

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2019

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-38202

**Virgin Galactic Holdings, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**98-1366046**

(I.R.S. Employer  
Identification No.)

**166 North Roadrunner Parkway, Suite 1C  
Las Cruces, New Mexico**

(Address of Principal Executive Offices)

**88011**

(Zip Code)

**(661) 824-6690**

(Registrant's telephone number, including area code)

**Social Capital Hedosophia Holdings Corp.**

(Former name, former address and former fiscal year, if changed since last report)

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

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Units, each consisting of one share of common stock, \$0.0001 par value, and one-third of one Warrant to purchase one share of common stock	SPCE.U	New York Stock Exchange
Common stock, \$0.0001 par value per share	SPCE	New York Stock Exchange
Warrants to purchase common stock	SPCE.WS	New York Stock Exchange

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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes  No

As of November 12, 2019, there were 82,478,822 shares of the Company's common stock, par value \$0.0001, issued and outstanding.

**VIRGIN GALACTIC HOLDINGS, INC.**  
**(f/k/a SOCIAL CAPITAL HEDOSOPHIA HOLDINGS CORP.)**

**Quarterly Report on Form 10-Q**

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

VIRGIN GALACTIC HOLDINGS, INC.  
(f/k/a SOCIAL CAPITAL HEDOSOPHIA HOLDINGS CORP.)

CONDENSED BALANCE SHEETS

	September 30, 2019 (Unaudited)	December 31, 2018
<b>ASSETS</b>		
Current Assets		
Cash	\$ 48,489	\$ 462,162
Prepaid expenses	74,258	45,339
Total Current Assets	122,747	507,501
Marketable securities held in Trust Account	677,167,505	704,250,272
<b>Total Assets</b>	<b>\$ 677,290,252</b>	<b>\$ 704,757,773</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 5,479,951	\$ 200,529
Advances from related party	1,725,813	381,675
Total Current Liabilities	7,205,764	582,204
Deferred underwriting fees	24,150,000	24,150,000
<b>Total Liabilities</b>	<b>31,355,764</b>	<b>24,732,204</b>
<b>Commitments</b>		
Class A ordinary shares subject to possible redemption, 61,738,641 and 66,136,664 shares at redemption value at September 30, 2019 and December 31, 2018, respectively	640,934,487	675,025,568
<b>Shareholders' Equity</b>		
Preferred shares, \$0.0001 par value; 5,000,000 authorized; none issued and outstanding	—	—
Class A ordinary shares, \$0.0001 par value; 500,000,000 shares authorized; 3,490,181 and 2,863,336 shares issued and outstanding (excluding 61,738,641 and 66,136,664 shares subject to possible redemption) at September 30, 2019 and December 31, 2018, respectively	349	286
Class B ordinary shares, \$0.0001 par value; 50,000,000 shares authorized; 17,250,000 shares issued and outstanding	1,725	1,725
Retained earnings	4,997,927	4,997,990
<b>Total Shareholders' Equity</b>	<b>5,000,001</b>	<b>5,000,001</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 677,290,252</b>	<b>\$ 704,757,773</b>

The accompanying notes are an integral part of the unaudited condensed financial statements.

**VIRGIN GALACTIC HOLDINGS, INC.**  
**(f/k/a SOCIAL CAPITAL HEDOSOPHIA HOLDINGS CORP.)**  
**CONDENSED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Operating costs	\$ 4,211,109	\$ 224,827	\$ 7,008,314	\$ 1,216,144
<b>Loss from operations</b>	<b>(4,211,109)</b>	<b>(224,827)</b>	<b>(7,008,314)</b>	<b>(1,216,144)</b>
Other income:				
Interest income on marketable securities held in Trust Account	3,470,728	3,401,636	12,025,143	8,757,384
Unrealized gain (loss) on marketable securities held in Trust Account	258,197	(139,893)	(11,825)	(305,184)
Other income, net	3,728,925	3,261,743	12,013,318	8,452,200
<b>Net (loss) income</b>	<b>\$ (482,184)</b>	<b>\$ 3,036,916</b>	<b>\$ 5,005,004</b>	<b>\$ 7,236,056</b>
Weighted average shares outstanding, basic and diluted <sup>(1)</sup>	20,350,919	20,107,675	20,192,094	20,068,828
<b>Basic and diluted loss per ordinary share <sup>(2)</sup></b>	<b>\$ (0.20)</b>	<b>\$ (0.00)</b>	<b>\$ (0.32)</b>	<b>\$ (0.04)</b>

(1) Excludes an aggregate of up to 61,738,641 and 66,133,484 shares subject to redemption at September 30, 2019 and 2018, respectively.

(2) Net loss per ordinary share – basic and diluted excludes income attributable to ordinary shares subject to redemption of \$3,529,428 and \$11,370,605 for the three and nine months ended September 30, 2019, respectively, and \$3,126,381 and \$8,101,434 for the three and nine months ended September 30, 2018, respectively.

The accompanying notes are an integral part of the unaudited condensed financial statements.

