

VAI Management, LLC  
Form 4  
November 17, 2014

# FORM 4

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

OMB APPROVAL

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## STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
FREIDHEIM STEPHEN C

(Last) (First) (Middle)

C/O CYRUS CAPITAL PARTNERS, L.P., 399 PARK AVENUE, 39TH FLOOR

(Street)

NEW YORK, NY 10022

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
Virgin America Inc. [VA]

3. Date of Earliest Transaction (Month/Day/Year)  
11/13/2014

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing (Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	
Common Stock	11/13/2014		J(1)(2)	D	248,309	I	See Footnotes (1) (2) (17)
Class A-1 Common Stock	11/13/2014		J(1)(2)	D	29,143	I	See Footnotes (1) (2) (17)
Common Stock	11/13/2014		J(3)(4)	D	3	I	See Footnotes (3) (4) (17)
Class A-1	11/13/2014		J(3)(4)	D	6	I	See

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Common Stock								Footnotes <u>(3)</u> <u>(4)</u> <u>(17)</u>
Class A-1 Common Stock	11/13/2014		D <sup>(5)(6)</sup>	19,431	D	<u>(5)</u> <u>(6)</u>	0	I Footnotes <u>(5)</u> <u>(6)</u> <u>(17)</u>
Common Stock	11/13/2014		A <sup>(5)(6)</sup>	19,431	A	<u>(5)</u> <u>(6)</u>	30,831	I Footnotes <u>(5)</u> <u>(6)</u> <u>(17)</u>
Common Stock	11/13/2014		A <sup>(8)</sup>	739,948	A	<u>(8)</u>	770,779	I Footnotes <u>(8)</u> <u>(17)</u>
Common Stock	11/13/2014		A <sup>(9)</sup>	44,209	A	<u>(9)</u>	814,988	I Footnotes <u>(9)</u> <u>(17)</u>
Common Stock	11/13/2014		A <sup>(13)</sup>	89,953	A	<u>(13)</u>	89,953	I Footnotes <u>(13)</u> <u>(17)</u>
Common Stock	11/13/2014		A <sup>(13)</sup>	41,908	A	<u>(13)</u>	131,861	I Footnotes <u>(13)</u> <u>(17)</u>
Common Stock	11/13/2014		A <sup>(14)</sup>	2,502	A	<u>(14)</u>	2,502	I Footnotes <u>(14)</u> <u>(17)</u>
Common Stock	11/13/2014		A <sup>(15)</sup>	1,701,389	A	<u>(15)</u>	1,833,250	I Footnotes <u>(15)</u> <u>(17)</u>
Common Stock	11/13/2014		A <sup>(16)</sup>	40,788	A	<u>(16)</u>	43,290	I Footnotes <u>(16)</u> <u>(17)</u>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	A

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Convertible Preferred Stock	<u>(7)</u>	11/13/2014	<u>J(1)(2)</u>	1,109,811	<u>(7)</u>	<u>(7)</u>	Common Stock
Convertible Preferred Stock	<u>(7)</u>	11/13/2014	<u>J(3)(4)</u>	222	<u>(7)</u>	<u>(7)</u>	Common Stock
Convertible Preferred Stock	<u>(7)</u>	11/13/2014	<u>D(8)</u>	739,948	<u>(7)</u>	<u>(7)</u>	Common Stock
Class A Warrants (right to buy)	\$ 0.0755	11/13/2014	<u>J(3)(4)</u>	66,532	01/12/2013	01/12/2040	Common Stock
Class A Warrants (right to buy)	\$ 0.0755	11/13/2014	<u>D(9)</u>	44,355	01/12/2013	01/12/2040	Common Stock
Class C-6 Warrants (right to buy)	\$ 37.7447	11/13/2014	<u>D(10)</u>	278,847	<u>(11)</u>	01/12/2040	Common Stock
Class C-7A Warrants (right to buy)	\$ 75.4894	11/13/2014	<u>D(10)</u>	883,126	<u>(12)</u>	01/12/2040	Common Stock
Class C-8 Warrants (right to buy)	\$ 113.234	11/13/2014	<u>D(10)</u>	2,649,380	<u>(12)</u>	01/12/2040	Common Stock
Class C-9 Warrants (right to buy)	\$ 150.9787	11/13/2014	<u>D(10)</u>	3,974,070	<u>(12)</u>	01/12/2040	Common Stock
Class C-12C Warrants (right to buy)	\$ 26.4213	11/13/2014	<u>D(13)</u>	501,233	<u>(12)</u>	12/09/2041	Common Stock
Class C-15E Warrants (right to buy)	\$ 18.8723	11/13/2014	<u>D(13)</u>	233,523	<u>(12)</u>	05/10/2043	Common Stock
Class C-12E Warrants	\$ 26.4213	11/13/2014	<u>D(14)</u>	13,942	<u>(12)</u>	12/09/2041	Common Stock

