Taylor Wimpey plc

Annual Report and Accounts 2009

Directors' Report: Business Review

Operational and financial performance in 2009 and prospects for 2010.

Directors' Report: Governance

Information regarding the Board and how they run the business for the benefit of shareholders.

Financial Statements

Detailed analysis of our financial performance.

Shareholder Information

Information regarding the Annual General Meeting, your shares and how to contact us.

More information

Look out for this icon where you can be directed to more information.

More on-line

www.taylorwimpeyplc.com

Our Web site contains a wide variety of additional information about the Group, along with links to our sites for home buyers.

Taylor Wimpey plc is a focused homebuilding company with operations in the UK, North America, Spain and Gibraltar. We aim to be the homebuilder of choice for customers, employees, shareholders and communities.

Our 2009 financial performance

	2009	2008
Revenue – continuing (£m)	**2,595.6**	3,467.7
Operating profit* – continuing (£m)	**43.3**	96.3
Loss before tax and exceptional items – continuing (£m)	**(96.1)**	(74.7)
Exceptional items – before tax (£m)	**(603.8)**	(1,895.0)
Loss for the year – total Group (£m)	**(640.6)**	(1,840.0)
Adjusted loss per share – continuing (p)†	**(4.3)**	(7.2)
Loss per share – continuing operations (p)†	**(25.1)**	(136.5)
Tangible net assets per share (p)††	**47**	120
Year-end net debt (£m)	**750.9**	1,529.3

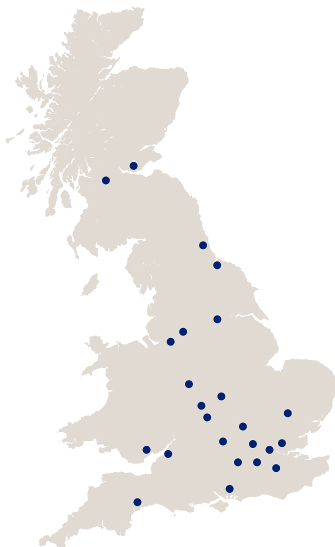
* Profit on ordinary activities before finance costs, exceptional items, brand amortisation and tax, after share of results of joint ventures.
† 2008 figures have been restated to reflect the issue of new shares during 2009.
†† Tangible net assets per share is defined as net assets excluding goodwill and intangible assets divided by the number of shares in issue at the period end. The 2008 figure has been restated to reflect the issue of new shares during 2009.

Directors' Report: Business Review

Business Overview

UK Housing

Taylor Wimpey is one of the largest homebuilders in the UK with national coverage from 23 regional offices and TW City specialist projects.



For more information
see pages 13 to 18

Overview

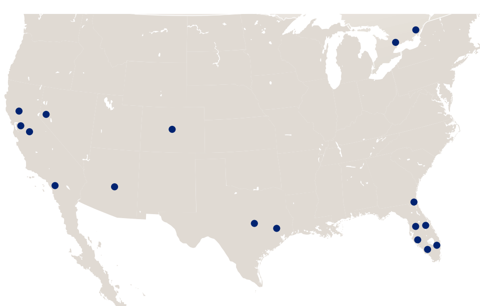
We build a wide range of homes in the UK, from one bed apartments to five bedroom houses, with prices ranging from below £100,000 up to £500,000.

We also build affordable housing across the UK, which represented 17% of our 2009 completions.

We operate as Taylor Wimpey in the UK and are phasing out the legacy Bryant Homes and George Wimpey brands.

North America Housing

Taylor Morrison is a top 10 homebuilder in the United States and also operates in Ontario, Canada.



For more information
see pages 19 to 23

Overview

Our homes in North America range from high-rise apartments in Toronto to full service country club homes in Florida and from entry level to luxury homes.

Our prices range from below £75,000 to above £500,000. Average selling prices vary by geography from £115,000 in Arizona to £228,000 in California.

In the United States we sell homes under the Taylor Morrison brand and our business in Canada trades under the Monarch brand.

Spain and Gibraltar

Taylor Wimpey operates in three regions in Spain and also in Gibraltar.

For more information
see page 24

Overview

Our business in Spain is primarily focused on developing sites in popular locations.

We announced during 2008 that we are planning to exit our Gibraltar business, which operates in the luxury apartment market.

We have introduced the Taylor Wimpey brand in our operations in Spain.

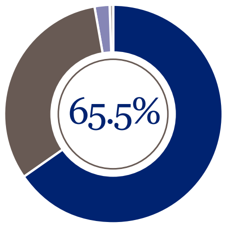
Key highlights

Completions
10,186

Average selling price
£160k

Average outlets
343

Proportion of Group revenue



Market conditions

Following a sharp decline commencing in the second quarter of 2008, trading conditions in the UK saw greater stability over the course of 2009.

National house price indices show price increases for 2009, affordability has improved and industry volumes are increasing gradually from very low levels.

Although mortgage availability remains restricted, there have been signs of easing over recent months.

Short term priorities

- Deliver competitive offers in each local market
- Reduce build costs through merger savings, lower labour and materials costs and value engineering of sites
- Replan existing sites with detailed planning consents to change product mix and reduce planning obligations
- Add new plots to the landbank on attractive terms

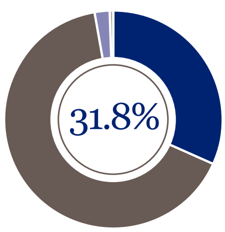
Key highlights

Completions
4,755

Average selling price
£171k

Average outlets
172

Proportion of Group revenue



Market conditions

After a weak first quarter of 2009, the US housing market showed continued stability.

