

George Wimpey Plc (the "Company")
Terms of Reference of The Board and its Committees
August 2004

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THE BOARD

1 BOARD TERMS OF REFERENCE

The following are matters reserved for Board decision:

Companies Act Requirements

- A. Approval of interim and final financial statements
- B. Approval or recommendation of the interim dividend and the final dividend
- C. Approval of any significant changes in accounting policies or practices
- D. Appointment or removal of the Group Company Secretary
- E. Remuneration of the Auditors and the appointment or removal of auditors (this will normally be considered following the recommendations of the Audit Committee)
- F. Resolutions and corresponding documentation to be put forward to shareholders at a General Meeting

Board Membership and Board Committees

- G. Board appointments and removals and any special terms and conditions attached to the appointment subject to the recommendations of the Nomination and/or the Remuneration Committee
- H. The appointment of the Senior Independent Director
- I. The terms of reference and composition of all Board Committees (as detailed in Appendix A) and the appointment of each Committee Chairman.
- J. The formation of any Board Committees whether ad hoc or otherwise

Stock Exchange/Financial Services Authority

- K. Stock Exchange announcements, including Preliminary and Interim results announcements, save that routine and non price

sensitive announcements can be approved by the Chairman (or in his absence the Senior Non Executive Director) and the Group Chief Executive (or in his absence any other Executive Director)

L. Approval of all circulars and listing particulars

Management

M. The Group Strategy Plan

N. The Annual Budget

O. An annual assessment of the major risks affecting the Group and a plan for their effective management including internal controls

Contracts

P. Major acquisitions and disposals of assets, businesses above £35m, the making of any takeover bid of a listed company; other capital expenditure above £20m

Q. The entering into of any joint venture contract where the level of investment by the Company exceeds £35m or relates to a new line of business not previously approved by the Board

Miscellaneous

R. Health and Safety Policy

S. Environmental Policy

T. Approval of the Corporate Social Responsibility Report

U. Directors and Officers liability insurance

V. Political donations

W. Formulation of policy regarding charitable donations

X. Review of the Company's overall corporate governance arrangements

Y. Treasury Policy

Transactions in the normal course of business, and which are in line with the agreed Strategy Plan and/or the Annual Budget are delegated to the Group Chief Executive, save that Board decision is required for the following:

- A. The acquisition of land for Private Development in excess of £35M in value, or the giving of any commitment to another organisation which will result in the Company being required to develop a site where the land involved will cost in excess of £35M.
- B. The establishment of a presence in a foreign country.
- C. The establishment of a new line of business.
- D. Entering into any significant legal action, which is likely to involve an outcome either way exceeding £10M.

The following will be presented to the Board for consideration at each meeting:

- A. The Group's financial position
- B. The current trading position
- C. Minutes of Board Committees and any Executive Committees held since the last meeting of the Board

2 THE CHAIRMAN'S BUSINESS COMMITTEE

The Chairman's Business Committee shall consist of the Chairman, the Senior Independent Director (SID) and the Group Chief Executive. The Committee shall have the same powers, authority and terms of reference as the Board. The purpose of the Committee is to consider matters which require decisions in between Board meetings where no specific Board Committee or Committee of the Board has the authority or has been constituted for the purpose.

In the absence of the Chairman, the Committee shall be chaired by the SID. In the absence of the SID (or if the SID is chairing the meeting) then any Non Executive Director may deputise. In the absence of the Group Chief Executive any other executive director may deputise.

3 THE GROUP CHIEF EXECUTIVE

The following authorities are delegated to the Chief Executive:

- A. The acquisition of land up to the value of £35m, including the delegation of this power to appropriate person(s).
- B. Approving the employment terms and conditions including bonus payment targets for all employees, other than Executive Directors, the Group Company Secretary and such other senior management that may be designated by the Board from time to time.
- C. Approving, subject to reporting any changes at the next Board meeting: the formation of subsidiary companies; appointments of subsidiary company directors; capital structures and share capital increases; the liquidation of former subsidiary companies; and the changes of name of subsidiary companies, where these relate to companies used within existing businesses in the Group.
- D. Approving the Group-wide insurance covers, and reporting annually via the Executive Committee on the covers in place.

