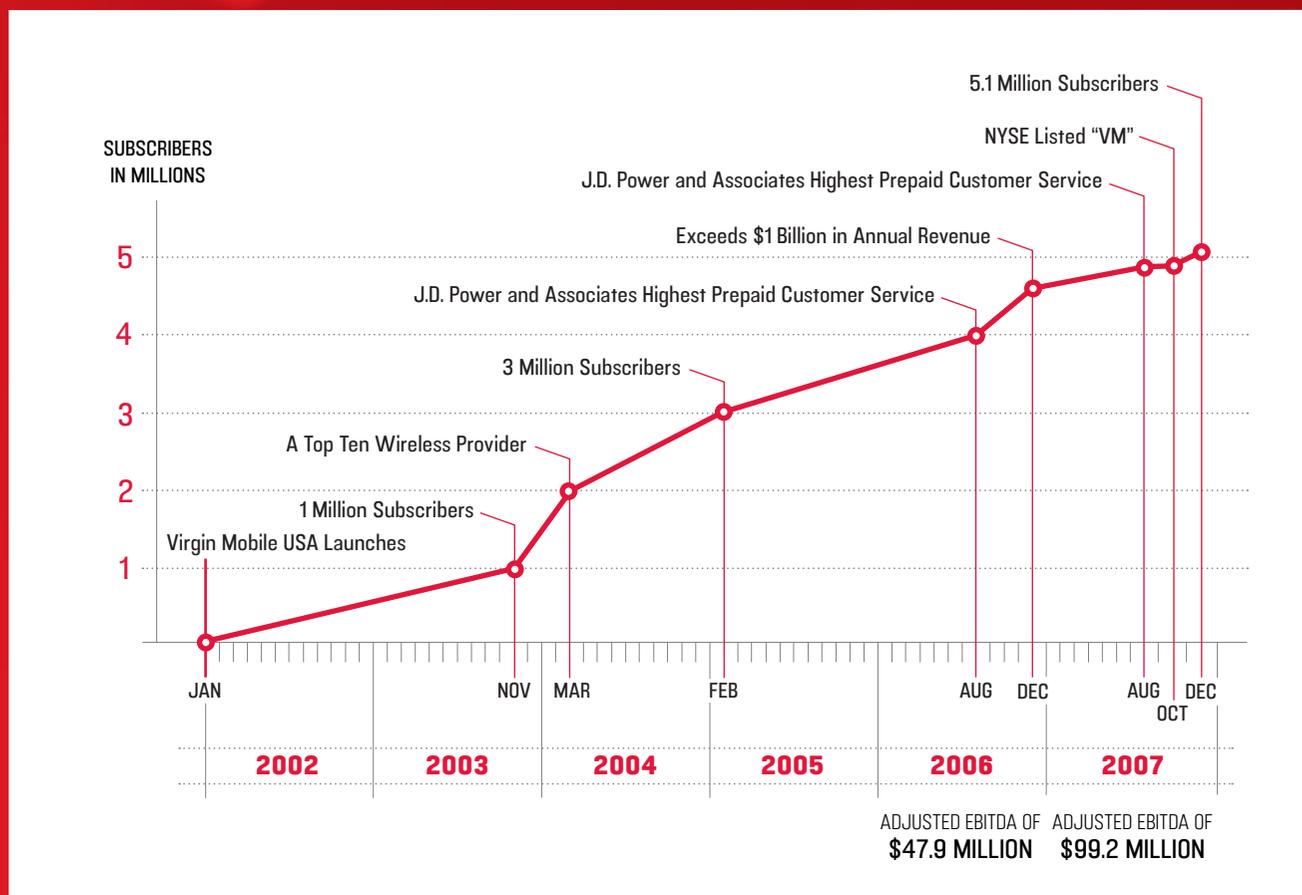


A HISTORY OF FIRSTS The Virgin name is synonymous with cutting-edge service and innovation, a razor focus on the customer, and a general "buck the trend" attitude. These qualities are fundamental to who and what we are as a company. Our talented employees constantly question and challenge the status quo, and our history of innovation in the Pay As You Go industry reflects this.