**VIRGIN GALACTIC HOLDINGS, INC.**  
**(f/k/a SOCIAL CAPITAL HEDOSOPHIA HOLDINGS CORP.)**  
**CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(Unaudited)**

**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018**

	Class A Ordinary Shares		Class B Ordinary Shares		Additional Paid in Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
<b>Balance – January 1, 2018</b>	<b>2,780,258</b>	<b>\$ 278</b>	<b>17,250,000</b>	<b>\$ 1,725</b>	<b>\$ 3,667,278</b>	<b>\$ 1,330,720</b>	<b>\$ 5,000,001</b>
Change in value of ordinary shares subject to possible redemption	37,441	4	—	—	(1,758,028)	—	(1,758,024)
Net income	—	—	—	—	—	1,758,024	1,758,024
<b>Balance – March 31, 2018</b>	<b>2,817,699</b>	<b>282</b>	<b>17,250,000</b>	<b>1,725</b>	<b>1,909,250</b>	<b>3,088,744</b>	<b>5,000,001</b>
Change in value of ordinary shares subject to possible redemption	39,976	4	—	—	(1,909,250)	(531,870)	(2,441,116)
Net income	—	—	—	—	—	2,441,116	2,441,116
<b>Balance – June 30, 2018</b>	<b>2,857,675</b>	<b>286</b>	<b>17,250,000</b>	<b>1,725</b>	<b>—</b>	<b>4,997,990</b>	<b>5,000,001</b>
Change in value of ordinary shares subject to possible redemption	8,841	1	—	—	—	(3,036,917)	(3,036,916)
Net income	—	—	—	—	—	3,036,916	3,036,916
<b>Balance – September 30, 2018</b>	<b>2,866,516</b>	<b>\$ 287</b>	<b>17,250,000</b>	<b>\$ 1,725</b>	<b>\$ —</b>	<b>\$ 4,997,989</b>	<b>\$ 5,000,001</b>

**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

	Class A Ordinary Shares		Class B Ordinary Shares		Additional Paid in Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount	Shares	Amount			
<b>Balance – January 1, 2019</b>	<b>2,863,336</b>	<b>\$ 286</b>	<b>17,250,000</b>	<b>\$ 1,725</b>	<b>\$ —</b>	<b>\$ 4,997,990</b>	<b>\$ 5,000,001</b>
Change in value of ordinary shares subject to possible redemption	(3,921)	—	—	—	—	(4,042,995)	(4,042,995)
Net income	—	—	—	—	—	4,042,995	4,042,995
<b>Balance – March 31, 2019</b>	<b>2,859,415</b>	<b>286</b>	<b>17,250,000</b>	<b>1,725</b>	<b>—</b>	<b>4,997,990</b>	<b>5,000,001</b>
Change in value of ordinary shares subject to possible redemption	241,504	24	—	—	—	(1,444,217)	(1,444,193)
Net income	—	—	—	—	—	1,444,193	1,444,193
<b>Balance – June 30, 2019</b>	<b>3,100,919</b>	<b>310</b>	<b>17,250,000</b>	<b>1,725</b>	<b>—</b>	<b>4,997,966</b>	<b>5,000,001</b>
Change in value of ordinary shares subject to possible redemption	389,262	39	—	—	—	482,145	482,184
Net loss	—	—	—	—	—	(482,184)	(482,184)
<b>Balance – September 30, 2019</b>	<b>3,490,181</b>	<b>\$ 349</b>	<b>17,250,000</b>	<b>\$ 1,725</b>	<b>\$ —</b>	<b>\$ 4,997,927</b>	<b>\$ 5,000,001</b>

The accompanying notes are an integral part of the unaudited condensed financial statements.

**VIRGIN GALACTIC HOLDINGS, INC.**  
**(f/k/a SOCIAL CAPITAL HEDOSOPHIA HOLDINGS CORP.)**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	Nine Months Ended September 30,	
	2019	2018
<b>Cash flows from operating activities:</b>		
Net income	\$ 5,005,004	\$ 7,236,056
Adjustments to reconcile net income to net cash provided by operating activities:		
Interest earned on marketable securities held in Trust Account	(12,025,143)	(8,757,384)
Unrealized loss on marketable securities held in Trust Account	11,825	305,184
Changes in operating assets and liabilities:		
Prepaid expenses	(28,919)	190,515
Accounts payable and accrued expenses	5,279,422	227,253
<b>Net cash used in operating activities</b>	<b>(1,757,811)</b>	<b>(798,376)</b>
<b>Cash flows from investing activities:</b>		
Cash withdrawn from Trust Account in connection with redemptions	39,096,085	—
<b>Net cash provided by investing activities</b>	<b>39,096,085</b>	<b>—</b>
<b>Cash flows from financing activities:</b>		
Receipt of amounts due from underwriter	—	657,138
Advances from related party	1,344,138	376,068
Redemption of Class A common shares	(39,096,085)	—
Repayment of advances from related party	—	(126,378)
<b>Net cash (used in) provided by financing activities</b>	<b>(37,751,947)</b>	<b>906,828</b>
<b>Net change in cash</b>	<b>(413,673)</b>	<b>108,452</b>
Cash at beginning of period	462,162	696,382
<b>Cash at ending of period</b>	<b>\$ 48,489</b>	<b>\$ 804,834</b>
<b>Non-cash investing and financing activities:</b>		
Change in value of ordinary shares subject to possible redemption	\$ 5,005,004	\$ 7,236,056

The accompanying notes are an integral part of the unaudited condensed financial statements.

