these laws and regulations or U.S. government licensing policies, our failure to secure timely U.S. government authorizations under these laws and regulations, or our failure to comply with these laws and regulations could have a material adverse effect on our business, financial condition and results of operation.

Our business is subject to stringent U.S. import and export control laws and regulations as well as economic sanctions laws and regulations. We are required to import and export our products, software, technology and services, as well as run our operations in the United States, in full compliance with such laws and regulations, which include the U.S. Export

Administration Regulations, the ITAR, and economic sanctions administered by the Treasury Department's Office of Foreign Assets Controls. Similar laws that impact our business exist in other jurisdictions. These foreign trade controls prohibit, restrict, or regulate our ability to, directly or indirectly, export, deemed export, re-export, deemed re-export or transfer certain hardware, technical data, technology, software, or services to certain countries and territories, entities, and individuals, and for end uses. If we are found to be in violation of these laws and regulations, it could result in civil and criminal liabilities, monetary and non-monetary penalties, the loss of export or import privileges, debarment and reputational harm.

Pursuant to these foreign trade control laws and regulations, we are required, among other things, to (i) maintain a registration under the ITAR, (ii) determine the proper licensing jurisdiction and export classification of products, software, and technology, and (iii) obtain licenses or other forms of U.S. government authorization to engage in the conduct of our spaceflight business. The authorization requirements include the need to get permission to release controlled technology to foreign person employees and other foreign persons. Changes in U.S. foreign trade control laws and regulations, or reclassifications of our products or technologies, may restrict our operations. The inability to secure and maintain necessary licenses and other authorizations could negatively impact our ability to compete successfully or to operate our spaceflight business as planned. Any changes in the export control regulations or U.S. government licensing policy, such as those necessary to implement U.S. government commitments to multilateral control regimes, may restrict our operations. Given the great discretion the government has in issuing or denying such authorizations to advance U.S. national security and foreign policy interests, there can be no assurance we will be successful in our future efforts to secure and maintain necessary licenses, registrations, or other U.S. government regulatory approvals.

Failure to comply with U.S. federal, state and foreign laws and regulations relating to privacy, data protection and consumer protection, or the expansion of current or the enactment of new laws or regulations relating to privacy, data protection and consumer protection, could adversely affect our business and our financial condition.

We collect, store, process, and use personal information and other customer data, including health information, of customers and employees, and we rely in part on third parties that are not directly under our control to manage certain of these operations and to collect, store, process and use payment information. Due to the volume and sensitivity of the personal information and data we and these third parties manage and expect to manage in the future, as well as the nature of our customer base, the security features of our information systems are critical. A variety of U.S. federal, state and foreign laws and regulations govern the handling and security of this information. These laws and regulations are continuously evolving and subject to potentially differing interpretations. Additionally, as these requirements may be inconsistent from one jurisdiction to another or conflict with other rules or our practices, our practices may not have complied or may not comply in the future with all such laws, regulations, requirements and obligations.

We expect that new industry standards, laws and regulations will continue to evolve regarding privacy, data protection and information security in many jurisdictions, including the California Consumer Privacy Act as amended by the California Privacy Rights Act, the European General Data Protection Regulation ("GDPR") and to the United Kingdom General Data Protection Regulation and Data Protection Act 2018 (collectively, the "UK GDPR").

As we have expanded our international presence, we are also subject to additional privacy rules, many of which, such as the GDPR and national laws supplementing the GDPR, are significantly more stringent than those currently enforced in the United States. The GDPR and UK GDPR require companies to meet stringent requirements regarding the handling of personal data of individuals located in the European Economic Area ("EEA") and the UK. These more stringent requirements include comprehensive data privacy compliance obligations in relation to our collection, processing, sharing, disclosure, transfer and other use of data relating to an identifiable living individual or "personal data", including a principal of accountability and the obligation to demonstrate compliance through policies, procedures, training and audit. The GDPR and UK GDPR also include significant penalties for non-compliance, which may result in monetary penalties of up to the higher of €20.0 million/GBP 17.5 million or 4% of a group's worldwide turnover. In addition to fines, a breach of the GDPR or UK GDPR may result in regulatory investigations, reputational damage, orders to cease/change our data processing activities, enforcement notices, assessment notices (for a compulsory audit) and/or civil claims (including class actions).

The GDPR and UK GDPR regulate cross-border transfers of personal data out of the EEA and the UK. Recent legal developments in Europe have created complexity and uncertainty regarding such transfers, in particular in relation to transfers to the United States. On July 16, 2020, the Court of Justice of the European Union ("CJEU") invalidated the EU-US Privacy Shield Framework, or Privacy Shield, under which personal information could be transferred from the EEA (and the UK) to relevant self-certified U.S. entities. The CJEU further noted that reliance on the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism and potential alternative to the Privacy Shield) alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case-

by-case basis. European court and regulatory decisions subsequent to the CJEU decision of July 16, 2020 have taken a restrictive approach to international data transfers. As the enforcement landscape further develops, and supervisory authorities issue further guidance on international data transfers, we could suffer additional costs, complaints and/or regulatory investigations or fines; we may have to stop using certain tools and vendors and make other operational changes; we may have to implement revised standard contractual clauses for existing intragroup, customer and vendor arrangements within required time frames; and/or it could otherwise affect the manner in which we provide our services, and could adversely affect our business, operations and financial condition.

We are also subject to evolving U.S., EU and UK online services and digital privacy and data laws as well as privacy laws on cookies, pixels, tracking technologies and e-marketing. Recent European court and regulator decisions are driving increased attention to cookies and tracking technologies. If the trend of increasing enforcement by regulators of the strict approach to opt-in consent for all but essential use cases, as seen in recent guidance and decisions continues, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, and subject us to additional liabilities. In light of the complex and evolving nature of U.S., EU, EU Member State and UK online services and digital privacy and data laws as well as privacy laws on cookies, pixels and tracking technologies, there can be no assurances that we will be successful in our efforts to comply with such laws; violations of such laws could result in regulatory investigations, fines, orders to cease/change our use of such technologies, as well as civil claims including class actions, and reputational damage.

A significant data breach or any failure, or perceived failure, by us to comply with any U.S. federal, state or foreign privacy or consumer protection-related laws, regulations or other principles or orders to which we may be subject or other legal obligations relating to privacy or consumer protection could adversely affect our reputation, brand and business, and may result in claims, investigations, proceedings or actions against us by governmental entities or others or other penalties or liabilities or require us to change our operations and/or cease using certain data sets. Depending on the nature of the information compromised, we may also have obligations to notify users, law enforcement or payment companies about the incident and may need to provide some form of remedy, such as refunds, for the individuals affected by the incident.

Failures in our technology infrastructure could damage our business, reputation and brand and substantially harm our business and results of operations.

If our main data center were to fail, or if we were to suffer an interruption or degradation of services at our main data center, we could lose important manufacturing and technical data, which could harm our business. Our facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, terrorist attacks, power losses, telecommunications failures and similar events. In the event that our or any third-party provider's systems or service abilities are hindered by any of the events discussed above, our ability to operate may be impaired. A decision to close the facilities without adequate notice, or other unanticipated problems, could adversely impact our operations. Any of the aforementioned risks may be augmented if our or any third-party provider's business continuity and disaster recovery plans prove to be inadequate. Our data center, third-party cloud, and managed service provider infrastructure also could be subject to break-ins, sabotage, intentional acts of vandalism, other misconduct, or other unforeseeable events impacting availability of infrastructure technology services. Significant unavailability of our services could cause users to cease using our services and materially and adversely affect our business, prospects, financial condition and results of operations.

We use complex proprietary software in our technology infrastructure, which we seek to continually update and improve. Replacing such systems is often time-consuming and expensive, and can also be intrusive to daily business operations. Further, we may not always be successful in executing these upgrades and improvements, which may occasionally result in a failure of our systems. We may experience periodic system interruptions from time to time. Any slowdown or failure of our underlying technology infrastructure could harm our business, reputation and ability to acquire and serve our future astronauts, which could materially adversely affect our results of operations. Our disaster recovery plan or those of our third-party providers may be inadequate, and our business interruption insurance may not be sufficient to compensate us for the losses that could occur.

We are highly dependent on our senior management team and other highly skilled personnel, and if we are not successful in attracting or retaining highly qualified personnel, we may not be able to successfully implement our business strategy.

Our success depends, in significant part, on the continued services of our senior management team and on our ability to attract, motivate, develop and retain a sufficient number of other highly skilled personnel, including pilots, manufacturing and quality assurance, engineering, design, finance, marketing, sales and support personnel. Our senior management team has extensive experience in the aerospace industry, and we believe that their depth of experience is instrumental to our continued success. The loss of any one or more members of our senior management team, for any reason, including resignation or

retirement, could impair our ability to execute our business strategy and have a material adverse effect on our business, financial condition and results of operations.

Competition for qualified highly skilled personnel can be strong, and we can provide no assurance that we will be successful in attracting or retaining such personnel now or in the future. We have not yet started commercial spaceflight operations, and our estimates of the required team size to support our estimated flight rates may require increases in staffing levels that may require significant capital expenditure. Further, any inability to recruit, develop and retain qualified employees may result in high employee turnover and may force us to pay significantly higher wages, which may harm our profitability. Additionally, we do not carry key man insurance for any of our management executives, and the loss of any key employee or our inability to recruit, develop and retain these individuals as needed, could have a material adverse effect on our business, financial condition and results of operations.

We are subject to many hazards and operational risks that can disrupt our business, including interruptions or disruptions in service at our primary facilities, which could have a material adverse effect on our business, financial condition and results of operations.

Our operations are subject to many hazards and operational risks inherent to our business, including general business risks, product liability and damage to third parties, our infrastructure or properties that may be caused by fires, floods and other natural disasters, power losses, telecommunications failures, terrorist attacks, human errors and similar events. Additionally, our manufacturing operations are hazardous at times and may expose us to safety risks, including environmental risks and health and safety hazards to our employees or third parties.

Any significant interruption due to any of the above hazards and operational to the manufacturing or operation of our spaceflight systems at one of our primary facilities, including from weather conditions, growth constraints, performance by third-party providers (such as electric, utility or telecommunications providers), failure to properly handle and use hazardous materials, failure of computer systems, power supplies, fuel supplies, infrastructure damage, disagreements with the owners of the land on which our facilities are located, or damage sustained to our runway could result in manufacturing delays or the delay or cancellation of our spaceflights and, as a result, could have a material adverse effect on our business, financial condition and results of operations.

In addition, Spaceport America is run by a state agency, the New Mexico Spaceport Authority, and there may be delays or impacts to operations due to considerations unique to doing business with a government agency. For example, governmental agencies often have an extended approval process for service contracts, which may result in delays or limit the timely operation of our Spaceport America facilities.

Moreover, our insurance coverage may be inadequate to cover our liabilities related to such hazards or operational risks. In addition, passenger insurance may not be accepted or may be prohibitive to procure. Moreover, we may not be able to maintain adequate insurance in the future at rates we consider reasonable and commercially justifiable, and insurance may not continue to be available on terms as favorable as our current arrangements. The occurrence of a significant uninsured claim, or a claim in excess of the insurance coverage limits maintained by us, could harm our business, financial condition and results of operations.

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 intellectual property, commercial, product liability, employment, class action, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings. A class action complaint alleging violations of federal securities laws has also been filed against us in the Eastern District of New York alleging, among other things, that we and certain of our current and former officers and directors made false and misleading statements and failed to disclose certain information regarding the safety of its ships and success of its commercial flight program. Four derivative suits have also been filed in the Eastern District of New York alleging, in some combination and among other claims, violations of federal securities laws and fiduciary duty breaches, including substantially similar allegations as those in the class action lawsuit. Attending to such matters can be time-consuming, divert management’s attention and resources, cause us to incur significant expenses or liability 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.

Natural disasters, unusual weather conditions, epidemic outbreaks, terrorist acts, military conflicts, macroeconomic conditions and political events could disrupt our business and flight schedule.

The occurrence of one or more natural disasters such as tornadoes, hurricanes, fires, floods and earthquakes, unusual weather conditions, epidemic or pandemic outbreaks (including COVID-19), terrorist attacks, military conflicts or disruptive political events in certain regions where our facilities are located, or where our third-party contractors' and suppliers' facilities are located, could adversely affect our business. Natural disasters including tornados, hurricanes, floods and earthquakes may damage our facilities or those of our suppliers, which could have a material adverse effect on our business, financial condition and results of operations. Severe weather, such as rainfall, snowfall or extreme temperatures, may impact the ability for spaceflight to occur as planned, resulting in additional expense to reschedule the operation and customer travel plans, thereby reducing our sales and profitability.

Terrorist attacks, actual or threatened acts of war or the escalation of current hostilities, such as the ongoing conflict between Russia and Ukraine, or any other military or trade disruptions impacting our domestic or foreign suppliers of components of our products, may impact our operations by, among other things, causing supply chain disruptions and increases in commodity prices, which could adversely affect our raw materials or transportation costs. In addition, other potential supply chain disruptions, such as product recalls, labor supply or stoppages, reduced freight availability and increased costs, port disruption, manufacturing facility closures, the financial or operational instability of key suppliers and carriers, changes in diplomatic or trade relationships (including any sanctions, restrictions, and other responses such as those related to current geopolitical events), or other reasons, could impair our ability to develop our next generation vehicles. To the extent we are unable to mitigate the likelihood or potential impact of such events, there could be a material adverse effect on our operating and financial results.

These events also could cause or act to prolong an economic recession or depression in the United States or abroad, such as the business disruption and related financial impact that resulted from the global COVID-19 pandemic. To the extent these events also impact one or more of our suppliers or contractors or result in the closure of any of their facilities or our facilities, we may be required to delay our commercial launch, be unable to maintain spaceflight schedules, provide other support functions to our astronaut experience or fulfill our other contracts. In addition, the disaster recovery and business continuity plans we have in place currently are limited and are unlikely to prove adequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans and, more generally, any of these events could cause consumer confidence and spending to decrease, which could adversely impact our commercial spaceflight operations.

Our operating results may fluctuate significantly, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations or any guidance we may provide.

Our quarterly and annual operating results may fluctuate significantly, which makes it difficult for us to predict our future operating results. These fluctuations may occur due to a variety of factors, many of which are outside of our control, including:

- the number of flights we schedule for a period, the number of seats we are able to sell in any given spaceflight and the price at which we sell them;
- unexpected weather patterns, maintenance issues, natural disasters or other events that force us to cancel or reschedule flights;
- the cost of raw materials or supplied components critical for the manufacture and operation of our spaceflight system;
- the timing and cost of, and level of investment in, research and development relating to our technologies and our current or future facilities;
- developments involving our competitors;
- changes in governmental regulations or in the status of our regulatory approvals or applications;
- future accounting pronouncements or changes in our accounting policies;
- the impact of epidemics or pandemics, including the business disruption and related financial impact resulting from the global COVID-19 pandemic; and
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

The individual or cumulative effects of the factors discussed above could result in large fluctuations and unpredictability in our quarterly and annual operating results. As a result, comparing our operating results on a period-to-period basis may not be meaningful.

This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any guidance we may provide, or if the guidance we provide is below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated guidance we may provide.

The COVID-19 pandemic has disrupted and may continue to adversely affect our business operations and our financial results.

The global spread of COVID-19 disrupted certain aspects of our operations and may adversely impact our business operations, including our ability to execute on our business strategy and goals. Specifically, the spread of COVID-19 and precautionary actions taken related to COVID-19 adversely impacted our operations, including our ability to complete the development of our spaceflight systems, or our spaceflight test programs, causing delays or disruptions in our supply chain, and decreasing our operational efficiency in space flight system manufacturing, maintenance, ground operations and flight operations.

Many jurisdictions, including in California, New Mexico and the United Kingdom, where most of our workforce is located, imposed “shelter-in-place” orders, quarantines or similar orders or restrictions to control the spread of COVID-19 by restricting non-essential activities and business operations. Compliance with these orders disrupted our standard operations, including disruption of operations necessary to complete the development of our spaceflight systems and postponement of our scheduled spaceflight test programs. For example, consistent with the actions taken by governmental authorities, we initially reduced and then temporarily suspended on-site operations at our facilities in Mojave, Spaceport America, Washington D.C. and London in March 2020. Although all of our facilities have reopened, there can be no assurance that additional closures or re-closures will not be mandated in the future.

The pandemic has also resulted in, and may continue to result in, significant disruption and volatility of global financial markets. This disruption and volatility may adversely impact our ability to access capital, which could in the future negatively affect our liquidity and capital resources. Given the impact of the pandemic, responsive measures taken by governmental authorities and the uncertainty about its impact on society and the global economy, we cannot predict the extent to which it will further affect our global operations. To the extent COVID-19 adversely affects our business operations and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section. In addition, if in the future there is a further outbreak of COVID-19 or a variation thereof, or an outbreak of another highly infectious or contagious disease or other health concern, the Company may be subject to similar risks as posed by COVID-19.

We are subject to environmental regulation and may incur substantial costs.

We are subject to federal, state, local and foreign laws, regulations and ordinances relating to the protection of the environment, including those relating to emissions to the air, discharges to surface and subsurface waters, safe drinking water, greenhouse gases and the management of hazardous substances, oils and waste materials. Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and remediate hazardous or toxic substances or petroleum product releases at or from the property. Under federal law, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Compliance with environmental laws and regulations can require significant expenditures. In addition, we could incur costs to comply with such current or future laws and regulations, the violation of which could lead to substantial fines and penalties.

We may have to pay governmental entities or third parties for property damage and for investigation and remediation costs that they incurred in connection with any contamination at our current and former properties without regard to whether we knew of or caused the presence of the contaminants. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of waste directly attributable to us. Even if more than one person may have been responsible for the contamination, each person covered by these environmental laws may be held responsible for all of the clean-up costs incurred. Environmental liabilities could arise and have a material adverse effect on our financial condition and performance. We do not believe, however, that pending

environmental regulatory developments in this area will have a material effect on our capital expenditures or otherwise materially adversely affect our operations, operating costs, or competitive position.

We may be adversely affected by global climate change or by legal, regulatory or market responses to such change.

Increasing stakeholder environmental, social and governance ("ESG") expectations, physical and transition risks associated with climate change, and emerging ESG regulation and policy requirements may pose risk to our market outlook, brand and reputation, financial outlook, cost of capital, global supply chain and production continuity, which may impact our ability to achieve long-term business objectives. Changes in environmental and climate change laws or regulations could lead to additional operational restrictions and compliance requirements upon us or our products, require new or additional investment in product designs, result in carbon offset investments or otherwise could negatively impact our business and/or competitive position. Increasing aircraft performance standards and requirements on manufacturing and product air pollutant emissions, especially greenhouse gas ("GHG") emissions, may result in increased costs or reputational risks and could limit our ability to manufacture and/or market certain of our products at acceptable costs, or at all. Physical impacts of climate change, increasing global chemical restrictions and bans, and water and waste requirements may drive increased costs to us and our suppliers. Additionally, if we fail to achieve or improperly report on any stated environmental goals and commitments, the resulting negative publicity could adversely affect our reputation and/or our access to capital.

Failure to keep up with evolving trends and shareholder expectations relating to environmental, social and governance practices or reporting could adversely impact our reputation, share price and access to and cost of capital.

Certain institutional investors, investor advocacy groups, investment funds, creditors and other influential financial market participants have become increasingly focused on companies' ESG practices in evaluating their investments and business relationships, including the impact of business on the environment. Certain organizations also provide ESG ratings, scores and benchmarking studies that assess companies' ESG practices. Although there are no universal standards for such ratings, scores or benchmarking studies, they are used by some investors to inform their investment and voting decisions. It is possible that our future stockholders or organizations that report on, rate or score ESG practices will not be satisfied with our ESG strategy or performance. Unfavorable press about or ratings or assessments of our ESG strategies or practices, regardless of whether or not we comply with applicable legal requirements, may lead to negative investor sentiment toward us, which could have a negative impact on our share price and our access to and cost of capital.

We are exposed to changes to the global macroeconomic environment beyond our control, including inflation fluctuations.

We are exposed to fluctuations in inflation, which could negatively affect our business, financial condition and results of operation. The United States has recently experienced historically high levels of inflation. If the inflation rate continues to increase, it will likely affect our expenses, including, but not limited to, employee compensation expenses and increased costs for supplies. Moreover, to the extent inflation results in rising interest rates, reduces discretionary spending, and has other adverse effects on the market, it may adversely affect our business, financial condition and results of operations.

Risks Related to Our Ownership Structure

Virgin Investments Limited has significant ability to control the direction of our business, which may prevent potential investors and other stockholders from influencing significant decisions.

Pursuant to the terms of the stockholders' agreement entered in connection with the consummation of the Virgin Galactic Business Combination (the "Stockholders' Agreement"), Virgin Investments Limited ("VIL") has a contractual right to be able to influence the outcome of corporate actions so long as it owns a significant portion of our total outstanding shares of common stock. Specifically, under the terms of the Stockholders' Agreement, for so long as VIL continues to beneficially own, in the aggregate, at least 25% of the shares of our common stock that an affiliate of VIL beneficially owned upon completion of the Virgin Galactic Business Combination, VIL's consent is required for, among other things:

- any non-ordinary course sales of our assets having a fair market value of at least $10.0 million;
- any acquisition of an entity, or the business or assets of any other entity, having a fair market value of at least $10.0 million;
- certain non-ordinary course investments having a fair market value of at least $10.0 million;
- any increase or decrease in the size of our board of directors;

- any payment by us of dividends or distributions to our stockholders or repurchases of stock by us, subject to certain limited exceptions; or
- incurrence of certain indebtedness.

Furthermore, VIL's consent is also required for the following, among other things, for so long as VIL continues to beneficially own, in the aggregate, at least 10% of the shares of our common stock that an affiliate of VIL beneficially owned upon completion of the Virgin Galactic Business Combination:

- any sale, merger, business combination or similar transaction to which we are a party;
- any amendment, modification or waiver of any provision of our certificate of incorporation or bylaws;
- any liquidation, dissolution, winding-up or causing any voluntary bankruptcy or related actions with respect to us; or
- any issuance or sale of any shares of our capital stock or securities convertible into or exercisable for any shares of our capital stock in excess of 5% of our then-issued and outstanding shares, other than issuances of shares of capital stock upon the exercise of options to purchase shares of our capital stock.

Because the interests of VIL may differ from our interests or the interests of our other stockholders, actions that VIL may take with respect to us may not be favorable to us or our other stockholders.

Delaware law and our organizational documents contain certain provisions, including anti-takeover provisions, that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable.

Our certificate of incorporation and bylaws and Delaware law contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, and therefore depress the trading price of our common stock. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the current members of our board of directors or taking other corporate actions, including effecting changes in our management. Among other things, our certificate of incorporation and bylaws include provisions regarding:

- the ability of our board of directors to issue shares of preferred stock, including "blank check" preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- subject to the terms of the Stockholders' Agreement, our board of directors has the exclusive right to expand the size of the board of directors and to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which will prevent stockholders from being able to fill vacancies on the board of directors;
- the prohibition of cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the limitation of the liability of, and the indemnification of, our directors and officers;
- the ability of our board of directors to amend the bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in our board of directors and also 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.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our board of directors or management.

The provisions of our certificate of incorporation requiring exclusive forum in the Court of Chancery of the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Our certificate of incorporation provides that, to the fullest extent permitted by law, and unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim against us or any of our directors, officers, stockholders, employees or agents arising out of or related to any provision of the General Corporation Law of the State of Delaware or our certificate of incorporation or bylaws or (iv) any action asserting a claim against us or any of our directors, officers, stockholders, employees or agents governed by the internal affairs doctrine; provided, however, that, in the event that the Court of Chancery of the State of Delaware lacks subject matter jurisdiction over any such action or proceeding, the sole and exclusive forum for such action or proceeding will be another state or federal court located within the State of Delaware, in each such case, unless the Court of Chancery (or such other state or federal court located within the State of Delaware, as applicable) has dismissed a prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein. Notwithstanding the foregoing, our certificate of incorporation provides that the exclusive forum provision will not apply to suits brought to enforce a duty or liability created by the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any other claim for which the federal courts have exclusive jurisdiction.

These provisions may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in the certificate of incorporation to be inapplicable or unenforceable in such action.

Our certificate of incorporation expressly limits the liability of certain parties to us for breach of fiduciary duty and could also prevent us from benefiting from corporate opportunities that might otherwise have been available to us.

Our certificate of incorporation provides that, to the fullest extent permitted by law, and other than corporate opportunities that are expressly presented to one of our directors in his or her capacity as such, VIL and its respective affiliates (but in each case, other than us and our officers and employees):

- will not have any fiduciary duty to refrain from engaging in the same or similar business activities or lines of business as us, even if the opportunity is one that we might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so;
- will have no duty to communicate or offer such business opportunity to us; and
- will not be liable to us for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such exempted person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to us.

Risks Related to Our Securities and Indebtedness

Our indebtedness could expose us to risks that could adversely affect our business, financial condition and results of operations.

In 2022, we sold $425,000,000 aggregate principal amount of 2.50% convertible senior notes due 2027 (the "2027 Notes"). We may also incur additional indebtedness to meet future needs. Our indebtedness could have significant negative consequences for our security holders, business, results of operations and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- in the event interest accrues on the 2027 Notes or additional indebtedness, requiring the dedication of a substantial portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our business;
- diluting the interests of our existing stockholders if we issue shares of our common stock upon conversion of the Notes or additional indebtedness; and

- placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital.

Our business may not generate sufficient funds, and we may otherwise be unable to maintain sufficient cash reserves, to pay amounts due under the 2027 Notes or any additional indebtedness that we may incur. In addition, any future indebtedness that we may incur may contain financial and other restrictive covenants that will limit our ability to operate our business, raise capital or make payments under our indebtedness. If we fail to comply with such covenants or to make payments under any of our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that indebtedness becoming immediately payable in full and cross-default or cross-acceleration under our other indebtedness and other liabilities.

The conditional conversion feature of the 2027 Notes, if triggered, may adversely affect our financial condition and conversion of the 2027 Notes, to the extent the 2027 Notes are not redeemed or repurchased, will dilute the ownership interest of existing stockholders, and even if anticipated, may otherwise depress the price of our common stock.

In the event the conditional conversion feature of the 2027 Notes is triggered, holders of the 2027 Notes will be entitled to convert their 2027 Notes upon the occurrence of certain events. If one or more holders of the 2027 Notes elect to convert their 2027 Notes, we will satisfy our conversion obligation by delivering only shares of our common stock, unless we elect a different settlement method for conversions of the 2027 Notes, in which case we would be required to settle all or a portion of our conversion obligation through the payment of cash, which could adversely affect our financial condition. In the event the conditional conversion feature of the 2027 Notes is triggered, the conversion of some or all of the 2027 Notes will dilute the ownership interests of our existing stockholders to the extent we deliver shares of our common stock upon such conversion. Prior to November 1, 2026, noteholders will have the right to convert their notes only upon the occurrence of certain events. On and after November 1, 2026, noteholders will have the right to convert their notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. Any sales in the public market of shares of our common stock issuable upon such conversion could adversely affect the price of our common stock. In addition, the existence of the 2027 Notes may encourage short selling by market participants because the conversion of the 2027 Notes could be used to satisfy short positions, and even anticipated conversion of the 2027 Notes into shares of our common stock could depress the price of our common stock.

The convertible note hedge may affect the value of the 2027 Notes and our common stock.

In connection with the sale of the 2027 Notes, we entered into convertible note hedge transactions in the form of capped call transactions ("the 2027 Note Hedge"), with certain financial institutions, or option counterparties. The 2027 Note Hedge transactions are expected generally to reduce the potential dilution upon any conversion of the 2027 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2027 Notes, subject to a cap.

The option counterparties and/or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock in secondary market transactions prior to the maturity of the 2027 Notes (and are likely to do so (x) during any observation period related to a conversion of the Notes and (y) following any repurchase of the 2027 Notes by us on any fundamental change repurchase date (as provided in the indenture governing the 2027 Notes) or otherwise, in each case, to the extent we exercise the relevant election under the 2027 Note Hedge transactions to unwind them early, (z) during the observation period for conversions of the Notes at maturity). This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the 2027 Notes, which could affect note holders' ability to convert the 2027 Notes and, to the extent the activity occurs during any observation period related to a conversion of the 2027 Notes, it could affect the amount and value of the consideration that note holders will receive upon conversion of the 2027 Notes.

The potential effect, if any, of these transactions and activities on the market price of our common stock or the 2027 Notes will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could adversely affect the value of our common stock and the value of the 2027 Notes (and, as a result, the value of the consideration, the amount of cash and/or the number of shares, if any, that note holders would receive upon the conversion of the 2027 Notes) and, under certain circumstances, the ability of the note holders to convert the 2027 Notes.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the 2027 Note Hedge transactions described above may have on the price of the 2027 Notes or our common stock. In addition, we do not make any representation that the option counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We are subject to counterparty risk with respect to the 2027 Note Hedge transactions.

The option counterparties are financial institutions, and we will be subject to the risk that any or all of them may default under the 2027 Note Hedge transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings, with a claim equal to our exposure at that time under our transactions with that option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

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

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 the Stockholders' Agreement and future agreements and financing instruments, business prospects and such other factors as our board of directors deems relevant.

General Risk Factors

The trading price of our common stock may be volatile, and you may be unable to sell your shares above your purchase price.

The trading price of our common stock may fluctuate due to a variety of factors, including:

- changes in the industries in which we operate;
- the number of flights we schedule for a period, the number of seats we are able to sell in any given spaceflight and the price at which we sell them;
- delays in development of additional spaceships and motherships or in the completion of our ground and flight testing programs;
- developments involving our competitors;
- unexpected weather patterns, maintenance issues, natural disasters or other events that force us to cancel or reschedule flights;
- variations in our operating performance and the performance of our competitors in general;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us, our competitors or our industry;
- the public's reaction to our press releases, public announcements and filings with the SEC;
- additions and departures of key employees and personnel;
- competition for talent and skill-sets required;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of debt;
- investors mistaking developments involving other companies, including Virgin-branded companies, as involving us and our business;
- the volume of shares of our common stock available for public sale;
- sales of common stock by our directors, officers or significant stockholders, or the perception that such sales may occur;

- short sales of our common stock; and
- general economic and political conditions such as the COVID-19 global health crisis or other pandemics or epidemics, recessions, inflation, interest rates, fuel prices, international currency fluctuations, corruption, political instability and acts of war or terrorism.

These market and industry factors may materially reduce the market price of our common stock regardless of our operating performance.

In addition, in the past, class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Securities litigation brought against us following volatility in our stock price, regardless of the merit or ultimate results of such litigation, could result in substantial costs, which would hurt our financial condition and operating results and divert management's attention and resources from our business.

Any acquisitions, partnerships or joint ventures that we enter into could disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

From time to time, we may evaluate potential strategic acquisitions of businesses, including partnerships or joint ventures with third parties. We may not be successful in identifying acquisition, partnership and joint venture candidates. In addition, we may not be able to continue the operational success of such businesses or successfully finance or integrate any businesses that we acquire or with which we form a partnership or joint venture. We may have potential write-offs of acquired assets and/or an impairment of any goodwill recorded as a result of acquisitions. Furthermore, the integration of any acquisition may divert management's time and resources from our core business and disrupt our operations or may result in conflicts with our business. Any acquisition, partnership or joint venture may not be successful, may reduce our cash reserves, may negatively affect our earnings and financial performance and, to the extent financed with the proceeds of debt, may increase our indebtedness. We cannot ensure that any acquisition, partnership or joint venture we make will not have a material adverse effect on our business, financial condition and results of operations.

Changes in tax laws or regulations may increase tax uncertainty and adversely affect results of our operations and our effective tax rate.

We will be subject to taxes in the United States and certain foreign jurisdictions. Due to economic and political conditions, tax rates in various jurisdictions, including the United States, may be subject to change. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws or their interpretation. In addition, we may be subject to income tax audits by various tax jurisdictions. Although we believe our income tax liabilities are reasonably estimated and accounted for in accordance with applicable laws and principles, an adverse resolution by one or more taxing authorities could have a material impact on the results of our operations.

Our ability to use our U.S. federal and state operating loss carryforwards and certain other tax attributes may be limited.

Under Section 382 of the Internal Revenue Code of 1986, the Company's ability to utilize net operating loss carryforwards or other tax attributes such as research tax credits, in any taxable year, may be limited if the Company experiences, or has experienced, an "ownership change." A Section 382 "ownership change" generally occurs if one or more stockholders or groups of stockholders, who own at least 5% of the Company's stock, increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. The Company may have or may in the future, experience one or more Section 382 "ownership changes." As a result, we may be unable to use a material portion of our net operating loss carryforwards and other tax attributes, which could adversely affect our future cash flows.

The obligations associated with being a public company involve significant expenses and require significant resources and management attention, which divert from our business operations.

As a public company, we are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act. The Exchange Act requires the filing of annual, quarterly and current reports with respect to a public company's business and financial condition. The Sarbanes-Oxley Act requires, among other things, that a public company establish and maintain effective internal control over financial reporting. As a result, we are incurring, and will continue to incur significant legal, accounting and other expenses. Our management team and many of our other employees will need to devote substantial time to compliance, which may divert management's attention and resources from our business.

An active trading market for our common stock may not be maintained.

We can provide no assurance that we will be able to maintain an active trading market for our common stock on the NYSE or any other exchange in the future. If an active market for our common stock is not maintained, or if we fail to satisfy the continued listing standards of the NYSE for any reason and our securities are delisted, it may be difficult for our security holders to sell their securities without depressing the market price for the securities or at all. An inactive trading market may also impair our ability to both raise capital by selling shares of common stock and acquire other complementary products, technologies or businesses by using our shares of common stock as consideration.

Securities analysts may not publish favorable research or reports about our business or may publish no information at all, which could cause our stock price or trading volume to decline.

The trading market for our common stock is influenced to some extent by the research and reports that industry or financial analysts publish about us and our business. We do not control these analysts, and the analysts who publish information about our common stock may have had relatively little experience with us or our industry, which could affect their ability to accurately forecast our results and could make it more likely that we fail to meet their estimates. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us provide inaccurate or unfavorable research or issue an adverse opinion regarding our stock price, our stock price could decline. If one or more of these analysts cease coverage of us or fail to publish reports covering us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We operate primarily at three locations in California and New Mexico. All of our current operating facilities are located on land that is leased from third parties. We also currently lease facilities in Arizona and own land in New Mexico, which we plan to develop further to support the manufacturing of our next generation spaceships and develop a new astronaut campus and training facility, respectively. We believe that such facilities meet our current and future anticipated needs.

We maintain more than 200,000 square feet of manufacturing and operations facilities at the Mojave Air and Space Port in Mojave, California. This campus includes six main operational buildings and several storage buildings under separate lease agreements that collectively house fabrication, assembly, warehouse, office and test operations. These facilities are leased pursuant to several agreements, which generally have two- or three-year initial terms coupled with renewal options. Several leases are either operating in renewal periods or on a month-to-month basis.

We will conduct our commercial operations at Spaceport America in Sierra County, New Mexico. Located on more than 25 square miles of desert landscape and with access to more than 6,000 square miles of protected airspace, Spaceport America is the world's first purpose-built commercial spaceport and is home to the Virgin Galactic Gateway to Space terminal. State and local governments in New Mexico have invested more than $200.0 million in Spaceport America, with Virgin Galactic serving as the facility's anchor tenant under a 20-year lease scheduled to expire in 2028, subject to our right to extend the term for an additional five years.

Our Design and Engineering center located in Tustin, California encompasses approximately 61,000 square feet of office space and functions as our headquarters. This facility houses our management, research, design, development, marketing, finance and other administrative functions.

On July 14, 2022, the Company entered into an agreement to lease approximately 151,000 square feet of manufacturing and operations facilities in Mesa, Arizona which consists of two hangars. The lease has an initial term of ten years and five months after its commencement with options for extension. We plan to use the facilities to assemble our next generation Delta class spaceships.

Item 3. Legal Proceedings

We are from time to time subject to various claims, lawsuits and other legal and administrative proceedings arising in the ordinary course of business. Some of these claims, lawsuits and other proceedings may involve highly complex issues that

are subject to substantial uncertainties, and could result in damages, fines, penalties, non-monetary sanctions or relief. However, we do not consider any such claims, lawsuits or proceedings that are currently pending, including the matters described in the notes to the consolidated financial statements included in Item 8 in this Annual Report on Form 10-K, individually or in the aggregate, to be material to our business or likely to result in a material adverse effect on our future operating results, financial condition or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the NYSE under the symbol "SPCE."

Holders

As of February 15, 2023, there were 716 holders of record of our shares of common stock. The actual number of stockholders of our common stock is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares of common stock are held in street name by banks, brokers and other nominees.

Recent Sales of Unregistered Equity Securities

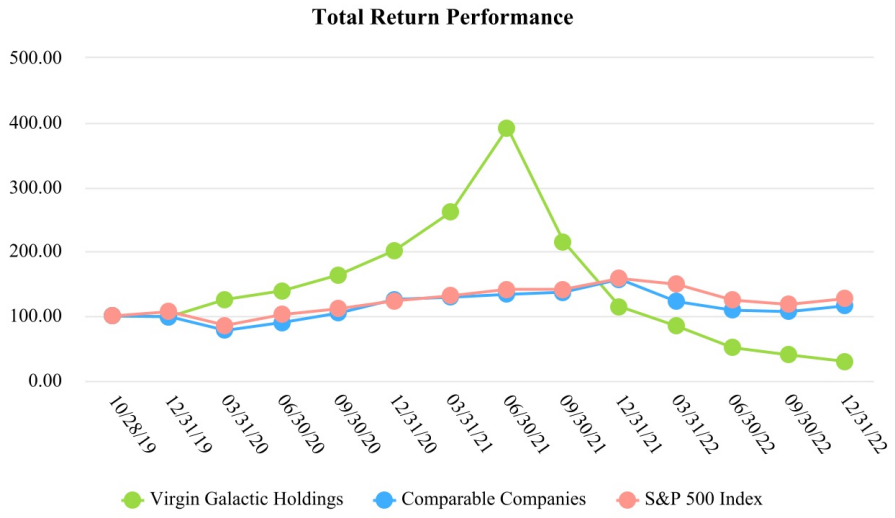
None.

Issuer Purchases of Equity Securities

None.

Stock Performance Graph

The following graph shows the total stockholder return of an investment of $100 cash on October 28, 2019 (the date our common stock began trading on the NYSE after the Virgin Galactic Business Combination) through December 31, 2022 for (1) our common stock, (2) Standard & Poor's ("S&P") 500 Index and (3) the average of comparable companies listed in the NYSE. All values assume reinvestment of the full amount of all dividends. The comparisons in the table are required by the SEC and are not intended to forecast or be indicative of possible future performance of our common stock. This graph shall not be deemed "soliciting material" or be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.



As of December 31, 2022, the comparable companies used are comprised of the following companies: Atlas Air Worldwide Holdings, Inc., The Boeing Company, Comtech Telecommunications Corp., EchoStar Corporation, Hexcel Corporation, Iridium Communications Inc., KVH Industries Inc., L3 Harris Technologies Inc., Lockheed Martin Corp., Northrop Grumman Corp., and Tesla, Inc.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context otherwise requires, all references in this section to the "Company," "Virgin Galactic," "we," "us," or "our" refer to Virgin Galactic Holdings, Inc. and its subsidiaries.

You should read the following discussion and analysis of our financial condition and results of operations together with the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that reflect our plans, estimates, and beliefs that involve risks and uncertainties. As a result of many factors, such as those set forth under the "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" sections and elsewhere in this Annual Report on Form 10-K, our actual results may differ materially from those anticipated in these forward-looking statements.

The following is a discussion and analysis of, and a comparison between, our results of operations for the years ended December 31, 2022 and 2021. A discussion and analysis of, and a comparison between, our results of operations for the years ended December 31, 2021 and 2020 can be found in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Overview

We are at the vanguard of a new industry, pioneering a consumer space experience using reusable spaceflight systems. We believe the commercial exploration of space represents one of the most exciting and important technological initiatives of our time. Approximately 640 humans have ever traveled above the Earth's atmosphere into space. This industry is growing dramatically due to new products, new sources of private and government funding, and new technologies. Demand is emerging from new sectors and demographics, which we believe is broadening the total addressable market. As government space agencies have retired or reduced their capacity to send humans into space, private companies are beginning to make exciting inroads into the fields of human space exploration. We have embarked on this journey with a mission to put humans and research experiments into space and return them safely to Earth on a routine and consistent basis. We believe that opening access to space will connect the world to the wonder and awe created by space travel, offering customers a transformative experience, and providing the foundation for a myriad of exciting new industries.

We are an aerospace and space travel company offering access to space for private individuals, researchers and government agencies. Our missions include flying passengers to space as tourists, as well as flying scientific payloads and researchers to space in order to conduct experiments for scientific and educational purposes. Our operations include the design and development, manufacturing, ground and flight testing, and post-flight maintenance of our spaceflight system vehicles. Our spaceflight system is developed using our proprietary technology and processes and is focused on providing space experiences for private astronauts, researcher flights and professional astronaut training.

We intend to offer our customers a unique, multi-day experience culminating in a spaceflight that includes several minutes of weightlessness and views of Earth from space. Our elegant and distinctive spaceflight system – which takes off and lands on a runway – has been designed for optimal safety and comfort. As part of our commercial operations, we have exclusive access to the Gateway to Space facility at Spaceport America located in New Mexico. Spaceport America is the world's first purpose-built commercial spaceport and will be the site of our initial commercial spaceflight operations. We believe the site provides us with a competitive advantage as it has a desert climate with relatively predictable weather conditions preferable to support our spaceflights and it also has airspace that is restricted for surrounding general commercial air traffic which facilitates frequent and consistent flight scheduling.

Our near-term focus is to launch the commercial program for human spaceflight. In December 2018, we made history by flying our groundbreaking spaceship, VSS Unity, to space. This represented the first flight of a spaceflight system built for commercial service to take humans into space. In February 2019, we flew our second spaceflight with VSS Unity, which carried a crew member in the cabin in addition to the two pilots. After relocating our operations to Spaceport America, we have flown an additional two spaceflights in May and July of 2021. The May 2021 flight carried revenue-generating research experiments as part of NASA's Flight Opportunities Program. This was the third time Virgin Galactic had flown technology experiments in the cabin on a spaceflight. This flight also completed the data submission to the FAA resulting in the approval for the expansion of our commercial space transportation operator license to allow for the carriage of space flight participants. This marked the first time the FAA licensed a spaceline to fly customers and was further validation of the inherent safety of our system.

Our flight in July 2021 was the 22nd flight of VSS Unity, the fourth rocket powered spaceflight and the first spaceflight with a full crew of four mission specialists in the cabin, including our Founder, Sir Richard Branson.

We believe that the market for commercial human spaceflight is significant and untapped. As of December 31, 2022, we received reservations for approximately 800 spaceflight tickets and collected $103.3 million of deposits and membership fees from future astronauts. With each ticket purchased, future astronauts will experience a multi-day journey to prepare their mind and body for their upcoming flight, which includes a comprehensive spaceflight training preparation program and culminates with a trip to space on the final day. Each ticket purchased after our ticket sale reopening in 2021 also includes a membership in Virgin Galactic's Future Astronaut community. This membership provides access to events and experiences, including exclusive weeks 'at home' with Virgin Galactic Astronaut 001, Sir Richard Branson.

We have developed an extensive set of integrated aerospace development capabilities encompassing preliminary vehicle design and analysis, detail design, manufacturing, ground testing, flight testing, and maintenance of our spaceflight system. Our reusable spaceflight system consists of two primary components: our carrier aircraft, which is called the mothership, and our spaceship.

Our mothership is a twin-fuselage, custom-built aircraft designed to carry the spaceship up to an altitude of approximately 45,000 feet, where it is released for its flight into space. Using the mothership's air launch capability, rather than a standard ground-launch, reduces the energy requirements of our spaceflight system as the spaceship does not have to ascend through the higher density atmosphere closest to the Earth's surface. It is also a fully reusable part of our spaceflight system. The spaceship is a vehicle with the capacity to carry pilots and private astronauts, research experiments, and researchers that travel with their experiments for human tended research flights into space and return them safely to Earth. It is powered by a hybrid rocket propulsion system, which propels the spaceship on a trajectory into space. The hybrid rocket motor utilizes liquid oxidizer and solid fuel and is designed to be a simple, safe, reliable propulsion system for the spaceship. The spaceship's cabin has been designed to maximize the future astronaut's safety, experience and comfort. A dozen windows line the sides and ceiling of the spaceship, offering customers the ability to view the blackness of space as well as stunning views of the Earth below.

Our team is currently in various stages of designing, testing and manufacturing additional spaceships, motherships, and rocket motors in order to meet the expected demand for human spaceflight experiences. Our next generation spaceships will include the various learnings from our flight test program so we are able to design and manufacture our future spaceships to allow for greater predictability, faster turnaround time and easier maintenance. Concurrently, we are also researching and developing new products and technologies to grow our company.

Our operations also include spaceflight opportunities for research and technology development. Researchers have historically utilized parabolic aircraft and drop towers to create moments of microgravity and conduct significant research activities related to the space environment. In most cases, these solutions offer only seconds of continuous microgravity time and do not offer access to the upper atmosphere or space itself. Researchers can also conduct experiments on sounding rockets or satellites. These opportunities are expensive, infrequent and may impose highly limiting operational constraints. Our spaceflight system is intended to provide the scientific research community access to space for affordable and repeatable access to microgravity. Our suborbital platform is an end-to-end offering, which includes not only our vehicles, but also the hardware such as middeck lockers that we provide to researchers that request them, along with the processes and facilities needed for a successful campaign. The platform offers a routine, reliable and responsive service allowing for experiments to be repeated rapidly and frequently and with the opportunity to be tended in-flight by one or more researchers. This capability will enable scientific experiments as well as educational and research programs to be carried out by a broader range of individuals, organizations and institutions than ever before. Our commitment to advancing research and science has been present in all of our spaceflights to date. In May 2021, we carried payloads into space for research purposes through NASA's Flight Opportunities Program, and our flight in July 2021 included research payloads from the University of Florida.

We have also leveraged our knowledge and expertise in manufacturing spaceships to occasionally perform engineering services for third parties, such as research, design, development, manufacturing and integration of advanced technology systems.

Factors Affecting Our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in the section of this Annual Report on Form 10-K titled "Risk Factors."

Impact of COVID-19

The COVID-19 pandemic and the protocols and procedures we implemented in response to the pandemic caused delays to our business and operations, which led to accumulated impacts to both schedule and cost efficiency and some delays in operational and maintenance activities, including delays in our test flight program. While we are no longer experiencing

delays from these measures, the long-term effects of the COVID-19 pandemic on our business remain uncertain. Measures we may need to take in the future and challenges that result from the pandemic could affect our operations necessary to complete the development of our spaceflight systems, our scheduled flight test programs and commencement of our commercial flights. If the pandemic worsens and we experience an additional delay, we may take additional actions, such as further reducing costs.

Commercial Launch of Our Human Spaceflight Program

We are the first spaceline to receive FAA approval to carry commercial customers to space. This was through an update to our existing commercial spaceflight license which we have held since 2016. We are in the final phases of developing our commercial spaceflight program. Prior to launch of commercial service, we must complete a period of planned maintenance and enhancements to the vehicles, as well as subsequent vehicle flight testing. Commercial service is currently expected to commence in the second quarter of 2023. We continuously monitor our supply chain for potential risk associated with the delivery of materials from our suppliers, which in turn could impact the schedule for completion of the enhancement period and the start of commercial service. We have identified some areas of risk for timely delivery and continue to work on mitigating these identified risks. Any delays in successful completion of our test flight program, whether due to the supply chain, the impact of COVID-19 and related macroeconomic factors or otherwise, will impact our ability to generate revenue from human spaceflight.

Customer Demand

While not yet in commercial service for human spaceflight, we have already received significant interest from potential future astronauts. Going forward, we expect the size of our backlog and the number of future astronauts that have flown to space on our spaceflight system to be an important indicator of our future performance. As of December 31, 2022, we had reservations for space flights for approximately 800 future astronauts. In August 2021, following Sir Richard Branson's successful test flight, we reopened ticket sales to a select group and increased the pricing of our consumer offerings to a base price of $450,000 per seat. In February 2022, we opened ticket sales to the general public. We are reserving our first 100 seats within our first 1,000 commercial seats sold for research and scientific experiments. As of December 31, 2022, the tickets sold represent approximately $207 million in expected future spaceflight revenue upon completion of space flights.