- FIRST TO EXTEND FULL-SERVICE PAY AS YOU GO RATES INCLUDING DATA SERVICES**
- FIRST TO DEVELOP A ONE-TOUCH "ACCOUNT BALANCE" BUTTON ON U.S. HANDSETS**
- FIRST PREPAID CARRIER TO BE AWARDED HIGHEST IN CUSTOMER SATISFACTION FROM J.D. POWER AND ASSOCIATES – TWO YEARS IN A ROW**
- FIRST TO BROADLY DISTRIBUTE "GRAB AND GO" PACKAGING INTO THE MASS MARKET**
- FIRST TO OFFER PENNY MESSAGING AND PENNY TEXTING RATES**
- FIRST TO PUT POSTAGE-PAID RETURN ENVELOPES IN ALL NEW PHONES FOR RECYCLING OF OLD PHONES**
- FIRST NATIONAL PREPAID CARRIER TO MAKE DIFFERENT TYPES OF MESSAGING – I.E., TEXT, IM, EMAIL, PHOTO – AVAILABLE AT THE SAME PRICE**
- FIRST TO INTRODUCE SLIDING HANDSETS IN THE U.S. PREPAID MARKET**
- FIRST MOVER INTO U.S. MOBILE ADVERTISING ARENA WITH "SUGAR MAMA"**
- FIRST TRENDSETTING BRAND TO IMPACT PREPAID MARKETPLACE**
- FIRST TO CREATE PERSONALIZED MOBILE MUSIC MAGAZINE WITH "HEADLINER"**
- FIRST TO LET CUSTOMERS CREATE AND SELL USER-GENERATED CONTENT AND EARN CREDIT BY SELLING TO OTHERS WITH "STUDIO V"**





IN FIVE YEARS, WE'VE GONE FROM A
CONCEPT TO A COMPANY WITH MORE
THAN FIVE MILLION SUBSCRIBERS.



