



Valor Communications Group, Inc.

AUDIT COMMITTEE CHARTER

This Audit Committee Charter was adopted by the Board of Directors (the "Board") of Valor Communications Group, Inc. (the "Company") on February 8, 2005 and replaces any charter previously used by the committee.

Mandate

The Audit Committee (the "Committee") assists the Board in its oversight responsibilities relating to financial matters including:

- (i) the integrity of the Company's financial statements;
- (ii) the independent auditor's qualifications and independence;
- (iii) the performance of the Company's internal audit function and independent auditors;
- (iv) the Company's compliance with legal and regulatory requirements; and
- (v) the preparation of an audit committee report as required by the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement.

In discharging its responsibilities, the Committee is not itself responsible for the planning or conduct of audits, or for any determination that the Company's financial statements and disclosures are complete and accurate or are in accordance with generally accepted accounting principles ("GAAP") and applicable rules and regulations. This is the responsibility of the Company's management, internal auditor (or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services) (the "internal auditor") and the Company's independent auditor.

Notwithstanding any thing to the contrary contained in this charter, the Company's independent auditor is ultimately accountable to the Committee and the Board. The Committee and the Board have the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the Company's independent auditor (or, as and when applicable, to nominate the independent auditor to be proposed for approval in any proxy statement of the Company).

Organization

Committee Members

The Committee shall be comprised of no less than three, but no more than five, directors. The members and the Chair of the Committee shall be appointed by the full Board on an annual basis and may be re-appointed or replaced at the Board's discretion at any time.

Revised May 24, 2005

Qualifications

Each Committee member shall be financially literate, as determined by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Committee. At least one member of the Committee shall have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment. In addition, at least one member of the Committee shall be an "audit committee financial expert" as defined in Item 401(h) of Regulation S-K; provided that if no member of the Committee is an "audit committee financial expert," then the Company shall disclose in its periodic reports filed with the SEC pursuant to the Securities Exchange Act of 1934 (the "Exchange Act") the reasons why at least one member of the Committee is not an "audit committee financial expert." A determination by the Board that a member of the Committee is an audit committee financial expert shall constitute a determination by the Board that such member has accounting or related financial management expertise.

Independence

Each Committee member shall satisfy the independence requirements of the New York Stock Exchange Listed Company Manual Sections 303 and 303A and Exchange Act Rule 10A-3, unless the Company avails itself of any applicable exemption allowed under such rules and regulations. The Company shall make any required disclosures relating to the use of any such exemptions.

Other Service

No Committee member may serve on the audit committee of more than three public companies unless the Board has determined that such simultaneous service would not impair the ability of such member to serve effectively on the Committee. Any such determination shall be disclosed in the Company's annual proxy statement or annual report.

Committee Meetings

The Chair of the Committee shall be responsible for calling meetings of the Committee, developing the meeting agenda, providing reading materials to Committee members relative to agenda items and chairing the meetings.

The Committee shall meet at least four times a year. Meetings may be in person or by conference call. A majority of the Committee members must be in attendance for a quorum. The Committee may also act by unanimous written consent. The Committee shall keep minutes of its meetings and report regularly to the full Board on the Committee's activities. Such reports shall include, without limitation, the minutes as required hereunder and a review of any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit function.

Separate Meetings

The Committee shall meet separately, periodically, with management, with internal auditor (or other personnel responsible for the internal audit function) and independent auditor.

Professional Advisors

The Committee shall have the sole authority to retain any independent counsel, experts or other advisors (accounting, financial or otherwise) that the Committee believes to be necessary or appropriate to carry out its duties. The Committee may also use the services of the Company's legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company, (ii) compensation to any advisors employed by the Committee and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Investigations

The Committee is empowered to conduct its own investigations into issues related to its responsibilities.

Responsibilities

Independent Auditors

Appointment and Oversight of Independent Auditor

The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between Company management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company, and each such registered public accounting firm shall report directly to the Committee.

Appointment and Oversight of Additional Audit Firm

The Committee shall be directly responsible for the appointment, compensation, retention and oversight work of any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attestation services for the Company and such firm shall also report directly to the Committee.

Preapproval of Services

Before the Company's independent auditing firm is engaged by the Company or its subsidiaries to render audit or non-audit services, the Committee shall pre-approve the engagement. The Committee may delegate to one or more members of the Committee the authority to grant preapprovals, provided such approvals are presented to the Committee at the next scheduled Committee meeting.

- (i) Committee preapproval of audit and non-audit services will not be required if the engagement for the services is entered into pursuant to preapproval policies and procedures established by the Committee regarding the Company's engagement of the independent auditing firm; provided the policies and procedures are detailed as to the particular service, the Committee is informed of each service provided and such policies

and procedures do not include delegation of the Committee's responsibilities under the Exchange Act to the Company's management.

- (ii) Committee preapproval of non-audit services (other than review and attestation services) also will not be required if such services fall within an available exception established by the SEC.