Available Capacity and Annual Flight Rate

We expect to commence commercial operations with a single spaceship, VSS Unity, and a single mothership carrier aircraft, VMS Eve, which together comprise our only spaceflight system. As a result, our annual flight rate will be constrained by the availability and capacity of this spaceflight system. Additionally, we may commence commercial operations while temporarily assigning one of the four passenger seats in VSS Unity to be occupied by one of our employees to gather input about the experience in order to help us create a better experience for our customers in the long-term. To reduce the capacity constraint associated with having only one spaceflight system, we are currently developing our newest spaceship, VSS Imagine. We intend to expand our fleet further with our next generation vehicles, our Delta class spaceships and our next generation motherships, which will allow us to increase our annual flight rate. We believe that expanding the fleet will allow us to increase our annual flight rate once commercialization is achieved. We are dedicating significant engineering resources to the work that precedes production of the future fleet. Simultaneously, we are focused on the launch and flight consistency of Unity and Eve to begin bringing our customers to space and to demonstrate the value of our product. Prioritizing our resources against these important efforts will likely impact the pace of work on our second spaceship, VSS Imagine, and we are reassessing its schedule for entering commercial service.

Safety Performance of Our Spaceflight Systems

Our spaceflight systems are highly specialized with sophisticated and complex technology. We have built operational processes to ensure that the design, manufacture, performance and servicing of our spaceflight systems meet rigorous quality standards. However, our spaceflight systems are still subject to operational and process risks, such as manufacturing and design issues, human errors, or cyber-attacks. Any actual or perceived safety issues may result in significant reputational harm to our business and our ability to generate human spaceflight revenue.

Component of Results of Operations

Revenue

To date, we have primarily generated revenue from fees related to our Future Astronaut community membership and Future Astronaut community event, by transporting scientific commercial research and development payloads using our

spaceflight systems and by providing engineering and scientific research services. We also have generated revenues from sponsorship arrangements.

Following the commercial launch of our human spaceflight services, we expect the significant majority of our revenue to be derived from ticket sales to fly to space and related services. We also expect that we will continue to receive a small portion of our revenue by providing services relating to the research, design, development, manufacture and integration of advanced technology systems.

Customer Experience

Customer experience expenses related to spaceflight operations include the consumption of a rocket motor and fuel and other consumables, as well as payroll and benefits for our pilots and ground crew. Customer experience expenses related to the payload cargo services, as well as engineering services, consist of materials and human capital, such as payroll and benefits, to perform these services. Additionally, customer experience expenses include costs associated with maintaining and growing our Future Astronaut community through offerings provided to community members, as well as hospitality, medical, safety, security, training, and facility costs that are for the benefit of our astronauts.

Selling, General and Administrative

Selling, general and administrative expenses consist of human capital related expenses for employees involved in general corporate functions, including executive management and administration, accounting, finance, tax, legal, information technology, marketing and commercial, and human resources; rent relating to facilities, including a portion of the lease with Spaceport America, and equipment; professional fees; and other general corporate costs. Human capital expenses primarily include salaries, cash bonuses, stock-based compensation and benefits. As we continue to grow as a company, we expect that our selling, general and administrative costs will increase on an absolute dollar basis.

Research and Development

Research and development expense represents costs incurred to support activities that advance our human spaceflight system towards commercialization, including basic research, applied research, concept formulation studies, design, development, and related testing activities. Research and development costs consist primarily of the following costs for developing our spaceflight systems:

- flight testing programs, including rocket motors, fuel, and payroll and benefits for pilots and ground crew performing test flights;
- equipment, material, and labor hours (including from third-party contractors) for developing the spaceflight system’s structure, spaceflight propulsion system, and flight profiles;
- rent, maintenance, and other overhead expenses allocated to the research and development departments; and
- third-party fees to design and manufacture our next generation motherships, as well as manufacture key subassemblies for our next generation spaceships.

As of December 31, 2022, our current primary research and development objectives focus on the development of our mothership and spaceship vehicles for commercial spaceflights and developing our rocket motor, a hybrid rocket propulsion system that is used to propel our spaceship vehicles into space. The successful development of our motherships, spaceships and rocket motors involves many uncertainties, including:

- our ability to recruit and retain skilled engineering and manufacturing staff;
- timing in finalizing spaceflight systems design and specifications;
- successful completion of flight test programs, including flight safety tests;
- our ability to obtain additional applicable approvals, licenses or certifications from regulatory agencies, if required, and maintaining current approvals, licenses or certifications;

- performance of our manufacturing facilities despite risks that disrupt productions, such as natural disasters and hazardous materials;
- performance of a limited number of suppliers for certain raw materials and components;
- performance of our third-party contractors that support our manufacturing and research and development activities including the quality of components and subassemblies;
- our ability to maintain rights from third parties for intellectual properties critical to research and development activities;
- continued access to launch sites and airspace;
- our ability to continue funding and maintain our current research and development activities; and
- the impact of the global COVID-19 pandemic.

A change in the outcome of any of these variables could delay the development of our motherships, spaceships, or rocket motors, which in turn could impact when we are able to commence our human spaceflights.

As we are currently still in our final development and testing stage of our spaceflight system, we have expensed all research and development costs associated with developing and building our spaceflight system. We expect that our research and development expenses will decrease once technological feasibility is reached for our spaceflight systems as the costs incurred to manufacture additional spaceship vehicles, built by leveraging the invested research and development, will no longer qualify as research and development activities.

Interest Income

Interest income primarily includes interest earned on our cash, cash equivalents and marketable securities.

Interest Expense

Interest expense consists of amortization of debt issuance costs and interest expense for our 2027 Notes, as well as interest expense related to our finance lease obligations.

Change in Fair Value of Warrants

Change in fair value of warrants reflects the non-cash change in the fair value of warrants. Certain warrants issued as part of the Company's initial public offering in 2017 and assumed upon the consummation of the Virgin Galactic business combination in October 2019 (the "Business Combination") were recorded at their fair value on the date of the Business Combination and are remeasured at the end of each reporting period and no warrants were outstanding as of each of December 31, 2022 and 2021.

Other Income, net

Other income, net consists of miscellaneous non-operating items, such as gains and losses on marketable securities and handling fees related to customer refunds.

Income Tax Provision

We are subject to income taxes in the United States and the United Kingdom. Our income tax provision consists of an estimate of federal, state, and foreign income taxes based on enacted federal, state, and foreign tax rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in the valuation of our deferred tax assets and liabilities, and changes in tax laws.

Results of Operations

The following tables set forth our results of operations for the periods presented. The period-to-period comparisons of financial results is not necessarily indicative of future results.

	Year Ended December 31,		
	2022	2021	2020
	(In thousands)		
Revenue	$ 2,312	$ 3,292	$ 238
Operating expenses:			
Customer experience	1,906	272	173
Selling, general and administrative	175,118	166,814	111,203
Research and development	314,174	144,223	154,365
Depreciation and amortization	11,098	11,518	9,781
Total operating expenses	502,296	322,827	275,522
Operating loss	(499,984)	(319,535)	(275,284)
Interest income	12,502	1,208	2,277
Interest expense	(12,130)	(25)	(36)
Change in fair value of warrants	—	(34,650)	(371,852)
Other income, net	58	182	14
Loss before income taxes	(499,554)	(352,820)	(644,881)
Income tax expense	598	79	6
Net loss	$ (500,152)	$ (352,899)	$ (644,887)

Comparison of Results of Operations for Year Ended December 31, 2022 to Year Ended December 31, 2021

	Year Ended December 31,		$	%
	2022	2021	Change	Change
	(In thousands, except %)			
Revenue	$ 2,312	$ 3,292	$ (980)	(29.8)%

Revenue decreased by $1.0 million, or 29.8%, to $2.3 million for the year ended December 31, 2022 from $3.3 million for the year ended December 31, 2021. Revenue recorded for the year ended December 31, 2022 was primarily attributable to membership fees related to our Future Astronaut community, fees related to our Future Astronaut community event, and scientific research services under government contracts. Revenue recorded for the year ended December 31, 2021 was primarily attributable to sponsorship revenue and revenue earned under government contracts from progress on the completion of certain technical milestones related to payload services. In addition, we recognized revenue related to the performance of our spaceflights in May and July 2021.

Customer Experience

	Year Ended December 31,		$	%
	2022	2021	Change	Change
	(In thousands, except %)			
Customer experience	$ 1,906	$ 272	$ 1,634	n.m

We recorded $1.9 million and $0.3 million of customer experience costs for the years ended December 31, 2022 and December 31, 2021, respectively. Customer experience costs for the year ended December 31, 2022 were primarily attributable

to costs related to our Future Astronaut community event, other costs to maintain our Future Astronaut community, labor costs provided for scientific research services, and incremental costs related to payload services. Customer experience costs for the year ended December 31, 2021 were primarily attributable to the incremental costs related to the completion of payload services, labor costs provided for engineering services under long-term U.S. government contracts, and agent fees related to sponsorship revenue.

Selling, General and Administrative

	Year Ended December 31,		$	%
	2022	2021	Change	Change
	(In thousands, except %)			
Selling, general and administrative	$ 175,118	$ 166,814	$ 8,304	5.0 %

Selling, general and administrative expenses increased by $8.3 million, or 5.0%, to $175.1 million for the year ended December 31, 2022 from $166.8 million for the year ended December 31, 2021. This increase was primarily due to a $18.8 million increase in salary, bonus and other employee benefits, a $7.0 million increase in consulting, legal and other professional costs, a $2.3 million increase in software licensing costs, and a $1.9 million increase in contract and subcontract labor. These increases were partially offset by a $14.2 million decrease in stock-based compensation and a $7.4 million decrease in marketing and advertising related expenses attributable to our spaceflights in May and July 2021.

Research and Development

	Year Ended December 31,		$	%
	2022	2021	Change	Change
	(In thousands, except %)			
Research and development	$ 314,174	$ 144,223	$ 169,951	117.8 %

Research and development expenses increased by $170.0 million, or 117.8%, to $314.2 million for the year ended December 31, 2022 from $144.2 million for the year ended December 31, 2021. This increase was primarily due to costs associated with developing our spaceflight system, specifically a $138.8 million increase in material costs, contract and subcontract labor, and technical consulting costs and a $23.2 million increase in salaries, bonus, and other employee benefits. In addition, there was a $5.4 million increase in facilities costs.

Depreciation and Amortization

	Year Ended December 31,		$	%
	2022	2021	Change	Change
	(In thousands, except %)			
Depreciation and amortization	$ 11,098	$ 11,518	$ (420)	(3.6)%

Depreciation and amortization expense decreased from $11.5 million for the year ended December 31, 2021 to $11.1 million for the year ended December 31, 2022, a decrease of $0.4 million when compared to 2021.

Interest Income

	Year Ended December 31,		$	%
	2022	2021	Change	Change
	(In thousands, except %)			
Interest income	$ 12,502	$ 1,208	$ 11,294	n.m

Interest income increased by $11.3 million to $12.5 million for the year ended December 31, 2022 from $1.2 million for the year ended December 31, 2021. This increase was primarily driven by higher interest rates on marketable securities and a full year of our investment program in 2022 compared to a partial year in 2021.

Interest Expense

	Year Ended December 31,		$	%
	2022	2021	Change	Change
	(In thousands, except %)			
Interest expense	$ (12,130)	$ (25)	$ (12,105)	n.m.

Interest expense increased to $(12.1) million for the year ended December 31, 2022. This increase was primarily driven by interest expense and amortization of debt issuance costs related to our January 2022 senior convertible notes.

Change in the Fair Value of Warrants

	Year Ended December 31,		$	%
	2022	2021	Change	Change
	(In thousands, except %)			
Change in fair value of warrants	$ —	$ (34,650)	$ 34,650	(100.0)%

Change in fair value of warrants reflects the non-cash change in the fair value of warrants. No warrants were outstanding during the year ended December 31, 2022.

Other Income, net

	Year Ended December 31,		$	%
	2022	2021	Change	Change
	(In thousands, except %)			
Other income, net	$ 58	$ 182	$ (124)	n.m.

Other income, net decreased from $0.2 million for the year ended December 31, 2021 to less than $0.1 million for the year ended December 31, 2022, a decrease of $0.1 million when compared to 2021.

Income Tax Expense

	Year Ended December 31,		$	%
	2022	2021	Change	Change
	(In thousands, except %)			
Income tax expense	$ 598	$ 79	$ 519	n.m.

Income tax expense increased from $0.1 million for the year ended December 31, 2021 to $0.6 million for the year ended December 31, 2022. As we have not yet started commercial operations we have accumulated net operating losses at the U.S. federal and state levels, and we maintain a valuation allowance against a substantial portion of our U.S. federal and state deferred tax assets. The change in income tax expense shown above is primarily related to corporate income taxes for our operations in the United Kingdom, which operates on a cost-plus arrangement.

Liquidity and Capital Resources

As of December 31, 2022, we had cash, cash equivalents and restricted cash of $342.6 million and $637.1 million in marketable securities. Our principal sources of liquidity have come from our sales of our common stock and offering of convertible senior notes ("2027 Notes"). We believe our cash and cash equivalents on hand at December 31, 2022, and management's operating plan, will provide sufficient liquidity to fund our operations for at least the next twelve months from the issuance of the consolidated financial statements included in this Annual Report on Form 10-K.

Historical Cash Flows

	Year Ended December 31,	
	2022	2021
	(In thousands)	
Net cash provided by (used in):		
Operating activities	$ (380,241)	$ (230,763)
Investing activities	(286,165)	(387,519)
Financing activities	459,003	489,357
Net decrease in cash, cash equivalents and restricted cash	$ (207,403)	$ (128,925)

Operating Activities

Net cash used in operating activities was $380.2 million for the year ended December 31, 2022, and consisted primarily of $500.2 million of net losses, adjusted for non-cash items, which primarily included stock-based compensation expense of $45.7 million, depreciation and amortization expense of $11.1 million, amortization of debt issuance costs of $2.0 million, other non-cash items of $10.8 million, as well as a $50.3 million of cash provided from changes in working capital.

Net cash used in operating activities was $230.8 million for the year ended December 31, 2021, and consisted primarily of $352.9 million of net losses, adjusted for non-cash items, which primarily included stock-based compensation expense of $61.8 million, depreciation and amortization expense of $11.5 million, and change in fair value of warrants of $34.7 million, as well as a $14.2 million of cash provided from changes in working capital.

Investing Activities

Net cash used in investing activities was $286.2 million for the year ended December 31, 2022, and consisted primarily of $704.6 million in purchases of marketable securities and $16.5 million in purchases of capital expenditures, partially offset by $434.9 million in proceeds from maturities and calls of marketable securities.

Net cash used in investing activities was $387.5 million for the year ended December 31, 2021, and consisted primarily of $382.9 million in purchases of marketable securities and $4.6 million in purchases of capital expenditures.

Financing Activities

Net cash provided by financing activities was $459.0 million for the year ended December 31, 2022, and consisted primarily of the issuance of the 2027 Notes for net proceeds of $413.7 million and proceeds from the sale and issuance of common stock of $103.3 million, partially offset by the purchase of the 2027 Capped Calls of $52.3 million, tax withholdings paid for net settled stock-based awards of $4.0 million and transaction costs incurred for the issuance of common stock of $1.2 million.

Net cash provided by financing activities was $489.4 million for the year ended December 31, 2021, and consisted primarily of $500.0 million cash proceeds from the sale and issuance of common stock and $20.0 million in cash received from the issuance of common stock pursuant to stock options exercised, partially offset by tax withholdings paid for net settled stock-based awards of $23.4 million and transaction costs incurred for the issuance of common stock of $6.8 million.

Contractual Obligations

We lease certain facilities and data centers under non-cancellable operating lease arrangements that expire at various dates through 2065. As of December 31, 2022, future minimum payments under noncancellable operating leases was $110.9 million. For additional information regarding our lease obligations, see Note 16 in our consolidated financial statements included in Item 8 of this Annual Report in Form 10-K.

Funding Requirements

We expect our expenses to increase substantially in connection with our ongoing activities, particularly as we continue to advance the development of our spaceflight system and the commercialization of our human spaceflight operations. In addition, we expect customer experience expenses to increase significantly as we commence commercial operations and add additional spaceships to our operating fleet.

Specifically, our operating expenses will increase as we:

- scale up our manufacturing processes and capabilities to support expanding our fleet with additional spaceships, carrier aircraft and rocket motors upon commercialization;
- pursue further research and development on our future human spaceflights, including those related to our research and education efforts on point-to-point travel;
- hire additional personnel in research and development, manufacturing operations, testing programs, maintenance operations and guest services as we increase the volume of our spaceflights upon commercialization;
- seek regulatory approval for any changes, upgrades or improvements to our spaceflight technologies and operations in the future, especially upon commercialization;
- maintain, expand and protect our intellectual property portfolio;
- establish our astronaut campus in New Mexico; and
- hire additional personnel in management to support the expansion of our operational, financial, information technology, and other areas to support our operations as a public company.

In some cases, we expect our arrangements with third-party providers, including under our Master Agreements with Aurora Flight Sciences Corporation (“Aurora"), a wholly owned subsidiary of The Boeing Company, for the design and manufacture of our next generation of carrier aircraft and Bell Textron Inc. ("Bell") and Qarbon Aerospace ("Qarbon") to manufacture key subassemblies for our next generation spaceships, will require significant capital expenditures from us, but such amounts are subject to future negotiations and cannot be estimated with reasonable certainty. Although we believe that our current capital is adequate to sustain our operations for at least the next twelve months, changing circumstances may cause us to consume capital significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of circumstances beyond our control. Additionally, we are in the final phases of developing our commercial spaceflight program. While we anticipate initial commercial launch with a single spaceship, we currently have additional spaceship vehicles under construction. We anticipate the costs to manufacture additional vehicles will begin to decrease as we continue to scale up our manufacturing processes and capabilities. Until we achieve technological feasibility with our spaceflight systems, we will not capitalize expenditures incurred to construct any additional components of our spaceflight systems and we will continue to expense these costs as incurred to research and development.

Issuances of Common Stock

On July 12, 2021, we entered into a distribution agency agreement with Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC (each, an “Agent” and collectively, the “Agents”) providing for the offer and sale of up to $500.0 million of shares of our common stock, par value $0.0001 per share, through an "at the market offering" program ("ATM"), from time to time by us through the Agents, acting as our sales agents, or directly to one or more of the Agents, acting as principal (the “2021 ATM program”).

We completed available offerings under the 2021 ATM program on July 16, 2021, generating $500.0 million in gross proceeds through the sale of 13,740,433 shares of our common stock, before deducting $6.2 million in underwriting discounts, commissions and other expenses payable by us.

On August 4, 2022, we entered into a distribution agency agreement with Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC providing for the offer and sale of up to $300.0 million of shares of our common stock, par value $0.0001 per share, through an ATM (the "2022 ATM program").

As of December 31, 2022, we sold a total of 16,265,700 shares of our common stock under the 2022 ATM program, generating $103.3 million in gross proceeds, before deducting $1.2 million in underwriting discounts, commissions and other expenses payable by us.

Short-term Liquidity and Capital Resources

For at least the next twelve months, we expect our principal demand for funds will be for our ongoing activities described above. We expect to meet our short-term liquidity requirements primarily through our cash, cash equivalents and marketable securities on hand. We believe we will have sufficient liquidity available to fund our business needs, commitments and contractual obligations for the next twelve months.

Long-term Liquidity and Capital Resources

Beyond the next twelve months, our principal demand for funds will be to sustain our operations, including the construction of additional motherships under an agreement with a third-party contractor, and spaceship vehicles, construction of our astronaut campus, expansion of the New Mexico Spaceport, and for the payment of the principal amount of our convertible senior notes as it becomes due. We expect to begin generating revenue from our human spaceflight program, which is expected to launch in the second quarter of 2023. To the extent this source of capital as well as the sources of capital described above are insufficient to meet our needs, we will also conduct additional offerings of our securities or may refinance debt. We expect these resources will be adequate to fund our ongoing operating activities.

The commercial launch of our human spaceflight program and the anticipated expansion of our fleet have unpredictable costs and are subject to significant risks, uncertainties and contingencies, many of which are beyond our control, that may affect the timing and magnitude of these anticipated expenditures. Some of these risk and uncertainties are described in more detail in this Annual Report on Form 10-K under the heading Item 1A. "*Risk Factors—Risks Related to Our Business*."

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our consolidated financial statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our consolidated financial statements and, therefore, we consider these to be our critical accounting policies. Accordingly, we evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions and conditions. Please refer to Note 2 in our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for information about these critical accounting policies, as well as a description of our other significant accounting policies.

Revenue Recognition

We recognize revenue when control of the promised service is transferred to our customers in an amount that reflects the consideration we expect to receive based on the contracted amount for those services. We determine revenue recognition by first identifying the contract or contracts with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract, and recognizing revenue when, or as, we satisfy a performance obligation. Our contracts generally include spaceflight operations, Future Astronaut community services, and other revenue and engineering services.

Inventories

Inventories consist of raw materials expected to be used for the development of the human spaceflight program and customer-specific contracts. Inventories are stated at the lower of cost or net realizable value. At the end of each reporting period, we evaluate whether the utility of our inventories have diminished through damage, deterioration, obsolescence, changes in price or other causes, and if so, a loss is recognized in the period in which it occurs. We determine the costs of other product and supply inventories by using the first-in, first-out or average cost methods. Our status of pre-technological feasibility means that material issued from inventory into production of our vehicles, labor charges and overhead charges are charged to research and development expense.

Research and Development

We conduct research and development activities to develop existing and future technologies that advance our spaceflight system towards commercialization. Research and development activities include basic research, applied research, concept formulation studies, design, development, and related test program activities. Costs incurred for developing our spaceflight system and flight profiles primarily include equipment, material, and labor hours. Costs incurred for performing test flights primarily include rocket motors, fuel, and payroll and benefits for pilots and ground crew. Research and development costs also include rent, maintenance, and depreciation of facilities and equipment and other allocated overhead expenses. We expense all research and development costs as incurred. Once we have achieved technological feasibility, we will capitalize the costs to construct any additional components of our spaceflight systems.

Income Taxes

We record income tax expense for the anticipated tax consequences of the reported results of operations using the asset and liability method. Under this method, we recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. We record valuation allowances to reduce our deferred tax assets to the net amount that we believe is more likely than not to be realized. Our assessment considers the recognition of deferred tax assets on a jurisdictional basis. Accordingly, in assessing our future taxable income on a jurisdictional basis, we consider the effect of our transfer pricing policies on that income.

We recognize tax benefits from uncertain tax positions only if we believe that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. As we grow, we will face increased complexity in determining the appropriate tax jurisdictions for revenue and expense items. We adjust these reserves when facts and circumstances change, such as the closing of a tax audit or refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the income tax expense in the period in which such determination is made and could have a material impact on our financial condition and operating results. The income tax expense includes the effects of any accruals that we believe are appropriate, as well as the related net interest and penalties.

We have not yet started commercial operations, and as such, we are accumulating net operating losses at the federal and state levels. Income taxes included in the consolidated financial statements are primarily related to corporate income taxes for our operations in the United Kingdom, which operates on a cost-plus arrangement.

Stock-Based Compensation

We have granted stock-based awards consisting of restricted stock units ("RSUs"), performance-based stock units ("PSUs"), performance-based stock options ("PSOs"), and service-based stock options. Our outstanding RSUs and stock options contain a service-based vesting condition. The service-based vesting condition for the majority of these awards is satisfied over four years. Our outstanding PSUs contain a service-based vesting condition, as well as a market-based vesting condition that is satisfied based on the Company's common stock performance following the end of the three-year performance measurement period based on the highest closing price over twenty consecutive trading days during the performance measurement period. Our outstanding PSOs contain a market-based vesting condition that is satisfied based on the attainment of certain stock price goals.

We recognize all stock-based awards to employees and directors as stock-based compensation expense based upon their fair values on the date of grant. Compensation expense is recognized over the requisite service periods. We account for forfeitures when they occur.

We have estimated the fair value for each service-based stock option award as of the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model considers, among other factors, the expected life of the award and the expected volatility of our stock price. We have estimated the fair value for each PSO and PSU award with market-based conditions as of the grant date using the Monte-Carlo simulation method. The Monte-Carlo simulation method considers, among other factors, the discount rates and future market conditions.

In connection with the Business Combination, our board of directors and stockholders adopted the 2019 Incentive Award Plan (the "2019 Plan"). Pursuant to the 2019 Plan, up to 21,208,755 shares of common stock have been reserved for issuance to employees, directors and other service providers. Please refer to Notes 2 and 14 in our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for further information regarding stock-based compensation.

Warrant Liability

We account for the public and private placement warrants issued in connection with our initial public offering in accordance with Accounting Standards Codification ("ASC") 815-40, "Derivatives and Hedging—Contracts in Entity's Own Equity" ("ASC 815"), under which the warrants do not meet the criteria for equity classification and must be recorded as liabilities. As the warrants meet the definition of a derivative as contemplated in ASC 815, the warrants are measured at fair value at inception and at each reporting date in accordance with ASC 820, "Fair Value Measurement," with changes in fair value recognized as a component of non-operating income (expense) on the consolidated statements of operations and comprehensive loss.

Recent Accounting Pronouncements

Please refer to Note 3 in our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K for a description of recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the date of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We have operations within the United States and the United Kingdom and, as such, we are exposed to market risks in the ordinary course of our business, including the effects of interest rate changes and fluctuations in foreign currency exchange rates. We are also exposed to market risk from changes in our stock prices, which impact the fair value of our 2027 Notes. Information relating to quantitative and qualitative disclosures about these market risks is set forth below.

Interest Rate Risk

We had cash, cash equivalents and marketable securities totaling $1.0 billion as of December 31, 2022, of which $928.1 million was invested in money market funds, certificate of deposits, U.S. treasury securities, and corporate debt securities. Our cash and cash equivalents are held for working capital purposes and to enable us to earn low-risk returns on our investments. Our investment in marketable securities are made for capital preservation purposes. We do not enter into investments for trading or speculative purposes.

Our cash equivalents and our investment portfolio are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates. Due in part to these factors, our future investment income may fall short of our expectations due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our marketable securities as "available for sale," no gains are recognized due to changes in interest rates. As losses due to changes in interest rates are generally not considered to be credit-related changes, no losses in such securities are recognized due to changes in interest rates unless we intend to sell, it is more likely than not that we will be required to sell, we sell prior to maturity or we otherwise determine that all or a portion of the decline in fair value are due to credit related factors.

In January 2022, we issued the 2027 Notes in an aggregate principal amount of $425.0 million. Concurrently with the issuance of the 2027 Notes, we entered into separate capped call transactions. The 2027 Capped Calls were completed to reduce the potential dilution from the conversion of the 2027 Notes. The 2027 Notes have a fixed annual interest rate of 2.50%. Accordingly, we do not have economic interest rate exposure on the 2027 Notes. However, changes in market interest rates impact the fair value of the 2027 Notes. In addition, the fair value of the 2027 Notes fluctuates when the market price of our common stock fluctuates. The fair value is determined based on the quoted bid price of the 2027 Notes in an over-the-counter market on the last trading day of the reporting period.

As of December 31, 2022, a hypothetical 100 basis point change in interest rates would not have had a material impact on the value of our cash equivalents or investment portfolio.

Foreign Currency Risk

The functional currency of our operations in the United Kingdom is the local currency. We translate the financial statements of the operations in the United Kingdom to United States Dollars and as such we are exposed to foreign currency risk. Currently, we do not use foreign currency forward contracts to manage exchange rate risk, as the amount subject to foreign currency risk is not material to our overall operations and results.

Item 8. Financial Statements and Supplementary Data

The financial statements required by this Item are included in Item 15 of this report and are presented beginning on page F-1 and are incorporated herein by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None**.**

Item 9A. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of December 31, 2022, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based upon criteria established in Internal Control – Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2022.

KPMG LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in the Annual Report on Form 10-K and, as part of their audit, has issued their report, included herein, on the effectiveness of our internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended December 31, 2022, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included in an amendment to this Annual Report on Form 10-K or incorporated by reference from our Proxy Statement for our Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2022.

Item 11. Executive Compensation

The information required by this item will be included in an amendment to this Annual Report on Form 10-K or incorporated by reference from our Proxy Statement for our Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2022.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be included in an amendment to this Annual Report on Form 10-K or incorporated by reference from our Proxy Statement for our Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2022.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be included in an amendment to this Annual Report on Form 10-K or incorporated by reference from our Proxy Statement for our Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2022.

Item 14. Principal Accountant Fees and Services

Our independent registered public accounting firm is KPMG LLP, Los Angeles, CA, Auditor Firm ID: 185

The information required by this item will be included in an amendment to this Annual Report on Form 10-K or incorporated by reference from our Proxy Statement for our Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the year ended December 31, 2022.

Part IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

(1) Financial Statements. Reference is made to the Index to Consolidated Financial Statements beginning on Page F-1 hereof.

(2) Financial Statement Schedules. None.

(3) Exhibits. The following exhibits are filed, furnished or incorporated by reference as part of this Annual Report on Form 10-K.

		Incorporated by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
3.1	Certificate of Incorporation of the Registrant	8-K	001-38202	3.1	10/29/2019	
3.2	By-Laws of the Registrant	8-K	001-38202	3.2	10/29/2019	
4.1	Specimen Common Stock Certificate of the Registrant	8-K	001-38202	4.2	10/29/2019	
4.2	Description of the Registrant's Securities Registered under Section 12 of the Exchange Act	10-K	001-38202	4.2	2/28/2022	
4.3	Indenture, dated as of January 19, 2022 between the Registrant and U.S. Bank National Association, as trustee	8-K	001-38202	4.1	1/20/2022	
4.4	Form of certificate representing the 2.50% Convertible Senior Notes due 2027 (included as Exhibit A to Exhibit 4.3)	8-K	001-38202	4.2	1/20/2022	
10.1	Form of Indemnification Agreement	S-4/A	333-233098	10.46	10/03/2019	
10.2[(1)]	2019 Incentive Award Plan	8-K	001-38202	10.2	10/29/2019	
10.2(a)[(1)]	Form of Director Restricted Stock Unit Award Agreement	S-4	333-233098	10.26	08/07/2019	
10.2(b)[(1)]	Form of Restricted Stock Unit Agreement under the 2019 Incentive Award Plan	8-K	001-38202	10.2(b)	10/29/2019	
10.2(c)[(1)]	Form of Stock Option Agreement under the 2019 Incentive Award Plan	8-K	001-38202	10.2(c)	10/29/2019	
10.2(d)[(1)]	Form of Director Restricted Stock Unit Award (Annual Award)	10-Q	001-38202	10.4	5/11/2021	
10.3[(1)]	Amended Non-Employee Director Compensation Program	10-K	001-38202	10.3	3/01/2021	
10.4[(1)]	Non-Employee Director Compensation Program	10-Q	001-38202	10.2	5/11/2021	
10.5[(1)(3)]	Employment Agreement, dated October 25, 2019, by and among the Registrant, Virgin Galactic, LLC and Michael Moses	8-K	001-38202	10.5	10/29/2019	
10.6[(1)(3)]	Employment Agreement, dated July 10, 2020, by and between the Registrant, Virgin Galactic, LLC and Michael Colglazier, Form of Restricted Stock Unit Award Agreement with Michael Colglazier and Form of Stock Option Award Agreement with Michael Colglazier	8-K	001-38202	10.1	07/15/2020	
10.7[(1)(3)]	Employment Agreement, dated December 2, 2019, by and among the Registrant, Virgin Galactic Holdings, LLC and Michelle Kley	10-K	001-38202	10.10	03/01/2021	
10.8[(1)(3)]	Agreement and General Release, dated August 30, 2022, by and between the Registrant and Michelle Kley	10-Q	001-38202	10.4	11/3/2022	
10.9[(1)(3)]	Employment Agreement, dated February 22, 2021, by and among the Registrant, Galactic Co., LLC and Doug Ahrens	10-K	001-38202	10.11	03/01/2021	
10.10[(1)(3)]	Employment Agreement, dated October 24, 2022, by and among the Registrant, Galactic Co., LLC and Sarah Kim					*

		Incorporated by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
10.11[(1)(3)]	Offer Letter from Virgin Galactic, LLC, dated October 6, 2020, to Alistair Burns					*
10.12[(1)(3)]	Employment Agreement, dated September 11, 2021, by and among the Registrant, Galactic Co., LLC and Aparna Chitale					*
10.13[(1)(3)]	Employment Agreement, dated February 22, 2021, by and between Galactic Co., LLC and Swami Iyer					*
10.13(a)[(1)]	Transition and Separation Agreement, dated January 11, 2023, by and between Galactic Co., LLC and Swami Iyer					*
10.14	Stockholders' Agreement, dated October 25, 2019, by and among the Registrant, SCH Sponsor Corp., Chamath Palihapitiya and Vieco USA, Inc.	8-K	001-38202	10.9	10/29/2019	
10.14(a)	Joinder to Stockholders' Agreement, dated March 16, 2020, by and between Vieco 10 Limited and the Registrant	S-1	333-237961	10.9(a)	05/01/2020	
10.14(b)	Joinder to Stockholders' Agreement, dated July 30, 2020, by and among Virgin Investments Limited, Aabar Space, Inc. and the Registrant	8-K	001-38202	99.1	07/31/2020	
10.15	Amended and Restated Registration Rights Agreement, dated October 25, 2019, by and among the Registrant, Vieco USA, Inc., SCH Sponsor Corp. and Chamath Palihapitiya.	8-K	001-38202	10.10	10/29/2019	
10.15(a)	Joinder to Amended and Restated Registration Rights Agreement, dated March 16, 2020, by and between Vieco 10 Limited and the Registrant	S-1	333-237961	10.10(a)	05/01/2020	
10.15(b)	Joinder to Amended and Restated Registration Rights Agreement, dated July 30, 2020, by and among Virgin Investments Limited, Aabar Space, Inc. and the Registrant	8-K	001-38202	99.2	07/31/2020	
10.16[(2)]	Deed of Novation, Amendment and Restatement, dated July 9, 2019, by and among the Registrant, Virgin Enterprises Limited and Virgin Galactic, LLC	S-4	333-233098	10.20	08/07/2019	
10.16(a)[(2)]	Deed of Amendment, dated October 2, 2019, by and among the Registrant, Virgin Enterprises Limited and Virgin Galactic, LLC	S-4	333-233098	10.21(a)	10/03/2019	
10.17[(2)]	Spacecraft Technology License Agreement, dated September 24, 2004, by and between Mojave Aerospace Ventures, LLC and Virgin Galactic, LLC	S-4	333-233098	10.27	08/07/2019	
10.17(a)[(2)]	Amendment No. 1 to the Spacecraft Technology License Agreement, dated July 27, 2009, by and between Mojave Aerospace Ventures, LLC and Virgin Galactic, LLC	S-4	333-233098	10.28	08/07/2019	
10.18	Facilities Lease, dated December 31, 2008, by and between Virgin Galactic, LLC and New Mexico Spaceport Authority	S-4	333-233098	10.29	08/07/2019	
10.18(a)	First Amendment to the Facilities Lease, dated 2009, by and between Virgin Galactic, LLC and New Mexico Spaceport Authority	S-4	333-233098	10.30	08/07/2019	
10.18(b)	Letter Agreement to Amend Facilities Lease, dated December 21, 2018, by and between Virgin Galactic, LLC and New Mexico Spaceport Authority	10-Q	001-38202	10.5	5/11/2021	
10.19	Building 79A Lease Agreement, dated January 1, 2018, by and between Mojave Air and Space Port and TSC, LLC	S-4	333-233098	10.32	09/13/2019	
10.20	Land Lease Agreement, dated October 1, 2010, by and between East Kern Airport District and TSC, LLC	S-4	333-233098	10.33	09/13/2019	

		Incorporated by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
10.20(a)	Amendment No. 1 to the Land Lease Agreement, dated October 1, 2013, by and between Mojave Air and Space Sport and TSC, LLC	S-4	333-233098	10.34	09/13/2019	
10.21	Site 14 Lease Agreement, dated February 18, 2015, by and between Mojave Air and Space Sport and TSC, LLC	S-4	333-233098	10.35	09/13/2019	
10.21(a)	First Amendment to the Site 14 Lease Agreement, dated July 1, 2017, by and between Mojave Air and Space Sport and TSC, LLC	S-4	333-233098	10.36	09/13/2019	
10.22	Building 79B Lease Agreement, dated March 1, 2013, by and between Mojave Air and Space Port and TSC, LLC	S-4	333-233098	10.37	10/03/2019	
10.22(a)	First Amendment to Building 79B Lease, dated June 2, 2014, by and between Mojave Air and Space Port and TSC, LLC	S-4	333-233098	10.38	10/03/2019	
10.23	Form of Confirmation of a Capped Call Transaction	8-K	001-38202	10.1	1/20/2022	
10.24[(2)(3)]	Master Agreement, dated July 5, 2022, by and between the Registrant and Aurora Flight Sciences Corporation	10-Q	001-38202	10.1	8/4/2022	
10.25[(2)(3)]	Standard Industrial/Commercial Multi-Tenant Sublease - Net, dated July 14, 2022, by and between the Registrant and Gateway Executive Airpark, LLC	10-Q	001-38202	10.2	11/3/2022	
10.25(a)[(2)(3)]	First Amended and Restated Standard Industrial/Commercial Multi-Tenant Sublease - Net, dated July 14, 2022, by and between the Registrant and Gateway Executive Airpark, LLC	10-Q	001-38202	10.3	11/3/2022	
10.26	Distribution Agency Agreement, dated August 4, 2022, by and among the Registrant, Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC (including the form of Terms Agreement)	8-K	001-38202	1.1	8/4/2022	
10.27[(2)]	Master Agreement, dated October 28, 2022, by and between Virgin Galactic, LLC and Qarbon Aerospace (Foundation), LLC					*
10.28[(2)]	Master Agreement, dated November 1, 2022, by and between Virgin Galactic, LLC and Bell Textron Inc.					*
21.1	List of Subsidiaries					*
23.1	Consent of KPMG LLP					*
24.1	Powers of Attorney (incorporated by reference to the signature page hereto)					*
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
31.2	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					*
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					**
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					*

		Incorporated by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed/Furnished Herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.

** Furnished herewith.

(1) Indicates management contract or compensatory plan.

(2) Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Regulation S-K, Item (601)(b)(10).

(3) Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.

Item 16. Form 10-K Summary

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Virgin Galactic Holdings, Inc.

Date: February 28, 2023

By: /s/ Michael Colglazier

Name: Michael Colglazier

Title: Chief Executive Officer and President
(Principal Executive Officer)

Date: February 28, 2023

By: /s/ Douglas Ahrens

Name: Douglas Ahrens

Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael Colglazier and Douglas Ahrens, or either of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to file and sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the United States Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael Colglazier Michael Colglazier	Chief Executive Officer and President (Principal Executive Officer) and Director	February 28, 2023
/s/ Douglas Ahrens Douglas Ahrens	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 28, 2023
/s/ Wanda Austin Wanda Austin	Director	February 28, 2023
/s/ Adam Bain Adam Bain	Director	February 28, 2023
/s/ Tina Jonas Tina Jonas	Director	February 28, 2023

/s/ Craig Kreeger Craig Kreeger	Director	February 28, 2023
/s/ Evan Lovell Evan Lovell	Director	February 28, 2023
/s/ George Mattson George Mattson	Director	February 28, 2023
/s/ Wanda Sigur Wanda Sigur	Director	February 28, 2023
/s/ W. Gilbert West W. Gilbert West	Director	February 28, 2023

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors Virgin Galactic Holdings, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Virgin Galactic Holdings, Inc. and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Controls Over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Ours audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Research and development costs

As discussed in Note 2 to the consolidated financial statements, the Company expenses all research and development costs incurred to develop its spaceflight systems and flight profiles. The Company incurred $314.2 million of research and development costs during the year ended December 31, 2022.

We identified the evaluation of research and development costs as a critical audit matter. There was a high degree of auditor judgement and subjectivity involved in evaluating the future benefits, if any, provided by research and development expenditures to progress the Company's spaceflight systems and flight profiles.

The following are the primary procedures we performed to address this critical audit matter. We obtained an understanding of the Company's determination to record research and development expenditures as expenses in the period incurred. We assessed the determination by obtaining documentation of the remaining steps required to achieve commercial spaceflight systems and flight profiles development and milestones achieved. We obtained and evaluated the Company's analysis regarding the development costs incurred to progress its spaceflight systems and flight profiles.

/s/ KPMG LLP

We have served as the Company's auditor since 2019.

Los Angeles, California
February 28, 2023

VIRGIN GALACTIC HOLDINGS, INC.
Consolidated Balance Sheets
(In thousands, except share and per share amounts)

	December 31,	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	$ 302,291	$ 524,481
Restricted cash	40,336	25,549
Marketable securities, short-term	606,716	79,418
Inventories	24,043	29,668
Prepaid expenses and other current assets	28,228	19,476
Total current assets	1,001,614	678,592
Marketable securities, long-term	30,392	301,463
Property, plant and equipment, net	53,658	47,498
Other non-current assets	54,274	41,281
Total assets	$ 1,139,938	$ 1,068,834
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 16,326	$ 9,237
Accrued liabilities	61,848	28,787
Customer deposits	102,647	90,863
Other current liabilities	3,232	2,636
Total current liabilities	184,053	131,523
Non-current liabilities:		
Convertible senior notes, net	415,720	—
Other long-term liabilities	59,942	43,047
Total liabilities	659,715	174,570
Commitments and contingencies (Note 16)		
Stockholders' Equity		
Preferred stock, $0.0001 par value; 10,000,000 authorized; none issued and outstanding	—	—
Common stock, $0.0001 par value; 700,000,000 shares authorized; 275,397,229 and 258,166,417 shares issued and outstanding as of December 31, 2022 and 2021, respectively	28	26
Additional paid-in capital	2,111,316	2,019,750
Accumulated deficit	(1,623,795)	(1,123,643)
Accumulated other comprehensive loss	(7,326)	(1,869)
Total stockholders' equity	480,223	894,264
Total liabilities and stockholders' equity	$ 1,139,938	$ 1,068,834

See accompanying notes to consolidated financial statements.

VIRGIN GALACTIC HOLDINGS, INC.
Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except per share amounts)

	Year Ended December 31,		
	2022	**2021**	**2020**
Revenue	$ 2,312	$ 3,292	$ 238
Operating expenses:			
Customer experience	1,906	272	173
Selling, general and administrative	175,118	166,814	111,203
Research and development	314,174	144,223	154,365
Depreciation and amortization	11,098	11,518	9,781
Total operating expenses	502,296	322,827	275,522
Operating loss	(499,984)	(319,535)	(275,284)
Interest income	12,502	1,208	2,277
Interest expense	(12,130)	(25)	(36)
Change in fair value of warrants	—	(34,650)	(371,852)
Other income, net	58	182	14
Loss before income taxes	(499,554)	(352,820)	(644,881)
Income tax expense	598	79	6
Net loss	(500,152)	(352,899)	(644,887)
Other comprehensive income (loss):			
Foreign currency translation adjustment	(146)	129	(54)
Unrealized loss on marketable securities	(5,311)	(2,003)	—
Total comprehensive loss	$ (505,609)	$ (354,773)	$ (644,941)
Net loss per share:			
Basic and diluted	$ (1.89)	$ (1.43)	$ (2.94)
Weighted-average shares outstanding:			
Basic and diluted	263,947	247,619	219,108

See accompanying notes to consolidated financial statements.

VIRGIN GALACTIC HOLDINGS, INC.
Consolidated Statements of Stockholders' Equity
(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance as of December 31, 2019	196,001,038	$ 20	$ 469,008	$ (125,857)	$ 59	$ 343,230
Net loss	—	—	—	(644,887)	—	(644,887)
Other comprehensive loss	—	—	—	—	(54)	(54)
Stock-based compensation	—	—	30,324	—	—	30,324
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	2,119,803	—	(2,188)	—	—	(2,188)
Common stock issued related to warrants exercised	14,402,818	1	360,741	—	—	360,742
Issuance of common stock, net of costs	23,600,000	2	460,198	—	—	460,200
Transaction costs	—	—	(20,289)	—	—	(20,289)
Balance as of December 31, 2020	236,123,659	23	1,297,794	(770,744)	5	527,078
Net loss	—	—	—	(352,899)	—	(352,899)
Other comprehensive loss	—	—	—		(1,874)	(1,874)
Stock-based compensation	—	—	61,805	—	—	61,805
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	2,880,108	1	(3,442)	—	—	(3,441)
Common stock issued related to warrants exercised	5,422,217	—	170,090	—	—	170,090
Issuance of common stock pursuant to an at-the-market offering	13,740,433	2	499,997	—	—	499,999
Transaction costs	—	—	(6,494)	—	—	(6,494)
Balance as of December 31, 2021	258,166,417	26	2,019,750	(1,123,643)	(1,869)	894,264
Net loss	—	—	—	(500,152)	—	(500,152)
Other comprehensive loss	—	—	—	—	(5,457)	(5,457)
Stock-based compensation	—	—	45,709	—	—	45,709
Issuance of common stock pursuant to stock-based awards, net of withholding taxes	965,112	—	(3,935)	—	—	(3,935)
Issuance of common stock pursuant to an at-the-market offering	16,265,700	2	103,326	—	—	103,328
Transaction costs	—	—	(1,216)	—	—	(1,216)
Purchase of capped calls	—	—	(52,318)	—	—	(52,318)
Balance as of December 31, 2022	275,397,229	$ 28	$ 2,111,316	$ (1,623,795)	$ (7,326)	$ 480,223

See accompanying notes to consolidated financial statements.

VIRGIN GALACTIC HOLDINGS, INC.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities:			
Net loss	$ (500,152)	$ (352,899)	$ (644,887)
Stock-based compensation	45,709	61,805	30,324
Depreciation and amortization	11,098	11,518	9,781
Amortization of debt issuance costs	1,998	—	—
Change in fair value of warrant liability	—	34,650	371,852
Other non-cash items	10,800	11	96
Change in operating assets and liabilities:			
Inventories	5,625	815	1,371
Other current and non-current assets	(2,810)	(3,465)	(2,417)
Accounts payable and accrued liabilities	35,151	7,935	(1,010)
Customer deposits	11,784	7,652	(151)
Other current and long-term liabilities	556	1,215	1,882
Net cash used in operating activities	(380,241)	(230,763)	(233,159)
Cash flows from investing activities:			
Capital expenditures	(16,489)	(4,635)	(17,201)
Purchases of marketable securities	(704,565)	(382,884)	—
Proceeds from maturities and calls of marketable securities	434,889	—	—
Net cash used in investing activities	(286,165)	(387,519)	(17,201)
Cash flows from financing activities:			
Payments of finance lease obligations	(234)	(140)	(123)
Proceeds from convertible senior notes	425,000	—	—
Debt issuance costs	(11,278)	—	—
Purchase of capped call	(52,318)	—	—
Repayment of commercial loan	(310)	(310)	(310)
Proceeds from issuance of common stock	103,326	500,000	460,200
Proceeds from issuance of common stock pursuant to stock options exercised	49	19,980	2,582
Withholding taxes paid on behalf of employees on net settled stock-based awards	(3,984)	(23,401)	(4,767)
Transaction costs related to issuance of common stock	(1,248)	(6,772)	(20,988)
Net cash provided by financing activities	459,003	489,357	436,594
Net increase (decrease) in cash, cash equivalents and restricted cash	(207,403)	(128,925)	186,234
Cash, cash equivalents and restricted cash at beginning of year.	550,030	678,955	492,721
Cash, cash equivalents and restricted cash at end of year.	$ 342,627	$ 550,030	$ 678,955
Cash and cash equivalents	$ 302,291	$ 524,481	$ 665,924
Restricted cash	40,336	25,549	13,031
Cash, cash equivalents and restricted cash	$ 342,627	$ 550,030	$ 678,955

See accompanying notes to consolidated financial statements.

(1) Organization

Virgin Galactic Holdings, Inc. and its wholly owned subsidiaries ("the "Company," "we," "us," "our," and similar terms) are focused on the development, manufacture and operation of spaceships and related technologies for the purpose of conducting commercial human spaceflight and flying commercial research and development payloads into space.

(2) Summary of Significant Accounting Policies

Basis of Presentation

These consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). All intercompany transactions and balances between the various legal entities comprising the Company have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base these estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates. Significant estimates inherent in the preparation of the consolidated financial statements include, but are not limited to, accounting for revenue, contract assets, contract liabilities, useful lives of property, plant and equipment, fair value of investments, accrued liabilities, income taxes including deferred tax assets and liabilities and impairment valuation, warrants, stock-based awards and contingencies.