(right to  
buy)

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FREIDHEIM STEPHEN C C/O CYRUS CAPITAL PARTNERS, L.P. 399 PARK AVENUE, 39TH FLOOR NEW YORK, NY 10022	X	X		
CYRUS CAPITAL PARTNERS GP, LLC C/O CYRUS CAPITAL PARTNERS, L.P. 399 PARK AVENUE, 39TH FLOOR NEW YORK, NY 10022	X	X		
Cyrus Aviation Partners II, L.P. C/O CYRUS CAPITAL PARTNERS, L.P. 399 PARK AVENUE, 39TH FLOOR NEW YORK, NY 10022	X	X		
CYRUS CAPITAL PARTNERS, L.P. C/O CYRUS CAPITAL PARTNERS, L.P. 399 PARK AVENUE, 39TH FLOOR NEW YORK, NY 10022	X	X		
Cyrus Aviation Investor, LLC C/O CYRUS CAPITAL PARTNERS, L.P. 399 PARK AVENUE, 39TH FLOOR NEW YORK, NY 10022	X	X		
Cyrus Capital Advisors, L.L.C. C/O CYRUS CAPITAL PARTNERS, L.P. 399 PARK AVENUE, 39TH FLOOR NEW YORK, NY 10022	X	X		
CYR FUND LP C/O CYRUS CAPITAL PARTNERS, L.P. 399 PARK AVENUE, 39TH FLOOR NEW YORK, NY 10022	X	X		
CCP Investments I, L.P. C/O CYRUS CAPITAL PARTNERS, L.P. 399 PARK AVENUE, 39TH FLOOR NEW YORK, NY 10022	X	X		
VAI Management, LLC C/O CYRUS CAPITAL PARTNERS, L.P. 399 PARK AVENUE, 39TH FLOOR NEW YORK, NY 10022	X	X		
	X	X		