**VIRGIN GALACTIC HOLDINGS, INC.**  
**(f/k/a SOCIAL CAPITAL HEDOSOPHIA HOLDINGS CORP.)**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**  
**(Unaudited)**

**NOTE 1. ORGANIZATION AND PLAN OF BUSINESS OPERATIONS**

As of September 30, 2019, Social Capital Hedosophia Holdings Corp. (the “Company”) was a blank check company incorporated as a Cayman Islands exempted company and formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses (a “Business Combination”).

All activity from May 5, 2017 (inception) through September 30, 2019 related to the Company’s formation, the Company’s initial public offering of 69,000,000 units (the “Public Offering”), the simultaneous sale of 8,000,000 warrants (“Private Placement Warrants”) in a private placement (the “Private Placement”) at a price of \$1.50 per warrant to SCH Sponsor Corp. (the “Sponsor”), identifying a target company for a Business Combination and activities in connection with the Virgin Galactic Business Combination (as defined below), as more fully described in Note 5.

On September 9, 2019, in connection with its Extraordinary General Meeting held on September 9, 2019, the Company’s shareholders approved to extend the period of time for which the Company is required to consummate a Business Combination from September 18, 2019 to December 18, 2019. In connection therewith, the shareholders elected to redeem an aggregate of 3,771,178 shares of the Company’s Class A ordinary shares. As a result, an aggregate of approximately \$39,100,000 (or approximately \$10.367 per share) was removed from the Company’s Trust Account to pay such shareholders, leaving approximately \$677,200,000 in the Trust Account.

On October 25, 2019, the Company filed a notice of deregistration with the Cayman Islands Registrar of Companies and concurrently filed a certificate of incorporation and a certificate of corporate domestication with the Secretary of State of the State of Delaware, under which the Company was domesticated and continues as a Delaware corporation, changing its name to “Virgin Galactic Holdings, Inc.” (the “Domestication”). In connection with the Domestication, each issued and outstanding Class A ordinary share, par value \$0.0001 per share, of the Company was converted, on a one-for-one basis, into a share of common stock, par value \$0.0001 per share. Each of issued and outstanding Class B ordinary share, par value \$0.0001 per share, of the Company was converted, on a one-for-one basis, into a share of common stock; provided, however, that with respect to the Class B ordinary shares of the Company held by the Sponsor, the Sponsor instead received upon the conversion of the Class B ordinary shares held by it 15,750,000 shares of common stock. In connection with the mergers of the Merger Subs (as defined below) with the VG Companies (as defined below), all outstanding shares of common stock or limited liability company interests, as applicable, of the VG Companies were cancelled in exchange for the right to receive 130,000,000 shares of the Company’s common stock for an aggregate merger consideration of \$1.3 billion. Vieco US elected for the Company to repurchase 5,209,562 shares of the Company’s common stock from Vieco US at a purchase price of \$10.00 per share.

**NOTE 2. LIQUIDITY**

As of September 30, 2019, the Company had principally financed its operations from inception using proceeds from the sale of its equity securities to its shareholders prior to the Public Offering and such amount of proceeds from the Public Offering that were placed in an account outside of the Trust Account (as defined below) for working capital purposes. In connection with the closing of the Offering and the Private Placement on September 18, 2017, an amount of \$690,000,000 (or \$10.00 per Class A ordinary share sold to the public in the Offering included in the Units) from the sale of the Units and Private Placement Warrants was placed in a trust account (the “Trust Account”). As of September 30, 2019, the Company had \$48,489 in its operating bank accounts, \$677,167,505 in securities held in the Trust Account to be used for a Business Combination or to repurchase or redeem its ordinary shares in connection therewith and a working capital deficit of \$7,083,017, which includes the deferral of approximately \$1,726,000 of payments until the consummation of a Business Combination.

Until the consummation of the Virgin Galactic Business Combination, the Company used the funds not held in the Trust Account for identifying and evaluating prospective acquisition candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to acquire and structuring, negotiating and consummating the Business Combination.

**NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (“SEC”). Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

**VIRGIN GALACTIC HOLDINGS, INC.**  
**(f/k/a SOCIAL CAPITAL HEDOSOPHIA HOLDINGS CORP.)**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**  
**(Unaudited)**

The accompanying unaudited condensed financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2018 as filed with the SEC on March 18, 2019, which contains the audited financial statements and notes thereto, as well as the Company's Current Report on Form 8-K and Current Report on Form 8-K/A, each filed on October 29, 2019, relating to the consummation of the Virgin Galactic Business Combination. The financial information as of December 31, 2018 is derived from the audited financial statements presented in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ from those estimates.