4 MEETINGS

The Board will meet at least eight times a year and the dates will be agreed in June of the preceding year. Any Director may requisition a Board meeting at any reasonable time by instructing the Group Company Secretary or, in his absence the Assistant Company Secretary or any Executive Director, to issue notice to the Board. The Director should where practicable advise the Chairman in advance of his/her requisition.

5 THE GROUP COMPANY SECRETARY

The Group Company Secretary of George Wimpey Plc or his nominated deputy shall:

- A. Advise directors of the time, date and venue of all meetings.
- B. Prepare agendas for all meetings and shall agree the agenda with the Chairman of the Board or Committee. Agendas and reports shall be issued at least 7 days in advance of the meeting except where this is not practicably possible and save as may be approved by the Chairman or the relevant Chair of the Committee as the case maybe. The minutes of all Board Meetings, Board Committees and Executive Committees (including the Treasury, Charitable

Contributions, and Administration Committees) together with any properly constituted sub-committees of any of the foregoing, shall be agreed by the Chair of the applicable Committee, prior to their circulation to all Board members at the next meeting of the Board.

- C. Attend all meetings of the Board, Committees of the Board and Executive Committees.
- D. Ensure the appointment of Non Executive Directors is reviewed every three years and in compliance with the Company's Articles of Association and the Combined Code on Corporate Governance in operation from time to time (unless the Board determines otherwise).

6 INDEPENDENT PROFESSIONAL ADVICE

Any Director who feels it is necessary to take independent professional advice in furtherance of his / her duties should make arrangements to do this through the Group Company Secretary

7 SEALING

Any one Director of the Company, in conjunction with another Director or the Secretary or his nominated deputy, has the power to witness the affixing of the seal to any authorised instrument.

*APPROVED BY THE BOARD OF GEORGE WIMPEY PLC ON
6 SEPTEMBER 2004.*

APPENDIX A

Board Committees - Terms of Reference

1. AUDIT COMMITTEE

Membership

The Committee is to comprise at least three independent Non Executive Directors; one of whom shall be appointed Committee Chairman. Only members of the Committee shall have the right to attend Committee meetings but individuals such as the Chairman, Group Chief Executive, Group Finance Director, Head of Internal Audit and Group Financial Controller and external advisers (including the external auditors) may be invited to attend all or any part of any meeting as and when appropriate.

Quorum

A quorum of the Committee is two members.

Meetings

The Committee shall hold a minimum of three meetings per year. Any other meetings will be held, as the Committee Chairman shall deem necessary, in order for the Committee to fulfil its duties. The Chairman is required to call a meeting if requested to do so by any Committee member, any other Board Director, the Head of Internal Audit ("IA") or the external auditors.

Objective

The objective of the George Wimpey Plc Audit Committee ("the Committee") is to assist the George Wimpey Plc Board of Directors ("the Board") in fulfilling its governance responsibilities relating to the Group's internal control framework and any other matters referred to it by the Board.

In doing so the Committee will:

1. Review the effectiveness and efficiency of the internal control framework in place to safeguard the assets, address the significant risks and monitor the activities of the Group.
2. Review the internal audit process.
3. Review the financial reporting practices.

4. Oversee the external audit process.
5. Maintain open lines of communication amongst the Board, Internal Audit, the external auditors and management and to support their respective authority and responsibilities.

The Committee's specific operational duties and responsibilities, underlying each of these areas, are detailed below.

Meetings with Head of IA and External Auditors

At least on an annual basis the Committee shall meet with the external auditors, in separate sessions, to discuss any matters that either party believe should be discussed confidentially. From time to time the Committee may meet in separate sessions with management including the Head of IA.

Authority and Access

The Committee shall have the authority to direct any special investigations deemed necessary by itself or the Board, with full access to any information required from any employee to fulfil that function.

The Committee shall have unrestricted access to the Head of IA, the external auditors and management.

The Committee shall have the ability to consult independent experts when considered necessary to carry out its duties.

Duties

A Review the effectiveness and efficiency of the internal control framework in place to safeguard the assets, address the significant risks and monitor the activities of the Group.

