



VIRGIN MOBILE USA, INC.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

I. PURPOSE

The Audit Committee (the “Committee”) of Virgin Mobile USA, Inc. (“VMUI”) is established for the primary purpose of assisting the Board of Directors with respect to the oversight of the:

1. Quality and integrity of VMUI’s financial statements, reports, and related internal controls over financial reporting;
2. VMUI’s compliance with legal and regulatory requirements;
3. Independent auditor’s qualifications and independence; and
4. Performance of VMUI’s internal audit function and independent auditors.

In addition, the Committee shall prepare the Audit Committee report that Security and Exchange Commission (the “SEC”) requires to be included in VMUI’s annual proxy statement.

II. STRUCTURE AND OPERATIONS

Independence Requirements

The Committee shall be comprised of at least three directors. All of the members of the Committee must be determined by the Board of Directors to be “independent” under the rules of the New York Stock Exchange, Inc., the Sarbanes-Oxley Act and any criteria for “independence” that are established under special standards for members of the audit committee by the SEC.

Financial Literacy and Expertise Requirement

All members of the Committee shall, in the business judgment of the Board of Directors, have, at the time of his or her appointment to the Committee, a working familiarity with basic finance and accounting practices, or must acquire such familiarity within a reasonable period after his or her appointment. At least one member must be a “financial expert” as determined by the Board of Directors, in compliance with the criteria established by the SEC and the NYSE.

Limitation on Memberships of other Audit Committees

No member of the Committee may serve on the audit committee of more than three public companies, including VMUI, unless the Board of Directors (i) determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and (ii) discloses such determination in the annual proxy statement.

Limitation on Other Compensation

No member of the Committee shall receive compensation other than (i) director's fees for service as a director of VMUI, including reasonable compensation for serving on the Committee and regular benefits that other directors receive and (ii) a pension or similar compensation for past performance, provided that such compensation is not conditioned on continued or future service to VMUI.

Appointment and Removal

Any person to be designated to the Board as an independent director shall be nominated by the Committee for the approval of the full Board of Directors. The Board of Directors will appoint the members of the Committee and the appointed members shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

Chairman

Unless a chairman is elected by the full Board of Directors, the members of the Committee shall designate a chairman by the majority vote of the full Committee membership. The chairman shall be entitled to cast a vote to resolve any ties. The chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

III. MEETINGS

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. As part of its goal to foster open communication, the Committee shall periodically meet separately with the Chief Executive Officer, the Chief Financial Officer and the General Counsel (the "Senior Officers"), the director of the internal auditing department and the independent auditors to discuss any matters that the Committee or each of these groups believe would be appropriate to discuss privately. In addition, the Committee should meet with the independent auditors and management quarterly to review VMUI's financial statements in a manner consistent with that outlined in Section IV of this Charter. The Chairman of the Board or any member of the Committee may call meetings of the Committee. Meetings of the Committee may be held telephonically.

All non-management directors that are not members of the Committee may attend meetings of the Committee but may not vote. The Committee may invite to its meetings any director, officer or such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

IV. RESPONSIBILITIES

Overview

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. In this regard, the Committee shall have the authority to retain outside legal, accounting or other advisors for this purpose, including the authority to approve the fees payable to such advisors and any other terms of retention.

The Committee shall be given full access to VMUI's internal audit group, Board of Directors, corporate executives and independent accountants as necessary to carry out these responsibilities. While acting within the scope of its stated purpose, the Committee shall have all the authority of the Board of Directors.

Notwithstanding the foregoing, the Committee is not responsible for certifying VMUI's financial statements or guaranteeing the auditor's report. The fundamental responsibility for VMUI's financial statements and disclosures rests with management and the independent auditors.

Review of Financial and Other Information

1. Review with management and the independent auditors prior to public dissemination of VMUI's annual audited financial statements and quarterly financial statements, including VMUI's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and a discussion with the independent auditors of the matters required to be discussed by Statement of Auditing Standards No. 61 and the Sarbanes-Oxley Act of 2002 relating to the conduct of the audit or quarterly reviews.
2. Discuss with management and the independent auditors, as appropriate, the independent auditors' responsibilities under auditing standards generally accepted in the United States of America, and under the applicable rules and regulations of any exchange on which VMUI lists its securities.
3. Review and discuss with management and the independent auditors VMUI's earnings press releases (paying particular attention to the use of any "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies. The Committee's discussion in this regard may be general in nature (i.e., discussion of the types of information to be disclosed and the type of presentation to be made) and need not take place in advance of each earnings release or each instance in which VMUI may provide earnings guidance.

4. The independent directors forming the Committee will review and recommend to the full Board of Directors all related party transactions until such time as a Nominating and Governance Committee is established. Interested directors will abstain from the vote. Approval of the Board of Directors is required for a related-party transaction.
5. Perform any functions required to be performed by it or otherwise appropriate under applicable law, rules or regulations, VMUI's by-laws and the resolutions or other directives of the Board, including review of any certification required to be reviewed in accordance with applicable law or regulations of the SEC.