**Net Loss per Ordinary Share**

Net loss per ordinary share is computed by dividing net loss by the weighted average number of ordinary shares outstanding for the period. The Company applies the two-class method in calculating earnings per share. Ordinary shares subject to possible redemption at September 30, 2019 and 2018, which were not then redeemable and not redeemable at fair value, have been excluded from the calculation of basic loss per share since such shares, if redeemed, only participate in their pro rata share of the Trust Account earnings. The Company has not considered the effect of warrants sold in the Public Offering and Private Placement to purchase 31,000,000 Class A ordinary shares in the calculation of diluted loss per share, since the exercise of the warrants is contingent upon the occurrence of future events. As a result, diluted loss per ordinary share is the same as basic loss per ordinary share for the periods presented.

**Reconciliation of Net Loss per Ordinary Share**

The Company's net income is adjusted for the portion of income that is attributable to ordinary shares subject to possible redemption, as these shares only participate in the earnings of the Trust Account and not the income or losses of the Company. Accordingly, basic and diluted loss per ordinary share is calculated as follows:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net (loss) income	\$ (482,184)	\$ 3,036,916	\$ 5,005,004	\$ 7,236,056
Less: Income attributable to ordinary shares subject to possible redemption	(3,529,428)	(3,126,381)	(11,370,605)	(8,101,434)
Adjusted net loss	<u>\$ (4,011,612)</u>	<u>\$ (89,465)</u>	<u>\$ (6,365,601)</u>	<u>\$ (865,378)</u>
Weighted average shares outstanding, basic and diluted	<u>20,350,919</u>	<u>20,107,675</u>	<u>20,192,094</u>	<u>20,068,828</u>
Basic and diluted net loss per ordinary share	<u>\$ (0.20)</u>	<u>\$ (0.00)</u>	<u>\$ (0.32)</u>	<u>\$ (0.04)</u>



**VIRGIN GALACTIC HOLDINGS, INC.**  
**(f/k/a SOCIAL CAPITAL HEDOSOPHIA HOLDINGS CORP.)**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**  
**(Unaudited)**

**Recent accounting pronouncements**

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on our financial statements.

**NOTE 4. RELATED PARTY TRANSACTIONS**

**Advance from Related Party**

During the nine months ended September 30, 2019 and the year ended December 31, 2018, a related party advanced an aggregate of \$1,344,138 and \$381,675, respectively, for working capital purposes. The advances are non-interest bearing, unsecured and due on demand. As of September 30, 2019 and December 31, 2018, outstanding advances amounted to \$1,725,813 and \$381,675, respectively. The advances from related party were repaid in connection with the consummation of the Virgin Galactic Business Combination.

**Administrative Services Agreement**

The Company entered into an agreement whereby, commencing on September 18, 2017 through the earlier of the consummation of a Business Combination or the Company's liquidation, the Company will pay an affiliate of the Sponsor a monthly fee of \$10,000 for office space and administrative and support services. For each of the three and nine months ended September 30, 2019 and 2018, the Company incurred \$30,000 and \$90,000 in fees for these services. At September 30, 2019 and December 31, 2018, fees amounting to \$245,000 and \$155,000, respectively, are included in accounts payable and accrued expenses in the accompanying condensed balance sheets. The administrative services agreement terminated upon the completion of the Virgin Galactic Business Combination.

**Related Party Loans**

In order to fund working capital deficiencies or finance transaction costs in connection with an intended initial Business Combination, the Company's Sponsor or an affiliate of the Sponsor or certain of the Company's officers and directors may, but are not obligated to, loan the Company funds as may be required (other than the Sponsor's commitment to provide the Company an aggregate of \$200,000 in loans in order to finance transaction costs in connection with a Business Combination). In the event that the initial Business Combination does not close, the Company may use a portion of the working capital held outside the Trust Account to repay such loaned amounts but no proceeds from the Trust Account would be used for such repayment. Up to \$1,500,000 of such loans may be convertible into warrants of the post business combination entity at a price of \$1.50 per warrant at the option of the lender. The warrants would be identical to the Private Placement Warrants. All outstanding loans were repaid in connection with the consummation of the Virgin Galactic Business Combination.

**NOTE 5. COMMITMENTS**

The underwriters of the Company's Public Offering were entitled to a deferred fee of three and one-half percent (3.5%) of the gross proceeds of the Public Offering, or \$24,150,000, payable upon the closing of a Business Combination from the amounts held in the Trust Account, subject to the terms of the underwriting agreement entered into in connection with the Public Offering. At completion of the Virgin Galactic Business Combination, the Company paid the deferred underwriting commission.

The underwriters agreed to reimburse the Company for an amount equal to 10% of the discount paid to the underwriters for financial advisory services provided by Connaught (UK) Limited in connection with the Public Offering, of which \$1,000,000 was paid at the closing of the Public Offering and \$2,415,000 was paid at the closing of the Virgin Galactic Business Combination.

