

NEXT PLC (the "Company")

Audit Committee Terms of Reference

1. Constitution

The Board has resolved to establish a committee of the Board to be known as the "Audit Committee".

2. Membership

2.1 The Audit Committee shall comprise of not less than three non-executive Directors of the Company, each of whom shall be appointed by the Board.

2.2 The Board shall appoint the Chairman of the Audit Committee.

3. Secretary

3.1 The secretary of the Company or nominee shall act as the Secretary of the Audit Committee.

4. Quorum

The quorum for meetings shall be two members. A duly convened meeting of the Audit Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit Committee.

5. Meetings

5.1 The Audit Committee shall meet not less than three times a year. The external auditors or any member of the Audit Committee may request a meeting if they consider that one is necessary.

5.2 The Finance Director of the Company and a representative of the external auditors shall attend meetings when invited. However, at least once a year the Audit Committee shall meet with the external auditors without any executive board member present.

5.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the Audit Committee and any other person required to attend.

5.4 The Chairman of the Audit Committee will raise any appropriate matters from Audit Committee meetings at Board meetings.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Audit Committee meetings, as well as keep appropriate records.
- 6.2 Minutes of Audit Committee meetings shall be made available to all members of the Audit Committee.

7. Annual General Meeting

The Chairman of the Audit Committee shall attend the annual general meeting of the Company and shall be prepared to respond to any shareholder questions on the Audit Committee's activities.

8. Authority

- 8.1 The Audit 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 of the Company and all employees are directed to co-operate with any request made by the Audit Committee.
- 8.2 The Audit Committee is authorised by the Board to obtain, where reasonable and necessary and at the Company's expense, any outside legal or other independent professional advice or to secure the attendance of outsiders with relevant experience and expertise. The Remuneration Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

9. Duties

The Audit Committee shall:

- 9.1 consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- 9.2 discuss with the external auditor before the audit commences the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
- 9.3 conduct an interim review focusing particularly on:
 - 9.3.1 the external auditors' management letter and reports;
 - 9.3.2 any changes in accounting policies and practices;
 - 9.3.3 setting out the programme for the remainder of the audit year;
- 9.4 review the scope and results of the annual audit, its cost effectiveness and the independence and objectivity of the auditors,

- particularly in relation to the provision of non-audit activities;
- 9.5 conduct a final review of annual financial statements, focusing particularly on:
 - 9.5.1 any changes in accounting policies and practices;
 - 9.5.2 major judgmental areas and accounting issues of a subjective nature;
 - 9.5.3 significant adjustments resulting from the audit;
 - 9.5.4 the going concern assumption;
 - 9.5.5 compliance with accounting standards;
 - 9.5.6 compliance with the UK Listing Authority's Listing Rules and other legal and regulatory requirements;
 - 9.5.7 compliance with corporate governance requirements;
 - 9.6 conduct a final review of interim financial statements;
 - 9.7 discuss problems and reservations arising from the audit and any matters the auditor may wish to discuss (in the absence of management where necessary);
 - 9.8 review the appropriate level and effectiveness of internal audit;
 - 9.9 keep under review the effectiveness of internal control systems and in particular review the external auditor's management letter and management's response;
 - 9.10 identify key business risk areas and procure reports from relevant company personnel in respect of the management thereof; and
 - 9.11 keep under review the company's whistleblowing policies.

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