

TALKTALK TELECOM GROUP PLC
(the “Company”)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE
(as approved at a meeting of the Board of Directors held on 30 January 2014)

CONSTITUTION

1. The board of directors of the Company (the “**Board**”) hereby resolves that the terms of reference of the audit committee are as set out below.

MEMBERSHIP

2. Members of the committee shall be appointed by the Board and shall consist of at least three non-executive directors all of whom are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The chairman of the Company shall not be a member. At least one member should have recent and relevant financial experience.
3. Each member of the audit committee shall retire on the third anniversary of his appointment (or shorter if such member ceases to be a director). If the Board does not fill the vacancy, the retiring member shall, if willing to act, be deemed to have been reappointed unless the Board resolves not to fill the vacancy or unless a resolution for the reappointment of a member is put to a meeting of the Board and lost. Appointments shall not be extended for more than two additional three year periods unless the Board specifically decides otherwise. Reappointments will only apply so long as such members continue to be independent.
4. The chairman of the committee who shall be appointed by the Board (and shall be John Allwood at the date of approval of these Terms of Reference) shall have a casting vote on all matters in the event of an equality of votes.

MEETINGS

5. A quorum shall be two members.
6. All reasonable efforts shall be made to give notice of meetings to all members of the committee and arrange such meetings so that members are able to be in attendance. A member of the committee may participate in a committee by telephone.
7. The committee shall decide if non-members should attend. A representative of the external auditors and the Chief Financial Officer shall normally attend meetings. The committee shall be entitled to invite other Board members and other senior management to be present if, in its discretion, it so wishes,

although at least once a year the audit committee must meet the Company's external and internal auditors without any executive director present.

8. The company secretary or such other person as the committee or the Board shall determine shall be the secretary of the committee.
9. Meetings shall be held not less than three times a year to coincide with key dates within the financial reporting and audit cycle. The external auditors may request a meeting if they consider that one is necessary.

AUTHORITY

10. 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.
11. The committee is authorised by the Board to: -
 - 11.1 obtain outside legal or other independent professional advice in accordance with the procedure agreed by the Board and set out in the Annex hereto; and
 - 11.2 to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, at the Company's expense.

DUTIES

12. Generally, the function of the audit committee is to consider how the Board should apply the Company's financial reporting and internal control principles and maintain an appropriate relationship with the Company's auditors.
13. In discharging its duties the committee should have regard to: the UK Corporate Governance Code published in September 2012 by the UK Financial Reporting Council (as amended from time to time) including provisions on accountability and audit in Section C, disclosure of corporate governance arrangements in Schedule B and related guidance and good practice suggestions; the UKLA Listing Rules and associated guidance; and other applicable laws, regulations and guidelines from bodies such as the Association of British Insurers.
14. More specifically, the duties of the committee shall be:-
 - 14.1 to monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
 - 14.2 to review the Company's internal financial controls and, unless expressly addressed by a separate risk committee of the Board composed of independent directors, or by the Board itself, to review

the Company's internal control and risk management systems and approve the appointment or termination of appointment of the head of internal audit;

- 14.3 to monitor and review the effectiveness of the Company's internal audit function;
- 14.4 to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- 14.5 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;
- 14.6 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.
- 14.7 to consider the major findings of internal investigation and management's response;
- 14.8 to consider other topics, as defined by the Board; and
- 14.9 to refer matters to the Board, which in its opinion, should be addressed at a meeting of the Board.

REPORTING PROCEDURES

- 15. The secretary shall circulate the minutes of meetings of the committee to all members of the Board.
- 16. The chairman of the committee shall be available to answer questions about the committee's work at the annual general meeting of the Company.

REVIEW

- 17. The Board will review annually the committee's effectiveness.
- 18. The committee will review its own terms of reference annually and its own effectiveness and recommend any necessary changes to the Board.

RESOURCES AND TRAINING

19. The committee should be provided with sufficient resources to undertake its duties.
20. The committee should have access to the services of the Company's internal financial, risk and legal departments on all committee matters including; assisting the chairman in planning the committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.
21. The company secretary should ensure that the audit committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
22. The Board should make funds available to the audit committee to enable it to take independent legal, accounting or other advice when the audit committee reasonably believes it necessary to do so.
23. It is desirable that the committee member whom the Board considers to have recent and relevant financial experience should have a professional qualification from one of the professional accountancy bodies. The need for a degree of financial literacy among the other members will vary according to the nature of the Company, but experience of corporate financial matters will normally be required. The availability of appropriate financial expertise will be particularly important where the Company's activities involve specialised financial activities.
24. The Company should provide an induction programme for new committee members. This should cover the role of the committee, including its terms of reference and expected time commitment by members; and an overview of the Company's business, identifying the main business and financial dynamics and risks. It could also include meeting some of the Company's senior internal accountants.
25. Training should also be provided to members of the committee on an ongoing and timely basis and should include an understanding of the principles of and developments in financial reporting and related company law. In appropriate cases, it may also include, for example, understanding financial statements, applicable accounting standards and recommended practice; the regulatory framework for the Company's business; the role of internal and external auditing and risk management.
26. The induction programme and ongoing training may take various forms, including attendance at formal courses and conferences, internal Company talks and seminars, and briefings by external advisors.

WHISTLEBLOWING

27. The committee should review arrangements by which employees or the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

30 January 2014