

**Audit Committee of the Board of Directors of
Telephone and Data Systems, Inc.**

CHARTER*

I. PURPOSE

The purpose of the Audit Committee shall be to (a) assist the Board of Directors of the Company in its oversight of (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Company's internal audit function and independent auditors; (b) prepare an audit committee report as required by the rules of the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement and (c) perform such other functions as set forth herein, which shall be deemed to include the duties and responsibilities set forth in Rule 10A-3 of the Securities Exchange Act of 1934, as amended.

II. COMPOSITION/ELIGIBILITY

The Audit Committee shall be comprised of directors who shall satisfy the independence and other requirements of each stock exchange on which the Company's shares are listed (the "Exchange"), as well as other applicable requirements for audit committee service imposed by the Securities Exchange Act of 1934, as amended (the "Act"), or the rules of the SEC. Determination as to whether a particular director satisfies the requirements for membership on the Audit Committee shall be made by the Board of Directors.

III. EXTERNAL ADVISERS

The Audit Committee shall have authority to engage independent counsel and other advisers as it deems necessary to carry out its duties. The Audit Committee shall also have authority to obtain advice and assistance from any officer or employee of the Company.

IV. FUNDING

The Company shall provide appropriate funding, as determined by the Audit Committee, for payment of (i) compensation to the Company's independent public accountants as well as any other accounting firm engaged to perform audit, review or attest services for the Company, (ii) any independent counsel or other adviser retained by the Audit Committee and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties. The Audit Committee shall promptly report to the Board of Directors its engagement of any adviser, including the scope and terms of such engagement.

V. FUNCTIONS

The Audit Committee shall:

1. meet as often as it determines, but not less frequently than quarterly;
2. be directly responsible for the appointment, compensation, retention and oversight of the work of the Company's independent public accountants (including resolution of disagreements between management and the independent public accountants regarding financial reporting) and the independent public accountants shall report directly to the Audit Committee;

3. review with the independent auditor any audit problems or difficulties and management's response;
4. ensure receipt of an annual formal written statement from the Company's independent public accountants delineating all relationships between the independent public accountants and the Company and discuss with the independent public accountants any such relationships that may impact the objectivity and independence of the independent public accountants; and take appropriate action to oversee the independence of the independent public accountants;
5. at least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal 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 such issues;
6. obtain and review annually, prior to the filing of the Company's Annual Report on Form 10-K, a report from the independent public accountants describing (a) all critical accounting policies and practices used or to be used in the annual audit of the Company's year-end financial statements (the "Annual Audit"), (b) all alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent public accountants, and (c) other material written communications between the independent public accountants and management, such as any management letter or schedule of unadjusted differences, and discuss with the independent public accountants any material issues raised in such report;
7. be responsible for the preapproval of all audit services and permissible non-audit services to be provided to the Company by the independent public accountants, subject to any exceptions provided in the Act and the rules of the SEC promulgated thereunder (it being understood that the Audit Committee may delegate to one or more of its members the authority to grant such preapprovals, provided that any preapproval granted by such member or members must be presented to the full Audit Committee at its next scheduled meeting);
8. review, in consultation with the independent public accountants, the internal auditing staff of the Company, and such other advisers as the Audit Committee may deem necessary, the scope, purpose and procedures of the overall audit plans of the internal auditing staff and the independent public accountants, review the results thereof and take any necessary actions in connection therewith;
9. review external and internal audit reports of the Company;
10. consult with the independent public accountants, senior management, the internal auditing staff of the Company and such other advisers as the Audit Committee may deem necessary regarding their evaluation of the adequacy of the Company's "internal controls over financial reporting" and "disclosure controls and procedures" (as such terms are defined by the SEC), and make specific recommendations to the Board of Directors in connection therewith;
11. assure the regular rotation of the lead audit partner, and the concurring partner every five years (with a five year time-out period after each rotation), and the regular rotation of other audit partners, engaged in the Annual Audit, every seven years (with a two year time-out period after each rotation), or as otherwise required by law or the rules of the Exchange;
12. review recommendations made by the independent public accountants and the internal auditing staff of the Company, report to the Board of Directors with respect thereto and with respect to

external and internal audit reports of the Company, and take any necessary actions in connection therewith;

