

BELLSOUTH CORPORATION BOARD OF DIRECTORS

AUDIT COMMITTEE

CHARTER

I. Purpose

The Audit Committee shall provide assistance to the Board of Directors in fulfilling its responsibility to the shareholders and the investment community with respect to its oversight of:

- Integrity of the Company's financial reporting;
- The Company's risk assessment and risk management;
- The Company's system of internal controls;
- Performance of the Company's internal audit organization;
- The independent registered public accounting firm's qualifications, independence and performance; and
- The Company's system of compliance and business conduct.

The Audit Committee serves in an oversight capacity and as such does not determine or provide opinions on the completeness, accuracy, or adherence to generally accepted accounting principles of the Company's financial statements.

II. Committee Structure and Operations

The Audit Committee shall:

- A. Be composed of three or more members of the Board of Directors, each of whom is independent under the definitions set forth in the New York Stock Exchange listing standards, federal laws and regulations, with respect to audit committees, as they may be in effect from time to time and each of whom shall be financially literate, as determined by the Board of Directors in its business judgment;
- B. Have at least one member who satisfies the definition of "audit committee financial expert" as set out in Item 401(e) of Regulation S-K of the Securities and Exchange Commission's rules and regulations;
- C. Be appointed by, and its members shall be subject to removal by, the Board of Directors;

- D. Meet in conjunction with each regularly scheduled meeting of the Board of Directors, or more frequently as circumstances require;
- E. Meet in executive session without the presence of any members of management as often as it deems appropriate;
- F. Meet separately with members of management as often as it deems appropriate;
- G. Have authority to form, and delegate its responsibilities to, subcommittees in its discretion, provided that any action approved by a subcommittee shall be subsequently reported to the Committee and subject to ratification by the Committee;
- H. Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate;
- I. Engage independent counsel and other advisors as it determines is necessary to carry out its duties and conduct or authorize investigations into any matters within its scope of responsibilities; and
- J. Determine and approve funding needs for payment by the Company:
 - a. Compensation to the independent registered public accounting firm;
 - b. Ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out the Committee's duties; and
 - c. If applicable, compensation to independent counsel and other advisors retained to assist the Committee.

III. Duties and Responsibilities

A. Integrity of the Company's Financial Reporting

- 1. Provide oversight of the financial reporting process, which shall include the following:
 - a. Review management's process for ensuring the integrity of the financial statements;
 - b. Review the Company's critical accounting policies and reporting controls and procedures, including any significant changes thereto;

- c. Discuss with management and the independent registered public accounting firm the Company's audited annual and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; and
 - d. Review any significant disagreements between management and the independent registered public accounting firm regarding financial reporting and any significant difficulties in conducting the audit, and management's response and resolution.
2. Discuss the Company's earnings press releases and earnings guidance provided to analysts. Also, generally discuss types of information provided to analysts and rating agencies.

B. The Company's Risk Assessment and Risk Management

1. Review the guidelines and policies used by management to assess and manage the Company's exposure to risk.
2. Meet periodically with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
3. Review with the Chief Corporate Auditor and the independent registered public accounting firm the completeness of coverage of key business controls and risk areas, including the effective use of audit resources and scope of the audit plan.

C. The Company's System of Internal Controls

1. Review with management, the independent registered public accounting firm, and the Chief Corporate Auditor the quality and adequacy of the system of internal controls that could significantly affect the Company's financial statements.
2. Review with management, the independent registered public accounting firm, and the Chief Corporate Auditor issues related to the system of internal controls, including significant audit findings and recommendations, together with management's response.
3. Review disclosures made by the Company's CEO and CFO during their certification process for the annual and quarterly financial statements regarding any significant deficiencies in the design or operation of internal controls or material weaknesses in such controls.

4. Review with management, the independent registered public accounting firm, and the Chief Corporate Auditor any fraud discovered by the Company, whether or not material, that involves management or other employees who have a significant role in the Company's system of internal controls.

D. Performance of The Company's Internal Audit Organization

1. Review with management and the Chief Corporate Auditor the charter, plans, activities, staffing, and organizational structure of the internal audit function.
2. Review the effectiveness of the internal audit function, including compliance with professional standards.
3. Periodically meet separately with the Chief Corporate Auditor.

E. The Independent Registered Public Accounting Firm Qualifications, Independence and Performance

1. Appoint, and/or dismiss, approve the compensation, and provide oversight of the work of the independent registered public accounting firm engaged for the purpose of preparing or issuing the Company's annual audit report or related work.
2. Review the independence of the independent registered public accounting firm, including a review of all relationships between the independent registered public accounting firm and the Company.
3. Confirm that the rotation of the independent registered public accounting firm's partners satisfies legal requirements.
4. Review the scope and approach of the annual audit with the independent registered public accounting firm.
5. Pre-approve all audit services and allowable non-audit services provided to the Company by the independent registered public accounting firm. The Committee may delegate the authority to grant pre-approval of audit or allowable non-audit services to one or more members of the Committee. Each pre-approval decision pursuant to this delegation will be presented to the full Committee at its next scheduled meeting for ratification.
6. Consider reports from the Company's independent registered public accounting firm on:

- a. The Company's critical accounting policies and practices;
 - b. All alternative treatments of financial information permitted within generally accepted accounting principles related to material items that have been discussed with management, the ramifications of the use of such alternatives and the treatment preferred by the accounting firm; and
 - c. All other material written communications between the independent registered public accounting firm and management.
7. Obtain and review, at least annually, a report by the independent registered public accounting firm describing: the firm's internal quality-control procedures and any material issues raised by the most recent quality-control review, or peer review, of the 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 firm, and any steps taken to deal with any issues.
 8. Periodically meet separately with the independent registered public accounting firm.
 9. Set clear hiring policies for employees or former employees of the independent registered public accounting firm.

F. The Company's System of Compliance and Business Conduct

1. Review with the Company's general counsel, chief compliance officer and others any legal, tax, or regulatory matters that may have a material impact on the Company's operations and the financial statements and related Company compliance policies and programs.
2. Review the Company's ethics and compliance programs; including:
 - a. The procedures and compliance processes pertaining to the Company's code of business conduct for its employees and directors. Review and approve waivers, if any, of the Company's code of business conduct for directors and executive officers.
 - b. The structure, procedures and processes of the compliance program.

3. Establish procedures and review the results, with respect to:
 - a. The receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - b. The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
4. Review transactions with the Company in which officers of the Company have an interest.

G. General

1. The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee, including compliance 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 advisable.
2. Prepare and approve for inclusion in the Company's annual proxy statement the Audit Committee report required by the rules of the Securities and Exchange Commission.
3. Undertake from time to time such additional activities within the scope of the Committee's primary functions as it may deem appropriate and/or as assigned by the Board of Directors, the Chairman of the Board or the Chief Executive Officer.

As amended, effective 09-26-2005