As of September 30, 2019, the Sponsor, the holders of the Private Placement Warrants (or underlying Class A ordinary shares) and the holders of any warrants (or underlying Class A ordinary shares) issued upon conversion of working capital loans made by the Company's Sponsor, officers, directors or their affiliates, if any such loans are issued, were entitled to registration rights with respect to their securities pursuant to an agreement dated as of September 13, 2017. The holders of 30% of the registrable securities were entitled to demand that the Company register these securities. In addition, the holders had certain "piggy-back" registration rights on registration statements filed after the Company's consummation of a Business Combination. No working capital loans were converted to warrants in connection with the consummation of the Virgin Galactic Business Combination.

**Merger Agreement**

On July 9, 2019, as amended on October 2, 2019, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Vieco USA, Inc., a Delaware corporation ("Vieco US"), Vieco 10 Limited, a company limited by shares under the laws of the British Virgin Islands ("V10"), Foundation Sub 1, Inc., a Delaware corporation and a direct wholly owned subsidiary of the Company ("Merger Sub A"), Foundation Sub 2, Inc., a Delaware corporation and a direct wholly owned subsidiary of the Company ("Merger Sub B"), Foundation Sub LLC, a Delaware limited liability company and a direct wholly owned subsidiary of the Company ("Merger Sub LLC" and, collectively with Merger Sub A and Merger Sub B, the "Merger Subs"), TSC Vehicle Holdings, Inc., a Delaware corporation and an indirect wholly owned subsidiary of Vieco US ("Company A"), Virgin Galactic Vehicle Holdings, Inc., a Delaware corporation and an indirect wholly owned subsidiary of Vieco US ("Company B"), and VGH, LLC, a Delaware limited liability company and a direct wholly owned subsidiary of Vieco US ("Company LLC" and, collectively with Company A and Company B, the "VG Companies").



**VIRGIN GALACTIC HOLDINGS, INC.**  
**(f/k/a SOCIAL CAPITAL HEDOSOPHIA HOLDINGS CORP.)**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**  
**(Unaudited)**

On October 25, 2019, as contemplated by the Merger Agreement and following approval by the Company's shareholders at an extraordinary general meeting held October 23, 2019:

- the Company effected the Domestication by filing a notice of deregistration with the Cayman Islands Registrar of Companies, together with the necessary accompanying documents, and filed a certificate of incorporation and a certificate of corporate domestication with the Secretary of State of the State of Delaware, under which the Company was domesticated and continues as a Delaware corporation, changing its name to "Virgin Galactic Holdings, Inc.";
- all outstanding shares of common stock or limited liability company interests, as applicable, of each of the VG Companies were cancelled in exchange for the right to receive 130,000,000 shares of the Company's common stock (at a deemed value of \$10.00 per share) for an aggregate merger consideration of \$1.3 billion (the "Aggregate Merger Consideration") and (x) Merger Sub A merged with and into Company A, the separate corporate existence of Merger Sub A ceasing and Company A being the surviving corporation and a wholly owned subsidiary of the Company, (y) Merger Sub B, merged with and into Company B, the separate corporate existence of Merger Sub B ceasing and Company B being the surviving corporation and a wholly owned subsidiary of the Company and (z) Merger Sub LLC merged with and into Company LLC, the separate company existence of Merger Sub LLC ceasing and Company LLC being the surviving company and a wholly owned subsidiary of the Company (collectively referred to as the "Mergers" and together with the Domestication, the "Virgin Galactic Business Combination"); and
- Vieco US elected for the Company to repurchase 5,209,562 shares of the Company's common stock from Vieco US at a purchase price of \$10.00 per share (the "Repurchase").

In connection with the consummation of the Virgin Galactic Business Combination, each issued and outstanding Class A ordinary share, par value \$0.0001 per share, of the Company was converted, on a one-for-one basis, into a share of common stock, par value \$0.0001 per share. Each of issued and outstanding Class B ordinary share, par value \$0.0001 per share, of the Company was converted, on a one-for-one basis, into a share of common stock; provided, however, that with respect to the Class B ordinary shares of the Company held by the Sponsor, the Sponsor instead received upon the conversion of the Class B ordinary shares held by it 15,750,000 shares of common stock.

***Purchase Agreement***

Pursuant to the Purchase Agreement entered into on July 9, 2019, as supplemented by the Assignment, Consent and Waiver Agreement, dated as of October 2, 2019, by and among Chamath Palihapitiya, Vieco US, the Company and V10 (the "Purchase Agreement"), Chamath Palihapitiya, the chief executive officer of the Company prior to the consummation of the Virgin Galactic Business Combination, purchased (concurrently with the consummation of the Mergers) 10,000,000 shares of common stock of the Company from Vieco US at a price of \$10.00 per share in cash.

**NOTE 6. SHAREHOLDERS' EQUITY**

**Preferred Shares**

As of September 30, 2019 the Company was authorized to issue 5,000,000 preferred shares with a par value of \$0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company's board of directors. As of September 30, 2019 and December 31, 2018, there were no preferred shares issued or outstanding. The certificate of incorporation filed in connection with the consummation of the Virgin Galactic Business Combination authorizes 10,000,000 shares of preferred stock, par value \$0.0001 per share, with such designation, rights and preferences as may be determined from time to time by the Company's board of directors.