The sharp price declines seen since late 2005 have resulted in record levels of affordability in our US markets and the number of months of supply of both new and existing homes continues to reduce.

Although foreclosures remain a potential issue, they have not had an incremental negative impact in recent months and prices have remained stable. The US Government has recently extended its first time homebuyer tax credit to the end of April 2010.

The more robust economic conditions in Canada are persisting and this is reflected in a stronger housing market.

Short term priorities

- Drive sensible sales rates for each site
- Retain build cost and overhead savings
- Maintain reduced level of investment in land and work in progress spend where appropriate
- Grow market share in our key markets

Key highlights

Completions
225

Average selling price
£260k

Average outlets
18

More on-line

www.taylorwimpeyplc.com
Our Web site contains a wide variety of additional information about the Group.

Directors' Report: Business Review

Chairman's Statement

Norman Askew
Chairman

> After an exceptionally challenging year in 2008, we have taken decisive action in 2009 to strengthen the Group's financial position.

Shareholder information

Full details of the facilities available to shareholders can be found on page 112 of this Annual Report and Accounts and at www.taylorwimpeyplc.com/InvestorRelations/ShareholderInformation

For more information
see page 112

A year of stabilisation

After an exceptionally challenging year in 2008, 2009 has delivered greater stability. The Group has taken decisive action to strengthen its financial position over the course of the year. As reported in last year's Annual Report and Accounts, we reached agreement with all of our debt providers to amend our debt facilities in April 2009. We subsequently raised £510m of new equity, net of expenses, in June 2009 with the proceeds being used to reduce the level of the Company's debt.

The UK housing market has delivered a better performance in 2009 than it did in 2008, with the Nationwide House Price Index recording an increase in house prices of 5.9% for the year as a whole. Affordability is now much better for first time buyers and industry volumes are increasing gradually from very low levels. Although mortgage availability remains at very low levels there have been signs of the situation easing over recent months.

After a weak first quarter of 2009, the US housing market has shown continued stability. The sharp price declines seen since late 2005 have resulted in record levels of affordability in our US markets and the number of months of supply of both new and existing homes continues to reduce. The more robust economic conditions in Canada are persisting and this is reflected in a stronger housing market.

The housing market in Spain remains weak and the continuing strength of the Euro against Sterling over the course of the year has depressed demand from UK purchasers for second homes in Spain.

2009 performance

The difficult operating environment is clearly reflected in the results for the year. Taylor Wimpey's continuing operations have generated a loss before exceptional items and tax of £96.1 million (2008 loss: £74.7 million). Pre-tax exceptional items for the year total £603.8 million (2008: £1,895.0 million) and primarily relate to reviews of the carrying value of our land and work in progress. As a result, Taylor Wimpey reported a loss before tax from continuing operations of £699.9 million (2008 loss: £1,969.7 million).

Review of capital requirements

Having agreed to amend our debt facilities with all our debt providers in April 2009, the Company launched a Placing and Open Offer on 8 May 2009. Following approval from shareholders at a General Meeting on 27 May, a total of approximately 2.13 billion new Ordinary Shares were issued at a price of 25 pence each to raise £510 million net of expenses.

Whilst we recognise the concerns raised by some shareholders regarding the mechanics of the process employed, given the uncertain nature of the financial markets at the time, we remain convinced that this was the best way to secure an enhanced financial platform from which to deliver value for shareholders over the medium term.

Dividends

Although market conditions improved in 2009, the Board did not feel it appropriate to propose an interim dividend as a result of the ongoing uncertainty in the wider economy. Given that prospects for the wider economy remain uncertain, we are not proposing a final dividend for 2009 (2008 total dividend: nil).

We will review our dividend policy in the light of prevailing market conditions in the future.

Corporate governance

Strong corporate governance is, if anything, even more essential in challenging market conditions. A full report on our corporate governance activities can be found on pages 34 to 40.

For more information
see pages 34 to 40

Corporate responsibility

We believe that corporate responsibility is an essential part of good governance and makes sound business sense, as well as being crucial for risk and opportunity management.

Details of our approach to corporate responsibility can be found on pages 25 to 27, as well as in our Corporate Responsibility Report, which is available on our Web site.

For more information
see pages 25 to 27

Visit our Web site
www.taylorwimpeyplc.com/CorporateResponsibility/CRreports

Our people

The more stable market conditions have resulted in a more stable operating environment for our people during 2009, particularly in the UK where we carried out a significant restructuring during 2008. However, we recognise that 2009 has been another challenging year across all parts of our business and the Board would like to record its thanks for the ongoing dedication and professionalism of our employees.

Board changes

Sheryl Palmer, the President and Chief Executive of our North American business, was appointed to the Board on 5 August 2009. Sheryl has led our North American business since August 2007 and had previously held a number of senior positions within the US housebuilding industry. In addition, Rob Rowley joined the Board on 1 January 2010 as an Independent Non Executive Director and has been appointed as Chairman of the Audit Committee. I would like to take this opportunity to formally welcome both Sheryl and Rob to the Board.

