

**tw telecom inc.**  
**Audit Committee Charter**  
**Amended as of April 13, 2007**

**Statement of Policy**

The Audit Committee ("the Committee") of the Board of Directors ("the Board") of **tw telecom inc.** shall provide assistance to the Board in fulfilling its responsibility to the shareholders, potential shareholders, investment community and other potential stakeholders with respect to its oversight of the following:

- The quality and integrity of the Company's accounting and reporting practices and controls, and the financial statements and reports of the Company;
- The Company's Code of Conduct;
- The independent registered public accountant's qualifications and independence; and
- The performance of the Company's internal audit function and independent registered public accountant.

In so doing, it is the responsibility of the Committee to maintain free and open communication among the directors, the independent registered public accountant, the internal auditors, and the management of the Company.

**Composition**

The Committee of the Board shall be comprised of three directors of the Board, who must be independent as defined in applicable SEC rules and NASDAQ listing standards. The Board will appoint Committee members and the Committee Chair. All Committee members must be financially literate and the Chairman must be an "audit committee financial expert" as defined by the SEC in Item 401 of Regulation S-K.

**Meetings**

The Committee will meet at least four times annually, with authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting, in person or via tele- or videoconference. The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. The Committee will hold private meetings with auditors and executive sessions at least annually. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of the meetings will be prepared. The Committee will report to the Board with respect to matters discussed at Committee meetings.

**Responsibilities**

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality.

The Committee is empowered to study or investigate any matter of interest or concern that it deems appropriate to fulfill its duties and responsibilities. The Committee shall have the authority to retain outside legal, accounting or other advisors to fulfill its duties and responsibilities, 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 the Company's internal audit group, management, personnel and independent registered public accountant as necessary to carry out these responsibilities. While acting within the scope of its stated purpose, the Committee shall have the authority of the Board.

The Committee is empowered to obtain from the Company appropriate funding, as determined by the Committee, to compensate the independent registered public accountants for preparing the annual audit report and other audit functions, any advisers (including counsel or accounting advisors) engaged by the Committee pursuant to the above authority and any administrative expenses necessary for the Committee to carry out its duties.

The Committee will carry out the following responsibilities:

### **Review of the Company's External Reports**

- Review and discuss with management and the independent registered public accountants, as appropriate, the disclosures contained in any registration statement filed by the Company under the Securities Act of 1933 and the Company's Form 10-K and 10-Q reports prior to filing, including a review of the annual and quarterly financial statements prior to the filing of the Forms 10-K and 10-Q including any significant issues encountered in the course of the audit work.
- Review and discuss with management and the independent registered public accountants the earnings press releases, including financial information and earnings guidance provided to analysts if applicable.
- Prepare the report of the Committee required by applicable SEC rules to be included in the Company's annual proxy statement and review the Company's disclosure in the proxy statement for its annual meeting of shareholders that describes the Committee and its functions.
- Monitor management's compliance with applicable requirements with respect to publication of the Committee's charter in the Company's proxy statement.
- Review the management letter to stockholders and financial statements contained in the annual report to stockholders with management and the independent registered public accountants to determine that the independent registered public accountants are satisfied with the disclosure and content of the financial statements to be presented to the shareholders. Review with financial management and the independent registered public accountants the results of their timely analysis of significant financial reporting issues and practices, including changes in, or adoptions of, accounting principles and disclosure practices, and discuss any other material matters required to be communicated to the Committee by the independent registered public accountants. Also review with financial management and the independent registered public accountants their judgments about the quality, not just acceptability, of the Company's accounting principles and the clarity of the financial disclosure practices used or proposed to be used, and particularly, the degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates, and other significant decisions made in preparing the financial statements.

### **Independent Registered Public Accountants**

- Review, select, engage (and terminate as the case may be) the Company's independent registered public accountants (subject to stockholder ratification) and approve all audit engagement fees and terms.