**Ordinary Shares**

As of September 30, 2019, the Company was authorized to issue 500,000,000 Class A ordinary shares and 50,000,000 Class B ordinary shares, both with a par value of \$0.0001 per share. At September 30, 2019 and December 31, 2018, there were 3,490,181 and 2,863,336 Class A ordinary shares issued and outstanding, excluding 61,738,641 and 66,136,664 Class A ordinary shares subject to possible redemption, respectively. At September 30, 2019 and December 31, 2018, 17,250,000 Class B ordinary shares were issued and outstanding. The certificate of incorporation filed in connection with the consummation of the Virgin Galactic Business Combination authorizes 700,000,000 shares of common stock, par value \$0.0001 per share.

**VIRGIN GALACTIC HOLDINGS, INC.**  
**(f/k/a SOCIAL CAPITAL HEDOSOPHIA HOLDINGS CORP.)**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2019**  
**(Unaudited)**

**NOTE 7. FAIR VALUE MEASUREMENTS**

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

- Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

The following table presents information about the Company's assets that are measured at fair value on a recurring basis at September 30, 2019 and December 31, 2018, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value:

Description	Level	September 30, 2019	December 31, 2018
<b>Assets:</b>			
Marketable securities held in Trust Account	1	\$ 677,167,505	\$ 704,250,272

**NOTE 8. SUBSEQUENT EVENTS**

The Company evaluates subsequent events and transactions that occur after the balance sheet date up to the date that the condensed financial statements were issued. Other than as described in Note 1, the Company did not identify any subsequent events that would have required adjustment or disclosure in the condensed financial statements.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References in this report (the "Quarterly Report") to "we," "us" or the "Company" refer to Virgin Galactic Holdings, Inc. and its consolidated subsidiaries. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the unaudited condensed financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

### Special Note Regarding Forward-Looking Statements

This Quarterly Report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are not historical facts, and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical fact included in this Form 10-Q including, without limitation, statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy, and the plans and objectives of management for future operations, are forward-looking statements. Words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "seek" and variations thereof and similar words and expressions are intended to identify such forward-looking statements. Such forward-looking statements relate to future events or future performance, but reflect management's current beliefs, based on information currently available. A number of factors could cause actual events, performance or results to differ materially from the events, performance and results discussed in the forward-looking statements, including those included in our filings with the U.S. Securities and Exchange Commission (the "SEC"). The Company's securities filings can be accessed on the EDGAR section of the SEC's website at [www.sec.gov](http://www.sec.gov). Except as expressly required by applicable securities law, we disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

### Overview

As of September 30, 2019, we were a blank check company incorporated on May 5, 2017 as a Cayman Islands exempted company and formed for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar Business Combination with one or more businesses.

On July 9, 2019, as amended on October 2, 2019, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Vieco USA, Inc., a Delaware corporation ("Vieco US"), Vieco 10 Limited, a company limited by shares under the laws of the British Virgin Islands ("V10"), Foundation Sub 1, Inc., a Delaware corporation and our direct wholly owned subsidiary ("Merger Sub A"), Foundation Sub 2, Inc., a Delaware corporation and our direct wholly owned subsidiary ("Merger Sub B"), Foundation Sub LLC, a Delaware limited liability company and our direct wholly owned subsidiary ("Merger Sub LLC" and, collectively with Merger Sub A and Merger Sub B, the "Merger Subs"), TSC Vehicle Holdings, Inc., a Delaware corporation and an indirect wholly owned subsidiary of Vieco US ("Company A"), Virgin Galactic Vehicle Holdings, Inc., a Delaware corporation and an indirect wholly owned subsidiary of Vieco US ("Company B"), and VGH, LLC, a Delaware limited liability company and a direct wholly owned subsidiary of Vieco US ("Company LLC" and, collectively with Company A and Company B, the "VG Companies").

On October 25, 2019, as contemplated by the Merger Agreement and following approval by our shareholders at an extraordinary general meeting held October 23, 2019:

- we filed a notice of deregistration with the Cayman Islands Registrar of Companies, together with the necessary accompanying documents, and filed a certificate of incorporation and a certificate of corporate domestication with the Secretary of State of the State of Delaware, under which we were domesticated and continue as a Delaware corporation, changing our name to "Virgin Galactic Holdings, Inc." (the "Domestication");
- all outstanding shares of common stock or limited liability company interests, as applicable, of each of the VG Companies were cancelled in exchange for the right to receive 130,000,000 shares of the Company's common stock (at a deemed value of \$10.00 per share) for an aggregate merger consideration of \$1.3 billion (the "Aggregate Merger Consideration") and (x) Merger Sub A merged with and into Company A, the separate corporate existence of Merger Sub A ceasing and Company A being the surviving corporation and our wholly owned subsidiary, (y) Merger Sub B, merged with and into Company B, the separate corporate existence of Merger Sub B ceasing and Company B being the surviving corporation and our wholly owned subsidiary and (z) Merger Sub LLC merged with and into Company LLC, the separate company existence of Merger Sub LLC ceasing and Company LLC being the surviving company and our wholly owned subsidiary (collectively referred to as the "Mergers" and together with the Domestication, the "Virgin Galactic Business Combination"); and
- Vieco US elected for us to repurchase 5,209,562 shares of our common stock from Vieco US at a purchase price of \$10.00 per share (the "Repurchase").