Mike Davies stood down as a Non Executive Director on 1 September 2009, having been a Director of the Company since October 2003. In addition, David Williams, who was originally appointed as a Non Executive Director of George Wimpey Plc in May 2001, will be standing down on 31 March 2010. On behalf of the Board, I would like to record my gratitude to Mike and David for their outstanding contributions.

As announced on 4 December 2009, I intend to stand down from the Board no later than December 2010. Since being appointed as Chairman of the Company in July 2003 there has been substantial change in the industry and the wider economy and I now feel that it is the right time to appoint a new Chairman to oversee the next chapter in the Company's history.

N Askew

Norman Askew
Chairman

Electronic communications

Taylor Wimpey makes its Annual Report available electronically to those shareholders who have not requested a paper version. This has three key benefits:

- A significant reduction in printing and postage costs, without reducing the level of information available;
- Faster access to information; and
- Reducing the amount of resources consumed, such as paper, and lessening the impact of printing and mailing activities on the environment.

The Company also encourages shareholders to elect to receive notification of the availability of Company documentation by means of an e-mail. Shareholders can sign up for this facility by logging onto our Web site.

Visit our Web site
www.taylorwimpeyplc.com/InvestorRelations/Shareholder Information/ElectronicCommunications

Directors' Report: Business Review

Group Chief Executive's Review

We are starting to see the benefit of the operational decisions that we took in 2008 coming through into the performance of the business.

Pete Redfern
Group Chief Executive

Highlights for the year

- Returned to operating profit* in the second half of 2009 in both the UK and the US
- UK build cost per square foot reduced by 4.4% in second half of 2009 from first half level
- Restarted land buying in both the UK and North America in mid 2009
- Increased Group order book volume by 21%
- Significant reduction in net debt through generating cash from operations and the Placing and Open Offer

* Profit on ordinary activities before finance costs, exceptional items, brand amortisation and tax, after share of results of joint ventures.

Following the exceptionally difficult market conditions of 2008, we have made good progress on implementing our strategy for recovery and strengthening the Group's financial position during 2009.

Implementing our strategy for recovery

As outlined in last year's Annual Report and Accounts, we took a number of difficult decisions during 2008 to ensure that our businesses were well placed to face the unprecedented challenges of the prevailing market conditions.

During 2009, the housing markets in both the UK and North America have delivered greater stability and we are starting to see the benefits of this improvement and our early action coming through into our financial performance in the second half of 2009.

Having made significant changes to our UK organisational structure and overhead cost base in 2008, this has been very stable in 2009. This has allowed us to focus strongly on build cost reduction and other improvements in operational performance. We enter 2010 with an organisational structure that is efficient at current volume levels, but also gives us the scope to increase our output to around 14,000 homes per annum as market, land availability and planning conditions allow.

We also adjusted our pricing and incentives in the UK during 2008 in order to continue to deliver competitive offers in each local market. As market conditions have stabilised and started to improve through 2009, we have been able to reduce the level of incentives on offer and therefore improve net prices on reservations on a like for like basis over the course of the year. Maintaining tight control over the level of work in progress on each site has assisted not just cash management but also helped to secure price improvement, due to shortage of supply.

In North America, where the downturn began in late 2005 in some of our markets, our relentless focus on cash management and cost reduction has continued through 2009. The operational strategy in North America remains consistent with that in the UK, as we remain cautious with regard to work in progress investment and new land acquisition, maintain our focus on build cost reductions and work to deliver price improvement as the market continues to stabilise.

Our Strategy

Vision and Goal

Taylor Wimpey plc is a focused homebuilding company with operations in the UK, North America, Spain and Gibraltar. We aim to be the homebuilder of choice for customers, employees, shareholders and communities.

Our Group Strategy

A combination of the actions taken within the business over the last 18 months and our improved financing position now allows us to shift our focus to creating value by returning to profitability on existing and future sites.

Long term objectives

- Provide growth in earnings per share, in light of market conditions
- Deliver a return on capital employed above the level of our cost of funding
- Return the Group to an investment grade credit rating
- Attract and retain the highest calibre of employees and strive to be a company that people want to work for

Short term priorities

- Return the Group to profitability following the recent downturns in both of our main markets through:
  - Focusing on sales price increases rather than volume growth
  - Continued focus on build cost reduction
  - Maintaining tight control on overhead costs
- Deliver value from our existing landbank
- Continue to generate cash from operations through reduced level of investment in land and work in progress spend
- Maximise the potential of our employees through training and development programmes
- Deliver operating cash flows in excess of the levels set out within our financial covenants

Our Group Key Performance Indicators at a glance

The following key financial and non-financial KPIs are the most appropriate basis on which to measure the Group's current performance:

Adjusted loss per share	Return on average capital employed	Operating cash flow covenant	Employee turnover
(4.3)p	1.5%	£457m inflow	6%
for 2009	for 2009	for 2009	for 2009
(7.2p loss for 2008)	(2.6% for 2008)	(Target: £51m outflow)	(16% for 2008)

For more information see page 9

Risk

The following key risks have the greatest potential impact on the Group's strategy:

- Compliance with financial and operational covenants
- Economic and market environment
- Land purchasing
- Government regulations

For more information see pages 11 to 12

Corporate Responsibility

Our corporate responsibility underpins the way we do business

We have a duty to take social, environmental, ethical and economic factors into account when conducting our business and tackling global imperatives such as sustainable development and climate change.