VAI Partners, LLC  
 C/O CYRUS CAPITAL PARTNERS, L.P.  
 399 PARK AVENUE, 39TH FLOOR  
 NEW YORK, NY 10022

## Signatures

STEPHEN C. FREIDHEIM, Name: Stephen C. Freidheim /s/ Stephen C. Freidheim	11/17/2014
__Signature of Reporting Person	Date
CYRUS CAPITAL PARTNERS GP, L.L.C., Name: Stephen C. Freidheim, Title: Sole Member/Manager /s/ Stephen C. Freidheim	11/17/2014
__Signature of Reporting Person	Date
CYRUS AVIATION PARTNERS II, L.P., By: Cyrus Capital Partners GP, L.L.C., its general partner, Name: Stephen C. Freidheim, Title: Sole Member/Manager /s/ Stephen C. Freidheim	11/17/2014
__Signature of Reporting Person	Date
CYRUS CAPITAL PARTNERS, L.P., By: Cyrus Capital Partners GP, L.L.C., its general partner, Name: Stephen C. Freidheim, Title: Sole Member/Manager /s/ Stephen C. Freidheim	11/17/2014
__Signature of Reporting Person	Date
CYRUS AVIATION INVESTOR, LLC, By: Cyrus Aviation Partners II, L.P., its managing member, By: Cyrus Capital Partners GP, L.L.C., its general partner, Name: Stephen C. Freidheim, Title: Sole Member/Manager /s/ Stephen C. Freidheim	11/17/2014
__Signature of Reporting Person	Date
CYRUS CAPITAL ADVISORS, L.L.C., By: Cyrus Capital Partners GP, L.L.C., its managing member, Name: Stephen C. Freidheim, Title: Sole Member/Manager /s/ Stephen C. Freidheim	11/17/2014
__Signature of Reporting Person	Date
CYR FUND, L.P., By: Cyrus Capital Advisors, L.L.C., its general partner, By: Cyrus Capital Partners GP, L.L.C., its managing member, Name: Stephen C. Freidheim, Title: Sole Member/Manager /s/ Stephen C. Freidheim	11/17/2014
__Signature of Reporting Person	Date
CCP INVESTMENTS I, L.P., By: Cyrus Capital Partners GP, L.L.C., its general partner, Name: Stephen C. Freidheim, Title: Sole Member/Manager /s/ Stephen C. Freidheim	11/17/2014
__Signature of Reporting Person	Date
VAI Management, LLC, By: Cyrus Aviation Investor, LLC, its managing member, By: Cyrus Capital Partners GP, L.L.C., the general partner of its managing member, Name: Stephen C. Freidheim, Title: Sole Member/Manager /s/ Stephen C. Freidheim	11/17/2014
__Signature of Reporting Person	Date
VAI Partners LLC, By: VAI Management, LLC, its managing member, By: Cyrus Capital Partners GP, L.L.C., the general partner of the managing member of its managing member, Name: Stephen C. Freidheim, Title: Sole Member/Manager /s/ Stephen C. Freidheim	11/17/2014
__Signature of Reporting Person	Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Pursuant to the Distribution Agreement (the "VAI Partners Distribution Agreement"), dated November 13, 2014, by and among VAI Partners LLC ("VAI Partners"), Cyrus Aviation Investor, LLC ("Cyrus Aviation"), VAI MBO Investors, LLC, VX Employee Holdings, LLC, and VAI Management, LLC ("VAI Management"), VAI Partners distributed to its members all of the securities it held of Virgin America Inc. (the "Issuer") on a pro rata basis without consideration based on the membership interests held by each member. Pursuant to the VAI Partners Distribution Agreement, Cyrus Aviation received 11,398 shares of the Issuer's common stock, 19,427 shares of the Issuer's Class A-1 common stock, and 739,800 shares of the Issuer's Convertible Preferred Stock, and VAI Management received 3 shares of the Issuer's common stock, 6 shares of the Issuer's Class A-1 common stock, and 222 shares of the Issuer's Convertible Preferred Stock.
- (2) (Continued from footnote 1) Stephen C. Freidheim may be deemed to indirectly beneficially own the securities held by Cyrus Aviation because Mr. Freidheim may be deemed to have voting and investment power over such securities as the sole member of Cyrus Capital GP, L.L.C. ("Cyrus Capital GP") and the Chief Investment Officer of Cyrus Capital Partners, L.P. ("Cyrus Capital Partners"). Cyrus Capital GP is the general partner of Cyrus Aviation II, L.P. ("Cyrus Aviation II") and Cyrus Capital Partners and Cyrus Capital Partners is the investment manager of Cyrus Aviation II. Cyrus Aviation II is the sole member of Cyrus Aviation. Mr. Freidheim has a right to a performance-based allocation and therefore has a pecuniary interest in a portion of the securities held by Cyrus Aviation.