Cash and Cash Equivalents

The Company's cash consists of cash on hand. All highly liquid investments with an original maturity of three months or less, when acquired, are accounted for as cash equivalents.

Restricted Cash

Restricted cash consists of any cash deposits received from our future astronauts, that are contractually restricted for operational use until the condition of carriage is signed or the deposits are refunded.

Marketable Securities

The Company's marketable securities have been classified as debt securities that are accounted for as "available-for-sale" securities. Management determines the appropriate classification of its investments at the time of purchase and reevaluates the classification at each balance sheet date. Marketable securities are classified as short-term and long-term based on the instrument's underlying contractual maturity date. The Company's marketable securities are carried at fair value, with unrealized gains and losses, net of income taxes, reported as a component of accumulated other comprehensive income (loss) in the consolidated statements of stockholders' equity, with the exception of unrealized losses believed to be other-than-temporary, which are reported in the Company's consolidated statements of operations and comprehensive loss in the period in which such determination is made.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and unbilled receivable, and do not bear interest. The Company estimates an allowance for doubtful accounts based on historical losses, the age of the receivable balance, credit quality of our customers, current economic conditions, and other factors that may affect the customers’ ability to pay. There was no allowance for uncollectible amounts as of December 31, 2022 or 2021, and no write-offs for the years ended December 31, 2022, 2021 or 2020. The Company does not have any off balance sheet credit exposure related to its customers.

Inventories

Inventories consist of raw materials expected to be used for the development of the human spaceflight program and customer-specific contracts. Inventories are stated at the lower of cost or net realizable value. At the end of each reporting period, we evaluate whether the utility of our inventories have diminished through damage, deterioration, obsolescence, changes in price or other causes, and if so, a loss is recognized in the period in which it occurs. We determine the costs of other product and supply inventories by using the first-in, first-out or average cost methods. The company's status of pre-technological feasibility means that materials issued from inventory into production of our vehicles, labor charges and overhead charges are charged to research and development ("R&D") expense.

Property, Plant and Equipment

Property, plant and equipment, net and leasehold improvements are stated at cost, less accumulated depreciation. Depreciation on property, plant and equipment is calculated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter period of the estimated life or the lease term.

The estimated useful lives of property, plant and equipment are principally as follows:

Asset	Useful Life
Buildings	39 years
Aircraft	20 years
Machinery and equipment	5 to 7 years
Information technology software and equipment	3 to 5 years
Leasehold improvements	Shorter of the estimated useful life or lease term

We incur repair and maintenance costs on major equipment, which is expensed as incurred.

Leases

The Company determines whether an arrangement contains a lease at inception. A lease is a contract that provides the right to control an identified asset for a period of time in exchange for consideration. For identified leases, the Company determines whether it should be classified as an operating or finance lease. Operating leases are recorded in the balance sheet as a right-of-use asset ("ROU asset") and operating lease obligation. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and operating lease liabilities are recognized at the commencement date of the lease and measured based on the present value of lease payments over the lease term. The ROU asset also includes deferred rent liabilities. The Company's lease arrangements generally do not provide an implicit interest rate. As a result, in such situations the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company includes options to extend or terminate the lease when it is reasonably certain that it will exercise that option in the measurement of its ROU assets and liabilities. Lease expense for operating leases is recognized on a straight-line basis over the lease term. The Company has some lease agreements with lease and non-lease components, which are accounted for as a single lease component. ROU assets are presented in other non-current assets and lease liabilities are presented in other current liabilities and long-term liabilities on the Company's consolidated balance sheets.

Capitalized Software

We capitalize certain costs associated with the development or purchase of internal-use software. The amounts capitalized are included in property, plant and equipment on the Company's consolidated balance sheets and are amortized on a straight-line basis over the estimated useful life of the resulting software, which approximates 3 years. As of December 31, 2022 and 2021, net capitalized software, totaled $5.3 million and $2.0 million, including accumulated amortization of $10.4 million and $8.4 million, respectively. No amortization expense is recorded until the software is ready for its intended use. For the years ended December 31, 2022, 2021, and 2020, amortization expense related to capitalized software was $2.1 million, $1.7 million and $1.3 million, respectively.

Long-Lived Assets

Long-lived assets primarily consist of property, plant and equipment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If

circumstances require a long-lived asset to be tested for possible impairment, we first compare undiscounted cash flows expected to be generated by that asset group to its carrying amount. We assess impairment for asset groups, which represent a combination of assets that produce distinguishable cash flows. If the carrying amount of the asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

Convertible Senior Notes

On January 1, 2022, the Company adopted Accounting Standards Update ("ASU") 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20)* and *Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)*, which removes from GAAP the liability and equity separation model for convertible instruments with either cash or beneficial conversion features. As a result, convertible debt instruments would only be separated into multiple components if they were issued at a substantial premium or if embedded derivatives requiring bifurcation were identified. The convertible senior notes (the "2027 Notes") were not issued at a substantial premium, and the Company analyzed the provisions of the notes and did not identify any material embedded features which would require bifurcation from the host debt. As such, the notes are accounted for entirely as a liability, net of unamortized issuance costs. At the end of each reporting period, we evaluate whether conditions are present that would require bifurcation. The carrying amount of the liability is classified as long-term as the instrument does not mature within one year of the balance sheet date and the holder is not permitted to demand repayment of the principal within one year of the balance sheet date. However, if conditions to convertibility are met as described further in Note 10, the Company may be required to reclassify the carrying amount of the liability to current. The embedded conversion features are not remeasured as long as they do not meet the separation requirement of a derivative. Issuance costs are amortized to interest expense using the effective interest rate method. Additionally, ASU 2020-06 requires the application of the if-converted method to calculate the impact of convertible instruments on diluted earnings per share.

Capped Call Transactions

In connection with the pricing of our 2027 Notes, the Company entered into capped call transactions with respect to its common stock (the "2027 Capped Calls"). The 2027 Capped Calls are purchased call options that give the Company the option to purchase shares of the Company's common stock, subject to anti-dilution adjustments substantially identical to those in the 2027 Notes. The Company's capped call transactions are accounted for as separate transactions from the 2027 Notes and are classified as equity instruments as a reduction to additional paid-in capital in the consolidated balance sheets. The instruments are initially recorded at fair value and not subsequently remeasured so long as they continue to qualify for equity classification based on the Company's intent and ability for the 2027 Capped Calls to be settled in shares of the Company's common stock. At the end of each reporting period, we evaluate whether the instruments continue to qualify for equity classification. The capped call transactions have the effect of reducing the number of shares outstanding if exercised, hence reduces the potential dilution. Therefore, the capped call transactions are anti-dilutive and not included in the calculation of diluted shares outstanding. See Note 10 for additional information on the 2027 Capped Calls.

Fair Value Measurements

We utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. We estimate fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which is categorized in one of the following levels:

- **Level 1 inputs**: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date;
- **Level 2 inputs:** Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability; and
- **Level 3 inputs:** Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The fair value of the warrant liability was determined using the Black-Scholes valuation methodology and the quoted price of the Company’s common stock in an active market, a Level 3 measurement. Volatility was based on the

actual market activity of the Company's peer group as well as the Company's historical volatility since the business combination in October 2019 (the "Virgin Galactic Business Combination"). The expected life was based on the remaining contractual term of the warrants, and the risk free interest rate was based on the implied yield available on U.S. Treasury Securities with a maturity equivalent to the warrants' expected life.

The Company calculated the estimated fair value of the warrants as of December 31, 2020 using the following assumptions:

Risk-free interest rate	0.25%
Contractual term	3.82 years
Expected volatility	80%

Segments

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's CODM is its Chief Executive Officer.

The Company has determined that it operates in one operating segment and one reportable segment, as the CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources and evaluating financial performance.

Comprehensive Income

Comprehensive income generally represents all changes in equity other than transactions with owners. Our comprehensive loss consists of net loss, foreign currency translation adjustments and any unrealized gains or losses on marketable debt securities.

Revenue Recognition

We recognize revenue when control of the promised service is transferred to our customers in an amount that reflects the consideration we expect to receive based on the contracted amount for those services. Our contracts generally include spaceflight operations and other revenue and engineering services revenue.

Spaceflight operations and other revenue

Spaceflight operations and other revenue is recognized for providing human spaceflights and carrying payload cargo into space, or a combination of the two. In addition, we have various sponsorship arrangements for which revenue is recognized over the sponsorship term.

Human spaceflight services are those services provided to the majority of our customers. Spaceflight service revenue is recognized at a point in time upon successful completion of a spaceflight. Payload cargo services generally include performance obligations in which control is transferred over time. We recognize revenue on these fixed fee contracts, over time, using the proportion of actual costs incurred to the total costs expected to complete the performance obligations.

For contracts which include a combination of services, the Company assesses and accounts for individual services separately if they are distinct performance obligations, which often requires judgment based upon knowledge of the services and structure of the sales contract. We allocate the contract price to each performance obligation based on the estimated standalone selling price using observable pricing from our contracts with single performance obligations.

Engineering services revenue

Engineering services revenue is recognized for providing services for the research, design, development, manufacture, integration and sustainment of advanced technology aerospace systems, products and services. We have arrangements as a subcontractor to the primary contractor of a long-term contract with the U.S. Government and perform the specified work on a time-and-materials basis subject to a guaranteed maximum price.

Our engineering services revenue contract obligates us to provide services that together are one distinct performance obligation; the delivery of engineering services. The Company elected to apply the 'as-invoiced' practical

expedient to such revenues and, as a result, will bypass estimating the variable transaction price. Revenue is recognized as control of the performance obligation is transferred over time to the customer.

Membership revenue

Membership revenue is recognized for providing access to Virgin Galactic's Future Astronaut community. This membership provides access to events and experiences, including exclusive weeks 'at home' with Virgin Galactic Astronaut 001, Sir Richard Branson. Each spaceflight ticket purchased after our ticket sale reopening in 2021 includes this membership. We allocate a portion of the contract price to the membership based on the estimated standalone selling price. We recognize revenue for these memberships over time based on the period of performance before the members' flight to space.

Variable consideration

We generally estimate variable consideration and refund liabilities at the most likely amount to which we expect to be entitled or owed and in certain cases based on the expected value, which requires judgment. Estimated variable consideration amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Estimated refund liability amounts are excluded in the transaction price to the extent it is probable that they are payable to the customer. Our estimates of variable consideration and refund liabilities, and determination of whether to include the estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information that is reasonably available to us.

Disaggregation of revenue

The Company does not disaggregate revenue for purposes of disclosure.

Contract balances

Contract assets are comprised of billed accounts receivable and unbilled receivables, which is the result of timing of revenue recognition, billings and cash collections. The Company records accounts receivable when it has an unconditional right to consideration.

Contract liabilities relate to spaceflight operations and other revenue contracts and are recorded when cash payments are received or due in advance of performance. Cash payments for spaceflight services are classified as customer deposits until enforceable rights and obligations exist, when such deposits also become nonrefundable. Customer deposits become nonrefundable and are recorded as deferred revenue following the Company's delivery of the conditions of carriage to the customer and execution of an informed consent.

As of December 31, 2022 and 2021, our contract liabilities are $102.6 million and $90.9 million, respectively. Contract liabilities were comprised of customer deposits for our spaceflight services and Future Astronaut community membership.

Contract fulfillment costs

The Company evaluates whether or not it should capitalize the costs of fulfilling a contract. Such costs would be capitalized when they are not within the scope of other standards and: (1) are directly related to a contract; (2) generate or enhance resources that will be used to satisfy performance obligations; and (3) are expected to be recovered.

Significant financing component

In determining the transaction price, the Company assesses the existence of significant financing components in its arrangements and adjusts the promised amount of consideration for the effects of the time value of money when the timing of payments provides it with a significant benefit of financing the transfers of goods or services to the customer.

The arrangements related to our current offerings do not have a significant financing component as the payment terms are intended to enable customers to reserve the service, not to provide a financing benefit to the Company.

Remaining performance obligations

We do not disclose information about remaining performance obligations for (a) contracts with an original expected length of one year or less, (b) revenues recognized at the amount at which we have the right to invoice for services performed, or (c) variable consideration allocated to wholly unsatisfied performance obligations.

Customer Experience

Customer experience expenses related to spaceflight operations include the consumption of a rocket motor and fuel and other consumables, as well as payroll and benefits for our pilots and ground crew. Customer experience expenses related to the payload cargo services, as well as engineering services, consist of materials and human capital, such as payroll and benefits, to perform these services. Additionally, customer experience expenses include costs associated with maintaining and growing our Future Astronaut community through offerings provided to community members, as well as hospitality, medical, safety, security, training, and facility costs that are for the benefit of our astronauts.

Selling, General and Administrative

Selling, general and administrative expenses consist of human capital related expenses for employees involved in general corporate functions, including executive management and administration, accounting, finance, tax, legal, information technology, marketing and commercial, and human resources; rent relating to facilities, including a portion of the lease with Spaceport America, and equipment; professional fees; and other general corporate costs. Human capital expenses primarily include salaries, cash bonuses, stock-based compensation and benefits. As we continue to grow as a company, we expect that our selling, general and administrative costs will increase on an absolute dollar basis.

Research and Development

Research and development expense represents costs incurred to support activities that advance our human spaceflight system towards commercialization, including basic research, applied research, concept formulation studies, design, development, and related testing activities. Research and development costs consist primarily of the following costs for developing our spaceflight systems:

- flight testing programs, including rocket motors, fuel, and payroll and benefits for pilots and ground crew performing test flights;
- equipment, material, and labor hours (including from third-party contractors) for developing the spaceflight system’s structure, spaceflight propulsion system, and flight profiles;
- rent, maintenance, and other overhead expenses allocated to the research and development departments; and
- third-party fees to design and manufacture our next generation motherships, as well as manufacture key subassemblies for our next generation spaceships.

As we are currently still in our final development and testing stage of our spaceflight system, we have expensed all research and development costs associated with developing and building our spaceflight system. We expect that our research and development expenses will decrease once technological feasibility is reached for our spaceflight systems as the costs incurred to manufacture additional spaceship vehicles, built by leveraging the invested research and development, will no longer qualify as research and development activities.

Income Taxes

The Company records income tax expense for the anticipated tax consequences of the reported results of operations using the asset and liability method. Under this method, the Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. The Company records valuation allowances to reduce its deferred tax assets to the net amount that it believes is more likely than not to be realized. Its assessment considers the

recognition of deferred tax assets on a jurisdictional basis. Accordingly, in assessing its future taxable income on a jurisdictional basis, the Company considers the effect of its transfer pricing policies on that income.

The Company recognizes tax benefits from uncertain tax positions only if it believes that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. As the Company expands, it will face increased complexity in determining the appropriate tax jurisdictions for revenue and expense items. The Company's policy is to adjust these reserves when facts and circumstances change, such as the closing of a tax audit or refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the income tax expense in the period in which such determination is made and could have a material impact on its financial condition and operating results. The income tax expense includes the effects of any accruals that the Company believes are appropriate, as well as the related net interest and penalties.

Concentrations of Credit Risks and Significant Vendors and Customers

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash equivalents and marketable securities. In respect to accounts receivable, we are not exposed to any significant credit risk to any single counterparty or any company of counterparties having similar characteristics.

Foreign Currency

The functional currency of our foreign subsidiary operating in the United Kingdom is the local currency. Assets and liabilities are translated to the United States dollar using the period-end rates of exchange. Revenue and expenses are translated to the United States dollar using average rates of exchange for the period. Exchange differences arising from this translation of foreign currency are recorded as other comprehensive income.

Stock-Based Compensation

We account for stock-based employee compensation under the fair value recognition and measurement provisions, in accordance with applicable accounting standards, which requires compensation expense for the grant-date fair value of stock-based awards to be recognized over the requisite service period. We account for forfeitures when they occur.

Service-Based Awards

We have estimated the fair value for each service-based option award as of the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model considers, among other factors, the expected life of the award and the expected volatility of our stock price. We recognize the stock-based compensation expense over the requisite service period using the straight-line method for service condition only awards, which is generally a vesting term of four years. Service-based stock options typically have a contractual term of 10 years. The time-based stock options granted have an exercise price equal to the closing stock price of our common stock on the grant date.

Compensation expense for restricted stock units ("RSUs") is based on the market price of the shares underlying the awards on the grant date. We recognize the stock-based compensation expense over the requisite service period, which is generally a vesting term of four years.

Performance-Based Awards

We have granted performance stock units ("PSUs") with a service-based condition and market-based conditions. PSUs with both service-based and market-based conditions will vest based on the Company's common stock performance following the end of the three-year performance measurement period based on the highest closing price over twenty consecutive trading days during the performance measurement period. PSUs with market-based conditions cannot vest before the end of the performance measurement period, thus the requisite service period is three years.

We have granted performance-based stock options ("PSOs") with market-based conditions. The number of PSOs that will vest depends on the attainment of certain stock price goals. Vested options will be exercisable at any time until ten years from the grant date, subject to earlier expiration under certain terminations of service and other conditions. The PSOs granted have an exercise price equal to the closing stock price of our common stock on the grant

date. We recognize compensation expense on the PSOs over the period between the grant date and the estimated vest date.

We have estimated the fair value for each PSO and PSU award with market-based conditions as of the grant date using the Monte-Carlo simulation method. The Monte-Carlo simulation method considers, among other factors, the discount rates and future market conditions.

Reclassification

Certain reclassifications of the components of operating loss for the years ended December 31, 2021 and 2020 have been made to conform to the current period presentation included in the consolidated statements of operations and comprehensive loss. Specifically, cost of revenue has been reclassified to customer experience and gross margin is no longer presented. Customer experience expenses related to spaceflight operations include the consumption of a rocket motor and fuel and other consumables, as well as payroll and benefits for our pilots and ground crew. Customer experience expenses related to the payload cargo services, as well as engineering services, consist of materials and human capital, such as payroll and benefits, to perform these services. Additionally, customer experience expenses include costs associated with maintaining and growing our Future Astronaut community through offerings provided to community members, as well as hospitality, medical, safety, security, training, and facility costs that are for the benefit of our future astronauts. Additionally, depreciation and amortization expense are presented separately instead of included in selling, general and administrative or research and development expenses. These reclassifications had no impact on total loss as previously reported.

(3) Recent Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740)*, which affects general principles within Topic 740, and are meant to simplify and reduce the cost of accounting for income taxes. It removes certain exceptions to the general principles in Topic 740 and simplifies areas including franchise taxes that are partially based on income, transactions with a government that result in a step-up in the tax basis of goodwill, the incremental approach for intraperiod tax allocation, interim period income tax accounting for year-to-date losses that exceed anticipated losses and enacted changes in tax laws in interim periods. The Company adopted ASU 2019-12 effective January 1, 2021. The adoption of ASU 2019-12 did not have a material impact to the Company's consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Debt-with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40),* which simplifies and clarifies certain calculation and presentation matters related to convertible equity and debt instruments. Specifically, ASU-2020-06 removes requirements to separately account for conversion features as a derivative under ASC Topic 815 and removing the requirement to account for beneficial conversion features on such instruments. It also provides clearer guidance surrounding disclosure of such instruments and provides specific guidance for how such instruments are to be incorporated in the calculation of diluted earnings per share. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company adopted ASU 2020-06 effective January 1, 2022.

In May 2021, the FASB issued ASU 2021-04, *Earning Per Share (Topic 260)*, *Debt-Modifications and Extinguishments (Subtopic 470-50)*, *Compensation-Stock Compensation (Topic 718)*, *and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)*, which clarified and reduced diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (such as warrants) that remain equity classified after modification or exchange. This update is effective for all entities for fiscal years beginning after December 15, 2021. The Company adopted ASU 2021-04 effective January 1, 2022. The adoption of ASU 2021-04 did not have a material impact to the Company's consolidated financial statements.

(4) Related Party Transactions

The Company licenses its brand name from certain entities affiliated with Virgin Enterprises Limited (“VEL”), a company incorporated in England. VEL is an affiliate of the Company. Under the trademark license, the Company has the exclusive right to operate under the brand name “Virgin Galactic” worldwide. Royalties payable, excluding sponsorship royalties, for the use of the license are the greater of 1% of revenue or $40,000 per quarter, prior to the commercial launch date. Sponsorship royalties payable are 25% of sponsorship revenue. We paid license and royalty fees of $0.2 million, $0.5 million and $0.2 million for the years ended December 31, 2022, 2021 and 2020, respectively.

The Company has a transition services agreement with Virgin Orbit, LLC ("VO") based on allocated operating expense from Virgin Orbit Holdings, Inc. and its subsidiaries ("VOH"), a majority owned company of Virgin Investments Limited ("VIL"), for operations-related functions based on an allocation methodology that considers our headcount, unless directly attributable to the business. Operating expense allocations include use of machinery and equipment, pilot services, and other general administrative expenses. We were allocated $0.1 million, $0.1 million and $0.5 million of operating expenses, net, from VOH for the years ended December 31, 2022, 2021 and 2020, respectively.

(5) Cash, Cash Equivalents and Marketable Securities

The amortized cost, unrealized loss and estimated fair value of the Company's cash, cash equivalents and marketable securities are as follows:

	December 31, 2022		
	Amortized Cost	Gross Unrealized Losses	Fair Value
		(In thousands)	
Cash, restricted cash and cash equivalents:			
Cash and restricted cash	$ 51,651	$ —	$ 51,651
Money market	249,249	—	249,249
Certificate of deposits	41,727	—	41,727
Marketable securities:			
U.S. treasuries	79,570	(53)	79,517
Corporate bonds	564,853	(7,262)	557,591
Total cash, cash equivalents and marketable securities	$ 987,050	$ (7,315)	$ 979,735

	December 31, 2021		
	Amortized Cost	Gross Unrealized Losses	Fair Value
		(In thousands)	
Cash, restricted cash and cash equivalents:			
Cash and restricted cash	$ 55,592	$ —	$ 55,592
Money market	402,889	—	402,889
Certificate of deposits	91,549	—	91,549
Marketable securities:			
Corporate bonds	382,884	(2,003)	380,881
Total cash, cash equivalents and marketable securities	$ 932,914	$ (2,003)	$ 930,911

The Company included $1.0 million of current restricted cash held in a money market account as of December 31, 2021. No current restricted cash was held in a money market account as of December 31, 2022.

The Company included $4.5 million and $2.3 million of interest receivable in prepaid expenses and other current assets as of December 31, 2022 and December 31, 2021, respectively.

The Company recognizes amortization and accretion of purchase premiums and discounts on its marketable securities within interest income, net. The Company recognized $6.0 million and $2.1 million in amortization expense for our marketable securities within interest income, net for the years ended December 31, 2022 and December 31, 2021, respectively.

We record gross realized gains and losses as a component of other income, net in the consolidated statements of operations and comprehensive loss. For the year ended December 31, 2022, the Company recognized a $0.3 million loss in other income, net. Gross realized gains and losses were immaterial for the year ended in December 31, 2021.

The following table presents the contractual maturities of the Company's marketable securities as of December 31, 2022:

	December 31, 2022	
	Amortized Cost	Estimated Fair Value
	(In thousands)	
Matures within one year	$ 613,055	$ 606,716
Matures between one to two years	31,368	30,392
Total	$ 644,423	$ 637,108

(6) Inventories

Inventories are comprised of the following:

	December 31,	
	2022	2021
	(In thousands)	
Raw materials	$ 15,033	$ 21,127
Spare parts	9,010	8,541
Total	$ 24,043	$ 29,668

For the years ended December 31, 2022, 2021 and 2020, the Company increased the reserve for inventory obsolescence by $3.0 million, $0.6 million and $1.1 million, respectively. For the years ended December 31, 2022 and 2021, the write down of obsolete inventory was $4.1 million and $0.4 million, respectively. The Company did not write down any obsolete inventory during the year ended December 31, 2020.

(7) Property, Plant and Equipment

Property, plant and equipment, net consists of the following:

	December 31,	
	2022	2021
	(In thousands)	
Land	$ 1,302	$ —
Buildings	9,117	9,117
Aircraft	195	195
Machinery and equipment	37,223	37,002
Information technology software and equipment	33,387	23,523
Leasehold improvements	31,086	29,155
Construction in progress	4,339	2,901
	116,649	101,893
Less: accumulated depreciation and amortization	62,991	54,395
Property, plant and equipment, net	$ 53,658	$ 47,498

The following table sets forth a summary of depreciation and amortization expense related to property, plant and equipment:

	Year Ended December 31,		
	2022	2021	2020
	(In thousands)		
Selling, general, and administrative	$ 7,061	$ 6,364	$ 5,389
Research and development	4,037	5,154	4,392
	$ 11,098	$ 11,518	$ 9,781

(8) Leases

We lease our offices and other facilities and certain manufacturing and office equipment under long-term, non-cancelable operating and finance leases. Some leases include options to purchase, terminate, or extend for one or more years. These options are included in the lease term when it is reasonably certain that the option will be exercised. We do not recognize ROU assets and lease liabilities for leases with terms at inception of twelve months or less.

At inception, we determine if an arrangement contains a lease and whether that lease meets the classification criteria of a finance or operating lease. Some of our arrangements contain lease components (e.g., minimum rent payments) and non-lease components (e.g., services). We have elected to account for these lease and non-lease components as a single lease component. We are also electing not to apply the recognition requirements to short-term leases of twelve months or less.

Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. The Company utilizes its incremental borrowing rate in determining the present value of lease payments unless the implicit rate is readily determinable. The Company's incremental borrowing rate varies between 6.1% to 14.2% depending on the length of the lease. This was determined by a third-party valuation firm based on market yields. The operating lease ROU asset includes any lease payments made and excludes lease incentives.

Our variable lease payments primarily consist of lease payments resulting from changes in the consumer price index. Variable lease payments are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. Our ROU assets and lease payments may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Finance leases are recorded as an asset and an obligation at an amount equal to the present value of the minimum lease payments during the lease term. Amortization expense associated with finance leases are included in selling, general and administrative expense and research and development expense. Interest expense associated with finance leases is included in interest expense on the consolidated statements of operations and comprehensive loss.

The components of expense related to leases are as follows:

	Year Ended December 31,		
	2022	2021	2020
		(In thousands)	
Lease cost:			
Operating lease cost:	$ 9,522	$ 5,528	$ 5,125
Variable lease cost	3,533	5,091	2,518
Short-term lease cost	12	32	278
Finance lease cost:			
Amortization expense for the assets under finance leases	163	136	129
Interest on finance lease liabilities	39	26	33
Total finance lease cost	202	162	162
Total lease cost	$ 13,269	$ 10,813	$ 8,083

The components of supplemental cash flow information related to leases are as follows:

	Year Ended December 31,		
	2022	2021	2020
		(In thousands, except term and rate data)	
Cash flow information:			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 7,801	$ 5,535	$ 5,840
Operating cash flows from finance leases	$ 39	$ 26	$ 33
Financing cash flows from finance leases	$ 234	$ 140	$ 123
Non-cash activity:			
Assets acquired in exchange for lease obligations:			
Operating leases	$ 16,338	$ 17,960	$ 750
Finance leases	$ 575	$ 19	$ 117
Other Information:			
Weighted average remaining lease term:			
Operating leases (in years)	10.65	11.69	12.71
Finance leases (in years)	3.15	2.09	2.87
Weighted average discount rates:			
Operating leases	12.15 %	11.67 %	11.70 %
Finance leases	12.40 %	8.17 %	8.43 %

The supplemental consolidated balance sheet information related to leases is as follows:

	December 31,	
	2022	2021
	(In thousands)	
Operating leases:		
Long-term right-of-use assets	$ 48,463	$ 35,486
Short-term operating lease liabilities	$ 3,020	$ 2,204
Long-term operating lease liabilities	56,645	39,965
Total operating lease liabilities	$ 59,665	$ 42,169

(9) Accrued Liabilities

The components of accrued liabilities are as follows:

	December 31,	
	2022	2021
	(In thousands)	
Accrued payroll	$ 3,861	$ 4,214
Accrued vacation	7,132	5,372
Accrued bonus	15,561	12,218
Accrued contract and subcontract labor	16,415	1,147
Other accrued expenses	18,879	5,836
Total accrued liabilities	$ 61,848	$ 28,787

(10) Convertible Senior Notes

On January 19, 2022, the Company completed an offering of $425 million aggregate principal amount of the 2027 Notes. The 2027 Notes are senior, unsecured obligations of the Company, and bear interest at a fixed rate of 2.50% per year. Interest is payable in cash semi-annually in arrears on February 1 and August 1 of each year, beginning on August 1, 2022. The 2027 Notes mature on February 1, 2027 unless earlier repurchased, redeemed or converted.

The terms of the 2027 Notes are governed by an Indenture by and between the Company and U.S. Bank National Association, as Trustee (the "2027 Indenture"). Upon conversion by the noteholders, the 2027 Notes may be settled in cash, shares of the Company's common stock or a combination of cash and shares of common stock, par value $0.0001 per share (the “common stock”), at our election, based on the conversion rate.

The 2027 Notes are convertible at an initial conversion rate of 78.1968 shares of common stock per $1,000 principal amount of the 2027 Notes, which is equal to an initial conversion price of approximately $12.79 per share of common stock, subject to adjustment upon the occurrence of certain events. Noteholders will have the right to convert their notes during any calendar quarter (and only during such calendar quarter) commencing after the calendar quarter ending on June 30, 2022, under the following circumstances:

- during any calendar quarter after June 30, 2022 (and only during such calendar quarter) if the last reported sale price of the Company's common stock for each of at least 20 trading days in a period of 30 consecutive trading days ending on and including the last trading day of the preceding calendar quarter is more than 130% of the then applicable conversion price for the Notes per share of common stock;
- during the five consecutive business days immediately after any ten consecutive trading day period in which the trading price per $1,000 principal amount of 2027 Notes for each day of that period was less than 98% of the product of the last reported sale price of our common stock and the then applicable conversion rate;
- the Company calls any or all of the 2027 Notes for redemption, holders may convert all or any portion of their notes at any time prior to the close of business on the scheduled trading day prior to the redemption date, even if the 2027 Notes are not otherwise convertible at such time; or
- specified distributions to holders of our common stock are made or specified corporate events occur, as described in the 2027 Indenture.

On and after November 1, 2026, noteholders will have the right to convert their notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. The Company will have the right to elect to settle conversions in cash, in shares of its common stock or in a combination of cash and shares of its common stock. During the year ended December 31, 2022, the conditions allowing holders of the 2027 Notes to convert were not met, and as a result, the 2027 Notes were classified as noncurrent liabilities as of December 31, 2022.

The 2027 Notes will be redeemable, in whole or in part (subject to certain limitations), for cash at the Company's option at any time, and from time to time, on or after February 6, 2025 and on or before the 20th scheduled trading day immediately before the maturity date, but only if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for a specified period of time and certain liquidity conditions have been satisfied. The redemption price will be equal to the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. During the year ended December 31, 2022, the Company did not redeem any of the 2027 Notes.

Holders of the 2027 Notes who convert their 2027 Notes in connection with certain corporate events that constitute a make-whole fundamental change (as defined in the 2027 Indenture) or in connection with the Company's issuance of a redemption notice are, under certain circumstances, entitled to an increase in the conversion rate. Additionally, in the event of a corporate event that constitutes a fundamental change (as defined in the 2027 Indenture), holders of the 2027 Notes may require the Company to repurchase all or a portion of their 2027 Notes at a price equal to the principal amount of the 2027 Notes being repurchased, plus any accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date.

The net carrying value of the 2027 Notes is as follows:

	December 31, 2022
	(In thousands)
Principal	$ 425,000
Less: unamortized debt issuance costs	9,280
Net carrying amount	$ 415,720

During the year ended December 31, 2022, we recognized $12.1 million of interest expense on our 2027 Notes, including $2.0 million of amortized debt issuance costs.

Capped Call Transactions

In connection with the issuance of the 2027 Notes, the Company entered into capped call transactions with respect to its common stock. The 2027 Capped Calls are purchased call options that give the Company the option to purchase, subject to anti-dilution adjustments substantially identical to those in the 2027 Notes, approximately 33 million shares of its common stock for approximately $12.79 per share (subject to adjustment), corresponding to the approximate initial conversion price of the 2027 Notes, exercisable upon conversion of the 2027 Notes. The 2027 Capped Calls have initial cap prices of $20.06 per share (subject to adjustment), which represents a premium of 100% over the closing price of the Company's common stock on January 13, 2022, and will expire in 2027, if not exercised earlier.

The 2027 Capped Calls are intended to reduce potential dilution to the Company's common stock upon any conversion of the 2027 Notes and/or offset the potential cash payments that the Company could be required to make in

excess of the principal amount upon any conversion of the 2027 Notes, as the case may be, with such reduction and/or offset subject to a cap, based on the cap price of the 2027 Capped Call transactions. The 2027 Capped Calls are separate transactions, each between the Company and the applicable option counterparty, and are not part of the terms of the 2027 Notes and will not affect any holders' rights under the 2027 Notes or the 2027 Indenture. Holders of the 2027 Notes will not have any rights with respect to the 2027 Capped Call transactions.

The Company paid an aggregate amount of $52.3 million for the 2027 Capped Calls. As these transactions meet certain accounting criteria, the amount paid for the 2027 Capped Calls was recorded as a reduction to additional paid-in capital in the 2022 consolidated balance sheets. The fair value of the 2027 Capped Calls is not remeasured each reporting period so long as they continue to qualify for equity classification, which they did for the current period.

(11) Income Taxes

Loss before income taxes consists of the following components:

	Year Ended December 31,		
	2022	2021	2020
		(In thousands)	
United States	$ (500,240)	$ (353,807)	$ (645,508)
International	686	987	627
Loss before income taxes	$ (499,554)	$ (352,820)	$ (644,881)

The components of income tax expense are as follows:

	Current	Deferred	Total
		(In thousands)	
Year ended December 31, 2022			
Federal	$ —	$ —	$ —
State	2	—	2
Foreign	503	93	596
	$ 505	$ 93	$ 598
Year ended December 31, 2021			
Federal	$ —	$ —	$ —
State	4	—	4
Foreign	92	(17)	75
	$ 96	$ (17)	$ 79
Year ended December 31, 2020			
Federal	$ —	$ —	$ —
State	—	—	—
Foreign	(114)	120	6
	$ (114)	$ 120	$ 6

Significant items comprising the Company's deferred taxes are as follows:

	December 31,	
	2022	2021
	(In thousands)	
Deferred tax assets:		
Net operating losses	$ 282,968	$ 200,670
Research and development credits	40,482	23,601
Capitalized research and experimental expenditures	54,567	—
Accruals not currently deductible	5,577	4,661
Lease-related liabilities	15,426	10,530
Property, plant and equipment	2,072	1,606
Goodwill	226,261	237,394
Stock-based compensation	10,754	5,808
Related party expenses	3,176	2,461
Other	5,308	1,270
Total gross deferred tax assets	646,591	488,001
Valuation allowance	(633,278)	(479,125)
Net deferred tax assets	13,313	8,876
Deferred tax liabilities:		
Property, plant and equipment	(80)	(2)
Tenant improvement allowance	(862)	—
Operating lease right-of-use assets	(12,398)	(8,809)
Total gross deferred tax liabilities	(13,340)	(8,811)
Net deferred tax assets (liabilities)	$ (27)	$ 65

Based on the Company's earnings history and available objectively verifiable positive and negative evidence, the Company determined that it is more likely than not that a substantial portion of its deferred tax assets will not be realized in the future. As of December 31, 2022 and 2021, the Company recorded a valuation allowance of $633.3 million and $479.1 million, respectively, against its deferred tax assets that were determined to not be more likely than not realizable.

A reconciliation of income tax expense (benefit) with the amount computed by applying the federal statutory tax rates to loss before income taxes is as follows:

	Year Ended December 31,		
	2022	2021	2020
		(In thousands)	
Expected income tax benefit at the federal statutory rate	$ (104,906)	$ (74,092)	$ (135,425)
State income taxes	(42,457)	(59,527)	14,645
Research and development	(9,077)	(1,292)	(10,785)
Remeasurement of warrants	—	7,276	78,089
Change in valuation allowance	152,617	137,926	58,685
Stock-based compensation	(605)	(10,831)	(5,316)
Other, net	5,026	619	113
Total	$ 598	$ 79	$ 6

As of December 31, 2022, the Company had approximately $1.1 billion and $1.0 billion of federal and state net operating loss ("NOL") carryforwards, respectively. All NOLs incurred during the year ended December 31, 2019 and thereafter are carried forward indefinitely for federal tax purposes. California has not conformed to the indefinite carry forward period for NOLs. The NOLs begin expiring in the calendar year 2039 for state purposes.

In the ordinary course of its business, the Company incurs costs that, for tax purposes, are determined to be qualified research expenditures within the meaning of Internal Revenue Code ("IRC") Section 41 and are, therefore, eligible for the increasing research activities credit under IRC Section 41. The R&D tax credit carryforward as of December 31, 2022 is $32.7 million and $22.6 million for federal and state purposes, respectively. The R&D tax credit carryforwards begin expiring in the calendar year 2039 for federal purposes. R&D credits generated for California purposes carry forward indefinitely.

Under Section 382 of the IRC, the Company's ability to utilize NOL carryforwards or other tax attributes such as research tax credits, in any taxable year, may be limited if the Company experiences, or has experienced, an "ownership change." A Section 382 "ownership change" generally occurs if one or more stockholders or groups of stockholders, who own at least 5% of the Company's stock, increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. The Company may have or may in the future, experience one or more Section 382 "ownership changes." If so, the Company may not be able to utilize a material portion of its NOL carryforwards and tax credits, even if the Company achieves profitability.

The Company recognizes tax benefits from uncertain tax positions only if it believes that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. As the Company expands, it will face increased complexity in determining the appropriate tax jurisdictions for revenue and expense items. The Company's policy is to adjust these reserves when facts and circumstances change, such as the closing of a tax audit or refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the income tax expense in the period in which such determination is made and could have a material impact on its financial condition and operating results. The income tax expense includes the effects of any accruals that the Company believes are appropriate, as well as the related net interest and penalties.

As of December 31, 2022, the Company has total uncertain tax positions of $10.1 million, which is net of tax. The balance is related to the R&D tax credit, which is recorded as a reduction of the deferred tax asset related credit carry-forwards. No interest or penalties have been recorded related to the uncertain tax positions. A reconciliation of the beginning and ending balances of unrecognized tax benefits is as follows:

	Year Ended December 31,	
	2022	2021
	(In thousands)	
Balance at the beginning of the year	$ 5,901	$ 4,847
Additions based on tax positions related to current year	4,219	2,549
Deductions based on tax positions related to prior years	—	(1,495)
Balance at the end of year	$ 10,120	$ 5,901

It is not expected that there will be a significant change in uncertain tax position in the next 12 months. The Company is subject to U.S. federal income tax, as well as to income tax in multiple state jurisdictions and one foreign jurisdiction. In the normal course of business, the Company is subject to examination by tax authorities. There are no tax examinations in progress as of December 31, 2022. The U.S. federal and state income tax returns for the period from October 26, 2019 through December 31, 2019 and annual periods thereafter remain subject to examination. The statute of limitations for our foreign tax jurisdiction is open for tax years after December 31, 2020.

On December 22, 2017, former President Trump signed into law the Tax Cuts and Jobs Act ("TCJA"). The TCJA included multiple provisions, including the modification of IRC Section 174. Effective for tax years beginning after December 31, 2021, research and experimental ("R&E") expenditures as defined by IRC Section 174 must be capitalized for tax purposes. As of December 31, 2022, the Company capitalized an estimated $212.6 million of R&E expenditures. R&E expenditures are amortized ratably for tax purposes over a 5-year period (or 15-year period for R&E expenditures attributable to foreign research).

(12) Stockholders' Equity

Preferred and Common Stock

The total number of shares of all classes of capital stock which we have authority to issue is 710,000,000 of which 700,000,000 are common stock, par value $0.0001 per share, and 10,000,000 are preferred stock par value $0.0001 per share. The designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect to each class of capital stock are as follows:

Preferred Stock - The Company's board of directors (the "Board") is expressly granted authority to issue shares of the preferred stock, in one or more series, and to fix for each such series such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights and such qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in the resolution or resolutions adopted by the Board providing for the issue of such series all to the fullest extent now or hereafter permitted by Delaware Law.

Common Stock - Each holder of common stock is entitled to one vote for each share of common stock held by such holder. The holders of common stock are entitled to the payment of dividends when and as declared by the Board in accordance with applicable law and to receive other distributions from the Company. Any dividends declared by the Board to the holders of the then outstanding shares of common stock will be paid to the holders thereof pro rata in accordance with the number of shares of common stock held by each such holder as of the record date of such dividend.

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the funds and assets of the Company that may be legally distributed to the Company’s stockholders will be distributed among the holders of the then outstanding shares of Common Stock pro rata in accordance with the number of shares of common stock held by each such holder. The foregoing rights of the holders of the common stock are subject to and qualified by the rights of, the holders of the preferred stock of any series as may be designated by the Board upon any issuance of the preferred stock of any series.

Issuance of Common Stock

In August 2020, the Company sold 23,600,000 shares of common stock at a public offering price of $19.50 per share for gross proceeds of $460.2 million, before deducting underwriting discounts and commissions and other expenses payable by the Company. The Company incurred $20.9 million of transaction costs including underwriting discounts and commissions.

At The Market Offerings

On July 12, 2021, the Company entered into a distribution agency agreement with Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC (each, an “Agent” and collectively, the “Agents”) providing for the offer and sale of up to $500.0 million of shares of the Company’s common stock, par value $0.0001 per share, through an "at the market offering" program ("ATM"), from time to time by the Company through the Agents, acting as the Company’s sales agents, or directly to one or more of the Agents, acting as principal (the “2021 ATM program”).

We completed available offerings under the 2021 ATM program on July 16, 2021, generating $500.0 million in gross proceeds through the sale of 13,740,433 shares of the Company's common stock, before deducting $6.2 million in underwriting discounts, commissions and other expenses payable by the Company.

On August 4, 2022, the Company entered into a distribution agency agreement with Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and Goldman Sachs & Co. LLC providing for the offer and sale of up to $300.0 million of shares of the Company’s common stock, par value $0.0001 per share, through an ATM (the "2022 ATM program").

As of December 31, 2022, we sold a total of 16,265,700 shares of the Company's common stock under the 2022 ATM program, generating $103.3 million in gross proceeds, before deducting $1.2 million in underwriting discounts, commissions and other expenses payable by the Company.

Stockholders' Agreement

In connection with the closing of the Virgin Galactic Business Combination in October 2019, the Company entered into a stockholders' agreement with certain of the Company's investors. Pursuant to the terms of the Stockholders' Agreement, as long as Virgin Investments Limited ("VIL") is entitled to designate two directors to the Company's board of directors, the Company must obtain VIL's prior written consent to engage in certain corporate transactions and management functions such as business combinations, disposals, acquisitions, incurring indebtedness, and engagement of professional advisors, among others.

Warrants and Warrant Redemption

The Company classified its public and private placement warrants as liabilities in accordance with ASC 815 (Derivatives and Hedging). The warrant liability was recorded on the consolidated balance sheet at fair value on the issue date, with subsequent changes in their fair value recognized in the consolidated statements of operations and comprehensive loss at each reporting date. As of December 31, 2022 and 2021, there were no public or private placement warrants outstanding.

The Company remeasured the fair value of the warrants at each reporting date with changes recorded in earnings. In connection with the Company's remeasurement of the warrants to fair value, the Company recorded expense of $34.7 million and $371.9 million for the years ended December 31, 2021 and 2020, respectively.

(13) Earnings Per Share

The following table presents net loss per share and related information:

	Year Ended December 31,		
	2022	2021	2020
	(In thousands, except per share amounts)		
Basic and diluted:			
Net loss	$ (500,152)	$ (352,899)	$ (644,887)
Weighted average common shares outstanding	263,947	247,619	219,108
Basic and diluted net loss per share	$ (1.89)	$ (1.43)	$ (2.94)

Basic and dilutive net loss per share is computed by dividing the net loss for the period by the weighted average number of common stock outstanding during the period.

The Company excluded the potential dilutive effect of outstanding stock options and unvested RSUs, as described in Note 14, in the calculation of diluted loss per share, as the effect would be anti-dilutive due to losses incurred. Potentially dilutive securities that were not included in the diluted per share calculation for these periods, as they would have an anti-dilutive impact on net loss per share, are as follows:

	December 31,		
	2022	2021	2020
		(In thousands)	
Stock options issued and outstanding	3,365	4,254	6,796
Performance stock options issued and outstanding	406	—	—
Unvested restricted stock units issued and outstanding	4,388	2,397	4,761
Unvested performance stock units issued and outstanding	303	90	—
Shares related to the 2027 Notes [(1)]	33,234	—	—
Warrants to purchase shares of common stock	—	—	8,000
	41,696	6,741	19,557

[(1)] The Company uses the if-converted method for calculating any potential dilutive effect of the conversion options embedded in the 2027 Notes for diluted net loss per share, if applicable.

(14) Stock-Based Compensation

2019 Incentive Award Plan

The Board and stockholders of the Company adopted the 2019 Incentive Award Plan (the "2019 Plan"). Pursuant to the 2019 Plan, up to 21,208,755 shares of common stock have been reserved for issuance, upon exercise of awards made to employees, directors and other service providers.

Under the 2019 Plan, the Company has the ability to grant incentive stock options, non-qualified stock options and RSUs to employees, directors and other service providers. PSUs are RSUs that vest based on achievement of specified performance criteria. PSOs are stock options that vest based on achievement of specified performance criteria.

Common Stock Reserved for Future Issuance

The following summarizes the total number of shares of common stock reserved for future issuance as of December 31, 2022:

	Shares
Stock options outstanding	3,364,935
Performance stock options outstanding	405,680
Restricted stock units outstanding	4,387,525
Performance stock units outstanding	303,337
Authorized for future issuance under stock incentive plan	5,144,609
	13,606,086

Time-Based Stock Options

Stock options (other than PSOs) typically vest over four years with 25% cliff vest at the grant date first anniversary and will ratably vest monthly over the next three years, subject to continued employment on each vesting date. Vested options will be exercisable at any time until ten years from the grant date, subject to earlier expiration under certain terminations of service and other conditions. The stock options granted have an exercise price equal to the closing stock price of our common stock on the grant date.

The weighted average grant date fair value of the stock options issued in 2022 was $1.5 million and was estimated using a Black-Scholes model with the following assumptions:

Expected life (in years)	6.1
Expected volatility	69.0 %
Risk free interest rate	2.2 %
Dividend yield	— %

Total time-based stock options activity for the years ended December 31, 2022 and 2021 is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value	Weighted Average Grant Date Fair Value
		(Dollars in thousands, except per share amounts)			
Options outstanding at December 31, 2020	6,796,045	$ 13.59	8.6	$ 68,888	
Granted	—	—			
Exercised	(1,601,857)	12.47			
Forfeited	(940,421)	13.27			
Options outstanding at December 31, 2021	4,253,767	14.09	7.6	$ 6,187	
Granted	303,030	7.99			$ 4.95
Exercised	(4,182)	11.79			
Forfeited	(1,187,680)	13.87			
Options outstanding at December 31, 2022	3,364,935	$ 13.63	7.1	$ —	
Options exercisable at December 31, 2022	2,144,827	$ 13.48	6.7	$ —	

The aggregate intrinsic value is calculated based on the difference between the Company's closing stock price at year end and the exercise price, multiplied by the number of in-the-money options and represents the pre-tax amount that would have been received by the option holders, had they all exercised all their options on the fiscal year end date.

Performance Stock Options

Compensation expense on PSOs is recognized over the period between the grant date and the estimated vest date. The number of PSOs that will vest depends on the attainment of certain stock price goals. Vested options will be exercisable at any time until ten years from the grant date, subject to earlier expiration under certain terminations of service and other conditions. The stock options granted have an exercise price equal to the closing stock price of our common stock on the grant date.

The weighted-average grant date fair value of the PSOs issued in 2022 was $2.0 million and was estimated using a Monte-Carlo simulation with the following assumptions:

Expected exercise behavior	75.0 %
Expected Volatility	58.0 %
Risk free interest rate	2.2 %
Dividend yield	— %

Total PSO activity for the year ended December 31, 2022 is as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value	Weighted Average Grant Date Fair Value ($)
		(Dollars in thousands, except per share amounts)			
PSOs outstanding at December 31, 2021	—	$ —	0	—	
Granted	405,680	8.99			4.93
Exercised	—	—			
Forfeited options	—	—			
PSOs outstanding at December 31, 2022	405,680	$ 8.99	9.2	—	
PSOs exercisable at December 31, 2022	—	$ —	0	—	

The aggregate intrinsic value is calculated based on the difference between our closing stock price at year end and the exercise price, multiplied by the number of in-the-money options and represents the pre-tax amount that would have been received by the option holders, had they all exercised all their options on the fiscal year end date.