13. review legal and regulatory matters that may have a material impact on the financial statements;
14. review annually and recommend changes, as appropriate, on the Company's Code of Business Conduct, the Company's Code of Ethics for Board of Directors and the Company's program to monitor compliance with those Codes;
15. meet with the independent public accountants, the internal auditing staff of the Company, management, and the General Counsel of the Company in separate executive sessions to discuss any matters that the Audit Committee or these groups believe should be discussed privately with the Audit Committee;
16. review and discuss with the independent public accountants and management the Company's annual audited financial statements (including the MD&A) and recommend to the Board of Directors the inclusion of the Company's audited financial statements in its Form 10-K;
17. review and discuss with the independent public accountants and management the Company's quarterly unaudited financial statements prior to the publication of the Company's earnings release and prior to the inclusion of such financial statements (including the MD&A) in the Company's Form 10-Q;
18. prior to the filing of each Form 10-Q and the Form 10-K, be available to discuss with the independent public accountants the matters required to be discussed by Statement on Auditing Standards No. 61 or any successor to such standard that may be adopted by the Public Company Accounting Oversight Board ("PCAOB") and other matters that should be communicated to the Audit Committee under the professional standards of the American Institute of Certified Public Accountants or the PCAOB, as applicable;
19. discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
20. be responsible for the review and oversight of all related-party transactions, as such term is defined by the rules of the Exchange;
21. 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, and review periodically with management these procedures and, if appropriate, any significant complaints received, to the extent required by the Act, the rules of the SEC or the Exchange;
22. prepare a report to shareholders as required by the SEC and the Exchange;
23. review and concur on the appointment or dismissal of the Vice President of Internal Audit who functionally reports to the Audit Committee and administratively to the Company's Chief Financial Officer;
24. review annual reports from internal audit on internal audit personnel, their professional experience, their working relationship with management and ensure the independence of the internal audit function;

25. ensure internal audit has sufficient resources available to address risks at the appropriate level, including establishing a budget for internal audit and the compensation of the Vice President of Internal Audit;
26. review and concur on the performance of the Vice President of Internal Audit and the internal audit function on an annual basis, and oversee the internal audit function on an ongoing basis;
27. set clear hiring policies for employees or former employees of the independent auditors;
28. discuss policies with respect to risk assessment and risk management;
29. review and reassess the adequacy of this Charter on an annual basis;
30. review and evaluate at least annually its own performance and effectiveness;
31. perform such other duties as the Board of Directors shall from time to time assign to it; and
32. report regularly to the board of directors.

VI. LIMITATIONS

While the Audit Committee has the functions set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or are in accordance with generally accepted accounting principles. The Company's management is principally responsible for Company accounting policies, the preparation of the financial statements and ensuring that the financial statements are prepared in accordance with generally accepted accounting principles. The Company's independent public accountants are responsible for auditing the Company's financial statements.

In its oversight capacity, the Audit Committee is neither intended nor equipped to guarantee with certainty to the full Board of Directors and stockholders the accuracy and quality of the Company's financial statements and accounting practices. Nor is it the duty of the Audit Committee to assure the Company's compliance with laws and regulations or compliance with the Company's Code of Business Conduct or the Board of Directors' compliance with the Company's Code of Ethics for Board of Directors. The primary responsibility for these matters also rests with the Company's management. The Audit Committee can do no more than rely upon information it receives, questions and assesses in fulfilling its functions.

The Board of Directors and the Audit Committee also recognize that meeting the responsibilities of an Audit Committee requires a degree of flexibility. To the extent that procedures included in this Charter go beyond what is required of an Audit Committee by existing law and regulation, such procedures are meant to serve as guidelines rather than inflexible rules and the Audit Committee is encouraged to adopt such different or additional procedures as it deems necessary from time to time to fulfill its functions.

* As adopted by the Board of Directors on August 27, 2008, to be effective if and when the Company's Common Shares and Special Common Shares are listed on the New York Stock Exchange.