- (3) Pursuant to the Distribution Agreement (the "VAI Management Distribution Agreement"), dated November 13, 2014, by and among VAI Management, Cyrus Aviation and VAI MBO Investors, LLC, VAI Management distributed to its members all of the securities it held of the Issuer on a pro rata basis without consideration based on the membership interests held by each member. Pursuant to the VAI Management Distribution Agreement, Cyrus Aviation received 44,355 Class A Warrants of the Issuer, 2 shares of the Issuer's common stock, 4 shares of the Issuer's Class A-1 common stock, and 148 shares of the Issuer's Convertible Preferred Stock. Stephen C. Freidheim may be deemed to indirectly beneficially own the securities held by Cyrus Aviation because Mr. Freidheim may be deemed to have voting and investment power over such securities as the sole member of Cyrus Capital GP and the Chief Investment Officer of Cyrus Capital Partners.
- (4) (Continued from footnote 3) Cyrus Capital GP is the general partner of Cyrus Aviation II and Cyrus Capital Partners and Cyrus Capital Partners is the investment manager of Cyrus Aviation II. Cyrus Aviation II is the sole member of Cyrus Aviation. Mr. Freidheim has a right to a performance-based allocation and therefore has a pecuniary interest in a portion of the securities held by Cyrus Aviation.
- (5) Pursuant to the Recapitalization Agreement, dated November 13, 2014, by and among the Issuer, Virgin Management Limited, VX Holdings, L.P., VA Holdings (Guernsey) LP, Virgin Holdings Limited, CM Finance Inc., Cyrus Select Opportunities Master Fund, Ltd., CYR Fund, L.P. ("CYR"), Crescent 1, L.P., Cyrus Opportunities Master Fund II, Ltd., Cyrus Aviation, Cyrus Aviation Partners III, L.P., Cyrus Aviation Partners IIIA, L.P., Cyrus Aviation Partners IV, L.P., CCP Investments I, L.P. ("CCP"), , CRS Fund, Ltd., Cyrus Aviation Holdings, LLC, and VAI MBO Investors, LLC (the "Recapitalization Agreement"), on November 13, 2014, the shares of Class A-1 common stock of the Issuer held directly by Cyrus Aviation were automatically converted into shares of the Issuer's common stock.
- (6) (Continued from footnote 5) Stephen C. Freidheim may be deemed to indirectly beneficially own the securities held by Cyrus Aviation because Mr. Freidheim may be deemed to have voting and investment power over such securities as the sole member of Cyrus Capital GP and the Chief Investment Officer of Cyrus Capital Partners. Cyrus Capital GP is the general partner of Cyrus Aviation II and Cyrus Capital Partners and Cyrus Capital Partners is the investment manager of Cyrus Aviation II. Cyrus Aviation II is the sole member of Cyrus Aviation. Mr. Freidheim has a right to a performance-based allocation and therefore has a pecuniary interest in a portion of the securities held by Cyrus Aviation. The Issuer's Board of Directors, on which Mr. Freidheim serves, approved the Recapitalization Agreement in advance of the consummation of the transactions pursuant to the Recapitalization Agreement.
- (7) The shares of Convertible Preferred Stock of the Issuer are immediately convertible into shares of the Issuer's common stock on a one-for-one basis and do not expire.
- (8) Pursuant to the Recapitalization Agreement, on November 13, 2014, the shares of Convertible Preferred Stock of the Issuer held directly by Cyrus Aviation were exchanged with the Issuer for shares of common stock of the Issuer. Stephen C. Freidheim may be deemed to indirectly beneficially own the securities held by Cyrus Aviation because Mr. Freidheim may be deemed to have voting and investment power over such securities as the sole member of Cyrus Capital GP and the Chief Investment Officer of Cyrus Capital Partners. Cyrus Capital GP is the general partner of Cyrus Aviation II and Cyrus Capital Partners and Cyrus Capital Partners is the investment manager of Cyrus Aviation II. Cyrus Aviation II is the sole member of Cyrus Aviation. Mr. Freidheim has a right to a performance-based allocation and therefore has a pecuniary interest in a portion of the securities held by Cyrus Aviation.
- (9)