Restricted Stock Units

RSUs typically vest over four years with 25% cliff vest at the first year anniversary of the grant date and ratably over the next three years. The fair value of our RSUs is based on our closing stock price on the date of grant. The weighted average grant date fair value of all RSUs granted during the year ended December 31, 2022 was $35.1 million.

Total RSU activity during the years ended December 31, 2022 and 2021 is as follows:

	Shares	Weighted Average Fair Value
Outstanding at December 31, 2020	4,760,784	$ 19.63
Granted	988,781	34.03
Vested	(2,100,931)	18.30
Forfeited	(1,251,902)	17.41
Outstanding at December 31, 2021	2,396,732	27.89
Granted	4,317,161	8.14
Vested	(1,545,981)	19.99
Forfeited	(780,387)	16.46
Outstanding at December 31, 2022	4,387,525	$ 12.64

Award Modification

On March 10, 2020, we modified RSU grants made in connection with the closing of the Virgin Galactic Business Combination by removing one of the vesting criteria requiring our share price value to be greater than $10 per share at the time RSUs vest. No other terms of the awards were modified.

Stock-based compensation expense related to the modification was calculated by taking the incremental fair value based on the difference between the fair value of the modified award and the fair value of the original award. Given the RSUs were unvested at the time of modification, the incremental stock-based compensation expense is prospectively expensed over the remaining vesting period. Total incremental stock-based compensation expense recorded as a result of the modification was $2.8 million, $5.4 million and $4.5 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Performance Stock Units

Between 25% and 200% of outstanding PSUs are eligible to vest based on the achievement of certain performance-based or market-based conditions by specified target dates, subject to continued service through the applicable vesting dates. PSUs with performance-based conditions are amortized over the requisite service period in which it is probable that the condition will be achieved. PSUs with market-based conditions will vest based on the Company's common stock performance following the end of the three-year performance measurement period, based on the highest closing price over twenty consecutive trading days during that period. PSUs with market-based conditions cannot vest before the end of the performance measurement period, thus the requisite service period is three years. All PSUs outstanding as of December 31, 2022 vest based on market-based conditions following the end of the three-year performance measurement period.

The weighted average grant date fair value of the PSUs issued in 2022 was $4.4 million and was estimated using a Monte-Carlo simulation with the following assumptions:

Expected volatility[(1)]	94.6 %
Risk free interest rate[(2)]	2.5 %
Dividend yield[(3)]	— %

[(1)] The expected volatility is a measure of the amount by which a stock price is expected to fluctuate based primarily on our and our peers' historical data.

[(2)] The risk-free interest rate for the periods within the contractual term of the units is based on the U.S. Treasury yield curve in effect at the time of the grant.

[(3)] The Company does not currently pay dividends nor has announced plans to begin paying dividends.

Total PSU activity during the years ended December 31, 2022 and 2021 is as follows:

	Shares	Weighted Average Fair Value
Outstanding at December 31, 2020	—	$ —
Granted	94,689	26.70
Vested	—	—
Forfeited	(4,850)	30.93
Outstanding at December 31, 2021	89,839	26.47
Granted	326,016	13.50
Vested	—	—
Forfeited	(112,518)	26.17
Outstanding at December 31, 2022	303,337	$ 13.46

Stock-Based Compensation

A summary of the components of stock-based compensation expense included in selling, general and administrative and research and development expenses in the consolidated statements of operations and comprehensive loss is as follows:

	Year Ended December 31,		
	2022	2021	2020
	(In thousands)		
Stock option and PSO expense:			
Selling, general and administrative	$ 7,662	$ 14,258	$ 9,677
Research and development	2,610	3,211	3,834
Total stock option and PSO expense	10,272	17,469	13,511
RSU and PSU expense:			
Selling, general and administrative	24,293	31,923	11,595
Research and development	11,144	12,413	5,218
Total RSU and PSU expense	35,437	44,336	16,813
Total stock-based compensation expense	$ 45,709	$ 61,805	$ 30,324

As of December 31, 2022 we had unrecognized stock-based compensation expense of $10.4 million for stock options and $0.4 million for PSOs. These amounts are expected to be recognized over weighted-average periods of 1.9 years and 0.6 years, respectively. Unrecognized stock-based compensation expense as of December 31, 2022 for RSUs and PSUs totaled $68.2 million and $3.1 million, respectively, which are expected to be recognized over weighted-average periods of 2.4 years and 2.3 years, respectively.

Income tax benefits recognized from stock-based compensation in each of the periods presented were immaterial due to cumulative net losses and valuation allowances. No amounts relating to stock-based compensation were capitalized and included in the Company's consolidated balance sheet for any period presented.

(15) Fair Value Measurements

The following tables presents the Company's financial assets that are recorded at fair value on a recurring basis, segregated among the appropriate levels within the fair value hierarchy as of December 31, 2022 and 2021:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Assets:				
Money market	$ 249,249	$ —	$ —	$ 249,249
Certificate of deposits	41,727	—	—	41,727
U.S. treasuries	79,517	—	—	79,517
Corporate bonds	—	557,591	—	557,591
Total assets at fair value	$ 370,493	$ 557,591	$ —	$ 928,084

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Assets:				
Money market	$ 402,889	$ —	$ —	$ 402,889
Certificate of deposits	91,549	—	—	91,549
Corporate bonds	—	380,881	—	380,881
Total assets at fair value	$ 494,438	$ 380,881	$ —	$ 875,319

The following tables presents the Company's financial liabilities that are recorded at amortized cost, segregated among the appropriate levels within the fair value hierarchy as of December 31, 2022:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Liabilities:				
2027 Notes	$ —	$ 193,439	$ —	$ 193,439
Total liabilities at fair value	$ —	$ 193,439	$ —	$ 193,439

The estimated fair value of the 2027 Notes, which are classified as Level 2 financial instruments, was determined based on the estimated or actual bid prices of the 2027 Notes in an over-the-counter market on the last business day of the period.

(16) Commitments and Contingencies

Leases

The Company has certain noncancellable operating leases primarily for its premises. These leases generally contain renewal options for periods ranging from 3 to 20 years and require the Company to pay all executory costs, such as maintenance and insurance. Certain lease arrangements have rent free periods or escalating payment provisions, and we recognize rent expense of such arrangements on a straight line basis.

Future minimum lease payments under noncancellable operating leases (with initial or remaining lease terms in excess of one year) and future minimum finance lease payments as of December 31, 2022 are as follows:

	Operating Leases	Finance Leases
	(In thousands)	
Year ending December 31:		
2023	$ 8,613	$ 264
2024	10,034	188
2025	10,190	158
2026	10,347	113
2027	10,313	—
Thereafter	61,374	—
Total payments	110,871	723
Less: Present value discount/imputed interest	51,206	128
Present value of lease liabilities	$ 59,665	$ 595

Legal Proceedings

From time to time, the Company is a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. The Company applies accounting for contingencies to determine when and how much to accrue for and disclose related to legal and other contingencies. Accordingly, the Company discloses contingencies deemed to be reasonably possible and accrues loss contingencies when, in consultation with legal advisors, it is concluded that a loss is probable and reasonably estimable. Although the ultimate aggregate amount of monetary liability or financial impact with respect to these matters is subject to many uncertainties and is therefore not predictable with assurance, management believes that any monetary liability or financial impact to the Company from these matters, individually and in the aggregate, beyond that provided at December 31, 2022, would not be material to the Company's consolidated financial position, results of operations or cash flows. However, there can be no assurance with respect to such result, and monetary liability or financial impact to the Company from legal proceedings, lawsuits and other claims could differ materially from those projected.

Lavin v. the Company

On May 28, 2021, a class action complaint was filed against us in the Eastern District of New York captioned Lavin v. Virgin Galactic Holdings, Inc., Case No. 1:21-cv-03070. In September 2021, the Court appointed Robert Scheele and Mark Kusnier as co-lead plaintiffs for the purported class. Co-lead plaintiffs amended the complaint in December 2021, asserting violations of Sections 10(b), 20(a) and 20A of the Exchange Act of 1934 against us and certain of our current and former officers and directors on behalf of a putative class of investors who purchased our common stock between July 10, 2019 and October 14, 2021.

The amended complaint alleges, among other things, that we and certain of our current and former officers and directors made false and misleading statements and failed to disclose certain information regarding the safety of the Company's ships and success of its commercial flight program. Co-lead plaintiffs seek damages, interest, costs, expenses, attorneys' fees, and other unspecified equitable relief. The defendants moved to dismiss the amended complaint and, on November 7, 2022, the court granted in part and denied in part the defendants' motion and gave the plaintiffs leave to file a further amended complaint.

Plaintiffs' filed a second amended complaint on December 12, 2022. The second amended complaint contains many of the same allegations as in the first amended complaint. The Company intends to continue to vigorously defend against this matter.

Spiteri, Grenier, Laidlaw, and St. Jean derivatively on behalf of the Company vs. Certain Current and Former Officers and Directors

On February 21, 2022, March 1, 2022, September 21, 2022, and December 13, 2022, four alleged shareholders filed separate derivative complaints purportedly on behalf of the Company against certain of our current and former officers and directors in the Eastern District of New York captioned Spiteri v. Branson et al., Case No. 1:22-cv-00933, Grenier v. Branson et al., Case No. 1:22-cv-01100, Laidlaw v. Branson et al., Case No. 1:22-cv-05634, and St. Jean v. Branson et al., Case No. 1:22-cv-7551, respectively. Collectively, the complaints assert violations of Sections 10(b), 14(a), and 21D of the Exchange Act of 1934 and claims of breach of fiduciary duty, aiding and abetting breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, contribution and indemnification, and unjust enrichment arising from substantially similar allegations as those contained in the securities class action described above. The complaints seek an unspecified sum of damages, interest, restitution, expenses, attorneys' fees and other equitable relief. The cases are at a preliminary stage.

(17) Employee Benefit Plans

The Company has defined contribution plans, under which the Company pays fixed contributions into a separate entity, and additional contributions to the plans are based upon a percentage of the employees' elected contributions. The Company will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized within selling, general and administrative expenses and research and development in the consolidated statements of operations and comprehensive loss, as incurred. Contributions by the Company were $5.8 million, $5.6 million and $4.7 million for the years ended December 31, 2022, 2021 and 2020, respectively.

(18) Supplemental Cash Flow Information

	Year ended December 31,		
	2022	2021	2020
		(In thousands)	
Supplemental disclosure of cash flow information:			
Cash payments for:			
Income taxes	$ 80	$ 109	$ 102
Interest	5,667	—	—
Supplemental disclosure of non-cash investing and financing activities:			
Unpaid purchases of property, plant and equipment	$ 4,999	$ 1,109	$ 1,399
Issuance of common stock through "cashless" warrants exercised	—	170,090	360,742
Issuance of common stock through RSUs vested	11,074	57,658	43,738

EX 10.10

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), dated as of October 24, 2022, is entered into by and between Galactic Co., LLC, a Delaware limited liability company ("OpCo"), Virgin Galactic Holdings, Inc. ("PubCo") and Sarah Kim (the "Executive").

WHEREAS, OpCo and PubCo (collectively, the "Company") desire to employ the Executive and the Company and the Executive desire to enter into an agreement embodying the terms of such employment, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment Period. Effective as of December 5, 2022 (the "Effective Date"), the Executive's employment hereunder shall be for a term (the "Employment Period") commencing on the Effective Date and continuing indefinitely until terminated in accordance with the terms of this Agreement. Notwithstanding anything to the contrary in the foregoing, the Executive's employment hereunder is terminable at will by the Company or by the Executive at any time (for any reason or for no reason), subject to the provisions of Section 4 hereof.

2. Terms of Employment.

(a) Position and Duties.

(i) Role and Responsibilities. During the Employment Period, the Executive shall serve as Executive Vice President and Chief Legal Officer of the Company, and shall perform such employment duties as are usual and customary for such position. The Executive shall report directly to the Chief Executive Officer of the Company (the "CEO"). At the Company's request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other capacities in addition to the foregoing, consistent with the Executive's position hereunder. In the event that the Executive, during the Employment Period, serves in any one or more of such additional capacities, the Executive's compensation shall not be increased beyond that specified in Section 2(b) hereof. In addition, in the event the Executive's service in one or more of such additional capacities is terminated, the Executive's compensation, as specified in Section 2(b) hereof, shall not be diminished or reduced in any manner as a result of such termination provided that the Executive otherwise remains employed under the terms of this Agreement.

(ii) Exclusivity. During the Employment Period, and excluding any periods of leave to which the Executive may be entitled, the Executive agrees to devote her full business time and attention to the business and affairs of the Company. Notwithstanding the foregoing, during the Employment Period, it shall not be a violation of this Agreement for the Executive to: (A) serve on boards, committees or similar bodies of charitable or nonprofit organizations, (B) fulfill limited teaching, speaking and writing engagements, and (C) manage her personal investments, in each case, so long as such activities do not individually or in the aggregate materially interfere or conflict with the performance of the Executive's duties and responsibilities under this Agreement. Service on any other boards, public or private for profit companies is subject approval by the CEO pursuant to the Company's Policy on Outside Board Service for Senior Level Executives.

(iii) Principal Location. During the Employment Period, the Executive shall perform the services required by this Agreement at the Company's offices

located in Tustin, California (the "Principal Location"), provided, however, that the parties acknowledge and agree that the Executive may be required to travel with relative frequency to Mojave, California and Las Cruces, New Mexico as well as other locations as may be necessary to fulfill the Executive's duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc.

(i) Base Salary. Effective as of the Effective Date and during the Employment Period, the Executive shall receive a base salary (the "Base Salary") of $400,000 per annum. The Base Salary shall be paid in accordance with the Company's normal payroll practices for executive salaries generally, but no less often than monthly and shall be pro-rated for partial years of employment. The Base Salary may be increased in the discretion of the Board or a subcommittee thereof, but not reduced, and the term "Base Salary" as utilized in this Agreement shall refer to the Base Salary as so increased.

(ii) Annual Cash Bonus. For each calendar year ending during the Employment Period beginning in calendar year 2023, the Executive shall be eligible to earn a cash performance bonus (an "Annual Bonus") under the Company's bonus plan or program applicable to senior executives targeted at 80% of Executive's Base Salary (the "Target Bonus"). The actual amount of any Annual Bonus shall be determined by the Board (or a subcommittee thereof) in its discretion, based on the achievement of individual and/or Company performance goals as determined by the Board (or a subcommittee thereof), and shall be pro-rated for any partial year of employment. The payment of any Annual Bonus, to the extent any Annual Bonus becomes payable, will be made on the date on which annual bonuses are paid generally to the Company's senior executives, which shall be in the calendar year following the calendar year in which such Annual Bonus was earned (but in no event later than March 15th of such subsequent calendar year), subject to the Executive's continued employment through the payment date.

(iii) Signing Bonus. In consideration for the Executive commencing employment with the Company, on the first regular payroll date following the Effective Date, the Company shall pay to the Executive a one-time cash bonus in an amount equal to $150,000, less applicable withholdings and deductions (the "Signing Bonus"). Notwithstanding the foregoing, the Executive and the Company acknowledge and agree that if the Executive voluntarily terminates her employment with the Company without Good Reason (as defined below), before the second anniversary of the Effective Date, the Executive shall repay to the Company an amount equal to the full Signing Bonus multiplied by the fraction, the numerator of which is 731 less the number of days during which the Executive was employed by the Company, and the denominator of which is 731. The Executive shall make this repayment in full within 90 days of the Date of Termination. The Executive authorizes the Company to immediately offset against and reduce any amounts otherwise due to the Executive for any amounts owing to the Company in repaying the Signing Bonus.

(iv) Sign-On Equity Award.

(A) Subject to the approval of the Board or a subcommittee thereof, PubCo shall grant to the Executive a restricted stock unit award, with a value of $225,000 (the "Sign-On Equity Award"). The Sign-On Equity Award shall be granted on the Effective Date, subject to the Executive's employment with the Company on the grant date. The number of restricted stock units subject to the Sign-On Equity Award will be determined by dividing $225,000 by the average of the

Company's common stock closing price over the twenty business days prior to and including the Effective Date.

(B) Subject to the Executive's continued service with the Company through the applicable vesting date, the Sign-On Equity Award shall vest with respect to 50% of the restricted stock units underlying the Sign-On Equity Award on each of the six-month anniversary and the one-year anniversary of the Effective Date.

(C) The terms and conditions of the Sign-On Equity Award will be set forth in a separate award agreement in the form prescribed by PubCo, to be entered into by PubCo and the Executive (the "Sign-On Award Agreement"). Except as otherwise specifically provided in this Agreement, the Sign-On Equity Award shall be governed in all respects by the terms of and conditions of PubCo's 2019 Incentive Award Plan (the "Plan") and the Sign-On Award Agreement.

(v) Initial Equity Award.

(A) Subject to the approval of the Board or a subcommittee thereof, PubCo shall grant to the Executive on the Effective Date an equity-based compensation award covering shares of PubCo's common stock with an aggregate value equal to $1,000,000 (the "Initial Equity Award"), subject to the Executive's continued employment on the grant date. Of such amount, 75% of the Initial Equity Award value shall be granted in the form of a time-based restricted stock unit award that vests based on the Executive's continued service with the Company (the "Initial RSU Award"), and the remaining 25% of the Initial Equity Award value shall be granted in the form of a performance-based restricted stock unit award that vests based on achievement of performance goals and continued service (the "Initial PSU Award").

(B) The number of time-based restricted stock units subject to the Initial RSU Award will be determined by dividing $750,000 by the average of the Company's common stock closing price over the twenty business days prior to and including the Effective Date, and the number of performance-based restricted stock units subject to the Initial PSU Award will be determined by dividing $250,000 by the average of the Company's common stock closing price over the twenty business days prior to and including the Effective Date.

(C) Subject to Executive's service with the Company through the applicable vesting date, (i) the Initial RSU Award shall vest (x) with respect to 25% of the restricted stock units underlying such Initial RSU Award, on the first anniversary of the Effective Date, and (y) as to the remaining 75% of the restricted stock units underlying such Initial RSU Award, in substantially equal installments on each of the 12 quarterly anniversaries thereafter and (ii) the Initial PSU Award shall vest based on the achievement of performance goals over a performance period ending on December 31, 2023. The terms and conditions of each Initial Equity Award will be set forth in a separate award agreement in the form prescribed by PubCo, to be entered into by PubCo and the Executive (the "Initial Award Agreements"). Except as otherwise specifically provided in this Agreement, the Initial Equity Awards shall be governed in all respects by the terms of and conditions of the Plan and the applicable Initial Award Agreement.

(vi) Annual Equity Award(s). For each calendar year during the Employment Period beginning in calendar year 2024, the Executive shall be eligible to receive, an annual equity-based compensation award(s) as determined by the Board, or a subcommittee thereof, from time to time, consistent with the Initial RSU Award with a target value of $1,000,000, as adjusted by PubCo's peer companies and subject to the sole discretion of the Board, or a subcommittee thereof. Seventy-five percent (75%) of the value of any such annual equity-based compensation award is expected to be granted in the form of a time-based restricted stock unit award that vests based on the Executive's continued service with the Company, and the remaining twenty-five percent (25%) of the value of any such annual equity-based compensation award is expected to be granted in the form of a performance-based restricted stock unit award that vests based on achievement of performance goals and continued service. The Board or such subcommittee shall determine in its sole discretion the grant timing, amount, form(s) and mix, and such other terms and conditions, applicable to any such annual equity-based compensation award, taking into account the Executive's and the Company's performance. The terms and conditions of such annual equity-based compensation awards shall be set forth in separate award agreements in the form prescribed by PubCo, to be entered into by the Executive and PubCo.

(vii) Benefits. During the Employment Period, the Executive (and the Executive's spouse and/or eligible dependents to the extent provided in the applicable plans and programs) shall be eligible to participate in and be covered under the health and welfare benefit plans and programs maintained by the Company for the benefit of its employees from time to time, pursuant to the terms of such plans and programs including any medical, life, vision, dental, disability, accidental death and dismemberment and other voluntary benefit plans and programs on the same terms and conditions as those applicable to similarly situated senior executives. In addition, during the Employment Period, the Executive shall be eligible to participate in any retirement, savings and other employee benefit plans and programs maintained from time to time by the Company for the benefit of its senior executives. Nothing contained in this Section 2(b)(vii) shall create or be deemed to create any obligation on the part of the Company to adopt or maintain any health, welfare, retirement or other benefit plan or program at any time or to create any limitation on the Company's ability to modify or terminate any such plan or program.

(viii) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in connection with the performance of the Executive's duties under this Agreement in accordance with the policies, practices and procedures of the Company provided to employees of the Company.

(ix) Fringe Benefits. During the Employment Period, the Executive shall be eligible to receive such fringe benefits and perquisites as are provided by the Company to its employees from time to time, in accordance with the policies, practices and procedures of the Company, and shall receive such additional fringe benefits and perquisites as the Company may, in its discretion, from time-to-time provide.

(x) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to its employees, but in no event shall the Executive accrue less than 160 hours of vacation per calendar year (pro-rated for any partial year of service); provided, however, that the Executive shall not accrue any vacation time in excess of 280 hours (the "Accrual Limit"), and shall cease accruing vacation time if the Executive's accrued vacation reaches the Accrual Limit until such time as the Executive's accrued vacation time drops below the Accrual Limit.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. Either the Company or the Executive may terminate the Executive's employment in the event of the Executive's Disability during the Employment Period.

(b) Termination by the Company. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause.

(c) Termination by the Executive. The Executive's employment may be terminated by the Executive for any or no reason, including with Good Reason or by the Executive without Good Reason.

(d) Notice of Termination. Any termination of employment (other than due to the Executive's death), shall be communicated by a Notice of Termination to the other parties hereto given in accordance with Section 11(b) hereof. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Termination of Offices and Directorships; Return of Property. Upon termination of the Executive's employment for any reason, unless otherwise specified in a written agreement between the Executive and the Company, the Executive shall be deemed to have resigned from all offices, directorships, and other employment positions if any, then held with the Company, and shall take all actions reasonably requested by the Company to effectuate the foregoing. In addition, upon the termination of the Executive's employment for any reason, the Executive agrees to return to the Company all documents of the Company and its affiliates (and all copies thereof) and all other Company or Company affiliate property that the Executive has in her possession, custody or control. Such property includes, without limitation: (i) any materials of any kind that the Executive knows contain or embody any proprietary or confidential information of the Company or an affiliate of the Company (and all reproductions thereof), (ii) computers (including, but not limited to, laptop computers, desktop computers and similar devices) and other portable electronic devices (including, but not limited to, tablet computers), cellular phones/smartphones, credit cards, phone cards, entry cards, identification badges and keys, and (iii) any correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the customers, business plans, marketing strategies, products and/or processes of the Company or any of its affiliates and any information received from the Company or any of its affiliates regarding third parties.

4. Obligations of the Company upon Termination.

(a) Accrued Obligations. In the event that the Executive's employment under this Agreement terminates during the Employment Period for any reason, the Company will pay or provide to the Executive: (i) any earned but unpaid Base Salary and accrued vacation time, (ii) reimbursement of any business expenses incurred by the Executive prior to the Date of Termination that are reimbursable in accordance with Section 2(b)(viii) hereof and (iii) any vested amounts due to the Executive under any plan, program or policy of the Company (together, the "Accrued Obligations"). The Accrued Obligations described in clauses (i) – (ii) of the preceding sentence shall be paid within 30 days after the Date of Termination (or such earlier date as may be required by applicable law) and the Accrued Obligations described in clause (iii) of the preceding sentence shall be paid in accordance with the terms of the governing plan or program.

(b) Qualifying Termination. Subject to Sections 4(d), 4(f) and 11(d), and the Executive's continued compliance with the provisions of Section 7 hereof, if the Executive's employment with the Company is terminated during the Employment Period due to a Qualifying Termination, then in addition to the Accrued Obligations:

(i) Cash Severance. The Company shall pay the Executive an amount equal to 1.0 (if the Date of Termination occurs after the second anniversary of the Effective Date) or 1.5 (if the Date of Termination occurs on or before the second anniversary of the Effective Date) (whichever is applicable, the (the "Severance Multiplier")) multiplied by the sum of (i) the Base Salary and (ii) the Target Bonus (the "Severance"); provided, however, that in the event the Qualifying Termination occurs on or within 24 months following a Change in Control, then the Severance Multiplier instead shall be 1.5. The Severance shall be paid in substantially equal installments in accordance with the Company's normal payroll practices over the six-month period following the Date of Termination, but shall commence on the first payroll date following the effective date of the Release (as defined below), and amounts otherwise payable prior to such first payroll date shall be paid on such date without interest thereon; provided, however that if the Date of Termination occurs on or within 24-months following a Change in Control that constitutes a "change in control event" for purposes of Section 409A (as defined below), the Severance shall be paid in a single lump sum cash payment within 30 days following the Date of Termination.

(ii) Prior Year Bonus; Annual Bonus. The Company shall pay to the Executive an amount equal to the Annual Bonus earned but unpaid for the calendar year prior to the calendar year in which such termination occurs (if any). In addition, the Executive shall remain eligible to be paid the Annual Bonus for the calendar year in which the Date of Termination occurs in accordance with Section 2(b)(ii), provided, however, that the magnitude of any such Annual Bonus shall be multiplied by a fraction which is equal to the number of days elapsed in such calendar year as of the Date of Termination divided by 365 (or 366 if the calendar year is a leap year).

(iii) COBRA. Subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Code, the Company shall continue to provide, during the COBRA Period, the Executive and the Executive's eligible dependents with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not been terminated based on the Executive's elections in effect on the Date of Termination, provided, however, that (A) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or (B) the Company is otherwise unable to continue to cover the Executive under its group health plans without incurring penalties (including without limitation, pursuant to Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), then, in either case, an amount equal to each remaining Company subsidy shall thereafter be paid to the Executive in substantially equal monthly installments over the continuation coverage period (or the remaining portion thereof). For purposes of this Agreement, "COBRA Period" shall mean the period beginning on the Date of Termination and ending on the 12-month anniversary thereof; provided, however, that if the Date of Termination occurs on or before (1) the second anniversary of the Effective Date or (2) the date that is 24 months following a Change in Control, then the COBRA Period instead shall end on the 18-month anniversary thereof.

(iv) Equity Acceleration. Each PubCo equity award that vests solely on the passage of time shall vest on an accelerated basis as of the Date of Termination with

respect to the number of restricted stock units that would have vested after the Date of Termination, as if the Executive had remained in continuous service beyond the Date of Termination for 12 additional months (or 18 months if the Date of Termination occurs prior to the second anniversary of the Effective Date). In addition, in the event that the Qualifying Termination occurs on or within 24 months following a Change in Control, then all outstanding PubCo equity awards that vest based solely on the passage of time that are held by the Executive on the Date of Termination immediately shall become fully vested and, to the extent applicable, exercisable.

(c) Termination due to Death or Disability. If the Executive's employment is terminated due to death or Disability, then in addition to the Accrued Obligations, the Company shall pay to the Executive (or her estate in the event of death) an amount equal to the Annual Bonus earned but unpaid for the calendar year prior to the calendar year in which such termination occurs (if any) and an amount equal to a pro-rated Annual Bonus for the calendar year in which such termination occurs (which shall be determined based on the amount that would have been earned had the Executive's employment continued through the applicable payment date and then pro-rated for the portion of the year in which the Executive was employed), which amounts shall be paid at the same time as annual bonuses are paid to senior executives with respect to such calendar year.

(d) Release. Notwithstanding the foregoing, it shall be a condition to the Executive's right to receive the amounts provided for in Section 4(b) hereof that the Executive execute and deliver to the Company an effective release of claims in substantially the form attached hereto as Exhibit A (the "Release") within 21 days (or, to the extent required by law, 45 days) following the Date of Termination and that the Executive not revoke such Release during any applicable revocation period. For the avoidance of doubt, all equity awards eligible for accelerated vesting pursuant to Section 4(b) hereof shall remain outstanding and eligible to vest following the Date of Termination and shall actually vest and become exercisable (if applicable) and non-forfeitable upon the effectiveness of the Release.

(e) Other Terminations. If the Executive's employment is terminated for any reason not described in Section 4(b) or 4(c) hereof, the Company will pay the Executive only the Accrued Obligations.

(f) Six-Month Delay. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any severance payments or benefits payable under this Section 4, shall be paid to the Executive during the six-month period following the Executive's Separation from Service if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of Separation from Service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

(g) Exclusive Benefits. Except as expressly provided in this Section 4 and subject to Section 5 hereof, the Executive shall not be entitled to any additional payments or benefits upon or in connection with the Executive's termination of employment.

5. Non-Exclusivity of Rights. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company, including without limitation, any equity plan or equity award agreement of the Company, at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

6. Excess Parachute Payments; Limitation on Payments.

(a) Best Pay Cap. Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash severance payments under this Agreement shall first be reduced, and the noncash severance payments hereunder shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). In all cases, if there are any reductions to the Total Payments under this paragraph, the reduction shall be performed in a manner which results in the greatest after-tax amount being retained by the Executive and in a manner which comports with Section 409A.

(b) Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the "Independent Advisors") selected by the Company, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. Restrictive Covenants.

(a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company and its subsidiaries and affiliates, which shall have been obtained by the Executive in connection with the Executive's employment by the Company (the "Confidential Information") and which shall not be or become public knowledge (other than by acts by the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such Confidential Information, to anyone other than the Company and those designated by it or in a privileged or protected communication by Executive with her attorneys, advisors or counselors; provided, however, that if the Executive receives actual notice that the Executive is or may be required by law or legal process to communicate or divulge any such information, knowledge or data, the Executive shall promptly so notify the Company.

(b) While employed by the Company, the Executive shall not be engaged in any other business activity that would be competitive with the business of the Company and its subsidiaries or affiliates. In addition, while employed by the Company and, for a period of 12 months after the Date of Termination, the Executive shall not directly or indirectly solicit, induce, or encourage any employee or consultant of the Company then employed or engaged by the Company and/or its subsidiaries and affiliates to terminate their employment or other relationship with the Company and its subsidiaries and affiliates or to cease to render services to the Company and/or its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity except, in each case, to the extent the foregoing occurs as a result of general advertisements or other solicitations not specifically targeted to such employees and consultants. During the Executive's employment with the Company and thereafter, the Executive shall not use any trade secret of the Company or its subsidiaries or affiliates to solicit, induce, or encourage any customer, client, vendor, or other party doing business with any member of the Company and its subsidiaries and affiliates to terminate its relationship therewith or transfer its business from any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(c) Subject to Section 7(f), during the Executive's service with the Company and thereafter, excepting any litigation between the parties, (i) the Executive agrees not to publish or disseminate, directly or indirectly, any statements, whether written or oral, that are or could be harmful to or reflect negatively on the Company or any of its subsidiaries or affiliates, or that are otherwise disparaging of any policies, procedures, practices, decision-making, conduct, professionalism or compliance with standards of the Company, its affiliates or any of their past or present officers, directors, employees, advisors or agents, and (ii) the Company agrees to instruct its directors and executive officers not to publish or disseminate, directly or indirectly, any statements, whether written or oral, that are or could be harmful to or reflect negatively on the Executive's personal or business reputation or business.

(d) In recognition of the fact that irreparable injury will result to the Company in the event of a breach by the Executive of her obligations under Sections 7(a)-(c) hereof, that monetary damages for such breach would not be readily calculable, and that the Company would not have an adequate remedy at law therefor, the Executive acknowledges, consents and agrees that in the event of such breach, or the threat thereof, the Company shall be entitled, in addition to any other legal remedies and damages available, to specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation or threatened violation of such obligations by the Executive.

(e) The Executive hereby acknowledges that the Executive is concurrently entering into an agreement with the Company, substantially in the form attached hereto as Exhibit B, containing confidentiality, intellectual property assignment and other protective covenants (the "PIIA"), that the Executive shall be bound by the terms and conditions of the PIIA, and that such agreement shall be additional to, and not in limitation of, the covenants contained in this Section 7.

(f) Notwithstanding anything in this Agreement or the PIIA to the contrary, nothing contained in this Agreement shall prohibit either party (or either party's attorney(s)) from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice or any other securities regulatory agency, self-regulatory authority or federal, state or local regulatory authority (collectively, "Government Agencies"), or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation, (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to any

Government Agencies for the purpose of reporting or investigating a suspected violation of law, or from providing such information to such party's attorney(s) or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding, and/or (iii) receiving an award for information provided to any Government Agency. Pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, nothing in this Agreement is intended to or shall preclude either party from providing truthful testimony in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law. If the Executive is required to provide testimony, then unless otherwise directed or requested by a Government Agency or law enforcement, the Executive shall notify the Company as soon as reasonably practicable after receiving any such request of the anticipated testimony.

8. Representations. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of the Executive's obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by the Executive's entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

9. Successors.

(a) This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon OpCo, PubCo and their respective successors and assigns.

10. Certain Definitions.

(a) "Board" means the Board of Directors of PubCo.

(b) "Cause" means the occurrence of any one or more of the following events:

(i) the Executive's willful failure to substantially perform her duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after her issuance of a Notice of Termination for Good Reason), including the Executive's failure to follow any lawful directive from the CEO within the reasonable scope of the Executive's duties and the Executive's failure to correct the same (if capable of correction, as determined by the CEO), within 30 days after a written notice is delivered to the Executive, which demand specifically identifies the manner in which the CEO believes that the Executive has not performed her duties;

(ii) the Executive's commission of, indictment for or entry of a plea of guilty or nolo contendere to a felony crime (excluding vehicular crimes) or a crime of moral turpitude;

(iii) the Executive's material breach of any material obligation under any written agreement with the Company or its affiliates or under any applicable policy of the Company or its affiliates (including any code of conduct or harassment policies), and the Executive's failure to correct the same (if capable of correction, as determined by the CEO), within 30 days after a written notice is delivered to the Executive, which demand specifically identifies the manner in which the CEO believes that the Executive has materially breached such agreement;

(iv) any act of fraud, embezzlement, theft or misappropriation from the Company or its affiliates by the Executive;

(v) the Executive's willful misconduct or gross negligence with respect to any material aspect of the Company's business or a material breach by the Executive of her fiduciary duty to the Company or its affiliates, which willful misconduct, gross negligence or material breach has a material and demonstrable adverse effect on the Company or its affiliates; or

(vi) the Executive's commission of an act of material dishonesty resulting in material reputational, economic or financial injury to the Company or its affiliates.

(c) "Change in Control" has the meaning set forth in the Plan.

(d) "Code" means the Internal Revenue Code of 1986, as amended and the regulations thereunder.

(e) "Date of Termination" means the date on which the Executive's employment with the Company terminates.

(f) "Disability" means that the Executive has become entitled to receive benefits under an applicable Company long-term disability plan or, if no such plan covers the Executive, as determined in the reasonable discretion of the Board.

(g) "Good Reason" means the occurrence of any one or more of the following events without the Executive's prior written consent, unless the Company fully corrects the circumstances constituting Good Reason (provided such circumstances are capable of correction) as provided below:

(i) a material diminution in the Executive's Base Salary or Target Bonus;

(ii) a change in the geographic location of the Principal Location by more than 35 miles from its current location;

(iii) a material diminution in the Executive's title, authority or duties, as contemplated by this Agreement, excluding for this purpose any isolated, insubstantial or inadvertent actions not taken in bad faith and which are remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iv) the Company's material breach of this Agreement.

Notwithstanding the foregoing, the Executive will not be deemed to have resigned for Good Reason unless (1) the Executive provides the Company with written notice setting forth in

reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason within 30 days after the date of the occurrence of any event that the Executive knows or should reasonably have known to constitute Good Reason, (2) the Company fails to cure such acts or omissions within 30 days following its receipt of such notice, and (3) the effective date of the Executive's termination for Good Reason occurs no later than 60 days after the expiration of the Company's cure period.

(h) "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice unless as otherwise provided upon a termination for Good Reason).

(i) "Qualifying Termination" means a termination of the Executive's employment (i) by the Company without Cause (other than by reason of the Executive's death or Disability), or (ii) by the Executive for Good Reason.

(j) "Section 409A" means Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder.

(k) "Separation from Service" means a "separation from service" (within the meaning of Section 409A).

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's most recent address on the records of the Company.

If to the Company:

Virgin Galactic Holdings, Inc.
1700 Flight Way, 4th Floor
Tustin, CA 92782
Attention: Chief Executive Officer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"), then such

transfer or deemed transfer shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(d) Section 409A of the Code.

(i) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company shall work in good faith with the Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A; provided, however, that this Section 11(d) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so.

(ii) Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A. Any payments subject to Section 409A that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as termination of employment) occurs shall commence payment only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this Agreement may only be made upon the Executive's Separation from Service.

(iii) To the extent that any payments or reimbursements provided to the Executive under this Agreement are deemed to constitute compensation to the Executive to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31 of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Executive's right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the

Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 3(c) hereof, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Entire Agreement. As of the Effective Date, this Agreement (including the Sign-On Award Agreement, the Initial Award Agreements and the PIIA), constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries or affiliates, or representative thereof. Notwithstanding anything herein to the contrary, this Agreement and the obligations and commitments hereunder shall neither commence nor be of any force or effect prior to the Effective Date. In the event of any conflict in terms between this Agreement and any other agreement between Executive and the Company (including the exhibits to this Agreement), the terms of this Agreement shall prevail and govern.

(i) Arbitration.

(i) Any controversy or dispute that establishes a legal or equitable cause of action ("Arbitration Claim") between any two or more Persons Subject to Arbitration (as defined below), including any controversy or dispute, whether based on contract, common law, or federal, state or local statute or regulation, arising out of, or relating to the Executive's service or the termination thereof, shall be submitted to final and binding arbitration as the sole and exclusive remedy for such controversy or dispute in accordance with the rules of JAMS pursuant to its Employment Arbitration Rules and Procedures, which are available at http://www.jamsadr.com/rules-employment-arbitration/, and the Company will provide a copy upon the Executive's request. Notwithstanding the foregoing, this Agreement shall not require any Person Subject to Arbitration to arbitrate pursuant to this Agreement any claims: (A) under a Company benefit plan subject to the Employee Retirement Income Security Act, as amended; or (B) as to which applicable law not preempted by the Federal Arbitration Act prohibits resolution by binding arbitration. Either party may seek provisional non-monetary remedies in a court of competent jurisdiction to the extent that such remedies are not available or not available in a timely fashion through arbitration. It is the parties' intent that issues of arbitrability of any dispute shall be decided by the arbitrator.

(ii) "Persons Subject to Arbitration" means, individually and collectively, (A) the Executive, (B) any person in privity with or claiming through, on behalf of or in the right of the Executive, (C) the Company, (D) any past, present or future affiliate, employee, officer, director or agent of the Company, and/or (E) any person or entity alleged to be acting in concert with or to be jointly liable with any of the foregoing.

(iii) The arbitration shall take place before a single neutral arbitrator at the JAMS office in Los Angeles, California. Such arbitrator shall be provided through JAMS by mutual agreement of the parties to the arbitration; provided that, absent such agreement, the arbitrator shall be selected in accordance with the rules of JAMS then in effect. The arbitrator shall permit reasonable discovery. The award or decision of the arbitrator shall be rendered in writing; shall be final and binding on the parties; and may be enforced by judgment or order of a court of competent jurisdiction.

(iv) In the event of arbitration relating to this Agreement, the non-prevailing party shall reimburse the prevailing party for all costs incurred by the prevailing party in connection with such arbitration (including reasonable legal fees in connection with such arbitration, including any litigation or appeal therefrom).

(v) THE EXECUTIVE AND THE COMPANY UNDERSTAND THAT BY AGREEING TO ARBITRATE ANY ARBITRATION CLAIM, THEY WILL NOT HAVE THE RIGHT TO HAVE ANY ARBITRATION CLAIM DECIDED BY A JURY OR A COURT, BUT SHALL INSTEAD HAVE ANY ARBITRATION CLAIM DECIDED THROUGH ARBITRATION.

(vi) THE EXECUTIVE AND THE COMPANY WAIVE ANY CONSTITUTIONAL OR OTHER RIGHT TO BRING CLAIMS COVERED BY THIS AGREEMENT OTHER THAN IN THEIR INDIVIDUAL CAPACITIES. EXCEPT AS MAY BE PROHIBITED BY LAW, THIS WAIVER INCLUDES THE ABILITY TO ASSERT CLAIMS AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING.

(vii) This Section 11(i) shall be interpreted to conform to any applicable law concerning the terms and enforcement of agreements to arbitrate service disputes. To the extent any terms or conditions of this Section 11(i) would preclude its enforcement, such terms shall be severed or interpreted in a manner to allow for the enforcement of this Section 11(i). To the extent applicable law imposes additional requirements to allow enforcement of this Section 11(i), this Agreement shall be interpreted to include such terms or conditions.

(j) Amendment; Survival. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto. The respective rights and obligations of the parties under this Agreement shall survive the Executive's termination of employment and the termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

(k) Counterparts. This Agreement and any agreement referenced herein may be executed in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

[**SIGNATURES APPEAR ON FOLLOWING PAGE**]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, each of OpCo and PubCo has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

"OPCO"

By: /s/ Michael Colglazier
Name: Michael Colglazier
Title: Chief Executive Officer

"PUBCO"

By: /s/ Michael Colglazier
Name: Michael Colglazier
Title: Chief Executive Officer

"EXECUTIVE"

/s/ Sarah Kim 10/25/2022
Sarah Kim

EXHIBIT A

GENERAL RELEASE

1. Release. For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the "Releasees" hereunder, consisting of Galactic Co., LLC, a Delaware limited liability company ("OpCo"), Virgin Galactic Holdings, Inc. a Delaware corporation ("PubCo" and, together with OpCo, the "Company"), and the Company's partners, subsidiaries, associates, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act.

2. Claims Not Released. Notwithstanding the foregoing, this general release (the "Release") shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under Section 4(b) of that certain Employment Agreement, dated as of October 24, 2022, between the Company and the undersigned (the "Employment Agreement"), with respect to the payments and benefits provided in exchange for this Release, (ii) to payments or benefits under any equity award agreement between the undersigned and PubCo, (iii) with respect to Section 2(b)(viii) of the Employment Agreement, (iv) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (v) to file a claim for unemployment or workers' compensation benefits, (vi) to bring to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation; provided, however, that the undersigned releases the undersigned's right to secure damages or other relief for any such alleged treatment, (vii) to any Claims for indemnification and/or advancement of expenses arising under any indemnification agreement between the undersigned and the Company or under the bylaws, certificate of incorporation or other similar governing document of the Company, (viii) to any Claims which cannot be waived by an employee under applicable law or (ix) with respect to the undersigned's right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator.

3. Unknown Claims.

THE UNDERSIGNED ACKNOWLEDGES THAT THE UNDERSIGNED HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND

THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS THE UNDERSIGNED MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

4. Exceptions. Notwithstanding anything in this Release to the contrary, nothing contained in this Release shall prohibit the undersigned from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation and/or (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to the undersigned's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding. Pursuant to 18 USC Section 1833(b), the undersigned will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

5. Representations. The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which the undersigned may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

6. No Action. The undersigned agrees that if the undersigned hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

7. No Admission. The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

8. OWBPA. The undersigned agrees and acknowledges that this Release constitutes a knowing and voluntary waiver and release of all Claims the undersigned has or may have against the Company and/or any of the Releasees as set forth herein, including, but not limited to, all Claims arising under the Older Worker's Benefit Protection Act and the Age Discrimination in Employment Act. In accordance with the Older Worker's Benefit Protection Act, the undersigned is hereby advised as follows:

(i) the undersigned has read the terms of this Release, and understands its terms and effects, including the fact that the undersigned agreed to release and forever discharge the Company and each of the Releasees, from any Claims released in this Release;

(ii) the undersigned understands that, by entering into this Release, the undersigned does not waive any Claims that may arise after the date of the undersigned's execution of this Release, including without limitation any rights or claims that the undersigned may have to secure enforcement of the terms and conditions of this Release;

(iii) the undersigned has signed this Release voluntarily and knowingly in exchange for the consideration described in this Release, which the undersigned acknowledges is adequate and satisfactory to the undersigned and which the undersigned acknowledges is in addition to any other benefits to which the undersigned is otherwise entitled;

(iv) the Company advises the undersigned to consult with an attorney prior to executing this Release;

(v) the undersigned has been given at least 21[1] days in which to review and consider this Release. To the extent that the undersigned chooses to sign this Release prior to the expiration of such period, the undersigned acknowledges that the undersigned has done so voluntarily, had sufficient time to consider the Release, to consult with counsel and that the undersigned does not desire additional time and hereby waives the remainder of the 21-day period; and

(vi) the undersigned may revoke this Release within seven days from the date the undersigned signs this Release and this Release will become effective upon the expiration of that revocation period. If the undersigned revokes this Release during such seven-day period, this Release will be null and void and of no force or effect on either the Company or the undersigned and the undersigned will not be entitled to any of the payments or benefits which are expressly conditioned upon the execution and non-revocation of this Release. Any revocation must be in writing and sent to [Aparna Chitale, Chief People Officer][2], via electronic mail at [Aparna.Chitale@virgingalactic.com], on or before 11:59 p.m. Pacific time on the seventh day after this Release is executed by the undersigned.

9. Governing Law. This Release is deemed made and entered into in the State of California, and in all respects shall be interpreted, enforced and governed under the internal laws of the State of California, to the extent not preempted by federal law.

IN WITNESS WHEREOF, the undersigned has executed this Release this_____day of _____,____.

_____
Sarah Kim

[1] NTD: Use 45 days in a group termination and include information regarding terminated positions.
[2] NTD: Confirm.

EXHIBIT B

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

[Attached]

PRIVATE AND CONFIDENTIAL / REVISED AND UPDATED

October 6, 2020

Alistair Burns
6022 Oak Ave
Temple City, California 91780

Dear Alistair:

I am very pleased to offer you the position of **Chief Information Officer** with Virgin Galactic, LLC (the "Company"), reporting to **Enrico Palermo, Chief Operating Officer ("COO")** Below is a summary of the terms of your employment with the Company.

Employment
Subject to the provisions for earlier termination provided herein, your employment with the Company pursuant to the terms of this letter will commence on **November 16, 2020** (the "Commencement Date") This is a full-time, exempt position located at our future Company headquarters in the **Southern California** area. You agree to devote your full business time and best efforts to the performance of your role's purpose and responsibilities and agree that during the term of your employment with the Company you will not engage in any other business, profession or occupation without the prior written consent of the Executive Vice President, People and Organization. This offer is contingent on your ability to provide proof of right to work within the United States and the results of your background check.

Cash Compensation
Your starting annual base salary ("Base Salary") will be **three hundred twenty-five thousand dollars ($325,000.00)** per year, less all applicable withholdings. Beginning in calendar year 2021, in your position you will be eligible for an annual target bonus opportunity under the Company's Non-Executive Cash Incentive Plan of thirty percent (**35%**) of your Base Salary (the "Target Bonus"). The amount of your bonus will be based on the achievement of various performance objectives, which may include Company and individual objectives as established and evaluated by the Company in its sole discretion. Any payment made under the Non-Executive Cash Incentive Plan, or any successor plan thereto, will be subject to your continued employment through the applicable payment date. The Company reserves the right to modify, terminate or otherwise amend the plan at any time and determine any awards under the plan and any other Company bonus plans at the Company's sole discretion.

Sign On Bonus

The Company shall pay you a cash signing bonus in the amount equal to **one hundred thousand dollars ($100,000)** (the **"Sign-On Bonus"**) which will be paid within your first paycheck, less all applicable withholdings. You understand and agree that if you resign from the Company for any reason within twelve months of your Commencement Date and within two weeks of your resignation date you will immediately repay the Company the amount of the Sign-On Bonus. The Company shall pay you an anniversary cash bonus after you have completed twelve-months of service with the Company in the amount equal to **fifty thousand dollars ($50,000)** (the "**Anniversary Cash Bonus**") which will be paid within your first paycheck post your twelve-month Commencement Date with the Company, less all applicable withholdings. You understand and agree that if you resign from the Company for any reason within twelve months from receiving your Anniversary Cash Bonus and within two weeks of your resignation data you will immediately repay the Company the amount of the Anniversary Cash Bonus.