In connection with the consummation of the Virgin Galactic Business Combination, each of our issued and outstanding Class A ordinary share, par value \$0.0001 per share, was converted, on a one-for-one basis, into a share of common stock, par value \$0.0001 per share. Each of our issued and outstanding Class B ordinary share, par value \$0.0001 per share, was converted, on a one-for-one basis, into a share of common stock; provided, however, that with respect to our Class B ordinary shares held by SCH Sponsor Corp. (the "Sponsor"), the Sponsor instead received upon the conversion of the Class B ordinary shares held by it 15,750,000 shares of common stock.

Pursuant to the Purchase Agreement entered into on July 9, 2019, as supplemented by the Assignment, Consent and Waiver Agreement, dated as of October 2, 2019, by and among us, Chamath Palihapitiya, Vieco US and V10 (the "Purchase Agreement"), Chamath Palihapitiya, our chief executive officer prior to the consummation of the Virgin Galactic Business Combination, purchased (concurrently with the consummation of the Mergers) 10,000,000 shares of our common stock from Vieco US at a price of \$10.00 per share in cash.

## Results of Operations

Through September 30, 2019 we had neither engaged in any operations nor generated any revenues. Our only activities from May 5, 2017 (inception) to September 30, 2019 were organizational activities and those necessary to consummate the Public Offering, described below, identifying a target company for a Business Combination and activities in connection with the Virgin Galactic Business Combination. We have generated and expect to generate non-operating income in the form of interest income on marketable securities held after the Public Offering. We have incurred and expect to incur expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence and transaction expenses.

For the three months ended September 30, 2019, we had net loss of \$482,184, which consists of operating costs of \$4,211,109, offset by interest income on marketable securities held in the Trust Account of \$3,470,728 and an unrealized gain on marketable securities held in the Trust Account of \$258,197.

For the nine months ended September 30, 2019, we had net income of \$5,005,004, which consists of interest income on marketable securities held in the Trust Account of \$12,025,143, offset by operating costs of \$7,008,314 and an unrealized loss on marketable securities held in the Trust Account of \$11,825.

For the three months ended September 30, 2018, we had net income of \$3,036,916, which consists of interest income on marketable securities held in the Trust Account of \$3,401,636, offset by operating costs of \$224,827 and an unrealized loss on marketable securities held in the Trust Account of \$139,893.

For the nine months ended September 30, 2018, we had net income of \$7,236,056, which consists of interest income on marketable securities held in the Trust Account of \$8,757,384, offset by operating costs of \$1,216,144 and an unrealized loss on marketable securities held in the Trust Account of \$305,184.

## Liquidity and Capital Resources

For the nine months ended September 30, 2019, net cash used in operating activities was \$1,757,811. Net income of \$5,005,004 was affected by interest earned on marketable securities held in the Trust Account of \$12,025,143, an unrealized loss on marketable securities held in the Trust Account of \$11,825 and changes in our operating assets and liabilities, which provided \$5,250,503 of cash from operating activities.

For the nine months ended September 30, 2018, net cash used in operating activities was \$798,376. Net income of \$7,236,056 was impacted by interest earned on marketable securities held in the Trust Account of \$8,757,384, an unrealized loss on marketable securities held in our Trust Account of \$305,184 and changes in our operating assets and liabilities, which provided \$417,768 of cash from operating activities.

As of September 30, 2019, we had marketable securities held in the Trust Account of \$677,167,505 (including approximately \$24,879,000 of interest income, net of unrealized losses) consisting of U.S. treasury bills with a maturity of 180 days or less. Interest income on the balance in the Trust Account may be used by us to pay taxes. Through September 30, 2019, we did not withdraw any funds from the interest earned on the Trust Account.

We used substantially all of the funds held in the Trust Account, including any amounts representing interest earned on the Trust Account (which interest shall be net of taxes payable and excluding deferred underwriting commissions) to complete the Virgin Galactic Business Combination.

As of September 30, 2019, we had cash of \$48,489 held outside of the Trust Account.

Through September 30, 2019, we principally financed our operations from inception using proceeds from the sale of our equity securities to our shareholders prior to the Public Offering and such amount of proceeds from the Public Offering that were placed in an account outside of the Trust Account for working capital purposes. As of September 30, 2019, we had \$48,489 in our operating bank accounts, \$677,167,505 in securities held in the Trust Account to be used for a Business Combination or to repurchase or redeem our ordinary shares in connection therewith and a working capital deficit of \$7,083,017.

#### **Off-balance sheet financing arrangements**

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements as of September 30, 2019. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or purchased any non-financial assets.