- Make enquiries of management, the Head of IA and the external auditors regarding significant risks or exposures and assess the steps management has taken to actively mitigate such risks or exposures to the Group.
- Evaluate the effectiveness and efficiency of the Group's management, operational and financial internal control framework by reviewing reports from IA, and monitor management response and action to implement process and performance improvement points.

- Determine whether management is taking action to monitor the effectiveness of the Group's internal control framework.
- Monitor the standard of corporate conduct and take an active interest in ethical considerations regarding the Group's policies and practices.

B. Review the internal audit process.

- Review the IA Charter.
- Review and endorse the strategic direction of IA and its process improvement initiatives and targets.
- Ensure an appropriate risk assessment is used in the IA planning process.
- Review, provide input to and approve the IA work plan to ensure key business concerns are appropriately addressed.
- Ensure there are adequate resources available to carry out the plan.
- Monitor progress against the IA work plan.
- Review reports from IA.
- Ensure there have been no restrictions placed upon IA that have impacted upon the scope and performance of the work undertaken.
- Ensure, where appropriate, there has been adequate co-ordination with the external auditors.
- Review IA compliance with international and local auditing standards promulgated by relevant professional accounting bodies and the Institute of Internal Auditors.
- Review results of IA key performance measures.
- Endorse the appointment and consider the resignation / dismissal of the Head of IA.

C. Review the financial reporting practices.

- Review the application of significant accounting policies and practices compared with industry/sector norms.
- Review and recommend to the Board accounting policies and subsequent significant changes.

- Review major judgmental areas, particularly the nature and level of significant provisioning.
- Review the “going concern” assumption
- Review compliance with accounting standards and the requirements of the UK listing authority.
- Review financial reporting issues and disclosure requirements.
- Review, prior to submission to the Board, the interim and annual financial statements.
- Review major statements affecting the Group concerning price sensitive information.
- Review the Group’s annual statement on Corporate Governance.

D. Oversee the external audit process.

- Recommend to the Board the appointment of the Group’s external auditors.
- Consider the resignation or dismissal of the Group’s external auditors.
- Review the reasonableness of the estimated and actual external audit fees and recommend approval to the Board.
- Confirm the independence of external audit including a review of services other than audit and related fees. Ensure the policy outlining competitive tendering for non-audit services has been complied with.
- Review the annual audit plan of the external auditors. Ensure, where appropriate, that there has been adequate co-ordination with IA.
- Ensure there have been no restrictions placed upon the external auditors that have impacted upon the scope and performance of the work undertaken.
- Review external audit status reports, significant audit adjustments, management letter and any areas of debate or dispute between the external auditors and management.
- Review the external audit report.

2 REMUNERATION COMMITTEE

Membership

Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least 3 members all of whom shall be independent Non Executive Directors.

Only members of the Committee shall have the right to attend Committee meetings but individuals such as the Chairman, Group Chief Executive, Group Human Resources Director and external advisers may be invited to attend all or any part of any meeting as and when appropriate.

No Director or manager shall be involved in any decision as to their own remuneration.

The Board shall appoint the Committee Chairman who shall be an independent Non Executive Director. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.

The remuneration of the Non Executive Directors shall be a matter for the Chairman of the Board and the executive members of the Board.

Quorum

The quorum necessary for the transaction of business shall be 2.

Meetings

The Committee will meet not less than 5 times per annum with such meetings normally to be scheduled in January, February, April, June and December and/or as and when required by the Committee Chairman.

Duties and Responsibilities

- A. Determine the policy for and recommend to the Board the remuneration of the Chairman.
- B. The Committee shall determine and agree the policy for and set the remuneration of the Group Chief Executive, Group Finance Director, all other PLC Executive Directors, the Group Company Secretary and such individuals as may be designated by the Board from time to time (hereinafter each referred to as an "Executive" or collectively the "Executive"). For each Executive; this shall include setting the total individual remuneration package including his/her salary, pension arrangement, bonus, long term incentive award and any share awards or options together with any other benefits. The Committee shall consult with the Chairman and/or the Chief Executive with regard to its proposals relating to the remuneration of other Executives.