Equity

Subject to the approval of the Compensation Committee of the Board of Directors of the Company's parent entity, Virgin Galactic Holdings, Inc. ("Holdings"), Holdings shall grant a value of **one million dollars ($1,000,000.00)** in restricted stock units ("RSUs"), subject to your continued employment through the grant date. Subject to your continued service with the Company through the applicable vesting date, the RSUs shall vest with respect to 25% of the underlying shares on the first anniversary of the Commencement Date, and as to the remaining 75% of the underlying shares, in substantially equally installments on each of the 36 monthly anniversaries thereafter. The terms and conditions of the RSU award will be set forth in a separate award agreement (the "Award Agreement") in a form prescribed by the Company. Except as otherwise specifically provided in the Award Agreement, the RSUs shall be governed in all respects by the terms of and conditions of the 2019 Incentive Plan and the Award Agreement.

Benefits

The following benefits begin the first of the month immediately following the start of your employment: (1) medical and dental insurance for yourself and any eligible family members which shall be subject to co-pay arrangements according to the terms of the plan, (2) short and long term disability insurance, and (3) group life insurance and accidental death coverage. All of these will be subject to medical examination (if required by the provider) and will be provided on the basis agreed by the Company from time to time. In addition, you will be entitled to participate in the Company's 401(k) retirement savings plan, subject to the terms and conditions of that plan. The terms and conditions detailed in the applicable benefit plan documents shall govern in the event of any conflict or inconsistency with the information contained in this letter or with any other written or oral statements or representations.

Vacation

Your vacation will accrue per pay period, at a rate which equals 160 hours of vacation per full calendar year and you will stop accruing any further vacation if your accrued vacation balance reaches 1.75 times your annual accrual amount. If that maximum vacation accrual cap is reached, you will stop accruing vacation until you have used some of your accrued vacation time. Vacation time must be approved in advance by your manager. There are five (5) days of sick leave provided each calendar year, and the sick leave balance does not roll over each year. You will also be provided paid time off for Company scheduled holidays to be determined by the Company each year.

Termination of Employment

You acknowledge and agree that your employment with the Company is "at-will". This means there is no contract of employment, of any kind, between you and the Company for a specified period of time and that your employment may be terminated at any time, for any reason, with or without cause or advance notice, by either you or the Company. The nature of your at-will employment relationship cannot be changed except in a writing signed by you an authorized representative of the Company.

Any contrary representations which may have been made to you are superseded by this offer. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, this at-will employment relationship may only be altered in an express, written document signed by you and the Company's Executive Vice President, People and Organization.

Payments Upon Termination; Severance

(a) Accrued Obligations. Following any termination of employment, you will be entitled to (i) any earned but unpaid salary and accrued but unused vacation time; (ii) reimbursement for any un-reimbursed business expenses properly incurred by you in accordance with the applicable Company policies prior to the date of such termination, and (iii) such employee benefits, if any, as to which you may be entitled under the employee benefit plans in which you are participating as of the date of such termination of employment, including any accrued but unused vacation.

(b) Severance. In addition, in the event your employment is terminated by the Company without Cause (as defined herein) during the Initial Term, subject to your timely execution and non-revocation of a general release of claims in a form determined by the Company (the "Release") within thirty (30) days following the termination date, and subject to your continued compliance with the IP Assignment Agreement (defined below), the Company will pay or provide you with the following payments and benefits:

(i) The Company will continue to pay your then-current Base Salary during the period commencing on your termination date and ending on the three-month anniversary of your termination date (such period the "Severance Period" and such amount the "Severance"), payable in substantially equal installments on the Company's normal payroll dates during the Severance Period; provided, that no Severance payments shall be made prior to the date on which the Release becomes effective and irrevocable and, if the aggregate period during which you are entitled to consider and/or revoke the Release spans two (2) calendar years, no Severance payments under this clause (i) will be made prior to the beginning of the second (2nd) such calendar year (and any Severance payments otherwise payable prior thereto (if any) will instead be paid on the first regularly scheduled Company payroll date occurring in the latter such calendar year (or, if later, the first regularly scheduled Company payroll date occurring after the Release becomes irrevocable); and

(ii) The Company will continue to pay the cost under the Company's group health plans under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") to the same extent provided by the Company's group plans immediately before the termination date for three months after the termination date, provided that you timely elect COBRA coverage (the "COBRA Benefits"); provided, however, if the Company determines, in its sole discretion, that it cannot pay for the COBRA Benefits without potentially incurring financial cost or penalties under applicable law (including without limitation, Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), then the Company shall, in lieu thereof, pay you a taxable cash amount that it would otherwise have paid for the COBRA Benefits, in monthly installments over the same time period, which payment shall be made regardless of whether you elect health care continuation coverage.

(c) Cause Definition. For the purposes of this letter, "Cause" means the occurrence of any one or more of the following events: (i) your willful failure to substantially perform your duties with the Company (other than any such failure resulting from your incapacity due to physical or mental illness), including your failure to follow any lawful directive from the Chief Operating Officer within the reasonable scope of your duties and your failure to correct the same (if capable of correction, as determined by the COO), within 30 days after a written notice is delivered to you, which demand specifically identifies the manner in which the COO believes that you have not performed you duties; (ii) your commission of, indictment for or entry of a plea of guilty or nolo contendere to a felony crime (excluding vehicular crimes) or a crime of moral turpitude; (iii) your material

breach of any material obligation under any written agreement with the Company or its affiliates or under any applicable policy of the Company or its affiliates (including any code of conduct or harassment policies), and your failure to correct the same (if capable of correction, as determined by the COO), within 30 days after a written notice is delivered to you, which notice specifically identifies the manner in which the COO believes that you have materially breached such agreement; (iv) any act of fraud, embezzlement, theft or misappropriation from the Company or its affiliates by you; (v) your willful misconduct or gross negligence with respect to any material aspect of the Company's business or a material breach by you of your fiduciary duty to the Company or its affiliates, which willful misconduct, gross negligence or material breach has a material and demonstrable adverse effect on the Company or its affiliates; or (vi) your commission of an act of material dishonesty resulting in material reputational, economic or financial injury to the Company or its affiliates.

Withholding

The Company and/or its affiliates may withhold from any amounts payable under this letter such federal, state, local or foreign taxes as are required to be withheld pursuant to any applicable law or regulation.

Section 409A

No amount that is deferred compensation subject to Section 409A of the Internal Revenue Code, as amended (the "Code") shall be payable pursuant to this letter unless your termination of employment constitutes a "separation from service" from the Company within the meaning of Section 409A of the Code and the Department of Treasury regulations and other guidance promulgated thereunder ("Section 409A"). For purposes of Section 409A, your right to receive any installment payments under this letter shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment.

Notwithstanding the foregoing, no compensation or benefits, including without limitation any severance payments or benefits described above, shall be paid to you during the six-month period following your "separation from service" from the Company if the Company determines that paying such amounts at the time or times indicated in this letter would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such 6-month period (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of your death), the

Company shall pay you a lump-sum amount equal to the cumulative amount that would have otherwise been payable to you during such period.

Confidentiality/Intellectual Property

As a condition to your employment with the Company, you must sign and return the Employee Invention Assignment and Confidentiality Agreement (the "IP Assignment Agreement") and New Hire Guidelines (the "New Hire Guidelines") prior to commencement of your employment.

No Conflict

You hereby represent to the Company that (A) the execution and delivery by you of (i) this letter, (ii) the IP Assignment Agreement, (iii) the New Hire Guidelines and (B) the performance by you of your duties to the Company hereunder and thereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which you are a party or otherwise bound.

Dispute Resolution.

(a) You and the Company agree that any dispute, controversy or claim, however significant, arising out of or in any way relating to your employment relationship with the Company or the termination thereof, including without limitation any dispute, controversy or claim arising out of or in any way relating to any provision of this letter (including the validity, scope and enforceability of this arbitration clause, but excluding any dispute, controversy or claim brought by the Company under the Confidential Information Agreement), to the fullest extent authorized by applicable law, will be submitted to final and binding arbitration as the sole and exclusive remedy for such dispute, controversy or claim. It is the parties' intent that issues of arbitrability of any dispute shall be decided by the arbitrator. This arbitration clause shall be interpreted to conform to any applicable law concerning the terms and enforcement of agreements to arbitrate disputes.

(b) The arbitration shall take place before a single neutral arbitrator at the JAMS office in Los Angeles, California. Such arbitrator shall be provided through JAMS by mutual agreement of the parties to the arbitration; provided that, absent such agreement, the arbitrator shall be selected in accordance with the rules of JAMS then in effect. The arbitrator shall permit reasonable discovery. The arbitration will be conducted in accordance with the JAMS rules applicable to employment disputes in effect at the time of arbitration, which are available at www.jamsadr.com/rules-employment-arbitration/, and the Company will provide upon your request. The award or decision of the arbitrator shall be rendered in writing; shall be final and binding on the parties; and may be enforced by judgment or order of a court of competent jurisdiction.

(c) To the extent required by applicable law, the fees of the arbitrator and all other costs that are unique to arbitration shall be paid by the Company initially, but if you initiate a claim subject to arbitration, you shall pay any filing fee up to the amount that you would be required to pay if you initiated such claim in the Superior Court of the State of California. Each party shall be solely responsible for paying its own further costs for the arbitration, including, but not limited to, its own attorneys' fees and/or its own witnesses' fees. The arbitrator may award fees and costs (including attorneys' fees) to the prevailing party where authorized by applicable law.

(d) You and the Company understand that by agreeing to arbitrate any claim, you and the Company will not have the right to have any claim decided by a jury or a court, but shall instead have any such claim decided through arbitration. You and the Company waive any constitutional or other rights to bring claims covered by this agreement other than in your individual capacities. Except as may be prohibited by law, this waiver includes the ability to assert claims as a plaintiff or class member in any purported class or representative proceeding.

Acceptance

In consideration for your employment, you agree to comply with all of the policies, guidelines, practices, and procedures of the Company from time to time.

This letter and IP Assignment Agreement supersede and replace any prior understandings or agreements, whether oral, written or implied, between you and the Company regarding the matters described in this letter and the IP Assignment Agreement.

This Agreement shall be governed by and construed in accordance with the laws of California, without regard to conflicts of laws principles thereof and may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Please indicate your acceptance of our offer of employment by signing below where indicated and returning to us. I am very pleased to be welcoming you on board as an employee of the Company.

The leadership team is confident that you will rise to the challenges presented to you and make a significant contribution to our success. This offer, if not accepted, will expire at the close of business on **October 7, 2020.**

Congratulations and welcome to the team!

/s/ Diane Prins Sheldahl
Diane Prins Sheldahl
Executive Vice President, People and Organization

Agreed and accepted by:

/s/ Alistair Burns	10/7/2020
Alistair Burns	**Date**

EX 10.12

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), dated as of September 11, 2021 (the "Effective Date"), is entered into by and between Galactic Co., LLC, a Delaware limited liability company ("OpCo"), Virgin Galactic Holdings, Inc. ("PubCo" and, together with OpCo, the "Company") and Aparna Chitale (the "Executive").

WHEREAS, the Company desires to employ the Executive and the Company and the Executive desires to enter into an agreement embodying the terms of such employment, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment Period. The Executive's employment hereunder shall commence September 30, 2021 (the "Commencement Date") and shall continue indefinitely until terminated in accordance with the terms of this Agreement. Notwithstanding anything to the contrary in the foregoing, the Executive's employment hereunder is terminable at will by the Company or by the Executive at any time (for any reason or for no reason), subject to the provisions of Section 4 hereof.

2. Terms of Employment.

(a) Position and Duties.

(i) Role and Responsibilities. During the Employment Period, the Executive shall serve as the Chief People Officer of the Company, and shall perform such employment duties as are usual and customary for such position. The Executive shall report exclusively and directly to the Chief Executive Officer of the Company (the "CEO"). At the Company's request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other capacities in addition to the foregoing, consistent with the Executive's position hereunder. In the event that the Executive, during the Employment Period, serves in any one or more of such additional capacities, the Executive's compensation shall not be increased beyond that specified in Section 2(b) hereof. In addition, in the event the Executive's service in one or more of such additional capacities is terminated, the Executive's compensation, as specified in Section 2(b) hereof, shall not be diminished or reduced in any manner as a result of such termination provided that the Executive otherwise remains employed under the terms of this Agreement.

(ii) Exclusivity. During the Employment Period, and excluding any periods of leave to which the Executive may be entitled, the Executive agrees to devote Executive's full business time and attention to the business and affairs of the Company. Notwithstanding the foregoing, during the Employment Period, it shall not be a violation of this Agreement for the Executive to: (A) serve on boards, committees or similar bodies of charitable or nonprofit organizations, (B) fulfill limited teaching, speaking and writing engagements, and (C) manage the Executive's personal investments, in each case, so long as such activities do not individually or in the aggregate materially interfere or conflict with the performance of the Executive's duties and responsibilities under this Agreement. Service on any other boards is subject to approval by the Chief Executive Officer pursuant to the Company's Policy on Outside Board Service for Senior Level Executives.

(iii) Principal Location. During the Employment Period, the Executive shall perform the services required by this Agreement at the Company's executive office, currently located in Tustin, California (the "Principal Location") provided, however, that the parties

acknowledge and agree that the Executive may be required to travel with relative frequency to Mojave, California, Las Cruces, New Mexico and any future Company locations as may be necessary to fulfill the Executive's duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc.

(i) Base Salary. Effective as of the Commencement Date and during the Employment Period, the Executive shall receive a base salary (the "Base Salary") of $400,000 per annum. The Base Salary shall be paid in accordance with the Company's normal payroll practices for executive salaries generally, but no less often than monthly and shall be pro-rated for partial years of employment. The Base Salary shall be reviewed by the Board or a subcommittee thereof no less frequently than annually and may be increased in the discretion of the Board or a subcommittee thereof, but not reduced, and the term "Base Salary" as utilized in this Agreement shall refer to the Base Salary as so increased.

(ii) Annual Cash Bonus. For each calendar year ending during the Employment Period the Executive shall be eligible to earn a cash performance bonus (an "Annual Bonus") under the Company's bonus plan or program applicable to each participant targeted at 80% of the Executive's Base Salary (the "Target Bonus"). The actual amount of any Annual Bonus shall be determined by the Board or a subcommittee thereof, in its discretion, based on the achievement of individual and/or Company performance goals as determined by the Board or a subcommittee thereof, and shall be pro-rated for any partial year of employment. With respect to the Annual Bonus for calendar year 2021 only, the Annual Bonus shall be equal to the product of 80% multiplied by the Base Salary earned from the Commencement Date through December 31, 2021, subject to the Executive's continued employment through December 31, 2021. The payment of any Annual Bonus, to the extent any Annual Bonus becomes payable, will be made on the date on which annual bonuses are paid generally to the Company's bonus plan or program participant, but in no event later than April 1st of the calendar year following the calendar year in which such Annual Bonus was earned, subject to the Executive's continued employment through the payment date.

(iii) Sign-On Bonus. The Company shall pay Executive a cash sign-on bonus in a gross amount equal to $300,000, which shall be paid within fifteen days following the Effective Date, plus an amount equal to the aggregate federal, state and local taxes actually imposed on such Sign-On Bonus so that the Executive on an after tax basis is in the same position as if the Sign-On Bonus had not been taxable (calculated based on the Executive's then-applicable marginal tax rate). If the Executive voluntarily terminates her employment with the Company for any reason before the second anniversary of the Effective Date, the Executive shall repay to the Company an amount equal to $300,000 multiplied by the fraction, the numerator of which is 730 less the number of days during which the Executive was employed by the Company, and the denominator of which is 730. The Executive shall make this repayment in full within 90 days of termination of her employment. The Executive authorizes the Company to immediately offset against and reduce any amounts otherwise due to the Executive for any amounts owing to the Company in repaying the signing bonus.

(iv) Sign-On Equity Award.

(A) Subject to approval of the Board or a subcommittee thereof, PubCo shall grant to the Executive a restricted stock unit award, with a value of $500,000 (the "Sign-On Equity Award"). The Sign-On Equity Award shall be granted on the Commencement Date subject to the Executive's continued employment with the Company through the applicable grant date. The number of restricted stock units subject to the Sign-on Equity Award will be

determined by dividing $500,000 by the average of the Company's common stock closing price over the twenty business days prior to and including the Executive's Commencement Date.

(B) Subject to the Executive's continued service with the Company through the applicable vesting date, the Sign-On Equity Award shall vest (x) with respect to 50% of the restricted stock units underlying the Sign-On Equity Award on the Commencement Date, and (y) as to the remaining 50% of the restricted stock units underlying the Sign-On Equity Award, on the one-year anniversary of the Commencement Date.

(C) If the Executive voluntarily terminates her employment with the Company for any reason before the second anniversary of the Effective Date, Employee shall pay to the Company an amount equal to (i) $500,000 multiplied by the fraction, the numerator of which is 730 less the number of days during which the Executive was employed by the Company, and the denominator of which is 730, (ii) minus the value of the unvested restricted stock units underlying the Sign-On Equity Award as of the Commencement Date, which shall be forfeited. The Executive shall make this repayment in full within 90 days of termination of her employment. The Executive authorizes the Company to immediately offset against and reduce any amounts otherwise due to the Executive for any amounts owing to the Company in paying the Company the value of the Sign-On Equity Award.

(D) The terms and conditions of the Sign-On Equity Award will be set forth in a separate award agreement in a form prescribed by PubCo, to be entered into by PubCo and the Executive (the "Sign-On Equity Award Agreement"). Except as otherwise specifically provided in this Agreement, the Sign-On Equity Award shall be governed in all respects by the terms and conditions of the Plan and the applicable Sign-On Equity Award Agreement.

(v) Initial Equity Award.

(A) Subject to approval of the Board or a subcommittee thereof, PubCo shall grant to the Executive equity-based compensation awards with an aggregate value equal to $1,000,000. Of such amount, 75% shall be granted in the form of a restricted stock unit award (the "Initial RSU Award") and 25% shall be granted in the form of a performance stock unit (the "Initial PSU Award" and together with the Initial RSU Award and Sign-On Equity Award, the "Equity Awards")), subject to the Executive's continued employment through the grant date.

(B) The number of shares of Company common stock subject to the Initial RSU Award shall be determined by dividing $750,000 by the average of the Company's common stock closing price over the twenty business days prior to and including the Executive's Commencement Date.

(C) The number of shares of Company common stock subject to the the Initial PSU Award shall be determined by dividing $250,000 by the average of the Company's common stock closing price over the twenty business days prior to and including the Executive's Commencement Date.

(D) Subject to the Executive's continued service with the Company through the applicable vesting date, the Initial RSU Award shall vest (x) with respect to 25% of the shares underlying such Initial RSU Award, on the first anniversary of the Commencement Date, and (y) as to the remaining 75% of the shares underlying such Initial RSU Award, in substantially equal installments on each of the 12 quarterly anniversaries thereafter. The terms and conditions of the Initial RSU Award shall be set forth in an award agreement in a form prescribed by PubCo, to be entered into by PubCo and the Executive (the "Initial RSU Award Agreement" and, together

with the Sign-On Equity Award Agreement, the "Award Agreements"). Except as otherwise specifically provided in this Agreement, each Equity Award shall be governed in all respects by the terms of and conditions of the Plan and the applicable Award Agreement.

(E) Subject to the Executive's continued service with the Company through the vesting date and the achievement of the performance measure approved by the Board or a subcommittee thereof, the Initial PSU Award shall vest on the third anniversary of the Commencement Date.

(vi) Annual Equity Award(s). For each calendar year during the Employment Period beginning in calendar year 2022, the Executive shall be eligible to receive an annual equity-based compensation award(s) as determined by the Board, or a subcommittee thereof, from time to time consistent with the Initial RSU Award with a target value of $1,000,000, as adjusted by PubCo's peer companies and subject to the sole discretion of the Board, or a subcommittee thereof; provided, however, that with respect to the annual equity-based compensation in calendar year 2022 only, such annual equity-based compensation shall be $1,000,000, pro-rated for the partial year of employment in 2021, subject to the Executive's continued employment through such grant date. The Board or such subcommittee shall determine in its sole discretion the grant timing, amount, form(s) and mix, and such other terms and conditions, applicable to any such annual equity-based compensation award, taking into account the Executive's and the Company's performance.

(vii) Benefits. During the Employment Period, the Executive (and the Executive's spouse and/or eligible dependents to the extent provided in the applicable plans and programs) shall be eligible to participate in and be covered under the health and welfare benefit plans and programs maintained by the Company for the benefit of its employees from time to time, pursuant to the terms of such plans and programs including any medical, life, hospitalization, dental, disability, accidental death and dismemberment and travel accident insurance plans and programs on the same terms and conditions as those applicable to similarly situated executive officers. In addition, during the Employment Period, the Executive shall be eligible to participate in any retirement, savings and other employee benefit plans and programs maintained from time to time by the Company for the benefit of its executive officers. Nothing contained in this Section 2(b)(vii) shall create or be deemed to create any obligation on the part of the Company to adopt or maintain any health, welfare, retirement or other benefit plan or program at any time or to create any limitation on the Company's ability to modify or terminate any such plan or program.

(viii) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in connection with the performance of the Executive's duties under this Agreement in accordance with the policies, practices and procedures of the Company provided to employees of the Company. Any exceptions must be approved in advance by the Chief Executive Officer.

(ix) Fringe Benefits. During the Employment Period, the Executive shall be eligible to receive such fringe benefits and perquisites as are provided by the Company to its employees from time to time, in accordance with the policies, practices and procedures of the Company, and shall receive such additional fringe benefits and perquisites as the Company may, in its discretion, from time-to-time provide.

(x) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to its employees, but in no event shall the Executive accrue less than 160 hours of vacation per calendar year (pro-rated for any partial year of service); provided, however, that the

Executive shall not accrue any vacation time in excess of 280 hours (the "Accrual Limit"), and shall cease accruing vacation time if the Executive's accrued vacation reaches the Accrual Limit until such time as the Executive's accrued vacation time drops below the Accrual Limit.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. Either the Company or the Executive may terminate the Executive's employment in the event of the Executive's Disability during the Employment Period.

(b) Termination by the Company. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause.

(c) Termination by the Executive. The Executive's employment may be terminated by the Executive for any or no reason, including with Good Reason or by the Executive without Good Reason.

(d) Notice of Termination. Any termination of employment (other than due to the Executive's death), shall be communicated by a Notice of Termination to the other parties hereto given in accordance with Section 11(b) hereof. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Termination of Offices and Directorships; Return of Property. Upon termination of the Executive's employment for any reason, unless otherwise specified in a written agreement between the Executive and the Company, the Executive shall be deemed to have resigned from all offices, directorships, and other employment positions if any, then held with the Company, and shall take all actions reasonably requested by the Company to effectuate the foregoing. In addition, upon the termination of the Executive's employment for any reason, the Executive agrees to return to the Company all documents of the Company and its affiliates (and all copies thereof) and all other Company or Company affiliate property that the Executive has in the Executive's possession, custody or control. Such property includes, without limitation: (i) any materials of any kind that the Executive knows contain or embody any proprietary or confidential information of the Company or an affiliate of the Company (and all reproductions thereof), (ii) computers (including, but not limited to, laptop computers, desktop computers and similar devices) and other portable electronic devices (including, but not limited to, tablet computers), cellular phones/smartphones, credit cards, phone cards, entry cards, identification badges and keys, and (iii) any correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the customers, business plans, marketing strategies, products and/or processes of the Company or any of its affiliates and any information received from the Company or any of its affiliates regarding third parties.

4. Obligations of the Company upon Termination.

(a) Accrued Obligations. In the event that the Executive's employment under this Agreement terminates during the Employment Period for any reason, the Company will pay or provide to the Executive: (i) any earned but unpaid Base Salary and accrued vacation time, (ii) reimbursement of any business expenses incurred by the Executive prior to the Date of Termination that are reimbursable in accordance with Section 2(b)(vii) hereof and (iii) any vested amounts due to the Executive under any plan, program or policy of the Company (together, the "Accrued Obligations"). The Accrued Obligations

described in clauses (i) – (ii) of the preceding sentence shall be paid within 30 days after the Date of Termination (or such earlier date as may be required by applicable law) and the Accrued Obligations described in clause (iii) of the preceding sentence shall be paid in accordance with the terms of the governing plan or program.

(b) Qualifying Termination. Subject to Sections 4(c), 4(e) and 11(d), and the Executive's continued compliance with the provisions of Section 7 hereof, if the Executive's employment with the Company is terminated during the Employment Period due to a Qualifying Termination, then in addition to the Accrued Obligations:

(i) Cash Severance. The Company shall pay the Executive an amount equal to 1.0 (if the Date of Termination occurs after the second anniversary of the Commencement Date) or 1.5 (if the Date of Termination occurs on or before the second anniversary of the Commencement Date) (whichever is applicable, the "Severance Multiplier") multiplied by the sum of (i) the Base Salary and (ii) the Target Bonus (the "Severance"); provided, however, that in the event the Qualifying Termination occurs on or within 24 months following a Change in Control, then the Severance Multiplier instead shall be 1.5. The Severance shall be paid in substantially equal installments in accordance with the Company's normal payroll practices over the six-month period following the Date of Termination, but shall commence on the first payroll date following the effective date of the Release (as defined below), and amounts otherwise payable prior to such first payroll date shall be paid on such date without interest thereon; provided, however that if the Date of Termination occurs on or within 24-months following a Change in Control that constitutes a "change in control event" for purposes of Section 409A (as defined below), the Severance shall be paid in a single lump sum cash payment within 30 days following the Date of Termination.

(ii) Annual Bonus. The Executive shall remain eligible to be paid the Annual Bonus for the calendar year in which the Date of Termination occurs in accordance with Section 2(b)(ii), provided, however, that the magnitude of any such Annual Bonus shall be multiplied by a fraction which is equal to the number of days elapsed in such calendar year as of the Date of Termination divided by 365 (or 366 if the calendar year is a leap year).

(iii) COBRA. Subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Code, the Company shall continue to provide, during the COBRA Period, the Executive and the Executive's eligible dependents with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not been terminated based on the Executive's elections in effect on the Date of Termination, provided, however, that (A) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or (B) the Company is otherwise unable to continue to cover the Executive under its group health plans without incurring penalties (including without limitation, pursuant to Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), then, in either case, an amount equal to each remaining Company subsidy shall thereafter be paid to the Executive in substantially equal monthly installments over the continuation coverage period (or the remaining portion thereof). For purposes of this Agreement, "COBRA Period" shall mean the period beginning on the Date of Termination and ending on the 12-month anniversary thereof; provided, however, if the Date of Termination occurs on or before the second anniversary of the Commencement Date, then the COBRA Period instead shall end on the 18-month anniversary thereof.

(iv) Equity Acceleration. Each of the Equity Awards (and any other then-outstanding unvested Company equity compensation that vests solely on the passage of time) shall vest and become exercisable (as applicable) on an accelerated basis as of the Date of Termination with respect to the number of shares or restricted stock units, as applicable, that would have vested, after the Date of Termination, as if the Executive had remained in continuous service beyond the Date of Termination for 12 additional months (or 18 months if the Date of Termination occurs prior to the second anniversary of the Date of Termination). In addition, in the event that the Qualifying Termination occurs on or within 24 months following a Change in Control, then all outstanding PubCo equity awards that vest based solely on the passage of time that are held by the Executive on the Date of Termination immediately shall become fully vested and, to the extent applicable, exercisable.

(c) Release. Notwithstanding the foregoing, it shall be a condition to the Executive's right to receive the amounts provided for in Section 4(b) hereof that the Executive execute and deliver to the Company an effective release of claims in substantially the form attached hereto as Exhibit A (the "Release") within 21 days (or, to the extent required by law, 45 days) following the Date of Termination and that the Executive not revoke such Release during any applicable revocation period. For the avoidance of doubt, all equity awards eligible for accelerated vesting pursuant to Section 4(b) hereof shall remain outstanding and eligible to vest following the Date of Termination and shall actually vest and become exercisable (if applicable) and non-forfeitable upon the effectiveness of the Release.

(d) Termination due to Death or Disability. If the Executive's employment is terminated due to death or Disability, then in addition to the Accrued Obligations, the Company shall pay to the Executive (or her estate in the event of death) an amount equal to the Annual Bonus earned but unpaid for the calendar year prior to the calendar year in which such termination occurs and an amount equal to a pro-rated Annual Bonus for the calendar year in which such termination occurs (which shall be determined based on the amount that would have been earned had the Executive's employment continued through the applicable payment date and then pro-rated for the portion of the year in which Executive was employed), which amounts shall be paid at the same time as annual bonuses are paid to senior executives with respect to such calendar year.

(e) Other Terminations. If the Executive's employment is terminated for any reason not described in Section 4(b) or 4(d) hereof, the Company will pay the Executive only the Accrued Obligations.

(f) Six-Month Delay. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any severance payments or benefits payable under this Section 4, shall be paid to the Executive during the six-month period following the Executive's Separation from Service if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of Separation from Service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

(g) Exclusive Benefits. Except as expressly provided in this Section 4 and subject to Section 5 hereof, the Executive shall not be entitled to any additional payments or benefits upon or in connection with the Executive's termination of employment.

5. Non-Exclusivity of Rights. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or

agreement with the Company, including without limitation, any equity plan or equity award agreement of the Company, at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

6. Excess Parachute Payments; Limitation on Payments.

(a) Best Pay Cap. Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash severance payments under this Agreement shall first be reduced, and the noncash severance payments hereunder shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). In all cases, if there are any reductions to the Total Payments under this paragraph, the reduction shall be performed in a manner which results in the greatest after-tax amount being retained by the Executive and in a manner which comports with Section 409A.

(b) Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the "Independent Advisors") selected by the Company, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. Restrictive Covenants.

(a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company and its subsidiaries and affiliates, which shall have been obtained by the Executive in connection with the Executive's employment by the Company ("Confidential Information") and which shall not be or become public knowledge (other than by acts by the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such Confidential Information to anyone other than the Company and those designated by it or in a privileged or protected

communication by Executive with her attorneys, advisors or counselors; provided, however, that if the Executive receives actual notice that the Executive is or may be required by law or legal process to communicate or divulge any such information, knowledge or data, the Executive shall promptly so notify the Company.

(b) While employed by the Company, the Executive shall not be engaged in any other business activity that would be competitive with the business of the Company and its subsidiaries or affiliates. In addition, while employed by the Company and, for a period of 12 months after the Date of Termination, the Executive shall not directly or indirectly solicit, induce, or encourage any employee or consultant of the Company then employed by the Company and/or its subsidiaries and affiliates to terminate their employment or other relationship with the Company and its subsidiaries and affiliates or to cease to render services to the Company and/or its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose except, in each case, to the extent the foregoing occurs as a result of general advertisements or other solicitations not specifically targeted to such employees and consultants. During Executive's employment with the Company and thereafter, the Executive shall not use any trade secret of the Company or its subsidiaries or affiliates to solicit, induce, or encourage any customer, client, vendor, or other party doing business with any member of the Company and its subsidiaries and affiliates to terminate its relationship therewith or transfer its business from any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(c) Subject to Section 7(f), during the Executive's service with the Company and thereafter, excepting any litigation between the parties, (i) the Executive agrees not to publish or disseminate, directly or indirectly, any statements, whether written or oral, that are or could be harmful to or reflect negatively on the Company or any of its subsidiaries or affiliates, or that are otherwise disparaging of any policies, procedures, practices, decision-making, conduct, professionalism or compliance with standards of the Company, its affiliates or any of their past or present officers, directors, employees, advisors or agents, and (ii) the Company agrees to instruct its directors and executive officers not to publish or disseminate, directly or indirectly, any statements, whether written or oral, that are or could be harmful to or reflect negatively on the Executive's personal or business reputation or business.

(d) In recognition of the fact that irreparable injury will result to the Company in the event of a breach by the Executive of the Executive's obligations under Sections 7(a)-(c) hereof, that monetary damages for such breach would not be readily calculable, and that the Company would not have an adequate remedy at law therefor, the Executive acknowledges, consents and agrees that in the event of such breach, or the threat thereof, the Company shall be entitled, in addition to any other legal remedies and damages available, to specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation or threatened violation of such obligations by the Executive.

(e) The Executive hereby acknowledges that the Executive is concurrently entering into an agreement with the Company, substantially in the form attached hereto as Exhibit B, containing confidentiality, intellectual property assignment and other protective covenants (the "Intellectual Property Agreement"), that the Executive shall be bound by the terms and conditions of the Intellectual Property Agreement, and that such agreement shall be additional to, and not in limitation of, the covenants contained in this Section 7.

(f) Notwithstanding anything in this Agreement or the Intellectual Property Agreement to the contrary, nothing contained in this Agreement shall prohibit either party (or either party's attorney(s)) from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with the U.S. Securities and Exchange Commission,

the Financial Industry Regulatory Authority, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice or any other securities regulatory agency, self-regulatory authority or federal, state or local regulatory authority (collectively, "Government Agencies"), or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation, (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to any Government Agencies for the purpose of reporting or investigating a suspected violation of law, or from providing such information to such party's attorney(s) or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding, and/or (iii) receiving an award for information provided to any Government Agency. Pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, nothing in this Agreement is intended to or shall preclude either party from providing truthful testimony in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law. If the Executive is required to provide testimony, then unless otherwise directed or requested by a Government Agency or law enforcement, the Executive shall notify the Company as soon as reasonably practicable after receiving any such request of the anticipated testimony.

8. Representations. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of the Executive's obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by the Executive's entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

9. Successors.

(a) This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon OpCo, PubCo and their respective successors and assigns.

10. Certain Definitions.

(a) "Board" means the Board of Directors of PubCo.

(b) "Cause" means the occurrence of any one or more of the following events:

(i) the Executive's willful failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the Executive's issuance of a Notice of Termination for Good Reason), including the Executive's failure to follow any lawful directive from the CEO within the reasonable scope of the Executive's duties and the Executive's failure to correct the same (if capable of correction, as determined by the CEO), within 30 days after a written notice is delivered to the Executive, which demand

specifically identifies the manner in which the CEO believes that the Executive has not performed the Executive's duties;

(ii) the Executive's commission of, indictment for or entry of a plea of guilty or nolo contendere to a felony crime (excluding vehicular crimes) or a crime of moral turpitude;

(iii) the Executive's material breach of any material obligation under any written agreement with the Company or its affiliates or under any applicable policy of the Company or its affiliates (including any code of conduct or harassment policies), and the Executive's failure to correct the same (if capable of correction, as determined by the CEO), within 30 days after a written notice is delivered to the Executive, which demand specifically identifies the manner in which the CEO believes that the Executive has materially breached such agreement;

(iv) any act of fraud, embezzlement, theft or misappropriation from the Company or its affiliates by the Executive;

(v) the Executive's willful misconduct or gross negligence with respect to any material aspect of the Company's business or a material breach by the Executive of the Executive's fiduciary duty to the Company or its affiliates, which willful misconduct, gross negligence or material breach has a material and demonstrable adverse effect on the Company or its affiliates; or

(vi) the Executive's commission of an act of material dishonesty resulting in material reputational, economic or financial injury to the Company or its affiliates.

(c) "Change in Control" has the meaning set forth in the Plan.

(d) "Code" means the Internal Revenue Code of 1986, as amended and the regulations thereunder.

(e) "Date of Termination" means the date on which the Executive's employment with the Company terminates.

(f) "Disability" means that the Executive has become entitled to receive benefits under an applicable Company long-term disability plan or, if no such plan covers the Executive, as determined in the reasonable discretion of the Board or a subcommittee thereof.

(g) "Good Reason" means the occurrence of any one or more of the following events without the Executive's prior written consent, unless the Company fully corrects the circumstances constituting Good Reason (provided such circumstances are capable of correction) as provided below:

(i) a material diminution in the Executive's Base Salary or Target Bonus;

(ii) a change in the geographic location of the Principal Location by more than 50 miles from its current existing location;

(iii) a material diminution in the Executive's title, authority or duties, as contemplated by this Agreement, excluding for this purpose (i) any isolated, insubstantial or inadvertent actions not taken in bad faith and which are remedied by the Company promptly

after receipt of notice thereof given by the Executive and (ii) any changes in number of employees and/or departments reporting to the Executive;

(iv) the Company's material breach of this Agreement.

Notwithstanding the foregoing, the Executive will not be deemed to have resigned for Good Reason unless (1) the Executive provides the Company with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason within 30 days after the date of the occurrence of any event that the Executive knows or should reasonably have known to constitute Good Reason, (2) the Company fails to cure such acts or omissions within 30 days following its receipt of such notice, and (3) the effective date of the Executive's termination for Good Reason occurs no later than 60 days after the expiration of the Company's cure period.

(h) "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice unless as otherwise provided upon a termination for Good Reason).

(i) "Plan" means PubCo's 2019 Incentive Award Plan, as amended from time to time.

(j) "Qualifying Termination" means a termination of the Executive's employment (i) by the Company without Cause (other than by reason of the Executive's death or Disability) or (ii) by the Executive for Good Reason.

(k) "Section 409A" means Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder.

(l) "Separation from Service" means a "separation from service" (within the meaning of Section 409A).

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's most recent address on the records of the Company.

If to the Company:

Virgin Galactic Holdings, Inc.
1735 Flight Way, Suites 203-204
Tustin, CA 92606
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"), then such transfer or deemed transfer shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(d) Section 409A of the Code.

(i) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company shall work in good faith with the Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A; provided, however, that this Section 11(d) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so.

(ii) Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A. Any payments subject to Section 409A that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as termination of employment) occurs shall commence payment only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this Agreement may only be made upon the Executive's Separation from Service.

(iii) To the extent that any payments or reimbursements provided to the Executive under this Agreement are deemed to constitute compensation to the Executive to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31 of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Executive's right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 3(c) hereof, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Entire Agreement. As of the Effective Date, this Agreement (including the Indemnification and Advancement Agreement, the Award Agreements and the Intellectual Property Agreement), constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries or affiliates, or representative thereof. Notwithstanding anything herein to the contrary, this Agreement and the obligations and commitments hereunder shall neither commence nor be of any force or effect prior to the Effective Date. In the event of any conflict in terms between this Agreement and any other agreement between Executive and the Company (including the exhibits to this Agreement), the terms of this Agreement shall prevail and govern.

(i) Arbitration.

(i) Any controversy or dispute that establishes a legal or equitable cause of action ("Arbitration Claim") between any two or more Persons Subject to Arbitration (as defined below), including any controversy or dispute, whether based on contract, common law, or federal, state or local statute or regulation, arising out of, or relating to the Executive's service or the termination thereof, shall be submitted to final and binding arbitration as the sole and exclusive remedy for such controversy or dispute in accordance with the rules of JAMS pursuant to its Employment Arbitration Rules and Procedures, which are available at http://www.jamsadr.com/rules-employment-arbitration/, and the Company will provide a copy upon the Executive's request. Notwithstanding the foregoing, this Agreement shall not require any Person Subject to Arbitration to arbitrate pursuant to this Agreement any claims: (A) under a Company benefit plan subject to the Employee Retirement Income Security Act, as amended; or (B) as to which applicable law not preempted by the Federal Arbitration Act prohibits resolution by binding arbitration. Either party may seek provisional non-monetary remedies in a court of competent jurisdiction to the extent that such remedies are not available or not available in a timely fashion through arbitration. It is the parties' intent that issues of arbitrability of any dispute shall be decided by the arbitrator.

(ii) "Persons Subject to Arbitration" means, individually and collectively, (A) the Executive, (B) any person in privity with or claiming through, on behalf of or in the right of the Executive, (C) the Company, (D) any past, present or future affiliate, employee, officer, director or agent of the Company, and/or (E) any person or entity alleged to be acting in concert with or to be jointly liable with any of the foregoing.

(iii) The arbitration shall take place before a single neutral arbitrator at the JAMS office in Los Angeles, California. Such arbitrator shall be provided through JAMS by mutual agreement of the parties to the arbitration; provided that, absent such agreement, the arbitrator shall be selected in accordance with the rules of JAMS then in effect. The arbitrator shall permit reasonable discovery. The award or decision of the arbitrator shall be rendered

in writing; shall be final and binding on the parties; and may be enforced by judgment or order of a court of competent jurisdiction.

(iv) In the event of arbitration relating to this Agreement, the non-prevailing party shall reimburse the prevailing party for all costs incurred by the prevailing party in connection with such arbitration (including reasonable legal fees in connection with such arbitration, including any litigation or appeal therefrom).

(v) THE EXECUTIVE AND THE COMPANY UNDERSTAND THAT BY AGREEING TO ARBITRATE ANY ARBITRATION CLAIM, THEY WILL NOT HAVE THE RIGHT TO HAVE ANY ARBITRATION CLAIM DECIDED BY A JURY OR A COURT, BUT SHALL INSTEAD HAVE ANY ARBITRATION CLAIM DECIDED THROUGH ARBITRATION.

(vi) THE EXECUTIVE AND THE COMPANY WAIVE ANY CONSTITUTIONAL OR OTHER RIGHT TO BRING CLAIMS COVERED BY THIS AGREEMENT OTHER THAN IN THEIR INDIVIDUAL CAPACITIES. EXCEPT AS MAY BE PROHIBITED BY LAW, THIS WAIVER INCLUDES THE ABILITY TO ASSERT CLAIMS AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING.

(vii) This Section 11(i) shall be interpreted to conform to any applicable law concerning the terms and enforcement of agreements to arbitrate service disputes. To the extent any terms or conditions of this Section 11(i) would preclude its enforcement, such terms shall be severed or interpreted in a manner to allow for the enforcement of this Section 11(i). To the extent applicable law imposes additional requirements to allow enforcement of this Section 11(i), this Agreement shall be interpreted to include such terms or conditions.

(j) Amendment; Survival. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto. The respective rights and obligations of the parties under this Agreement shall survive the Executive's termination of employment and the termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

(k) Counterparts. This Agreement and any agreement referenced herein may be executed in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

[**SIGNATURES APPEAR ON FOLLOWING PAGE**]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, each of OpCo and PubCo has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

"OPCO"

By: /s/ Michael Colglazier
Name: Michael Colglazier
Title: Chief Executive Officer

"PUBCO"

By: /s/ Michael Colglazier
Name: Michael Colglazier
Title: Chief Executive Officer

"EXECUTIVE"

/s/ Aparna Chitale
Aparna Chitale

EXHIBIT A

GENERAL RELEASE

1. Release For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the "Releasees" hereunder, consisting of Galactic Co., LLC, a Delaware limited liability company ("OpCo"), Virgin Galactic Holdings, Inc. a Delaware corporation ("PubCo" and, together with OpCo, the "Company"), and the Company's partners, subsidiaries, associates, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act.

2. Claims Not Released. Notwithstanding the foregoing, this general release (the "Release") shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under Section 4(b) of that certain Employment Agreement, dated as of September 11, 2021, between the Company and the undersigned (the "Employment Agreement"), with respect to the payments and benefits provided in exchange for this Release, (ii) to payments or benefits under any equity award agreement between the undersigned and PubCo, (iii) with respect to Section 2(b)(vii) of the Employment Agreement, (iv) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (v) to any Claims, including claims for indemnification and/or advancement of expenses arising under any indemnification agreement between the undersigned and the Company or under the bylaws, certificate of incorporation or other similar governing document of the Company, (vi) to any Claims which cannot be waived by an employee under applicable law or (vii) with respect to the undersigned's right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator.

3. Unknown Claims.

THE UNDERSIGNED ACKNOWLEDGES THAT THE UNDERSIGNED HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN THE EXECUTIVE'S FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED THE EXECUTIVE'S SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS THE UNDERSIGNED MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

4. Exceptions. Notwithstanding anything in this Release to the contrary, nothing contained in this Release shall prohibit the undersigned from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation and/or (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to the undersigned's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding. Pursuant to 18 USC Section 1833(b), the undersigned will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

5. Representations. The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which the undersigned may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

6. No Action. The undersigned agrees that if the undersigned hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

7. No Admission. The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

8. OWBPA. The undersigned agrees and acknowledges that this Release constitutes a knowing and voluntary waiver and release of all Claims the undersigned has or may have against the Company and/or any of the Releasees as set forth herein, including, but not limited to, all Claims arising under the Older Worker's Benefit Protection Act and the Age Discrimination in Employment Act. In accordance with the Older Worker's Benefit Protection Act, the undersigned is hereby advised as follows:

(i) the undersigned has read the terms of this Release, and understands its terms and effects, including the fact that the undersigned agreed to release and forever discharge the Company and each of the Releasees, from any Claims released in this Release;

(ii) the undersigned understands that, by entering into this Release, the undersigned does not waive any Claims that may arise after the date of the undersigned's execution of this Release, including without limitation any rights or claims that the undersigned may have

to secure enforcement of the terms and conditions of this Release;

(iii) the undersigned has signed this Release voluntarily and knowingly in exchange for the consideration described in this Release, which the undersigned acknowledges is adequate and satisfactory to the undersigned and which the undersigned acknowledges is in addition to any other benefits to which the undersigned is otherwise entitled;

(iv) the Company advises the undersigned to consult with an attorney prior to executing this Release;

(v) the undersigned has been given at least 21[1] days in which to review and consider this Release. To the extent that the undersigned chooses to sign this Release prior to the expiration of such period, the undersigned acknowledges that the undersigned has done so voluntarily, had sufficient time to consider the Release, to consult with counsel and that the undersigned does not desire additional time and hereby waives the remainder of the 21-day period; and

(vi) the undersigned may revoke this Release within seven days from the date the undersigned signs this Release and this Release will become effective upon the expiration of that revocation period if the undersigned has not revoked this Release during such seven-day period. If the undersigned revokes this Release during such seven-day period, this Release will be null and void and of no force or effect on either the Company or the undersigned and the undersigned will not be entitled to any of the payments or benefits which are expressly conditioned upon the execution and non-revocation of this Release. Any revocation must be in writing and sent the Chief Executive Officer, via electronic mail at michael@virgingalactic.com, on or before 5:00 p.m. Pacific time on the seventh day after this Release is executed by the undersigned.

9. Governing Law. This Release is deemed made and entered into in the State of California, and in all respects shall be interpreted, enforced and governed under the internal laws of the State of California, to the extent not preempted by federal law.

IN WITNESS WHEREOF, the undersigned has executed this Release this_____day of _____,____.

_____
Aparna Chitale

[1] NTD: Use 45 days in a group termination and include information regarding terminated positions.

EXHIBIT B

EMPLOYEE INVENTION ASSIGNMENT AND CONFIDENTIALITY AGREEMENT

[Attached]

EX 10.13

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), dated as of February 22, 2021 (the "Effective Date"), is entered into by and between Galactic Co., LLC, a Delaware limited liability company (the "Company") and Swami Iyer (the "Executive").

WHEREAS, the Company desires to employ the Executive and the Company and the Executive desires to enter into an agreement embodying the terms of such employment, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment Period. The Executive's employment hereunder shall be for a term (the "Employment Period") commencing March 22, 2020 (the "Commencement Date") and continuing indefinitely until terminated in accordance with the terms of this Agreement. Notwithstanding anything to the contrary in the foregoing, the Executive's employment hereunder is terminable at will by the Company or by the Executive at any time (for any reason or for no reason), subject to the provisions of Section 4 hereof.

2. Terms of Employment.

(a) Position and Duties.

(i) Role and Responsibilities. During the Employment Period, the Executive shall serve as the President, Aerospace Systems, and shall perform such employment duties as are usual and customary for such position. The Executive shall report exclusively and directly to the Chief Executive Officer of the Company (the "CEO"). At the Company's request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other capacities in addition to the foregoing, consistent with the Executive's position hereunder. In the event that the Executive, during the Employment Period, serves in any one or more of such additional capacities, the Executive's compensation shall not be increased beyond that specified in Section 2(b) hereof. In addition, in the event the Executive's service in one or more of such additional capacities is terminated, the Executive's compensation, as specified in Section 2(b) hereof, shall not be diminished or reduced in any manner as a result of such termination provided that the Executive otherwise remains employed under the terms of this Agreement.

(ii) Exclusivity. During the Employment Period, and excluding any periods of leave to which the Executive may be entitled, the Executive agrees to devote Executive's full business time and attention to the business and affairs of the Company. Notwithstanding the foregoing, during the Employment Period, it shall not be a violation of this Agreement for the Executive to: (A) serve on boards, committees or similar bodies of charitable or nonprofit organizations, (B) fulfill limited teaching, speaking and writing engagements, and (C) manage the Executive's personal investments, in each case, so long as such activities do not individually or in the aggregate materially interfere or conflict with the performance of the Executive's duties and responsibilities under this Agreement.

(iii) Principal Location. During the Employment Period, the Executive shall perform the services required by this Agreement at the primary location of aerospace systems, currently in Mojave, California (the "Principal Location"), with the expectation that Executive will perform such services in person no less than 3 days per week at the Principal Location during the period beginning on the Commencement Date through the Relocation Date (defined below)

unless travelling or otherwise approved by the Chief Executive Officer; provided, however, that the parties acknowledge and agree that the Executive may be required to travel with relative frequency to the Company's executive office currently located in Tustin, California and Las Cruces, New Mexico as may be necessary to fulfill the Executive's duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc.