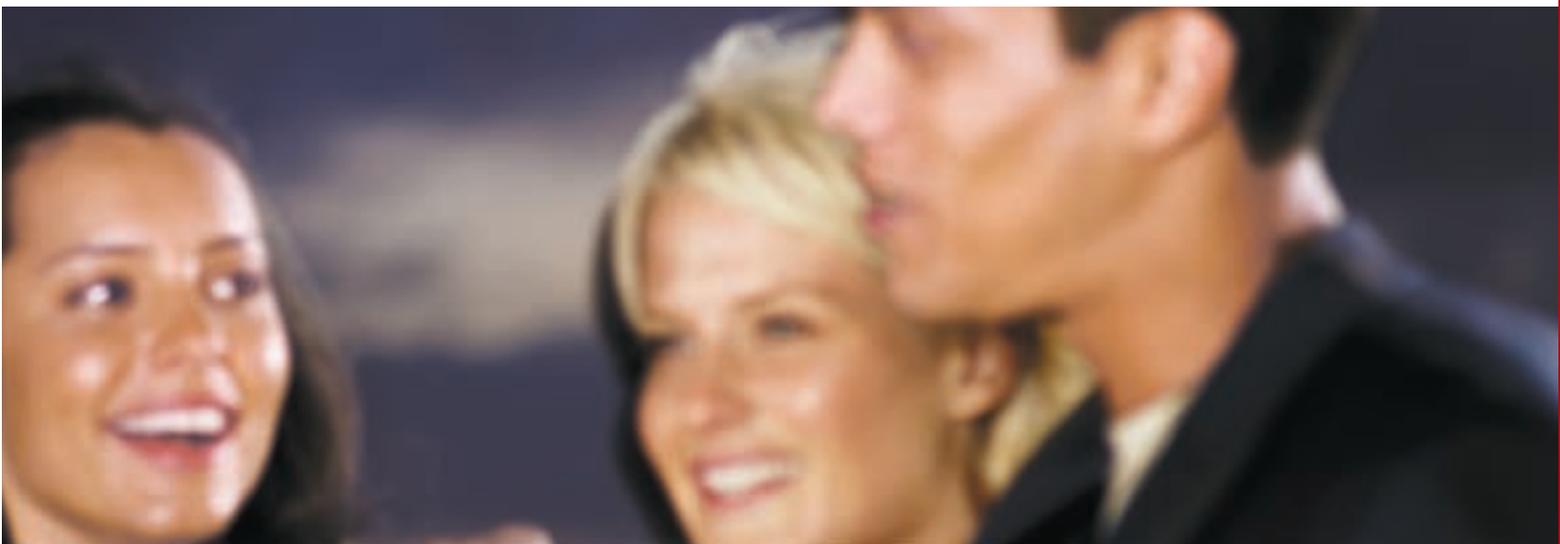


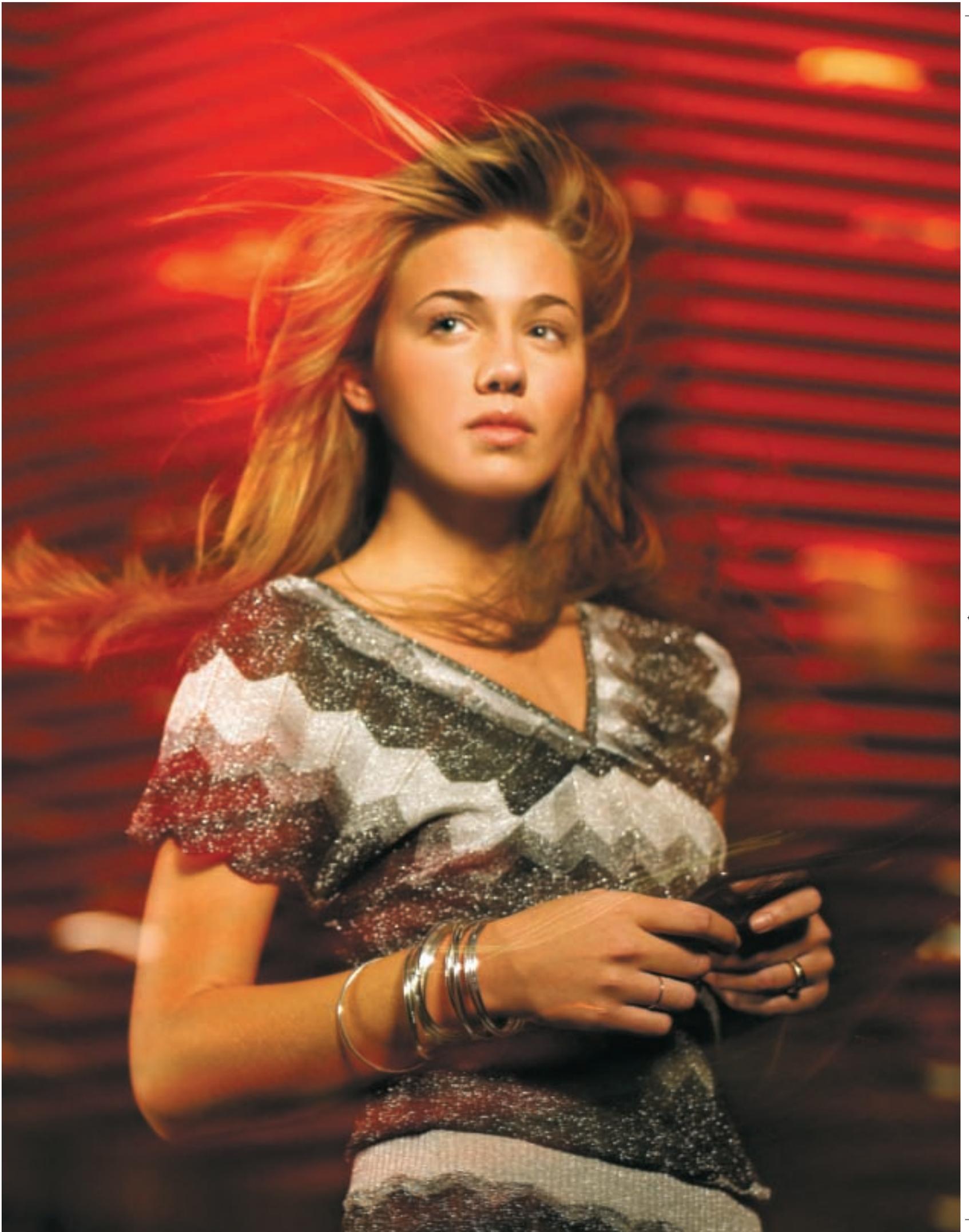
TO OUR SHAREHOLDERS FIVE YEARS AGO, WE LAUNCHED VIRGIN MOBILE USA INTO THE MARKET, DETERMINED TO PIONEER A BETTER WAY TO GO WIRELESS. FIVE MILLION SUBSCRIBERS LATER, I AM PROUD TO BE WRITING THIS LETTER TO YOU AS CEO OF VIRGIN MOBILE USA IN OUR FIRST YEAR AS A PUBLIC COMPANY.