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Pursuant to the Recapitalization Agreement, on November 13, 2014, the Class A Warrants of the Issuer held directly by Cyrus Aviation were exchanged with the Issuer for shares of common stock of the Issuer. Stephen C. Freidheim may be deemed to indirectly beneficially own the securities held by Cyrus Aviation because Mr. Freidheim may be deemed to have voting and investment power over such securities as the sole member of Cyrus Capital GP and the Chief Investment Officer of Cyrus Capital Partners. Cyrus Capital GP is the general partner of Cyrus Aviation II and Cyrus Capital Partners and Cyrus Capital Partners is the investment manager of Cyrus Aviation II. Cyrus Aviation II is the sole member of Cyrus Aviation. Mr. Freidheim has a right to a performance-based allocation and therefore has a pecuniary interest in a portion of the securities held by Cyrus Aviation.

(10) Pursuant to the Recapitalization Agreement, on November 13, 2014, the Class C-6 Warrants, the Class C-7A Warrants, the Class C-8 Warrants, and the Class C-9 Warrants of the Issuer held directly by Cyrus Aviation were cancelled in full. Stephen C. Freidheim may be deemed to indirectly beneficially own the securities held by Cyrus Aviation because Mr. Freidheim may be deemed to have voting and investment power over such securities as the sole member of Cyrus Capital GP and the Chief Investment Officer of Cyrus Capital Partners. Cyrus Capital GP is the general partner of Cyrus Aviation II and Cyrus Capital Partners and Cyrus Capital Partners is the investment manager of Cyrus Aviation II. Cyrus Aviation II is the sole member of Cyrus Aviation. Mr. Freidheim has a right to a performance-based allocation and therefore has a pecuniary interest in a portion of the securities held by Cyrus Aviation.

(11) The Class C-6 Warrants are immediately exercisable.

(12) The Warrants are exercisable subject to limitations set forth in the respective warrant agreements.

(13) Pursuant to the Recapitalization Agreement, on November 13, 2014, the Class C-12C Warrants and the Class C-15E Warrants of the Issuer held directly by CYR Fund, L.P. ("CYR") were exchanged with the Issuer for 89,953 and 41,908 shares of common stock of the Issuer, respectively. Stephen C. Freidheim may be deemed to indirectly beneficially own the securities held by CYR because Mr. Freidheim may be deemed to have voting and investment power over such securities as the sole member of Cyrus Capital GP. Cyrus Capital GP is the managing member of Cyrus Capital Advisors, L.L.C. ("Cyrus Capital Advisors"), which is the general partner of CYR. Mr. Freidheim has a right to a performance-based allocation and therefore has a pecuniary interest in a portion of the securities held by CYR.

(14) Pursuant to the Recapitalization Agreement, on November 13, 2014, the Class C-12E Warrants of the Issuer held directly by CCP Investments I, L.P. ("CCP") were exchanged with the Issuer for shares of common stock of the Issuer. Stephen C. Freidheim may be deemed to indirectly beneficially own the securities held by CCP because Mr. Freidheim may be deemed to have voting and investment power over such securities as the sole member of Cyrus Capital GP. Cyrus Capital GP is the general partner of CCP. Mr. Freidheim has a right to a performance-based allocation and therefore has a pecuniary interest in a portion of the securities held by CCP.

(15) Pursuant to the Recapitalization Agreement, on November 13, 2014, CYR exchanged certain notes of the Issuer described in the Recapitalization Agreement for shares of common stock of the Issuer. Stephen C. Freidheim may be deemed to indirectly beneficially own the securities held by CYR because Mr. Freidheim may be deemed to have voting and investment power over such securities as the sole member of Cyrus Capital GP. Cyrus Capital GP is the managing member of Cyrus Capital Advisors, which is the general partner of CYR. Mr. Freidheim has a right to a performance-based allocation and therefore has a pecuniary interest in a portion of the securities held by CYR.

(16) Pursuant to the Recapitalization Agreement, on November 13, 2014, CCP exchanged certain notes of the Issuer described in the Recapitalization Agreement for shares of common stock of the Issuer. Stephen C. Freidheim may be deemed to indirectly beneficially own the securities held by CCP because Mr. Freidheim may be deemed to have voting and investment power over such securities as the sole member of Cyrus Capital GP. Cyrus Capital GP is the general partner of CCP. Mr. Freidheim has a right to a performance-based allocation and therefore has a pecuniary interest in a portion of the securities held by CCP.

(17) Each of Stephen C. Freidheim, Cyrus Capital GP, Cyrus Aviation II, Cyrus Capital Partners, Cyrus Aviation, Cyrus Capital Advisors, CYR, CCP, VAI Management and VAI Partners disclaims beneficial ownership of the securities of the Issuer reported herein except to the extent of their pecuniary interest therein, and this report shall not be deemed an admission that any of Mr. Freidheim, Cyrus Capital GP, Cyrus Aviation II, Cyrus Capital Partners, Cyrus Aviation, Cyrus Capital Advisors, CYR, CCP, VAI Management or VAI Partners is the beneficial owner of such securities for purposes of Section 16 or any other purpose.

### Remarks:

Stephen C. Freidheim serves on the Board of Directors of Virgin America Inc. (the "Issuer"). For purposes of Section 16 of the

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