(i) Base Salary. Effective as of the Commencement Date and during the Employment Period, the Executive shall receive a base salary (the "Base Salary") of $525,000 per annum. The Base Salary shall be paid in accordance with the Company's normal payroll practices for executive salaries generally, but no less often than monthly and shall be pro-rated for partial years of employment. The Base Salary shall be reviewed by the Board or a subcommittee thereof no less frequently than annually and may be increased in the discretion of the Board or a subcommittee thereof, but not reduced, and the term "Base Salary" as utilized in this Agreement shall refer to the Base Salary as so increased.

(ii) Annual Cash Bonus. For each calendar year ending during the Employment Period the Executive shall be eligible to earn a cash performance bonus (an "Annual Bonus") under the Company's bonus plan or program applicable to each participant under the bonus plan or program targeted at 100% of the Executive's Base Salary (the "Target Bonus"). The actual amount of any Annual Bonus shall be determined by the Board or a subcommittee thereof, in its discretion, based on the achievement of individual and/or Company performance goals as determined by the Board or a subcommittee thereof, and shall be pro-rated for any partial year of employment. The payment of any Annual Bonus, to the extent any Annual Bonus becomes payable, will be made on the date on which annual bonuses are paid generally to the Company's bonus plan or program participant, but in no event later than April 1st of the calendar year following the calendar year in which such Annual Bonus was earned, subject to the Executive's continued employment through the payment date.

(iii) Sign-On Bonus. The Company shall pay Executive a cash sign-on bonus in a gross amount equal to $150,000, which shall be paid within fifteen days following the Commencement Date, plus an amount equal to the aggregate federal, state and local taxes actually imposed on such Sign-On Bonus so that the Executive on an after tax basis is in the same position as if the Sign-On Bonus had not been taxable (calculated based on the Executive's then-applicable marginal tax rate).

(iv) Sign-On Equity Award.

(A) VGH shall grant to the Executive a restricted stock unit award, with a value of $800,000 (the "Sign-On Equity Award"). The number of restricted stock units subject to the Sign-on Equity Award will be determined by dividing $800,000 by the average of the Company's common stock closing price over the twenty business days prior to the Executive's Commencement Date. The Sign-On Equity Award shall be granted on the Commencement Date subject to the Executive's continued employment with the Company through the applicable grant date.

(B) Subject to the Executive's continued service with the Company through the applicable vesting date, the Sign-On Equity Award shall vest (x) with respect to 50% of the restricted stock units underlying the Sign-On Equity Award on the six-month anniversary of the applicable grant date, and (y) as to the remaining 50% of the restricted stock units underlying the Sign-On Equity Award, on the one-year anniversary of the applicable grant date thereafter.

(C) The terms and conditions of the Sign-On Equity Award will be set forth in a separate award agreement in a form prescribed by VGH, to be entered into by VGH and the Executive (the "Sign-On Equity Award Agreement"). Except as otherwise specifically provided in this Agreement, the Sign-On Equity Award shall be governed in all respects by the terms and conditions of the Plan and the applicable Sign-On Equity Award Agreement.

(v) Initial Equity Award.

(A) VGH shall grant to the Executive an equity-based compensation award with a value equal to $2,500,000. Of such amount, 100% shall be granted in the form of a restricted stock unit award (the "Initial RSU Award"), subject to the Executive's continued employment through the applicable grant date.

(B) The number of shares VGH common stock subject to the Initial RSU Award shall be determined by dividing the average of the Company's common stock closing price over the twenty business days prior to the Executive's Commencement Date. The grant date shall be the Commencement Date.

(C) Subject to the Executive's continued service with the Company through the applicable vesting date, the Initial RSU Award shall vest (and become exercisable, as applicable) (x) with respect to 25% of the shares underlying such Initial Award, on the first anniversary of the Commencement Date, and (y) as to the remaining 75% of the shares underlying such Initial Award, in substantially equal installments on each of the 12 quarterly anniversaries thereafter. The terms and conditions of the Initial RSU Award shall be set forth in an award agreement in a form prescribed by VGH, to be entered into by VGH and the Executive (the "Initial Award Agreement"). Except as otherwise specifically provided in this Agreement, each Initial RSU Award shall be governed in all respects by the terms of and conditions of the Plan and the Initial Award Agreement.

(vi) Annual Equity Award(s). For each calendar year during the Employment Period beginning in calendar year 2022, the Executive shall be eligible to receive an annual equity-based compensation award(s) in the sole discretion of as determined by the Board, or a subcommittee thereof, from time to time. The Board or such subcommittee shall determine in its sole discretion the grant timing, amount, form(s) and mix, and such other terms and conditions, applicable to any such annual equity-based compensation award, taking into account the Executive's and the Company's performance.

(vii) Benefits. During the Employment Period, the Executive (and the Executive's spouse and/or eligible dependents to the extent provided in the applicable plans and programs) shall be eligible to participate in and be covered under the health and welfare benefit plans and programs maintained by the Company for the benefit of its employees from time to time, pursuant to the terms of such plans and programs including any medical, life, hospitalization, dental, disability, accidental death and dismemberment and travel accident insurance plans and programs on the same terms and conditions as those applicable to similarly situated executive officers. In addition, during the Employment Period, the Executive shall be eligible to participate in any retirement, savings, 401(k) match and other employee benefit plans and programs maintained from time to time by the Company for the benefit of its executive officers. Nothing contained in this Section 2(b)(vi) shall create or be deemed to create any obligation on the part of the Company to adopt or maintain any health, welfare, retirement or other benefit plan or program at any time or to create any limitation on the Company's ability to modify or terminate any such

plan or program. The Executive shall be indemnified by the Company (and covered under a Company maintained directors and officers errors and omissions liability insurance policy) in accordance with the Indemnification and Advancement Agreement attached hereto as Exhibit A (the "Indemnification Rights"). The Company also shall, in its sole discretion, consider including Executive in any future spaceflight (including a testflight), but in any event Executive shall have the option to purchase two (2) seats on a future spaceflight at the last published price of $250,000 per seat.

(viii) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in connection with the performance of the Executive's duties under this Agreement in accordance with the policies, practices and procedures of the Company provided to employees of the Company. The Company shall reimburse Executive for the reasonable legal fees and expenses incurred by Executive in the negotiation and preparation of this Agreement and related agreements, up to a maximum amount of $10,000.

(ix) Fringe Benefits. During the Employment Period, the Executive shall be eligible to receive such fringe benefits and perquisites as are provided by the Company to its employees from time to time, in accordance with the policies, practices and procedures of the Company, and shall receive such additional fringe benefits and perquisites as the Company may, in its discretion, from time-to-time provide.

(x) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to its employees, but in no event shall the Executive accrue less than 160 hours of vacation per calendar year (pro-rated for any partial year of service); provided, however, that the Executive shall not accrue any vacation time in excess of 280 hours (the "Accrual Limit"), and shall cease accruing vacation time if the Executive's accrued vacation reaches the Accrual Limit until such time as the Executive's accrued vacation time drops below the Accrual Limit.

(xi) Relocation Benefits. It is currently anticipated that the Executive shall relocate the Executive's primary residence to the Principal Location on or prior to July 1, 2022 (the "Relocation Date"). In connection with the Executive's relocation to the Principal Location, the Company shall reimburse the Executive for reasonable and necessary relocation and moving expenses as set forth on Exhibit B attached hereto (the "Relocation Expenses"). Reimbursement of the Relocation Expenses, if any, shall be subject to the Executive's submission by December 31, 2022 of documentation acceptable to the Company evidencing such expenses, and any approved reimbursement shall be paid to the Executive during the Employment Period but no later than 45 days after the Company's receipt of approved documentation. In the event Executive has not relocated by the Relocation Date, then Executive will not be eligible for the reimbursement of any Relocation Expenses incurred prior to such Relocation Date. From the Commencement Date through the Relocation Date, the Executive will be solely responsible for the Executive's weekly commute expenses between the Executives current residence and Southern California and any temporary housing expenses in Southern California. Any exceptions must be approved in advance by the Chief Executive Officer and the Executive Vice President, People and Organization.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. Either the Company or the Executive may terminate the Executive's employment in the event of the Executive's Disability during the Employment Period.

(b) Termination by the Company. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause.

(c) Termination by the Executive. The Executive's employment may be terminated by the Executive for any or no reason, including with Good Reason or by the Executive without Good Reason.

(d) Notice of Termination. Any termination of employment (other than due to the Executive's death), shall be communicated by a Notice of Termination to the other parties hereto given in accordance with Section 11(b) hereof. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Termination of Offices and Directorships; Return of Property. Upon termination of the Executive's employment for any reason, unless otherwise specified in a written agreement between the Executive and the Company, the Executive shall be deemed to have resigned from all offices, directorships, and other employment positions if any, then held with the Company, and shall take all actions reasonably requested by the Company to effectuate the foregoing. In addition, upon the termination of the Executive's employment for any reason, the Executive agrees to return to the Company all documents of the Company and its affiliates (and all copies thereof) and all other Company or Company affiliate property that the Executive has in the Executive's possession, custody or control. Such property includes, without limitation: (i) any materials of any kind that the Executive knows contain or embody any proprietary or confidential information of the Company or an affiliate of the Company (and all reproductions thereof), (ii) computers (including, but not limited to, laptop computers, desktop computers and similar devices) and other portable electronic devices (including, but not limited to, tablet computers), cellular phones/smartphones, credit cards, phone cards, entry cards, identification badges and keys, and (iii) any correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the customers, business plans, marketing strategies, products and/or processes of the Company or any of its affiliates and any information received from the Company or any of its affiliates regarding third parties.

4. Obligations of the Company upon Termination.

(a) Accrued Obligations. In the event that the Executive's employment under this Agreement terminates during the Employment Period for any reason, the Company will pay or provide to the Executive: (i) any earned but unpaid Base Salary and accrued vacation time, (ii) reimbursement of any business expenses incurred by the Executive prior to the Date of Termination that are reimbursable in accordance with Section 2(b)(vii) hereof and (iii) any vested amounts due to the Executive under any plan, program or policy of the Company (together, the "Accrued Obligations"). The Accrued Obligations described in clauses (i) – (ii) of the preceding sentence shall be paid within 30 days after the Date of Termination (or such earlier date as may be required by applicable law) and the Accrued Obligations described in clause (iii) of the preceding sentence shall be paid in accordance with the terms of the governing plan or program.

(b) Qualifying Termination. Subject to Sections 4(c), 4(e) and 11(d), and the Executive's continued compliance with the provisions of Section 7 hereof, if the Executive's employment with the Company is terminated during the Employment Period due to a Qualifying Termination, then in addition to the Accrued Obligations:

(i) Cash Severance. The Company shall pay the Executive an amount equal to 1.0 (if the Date of Termination occurs after the second anniversary of the Commencement Date) or 1.5 (if the Date of Termination occurs on or before the second anniversary of the Commencement Date) (whichever is applicable, the "Severance Multiplier") multiplied by the sum of (i) the Base Salary and (ii) the Target Bonus (the "Severance"); provided, however, that in the event the Qualifying Termination occurs on or within 24 months following a Change in Control, then the Severance Multiplier instead shall be 1.0. The Severance shall be paid in substantially equal installments in accordance with the Company's normal payroll practices over the six-month period following the Date of Termination, but shall commence on the first payroll date following the effective date of the Release (as defined below), and amounts otherwise payable prior to such first payroll date shall be paid on such date without interest thereon; provided, however that if the Date of Termination occurs on or within 24-months following a Change in Control that constitutes a "change in control event" for purposes of Section 409A (as defined below), the Severance shall be paid in a single lump sum cash payment within 30 days following the Date of Termination.

(ii) Annual Bonus. The Executive shall remain eligible to be paid the Annual Bonus for the calendar year in which the Date of Termination occurs in accordance with Section 2(b)(ii), provided, however, that the magnitude of any such Annual Bonus shall be multiplied by a fraction which is equal to the number of days elapsed in such calendar year as of the Date of Termination divided by 365 (or 366 if the calendar year is a leap year).

(iii) COBRA. Subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Code, the Company shall continue to provide, during the COBRA Period, the Executive and the Executive's eligible dependents with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not been terminated based on the Executive's elections in effect on the Date of Termination, provided, however, that (A) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or (B) the Company is otherwise unable to continue to cover the Executive under its group health plans without incurring penalties (including without limitation, pursuant to Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), then, in either case, an amount equal to each remaining Company subsidy shall thereafter be paid to the Executive in substantially equal monthly installments over the continuation coverage period (or the remaining portion thereof). For purposes of this Agreement, "COBRA Period" shall mean the period beginning on the Date of Termination and ending on the 12-month anniversary thereof; provided, however, if the Date of Termination occurs on or before the second anniversary of the Commencement Date, then the COBRA Period instead shall end on the 18-month anniversary thereof.

(iv) Equity Acceleration. The Initial Equity Award (and any other then-outstanding unvested Company equity compensation that vests solely on the passage of time) shall vest and become exercisable (as applicable) on an accelerated basis as of the Date of Termination with respect to the number of shares or restricted stock units, as applicable, that would have vested, after the Date of Termination, as if the Executive had remained in continuous service beyond the Date of Termination for 12 additional months (or 18 months if the Date of Termination occurs prior to the second anniversary of the Date of Termination). In addition, in the event that the Qualifying Termination occurs on or within 24 months following a Change in Control, then all outstanding VGH equity awards that vest based solely on the passage of time that are held

by the Executive on the Date of Termination immediately shall become fully vested and, to the extent applicable, exercisable.

(c) Release. Notwithstanding the foregoing, it shall be a condition to the Executive's right to receive the amounts provided for in Section 4(b) hereof that the Executive execute and deliver to the Company an effective release of claims in substantially the form attached hereto as Exhibit C (the "Release") within 21 days (or, to the extent required by law, 45 days) following the Date of Termination and that the Executive not revoke such Release during any applicable revocation period. For the avoidance of doubt, all equity awards eligible for accelerated vesting pursuant to Section 4(b) hereof shall remain outstanding and eligible to vest following the Date of Termination and shall actually vest and become exercisable (if applicable) and non-forfeitable upon the effectiveness of the Release.

(d) Termination due to Death or Disability. If the Executive's employment is terminated due to death or Disability, then in addition to the Accrued Obligations, the Company shall pay to the Executive (or his estate in the event of death) an amount equal to the Annual Bonus earned but unpaid for the calendar year prior to the calendar year in which such termination occurs and an amount equal to a pro-rated Annual Bonus for the calendar year in which such termination occurs (which shall be determined based on the amount that would have been earned had the Executive's employment continued through the applicable payment date and then pro-rated for the portion of the year in which Executive was employed), which amounts shall be paid at the same time as annual bonuses are paid to senior executives with respect to such calendar year.

(e) Other Terminations. If the Executive's employment is terminated for any reason not described in Section 4(b) or 4(d) hereof, the Company will pay the Executive only the Accrued Obligations.

(f) Six-Month Delay. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any severance payments or benefits payable under this Section 4, shall be paid to the Executive during the six-month period following the Executive's Separation from Service if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of Separation from Service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

(g) Exclusive Benefits. Except as expressly provided in this Section 4 and subject to Section 5 hereof, the Executive shall not be entitled to any additional payments or benefits upon or in connection with the Executive's termination of employment.

5. Non-Exclusivity of Rights. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company, including without limitation, any equity plan or equity award agreement of the Company, at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

6. Excess Parachute Payments; Limitation on Payments.

(a) Best Pay Cap. Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including

the payments and benefits under Section 4 hereof, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash severance payments under this Agreement shall first be reduced, and the noncash severance payments hereunder shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). In all cases, if there are any reductions to the Total Payments under this paragraph, the reduction shall be performed in a manner which results in the greatest after-tax amount being retained by the Executive and in a manner which comports with Section 409A.

(b) Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the "Independent Advisors") selected by the Company, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. Restrictive Covenants.

(a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company and its subsidiaries and affiliates, which shall have been obtained by the Executive in connection with the Executive's employment by the Company and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data, to anyone other than the Company and those designated by it; provided, however, that if the Executive receives actual notice that the Executive is or may be required by law or legal process to communicate or divulge any such information, knowledge or data, the Executive shall promptly so notify the Company.

(b) While employed by the Company, the Executive shall not be engaged in any other business activity that would be competitive with the business of the Company and its subsidiaries or affiliates. In addition, while employed by the Company and, for a period of 12 months after the Date of Termination, the Executive shall not directly or indirectly solicit, induce, or encourage any employee or consultant of the Company and/or its subsidiaries and affiliates to terminate their employment or other relationship with the Company and its subsidiaries and affiliates or to cease to render services to the

Company and/or its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity except, in each case, to the extent the foregoing occurs as a result of general advertisements or other solicitations not specifically targeted to such employees and consultants. During Executive's employment with the Company and thereafter, the Executive shall not use any trade secret of the Company or its subsidiaries or affiliates to solicit, induce, or encourage any customer, client, vendor, or other party doing business with any member of the Company and its subsidiaries and affiliates to terminate its relationship therewith or transfer its business from any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(c) Subject to Section 7(f), during the Executive's service with the Company and thereafter, excepting any litigation between the parties, (i) the Executive agrees not to publish or disseminate, directly or indirectly, any statements, whether written or oral, that are or could be harmful to or reflect negatively on any of the Company or any of its subsidiaries or affiliates, or that are otherwise disparaging of any policies, procedures, practices, decision-making, conduct, professionalism or compliance with standards of the Company, its affiliates or any of their past or present officers, directors, employees, advisors or agents, and (ii) the Company agrees to instruct its directors and executive officers not to publish or disseminate, directly or indirectly, any statements, whether written or oral, that are or could be harmful to or reflect negatively on the Executive's personal or business reputation or business.

(d) In recognition of the fact that irreparable injury will result to the Company in the event of a breach by the Executive of the Executive's obligations under Sections 7(a)-(c) hereof, that monetary damages for such breach would not be readily calculable, and that the Company would not have an adequate remedy at law therefor, the Executive acknowledges, consents and agrees that in the event of such breach, or the threat thereof, the Company shall be entitled, in addition to any other legal remedies and damages available, to specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation or threatened violation of such obligations by the Executive.

(e) The Executive hereby acknowledges that the Executive is concurrently entering into an agreement with the Company, substantially in the form attached hereto as Exhibit D, containing confidentiality, intellectual property assignment and other protective covenants (the "PIIA"), that the Executive shall be bound by the terms and conditions of the PIIA, and that such agreement shall be additional to, and not in limitation of, the covenants contained in this Section 7.

(f) Notwithstanding anything in this Agreement or the PIIA to the contrary, nothing contained in this Agreement shall prohibit either party (or either party's attorney(s)) from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice or any other securities regulatory agency, self-regulatory authority or federal, state or local regulatory authority (collectively, "Government Agencies"), or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation, (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to any Government Agencies for the purpose of reporting or investigating a suspected violation of law, or from providing such information to such party's attorney(s) or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding, and/or (iii) receiving an award for information provided to any Government Agency. Pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x)

in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, nothing in this Agreement is intended to or shall preclude either party from providing truthful testimony in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law. If the Executive is required to provide testimony, then unless otherwise directed or requested by a Government Agency or law enforcement, the Executive shall notify the Company as soon as reasonably practicable after receiving any such request of the anticipated testimony.

8. Representations. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of the Executive's obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by the Executive's entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

9. Successors.

(a) This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company, its parent and subsidiaries, and their respective successors and assigns.

10. Certain Definitions.

(a) "Board" means the Board of Directors of Virgin Galactic Holdings, Inc.

(b) "Cause" means the occurrence of any one or more of the following events:

(i) the Executive's willful failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the Executive's issuance of a Notice of Termination for Good Reason), including the Executive's failure to follow any lawful directive from the CEO within the reasonable scope of the Executive's duties and the Executive's failure to correct the same (if capable of correction, as determined by the CEO), within 30 days after a written notice is delivered to the Executive, which demand specifically identifies the manner in which the CEO believes that the Executive has not performed the Executive's duties;

(ii) the Executive's commission of, indictment for or entry of a plea of guilty or nolo contendere to a felony crime (excluding vehicular crimes) or a crime of moral turpitude;

(iii) the Executive's material breach of any material obligation under any written agreement with the Company or its affiliates or under any applicable policy of the Company or its affiliates (including any code of conduct or harassment policies), and the Executive's failure to correct the same (if capable of correction, as determined by the CEO), within 30 days after a written notice is delivered to the Executive, which demand specifically

identifies the manner in which the CEO believes that the Executive has materially breached such agreement;

(iv) any act of fraud, embezzlement, theft or misappropriation from the Company or its affiliates by the Executive;

(v) the Executive's willful misconduct or gross negligence with respect to any material aspect of the Company's business or a material breach by the Executive of the Executive's fiduciary duty to the Company or its affiliates, which willful misconduct, gross negligence or material breach has a material and demonstrable adverse effect on the Company or its affiliates; or

(vi) the Executive's commission of an act of material dishonesty resulting in material reputational, economic or financial injury to the Company or its affiliates.

(c) "Change in Control" has the meaning set forth in the Plan.

(d) "Code" means the Internal Revenue Code of 1986, as amended and the regulations thereunder.

(e) "Date of Termination" means the date on which the Executive's employment with the Company terminates.

(f) "Disability" means that the Executive has become entitled to receive benefits under an applicable Company long-term disability plan or, if no such plan covers the Executive, as determined in the reasonable discretion of the Board or a subcommittee thereof.

(g) "Good Reason" means the occurrence of any one or more of the following events without the Executive's prior written consent, unless the Company fully corrects the circumstances constituting Good Reason (provided such circumstances are capable of correction) as provided below:

(i) a material diminution in the Executive's Base Salary or Target Bonus;

(ii) a change in the geographic location of the Principal Location by more than 50 miles from its current existing location;

(iii) a material diminution in the Executive's title, authority or duties, as contemplated by this Agreement (such as, without limitation, a change in Executive's ability to report directly to the Chief Executive Officer of the Company), but excluding for this purpose (i) any isolated, insubstantial or inadvertent actions not taken in bad faith and which are remedied by the Company promptly after receipt of notice thereof given by the Executive and (ii) any immaterial changes in number of employees and/or departments reporting to the Executive;

(iv) the Company's material breach of this Agreement.

Notwithstanding the foregoing, the Executive will not be deemed to have resigned for Good Reason unless (1) the Executive provides the Company with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason within 30 days after the date of the occurrence of any event that the Executive knows or should reasonably have known to constitute Good Reason, (2) the Company fails to cure such acts or omissions within 30 days following its receipt of such notice, and (3) the effective date of the

Executive's termination for Good Reason occurs no later than 60 days after the expiration of the Company's cure period.

(h) "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice unless as otherwise provided upon a termination for Good Reason).

(i) "Plan" means VGH's 2019 Incentive Award Plan, as amended from time to time.

(j) "Qualifying Termination" means a termination of the Executive's employment (i) by the Company without Cause (other than by reason of the Executive's death or Disability) or (ii) by the Executive for Good Reason.

(k) "Section 409A" means Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder.

(l) "Separation from Service" means a "separation from service" (within the meaning of Section 409A).

(m). "VGH" means Virgin Galactic Holdings, Inc., the parent company of the Company.

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's most recent address on the records of the Company.

If to the Company:

Virgin Galactic Holdings, Inc.
1735 Flight Way, Suites 203-204
Tustin, CA 92606
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"), then such

transfer or deemed transfer shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(d) Section 409A of the Code.

(i) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company shall work in good faith with the Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A; provided, however, that this Section 11(d) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so.

(ii) Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A. Any payments subject to Section 409A that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as termination of employment) occurs shall commence payment only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this Agreement may only be made upon the Executive's Separation from Service.

(iii) To the extent that any payments or reimbursements provided to the Executive under this Agreement are deemed to constitute compensation to the Executive to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31 of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Executive's right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 3(c) hereof, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Entire Agreement. As of the Effective Date, this Agreement (including the Indemnification and Advancement Agreement, the Initial Award Agreement and the PIIA), constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries or affiliates, or representative thereof. Notwithstanding anything herein to the contrary, this Agreement and the obligations and commitments hereunder shall neither commence nor be of any force or effect prior to the Effective Date. In the event of any conflict in terms between this Agreement and any other agreement between Executive and the Company (including the exhibits to this Agreement), the terms of this Agreement shall prevail and govern.

(i) Arbitration.

(i) Any controversy or dispute that establishes a legal or equitable cause of action ("Arbitration Claim") between any two or more Persons Subject to Arbitration (as defined below), including any controversy or dispute, whether based on contract, common law, or federal, state or local statute or regulation, arising out of, or relating to the Executive's service or the termination thereof, shall be submitted to final and binding arbitration as the sole and exclusive remedy for such controversy or dispute in accordance with the rules of JAMS pursuant to its Employment Arbitration Rules and Procedures, which are available at http://www.jamsadr.com/rules-employment-arbitration/, and the Company will provide a copy upon the Executive's request. Notwithstanding the foregoing, this Agreement shall not require any Person Subject to Arbitration to arbitrate pursuant to this Agreement any claims: (A) under a Company benefit plan subject to the Employee Retirement Income Security Act, as amended; or (B) as to which applicable law not preempted by the Federal Arbitration Act prohibits resolution by binding arbitration. Either party may seek provisional non-monetary remedies in a court of competent jurisdiction to the extent that such remedies are not available or not available in a timely fashion through arbitration. It is the parties' intent that issues of arbitrability of any dispute shall be decided by the arbitrator.

(ii) "Persons Subject to Arbitration" means, individually and collectively, (A) the Executive, (B) any person in privity with or claiming through, on behalf of or in the right of the Executive, (C) the Company, (D) any past, present or future affiliate, employee, officer, director or agent of the Company, and/or (E) any person or entity alleged to be acting in concert with or to be jointly liable with any of the foregoing.

(iii) The arbitration shall take place before a single neutral arbitrator at the JAMS office in Los Angeles, California. Such arbitrator shall be provided through JAMS by mutual agreement of the parties to the arbitration; provided that, absent such agreement, the arbitrator shall be selected in accordance with the rules of JAMS then in effect. The arbitrator shall permit reasonable discovery. The award or decision of the arbitrator shall be rendered in writing; shall be final and binding on the parties; and may be enforced by judgment or order of a court of competent jurisdiction.

(iv) In the event of arbitration relating to this Agreement, the non-prevailing party shall reimburse the prevailing party for all costs incurred by the prevailing party in connection with such arbitration (including reasonable legal fees in connection with such arbitration, including any litigation or appeal therefrom). The Company shall pay for all arbitration related fees and costs that Executive would not have incurred if the dispute was adjudicated in a court of law; provided, however, that if the Executive initiates a claim subject to arbitration, the Executive shall pay any filing fee up to the amount that the Executive would be required to pay if the Executive initiated such claim in a court of law.

(v) THE EXECUTIVE AND THE COMPANY UNDERSTAND THAT BY AGREEING TO ARBITRATE ANY ARBITRATION CLAIM, THEY WILL NOT HAVE THE RIGHT TO HAVE ANY ARBITRATION CLAIM DECIDED BY A JURY OR A COURT, BUT SHALL INSTEAD HAVE ANY ARBITRATION CLAIM DECIDED THROUGH ARBITRATION.

(vi) THE EXECUTIVE AND THE COMPANY WAIVE ANY CONSTITUTIONAL OR OTHER RIGHT TO BRING CLAIMS COVERED BY THIS AGREEMENT OTHER THAN IN THEIR INDIVIDUAL CAPACITIES. EXCEPT AS MAY BE PROHIBITED BY LAW, THIS WAIVER INCLUDES THE ABILITY TO ASSERT CLAIMS AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING.

(vii) This Section 11(i) shall be interpreted to conform to any applicable law concerning the terms and enforcement of agreements to arbitrate service disputes. To the extent any terms or conditions of this Section 11(i) would preclude its enforcement, such terms shall be severed or interpreted in a manner to allow for the enforcement of this Section 11(i). To the extent applicable law imposes additional requirements to allow enforcement of this Section 11(i), this Agreement shall be interpreted to include such terms or conditions.

(viii) Notwithstanding the foregoing, before any party can institute any arbitration proceeding hereunder, the parties shall engage in at least two (2) days of nonbinding mediation according to, and before a mediator selected under, the JAMS rules.

(j) Amendment; Survival. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto. The respective rights and obligations of the parties under this Agreement shall survive the Executive's termination of employment and the termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

(k) Counterparts. This Agreement and any agreement referenced herein may be executed in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board and the board of directors of the Company, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

Galactic Co., LLC

By: /s/ Michael Colglazier
Name: Michael Colglazier
Title: Chief Executive Officer

"EXECUTIVE"

/s/ Swami Iyer
Swami Iyer

EXHIBIT A
INDEMNIFICATION AND ADVANCEMENT AGREEMENT

[Attached]

EXHIBIT B

RELOCATION EXPENSES

1. The cost of temporary housing for up to three months, not to exceed $30,000 in the aggregate.

2. The cost of shipment of personal household goods.

3. The cost of storage for up to for three months, not to exceed $10,000 in the aggregate.

4. Up to $15,000 for miscellaneous expenses.

5. The cost of one round trip business class airfare for the Executive and his immediate family members (up to a total of five tickets).

6. Costs associated with up to two "house-hunting" trips (i.e., business class airfare, lodging, rental car.) for the Executive and his spouse, not to exceed $10,000 in the aggregate.

7. The Executive will be provided with access to the Company's fleet cars prior to the Executive's relocation to the Principal Location.

8. An amount equal to the aggregate federal, state and local taxes actually imposed on any of the reimbursements described in 1-6 above, plus any taxes actually imposed on such amount so that the Executive on an after tax basis is in the same position as if such reimbursements had not been taxable (and calculated based on the Executive's then-applicable marginal tax rate).

EXHIBIT C

GENERAL RELEASE

1. Release For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the "Releasees" hereunder, consisting of Galactic Co., LLC, a Delaware limited liability company (the "Company"), and the Company's partners, subsidiaries, associates, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act.

2. Claims Not Released. Notwithstanding the foregoing, this general release (the "Release") shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under Section 4(b) of that certain Employment Agreement, dated as of February 22, 2021, between the Company and the undersigned (the "Employment Agreement"), with respect to the payments and benefits provided in exchange for this Release, (ii) to payments or benefits under any equity award agreement between the undersigned and Virgin Galactic Holdings, Inc., the parent company of the Company, (iii) with respect to Section 2(b)(vii) of the Employment Agreement, (iv) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (v) to any Claims, including claims for indemnification and/or advancement of expenses arising under any indemnification agreement between the undersigned and the Company or under the bylaws, certificate of incorporation or other similar governing document of the Company, (vi) to any Claims which cannot be waived by an employee under applicable law or (vii) with respect to the undersigned's right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator.

3. Unknown Claims.

THE UNDERSIGNED ACKNOWLEDGES THAT THE UNDERSIGNED HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN THE EXECUTIVE'S FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED THE EXECUTIVE'S SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS THE UNDERSIGNED MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

4. Exceptions. Notwithstanding anything in this Release to the contrary, nothing contained in this Release shall prohibit the undersigned from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation and/or (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to the undersigned's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding. Pursuant to 18 USC Section 1833(b), the undersigned will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

5. Representations. The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which the undersigned may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

6. No Action. The undersigned agrees that if the undersigned hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

7. No Admission. The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

8. OWBPA. The undersigned agrees and acknowledges that this Release constitutes a knowing and voluntary waiver and release of all Claims the undersigned has or may have against the Company and/or any of the Releasees as set forth herein, including, but not limited to, all Claims arising under the Older Worker's Benefit Protection Act and the Age Discrimination in Employment Act. In accordance with the Older Worker's Benefit Protection Act, the undersigned is hereby advised as follows:

(i) the undersigned has read the terms of this Release, and understands its terms and effects, including the fact that the undersigned agreed to release and forever discharge the Company and each of the Releasees, from any Claims released in this Release;

(ii) the undersigned understands that, by entering into this Release, the undersigned does not waive any Claims that may arise after the date of the undersigned's execution of this Release, including without limitation any rights or claims that the undersigned may have

to secure enforcement of the terms and conditions of this Release;

(iii) the undersigned has signed this Release voluntarily and knowingly in exchange for the consideration described in this Release, which the undersigned acknowledges is adequate and satisfactory to the undersigned and which the undersigned acknowledges is in addition to any other benefits to which the undersigned is otherwise entitled;

(iv) the Company advises the undersigned to consult with an attorney prior to executing this Release;

(v) the undersigned has been given at least 21[1] days in which to review and consider this Release. To the extent that the undersigned chooses to sign this Release prior to the expiration of such period, the undersigned acknowledges that the undersigned has done so voluntarily, had sufficient time to consider the Release, to consult with counsel and that the undersigned does not desire additional time and hereby waives the remainder of the 21-day period; and

(vi) the undersigned may revoke this Release within seven days from the date the undersigned signs this Release and this Release will become effective upon the expiration of that revocation period if the undersigned has not revoked this Release during such seven-day period. If the undersigned revokes this Release during such seven-day period, this Release will be null and void and of no force or effect on either the Company or the undersigned and the undersigned will not be entitled to any of the payments or benefits which are expressly conditioned upon the execution and non-revocation of this Release. Any revocation must be in writing and sent to Diane Prins Sheldahl, Executive Vice President, People and Organization, via electronic mail at diane.prinssheldahl@virgingalactic.com, on or before 5:00 p.m. Pacific time on the seventh day after this Release is executed by the undersigned.

9. Governing Law. This Release is deemed made and entered into in the State of California, and in all respects shall be interpreted, enforced and governed under the internal laws of the State of California, to the extent not preempted by federal law.

IN WITNESS WHEREOF, the undersigned has executed this Release this 22 day of February 2021.

/s/ Swami Iyer
Swami Iyer

[1] NTD: Use 45 days in a group termination and include information regarding terminated positions.

EXHIBIT D

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

[Attached]

EX 10.13(a)

TRANSITION AND SEPARATION AGREEMENT

This Transition and Separation Agreement (this "***Agreement***") is entered into by and between Swami Iyer ("***Executive***") and Galactic Co., LLC, a Delaware limited liability company (the "***Company***") (together referred to as the "***Parties***"), with reference to the following facts:

A. WHEREAS, Executive is employed with the Company as President, Aerospace Services, pursuant to the terms of that certain Employment Agreement by and between the Company and Executive, dated February 22, 2021 (the "***Employment Agreement***").

B. WHEREAS, on January 12, 2023 (the "***Notice Date***"), Executive has resigned employment with the Company effective on the Notice Date.

C. WHEREAS, effective on the Notice Date, Executive will become an advisor to the Company through March 3, 2023 (the "***Separation Date***").

D. WHEREAS, Executive and the Company want to end their relationship amicably and to establish the obligations of the Parties including, without limitation, all amounts due and owing to the Executive.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the Parties agree as follows:

1. Resignation. Executive has resigned employment effective as of the Notice Date, and on such date Executive's employment with the Company and all of its affiliates shall terminate, and Executive shall be deemed to have resigned from all offices, committees, or other positions held at the Company and its affiliates.

2. Transition Period.

(a) *Transition Period*. The period from the Notice Date through the Separation Date will be the "***Transition Period.***"

(b) *Title and Duties.* Executive shall have the title of Advisor (President, Aerospace Systems) during the Transition Period. During the Transition Period, Executive shall work to transition Executive's day-to-day work responsibilities to team members approved by the CEO and shall otherwise limit Executive's activities to those requested by the CEO (the "***Transitional Duties***"). Executive shall remain subject to all Company policies, and shall continue to comply with Executive's obligations of exclusivity under Section 2(a)(ii) of the Employment Agreement (Exclusivity).

(c) *Access and Authority*. During the Transition Period, except as expressly provided otherwise by the CEO, Executive: (i) will have no direct or indirect reports; (ii) shall not enter the Company facilities or attempt to access the Company's systems; (iii) will have no authority to hire, fire or make other decisions regarding the Company's employees or consultants or to direct or control the work of any Company employees, consultants, or vendors; (iv) shall not incur further business expenses or say or do anything to bind or attempt to bind the Company and its affiliates.

(d) *Compensation and Benefits*. During the Transition Period:

(i) *Fee*. Executive shall be paid a weekly fee of ten thousand five hundred dollars ($10,500) per week, payable within 15 business days following the calendar month in which such fee is earned.

(ii) *RSU and Stock Option Awards*. Except as provided in Section 2(e) hereof, restricted stock units and stock options covering the common stock of the Company's parent, Virgin Galactic Holdings, Inc. (the "***VGH Equity Awards***") that are held by Executive shall remain outstanding and eligible to vest in accordance with Section 4(c) hereof.

(iii) *No Benefits*. Executive shall not be eligible to participate in the Company's employee benefit plans (except as required by applicable law and as set forth in Section 4(b)).

(e) *2022 PRSU Award*. Executive acknowledges and agrees that as of the Notice Date, the VGH Equity Award granted to Executive on March 16, 2022 that is a performance-vesting restricted stock unit award (the "***2022 PSU Award***") shall be canceled and forfeited for no consideration.

(f) *Independent Contractor*. It is the express intention of the Company and Executive that Executive perform the Transitional Duties as an independent contractor to the Company. Executive acknowledges and agrees that Executive is obligated to report as income all compensation received by Executive pursuant to this Agreement. Executive agrees to and acknowledges the obligation to pay all self-employment and other taxes on such income received during the Transition Period.

3. Accrued Obligations. Whether or not the Parties execute this Agreement:

(a) *Final Paycheck*. On or before the Notice Date, the Company will pay Executive all accrued but unpaid base salary, subject to standard payroll deductions and withholdings. Executive is entitled to these payments regardless of whether Executive executes this Agreement.

(b) *Business Expenses*. The Company shall reimburse Executive for all outstanding expenses incurred prior to the Notice Date that are consistent with the Company's policies in effect from time to time with respect to travel, entertainment, and other business expenses, subject to the Company's requirements with respect to reporting and documenting such expenses. Executive is entitled to these reimbursements regardless of whether Executive executes this Agreement.

(c) *Healthcare Continuation Coverage.* Executive shall have the opportunity to elect continued healthcare coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, and applicable state law, as amended (together, "***COBRA***"). Executive is entitled to elect COBRA continuation coverage regardless of whether Executive executes this Agreement. Except as provided otherwise in this Agreement, Executive will be solely responsible for any COBRA premiums.

4. Separation Benefits. Subject to Executive's execution of this Agreement and the delivery to the Company of an executed copy of the General Release of Claims attached hereto as Exhibit A (the "***Release of Claims***") signed no earlier than the Separation Date and no later than the twenty-first (21st) calendar day after the Separation Date (and his non-revocation of the Release of Claims thereafter),

as well as Executive's performance of Executive's obligations pursuant to this Agreement (including Executive's compliance with the Executive Obligations, as defined below), the Company agrees to provide Executive with the following separation benefits (the "***Separation Benefits***") on the following terms:

(a) *Severance Payments.* The Company will pay Executive an aggregate cash severance amount of one million six hundred thirty eight thousand dollars ($1,638,000) (the "***Severance***"). The Company will pay the Severance in substantially equal installments over the six month period following the Separation Date in accordance with the Company's normal payroll practices; provided, however, that the Company will begin the Severance payments on the first payroll date following the effective date of the Release of Claims, except that the first installment will include any amount that would have been paid had the Release of Claims been effective on the Separation Date.

(b) *Continued Benefits*. Subject to Executive's valid election to continue healthcare coverage pursuant to COBRA, the Company shall, for a number of months not to exceed in the aggregate eighteen (18) months after the Notice Date (the "***COBRA Period***"), continue to provide Executive and Executive's eligible dependents with coverage under its group health plans at the same levels and at the same cost to the Executive as would have applied if the Executive's employment had not been terminated based on the Executive's elections in effect on the Separation Date; provided, however, that (A) if any plan pursuant to which such benefits are provided is not, or ceases to prior to the end of the COBRA Period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or (B) the Company is otherwise unable to continue to cover the Executive under its group health plan without incurring penalties (including, without limitation, Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), then in either case, the Company will in lieu thereof provide to Executive a monthly payment in an amount equal to the Company subsidy that the Company would have paid on behalf of Executive to continue coverage during the COBRA Period.

(c) *Equity Acceleration*. The VGH Equity Awards (other than the 2022 PSU Award) shall vest on an accelerated basis as of the Separation Date with respect to the number of restricted stock units and stock options that would have vested during the 18-month period following the Notice Date, as if Executive had remained in continuous service during such 18-month period.

(d) *Sole Separation Benefits*. Executive agrees that, except as set forth in Section 2(d) hereof, Executive is not entitled to any other severance or other payments or benefits from the Company following the Separation Date, and that the Separation Benefits provided by this Section 4 is adequate and valuable consideration for the promises contained in this Agreement.

5. Full Payment. Executive acknowledges that the payment and arrangements herein shall constitute full and complete satisfaction of any and all amounts properly due and owing to Executive pursuant to the Employment Agreement and as a result of Executive's employment with the Company and Executive's separation therefrom.

6. Executive Obligations. Executive hereby acknowledges and reaffirms Executive's obligations under (i) Executive's Proprietary Information and Inventions Agreement ("***PIIA***") and (ii) Section 3(e) (Return of Property) and Section 7 (Restrictive Covenants) of the Employment Agreement (collectively, the "***Continuing Obligations***"). In addition, Executive shall comply with the obligations set forth in Section 7 hereof (such obligations, together with the Continuing Obligations, the "***Executive***

Obligations"). Executive acknowledges and agrees that the Separation Benefits provided in Section 4 hereof shall be subject to Executive's continued compliance with the Executive Obligations.

7. Non-Disparagement. Executive agrees that Executive shall not disparage, criticize or defame the Company, its affiliates or their respective directors, agents, stockholders, officers, employees, research, products, products-in-development, services, or business, either publicly or privately. Nothing in this Agreement, shall prevent Executive from (a) testifying truthfully in response to a subpoena or other legal process, (b) discussing terms and conditions of employment with the Company, as permitted by the National Labor Relations Act and applicable law, including but not limited to discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Executive has reason to believe is unlawful; or (c) communicating directly with, cooperating with, or providing information to, any federal, state or local government regulator, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice.

8. Executive's Cooperation. Executive shall cooperate with the Company and its affiliates, upon the Company's reasonable request, with respect to any internal investigation or administrative, regulatory or judicial proceeding involving matters within the scope of Executive's duties and responsibilities to the Company or its affiliates during Executive's employment with the Company (including, without limitation, Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's reasonable request to give testimony without requiring service of a subpoena or other legal process, and turning over to the Company all relevant Company documents which are or may have come into Executive's possession during Executive's employment); provided, however, that any such request by the Company shall not be unduly burdensome or interfere with Executive's personal schedule or ability to engage in gainful employment.

9. Requests for References. Executive will direct all external requests for references to Human Resources, who/which will confirm only Executive's job title and dates of employment.

10. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the Parties shall be governed by, the laws of the State of California or, where applicable, United States federal law, in each case, without regard to any conflicts of laws provisions or those of any state other than California.

11. Miscellaneous. Sections 3(e), 4(f), 6, 7, 9, 10 and 11 of the Employment Agreement are hereby incorporated by reference in their entirety and shall apply, mutatis mutandis, to the provisions set forth herein. This Agreement, the Confidentiality Agreement and the award agreements evidencing the VGH Equity Awards (as amended by this Agreement), comprises the entire agreement between the Parties with regard to the subject matter hereof and supersedes, in their entirety, any other agreements between Executive and the Company with regard to the subject matter hereof (including the Employment Agreement, except to the except incorporated by reference herein). Executive acknowledges that there are no other agreements, written, oral or implied, and that Executive may not rely on any prior negotiations, discussions, representations or agreements.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and delivered as of the date indicated next to their respective signatures below.

SWAMI IYER

DATED: January 11, 2023

/s/ Swami Iyer
Swami Iyer

GALACTIC CO., LLC

DATED: January 11, 2023

By: /s/ Sarah Kim
Name: Sarah Kim
Title: EVP, Chief Legal Officer and Corporate Secretary

EXHIBIT A

GENERAL RELEASE

1. **RELEASE**. For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned does hereby release and forever discharge the "Releasees" hereunder, consisting of Galactic Co., LLC, a Delaware limited liability company (the "***Company***"), and the Company's partners, subsidiaries, associates, affiliates, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "***Claims***"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local statute or ordinance including, without limitation, Title VII of the Civil Rights Act of 1964, the Age Discrimination In Employment Act, the Americans With Disabilities Act.

2. **CLAIMS NOT RELEASED**. Notwithstanding the foregoing, this general release (the "***Release***") shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under Section 4 of that certain Transition and Separation Agreement executed as of January __, 2023, between the Company and the undersigned, with respect to the payments and benefits provided in exchange for this Release, (ii) to payments or benefits under any equity award agreement between the undersigned and Virgin Galactic Holdings, Inc., the parent company of the Company, (iii) with respect to Section 2(b)(vii) of the Employment Agreement dated as of February 22, 2021, between the Company and the undersigned, (iv) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (v) to any Claims, including claims for indemnification and/or advancement of expenses arising under any indemnification agreement between the undersigned and the Company or under the bylaws, certificate of incorporation or other similar governing document of the Company, (vi) to any Claims which cannot be waived by an employee under applicable law or (vii) with respect to the undersigned's right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator.

3. **UNKNOWN CLAIMS**. THE UNDERSIGNED ACKNOWLEDGES THAT THE UNDERSIGNED HAS BEEN ADVISED BY LEGAL COUNSEL AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

> **"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN THE EXECUTIVE'S FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED THE EXECUTIVE'S SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."**

THE UNDERSIGNED, BEING AWARE OF SAID CODE SECTION, HEREBY EXPRESSLY WAIVES ANY RIGHTS THE UNDERSIGNED MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

4. **EXCEPTIONS**. Notwithstanding anything in this Release to the contrary, nothing contained in this Release shall prohibit the undersigned from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation and/or (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to the undersigned's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding. Pursuant to 18 USC Section 1833(b), the undersigned will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

5. **REPRESENTATIONS**. The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which the undersigned may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

6. **NO ACTION**. The undersigned agrees that if the undersigned hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim.

7. **NO ADMISSION**. The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

8. **OWBPA**. The undersigned agrees and acknowledges that this Release constitutes a knowing and voluntary waiver and release of all Claims the undersigned has or may have against the Company and/or any of the Releasees as set forth herein, including, but not limited to, all Claims arising under the Older Worker's Benefit Protection Act and the Age Discrimination in Employment Act. In accordance with the Older Worker's Benefit Protection Act, the undersigned is hereby advised as follows:

(i) the undersigned has read the terms of this Release, and understands its terms and effects, including the fact that the undersigned agreed to release and forever discharge the Company and each of the Releasees, from any Claims released in this Release;

(ii) the undersigned understands that, by entering into this Release, the undersigned does not waive any Claims that may arise after the date of the undersigned's execution of this Release, including without limitation any rights or claims that the undersigned may have to secure enforcement of the terms and conditions of this Release;

(iii) the undersigned has signed this Release voluntarily and knowingly in exchange for the consideration described in this Release, which the undersigned acknowledges is adequate and satisfactory to the undersigned and which the undersigned acknowledges is in addition to any other benefits to which the undersigned is otherwise entitled;

(iv) the Company advises the undersigned to consult with an attorney prior to executing this Release;

(v) the undersigned has been given at least 211 days in which to review and consider this Release. To the extent that the undersigned chooses to sign this Release prior to the expiration of such period, the undersigned acknowledges that the undersigned has done so voluntarily, had sufficient time to consider the Release, to consult with counsel and that the undersigned does not desire additional time and hereby waives the remainder of the 21-day period; and

(vi) the undersigned may revoke this Release within seven days from the date the undersigned signs this Release and this Release will become effective upon the expiration of that revocation period if the undersigned has not revoked this Release during such seven-day period. If the undersigned revokes this Release during such seven-day period, this Release will be null and void and of no force or effect on either the Company or the undersigned and the undersigned will not be entitled to any of the payments or benefits which are expressly conditioned upon the execution and non-revocation of this Release. Any revocation must be in writing and sent to Sarah Kim, EVP, Chief Legal Officer via electronic mail at sarah.kim@virgingalactic.com, on or before 11:59 p.m. Pacific time on the seventh day after this Release is executed by the undersigned.

9. **GOVERNING LAW**. This Release is deemed made and entered into in the State of California, and in all respects shall be interpreted, enforced and governed under the internal laws of the State of California, to the extent not preempted by federal law.