For more information see pages 25 to 27

Strengthening our financial position

We reached agreement with all of our debt providers to amend our debt facilities in April 2009. Whilst this agreement included some additional costs, it removed the uncertainty regarding the Group's financial position and provides us with sufficient facilities to trade through the market downturn. Although we were not required to raise new equity under the terms of the amended debt facilities, it did allow for the terms to be adjusted to the Group's advantage in the event of a successful equity raise. Chris Rickard provides more detail on these amendments in his Group Financial Review.

For more information
see page 30

After extremely volatile stock market conditions during 2008 and in the early months of 2009, stock market conditions were more favourable in the second quarter and a rise in the Group's share price following the announcement of our agreement to amend our debt facilities provided an opportunity to launch an equity raise. It was pleasing to be able to conclude a successful Placing and Open Offer so quickly after the agreement to amend our debt facilities, with the new shares starting to trade on the London Stock Exchange on 1 June 2009.

Moving forward

Having established a secure capital structure, the Group is now focused on delivering added value over the medium and longer term and taking advantage of opportunities as market conditions allow.

In the UK, the structural undersupply of new housing has been exacerbated by the downturn. Industry volumes dropped sharply to 106,894 homes in 2008 and this has fallen further in 2009 to 88,100 (source: National House-Building Council). These numbers fall dramatically short of the latest forecast for household formations of 252,000 per annum for England alone. Recent months have seen an improvement in the number of new starts, but this position of undersupply is unlikely to change significantly in the short term. The underlying demand for new housing remains strong, but many of those looking to buy homes remain unable to obtain an appropriate mortgage. When mortgage availability increases and consumer confidence returns, we will see an even greater imbalance between demand and supply, creating the potential for a significant recovery in house prices in the future.

In North America, affordability is at record highs in our US markets and the number of months of supply of both new and existing homes continues to reduce. Prices are steady, with the period of market stability now approaching 12 months. Although foreclosures remain a potential issue, they have not had an incremental impact in recent months. The robust economic conditions in our Canadian markets are persisting and this is reflected in a stronger trading environment.

Against this backdrop of improving conditions in our main markets, the overriding priority for the business remains building on our strong base to take advantage of the opportunities that stabilisation and future market upturns will provide.

Construction activities

We are now a focused homebuilder, having completed the last stage of our exit from Construction with the sale of our construction businesses in Ghana on 21 April 2009.

People

Despite the improvements seen during 2009, our employees have continued to face considerable challenges as a result of the difficult market conditions being experienced across the Group.

I have been very impressed by the way that our employees have responded positively to these challenges and would like to express my thanks for their ongoing commitment and hard work. I am proud of the quality of the teams that we have in our businesses and look forward to seeing them deliver on the opportunities that will arise as our markets recover.

Pensions

We are in consultation regarding the cessation of the defined benefit accrual in the George Wimpey Staff Pension Scheme and are also reviewing a package of other proposals to reduce risk and the volatility of the deficit.

For more information
see page 31

Opportunities for future growth

> Against this backdrop of improving conditions in our main markets, the overriding priority for the business remains building on our strong base to take advantage of the opportunities that stabilisation and future market upturns will provide.

Our Group Key Performance Indicators

Given the significant changes in our operating environment during the economic downturn and the changes to our financial covenants, we have reviewed our suite of KPIs during 2009. We believe that the KPIs below are the most appropriate basis on which to measure our current performance.

Adjusted (loss)/ earnings per share

Objective

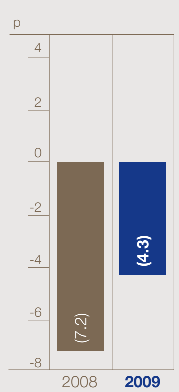
We seek to provide growth in earnings per share in light of market conditions.

Definition

The basic earnings per share from continuing operations based upon the profit attributable to ordinary shareholders before exceptional items divided by the average number of shares in issue during the year.

Why is it key to our strategy?

The generation of earnings is essential to deliver share price growth and dividends to shareholders and to fund future growth in the business. This measure is also commonly used by stock market analysts in assessing the value of companies.



(4.3)p

for 2009
(7.2p loss for 2008)

Return on average capital employed

Objective

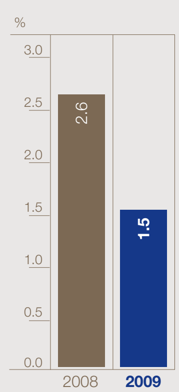
We aim to deliver a return on capital employed above the level of our cost of funding.

Definition

Profit on ordinary activities before finance costs, exceptional items and amortisation of brands but including share of results of joint ventures, divided by the average of opening and closing tangible net worth.

Why is it key to our strategy?

Building homes is a capital-intensive business due to the need to fund our landbank, so it is essential to ensure that this capital is used as effectively as possible.



1.5%

for 2009
(2.6% for 2008)

Operating cash flow covenant

Objective

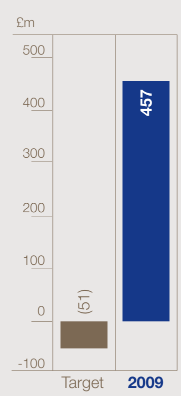
To deliver operating cash flows in excess of the levels set out within our financial covenants.