Independence

The Committee shall, at least annually, evaluate the independent auditor's qualifications, performance and independence. In making its evaluation, the Committee should take into account the opinions of management and the Company's internal auditors (or other personnel responsible for the audit function). The Committee shall present its conclusions with respect to the independent auditor to the full Board. In conducting its evaluation the Committee shall take the following steps:

- (i) the Committee shall obtain and review a report prepared by the independent auditor describing (a) the independent auditing firm's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the independent 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 independent auditing firm, and any steps taken to deal with any such issues and (c) to assess the independent auditing firm's independence, all relationships between the independent auditor and the Company;
- (ii) the Committee shall obtain and review a formal written statement prepared by the independent auditor describing the fees billed in each of the last two fiscal years in each of the categories required to be disclosed in the Company's annual proxy statement;
- (iii) the Committee shall (a) actively engage in dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor from the Company, and obtain, (b) review on a periodic basis a formal written statement prepared by the independent auditor delineating all relationships between the independent auditor and the Company, consistent with Independence Standards Board Standard 1, and (c) recommend that the Board take appropriate action in response to the independent auditor's report as may be necessary or advisable to comply with applicable rules and regulations;
- (iv) the Committee shall review and evaluate the qualifications, performance and independence of the independent auditing firm, including without limitation a review and evaluation of the lead partner of the independent auditor;
- (v) the Committee, in addition to assuring the regular rotation of the lead audit partner as required by law, shall consider whether, in order to assure continuing auditor independence, the Company should adopt a regular rotation of the independent audit firm; and
- (vi) the Committee shall, if applicable, consider whether the independent auditor's provision of any permitted non-audit services to the Company is compatible with maintaining the independence of the independent auditor.

Financial Statements and Disclosures

Audit Resources

In connection with each annual audit, the Committee shall discuss with management, the independent auditor and the internal auditor the overall scope and plans for such audits, including the adequacy of staffing and other factors that may affect the effectiveness and timeliness of such audits.

Audit Principles

The Committee shall review and discuss with management and the independent auditor: (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (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 Company's financial statements, including analyses of the effects of alternative GAAP methods on the Company's financial statements; (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements and (iv) management's and/or the independent auditor's judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the financial statements and the adequacy of internal controls.

Review of Reports

The Committee shall review and discuss the Company's annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Communication with Independent Auditors

- (i) The Committee shall discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, "Communication with Audit Committees," as then in effect.
- (ii) The Committee shall regularly review with the independent auditor any problems or difficulties the independent auditor may have encountered during the course of audit work, including any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with management, and management's responses to such matters. Among the items that the Committee should consider reviewing with the independent auditor are: (a) any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise); (b) any communications between the independent audit team and the independent auditing firm's national office respecting auditing or accounting issues presented by the engagement; and (c) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditing firm to the Company. The review should also include discussion of the responsibilities, budget and staffing of the Company's internal audit function.

Review of Independent Auditor Report to Audit Committee

The Committee shall review the report that any registered public accounting firm is required to make to the Committee regarding: (i) all critical accounting policies and practices to be used; (ii) all alternative treatments within GAAP that have been discussed among Company management and the registered public accounting firm, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the registered public accounting firm; and (iii) all other material written communications between the registered public accounting firm and Company management, such as any management letter, management representation letter, reports on observations and recommendations on internal controls, independent auditor's engagement letter, independent auditor's independence letter, schedule of unadjusted differences or a listing of adjustments and reclassifications not recorded.

Recommendation to Include Financial Statements in Annual Report

The Committee shall, based on its review and discussions outlined in paragraphs above, determine whether to recommend to the Board that the audited financial statements be included in the Company's annual report.

Internal Audit Function

The Company shall maintain an internal audit function to provide management and the Committee with ongoing assessments of the Company's risk management and system of internal control. The Committee shall meet periodically with the Company's internal auditor (or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services) to discuss the responsibilities, budget and staffing of the Company's internal audit function and any issues that the internal auditor believes warrant attention of the Committee or the Board of Directors.

Compliance Oversight

Risk Management

The Committee shall discuss with management and the independent auditor the Company's policies with respect to risk assessment and risk management, the Company's major financial risk exposures and the steps management has taken to limit, monitor and control such exposures. While the Committee is not required to be the sole body responsible for risk assessment and management, the Committee must discuss guidelines and policies to govern the process by which risk assessment and management is undertaken.

Communication with Board

The Committee shall report regularly to, and review with, the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor, the performance of the Company's internal audit function or any other matter the Committee determines is necessary or advisable to report to the Board.

Hiring Practices

The Committee shall approve guidelines for the Company's hiring of employees or former employees of the independent auditing firm.

10A(b) Implications

The Committee shall obtain from the independent auditor assurances that the independent auditor is not aware of any matters required to be reported under Section 10A(b) of the Exchange Act.

Whistleblower Procedures

The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Press Releases and Analyst Communications

The Committee shall discuss with management and the independent auditor the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. The Committee shall also review the type and presentation of information to be included in earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information. 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 the Company may provide earnings guidance.

Disclosure Controls and Procedures

The Committee shall review with the Chief Executive Officer, Chief Legal Officer and the Chief Financial Officer the Company's disclosure controls and procedures and review periodically management's conclusions about the efficacy of such disclosure controls and procedures.

Preparation of Audit Committee Report

The Committee shall provide the full Board with the report of the Committee with respect to the audited financial statements for inclusion in each of the Company's annual proxy statements.

Attorney Reporting

The Committee shall review and discuss any reports concerning material violations submitted to the Committee by the Company's attorneys pursuant to SEC attorney professional responsibility rules or otherwise.

Committee Self-Assessment

The Committee is responsible for developing and conducting an annual self-assessment of its performance. The Committee will work with the Nomination and Governance Committee to design and coordinate the annual self-assessment in conjunction with the overall Board

assessment process. The Committee shall report to the full Board on the results of its assessment each year and shall make any appropriate recommendations to further enhance the Committee's performance.

Other Matters

The Committee shall also fulfill any other responsibilities that may be assigned to the Committee by the Board from time to time.

Charter Modifications/Updating

The Committee shall review and reassess the adequacy of this charter on an annual basis, and may recommend to the Board from time to time any proposed changes to the charter and to any other documents related to the responsibilities of the Committee.