

TULLETT PREBON PLC

Audit Committee Terms of Reference

1. Membership

- 1.1 The Committee shall be appointed by the Board and shall comprise not less than three members. All members shall be independent non-executive directors. At least one member should have recent, relevant financial experience. A quorum shall be two members.
- 1.2 The chairman of the Committee shall be appointed from time to time by the Board.
- 1.3 The members of the Committee will be identified in the Company's statutory accounts.

2. Attendance at Meetings

- 2.1 No-one other than the Committee chairman and members is entitled to be present at a meeting of the Committee, but others (such as the Chairman, Chief Executive, Finance Director, and representatives of the external and internal auditors) may attend at the invitation of the Committee. However, at least once a year the Committee shall meet with the external auditors without executive Board members present to discuss the auditor's remit and any issues arising from the audit.
- 2.2 The Company Secretary shall be the Secretary of the Committee.
- 2.3 The Secretary of the Committee shall ascertain at the beginning of each meeting if any conflict of interest exists and will minute it accordingly.

3. Frequency of meetings

Meetings shall be held not less than three times a year. The external auditors may request a meeting if they consider that one is necessary.

4. Authority

- 4.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 4.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

5. Duties

The duties of the Committee shall be:

- 5.1 to make recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor and to approve the audit fee and terms of engagement of the external auditor;
- 5.2 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;

- 5.3 to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
- 5.4 to review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 5.5 to monitor the integrity of the half-year and annual financial statements before submission to the Board and any formal announcements relating to the Company's financial performance, including, inter alia:
- (i) any changes in accounting policies and practices;
 - (ii) significant financial reporting judgements;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption;
 - (v) compliance with accounting standards;
 - (vi) compliance with regulatory and legal requirements;
 - (vii) the Chairman's statement and Business Review to be made in the Company's annual report;
 - (viii) compliance with the Revised Combined Code;
 - (ix) the clarity of disclosure in the Company's financial reports and the context in which statements are made

and generally to review and challenge where necessary all material information presented with the financial statements.

- 5.6 to review the results of the audit and in particular:
- (i) to discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss (in the absence of management where necessary);
 - (ii) to review the external auditor's management letter and management's response; and
 - (iii) to consider any significant ventures, investments or operations which are not subject to external audit;
- 5.7 to review the effectiveness of the Company's systems of internal control (including financial, operational and compliance controls and risk management systems) and from time to time to make recommendations to ensure the maintenance of a sound system of internal control to safeguard shareholders' investment and the Company's assets;
- 5.8 to monitor and review the effectiveness of the internal audit function, including, inter alia, approving the appointment and removal of the internal auditor, considering and approving the remit of the internal audit function, reviewing and approving the annual internal audit plan and its results, ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced, has freedom to act, has adequate access to information and has appropriate standing within the Company and independence from management;
- 5.9 to consider all reports from the internal auditors and review and monitor management's response to their findings;
- 5.10 to review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure

that such arrangements allow for the proportionate and independent investigation of such matters and for appropriate follow-up action;

- 5.11 to review the Company's procedures for detecting fraud; and
- 5.12 to investigate into, and report and/or make recommendations regarding, any matter in any way connected with the matters which the Committee is to review, consider or determine or on which it is to advise, or which is referred to the Committee by the Board.

6. Reporting Procedures

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board. The chairman of the Committee shall attend each AGM and shall be available to answer questions raised by shareholders at the AGM.