Definition

The cash generated by operations as reported in the Group's financial statements, adjusted for pensions, taxes and other items as defined in the Group's financing documentation. The Canadian business is excluded for covenant purposes.

Why is it key to our strategy?

The Group must meet its financial covenants in order to retain access to its debt funding. Following the Placing and Open Offer, the operating cash flow covenant is the most onerous of the Group's three financial covenants.



£457m inflow

for the 12 months to 31 December 2009
(Target: £51 million outflow)

Employee turnover

Objective

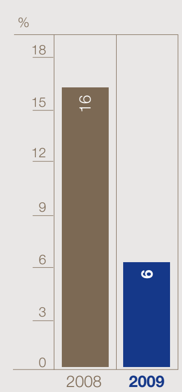
We endeavour to attract and retain the highest calibre of employees and strive to be a company that people want to work for.

Definition

The number of employees leaving the Group (excluding redundancies) expressed as a percentage of the average number of employees across the Group during the year.

Why is it key to our strategy?

Having high quality teams in place is essential to delivering high quality homes, that our customers want to live in, on time and to budget.



6%

for 2009
(16% for 2008)

Directors' Report: Business Review
Group Chief Executive's Review continued

Corporate responsibility

Corporate responsibility is an integral part of corporate governance. We remain committed to being a responsible company and to playing our part in building increasingly sustainable homes and communities. We also believe that a positive approach to corporate responsibility makes sound commercial sense.

For more information see pages 25 to 27
Visit our Web site www.taylorwimpeyplc.com

Outlook

Having established a secure capital structure during 2009, Taylor Wimpey is well positioned to take advantage of the opportunities that an upturn will provide.

Trading in the UK has continued to be encouraging during the first two months of 2010, with the improved conditions seen in 2009 still in evidence. Supply remains constrained and the restrictions on mortgage availability, whilst still having an impact on customers' ability to fund new home purchases, are gradually easing.

In North America, the stability seen in the US housing market during the majority of 2009 has continued into the early months of 2010. Affordability levels remain at record highs and suggest that there is scope for house price rises once the wider economic environment stabilises. In addition, the US Government's first time buyer tax credit is likely to continue to support the market during the key spring selling season. Market conditions in Canada remain robust.

We are continuing to improve returns from our existing landbank through a combination of replans, renegotiation of existing planning commitments and redesign of product types. In the UK, we expect the first completions from our new product range during 2010 and we are targeting further build cost reduction. In addition, the strength of our order books gives us a greater ability to reduce the level of incentives on offer in 2010.

Strong landbanks in both the UK and North America mean that we can continue to be selective about new land purchases. In the UK, we have approved new land investments of c4,000 new plots since mid-2009. These plots will deliver completions at or above normal industry margins and accelerate our return to full profitability. We remain concerned in the UK about the availability of land coming through a very complex and convoluted planning system. During 2009 we have added new plots to our landbank in North America, reflecting the high quality of opportunities that became available.

Pete Redfern
Group Chief Executive

Principal risks and uncertainties

As with any business, Taylor Wimpey faces a number of risks and uncertainties in the course of its day to day operations. By effectively identifying and managing these risks, we are able to improve our returns, thereby adding value for shareholders.

Directors' Report: Business Review

Principal Risks and Uncertainties

Risk	Description of risk	Relevance to strategy	Impact	Mitigation
Compliance with financial and operational covenants →	The agreement to amend our debt facilities reached in April 2009 includes a number of financial and operational covenants. Breach of these covenants could, in certain circumstances, lead to a requirement to repay debt funding in its entirety.	Our covenants include limits on the level of new land spend during 2010, 2011 and 2012 and also specify the amount of cash to be generated from the business at each quarterly test date. These requirements will be a consideration in business decisions, including new land acquisitions and new outlet openings.	As the landbank is a long term asset, any requirement to pay back debt at short notice could lead to a requirement to sell assets on unfavourable terms, or potentially cause the business to fail if sufficient funds cannot be raised.	We monitor the cash position closely through weekly and monthly forecasts. New land acquisitions are only approved where forecasts show sufficient headroom against the covenant. The covenant levels were set in negotiation with our debt holders in early 2009 on the basis of the forecasts at that time.
Economic and market environment →	Demand for our homes can be adversely affected by weakness in the wider economy. This includes factors such as unemployment levels, interest rates and the availability of credit, which are outside of the Group's control.	The majority of the homes that we build are sold to individual purchasers who take on significant mortgages to finance their purchase. As such, customer demand is extremely sensitive to economic conditions.	The global economy has shown greater stability during 2009. However, credit availability and consumer confidence remain below normal levels. As a result, the level of demand for new housing continues to be significantly reduced, impacting both profitability and cash generation.	Our local teams select the locations and home designs that best meet customer demand. We continue to evaluate new outlet openings on the basis of local market conditions and regularly review the pricing and incentives that we offer. We also minimise the level of speculative build that we undertake.
Government regulations and planning policy →	Governments issue a wide variety of requirements for new housing, particularly in the UK, covering areas such as design, quality, sustainability and product mix. The UK General Election in 2010 could lead to a change of Government and potentially changes to these regulations.	In addition to our short term landbank, we have a strategic landbank of 84,865 potential plots in the UK. Our ability to obtain the planning permission required to build homes on this land is dependent on our ability to meet the relevant regulatory and planning requirements.	Inability to obtain suitable consents could impact on the number or type of homes that we are able to build. We could also be required to fund higher than anticipated levels of planning obligations, or incur additional costs to meet increased regulatory requirements. All of these would have a detrimental impact on the contribution per plot.	We consult with the UK Government on upcoming legislation, both directly and as a member of industry groups, to highlight potential issues. At a local level our land specialists work closely with the relevant planning authorities and structure land purchase agreements to mitigate such risk.
Land purchasing →	Purchasing land that is poor quality or mis-priced or purchasing land in insufficient quantity.	Land is the major 'raw material' for the Group, but the availability of good quality land at an attractive price is currently scarce. Purchasing land of the appropriate quality on attractive terms will enhance the Group's ability to deliver strong profit growth as housing markets recover.	Purchasing poor quality or mis-priced land would have a detrimental impact on our profitability. Purchasing insufficient land would prevent the Group from delivering budgeted future home completions and lead to a shortfall in anticipated performance.	We operate an investment appraisal process for land purchases, which ensures that such projects are subject to appropriate review and authorisation dependent on the proposed scale of expenditure.