OUR MISSION WHEN WE LAUNCHED THE BUSINESS IN 2002 WAS TO GIVE WIRELESS CONSUMERS GREAT VALUE, INNOVATIVE PRODUCTS, AND OUTSTANDING CUSTOMER SERVICE, ALL WITHOUT A LONG-TERM CONTRACT. CONSUMERS QUICKLY RESPONDED. IN FIVE YEARS, WE'VE GONE FROM A CONCEPT TO A COMPANY WITH MORE THAN FIVE MILLION SUBSCRIBERS. WE'VE EMERGED AS THE WIRELESS RELATIONSHIP OF CHOICE FOR PEOPLE LOOKING FOR MORE FLEXIBILITY, CONTROL, AND VALUE FOR THEIR MONEY. WE'VE GROWN INTO A COMPANY WITH OVER \$1.3 BILLION OF REVENUE IN FISCAL 2007, WITH PRODUCTS SOLD IN MORE THAN 140,000 RETAIL STORES IN THE U.S.

ON OCTOBER 16, 2007, WE COMPLETED OUR IPO, ALLOWING US TO REPAY MORE THAN \$195 MILLION IN DEBT AND PUBLICLY LIST ON THE NEW YORK STOCK EXCHANGE.

OUR GOAL IS TO BECOME **THE UNDISPUTED LEADER IN NO-CONTRACT WIRELESS**. WE'RE OFF TO A GREAT START, BUT WE STILL HAVE MUCH TO ACCOMPLISH IN THE YEARS AHEAD AS WE CONTINUE TO CHAMPION THE CONSUMER AND BREAK NEW GROUND IN THE WIRELESS LANDSCAPE.





FIVE YEARS – FIVE MILLION SUBSCRIBERS Five years ago, Virgin Mobile USA was only an idea inside the heads of a handful of people who recognized a large unfulfilled need in the wireless marketplace. Prepaid was an afterthought and a misunderstood, under-served category; tens of millions of potential consumers were ignored by other wireless providers. Where others failed to look, we saw potential: the opportunity to build something meaningful by bringing superior, affordable service to those who couldn't or wouldn't lock themselves into a long-term contract.

At that time, we had no infrastructure and no distribution in place and were up against some of the largest companies in the world. On our side we had a globally recognized brand name, a rebel spirit that longed to champion a consumer cause, and a great team of talented, dedicated individuals, many of whom are still with us today. Together, we launched a wireless company with the belief that consumers would respond to simple airtime pricing, no hidden fees, no monthly bills, no contracts to sign, and the maverick Virgin spirit that has always been at the core of everything we do.

Five years and over five million subscribers later, our philosophy has been validated. Through flexible pricing plans and innovative product offerings, we have expanded beyond the youth market – our initial target – achieving a broad national appeal; over 45% of our customers are over 35 years old. We helped give prepaid customers a new voice in wireless and, in doing so, helped to expand and legitimize an entire category of the wireless industry.

TODAY, YOU CAN FIND US ON VIRTUALLY EVERY MAIN STREET IN AMERICA.

One of the reasons we have been able to keep our focus on the customer is that we've never tried to build out a network. We are a mobile virtual network operator (MVNO). Using the Sprint Nextel CDMA network has allowed us to keep a razor-sharp focus on what we consider to be our core business – serving our customers – and to offer nationwide coverage from day one. The success of our products and the scale we have achieved not only reflects our compelling consumer offers, but have also reduced our network rates year after year. We have a very low cost structure, with "near-owner" economics, which in turn has enabled us to reach profitability, even as we continue to offer some of the most affordable plans in the industry.