IN WITNESS WHEREOF, the undersigned has executed this Release this ____ day of _____, 2023.

SWAMI IYER

_____

Swami Iyer

EX 10.26

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

MASTER AGREEMENT

This MASTER AGREEMENT (hereinafter referred to as "Master Agreement") is made as of October 28, 2022 ("Effective Date"), between Qarbon Aerospace (Foundation), LLC (hereinafter "Supplier"), a Delaware limited liability company having a place of business at 300 S. Austin Blvd, Red Oak, Texas, 75154 and Virgin Galactic, LLC (hereinafter "Buyer"), a Delaware limited liability company, having a place of business at 166 N. Roadrunner Parkway, Suite 1C, Las Cruces, NM 88011. Buyer and Supplier are collectively referred to as "Parties" and individually as the "Party".

WHEREAS, Buyer is the designer and the manufacturer of space tourism vehicles and is the Design Authority with ultimate responsibility for the design of the vehicle;

WHEREAS, Supplier is recognized as a leader in engineering services and manufacturing relating to aerospace structures;

WHEREAS, each Party possesses unique and complementary technical capabilities and know-how relating to aerospace hardware and controls, and Buyer wishes Supplier to provide input and assistance on the producibility of Buyer's design and to manufacture Buyer's "Delta" class spaceships (the "Program");

WHEREAS, the Parties wish to enter into an agreement covering the terms and conditions under which Buyer will purchase, and Supplier will sell, goods and services in support of the Program.

IN CONSIDERATION OF the promises, mutual covenants and agreements herein contained, the Parties hereby agree as follows:

1. DEFINITIONS
   A. When used in this Agreement and any Task Order issued under it, terms shall have the meaning defined in Exhibit A (Definitions). Additional definitions may be provided in other Articles (including, but not limited to, Article (4 (Payments), Article 5 (Incentives), Article 14 (Insurance), and Article 17 (Excusable Delay). Additional definitions may also be provided in Task Orders, but such definitions provided in Task Orders shall only apply to that specific Task Order.

2. STRUCTURE OF AGREEMENT
   A. Supplier will perform the work set forth in multiple task orders (each a "Task Order") to be mutually agreed by the Parties and issued subject to the terms of this Master Agreement and executed by the Parties. Each Task Order will become effective only upon execution by both Parties. The Task Orders will each contain a Statement of Work setting forth the schedule and Deliverables for such Task Order and additional exhibits or attachments as applicable to the scope of such Task Order. The schedule set forth in the Statement of Work shall be established in accordance with the lead times for the relevant Deliverables. All deliveries made pursuant to this Master Agreement will be FOB, Supplier's facility as defined per the Uniform Commercial Code. The Task Orders will each also

contain the criterion or criteria for Acceptance of Deliverables. The form of Task Order to be used by the Parties is set forth in Exhibit I (Form of Task Order).

B. This Master Agreement contains the following exhibits, each of which is hereby incorporated by reference into the Master Agreement:

1. Exhibit A – Definitions: This Exhibit contains a list of the defined terms used in the Agreement.

2. Exhibit B – Program Overview: This Exhibit contains an overview of the objectives and nominal schedule of the Program as of the Effective Date. The Parties acknowledge and agree that the Program Overview may be updated from time to time in accordance with Article 23 (Changes), but that in between such updates, aspects of the Program may be changed in accordance with the procedures set forth in Exhibit C (Governance), such that Exhibit B (Program Overview) may at times become out of date.

3. Exhibit C – Governance: This Exhibit contains the plan for managing the Program as between the Parties, including roles, responsibilities, decision-making processes, and periodic reviews. This Exhibit also describes the process by which Buyer will exercise its approval authority ("Approval" or, where used a verb, "Approves") and the process by which Buyer will indicate in writing its acceptance ("Acceptance" or, where used a verb, "Accepts") of Deliverables. Without limiting any other obligations of either Party under the Agreement, the Parties acknowledge and agree that the Program will be managed in accordance with Exhibit C (Governance).

4. Exhibit C-1 – Governing Documents: This Exhibit contains a list, brief description, associated lifecycle review (target draft and release), Deliverable status of the Governing Documents (both anticipated and Approved) that Supplier creates and Buyer Approves as the Design Authority. These documents will be used to perform and govern the work as defined within Task Orders.

5. Exhibit D – Responsibility Matrix: This Exhibit contains a description of the respective financial and programmatic responsibilities of the Parties relating to their performance obligations under the Agreement, including without limitation a description of any Buyer-Furnished Property to be provided by Buyer.

6. Exhibit E – Background IP Schedule: This Exhibit contains a list of Background Intellectual Property licensed to Buyer by Supplier, its Subcontractors, and Vendors in accordance with Article 7 (Intellectual Property Rights).

7. Exhibit F –Property Management System Plan: This Exhibit identifies the policies and procedures that Supplier will use to manage any equipment,

consumable material, and/or tooling provided by Buyer for Supplier's use under the Agreement, or as a component to be incorporated into a Deliverable.

8. Exhibit G – Inventory of Buyer-Furnished Property, Consumable Material and Tooling: This Exhibit contains an inventory of any equipment, consumable material, and/or tooling provided by Buyer for Supplier's use under the Agreement, or as a component to be incorporated into a Deliverable.

9. Exhibit H – Subcontract Management Plan: This Exhibit identifies the policies and procedures that Supplier will use to manage the effort of any Subcontractor performing work in connection with the Agreement.

10. Exhibit I – List of Subcontractors: This Exhibit contains a list of Subcontractors for which Supplier has provided notification and for which Buyer has given its Approval pursuant to Article 12 of this Master Agreement.

11. Exhibit J – Task Order Form: This Exhibit contains an example of an acceptable format to be used for each Task Order, including the relevant exhibits and attachments that should be included in each Task Order.

3. TERM
   A. This Agreement will commence on the Effective Date, and unless earlier terminated in accordance with this Master Agreement or applicable law, will continue in effect until the later of (i) five (5) years or (ii) the completion of all work under any Task Order(s) entered into under this Master Agreement.

4. PAYMENT
   A. For Time and Material Task Orders Only:

      1. Supplier shall submit invoices monthly in arrears no later than the 15th of each month. Payment terms for Task Order 1 shall be net [***] calendar days to be measured from the date that Supplier submits an invoice. Payment terms for subsequent Task Orders shall be set forth in such Task Order as mutually agreed by the Parties. To the extent that the scope of Task Order 1 expands substantially and increases in cost significantly, the Parties shall mutually agree on payment terms that keep Supplier cash neutral with respect to costs incurred in performing such Task Order.

      2. Supplier will invoice and be paid for actual hours charged at labor rates negotiated and mutually agreed between the Parties and established in the Task Order. These labor rates will be established for the purpose of administering the Task Order and do not signify acceptance by either Party for any other purpose.

      3. Supplier will invoice and be paid for actual non-labor costs, including, but not limited to Subcontractors, material, purchased services, rentals, and travel-

related expenses, with a mark-up negotiated and mutually agreed between the Parties and established in the Task Order. This mark-up will be established for the purpose of administering the Task Order and does not signify acceptance by either Party for any other purpose.

4. Invoices will provide the level of visibility requested by Buyer, to the extent reasonably available, to manage the Task Order. Labor hours will be provided by labor category at the Work Breakdown Structure level appropriate for the size and complexity of the Task Order such that Buyer may monitor actual hours expended relative to plan. Labor hours will not be made available by individual or at a level of detail where the hours of a specific individual are discernible. Material charges will be broken down into the following items: Subcontractors, material, purchased services, rentals, and travel. Upon request by Buyer, Supplier will provide further detail on an individual invoice or on an ongoing basis on future invoices to permit Buyer to monitor actual Charges relative to plan.

B. For Fixed Price Task Orders Only:

1. Supplier shall submit invoices upon completion of milestones set forth in the "Payment Milestone Schedules" of any applicable Task Orders. Net payment terms for Fixed Price Task Orders shall be set forth in such Task Order as mutually agreed by the Parties. These Payment Milestone Schedules will identify the planned completion date, amount, completion criteria which may be based upon Acceptance of Deliverables or other objective basis of work accomplished, and the amount to be paid..

2. The Parties will establish Payment Milestone Schedules for Task Orders that will enable Supplier to invoice and be paid for work as it progresses during Task Order performance.

C. For All Task Orders

1. Invoices will be sent electronically to: [***].

2. All payments shall be in United States Dollars, electronic, and routed to:

   [***]

3. Invoices and payments will make reference to or otherwise contain the purchase order or other contract reference number agreed to between the Parties to identify this Master Agreement and the Task Order.

4. Buyer may inspect and audit, on reasonable notice, Supplier's financial books and records if the Charges under any Task Order are: (i) based on time and materials, (ii) cost-based, or (iii) advance or progress payments based on costs incurred by Supplier. Supplier shall maintain complete records related to all

such Task Order until the later of: (i) four (4) years after final payment under the Task Order, (ii) final resolution of any dispute involving Supplier's performance or billing thereunder, (iii) the latest time required by the Task Order, and (iv) the latest time required by applicable laws and regulations. Any corrective action requested by Buyer following an audit shall be implemented by Supplier at no cost to Buyer.

5. In the event any invoiced amounts are not paid in accordance with the mutually agreed payment terms, Supplier may, at its sole discretion, suspend performance under this Agreement until the past due amounts are made current under the terms of this Agreement.

6. Unless otherwise stated in a Task Order, all payments, prices, fixed or otherwise, sums are exclusive of any and all sales and use taxes, value added taxes, goods and services taxes, taxes levied upon importation, such as customs duties, excises, or any other taxes ("Taxes") levied in regard of any of the transactions covered by this Agreement.

7. The prices listed in Task Orders are in United States (U.S.) Dollars. Prices shall not be subject to economic price adjustment unless specifically permitted in a Task Order.

8. When invoicing, Supplier shall, to the extent practical: (i) include amounts of Taxes, or specific fees Supplier is required by applicable law to add-on to the sales price and collect from Buyer or otherwise is legally due from Buyer and (ii) separately state each of the Taxes.

9. Supplier is solely responsible for invoicing and remitting Taxes as required by applicable law to collect from Buyer under the Agreement to the proper tax authority. Any penalties, fees, or interest charges imposed by a tax authority or other authority as the result of non-payment of Taxes collected by Supplier from Buyer will be Supplier's responsibility. Buyer is responsible for informing and providing supporting information of applicable exemptions. Buyer is not responsible for any Taxes based on Supplier's income, payroll, or gross receipts.

10. Unless otherwise specified in a Task Order, Supplier must fund its own non-recurring engineering expenses at no cost to Buyer.

5. INCENTIVES; LIQUIDATED DAMAGES; CONTINUOUS IMPROVEMENT (CI); COST REDUCTION INITIATIVES (CRI)

A. Cost Reduction Initiatives

1. Buyer and Supplier share the goal of reducing the cost to manufacture the Deliverables during the production phase of this Agreement. Buyer and Supplier shall work together to identify and agree on potential cost savings design changes, process improvements, manufacturing techniques, and/or other cost savings initiatives with the goal of reducing both Parties' costs. [***]

B. Liquidated Damages.

1. Timely Delivery. Supplier will deliver Deliverable to Buyer in accordance with Section 2 of this Agreement no later than [***]

2. Liquidated Damages. If Supplier fails to deliver the Deliverables [***]

6. WARRANTIES; INSPECTION AND ACCEPTANCE

[***]

7. INTELLECTUAL PROPERTY RIGHTS

[***]

8. PROPRIETARY INFORMATION

A. Unless the Receiving Party has received the Disclosing Party's express written consent to the contrary, and except for rights granted under Article 7 (Intellectual Property Rights), the Receiving Party shall:

1. use the Proprietary Information solely for the purposes of performing its obligations under this Agreement (it being understood and agreed that either Party may not use the other Party's Proprietary Information for other purposes including, without limitation, designing, manufacturing, selling, servicing or repairing equipment for entities other than itself or its Affiliates; providing services to other entities; or obtaining any government or third-party approvals to do any of the foregoing);

2. safeguard the Proprietary Information to prevent its disclosure to or use by third parties;

3. except as provided in subsection (B) below, not disclose the Proprietary Information to any third party; and

4. not reverse engineer, disassemble, or decompile the Proprietary Information.

B. The Receiving Party may disclose the Disclosing Party's Proprietary Information to the Receiving Party's officers, directors, employees, contract workers, consultants, agents, Affiliates, Subcontractors, or Vendors who have a need to know such Proprietary Information for the purposes of performing the Receiving Party's obligations under this Agreement and who have a binding written or ethical obligation to treat such information in a manner consistent with the terms of this Article 8 (Proprietary Information).

C. This Article shall not restrict the Receiving Party from using or disclosing any information that, as proven by written contemporaneous records kept in the ordinary course of business: (i) is or may hereafter be in the public domain through no improper act or omission of the Receiving Party or a third party; (ii) is received by the Receiving Party without restriction as to disclosure from a third party having a right to disclose it; (iii) was known to the Receiving Party on a non-confidential basis prior to the disclosure by the Disclosing Party; or (iv) was independently developed by employees of the Receiving Party who did not have access to any of the Disclosing Party's Proprietary Information.

D. If Proprietary Information is required to be disclosed pursuant to judicial process, the Receiving Party shall promptly provide notice of such process to the Disclosing Party and, upon request and at the Disclosing Party's expense, shall fully cooperate with the Disclosing Party in seeking a protective order or otherwise contesting such a disclosure. Disclosure of such requested Proprietary Information shall not be deemed a breach of this Article 8 (Proprietary Information.

E. Obligations in this Article 8 (Proprietary Information) regarding Proprietary Information shall continue until such time as all Proprietary Information is publicly known and generally available through no improper act or omission of a Party or any third party. This Article 8 (Proprietary Information) shall survive termination or expiration of the Agreement.

F. Unless required otherwise by law, the Receiving Party shall promptly return, or otherwise destroy, Proprietary Information as the Disclosing Party may direct. Absent contrary instructions, the Receiving Party shall destroy all Proprietary Information one (1) year after termination or expiration of the Agreement. The Receiving Party may retain one copy for its archival records and dispute resolution purposes. Notwithstanding this Paragraph F, the Receiving Party shall not be obligated to return or destroy Proprietary Information of that is stored on the Receiving Party's normal computer backup system, provided that the Receiving Party does not have routine access to such Proprietary Information and that the restrictions under this Article 8 (Proprietary Information) shall continue to apply for so long as such Proprietary Information is retained by the Receiving Party.

G. Except for Supplier Proprietary Information, Background Intellectual Property

and third-party Intellectual Property, Supplier agrees to cause any Deliverables delivered by Supplier regardless of form (including, for example, electronic, magnetic and optical media), containing or derived in whole or in part from Proprietary Information to bear the following legend:

This document contains the property of Virgin Galactic, LLC. You may not possess, use, copy or disclose this document or any information in it for any purpose without express written permission from Virgin Galactic.

H. Without obtaining the owning party's written consent, the other party shall make no further use, either directly or indirectly for any third parties, of any data or any information derived from any Proprietary Information.

I. If Buyer furnishes sample products, equipment, or other objects or material to Supplier, the items so received shall be used and the information obtained from said items shall be treated as if they were Buyer's Proprietary Information.

9. ON-SITE AND REMOTE SUPPORT

A. During the Term, Supplier shall provide the following for a reasonable number ([***]) of Buyer personnel designated by Buyer to perform work at Supplier facilities, as well as Buyer personnel temporarily visiting Supplier facilities from time to time:

1. space sufficient to permit the designated Buyer personnel to collaborate effectively with their counterparts at Supplier;

2. access for the designated Buyer personnel to enter and exit any Supplier facility during normal business hours where work is being performed under the Agreement;

3. permission and support for the designated Buyer personnel to use electronic equipment, including phones and laptops, required for them to perform necessary tasks; and

4. access to Supplier information technology resources and applications necessary for Buyer to perform its Design Authority responsibilities, as defined in Exhibit C (Governance).

B. All of the above must be provided to Buyer's reasonable satisfaction.

C. Buyer's access shall not unduly delay Supplier's performance.

10. KEY PERSONNEL

A. Task Orders may designate Key Personnel of the Parties. Either Party may replace its Key Personnel after notifying the other Party of the change. The Parties will endeavor to minimize any adverse impact of replacement through

communication and coordination. To the extent reasonably practicable, Supplier shall provide advance notice to Buyer of any transfer, replacement, or termination of Key Personnel and shall provide Buyer with a written mitigation plan describing the efforts Supplier will take to reduce the impact of such action.

11. BUYER-FURNISHED PROPERTY

A. Buyer will provide "Buyer-Furnished Property" (as further described in this Article 11 (Buyer-Furnished Property)) identified in Task Orders to Supplier for Supplier's use in the performance of Task Orders under this Agreement. Buyer's failure to provide Buyer-Furnished Property in useable condition by the dates requested by Supplier may adversely impact Supplier's cost and performance of Task Orders and such impact shall result in an equitable adjustment to price and/or schedule, as applicable. Supplier shall only use Buyer-Furnished Property in the performance of work under this Agreement unless alternate use is authorized in writing by Buyer.

B. Buyer-Furnished Property may take various forms, including (i) data; (ii) material to be consumed in the manufacture of components, sub-assemblies, or assemblies; (iii) material or equipment incorporated in a component, sub-assembly, or assembly; (iv) tooling, equipment, and facilities used in the manufacture, assembly, integration, or test of a component, sub-assembly, or assembly; and (v) a Deliverable previously provided by Supplier under the same or different Task Order.

C. Supplier shall preserve any markings Buyer may have affixed identifying the Buyer-Furnished Property as owned by Buyer. Supplier will ensure Buyer's title to such property remains free and clear of encumbrances.

D. Supplier shall manage all consumable material, equipment, and tooling furnished by Buyer, and such management shall be in accordance Exhibit F (Property Management System Plan).

E. Supplier shall, at its sole discretion, be responsible for the cost of repairing, replacing, or reimbursing Buyer for the value of Buyer-Furnished Property lost or damaged due to Supplier' negligence or misconduct while in its custody and under its control excluding normal wear and tear. For purposes of calculating value in the preceding sentence, (i) for new Buyer-Furnished Property, the replacement value will be used, which is computed using the current cost of the item; and (ii) for used Buyer-Furnished Property, the net book value will be used, which is computed using the original cost of the item less accumulated depreciation. Buyer shall be responsible for the cost of scheduled maintenance, including calibration, of all Buyer-Furnished Property provided for Supplier' use.

F. Buyer shall be responsible for informing Supplier of safety issues or concerns with normal use or operation of the Buyer-Furnished Property, including providing Material Safety Data Sheets for material and proper instruction for the use of

equipment. Supplier is responsible for ensuring its personnel using the Buyer-Furnished Property have the knowledge and skill to do so in a safe and professional manner. Supplier is responsible for personal injuries and property damage which may arise from Supplier' use of the Buyer-Furnished Property to the extent such personal injury or property damage is the result of negligence or misconduct of Supplier.

G. A list of consumable material, equipment, and tooling previously furnished by Buyer to Supplier and under Supplier control is provided in Exhibit G (Inventory of Buyer-Furnished Property, Consumable Material and Tooling). Supplier shall maintain an updated list reflecting any additions, deletions and change in location. Supplier shall provide a copy upon request of the Buyer Authorized Representative.

12. SUPPLIERS AND SUBCONTRACTORS

A. Supplier will manage Vendors in accordance with Supplier's existing supplier management procedures that are generally applicable to Supplier's supplier base and as revised by Supplier from time to time, which will be shared with Buyer per Exhibit C (Governance).

B. Supplier will manage Subcontractors in accordance with Exhibit H (Subcontract Management Plan). Supplier will ensure that its subcontracts incorporate Buyer's requirements set forth in or incorporated by this Agreement and any Task Order. Supplier is responsible for any failure of performance by its Subcontractors.

C. Supplier will provide written notification in advance of engaging any Subcontractor to perform work under this Agreement. Supplier must obtain written approval to enter into any Subcontract with an aggregate value, inclusive of work under all Task Orders, exceeding [***] ($[***]). Separate advance notification and approval is not required for each Task Order. That is, once Buyer has been notified and, if required, approved, a Subcontractor may be used on any Task Order.

D. A list of Subcontractors for which Supplier has provided notification and to which Buyer has approved is provided in Exhibit I (List of Subcontractors). Supplier will maintain an updated list throughout the Term of this Agreement and provide a copy upon request by the Buyer Authorized Representative.

13. INDEMNIFICATION; LIMITATION OF LIABILITY; RECIPROCAL WAIVER OF CLAIMS

A. Indemnification
[***]

B. Limitation of Liability.
[***]

C. Reciprocal Waiver of Claims.

1. This Agreement is subject to the Regulations. In the event of a conflict between a provision in this Agreement and the Regulations, the provisions of this Agreement shall control to the extent permitted by law. Terms not defined herein shall have the meaning ascribed to them in the Regulations.

2. Pursuant to § 440.17 of the Regulations, and except in cases of willful misconduct by Supplier, Buyer agrees to waive and release claims it may have against Supplier, each of Buyer's customers, the United States of America, and against any of their respective contractors and subcontractors, for (i) property damage Buyer sustains, and (ii) bodily injury or property damage sustained by Buyer's own employees, resulting in either the case of (i) or (ii) from Licensed Activities, regardless of fault.

3. Pursuant to § 440.17 of the Regulations, and except in cases of willful misconduct by Buyer, Supplier agrees to waive, and release claims it may have against Buyer, each of Buyer's customers and the United States of America, and against any of their respective contractors and subcontractors, for (i) property damage Supplier sustains, and (ii) bodily injury or property damage sustained by Supplier's own employees, resulting in either the case of (i) or (ii) from Licensed Activities, regardless of fault.

4. Each Party shall be responsible for property damage it sustains and for bodily injury or property damage sustained by its own employees, resulting from Licensed Activities. Each Party, except as otherwise provided herein, further agrees to hold harmless and indemnify the other Party for bodily injury or property damage sustained by its own employees when resulting from Licensed Activities, regardless of fault.

5. Buyer and Supplier shall extend the waiver and release of claims terms herein to their respective contractors and subcontractors involved in Licensed Activities requiring them to waive in writing the right to sue or otherwise bring claims against the other party or its Related Third Parties for any property damage or bodily injury sustained by them or any of their employees, officers, directors or agents arising out of Licensed Activities. Each Party agrees to indemnify the other, each of Buyer's customers, the United States of America, and against any of their respective contractors and subcontractors from any and every liability, claim of liability, allegation, judgment, cost, expense, reasonable attorneys' fee, loss or damage raised by the Party's contractors and subcontractors for failure to implement the waivers and releases of claims herein.

6. The foregoing waiver, release of claims and indemnification terms are limited to the causes of action enumerated in this Section. They are not intended, and shall not be construed, to include any other acts or events giving rise to a

waiver, release or an indemnification claim. Without limiting the preceding sentence, neither Party shall be liable to the other Party for any partial or total destruction, loss or impairment of intangible property, including any patent, copyright, trademark, trade secret, trade dress, industrial design right, brand equity, data, information, cash, stock, bond, promissory note, or debt instrument.

7. Supplier shall incorporate this Section in each lower-tier subcontract placed in support of this Order.

8. Supplier shall execute any agreement advised or required by applicable U.S. regulatory authorities, including, without limitation, the FAA, memorializing the rights, responsibilities and obligations contained in this section.

14. INSURANCE

A. Without limiting Supplier's duty to hold harmless and indemnify hereunder, Supplier agrees to secure and to carry, as a minimum, the following insurance with respect to all work to be performed under this Agreement for the duration of the Agreement: (i) workers' compensation insurance in an amount sufficient by virtue of the laws of the United States, any U.S. state, or any foreign country in which the work or any portion of the work is performed and employer's liability insurance in the minimum amount of $[***] for any one occurrence; (ii) commercial general liability insurance including premises liability and contractual liability, in which the limit of liability for property damage and bodily injuries, including accidental death, shall be at a minimum, a combined single limit of $[***] for any one occurrence; (iii) if Supplier vehicles are used on Buyer's premises and/or used to accomplish work under the Agreement or otherwise on behalf of Buyer, automobile liability insurance in which the limit of liability for property damage and bodily injuries, including accidental death, shall be a combined single limit of $[***] for any one occurrence; (iv) if Supplier or its subcontractors have Buyer's materials or equipment in its care, custody or control, Supplier shall have and maintain all-risk property insurance in an amount sufficient to meet or exceed the value of such material;) professional liability insurance with a limit of no less than $[***].

B. Supplier shall maintain aircraft product liability, completed operations liability and hangar keepers liability insurance coverage in a minimum amount of combined single limit of $[***] for any one occurrence. In the event Supplier carries higher limits of liability, the higher limits of liability must be certified to Buyer. Such insurance shall remain in effect for two (2) years after the expiration or termination of the Agreement.

C. All such insurance shall be issued by companies that have an AM Best financial rating of A- or better or an equivalent rating as produced by another rating agency acceptable to Buyer. Supplier shall provide Buyer and any requesting government authority with a certificate of insurance evidencing that the required minimum

coverages are in effect and that Buyer, its directors, officers, employees, agents and representatives are named as additional insureds, provide a waiver of subrogation clause in favor of the additional insureds, and provide that all coverage provided by the Supplier shall be primary. If Supplier fails to procure or maintain in force the insurance specified herein, Buyer may secure such insurance and the cost thereof shall be borne by Supplier. Supplier's insurance hereunder shall operate independently and apart from any obligations imposed upon Supplier under the indemnity provisions herein.

D. If required by the FAA by virtue of the Regulations, Buyer agrees to secure and to carry liability insurance in an amount required. Buyer agrees to add Supplier involved in Licensed activities as named insureds to this coverage herein.

15. SAFETY

A. Supplier understands and represents that it is responsible for and is and shall remain compliant with any OSHA, federal, state, and/or municipal standards and/or requirements which may apply to the work to be performed under this Agreement.

B. COVID-19 Compliance

1. Prior to assigning personnel to perform services for Buyer on-site at a Buyer facility, Supplier shall complete the COVID-19 survey to be provided by Buyer. Supplier agrees to update, as necessary, the information provided in the COVID-19 survey each time any new Supplier personnel will be working on-site at any of Buyer facilities.

2. While Supplier personnel perform work on-site at a Buyer facility, they will be required to abide by Buyer's safety policies and procedures, including those for COVID-19.

16. COMPLIANCE WITH LAWS; EXPORT

A. Supplier shall comply with all applicable national, state, provincial, and local laws, ordinances, rules, and regulations applicable to the performance of work under this Agreement, including but not limited to, those pertaining to U.S. export controls.

B. Each Party shall, at the earliest practicable time, notify in writing to the other Party if it is suspended, debarred, or proposed for suspension or debarment from doing business with the U.S. Government. Without limiting the generality of subsection (A) above, each Party shall comply with the most current export control and sanctions laws, regulations, and orders applicable at the time of the export, re-export, transfer, disclosure or provision of any goods, software, technology or services relating to the Agreement and any Statement of Work, including without limitation the (i) Export Administration Regulations ("EAR") administered by the Bureau of Industry and Security, U.S. Department of Commerce, 15 C.F.R. parts 730-774; (ii) International Traffic in Arms

Regulations ("ITAR") administered by the Directorate of Defense Trade Controls, U.S. Department of State, 22 C.F.R. parts 120-130; (iii) Foreign Assets Control Regulations and associated Executive Orders administered by the Office of Foreign Assets Control, U.S. Department of the Treasury, 31 C.F.R. parts 500-598; and laws and regulations of other countries.

C. The Parties expressly acknowledge that information and/or documents disclosed hereunder, including but not limited to Deliverables or Proprietary Information, may be technical data subject to export control laws and regulations, and that compliance with the appropriate government regulations may be necessary to obtain required approvals before disclosing such information and/or documents to foreign persons, businesses, or governments.

D. UNLESS OTHERWISE PERMITTED UNDER U.S. EXPORT REGULATIONS, ONLY U.S. PERSONS AS DEFINED HEREIN SHALL BE PERMITTED TO RECEIVE CONFIDENTIAL OR EXPORT CONTROLLED INFORMATION. The term "U.S. Person" means any natural person who is a lawful permanent resident as defined by 8 U.S.C. § 1101(a)(20) or who is a protected individual (i.e., lawful permanent resident, refugee, or asylee) as defined by 8 U.S.C. § 1324b(a)(3). "U.S. Person" also means any corporation, business association, partnership, society, trust, or other entity or group that is incorporated to do business in the United States. "U.S. Person" also includes any United States governmental (federal, state, or local) entity.

E. NO PROPRIETARY INFORMATION OR EXPORT CONTROLLED INFORMATION SHALL BE TRANSFERRED OR RE-TRANSFERRED BY EITHER PARTY TO THE OTHER UNLESS IN FULL COMPLIANCE WITH THE EXPORT CONTROL LAWS AND REGULATIONS OF THE TRANSFERRING PARTY'S GOVERNMENT AND COUNTRY.

F. In the event Supplier employs foreign persons and/or dual or third country nationals, Supplier shall ensure all disclosures to such employees are in compliance with U.S. export laws and regulations, including but not limited to ITAR (22 C.F.R. § 120 et seq.) and EAR (15 C.F.R. §§ 730-774), including the requirement for obtaining any export license, if applicable. Without limiting the foregoing, Supplier agrees that it will not transfer any export-controlled item, data, information, or services to foreign persons (including foreign persons employed by, associated with, or under contract to Supplier) without the authority of an applicable export license or license exemption. Supplier shall obtain the written consent of Buyer prior to submitting any request for authority to export such information.

G. In the event Supplier is granted permission in writing to disclose Buyer's Proprietary Information or Export Controlled Information to a third party in accordance with this Agreement, Supplier shall ensure compliance with U.S. export control laws and regulations prior to said disclosure.

H. Supplier represents and warrants that the Deliverables and any substances contained therein are not prohibited or restricted by, and are supplied in compliance with, any laws or regulations of the U.S., and that nothing prevents the sale or transport of the Deliverables or substances in the Deliverables in the United States and that all such Deliverables and substances are appropriately labeled, if labeling is required.

I. The following provision is applicable when (i) Supplier is designing new parts for Buyer, (ii) Supplier is developing new specifications for Buyer, or (iii) Supplier is creating new work instructions, assembly instructions, repair instructions or required processes for Buyer:

a. Supplier shall submit to Buyer's procurement representative a written report of Materials of Concern ("MOC") (as defined by Buyer's design requirements, specifications, or similar requirements supplied by Buyer) that are used in the production of, or are in, products that are the subject of the design, development, or processing efforts.

b. The MOC Report shall be submitted in the format specified by Buyer prior to Buyer's preliminary design review and again prior to Buyer's critical design review (or, if there are no such reviews, concurrent with Supplier's submission of the applicable drawings, specifications and/or instructions).

c. The MOC Report shall give full details regarding the intended use of any MOC.

d. Supplier shall cooperate with Buyer to consider other alternative materials as discussed at design reviews.

17. EXCUSEABLE DELAY

A. Supplier will not be liable for any delays in providing Deliverables when that delay is not reasonably foreseeable and is caused by: (i) acts of God; (ii) war, armed hostilities, or civil unrest; (iii) government acts or priorities; (iv) fires, floods, or earthquakes; (v) strikes or labor troubles causing cessation, slowdown, or interruption of work; (vi) epidemics or pandemics; and (vii) any other cause to the extent such cause is beyond Supplier's or its first-tier suppliers' control and not occasioned by Supplier's or its first-tier suppliers' fault or negligence or failure to reasonably exercise prudent supply-chain management practices. A delay resulting from any such cause is defined as an Excusable Delay and the date for completion of Supplier's performance will be equitably extended, reduced, or terminated.

18. TERMINATION

A. Termination for Default

1. Buyer may, by written notice to Supplier, cancel all or part of this Agreement,

which, for the avoidance of doubt, includes any Task Order(s), if either (i) Supplier fails to deliver a Deliverable within the time specified by the applicable Task Order or any written extension; or (ii) Supplier fails to perform any other provision of this Agreement or fails to make progress, so as to endanger performance of this Agreement; and, in either of these two circumstances, does not diligently commence efforts to cure the failure within [***] days after receipt of notice from Buyer specifying the failure; or (iii) in the event of Supplier's suspension of business, insolvency, appointment of a receiver for Supplier's property or business, or any assignment, reorganization or arrangement by Supplier for the benefit of its creditors. Each of these circumstances shall be deemed a "default" under this Agreement by Supplier.

2. Supplier shall continue work not terminated by Buyer, if any. If Buyer terminates under this Section, Supplier will be liable to Buyer for any and all excess re-procurement costs, re-qualification costs, and other non-recurring costs.

3. Buyer may require Supplier to transfer title and to deliver to Buyer, as directed by Buyer, any (i) completed Deliverables, and (ii) any partially completed Deliverables and materials, parts, tooling and test equipment, dies, jigs, fixtures, plans, drawings, information and contract rights (collectively, "Manufacturing Materials") (iii) all information, data, know-how and other Intellectual Property, including proprietary and manufacturing information, utilized by Supplier in performing under a terminated Task Order; (iv) provide technical and transition assistance; and provide to Buyer a worldwide, non-exclusive, paid-up, irrevocable, license, with the right to grant sublicenses, to Supplier's information, data, know-how, and other Intellectual Property, including proprietary and manufacturing information, to the extent necessary, to enable Buyer to make, have made, use, sell and license the Deliverables.

4. If, after termination by Buyer, it is determined by a court of competent jurisdiction that Supplier was not in default, the rights and remedies of the Parties shall be as if the Order had been terminated according to the "Termination for Convenience" Section herein.

B. Termination for Convenience

1. Buyer may terminate part or all of this Agreement, which, for the avoidance of doubt, includes any Task Order, for its convenience by giving a [***] written notice of termination to Supplier.

2. Upon termination, in accordance with Buyer's written direction, Supplier will immediately: (i) cease work and place no further subcontracts or orders for materials, services, or facilities, except as necessary to complete the continued portion of any Task Orders not terminated; (ii) prepare and submit to Buyer an itemization of all completed and partially completed Deliverables; (iii) deliver to Buyer any and all Deliverables completed up to the date of termination at the

pre-termination price; and (iv) if requested by Buyer, deliver any work-in-process.

3. In the event Buyer terminates for its convenience after performance has commenced, Buyer will compensate Supplier for the actual, allowable, and reasonable costs and expenses incurred by Supplier and a reasonable profit for work in process up to and including the date of termination, provided that Supplier uses reasonable efforts to mitigate Buyer's liability for such expenses and provides reasonable documentation of such expenses to Buyer upon Buyer's request.

4. Buyer shall not be liable to Supplier for costs or damages other than as described above, and in no event for lost or anticipated profits, or unabsorbed indirect costs or overhead, or for any sum in excess of the price allocated to the portion of the Agreement terminated. Supplier's termination claim shall be submitted to Buyer within [***] days from the effective date of the termination.

5. If Buyer terminates only part of the Task Order, Supplier shall continue all work not terminated.

C. Other Termination Terms.

1. Buyer may terminate this Master Agreement and any outstanding Task Orders (in whole and collectively only), effective upon written notice to Supplier, if Supplier becomes subject to a change of control and the new owner of Supplier either (i) is a direct competitor to the primary business of Buyer, or fails, within sixty (60) days after the consummation of the transaction that results in the change of control, to provide reasonable assurances to Buyer that Supplier's new owner has the financial and technical capabilities to perform the Supplier's obligations under the Agreement. For purposes of this Paragraph C of this Article 18 (Termination), a change in control is deemed to have occurred if there is a change in the beneficial ownership, directly or indirectly, of fifty (50%) or more of the ownership interests in Supplier.

19. PUBLICITY

A. Neither Party shall make or authorize any press release, advertisement, or other disclosure that relates to this Agreement or the relationship between the Parties or makes use of the other Party's name or logo, without the prior written consent of the other Party. The Parties shall coordinate a mutually acceptable press release to announce the execution of this Agreement.

20. NON-SOLICITATION

A. The Parties agree that during the term of this Agreement, neither a Party nor any of its Affiliates or representatives shall directly or indirectly, for itself or on behalf of another person or entity solicit for employment or otherwise induce, influence, or encourage to terminate employment with the other Party or any of its Affiliates

or employ or engage as an independent contractor any of the other Party's current employees who are performing on under this Agreement, or any of its Affiliates or subsidiaries (each, a "Covered Employee"), except pursuant to a general solicitation through the media that is not directed specifically to any Covered Employee, unless such general solicitation is undertaken as a means to circumvent the restrictions contained in, or conceal a violation of, this provision.

21. NOTICES

A. All notices, requests, demands and other communications shall be given in writing and shall be: (i) personally delivered; (ii) sent by electronic mail or other electronic means of transmitting written documents; or (iii) sent to the Parties at their respective addresses indicated in the introductory paragraph of this Agreement by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier service. The respective electronic mail addresses to be used for all notices, demands or requests are as follows:

If to Buyer, to:
Attention: Legal Department
Email: [***]
or to any other person or address as Buyer shall furnish to Supplier in writing; and

If to Supplier, to:
Attention: [***]
Email: [***]
with a copy to:
Attention: [***]
Email: [***]
or to any other person or address as Supplier shall designate.

B. If personally delivered, the communication shall be deemed delivered upon actual receipt; if electronically transmitted pursuant to this Paragraph B of this Article 21 (Notices), the communication shall be deemed delivered the next business day after transmission (and sender shall bear the burden to prove delivery); if sent by overnight courier pursuant to this Paragraph B of this Article 21 (Notices), the communication shall be deemed delivered upon receipt; and if sent by U.S. mail pursuant to this Paragraph B of this Article 21 (Notices), the communication shall be deemed delivered as of the delivery date indicated on the receipt issued by the relevant postal service, or, if the addressee fails or refuses to accept delivery, as of the date of the failure or refusal. Any Party to this Agreement may change its address for Agreement purposes by giving notice in accordance with this Paragraph B to this Article 21 (Notices).

22. AUTHORIZED REPRESENTATIVES

A. Authorized Contractual Representatives (authorized to commit their respective companies contractually):

[***]

B. Authorized Technical Representatives (not authorized to commit their companies contractually):

[***]

C. Either Party may add or replace Authorized Representatives by providing written notification from one of its designated Authorized Contractual Representatives to a designated Authorized Contractual Representative of the other Party.

23. CHANGES

A. Changes to the terms and conditions of this Master Agreement, including any Attachment, may only be made by mutual agreement of Authorized Contractual Representatives of Buyer and Supplier designated in Paragraph A of Article 22 (Authorized Representatives). Such Changes shall be reduced to writing in the form of and be referred to as an "Amendment" to this Agreement. Exceptions to this requirement are updates to the following Exhibits in accordance with other provisions of this Master Agreement:

1. Exhibit E (Background IP Schedule)

2. Exhibit G (Inventory of Buyer-Furnished Property, Consumable Material and Tooling)

3. Exhibit I (List of Subcontractors)

B. Changes to the terms and conditions of any Task Order, including any change to the Statement of Work, may only be made by mutual agreement of Authorized Contractual Representatives of Buyer and Supplier designated in Paragraph A of Article 22 (Authorized Representative). Such Changes shall be reduced to writing in the form of and be referred to as a "Modification" to that Task Order.

C. Notwithstanding any disagreement between the Parties regarding the impact of a Change, Supplier will proceed diligently with its performance of the unchanged work pursuant to the pending resolution of the disagreement.

D. [***]

24. ASSIGNMENT

A. Either Party may assign this Agreement only with the prior written consent of the other Party, and any assignment of the Agreement, in whole or in part, without the other Party's prior written consent shall be null and void and shall constitute a material breach of the Agreement. Notwithstanding the foregoing, either Party may assign this Agreement to an Affiliate without the other Party's consent, or to a successor in interest who purchases all or substantially all of a Party's stock or assets.

25. RELATIONSHIP OF THE PARTIES

A. The relationship between Supplier and Buyer will be that of independent contractors and not that of principal and agent, nor that of legal partners. Neither Party will represent itself as the agent or legal partner of the other Party nor perform any action that might result in other persons believing that it has authority to contract in any way to enter into commitments on behalf of the other.

26. GOVERNING LAW AND DISPUTES

A. This Agreement shall be interpreted in accordance with the plain English meaning of its terms and the construction thereof shall be governed by the laws in force in the State of California, U.S., without regard to any conflicts of law or choice of law principles of any jurisdiction.

B. The provisions of the United Nations Convention on Contracts for the International Sale of Goods, Vienna, 11 April 1980, S.Treaty Document Number 98-9 (1984), UN Document Number A/CONF 97/19, 1489 UNTS 3, shall not apply.

C. The Parties shall attempt to settle any dispute arising out of this Agreement amicably through conciliation. If unsuccessful after good faith attempts, either Party may seek remedy or relief in a court of competent jurisdiction subject to governing law provision of Paragraph A of this Article 26 (Governing Law and Disputes).

D. Pending final resolution of any dispute, Supplier shall proceed with performance of the Agreement according to Buyer's instructions so long as Buyer continues to pay amounts not in dispute.

27. INTERPRETATION AND CONSTRUCTION

A. This Agreement shall be interpreted as a unified contractual document with all provisions having equal effect.

B. If any provision of this Agreement shall be determined to be invalid or unenforceable under any applicable law, such provision shall be ineffective only to the extent of such prohibition or unenforceability. The remaining provisions shall be given effect in accordance with their terms.

28. SURVIVAL

A. All obligations, and duties hereunder, which by their nature or by their express terms extend beyond the expiration or termination of this Agreement, including but not limited to warranties, indemnifications, insurance, non-solicitation, publicity, and intellectual property (including rights to and protection of intellectual property and proprietary information) shall survive the expiration or termination of this Agreement.

29. REMEDIES; NO WAIVER

A. The rights and remedies set forth herein are cumulative and in addition to any other rights or remedies that the Parties may have at law or in equity. Neither Buyer's or Supplier's failure to insist on performance of any of the terms or conditions herein, or to exercise any rights of privileges, or either Buyer's or Supplier's waiver of any breach hereunder, shall not thereafter waive any such terms, conditions or privileges or any other terms, conditions, or privileges whether of the same of similar type.

30. ORDER OF PRECEDENCE

A. All documents and provisions in this Agreement shall be read so as to be consistent to the fullest extent possible. In the event of a conflict or inconsistency between the documents or provisions as incorporated into or attached to the Agreement, the documents or provisions shall prevail in the order listed below, with the first document or provision listed having the highest precedence:

a. Task Orders, in reverse chronological order, including Attachments other than the SOWs
b. Master Agreement
c. Master Agreement Exhibits in the following order:
    i. Exhibit A (Definitions)
    ii. Exhibit C (Governance)
    iii. Exhibit D (Responsibility Matrix)
    iv. Exhibit E (Background IP Schedule)
    v. Exhibit F (Property Management System Plan)
    vi. Exhibit H (Subcontract Management Plan)
    vii. Exhibit C-1 (Governing Documents)
    viii. Exhibit G (Inventory of Buyer-Furnished Property, Consumable Material and Tooling)
    ix. Exhibit I (List of Subcontractors)
    x. Exhibit J (Task Order Form)
d. Task Order SOWs
e. Master Agreement Exhibit B (Program Overview)
f. Purchase order

31. ENTIRE AGREEMENT

A. The terms and conditions of this Agreement constitute the entire agreement between the Parties hereto and shall supersede all previous communications, representations, or agreements, either oral or written between the Parties hereto with respect to the subject matter hereof. Any terms and conditions proposed in Buyer's Purchase Orders or Supplier's acceptance or acknowledgment of such, invoice, or other form in which Buyer or Supplier adds to, varies from, or conflicts with the terms herein are hereby rejected.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

QARBON AEROSPACE (FOUNDATION), LLC

By: /s/ Priscilla Camanho

Typed Name: Priscilla Camanho

Title: Contracts Manager

VIRGIN GALACTIC, LLC

By: /s/ Michael Colglazier

Typed Name: Michael Colglazier

Title: Chief Executive Officer

EXHIBIT A
DEFINITIONS

The following terms will have the meanings described below.

1. "Acceptance" has the meaning set forth in Article 2 (Structure of Agreement) of the Master Agreement.

2. "Affiliate" means any entity other than the Parties that directly or indirectly controls, is controlled by, or under common control with such entity.

3. "Agreement" means this Master Agreement, including exhibits, attachments, change notices, supplements, amendments, or modifications thereto, except where the context indicates that a particular document is being referred. The definition of Agreement also includes all Task Orders, including exhibits, attachments, change notices, supplements, amendments, or modifications thereto.

4. "Approval" has the meaning set forth in Article 2 (Structure of Agreement) of the Master Agreement.

5. "Background Intellectual Property" means [***]

6. "Buyer" means Virgin Galactic, LLC or any Affiliate of Virgin Galactic and any successor or assignee of Buyer.

7. "Buyer-Furnished Property" has the meaning set forth in Article 11 (Buyer-Furnished Property) of the Master Agreement.

8. "Change" has the meaning set forth in Article 23 (Changes) based upon the usage. A Change or Changes may be made to the Master Agreement and documented in the form of an Amendment. A Change or Changes may be made to a Task Order and documented in the form of a Modification.

9. "Charges" means any amount invoiceable by Supplier to Buyer under a Task Order.

10. "Covered Employee" has the meaning set forth in Article 20 (Non-Solicitation) of the Master Agreement.

11. "Deliverable" means a tangible work product, including in electronic form, provided by Supplier to Buyer specified in a Task Order. All Deliverables are explicitly identified in the applicable Task Order.

12. "Design Authority" means the exercise by Buyer of its role as approver and final authority over the design of the space tourism vehicle with ultimate responsibility

for the design, whether created by Buyer or a third party (including Supplier) on behalf of Buyer.

13. "Disclosing Party" means the Party that discloses Proprietary Information to the Receiving Party.

14. "Effective Date" has the meaning set forth in the first paragraph of the Master Agreement.

15. "Fixed Price Task Order" or "FP Task Order" means any Task Order in which the Charges are based on a fixed price agreed to by the Parties.

16. "Foreground Intellectual Property" means [***]

17. "Hardware Items" means a physical component, part, subassembly, or assembly made by Supplier or Supplier's Subcontractors and incorporated into a Deliverable.

18. "Intellectual Property" means [***]

19. "Key Personnel" means the personnel designated as such in each Task Order.

20. "Licensed Activity" means the launch of a launch vehicle or the re-entry of a re-entry vehicle conducted under a license issued by the U.S. Federal Aviation Administration.

21. "Master Agreement" means this agreement, including exhibits, attachments, change notices, supplements, amendments, or modifications thereto, except where the context indicates that a particular document is being referred, but not including any Task Orders.

22. "NTE" or "Not To Exceed" is the dollar amount established in each Task Order above which Supplier is not permitted to invoice Buyer for Charges. The NTE amount may be adjusted by mutual agreement of the Parties.

23. "Parties" or "Party" has the meaning set forth in the first paragraph of the Master Agreement.

24. "Payment Milestone Schedules" has the meaning set forth in Article 4 (Payments) of the Master Agreement.

25. "Proprietary Information" means all information, knowledge or data (including without limitation financial, business, and product strategy information; product specifications; product designs; procedures; studies; tests; and reports) in written, electronic, tangible, oral, visual or other form, disclosed by, related to, or obtained from, Buyer or Supplier or either of their Affiliates.

26. "Receiving Party" means that Party that receives Proprietary Information from the Disclosing Party.

27. "Related Third Parties" means: (a) such Party's directors, officers, employees and agents; (b) such Party's Affiliates and their directors, officers, employees and agents; (c) such Party's contractors, subcontractors, and customers, and any of their contractors and subcontractors involved in Licensed Activities; and (d) any party with a financial interest in that Party. The Parties shall not be considered Related Third Parties to each other.

28. "Regulations" means the Commercial Space Transportation Regulations, 14 C.F.R. Parts 400-460 issued pursuant to the Commercial Space Launch Act, as amended, 51 U.S.C. § 50901 et seq., and any successor rules or regulations thereto.

29. "Services" means the effort to be performed by Supplier hereunder, as specifically described in a Task Order.

30. "Statement of Work" or "SOW" shall mean the requirements set forth in Attachment 1 of each Task Order.

31. "Subcontractor" means an entity, other than an Affiliate of Supplier, with which Supplier enters into an agreement to perform a portion of Supplier's obligations under this Agreement. Subcontractors typically accomplish a defined statement of work requiring the application of engineering capabilities to generate deliverables to Supplier which Supplier will use in preparing Supplier's Deliverables to Buyer. Subcontractors may also be engaged to design, manufacture, integrate, and/or test highly customized parts, subassemblies, or assemblies Supplier will incorporate into a Deliverable.