Principal Risks and Uncertainties continued

Risk	Description of risk	Relevance to strategy	Impact	Mitigation
Availability of sub-contractors →	The difficult operating environment over the last two years has resulted in the failure of some sub-contractors' businesses. In addition, reduced levels of homebuilding have led to some skilled tradesmen leaving the industry to take jobs in other sectors.	In order to optimise our build cost efficiency, whilst retaining the flexibility to commence work on new sites as market conditions allow, the vast majority of work carried out on site is performed by sub-contractors.	If our sub-contractors are not able to recruit sufficient numbers of skilled employees, our developments may suffer from delays or quality issues, leading to reduced levels of customer satisfaction. Lack of skilled sub-contractors could also result in higher levels of waste being produced from our sites.	We vet all suppliers prior to working with them to ensure that they meet our requirements for environmental impact, health and safety, quality and financial stability. We also work to address the skills shortage in the industry through apprenticeship schemes and the Construction Industry Training Board.
Site safety →	Building sites are inherently dangerous places and our management of health and safety issues is of paramount importance to us.	Our operations require a large number of people, ranging from employees and sub-contractors to customers and their families, to visit our sites each day. We want all of these people to go home at the end of the day safe and uninjured.	In addition to the potentially tragic personal impact of an accident on site, there is potential for legal proceedings, financial penalties, reputational damage and delay to the site's progress.	We have a comprehensive HSE management system, which is integral to our business. This is supported by policies and procedures to ensure that we live up to our intention of providing a safe and healthy working environment.
Construction and cost management →	Construction work can be subject to delays and additional cost for a variety of reasons. These include adverse ground conditions, environmental considerations and adverse weather conditions.	We build homes in the UK, US, Canada, Spain and Gibraltar on a wide variety of different sites. Potential issues range from hurricanes in Florida to extreme cold in Ontario and from ground contamination to the presence of protected wildlife species.	Construction delays can result in additional costs to get the build programme back on schedule, lead to quality issues and have an adverse impact on customer satisfaction. Additional costs arising from the construction process may have an adverse impact on profit.	We monitor both cost and risk closely throughout the life of a project from initial viability assessment to post completion review. This is achieved through the use of detailed risk registers and regular site valuations, which are reviewed and approved at the appropriate level.
Ability to attract and retain high calibre employees →	Recruiting employees with inadequate skills or in insufficient numbers, or not being able to retain key staff.	The housebuilding process, from land and planning through construction to sales and customer care, requires significant input from skilled people to deliver quality homes to our customers. The challenging market conditions have meant that we have had to reduce our number of employees across the Group.	Not having the right teams in place could lead to delays, quality issues, reduced sales levels, poor customer care and reduced profitability.	We monitor employee turnover levels on a monthly basis and conduct exit interviews, as appropriate, to identify any areas for improvement. We benchmark our remuneration levels against the industry, have succession plans in place for key roles within the Group and hold regular development reviews to identify training requirements.

Directors' Report: Business Review

UK Housing

Pete Redfern
Group Chief Executive

We remain focused on maximising the value achieved from each home completion rather than looking to grow volumes ahead of underlying improvements in market conditions.

UK housing market

We have been pleasantly surprised by the stability in the UK housing market during 2009, following the weakness experienced from April onwards in 2008. Credit availability gradually improved over the course of the year, although it remains well below the levels seen in 2007. According to the Bank of England, the total value of loans approved for house purchases during 2009 was £78,398 million, an increase of 11.7% from 2008. During the course of 2009, interest rates were reduced from 2.0% at the start of the year to an historic low of 0.5% in March 2009, where they remained for the rest of the year. However, not all applicants were able to benefit from these rate reductions, as banks continue to charge a significant premium on higher loan to value mortgages. The degree of caution in mortgage valuations, which were a downward pressure on prices for much of 2008, has now been tempered although valuations remain a constraint on price increases. Consumer confidence, whilst still not strong, has improved over the course of the year although the outlook for 2010 is uncertain with a General Election due to be held. Media coverage of the housing market also turned more positive during 2009 with a focus on the potential for recovery replacing the concentration on how far prices might fall that was prevalent in 2008.