- Approve in advance any engagement by the Company of the Company's independent registered public accountants for permissible audit-related and non-audit related work. The Committee may delegate the authority to approve this work between formal meetings to the Chairman or another Committee member. That member will report the services approved periodically to the Committee.
- Oversee the work of any independent registered public accounting firm employed by the Company, including the resolution of any disagreement between management and the independent registered public accountant regarding financial reporting, for the purpose of preparing or issuing an audit report or related work.
- Review the scope of the proposed audit for the current year, including the procedures to be utilized, the adequacy of the independent registered public accountant's compensation, and at the conclusion thereof review such audit, including any comments or recommendations of the independent registered public accountants.
- Have a clear understanding with the independent registered public accountants that they are ultimately accountable to the Board of Directors and the Committee, and that they report directly to the Committee which has the ultimate authority to engage, oversee, evaluate, and if appropriate, terminate their services with respect to issuing an audit report or other audit or attest services.
- Provide sufficient opportunity for the internal auditors and independent registered public accountants to meet with the members of the Committee without other members of management present. Among the items to be discussed in these meetings are the independent registered public accountant's evaluation of the Company's financial, accounting, and auditing personnel, and the cooperation that the independent registered public accountants received during the course of audit.
- Review at least annually the qualifications, performance and independence of the independent registered public accountants. In conducting its review and evaluation, the Committee should:
  - Obtain and review a report by the Company's independent registered public accountants 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 independent registered public accountants, 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 registered public accounting firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent registered public accountants and the Company (so as to enable the assessment of the independent registered public accountants' independence).
  - Ensure the rotation of the lead audit partner and independent reviewing partner are in compliance with rotation requirements of the Securities and Exchange Commission, the Public Accounting Oversight Board or any other applicable authority. As part of its review, the Committee shall confirm with the independent registered public accountants providing audit services in any fiscal year that the lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for independently reviewing the audit, has not performed audit services for the Company in excess of five consecutive fiscal years of the Company.
  - Take into account the feedback of management and the Company's internal auditors (or of other personnel responsible for their internal audit function).
  - Review with the independent registered public accountants any audit problems or difficulties and management's response.
  - Set clear hiring policies to be implemented by the Company for employees or former employees of the independent registered public accountants to ensure independence.

- On an annual basis, obtain from the independent registered public accountants a written communication delineating all their relationships and professional services as required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. In addition, review with the independent registered public accountants the nature and scope of any disclosed relationships or professional services and take appropriate action to ensure the continuing independence of the auditors.
- Report the results of the annual audit to the Board, inviting the independent registered public accountants to attend the full Board meeting if requested or required.

### **Internal Audit**

- Review and concur with management's appointment, termination, or replacement of the Director of Internal Audit, who will report directly to the Committee.
- Review with management and the Chief Audit Executive the charter, plans, activities, staffing, and organizational structure of the internal audit function.
- Receive on a quarterly basis, a summary of findings from completed internal audits and a progress report on the proposed internal audit plan, with explanations for any deviations from the original plan.

### **Internal Control**

- Review with the independent registered public accountants, the Company's internal auditor and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the Company, and elicit any recommendations for the improvement of such internal controls or particular areas where new or more detailed controls or procedures are desirable.
- Review significant changes to the Company's accounting principals and practices proposed by the independent registered public accountants, the internal audit department, or management.
- Discuss with management, the internal auditors, and the independent registered public accountants any changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Corporation's internal control over financial reporting that are required to be disclosed.
- Discuss with management, the internal auditors, and the independent registered public accountants management's process for assessing the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, including any significant deficiencies or material weaknesses identified.
- Discuss with management its process for performing its required quarterly certifications under Section 302 of the Sarbanes-Oxley Act.

### **Compliance**

- Require management to promptly advise the Committee of any legal or regulatory matter that could have a significant impact on the Company's financial statements or operations, and when so advised, meet with Company counsel to assess the steps management has taken with respect to such matters.
- Adopt a procedure for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, which must include a means for employees to submit confidential, anonymous complaints regarding questionable accounting or auditing matters; and investigate any matter brought to its attention within the scope of its duties, with the power to retain experts for this purpose if, in its judgment, that is appropriate.

- Review compliance with the Company's Code of Business Conduct and the operation of the Company's Integrity and Ethics Committee; as well as the Company's Code of Ethics for Financial Management.
- Inquire of management, the internal auditor, and the independent registered public accountants about significant risks or exposures and assess the steps management has taken to minimize such risks to the Company.
- Review and approve all related party transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404 and pursuant to any applicable stock exchange rules.

**Other**

- Obtain the full Board of Directors' approval of this Charter and review and reassess this Charter as conditions dictate.
- Review accounting and financial human resources and succession planning within the Company.
- Evaluate the Committee's and individual members' performance on a regular basis.

June 2009