Today, you can find us on virtually every main street in America. Consumers can buy our full slate of smart, stylish and affordable handsets, including Wild Card, Super Slice, and Cyclops, in more than 40,000 top retail locations nationwide – including Best Buy, RadioShack, Target, Kmart, Wal*Mart, and others – as well as on the Web. Customers at any of our retail partners can just "grab and go," with the ability to activate and use their phones within minutes. Top-Up airtime replenishment cards can be found at more than 140,000 locations nationwide, giving us one of the widest distribution networks in the industry.

NUMBER ONE IN CUSTOMER SERVICE When Virgin Mobile USA launched, we opened up a new playing field. Many new competitors rushed in – over the years, more than 15 competitors have tried to make this business pay off. Most have come and gone. We've stayed and grown. "Why" is easy to explain.

Over the past five years, we have matched our commitment to flexibility, value and fun with exemplary customer service. It's this commitment to service, central to who we are as a company, which has helped us receive the J.D. Power and Associates award for Highest Customer Satisfaction in Prepaid Wireless two years in a row. It's also how we got the top ranking among all wireless providers – prepaid or postpaid – in the 2007 Forrester Research consumer survey. And it's how we have earned an extraordinary customer referral rate of 91% – our customers want to share their great wireless experience with their friends and families.



**"HIGHEST IN CUSTOMER SATISFACTION
WITH WIRELESS PREPAID SERVICE,
TWO YEARS IN A ROW!"***

J.D. POWER AND ASSOCIATES

2007 – OUR MOST EXCITING YEAR YET

2007 was a year of achieving organizational goals – five million customers in five years, over \$99 million in Adjusted EBITDA, our first full year of profitability with net income of \$4.2 million, and completion of our initial public offering on The New York Stock Exchange.

One of the most significant milestones in 2007 was bringing Virgin Mobile USA public. It was a very exciting time for the company and an important step in our history, and bringing in the company important financial benefits. On October 16, 2007, we raised over \$352 million in an initial public offering, allowing us to pay down more than \$195 million in debt.



WILD CARD

The proceeds raised at the IPO helped us to dramatically change our capital structure and strengthen our balance sheet – essential changes as we enter our next phase of growth. With the reduction of our debt, we cut our interest expense by more than 30%. In this competitive business, you've got to be nimble, flexible and fast, and our public listing has helped improve our ability to be so, with more resources to support our growth going forward.

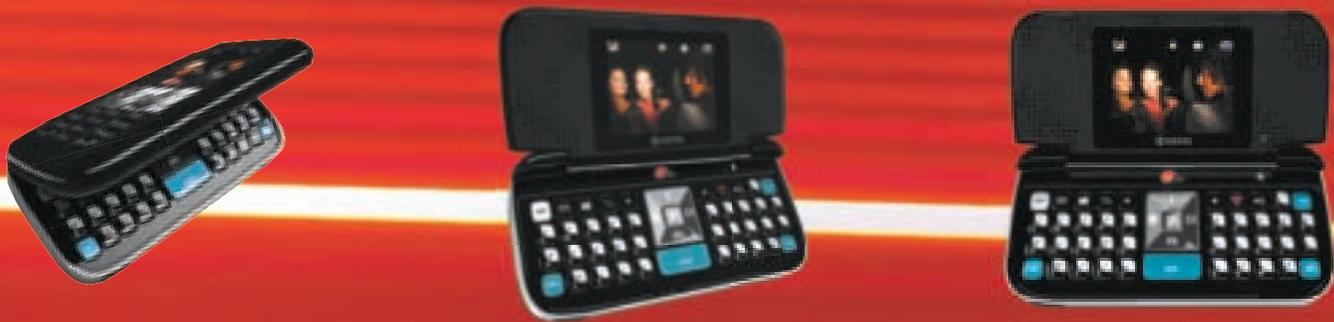
By consistently innovating, we were able to reach the five million subscriber milestone – moving us closer to our goal of making Virgin Mobile USA the Undisputed Leader in No-Contract Wireless. For the full year 2007, we generated revenues of more than \$1.3 billion, grew Adjusted EBITDA 107% to \$99.2 million, achieved our first full year of profitability, and continued to invest in rapid customer growth.

WE GENERATED REVENUES OF MORE THAN \$1.3 BILLION, GREW ADJUSTED EBITDA 107% TO \$99.2 MILLION, ACHIEVED OUR FIRST FULL YEAR OF PROFITABILITY, AND CONTINUED TO INVEST IN RAPID CUSTOMER GROWTH.