Independent Auditors

6. Recommend the hiring or termination of independent auditors and approve audit engagement fees and terms, and all non audit work performed by such auditor.
7. Inform each registered public accounting firm performing work for VMUI that such firm shall report directly to the Committee.
8. Recommend the overall scope of the audit.
9. Oversee the work of any registered public accounting firm employed by VMUI, including the resolution of any disagreement between management and the auditor regarding financial reporting, for the purpose of preparing or issuing an audit report or related work.
10. Approve in advance any significant audit or non-audit engagement or relationship between VMUI and the independent auditors, other than "prohibited non-auditing services".

The following shall be "prohibited non-auditing services": (i) bookkeeping or other services related to the accounting records or financial statements of the audit client; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, providing fairness opinions or preparing contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or dealer, investment adviser or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service that the Public Company Accounting Oversight Board prohibits through regulation.

Notwithstanding the foregoing, pre-approval is not necessary for minor audit services if: (i) the aggregate amount of all such non-audit services provided to VMUI constitutes not more than five percent of the total amount of revenues paid by VMUI to its auditor during the fiscal year in which the non-audit services are provided; (ii) such services were not recognized by VMUI at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved prior

to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee. The Committee may delegate to one or more of its members the authority to approve in advance all significant audit or non-audit services to be provided by the independent auditors so long as it is presented to the full Committee at a later time.

11. Review, at least annually, the qualifications, performance and independence of the independent auditors. In conducting its review and evaluation, the Committee should:
 - (a) Obtain and review a report by VMUI's independent auditor describing:
 - (i) the auditing firm's internal quality-control procedures;
 - (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and
 - (iii) to assess the auditor's independence, all relationships between the independent auditor and VMUI;
 - (b) Ensure that all auditing personnel are rotated in accordance with, and to the extent required by, applicable laws and regulations.
 - (c) Confirm with any independent auditor retained to provide audit services for any fiscal year that the lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for reviewing the audit, has not performed audit services for VMUI in each of VMUI's five previous fiscal years.
 - (d) Take into account the opinions of management and VMUI's internal auditors (or other personnel responsible for the internal audit function).

Financial Reporting Process

12. In consultation with the independent auditors, management and the internal auditors, review the integrity of VMUI's financial reporting processes, both internal and external. In that connection, the Committee should obtain and discuss with management and the independent auditor reports from management and the independent auditor regarding: (i) all critical accounting policies and practices to be used by VMUI; (ii) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including all alternative treatments of financial information within generally accepted accounting principles that have been discussed with VMUI's management, the ramifications of the use of the alternative disclosures and treatments, and the treatment preferred by the independent auditor; (iii) major issues regarding accounting principles and financial statement presentations, including any significant changes in VMUI's

selection or application of accounting principles; (iv) major issues as to the adequacy of VMUI's internal controls and any specific audit steps adopted in light of material control deficiencies; and (v) any other material written communications between the independent auditor and VMUI's management.

13. Review periodically the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of VMUI.
14. Review with the independent auditor (i) any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management and (ii) management's responses to such matters. Without excluding other possibilities, the Committee may wish to review with the independent auditor (i) any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise), (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement and (iii) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditor to VMUI.
15. Review and discuss with the independent auditor the responsibilities, budget and staffing of VMUI's internal audit function.

Legal Compliance / General

16. Review periodically, with VMUI's counsel, any legal matter that could have a significant impact on VMUI's financial statements.
17. Discuss with management and the independent auditors VMUI's guidelines and policies with respect to risk assessment and risk management. The Committee should discuss VMUI's major financial risk exposures and the steps management has taken to monitor and control such exposures.
18. Set clear hiring policies for employees or former employees of the independent auditors. At a minimum, these policies should provide that any registered public accounting firm may not provide audit services to VMUI if the CEO, controller, CFO, chief accounting officer or any person serving in an equivalent capacity for VMUI was employed by the registered public accounting firm and participated in the audit of VMUI within one year of the initiation of the current audit.
19. Establish procedures for: (i) the receipt, retention and treatment of complaints received by VMUI regarding accounting, internal accounting controls, auditing matters, or compliance with legal and regulatory requirements; and (ii) the receipt, retention and treatment of complaints received by VMUI regarding retaliation against employees for making complaints concerning these matters; and (iii) the confidential, anonymous

submission by employees of VMUI of concerns regarding questionable accounting or auditing matters.

Reports

20. Prepare all reports required to be included in VMUI's proxy statement, pursuant to and in accordance with applicable rules and regulations of the SEC.
21. Report regularly to the full Board of Directors including:
 - (i) with respect to any issues that arise with respect to the quality or integrity of VMUI's financial statements, VMUI's compliance with legal or regulatory requirements, the performance and independence of VMUI's independent auditors or the performance of the internal audit function;
 - (ii) following all meetings of the Committee; and
 - (iii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities.

The Committee shall provide such recommendations as it may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee.

22. Maintain minutes or other records of meetings and activities of the Committee.

V. PERFORMANCE EVALUATION

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.