32. "Supplier" means Qarbon Aerospace (Foundation), LLC.

33. "Task Order" has the meaning set forth in Article 2 (Structure of Agreement) of the Master Agreement

34. "Term" means the period of time the Agreement is in effect as defined by Article 3 (Term).

35. "Time and Material Task Order" or "T&M Task Order" means any Task Order in which the Charges are based on hourly-rate labor and non-labor, including but not limited to, materials (with an agreed mark-up) costs incurred by Supplier.

36. "Vendor" means an entity, other than an Affiliate of Supplier or Subcontractor, to which Supplier issues a purchase order for the provision of defined products or services typically made available to other customers under commercial terms. Although some customization may be required, Vendors are generally not required to extensively modify the material, purchased parts, purchased services,

equipment rentals, and other items they make commercially available to Supplier and other customers.

EXHIBIT B
PROGRAM OVERVIEW

EXHIBIT C
GOVERNANCE

EXHIBIT C-1
GOVERNING DOCUMENTS

EXHIBIT D
RESPONSIBILITY MATRIX

EXHIBIT E

BACKGROUND IP SCHEDULE

EXHIBIT F
PROPERTY MANAGEMENT SYSTEM PLAN

EXHIBIT G
INVENTORY OF BUYER-FURNISHED EQUIPMENT, CONSUMABLE MATERIAL AND TOOLING

EXHIBIT H
SUBCONTRACT MANAGEMENT PLAN

EXHIBIT I
LIST OF SUBCONTRACTORS

EXHIBIT J

TASK ORDER FORM

EX 10.27

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

MASTER AGREEMENT

This MASTER AGREEMENT (hereinafter referred to as "Master Agreement") is made as of November 1, 2022 ("Effective Date"), between Bell Textron Inc. (hereinafter "Supplier"), having a place of business at 3255 Bell Flight Blvd., Fort Worth, TX 76118, and Virgin Galactic, LLC (hereinafter "Buyer"), a Delaware limited liability company, having a place of business at 166 N. Roadrunner Parkway, Suite 1C, Las Cruces, NM 88011. Buyer and Supplier are collectively referred to as "Parties" and individually as the "Party".

WHEREAS, Buyer is the designer and the manufacturer of space tourism vehicles;

WHEREAS, Supplier is recognized as a leader in engineering services and manufacturing relating to aerospace systems;

WHEREAS, each Party possesses unique and complementary technical capabilities and know-how relating to aerospace hardware and controls and wish to work together for the design and manufacture of Buyer's "Delta" class spaceships (the "Program");

WHEREAS, the Parties wish to enter into an agreement covering the terms and conditions under which Buyer will purchase, and Supplier will sell, goods and services in support of the Program.

IN CONSIDERATION OF the promises, mutual covenants and agreements herein contained, the Parties hereby agree as follows:

1. DEFINITIONS
   A. When used in this Agreement and any Task Order issued under it, terms shall have the meaning defined in Exhibit A (Definitions). Additional definitions may be provided in other Articles (including, but not limited to, Article (4 (Payments), Article 5 (Incentives), Article 14 (Insurance), and Article 17 (Excusable Delay). Additional definitions may also be provided in Task Orders, but such definitions provided in Task Orders shall only apply to that specific Task Order. To the extent there is a conflict between definitions provided in a Task Order and those set forth in this Agreement, the definition(s) contained in the Task Order shall take precedence over any definitions set forth in this Agreement.

2. STRUCTURE OF AGREEMENT
   A. Supplier will perform the work set forth in multiple task orders (each a "Task Order") to be mutually agreed and executed by the Parties and issued subject to the terms of this Master Agreement. Each Task Order will become effective only upon execution by both Parties. The Task Orders will each contain a Statement of Work setting forth the schedule and Deliverables for such Task Order and additional exhibits or attachments as applicable to the scope of such Task Order. The Task Orders will each also contain the criterion or criteria for Acceptance of

Deliverables. The form of Task Order to be used by the Parties is set forth in Exhibit J (Form of Task Order).

B. Except as otherwise noted below, this Master Agreement contains the following exhibits, each of which is hereby incorporated by reference into the Master Agreement:

1. Exhibit A – Definitions: This Exhibit contains a list of the defined terms used in the Agreement.

2. (To be included in the applicable Task Order) Exhibit B – Program Overview: This Exhibit contains an overview of the objectives and nominal schedule of the Program as of the Effective Date. The Parties acknowledge and agree that the Program Overview may be updated from time to time in accordance with Article 23 (Changes), but that in between such updates, aspects of the Program may be changed in accordance with the procedures set forth in Exhibit C (Governance), such that Exhibit B (Program Overview) may at times become out of date.

3. (To be included in the applicable Task Order) Exhibit C – Governance: This Exhibit contains the plan for managing the Program as between the Parties, including roles, responsibilities, decision-making processes, and periodic reviews. This Exhibit also describes the process by which Buyer will exercise its approval authority ("Approval" or, where used a verb, "Approves") and the process by which Buyer will indicate in writing its acceptance ("Acceptance" or, where used a verb, "Accepts") of Deliverables. Without limiting any other obligations of either Party under the Agreement, the Parties acknowledge and agree that the Program will be managed in accordance with Exhibit C (Governance).

4. (To be included in the applicable Task Order) Exhibit C-1 – Governing Documents: This Exhibit contains a list, brief description, associated lifecycle review (target draft and release), Deliverable status of the Governing Documents (both anticipated and Approved) that Supplier creates and Buyer Approves as the Design Authority. These documents will be used to perform and govern the work as defined within Task Orders.

5. (To be included in the applicable Task Order) Exhibit D – Responsibility Matrix: This Exhibit contains a description of the respective financial and programmatic responsibilities of the Parties relating to their performance obligations under the Agreement, including without limitation a description of any Buyer-Furnished Property to be provided by Buyer.

6. Exhibit E – Reserved

7. (To be included in the applicable Task Order) Exhibit F –Property Management System Plan: This Exhibit identifies the policies and procedures that Supplier will use to manage any equipment, non-consumable material, and/or tooling for each applicable Task Order provided by Buyer for Supplier's use under the Agreement, or as a component to be incorporated into a Deliverable. Exhibit F will be incorporated when an applicable Task Order is entered into by the Parties.

8. (To be included in the applicable Task Order) Exhibit G – Inventory of Buyer-Furnished Property, Non-Consumable Material and Tooling: This Exhibit contains an inventory of any equipment, non-consumable material, and/or tooling provided by Buyer for Supplier's use under the Agreement, or as a component to be incorporated into a Deliverable. Exhibit G will be incorporated when an applicable Task Order is entered into by the Parties.

9. (To be included in the applicable Task Order) Exhibit H – Subcontract Management Plan: This Exhibit identifies the policies and procedures that Supplier will use to manage the effort of any Subcontractor performing work in connection with the Agreement.

10. (To be included in the applicable Task Order) Exhibit I – List of Subcontractors: This Exhibit contains a list of Subcontractors for which Supplier has provided notification and for which Buyer has given its Approval pursuant to Article 12 of this Master Agreement.

11. Exhibit J – Task Order Form: This Exhibit contains an example of an acceptable format to be used for each Task Order, including the relevant exhibits and attachments that should be included in each Task Order.

3. TERM

   A. This Agreement will commence on the Effective Date, and unless earlier terminated in accordance with this Master Agreement or applicable law, will continue in effect until the later of (i) five (5) years or (ii) the completion of all work under any Task Order(s) entered into under this Master Agreement.

4. PAYMENT

   A. For Time and Material Task Orders Only:

      1. Supplier shall submit invoices monthly in arrears no later than the 15th of each month. Payment terms shall be net [***] to be measured from the date that Supplier submits an invoice.

      2. Supplier will invoice and be paid for actual hours charged at labor rates established in the Task Order, and the labor rates contained in each Task Order will be established for the purpose of administering that specific Task

Order only.

3. Supplier will invoice and be paid for actual non-labor costs, including, but not limited to Subcontractors, material, purchased services, rentals, and travel-related expenses, with a mark-up established in the Task Order. This mark up will be established for the purpose of administering that specific Task Order only. and does not signify acceptance by either Party for any other purpose.

4. Invoices will provide the level of visibility requested by Buyer to manage the Task Order. Labor hours will be provided by labor category at the Work Breakdown Structure level appropriate for the size and complexity of the Task Order such that Buyer may monitor actual hours expended relative to plan. Labor hours will not be made available by individual or at a level of detail where the hours of a specific individual are discernible. Charges will be broken down into the following items: Subcontractors, material, purchased services, rentals, and travel. Upon request by Buyer, Supplier will provide further detail on an individual invoice or on an ongoing basis on future invoices to permit Buyer to monitor actual Charges relative to plan.

B. For Fixed Price Task Orders Only:

1. Supplier shall submit invoices upon completion of milestones set forth in the "Payment Milestone Schedules" of any applicable Task Orders. These Payment Milestone Schedules will identify the planned completion date, amount, completion criteria which may be based upon Acceptance of Deliverables or other objective basis of work accomplished, and the amount to be paid. Payment terms shall be net [***] to be measured from the date Supplier submits an invoice.

2. The Parties will establish Payment Milestone Schedules for Task Orders that will enable Supplier to invoice and be paid for work as it progresses during Task Order performance.

C. For All Task Orders

1. Invoices will be sent electronically to: [***].

2. Buyer will make payment to Supplier within [***] calendar days from the date Supplier submits an invoice. All payments shall be in United States Dollars, electronic, and routed to:

All Wires:	Regular or Overnight Mail
[***]	

Remittance advice should be sent to [***] to ensure payment is posted

correctly. Please ensure customer ID is included in all correspondence.

3. Invoices and payments will make reference to or otherwise contain the purchase order or other contract reference number agreed to between the Parties to identify this Master Agreement and the Task Order.

4. Upon two weeks advance notice Supplier shall provide Buyer the right to inspect and audit Supplier's financial books and records pertaining to an applicable Task Order if the Charges under any Task Order are: (i) based on time and materials, (ii) cost-based, or (iii) advance or progress payments based on costs incurred by Supplier. Supplier shall maintain complete records related to all such Task Order until the later of: (i) four (4) years after final payment under the Task Order, (ii) final resolution of any dispute involving Supplier's performance or billing thereunder, (iii) the latest time required by the Task Order, and (iv) the latest time required by applicable laws and regulations. Any reasonable corrective action, resulting from a discrepancy due to a negligent act or omission of Supplier, requested by Buyer following an audit shall be implemented by Supplier at no cost to Buyer.

5. In the event any invoiced amounts not paid within [***] calendar days of submittal, Supplier may, at its sole discretion, suspend performance under this Agreement until the past due amounts are made current under the terms of this Agreement.

6. Unless otherwise stated in a Task Order, all payments, prices, fixed or otherwise, sums are exclusive of any and all sales and use taxes, value added taxes, goods and services taxes, taxes levied upon importation, such as customs duties, excises, or any other taxes ("Taxes") levied in regard of any of the transactions covered by this Agreement. Supplier is solely responsible for invoicing and remitting Taxes as required by applicable law to collect from Buyer under the Agreement to the proper tax authority. Any penalties, fees, or interest charges imposed by a tax authority or other authority as the result of non-payment of Taxes collected by Supplier from Buyer will be Supplier's responsibility. Buyer is responsible for informing and providing supporting information of applicable exemptions. Buyer is not responsible for any Taxes based on Supplier's income, payroll, or gross receipts.

7. The prices listed in Task Orders are in United States (U.S.) Dollars. Prices shall not be subject to economic price adjustment unless specifically permitted in a Task Order.

8. If applicable, when invoicing, Supplier shall, to the extent practical: (i) include amounts of Taxes, or specific fees Supplier is required by applicable law to add-on to the sales price and collect from Buyer or otherwise is legally

due from Buyer and (ii) separately state each of the Taxes.

5. INCENTIVES; LIQUIDATED DAMAGES; CONTINUOUS IMPROVEMENT (CI); COST REDUCTION INITIATIVES (CRI)

[***]

6. WARRANTIES; INSPECTION AND ACCEPTANCE

[***]

7. INTELLECTUAL PROPERTY RIGHTS

[***]

8. PROPRIETARY INFORMATION

A. Exhibit L contains the Proprietary Information Exchange Agreement (PIEA) and applicable amendment(s) as mutually agreed between the Parties which is incorporated by reference herein.

9. ON-SITE AND REMOTE SUPPORT

A. During the Term, Supplier shall provide the following for a reasonable number (to be specified in each applicable Task Order) of Buyer personnel designated by Buyer to perform work at Supplier facilities, as well as Buyer personnel temporarily visiting Supplier facilities from time to time:

1. space sufficient to permit the designated Buyer personnel to collaborate effectively with their counterparts at Supplier;

2. access for the designated Buyer personnel to enter and exit any Supplier facility during normal business hours where work is being performed under the Agreement;

3. permission and support for the designated Buyer personnel to use Virgin Galactic issued electronic equipment, including but not limited to phones and laptops, required for them to perform necessary tasks under the Agreement; and

4. access to Supplier information technology resources and applications necessary for Buyer to perform its Design Authority responsibilities, as defined in Exhibit C (Governance).

B. All of the above must be provided to Buyer's reasonable satisfaction. Any and all costs, including but not limited to licensing costs, that are required for Buyer on-site personnel shall be borne Buyer.

10. KEY PERSONNEL

A. Task Orders may designate Key Personnel of the Parties. Either Party may replace its Key Personnel upon advance written notification to the other Party. The Parties will endeavor to minimize any adverse impact of replacement through communication and coordination.

11. BUYER-FURNISHED PROPERTY

A. Buyer will provide "Buyer-Furnished Property" (as further described in this Article 11 (Buyer-Furnished Property)) identified in Task Orders to Supplier for Supplier's use in the performance of Task Orders under this Agreement. Buyer's failure to provide Buyer-Furnished Property in useable condition by the dates requested by Supplier may adversely impact Supplier' performance of Task Orders. In the event Buyer fails to provide Buyer-Furnished Property in a timely manner or in usable condition (where applicable, e.g. material), the Parties will mutually agree on any appropriate extension of schedule or deadlines set forth in the applicable Task Order(s) and or cost relief. Supplier shall only use Buyer-Furnished Property in the performance of work under this Agreement unless alternate use is authorized in writing by Buyer.

B. Buyer-Furnished Property shall be clearly marked with export compliance language and any subsequent information identified by either Party impacting the classification of the subject Buyer-Furnished Property shall be communicated to the other Party within a reasonable time. Should it be necessary for Supplier to ship Buyer-Furnished Property in the performance of this Agreement, Buyer agrees to provide Supplier with the necessary information to comply with applicable export control laws and prepare any required shipment documents.

C. Buyer-Furnished Property may take various forms, including (i) data; (ii) material to be consumed in the manufacture of components, sub-assemblies, or assemblies; (iii) material or equipment incorporated in a component, sub-assembly, or assembly; (iv) tooling, equipment, and facilities used in the manufacture, assembly, integration, or test of a component, sub-assembly, or assembly; and (v) a Deliverable previously provided by Supplier under the same or different Task Order.

D. Supplier shall preserve any markings Buyer may have affixed identifying the Buyer-Furnished Property as owned by Buyer. Supplier will ensure Buyer's title to such property remains free and clear of encumbrances.

E. Supplier shall manage all non-consumable material, equipment, and tooling furnished by Buyer, and such management shall be in accordance Exhibit F (Property Management System Plan), as identified and set forth in the applicable in the Task Order.

F. Supplier shall, at its sole discretion, be responsible for the cost of repairing, replacing, or reimbursing Buyer for the value of Buyer-Furnished Property lost or damaged due

to Supplier's negligence or misconduct while in its custody and under its control excluding normal wear and tear. For purposes of calculating value in the preceding sentence, (i) for new Buyer-Furnished Property, the replacement value will be used, which is computed using the current cost of the item; and (ii) for used Buyer-Furnished Property, the net book value will be used, which is computed using the original cost of the item less accumulated depreciation. Buyer shall be responsible for the cost of scheduled maintenance, including calibration, of all Buyer-Furnished Property provided for Supplier' use.

G. Buyer shall be responsible for informing Supplier of safety issues or concerns with normal use or operation of the Buyer-Furnished Property, including providing Material Safety Data Sheets for material and proper instruction for the use of equipment. Supplier is responsible for ensuring its personnel using the Buyer-Furnished Property have the knowledge and skill to do so in a safe and professional manner. Supplier is responsible for personal injuries and property damage which may arise from Supplier' use of the Buyer-Furnished Property to the extent such personal injury or property damage is the result of negligence or misconduct of Supplier. Buyer is responsible for personal injuries and property damage which may arise from Supplier's use of the Buyer-Furnished Property to the extent such personal injury or property damage is the result of negligence or misconduct of Buyer.

H. A list of non-consumable material, equipment, and tooling furnished by Buyer is previously provided to Supplier and under Supplier control is provided in Exhibit G (Inventory of Buyer-Furnished Property, Non-Consumable Material and Tooling), as identified and set forth in the applicable in the Task Order. Supplier shall maintain an updated list reflecting any additions, deletions and change in location. Supplier shall provide a copy upon request of the Buyer Authorized Representative.

12. SUPPLIERS AND SUBCONTRACTORS

A. Supplier will manage Vendors in accordance with Supplier's existing supplier management procedures that are generally applicable to Supplier's supplier base and as revised by Supplier from time to time, which will be shared with Buyer per Exhibit C (Governance), as identified and set forth in the applicable in the Task Order.

B. Supplier will manage Subcontractors in accordance with Exhibit H (Subcontract Management Plan), as applicable and set forth in the applicable Task Order. Supplier will ensure that its subcontracts incorporate Buyer's requirements set forth in or incorporated by this Agreement and any Task Order. Supplier is responsible for any failure of performance by its Subcontractors.

C. Supplier must obtain written approval to enter into any Subcontract with an aggregate value, inclusive of work performed under all Task Orders, exceeding the threshold stated in each applicable Task Order . Separate advance notification and

approval is not required for each Task Order. That is, once Buyer has been notified and, if required, approved, a Subcontractor may be used on any Task Order. Approval is not required for procurement of commercial off the shelf ("COTS") items or subcontracts that do not exceed the threshold stated in each applicable Task Order.

D. As applicable under a Task Order, Supplier will maintain an updated list throughout the Term of this Agreement identifying all Subcontractors and specifically identifying or otherwise delineating those Subcontractors which have been approved by Buyer in accordance with this Article 12(C). A copy of this list shall promptly be provided to the Buyer Authorized Representative upon written request.

13. INDEMNIFICATION; LIMITATION OF LIABILITY; RECIPROCAL WAIVER OF CLAIMS

A. Indemnification

[***]

B. Limitation of Liability.

[***]

C. Reciprocal Waiver of Claims.

1. This Agreement is subject to the Regulations. In the event of a conflict between a provision in this Agreement and the Regulations, the provisions of this Agreement shall control to the extent permitted by law. Terms not defined herein shall have the meaning ascribed to them in the Regulations.

2. Pursuant to § 440.17 of the Regulations, and except in cases of willful misconduct by Supplier, Buyer agrees to waive and release claims it may have against Supplier, each of Buyer's customers, the United States of America, and against any of their respective contractors and subcontractors, for (i) property damage Buyer sustains, and (ii) bodily injury or property damage sustained by Buyer's own employees, resulting in either the case of (i) or (ii) from Licensed Activities, regardless of fault.

3. Pursuant to § 440.17 of the Regulations, and except in cases of willful misconduct by Buyer, Supplier agrees to waive, and release claims it may have against Buyer, each of Buyer's customers and the United States of America, and against any of their respective contractors and subcontractors, for (i) property damage Supplier sustains, and (ii) bodily injury or property damage sustained by Supplier's own employees, resulting in either the case of (i) or (ii) from Licensed Activities, regardless of fault.

4. Each Party shall be responsible for property damage it sustains and for bodily injury or property damage sustained by its own employees, resulting from Licensed Activities. Each Party, except as otherwise provided herein, further agrees to hold harmless and indemnify the other Party for bodily injury or property damage sustained by its o w n employees when resulting from Licensed Activities, regardless of fault.

5. Buyer and Supplier shall extend the waiver and release of claims terms herein to their respective contractors and subcontractors involved in Licensed Activities requiring them to waive in writing the right to sue or otherwise bring claims against the other party or its Related Third Parties for any property damage or bodily injury sustained by them or any of their employees, officers, directors or agents arising out of Licensed Activities. Each Party agrees to indemnify the other, each of Buyer's customers, the United States of America, and against any of their respective contractors and subcontractors from any and every liability, claim of liability, allegation, judgment, cost, expense, reasonable attorneys' fee, loss or damage raised by the Party's contractors and subcontractors for failure to implement the waivers and releases of claims herein.

6. The foregoing waiver, release of claims and indemnification terms are limited to the causes of action enumerated in this Section. They are not intended, and shall not be construed, to include any other acts or events giving rise to a waiver, release or an indemnification claim. Without limiting the preceding sentence, neither Party shall be liable to the other Party for any partial or total destruction, loss or impairment of intangible property, including any patent, copyright, trademark, trade secret, trade dress, industrial design right, brand equity, data, information, cash, stock, bond, promissory note, or debt instrument.

7. Supplier shall incorporate this Section in each lower-tier subcontract placed in support of this Order.

8. Supplier shall execute any agreement advised or required by applicable U.S. regulatory authorities, including, without limitation, the FAA, memorializing the rights, responsibilities and obligations contained in this section.

14. INSURANCE

[***]

15. SAFETY

A. Supplier understands and represents that it is responsible for and is and shall remain compliant with any OSHA, federal, state, and/or municipal standards and/or requirements which may apply to the work to be performed under this Agreement.

B. COVID-19 Compliance

1. Prior to assigning personnel to perform services for Buyer on-site at a Buyer facility, Supplier shall complete the COVID-19 survey to be provided by Buyer. Supplier agrees to update, as necessary, the information provided in the COVID-19 survey each time any new Supplier personnel will be working on-site at any of Buyer facilities.

2. While Supplier personnel perform work on-site at a Buyer facility, they will be required to abide by Buyer's safety policies and procedures, including those for COVID-19.

3. Both Parties agree to comply with all applicable COVID-19 state and federal regulations regarding requests for medical and religious accommodations.

16. COMPLIANCE WITH LAWS; EXPORT

A. Supplier shall comply with all applicable national, state, provincial, and local laws, ordinances, rules, and regulations applicable to the performance of work under this Agreement, including but not limited to, those pertaining to U.S. export controls.

B. Each Party shall, at the earliest practicable time, notify in writing to the other Party if it is suspended, debarred, or proposed for suspension or debarment from doing business with the U.S. Government. Without limiting the generality of subsection (A) above, each Party shall comply with the most current export control and sanctions laws, regulations, and orders applicable at the time of the export, re-export, transfer, disclosure or provision of any goods, software, technology or services relating to the Agreement and any Statement of Work, including without limitation the (i) Export Administration Regulations ("EAR") administered by the Bureau of Industry and Security, U.S. Department of Commerce, 15 C.F.R. parts 730-774; (ii) International Traffic in Arms Regulations ("ITAR") administered by the Directorate of Defense Trade Controls, U.S. Department of State, 22 C.F.R. parts 120-130; (iii) Foreign Assets Control Regulations and associated Executive Orders administered by the Office of Foreign Assets Control, U.S. Department of the Treasury, 31 C.F.R. parts 500-598; and laws and regulations of other countries.

C. The Parties expressly acknowledge that information and/or documents disclosed hereunder, including but not limited to Deliverables or Proprietary Information, may be technical data subject to export control laws and regulations, and that compliance with the appropriate government regulations may be necessary to obtain required approvals before disclosing such information and/or documents to foreign persons, businesses, or governments. All technical data and software subject to the International Traffic in Arms Regulations (ITAR) (22 CFR 120-130) or the Export Administration Regulations (EAR) (15 CFR 730-774) shall be clearly marked with export compliance language and any subsequent information identified by either Party impacting the classification of the subject Articles shall

be communicated to the other Party within a reasonable time.

D. UNLESS OTHERWISE PERMITTED UNDER U.S. EXPORT REGULATIONS, ONLY U.S. PERSONS AS DEFINED HEREIN SHALL BE PERMITTED TO RECEIVE CONFIDENTIAL OR EXPORT CONTROLLED INFORMATION. The term "U.S. Person" means any natural person who is a lawful permanent resident as defined by 8 U.S.C. § 1101(a)(20) or who is a protected individual (i.e., lawful permanent resident, refugee, or asylee) as defined by 8 U.S.C. § 1324b(a)(3). "U.S. Person" also means any corporation, business association, partnership, society, trust, or other entity or group that is incorporated to do business in the United States. "U.S. Person" also includes any United States governmental (federal, state, or local) entity.

E. NO PROPRIETARY INFORMATION OR EXPORT CONTROLLED INFORMATION SHALL BE TRANSFERRED OR RE-TRANSFERRED BY EITHER PARTY TO THE OTHER UNLESS IN FULL COMPLIANCE WITH THE EXPORT CONTROL LAWS AND REGULATIONS OF THE TRANSFERRING PARTY'S GOVERNMENT AND COUNTRY.

F. In the event Supplier employs foreign persons and/or dual or third country nationals, Supplier shall ensure all disclosures to such employees are in compliance with U.S. export laws and regulations, including but not limited to ITAR (22 C.F.R. § 120 et seq.) and EAR (15 C.F.R. §§ 730-774), including the requirement for obtaining any export license, if applicable. Without limiting the foregoing, Supplier agrees that it will not transfer any export-controlled item, data, information, or services to foreign persons (including foreign persons employed by, associated with, or under contract to Supplier) without the authority of an applicable export license or license exemption. Supplier shall obtain the written consent of Buyer prior to submitting any request for authority to export such information.

G. In the event Supplier is granted permission in writing to disclose Buyer's Proprietary Information or Export Controlled Information to a third party in accordance with this Agreement, Supplier shall ensure compliance with U.S. export control laws and regulations prior to said disclosure.

H. Supplier represents and warrants that the Deliverables and any substances contained therein are not prohibited or restricted by, and are supplied in compliance with, any laws or regulations of the U.S., and that nothing prevents the sale or transport of the Deliverables or substances in the Deliverables in the United States and that all such Deliverables and substances are appropriately labeled, if labeling is required.

I. The following provision is applicable when under an applicable Task Order (i) Supplier is designing new parts for Buyer, (ii) Supplier is developing new specifications for Buyer, or (iii) Supplier is creating new work instructions,

assembly instructions, repair instructions or required processes for Buyer:

a. Supplier shall submit to Buyer's procurement representative a written report of Materials of Concern ("MOC") (as defined by Buyer's design requirements, specifications, or similar requirements supplied by Buyer) that are used in the production of, or are in, products that are the subject of the design, development, or processing efforts.

b. The MOC Report shall be submitted in the format specified by Buyer prior to Buyer's preliminary design review and again prior to Buyer's critical design review (or, if there are no such reviews, concurrent with Supplier's submission of the applicable drawings, specifications and/or instructions).

c. The MOC Report shall give full details regarding the intended use of any MOC.

d. Supplier shall cooperate with Buyer to consider other alternative materials as discussed at design reviews.

17. EXCUSEABLE DELAY

A. Supplier will not be liable for any delays in providing services and/or Deliverables when that delay is not reasonably foreseeable and is caused by: (i) acts of God; (ii) war, armed hostilities, or civil unrest; (iii) government acts or priorities; (iv) fires, floods, or earthquakes; (v) strikes or labor troubles causing cessation, slowdown, or interruption of work; (vi) epidemics or pandemics; and (vii) any other cause to the extent such cause is beyond Supplier's or its suppliers' control and not occasioned by Supplier's or its suppliers' fault or negligence or failure to reasonably exercise prudent supply-chain management practices. A delay resulting from any such cause is defined as an Excusable Delay and the date for completion of Supplier's performance will be equitably extended as set forth in subsection (C) below.

B. Supplier will not be liable for any delays in providing services and/or Deliverables caused by the default of a Subcontractor when that delay and Subcontractor default is not reasonably foreseeable and is caused by: (i) acts of God; (ii) war, armed hostilities, or civil unrest; (iii) government acts or priorities; (iv) fires, floods, or earthquakes; (v) strikes or labor troubles causing cessation, slowdown, or interruption of work; (vi) epidemics or pandemics; and (vii) any other cause to the extent such cause is beyond Supplier's or its Subcontractors' control and not occasioned by Supplier's or its Subcontractors' fault or negligence or failure to reasonably exercise prudent supply-chain management practices. A delay resulting from any such cause is defined as an Excusable Delay and the date for completion of Supplier's performance will be equitably extended as set forth in subsection C below.

C. In the event of an Excusable Delay, any affected delivery date or performance of

service(s) will be postponed, upon mutual written agreement of the Parties, for such period as is reasonably necessary to offset the effects of the Excusable Delay and, if applicable, pricing may be adjusted as agreed to by the Parties in writing.

18. TERMINATION

A. Termination for Default

1. Buyer may, with [***] days written notice to Supplier, cancel all or part of this Agreement, which, for the avoidance of doubt, includes any Task Order(s), if either (i) Supplier fails to deliver a Deliverable within the time specified by the applicable Task Order or any written extension; or (ii) Supplier fails to perform a material provision of this Agreement or fails to provide adequate assurances of performance upon request from Buyer; and, in either of these two circumstances, does not cure the failure within [***] days after receipt of notice from Buyer specifying the failure; or (iii) in the event of Supplier's suspension of business, insolvency, appointment of a receiver for Supplier's property or business, or any assignment, reorganization or arrangement by Supplier for the benefit of its creditors. Each of these circumstances shall be deemed a "default" under this Agreement by Supplier.

2. Supplier shall continue work not terminated by Buyer, if any. If Buyer terminates for Supplier's default, Buyer will receive direct damages directly attributable to the breach or default, and Supplier will be liable to Buyer for reasonable and substantiated re-procurement costs.

3. Buyer may require Supplier to transfer title and to deliver to Buyer, as directed by Buyer, any (i) completed Deliverables, and (ii) any partially completed Deliverables and materials, parts, tooling and test equipment paid for by Buyer, dies, jigs, fixtures plans, drawings, information and contract rights that have been paid for by Buyer (collectively, "Manufacturing Materials").

4. If, after termination by Buyer, it is determined by a court of competent jurisdiction in the applicable venue under the Disputes clause that Supplier was not in default, the rights and remedies of the Parties shall be as if the Order had been terminated according to the "Termination for Convenience" Section herein.

B. Termination for Convenience

1. Buyer may terminate part or all of this Agreement, upon giving [***] days written notice, which, for the avoidance of doubt, includes any Task Order, for its convenience by giving written notice of termination to Supplier.

2. Upon termination, in accordance with Buyer's written direction, Supplier will immediately: (i) cease work and place no further subcontracts or orders for materials, services, or facilities, except as necessary to complete the continued

portion of any Task Orders not terminated; (ii) prepare and submit to Buyer an itemization of all completed and partially completed Deliverables; (iii) deliver to Buyer any and all Deliverables completed up to the date of termination at the pre-termination price; and (iv) if requested by Buyer, deliver any work-in-process.

3. In the event Buyer terminates for its convenience after performance has commenced, Buyer will compensate Supplier for the raw materials, components, subassemblies, long lead items procured to support the program, or other costs for terminated orders. Supplier will be required to fill out a termination settlement form to identify raw materials, components, subassemblies, or costs for terminated orders along with any other associated costs associated with the termination. Buyer shall review those costs as part of its termination claim. Buyer shall review and substantiate the claim information submitted by Supplier. Supplier agrees to provide additional information if requested by Buyer if needed to verify the claims submitted.

4. Buyer shall not be liable to Supplier for costs or damages other than as described above, and in no event for lost or anticipated profits, or unabsorbed indirect costs or overhead, or for any sum in excess of the price allocated to the portion of the Agreement terminated. Supplier's termination claim shall be submitted to Buyer within [***] days from the effective date of the termination.

5. If Buyer terminates only part of the Order, Supplier shall continue all work not terminated.

19. PUBLICITY

A. Neither Party shall make or authorize any press release, advertisement, or other disclosure that relates to this Agreement or the relationship between the Parties or makes use of the other Party's name or logo, without the prior written consent of the other Party.

20. NON-SOLICITATION

A. The Parties agree that during the Term of this Agreement, neither Party shall directly or indirectly, for itself or on behalf of another person or entity solicit for employment or otherwise induce, influence, or encourage to terminate employment with the other Party or employ or engage as an independent contractor any of the other Party's current employees who are performing on under this Agreement, (each, a "Covered Employee"), except pursuant to a general solicitation through the media that is not directed specifically to any Covered Employee, unless such general solicitation is undertaken as a means to circumvent the restrictions contained in, or conceal a violation of, this provision.

21. NOTICES

A. All notices, requests, demands and other communications shall be given in writing and shall be: (i) personally delivered; (ii) sent by electronic mail or other electronic means of transmitting written documents; or (iii) sent to the Parties at their respective addresses indicated in the introductory paragraph of this Agreement by registered or certified U.S. mail, return receipt requested and postage prepaid, or by private overnight mail courier service. The respective electronic mail addresses to be used for all notices, demands or requests are as follows:

If to Buyer, to:
Attention: Legal Department
Email: [***]
or to any other person or address as Buyer shall furnish to Supplier in writing; and

If to Supplier, to:
Attention: [***]
Email: [***]
with a copy to:
Attention: [***]
Email: [***]

or to any other person or address as Supplier shall designate.

B. If personally delivered, the communication shall be deemed delivered upon actual receipt; if electronically transmitted pursuant to this Paragraph B of this Article 21 (Notices), the communication shall be deemed delivered the next business day after transmission (and sender shall bear the burden to prove delivery); if sent by overnight courier pursuant to this Paragraph B of this Article 21 (Notices), the communication shall be deemed delivered upon receipt; and if sent by U.S. mail pursuant to this Paragraph B of this Article 21 (Notices), the communication shall be deemed delivered as of the delivery date indicated on the receipt issued by the relevant postal service, or, if the addressee fails or refuses to accept delivery, as of the date of the failure or refusal. Any Party to this Agreement may change its address for Agreement purposes by giving notice in accordance with this Paragraph B to this Article 21 (Notices).

22. AUTHORIZED REPRESENTATIVES

A. Authorized Contractual Representatives (authorized to commit their respective companies contractually):

[***]

B. Authorized Technical Representatives (not authorized to commit their companies contractually):

[***]

C. Either Party may add or replace Authorized Representatives by providing written notification from one of its designated Authorized Contractual Representatives to a designated Authorized Contractual Representative of the other Party.

23. CHANGES

A. Changes to the terms and conditions of this Master Agreement, including any Attachment, may only be made by mutual agreement of Authorized Contractual Representatives of Buyer and Supplier designated in Paragraph A of Article 22 (Authorized Representatives). Such Changes shall be reduced to writing in the form of and be referred to as an "Amendment" to this Agreement. Exceptions to this requirement are updates to the following Exhibits in accordance with other provisions of this Master Agreement:

1. Exhibit G (Inventory of Buyer-Furnished Property, Non-Consumable Material and Tooling), as identified and set forth in the applicable in the Task Order.

2. Exhibit I (List of Subcontractors), as identified and set forth in the applicable in the Task Order

B. Changes to the terms and conditions of any Task Order, including any change to the Statement of Work, may only be made by mutual agreement of Authorized Contractual Representatives of Buyer and Supplier designated in Paragraph A of Article 22 (Authorized Representative). Such Changes shall be reduced to writing in the form of and be referred to as a "Modification" to that Task Order. In the event that any such change to a task order causes an increase or decrease in cost to Supplier, Buyer will make an equitable adjustment which the Parties will mutually agree in writing on such increase or decrease in cost, as well as impact to schedule.

C. Notwithstanding any disagreement between the Parties regarding the impact of a Change, Supplier will proceed diligently with its performance of the unchanged work pursuant to the pending resolution of the disagreement.

24. ASSIGNMENT

A. Either Party may assign this Agreement only with the prior written consent of the other Party, such consent shall not be unreasonably withheld. Any assignment of the Agreement, in whole or in part, without the other Party's prior written consent shall be null and void and shall constitute a material breach of the Agreement. Notwithstanding the foregoing, either Party may assign this Agreement to an Affiliate without the other Party's consent.

25. RELATIONSHIP OF THE PARTIES

A. The relationship between Supplier and Buyer will be that of independent contractors and not that of principal and agent, nor that of legal partners. Neither Party will represent itself as the agent or legal partner of the other Party nor perform any action that might result in other persons believing that it has authority to contract in any way to enter into commitments on behalf of the other.

26. GOVERNING LAW AND DISPUTES

A. This Agreement shall be interpreted in accordance with the plain English meaning of its terms and the construction thereof shall be governed by the laws in force in the State of Delaware, U.S., without regard to any conflicts of law or choice of law principles of any jurisdiction.

B. The provisions of the United Nations Convention on Contracts for the International Sale of Goods, Vienna, 11 April 1980, S.Treaty Document Number 98-9 (1984), UN Document Number A/CONF 97/19, 1489 UNTS 3, shall not apply.

C. The Parties shall attempt to settle any dispute arising out of this Agreement amicably through conciliation. If unsuccessful after good faith attempts, either Party may seek remedy or relief in a court of competent jurisdiction in the state of Delaware, U.S.A. subject to governing law provision of Paragraph A of this Article 26 (Governing Law and Disputes).

D. Pending final resolution of any dispute, Supplier shall proceed with performance of the Agreement according to Buyer's instructions so long as Buyer continues to pay amounts not in dispute.

27. INTERPRETATION AND CONSTRUCTION

A. This Agreement shall be interpreted as a unified contractual document with all provisions having equal effect.

B. If any provision of this Agreement shall be determined to be invalid or unenforceable under any applicable law, such provision shall be ineffective only to the extent of such prohibition or unenforceability. The remaining provisions shall be given effect in accordance with their terms.

28. SURVIVAL

A. All obligations, and duties hereunder, which by their nature or by their express terms extend beyond the expiration or termination of this Agreement, including but not limited to warranties, indemnifications, insurance, non-solicitation, publicity, and intellectual property (including rights to and protection of intellectual property and proprietary information) shall survive the expiration or termination of this Agreement.

29. REMEDIES; NO WAIVER

A. The rights and remedies set forth herein are cumulative and in addition to any other rights or remedies that the Parties may have at law or in equity. Neither Buyer's or Supplier's failure to insist on performance of any of the terms or conditions herein, or to exercise any rights of privileges, or either Buyer's or Supplier's waiver of any breach hereunder, shall not thereafter waive any such terms, conditions or privileges or any other terms, conditions, or privileges whether of the same of similar type.

30. ORDER OF PRECEDENCE

A. All documents and provisions in this Agreement shall be read so as to be consistent to the fullest extent possible. In the event of a conflict or inconsistency between the documents or provisions as incorporated into or attached to the Agreement, the documents or provisions shall prevail in the order listed below, with the first document or provision listed having the highest precedence:

a. Task Orders, in reverse chronological order, including Attachments (as applicable) other than the SOWs
b. Master Agreement
c. Master Agreement Exhibits (as applicable) in the following order:
    i. Exhibit A (Definitions)
    ii. Exhibit C (Governance)
    iii. Exhibit D (Responsibility Matrix Template)
    iv. Exhibit E (Reserved)
    v. Exhibit F (Property Management System Plan)
    vi. Exhibit H (Subcontract Management Plan)
    vii. Exhibit C-1 (Governing Documents)
    viii. Exhibit G (Inventory of Buyer-Furnished Property, Non-Consumable Material and Tooling Template)
    ix. Exhibit J (Task Order Form Template)
    x. Exhibit K (Reserved)
d. Proprietary Information Exchange Agreement dated May 2, 2022, as amended
e. Task Order SOWs
f. Master Agreement Exhibit B (Program Overview)
g. Purchase Order

31. ENTIRE AGREEMENT

A. The terms and conditions of this Agreement constitute the entire agreement between the Parties hereto and shall supersede all previous communications, representations, or agreements, either oral or written between the Parties hereto with respect to the subject matter hereof. Any terms and conditions proposed in Buyer's Purchase Orders or Supplier's acceptance or acknowledgment of such,

invoice, or other form in which Buyer or Supplier adds to, varies from, or conflicts with the terms herein are hereby rejected.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

BELL TEXTRON INC.

By: /s/ Bradley Bryan

Typed Name: Bradley Bryan

Title: Sr. Manager, USG Contracts

VIRGIN GALACTIC, LLC

By: /s/ Michael Colglazier

Typed Name: Michael Colglazier

Title: Chief Executive Officer

EXHIBIT A
DEFINITIONS

The following terms will have the meanings described below.

1. "Acceptance" has the meaning set forth in Article 2 (Structure of Agreement) of the Master Agreement.

2. "Affiliate" means, for Buyer (a) Virgin Galactic Holdings, Inc.; (b) Galactic Co., LLC; (c) Galactic Enterprises, LLC; and (d) Virgin Galactic Ltd. For Bell (a) Textron Inc.

3. "Agreement" means this Master Agreement, including exhibits, attachments, change notices, supplements, amendments, or modifications thereto, except where the context indicates that a particular document is being referred. The definition of Agreement also includes all Task Orders, including exhibits, attachments, change notices, supplements, amendments, or modifications thereto.

4. "Approval" has the meaning set forth in Article 2 (Structure of Agreement) of the Master Agreement.

5. "Background Intellectual Property" means [***]

6. "Buyer" means Virgin Galactic, LLC or any Affiliate of Virgin Galactic and any successor or assignee of Buyer.

7. "Buyer-Furnished Property" has the meaning set forth in Article 11 (Buyer-Furnished Property) of the Master Agreement.

8. "Change" has the meaning set forth in Article 23 (Changes) based upon the usage. A Change or Changes may be made to the Master Agreement and documented in the form of an Amendment. A Change or Changes may be made to a Task Order and documented in the form of a Modification.

9. "Charges" means any amount invoiceable by Supplier to Buyer under a Task Order.

10. "Covered Employee" has the meaning set forth in Article 20 (Non-Solicitation) of the Master Agreement.

11. "Deliverable" means a tangible work product, including in electronic form, provided by Supplier to Buyer specified in a Task Order and accompanying statement of work. All Deliverables are explicitly identified in the applicable Task Order.

12. "Design Authority" means the exercise by Buyer of its role as approver of certain elements of the design process whether created by Buyer or a third party (including Supplier) on behalf of Buyer.

13. "Disclosing Party" means the Party that discloses Proprietary Information to the Receiving Party.

14. "Effective Date" has the meaning set forth in the first paragraph of the Master Agreement.

15. "Fixed Price Task Order" or "FP Task Order" means any Task Order in which the Charges are based on a fixed price agreed to by the Parties.

16. "Foreground Intellectual Property" means [***]

17. "Hardware Items" means a physical component, part, subassembly, or assembly made by Supplier or Supplier's Subcontractors and incorporated into a Deliverable.

18. "Intellectual Property" means [***].

19. "Key Personnel" means the personnel designated as such in each Task Order.

20. "Licensed Activity" means the launch of a launch vehicle or the re-entry of a re-entry vehicle conducted under a license issued by the U.S. Federal Aviation Administration.

21. "Master Agreement" means this agreement, including exhibits, attachments, change notices, supplements, amendments, or modifications thereto, except where the context indicates that a particular document is being referred, but not including any Task Orders.

22. "NTE" or "Not To Exceed" is the dollar amount established in each Task Order above which Supplier is not permitted to invoice Buyer for Charges. The NTE amount may be adjusted by mutual agreement of the Parties.

23. "Parties" or "Party" has the meaning set forth in the first paragraph of the Master Agreement.

24. "Payment Milestone Schedules" has the meaning set forth in Article 4 (Payments) of the Master Agreement.

25. "Proprietary Information" is defined in Exhibit L.

26. "Receiving Party" means that Party that receives Proprietary Information from the Disclosing Party.

27. "Related Third Parties" means: (a) such Party's directors, officers, employees and agents; (b) such Party's Affiliates and their directors, officers, employees and agents; (c) such Party's contractors, subcontractors, and customers, and any of their contractors and subcontractors involved in Licensed Activities; and (d) any party with a financial interest in that Party. The Parties shall not be considered Related Third Parties to each other.

28. "Regulations" means the Commercial Space Transportation Regulations, 14 C.F.R. Parts 400-460 issued pursuant to the Commercial Space Launch Act, as amended, 51 U.S.C. § 50901 et seq., and any successor rules or regulations thereto.

29. "Services" means the effort to be performed by Supplier hereunder, as specifically described in a Task Order.

30. "Statement of Work" or "SOW" shall mean the requirements set forth in Attachment 1 of each Task Order.

31. "Subcontractor" means an entity, other than an Affiliate of Supplier, with which Supplier enters into an agreement to perform a portion of Supplier's obligations under this Agreement. Subcontractors typically accomplish a defined statement of work requiring the application of engineering capabilities to generate deliverables to Supplier which Supplier will use in preparing Supplier's Deliverables to Buyer. Subcontractors may also be engaged to design, manufacture, integrate, and/or test highly customized parts, subassemblies, or assemblies Supplier will incorporate into a Deliverable.

32. "Supplier" means Bell Textron Inc.

33. "Task Order" has the meaning set forth in Article 2 (Structure of Agreement) of the Master Agreement

34. "Term" means the period of time the Agreement is in effect as defined by Article 3 (Term).

35. "Time and Material Task Order" or "T&M Task Order" means any Task Order in which the Charges are based on hourly-rate labor and non-labor, including but not limited to, materials (with an agreed mark-up) costs incurred by Supplier.

36. "Vendor" means an entity, other than an Affiliate of Supplier or Subcontractor, to

which Supplier issues a purchase order for the provision of defined products or services typically made available to other customers under commercial terms. Although some customization may be required, Vendors are generally not required to extensively modify the material, purchased parts, purchased services, equipment rentals, and other items they make commercially available to Supplier and other customers.

EXHIBIT B
PROGRAM OVERVIEW

EXHIBIT C
GOVERNANCE

EXHIBIT C-1
GOVERNING DOCUMENTS

EXHIBIT D
RESPONSIBILITY MATRIX

EXHIBIT E
RESERVED

EXHIBIT F
PROPERTY MANAGEMENT SYSTEM PLAN

EXHIBIT G
BUYER-FURNISHED PROPERTY

EXHIBIT H
SUBCONTRACT MANAGEMENT PLAN

EXHIBIT I
LIST OF SUBCONTRACTORS

EXHIBIT J
TASK ORDER FORM

Exhibit 21.1

Subsidiaries of the Registrant*

Legal Name	Jurisdiction of Incorporation
Galactic Co., LLC (formerly TSC, LLC)	Delaware
Vehicle Holdings, Inc. (formerly TSC Vehicle Holdings, Inc.)	Delaware
Virgin Galactic, LLC (Formerly VGH, LLC)	Delaware
Virgin Galactic Limited	England and Wales
Galactic Enterprises, LLC (formerly Virgin Galactic, LLC)	Delaware
Virgin Galactic Vehicle Holdings, Inc.	Delaware

*Pursuant to Item 601(b)(21) of Regulation S-K, the name of a particular subsidiary has been omitted because, it would not constitute, as of the end of the year covered by this report, a "significant subsidiary" as that term is defined in Rule 1-02(w) of Regulation S-X under the Securities Exchange Act of 1934.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

To the Board of Directors
Virgin Galactic Holdings, Inc.:

We consent to the incorporation by reference in the registration statements on Form S-3 (No. 333-237961 and 333-256607) and on Form S-8 (No. 333-235750) of our report dated February 28, 2023, with respect to the consolidated financial statements of Virgin Galactic Holdings, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Los Angeles, California
February 28, 2023

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Michael Colglazier, certify that:

1. I have reviewed this Annual Report on Form 10-K of Virgin Galactic Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 28, 2023

/s/ Michael Colglazier

Michael Colglazier
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Douglas Ahrens, certify that:

1. I have reviewed this Annual Report on Form 10-K of Virgin Galactic Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 28, 2023

/s/ Douglas Ahrens

Douglas Ahrens
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Virgin Galactic Holdings, Inc. (the "Company") on Form 10-K for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Colglazier, Chief Executive Officer and President (Principal Executive Officer) and Director, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

February 28, 2023

/s/ Michael Colglazier
Michael Colglazier
Chief Executive Officer and President
(Principal Executive Officer)

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of Virgin Galactic Holdings, Inc. (the "Company") on Form 10-K for the period ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas Ahrens, Chief Financial Officer (Principal Financial Officer), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

February 28, 2023

/s/ Douglas Ahrens
Douglas Ahrens
Chief Financial Officer
(Principal Financial Officer)

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.