One of the important products that helped get us to where we are today was the launch of our "hybrid" or monthly plans without annual contracts in late 2006. Customers on these plans generate about twice the average revenue of that generated by traditional prepaid plan users. Subsequently, with hybrid plans used by 22% of our customer base at year end, we saw strong customer growth and a positive impact on ARPU in 2007. We are excited about these plans and will continue to improve our offers with the aim of increasing these very valuable customers as a percentage of the overall base.

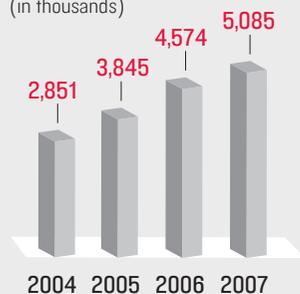
In October 2007, we launched our most sophisticated handset yet – Wild Card, which was very successful through the holidays and continues to be a favorite among our customers. Wild Card is a dual-screen messaging phone that features a full QWERTY keyboard, Bluetooth® Wireless, hi-res camera and web browser, and is pre-loaded with features like Virgin Mobile's mobile music magazine Headliner – all for just \$99.99. We believe this represents one of the most compelling handset values in the market today.

With the launch of this affordable and sophisticated handset, we've seen data usage by Wild Card customers more than triple, helping to improve profitability and increase the lifetime value of these customers.



Data services are emerging as an important growth driver for us. Our text message volume grew 108% year over year, and our customers buy three times more ringtones than the U.S. average. Sugar Mama, our successful mobile advertising initiative, offers our customers free airtime in exchange for viewing advertising from partners like Pepsi, Xbox and Sony; at year-end 2007, approximately 600,000 customers had signed up for Sugar Mama, making it one of the most successful mobile advertising programs in the industry.

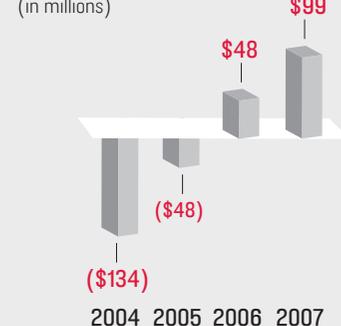
SUBSCRIBERS
(in thousands)



TOTAL OPERATING REVENUES
(in millions)



ADJUSTED EBITDA*
(in millions)



Going forward, we will continue to innovate with value-added services and exciting handsets with increasing feature functionality and content to set us apart from the competition. This is just another way we are closing the gap with traditional wireless – by offering cutting-edge, affordable products and services without the long-term commitment.

*For a reconciliation of non-GAAP financial measures, please refer to item 6, "Selected Financial Data," of our Annual Report on SEC Form 10-K for the year ended December 31, 2007, included herein.



MANAGING THROUGH CHANGE It's our ability to constantly refresh and revitalize our offers, through a variety of competitive environments, which has brought us the success we've achieved to date.

In the fourth quarter of 2007, the economic landscape changed with a severity and rapidness that took the country and the market by surprise. With consumer confidence reported at 3-year lows¹ and consumer spending declines at a 5-year low², Q4 was widely acknowledged to be the beginning of an economic downturn. Our business and entire industry are naturally affected by macroeconomic trends that impact all consumer behavior. We believe we are well-positioned to ride out these headwinds.

We've weathered plenty of challenges in the past – since our launch, more than 15 upstart new competitors have aggressively entered the market. We know how to handle change in a fast-paced environment. While the current economic conditions are challenging, we have a strong management team with a history of succeeding and excelling through a variety of competitive challenges.

A contracting economy is challenging for every consumer-oriented business. However, we believe our MVNO business model is particularly resilient because it revolves around flexibility. Our already low fixed-cost structure continues to experience operational efficiencies, leading to further declining unit costs. Our capital expenditures are far and away the lowest in the industry at only 2% of our revenue in 2007. This sets us apart from many of our competitors and allows us to grow through challenging economic conditions.

And we offer flexibility at a time when consumers may value it more than ever. We believe we have one of the most compelling value propositions in the industry and during times of economic challenge, the value and flexibility offered by our plans may become even more attractive to consumers.