#### **Contractual obligations**

As of September 30, 2019, we did not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities, other than an agreement to pay an affiliate of our Sponsor a monthly fee of \$10,000 for office space, and administrative and support services provided to the Company. We began incurring these fees on September 18, 2017, but ceased to incur these fees following the completion of the Virgin Galactic Business Combination.

#### **Critical Accounting Policies**

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and income and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following critical accounting policies:

##### *Ordinary shares subject to possible redemption*

Prior to the consummation of the Virgin Galactic Business Combination, we accounted for our ordinary shares subject to possible conversion in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480, “Distinguishing Liabilities from Equity.” Ordinary shares subject to mandatory redemption are classified as a liability instrument and is measured at fair value. Conditionally redeemable ordinary shares (including ordinary shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) are classified as temporary equity. At all other times, ordinary shares are classified as shareholders’ equity. Our ordinary shares feature certain redemption rights that are considered to be outside of our control and subject to occurrence of uncertain future events. Accordingly, the ordinary shares subject to possible redemption are presented at redemption value as temporary equity, outside of the shareholders’ equity section of our balance sheets.

##### *Net loss per ordinary share*

Prior to the consummation of the Virgin Galactic Business Combination, we applied the two-class method in calculating earnings per share. Ordinary shares subject to possible redemption which were not redeemable as of September 30, 2019 and were not redeemable at fair value, have been excluded from the calculation of basic net income (loss) per ordinary share since such shares, if redeemed, only participate in their pro rata share of the Trust Account earnings. Our net income is adjusted for the portion of income that is attributable to ordinary shares subject to redemption, as these shares only participate in the earnings of the Trust Account and not our income or losses.

##### *Recent accounting pronouncements*

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on our financial statements.

#### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not required for smaller reporting company.

#### **ITEM 4. CONTROLS AND PROCEDURES**

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

##### *Evaluation of Disclosure Controls and Procedures*

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2019. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15 (e) under the Exchange Act) were effective.

##### *Changes in Internal Control Over Financial Reporting*

During the most recently completed fiscal quarter, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. The Virgin Galactic Business Combination was consummated in the quarter ending December 31, 2019.



## PART II - OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

None.

### ITEM 1A. RISK FACTORS.

As a result of the closing of the Virgin Galactic Business Combination on October 25, 2019, the risk factors previously disclosed in Part I, Item 1A of our Annual Report on [Form 10-K](#) for the fiscal year ended December 31, 2018 no longer apply. For risk factors relating to our business following the Virgin Galactic Business Combination, please refer to the section “*Risk Factors*” in our [definitive proxy statement](#) filed with the Securities and Exchange Commission on October 10, 2019, which is incorporated by reference into our Current Report on [Form 8-K](#) filed on October 29, 2019.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

On November 4, 2019, the Company issued 413,486 shares of its common stock to a financial advisor as partial consideration for advisory services rendered in connection with the Virgin Galactic Business Combination. The Company issued such shares of common stock in a transaction not involving an underwriter and not requiring registration under Section 5 of the Securities Act of 1933, as amended, in reliance on the exemption afforded by Section 4(a)(2) thereof.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

### ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

### ITEM 5. OTHER INFORMATION.

None.

### ITEM 6. EXHIBITS.

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

<u>No.</u>	<u>Description of Exhibit</u>
<a href="#">31.1*</a>	<a href="#">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</a>
<a href="#">31.2*</a>	<a href="#">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</a>
<a href="#">32.1**</a>	<a href="#">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</a>
<a href="#">32.2**</a>	<a href="#">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</a>
101.INS*	XBRL Instance Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed herewith.

\*\* Furnished herewith.

**SIGNATURES**

Pursuant to the requirements of 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: November 12, 2019

/s/ George Whitesides  
Name: George Whitesides  
Title: President and Chief Executive Officer  
(Principal Executive Officer)

Date: November 12, 2019

/s/ Jonathan Campagna  
Name: Jonathan Campagna  
Title: Chief Financial Officer  
(Principal Financial and Accounting Officer)

**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, George Whitesides, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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(s) 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 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.

Date: November 12, 2019

By: /s/ George Whitesides  
George Whitesides  
President and Chief Executive Officer  
(Principal Executive Officer)

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**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, Jonathan Campagna, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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(s) 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 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.

Date: November 12, 2019

By: /s/ Jonathan Campagna  
Jonathan Campagna  
Chief Financial Officer  
(Principal Financial Officer)

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**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 Quarterly Report of Virgin Galactic Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2019, as filed with the Securities and Exchange Commission (the "Report"), I, George Whitesides, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. §1350, as added by §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.

Date: November 12, 2019

By: /s/ George Whitesides  
George Whitesides  
President and Chief Executive Officer  
(Principal Executive Officer)

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**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 Quarterly Report of Virgin Galactic Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2019, as filed with the Securities and Exchange Commission (the "Report"), I, Jonathan Campagna, Chief Financial Officer, certify, pursuant to 18 U.S.C. §1350, as added by §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.

Date: November 12, 2019

By: /s/ Jonathan Campagna  
Jonathan Campagna  
Chief Financial Officer  
(Principal Financial Officer)

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