National house price indices reflect this improved sentiment with annual increases for 2009, following the sharp declines of 2008. The Nationwide House Price Index shows a rise of 5.9% over the year to an average house price of £162,103, with the Halifax House Price Index recording a rise of 1.1% to an average house price of £169,042.

UK housing market at a glance

Key drivers

- Continuing undersupply of new homes against Government projections of household formation
- Strong cultural preference towards home ownership rather than rental

Market risk factors

- Continuing restrictions on credit availability
- Changing economic environment leading to increasing interest rates or unemployment
- First time buyers becoming priced out of the market
- Changes in investor sentiment leading to increased supply in the secondary market

Taylor Wimpey operational highlights

- Private order book increased by 62% to 3,048 homes
- Private build cost per square foot reduced by 4.4% in second half of 2009 from first half level
- Re-entered the UK land market
- Introduced Taylor Wimpey brand
- Significant replans to target most marketable product mix

Our UK Housing Strategy

Our UK strategy is focused on maximising value from each home sold through pricing, build cost reduction, replanning and additions to our landbank.

- Goal is to be the leading homebuilder in the UK
- Current operational focus is margin improvement and cash management
- In the longer term we will look to grow volumes from increasing outlet numbers as the market recovers

Short term priorities:

- Deliver competitive offers in each local market
- Reduce build costs through merger savings, lower labour and materials costs and value engineering of sites
- Replan existing sites with detailed planning consents to change product mix and reduce planning obligations
- Add new plots to the landbank on attractive terms

Our UK Housing Key Performance Indicators at a glance

We have identified key financial and non-financial performance indicators which we believe are the most accurate measure of the success of our strategy in the UK.

Contribution per legal completion	Forward order book volume as a % of completions	Owned and controlled plots with planning	Customer satisfaction	Health and Safety (per 100,000 hours worked)	Waste generated per home (tonnes)
£12.6k	53.6%	66,089	87.1%	0.226	4.69
for 2009	for 2009	for 2009	for 2009	for 2009	for 2009
(£16.5k for 2008)	(31.7% for 2008)	(74,917 for 2008)	(79.4% for 2008)	(0.296 for 2008)	(5.11 for 2008)

For more information see page 16

Risk

The Group's principal risks and uncertainties are detailed on pages 11 and 12 of this report. The risks that have seen the greatest change in the UK business during 2009 are:

- Economic and market environment, with much greater stability during 2009
- Land purchasing, as the supply of quality land on attractive terms remains restricted
- Government regulation, with the possibility of a change of Government in the UK in 2010

The UK Government has continued its efforts to support the housebuilding industry during 2009. Initiatives include the Kickstart scheme, which provides funding to start stalled housing developments, HomeBuy Direct, a shared equity scheme to assist first time buyers to purchase a home, and providing additional funding to housing associations.

Industry volumes fell further during 2009, with the housebuilding industry, including housing associations, starting less than 90,000 homes across the UK during 2009 compared to 106,894 in 2008 and 200,697 in 2007 (source: National House-Building Council (NHBC)). However, recent months have seen an improvement in the number of new starts, with the number of new starts in the UK during the last quarter of 2009 up by 64% against the same period of 2008.

Industry volumes remain significantly below the level of demand, with the most recent forecasts of 252,000 average household formations per annum for England alone.

Looking further ahead, there will be a General Election in the UK this year. Conservative planning policy differs significantly from the current Government's and in the event of a change of Government, could result in a hiatus to planning applications as new policies are adopted.

With the current structural undersupply of housing likely to continue, the UK housing market remains an attractive environment in which to do business.

Strategy

We reduced our level of ongoing overheads significantly during 2008 to reposition the business for lower volumes and sales prices. Following the closure of a final three regional businesses in early 2009, we now operate from 23 regional offices, which gives us the capacity to deliver up to 14,000 homes per year when market conditions allow, without significant additional overhead costs.

However, in the current market conditions, we remain focused on maximising the value achieved from each home completion rather than looking to grow volumes ahead of underlying improvements in market conditions. Maximum value is being achieved through four main factors: pricing; build cost reduction; replanning; and additions to our landbank.

Pricing: We set prices locally and make use of a range of targeted customer incentives in order to deliver competitive offers in each local market. This approach is supported by national marketing initiatives. Having reduced our prices during 2008 to reflect the adverse market conditions, we have been able to achieve some price increases during 2009. Average selling prices on reservations increased by around 13% between January 2009 and December 2009, as a result of mix changes and underlying price improvement. Our negotiating position has been strengthened by the strong forward order book position and our tight management of work in progress. We reduced the number of unsold completed homes from 1,138 as at 31 December 2008 to 219 as at 31 December 2009.

Build cost reduction: Build cost has been a key area of operational focus throughout 2008 and 2009 and will remain so for 2010. There are three main areas in which we have ongoing opportunities to reduce build costs. Firstly, we are still benefiting from the savings arising from the merger in 2007, particularly in respect of reducing the costs associated with the Bryant house types. Secondly, the weaker market conditions have enabled us to reduce both labour and materials costs. Thirdly, we are delivering savings through value engineering of sites to reduce the level of infrastructure costs. We have achieved a reduction of 4.4% in the average build cost per square foot of private completions in the second half of 2009 compared to the first half, with further reductions expected in 2010.