OUR CAPITAL EXPENDITURES ARE FAR AND AWAY THE LOWEST IN THE INDUSTRY AT ONLY 2% OF OUR REVENUE IN 2007. THIS SETS US APART FROM MANY OF OUR COMPETITORS AND ALLOWS US TO GROW THROUGH CHALLENGING ECONOMIC CONDITIONS.

¹Source: Conference Board, 3-year low of 88.6 in November 2007 ² Source: US Census Bureau



VALUE IN OUR VALUES Our corporate culture constantly raises the bar for itself. Because we are in the prepaid industry with no annual contracts, we have to earn our keep with customers every day. We're proud of the value we bring to our customers, and proud of the fact that we put them first. Our branding and advertising campaign reflects that priority; it tells our customers that at Virgin Mobile USA, "You Rule."

Another key to managing in a dynamic macro environment is staying committed to our brand values, which are fundamental to the Virgin Mobile culture.

FIRST, HYPERSERVE THE CUSTOMER. We've anticipated customer demands and desires for five straight years now, and we've done it successfully. We continually introduce innovative industry firsts, and we are committed to maintaining this approach.

SECOND, KEEP EMPLOYEES HAPPY AND PROUD OF OUR COMPANY. We don't have a network – which only reinforces our appreciation that talent and our customer base are our most important assets. At Virgin Mobile, we believe that happy employees are motivated employees – motivated to continually push innovation, and motivated to provide the best care possible for our customers. We've seen this model work, year after year, and we think we have the best team in place to continue to serve our customers.

THIRD, BE SOCIALLY AWARE AND RESPONSIBLE. We are keenly aware that our customers are particularly sensitive to their brands being "good corporate citizens." We are proud and grateful to have the resources and the opportunity to lead the charge in building awareness about one issue in particular, youth homelessness, through The RE*Generation program. We are pleased to offer our customers the ability and incentive to recycle old phones by being the first wireless communications company to include postage-paid envelopes in all of our packages to recycle used handsets. We view such programs as our way of staying connected to and supportive of not only our core audience, but also those most in need.

At Virgin Mobile USA, we believe that if we remain true to these three core principles, our shareholders will benefit as well. Happy employees lead to satisfied customers. Satisfied customers generate more referrals and use the full range of our services over a longer timeframe – all important pieces of our long-term success.

SO, WHAT'S THE PLAN? In 2008, our plan is to continue to exceed customer expectations by offering an even better, more customer-driven experience. By offering customers what they've asked for – sophisticated, attractive handsets and more innovative feature functionality and content – we plan to attract even more dissatisfied postpaid customers as well as new mobile users while broadening the market for wireless services.

In the first half of 2008, we launched a new iteration of our value proposition with new pricing plans, to offer customers a variety of new benefits. We believe these new plans represent many compelling choices for consumers and will increase our attractiveness and value in the marketplace. We believe our customer focus and continued commitment to innovation, coupled with our variable and low cost structure, position us to build shareholder value.

While we are very proud of our accomplishments to this point, we know that there is a lot more work to be done in 2008 and beyond. This year holds both strong opportunities and challenges, and if the past five years have taught us anything, it's that we're ready for them. Our brand is increasingly relevant in the wireless space, and we plan to continue to leverage that by providing superior customer experience, unique and differentiating value-added services, and the all-around best pay as you go and hybrid wireless service in the industry. In any environment, our goal is to stay ahead of the pack with the most innovative, customer-driven service in the business.

We have worked hard over the past five years to build our company, and we've achieved a lot. But, we are never satisfied. We know that it's a challenging, competitive marketplace – we're the ones who helped make it that way. We strive to overachieve – not just be good at what we do, but to be the best. We will keep working tirelessly toward that goal.

To those of you who are Virgin Mobile customers, thank you for adding your voices to our value proposition. To our shareholders, thank you for your support. And to my fellow employees, thanks for all that you do each and every day.

YOU RULE!



DAN SCHULMAN

OUR CUSTOMER FOCUS AND CONTINUED COMMITMENT TO INNOVATION, COUPLED WITH OUR VARIABLE AND LOW COST STRUCTURE, POSITION US TO BUILD SHAREHOLDER VALUE.