- C. With regard to senior management (as designated by the Board from time to time) the Committee shall monitor the level and structure of their remuneration and make recommendations on such remuneration to the Group Chief Executive.
- D. The Committee shall review the design of, and determination of targets for, any performance related pay schemes applicable to the Executive and approve the payments to be made under such schemes.
- E. The Committee shall review the design of any share incentive plan and determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to the Executive and the performance targets to be used.
- F. The Committee shall produce a Remuneration Report for inclusion in the Annual Report and Accounts each year in compliance with the Directors' Remuneration Report Regulations 2002, such other applicable legislation that is in force from time to time and such Codes as determined by the Board or the Committee.

3. NOMINATION COMMITTEE

Members of the Committee shall be appointed by the Board. Unless the Board determines otherwise, the Committee shall be made up of at least 4 members consisting of the Chairman, the Group Chief Executive, the Senior Independent Director and at least 1 other independent Non Executive Director.

Only members of the Committee shall have the right to attend Committee meetings but individuals such as the Group Human Resources Director and external advisers may be invited to attend all or any part of any meeting as and when appropriate.

The Chairman of this Committee shall be the Chairman of the Board and in his absence, the remaining members present shall elect one of the Non Executive Directors present (normally the Senior Independent Director) to chair the meeting. The Chairman of the Board should not chair the Committee when it is dealing with the matter of succession to the Chairmanship of the Board. Neither the Chairman nor the Group Chief Executive shall be party to the actual making of the decision to appoint their respective successor.

Quorum

The quorum necessary for the transaction of business shall be 3.

Meetings

The Committee will meet as and when required by the Chairman and will normally include a review of group succession planning across the

Group in November of each year or at such other time as may be agreed or required from time to time.

Duties

The Committee shall:

- A. Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any change.
- B. Consider succession planning for Directors and senior management and make recommendations to the Board.
- C. Be responsible for identifying and nominating for Board approval candidates to fill Board vacancies as and when they arise.
- D. Before making an appointment, evaluate the balance of skills, knowledge and experience on the Board and in light of this prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:
 - use open advertising or external advisers to facilitate the search
 - consider candidates from a wide range of backgrounds, and
 - consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position
- E. Review annually the time required from Non Executive Directors.
- F. Ensure that on appointment to the Board, Non Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings
- G. The Committee shall also make recommendations to the Board concerning:
 - Plans and nominations for succession for Executive and Non Executive Directors and in particular for the key roles of Chairman and Group Chief Executive
 - Suitable candidates for the role of Senior Independent Director
 - Membership of the Audit, Remuneration and Corporate Social Responsibility Committees, in consultation with the Chairmen of those Committees
 - The reappointment of any Non Executive Director at the conclusion of their specified term of office having given due

regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required

- The continuation (or not) in service of any Director who has reached the age of 70
- The re-election by shareholders of any Director under the 'retirement by rotation' provisions in the Company's articles of association having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required
- Any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company, subject to the provisions of the law and their service contract

4. CORPORATE SOCIAL RESPONSIBILITY

Membership

Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least 4 members consisting of 2 Independent Non Executive Directors and 2 Executive Directors.

Only members of the Committee shall have the right to attend Committee meetings but individuals and external advisers may be invited to attend all or any part of any meeting as and when appropriate.

The Board shall appoint the Committee Chairman who shall be an independent Non Executive Director. In the absence of the Committee Chairman, the remaining Independent Non Executive Director shall chair the meeting.

Quorum

The quorum necessary for the transaction of business shall be 2 consisting of at least one independent Non Executive Director.

Meetings

The Committee will meet as and when required by the Committee Chairman and will normally include meetings in January, June and December.

Duties

The Committee is responsible for recommending to the Board the Company's CSR strategy, policies, reporting and performance monitoring, and will:

- A. Oversee the development and implementation of the Company's CSR strategy and policies.

- B. Oversee the strategy for and the publication and communication of the Company's annual CSR report and develop appropriate stakeholder dialogue and analysis.
- C. Identify, monitor and review social, environmental and ethical Key Performance Indicators.
- D. Review major CSR initiatives and monitor CSR performance across the Company.
- E. Ensure that CSR strategy and activity is adequately resourced, has appropriate standing within the Company and is aligned to the needs of the business.
- G. Highlight significant social, environmental and ethical risks and opportunities for the attention of the Board.