Replanning: An ongoing process, with successes in changing the product mix on sites within the landbank to be more appropriate to the current market conditions and reducing planning obligations to make sites viable at lower average selling prices. We have identified around 60% of the plots with detailed planning in our landbank as being suitable for replanning, with around one-third of those plots having already been replanned successfully.

Additions to our landbank: We have a strong UK landbank, with 64% of our short term plots located in the South. Only 23% of the plots in our short term landbank are apartments, leaving us well placed to reduce the proportion of apartments in our completions further from the 2009 completions level of 33%. This has been achieved through a combination of a revised land purchasing strategy and replanning of the existing landbank.

Cash management remains an important discipline and we have made further progress in reducing the level of work in progress in the business.

Financial review

UK Housing revenue was £1,700.4 million (2008: £2,390.1 million), reflecting a lower number of home completions and lower average selling prices on completions. Operating profit* was £14.3 million (2008: £53.0 million), producing an operating margin* of 0.8% (2008: 2.2%).

Exceptional items of £452.8 million were charged during the first half of the year (2008: £1,750.4 million). Of these, £445.0 million related to a review of the carrying value of our land and work in progress in the light of the ongoing uncertainty in the wider economy (2008: £904.4 million). Exceptional items are discussed in more detail on page 29. Net operating assets in the UK were £1,693.1 million at 31 December 2009 (2008: £2,585.7 million).

Sales, completions and pricing

We achieved substantially better sales rates in 2009, compared to the sharp decline experienced during 2008. Sales rates were much more consistent across the year and we did not experience the usual seasonal drop off in sales over the summer months. The net private sales rate per outlet per week for 2009 as a whole was 0.55 against 0.40 in 2008. Cancellation rates were also substantially improved in 2009 at 18.7% against the elevated levels of 37.5% in 2008.

* Profit on ordinary activities before finance costs, exceptional items, brand amortisation and tax, after share of results of joint ventures.

Our UK Housing key performance indicators

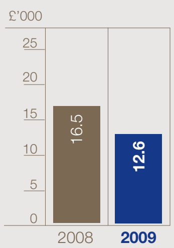
We have updated our suite of KPIs to more accurately reflect the way that we monitor the UK business in the current market conditions.

Contribution per legal completion

Objective
We strive to maximise the level of contribution per home sold.

Definition
Revenue net of incentives less build costs, land costs and direct selling costs divided by the number of homes completed.

Why is it key to our strategy?
In an environment where volumes are likely to remain constrained in the short term, growing the contribution per legal completion offers a route to profit growth.



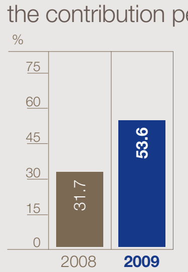
£12.6k
for 2009
(£16.5k for 2008)

Forward order book as a % of completions

Objective
In a flat or falling pricing environment we look to maximise the level of our order book.

Definition
The number of homes in our year-end order book, expressed as a percentage of the number of homes completed during the year (excluding joint venture completions).

Why is it key to our strategy?
Entering the year with a strong order book puts our sales teams in a stronger negotiating position with regard to price and enhances our ability to increase the contribution per legal completion.



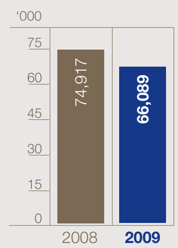
53.6%
for 2009
(31.7% for 2008)

Owned and controlled plots with planning

Objective
We aim to maintain sufficient land holdings to enable us to remain selective in future purchases.

Definition
The total number of plots that we either own or control, with some form of planning consent.

Why is it key to our strategy?
Having a pipeline of land in place is key to delivering budgeted future home completions.



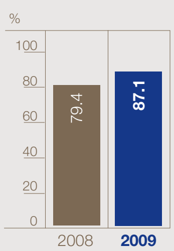
66,089
for 2009
(74,917 for 2008)

Customer satisfaction

Objective
We strive to maintain and improve our customer satisfaction scores.

Definition
Percentage of customers satisfied or very satisfied with their new home as measured by the National New Homes survey undertaken by the NHBC on behalf of the HBF eight weeks after legal completion.

Why is it key to our strategy?
Delivering high levels of customer satisfaction increases the reputation of our business and reduces the costs associated with rectifying poor quality work.



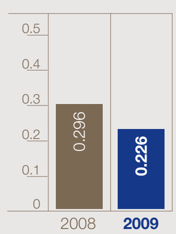
87.1%
for 2009
(79.4% for 2008)

Health and safety

Objective
We want our employees and sub-contractors to go home safe and uninjured day after day.

Definition
Reportable injury frequency rate per 100,000 hours worked.

Why is it key to our strategy?
As well as having a moral duty to maintain safety on site, lapses can have a detrimental impact on the business through additional costs, delays and/or reputational damage.



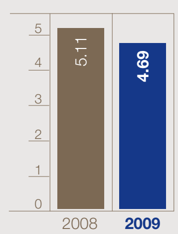
0.226
for 2009
(0.296 for 2008)

Waste generated per home

Objective
We aim to reduce the level of waste generated per home each year.

Definition
Total tonnage of construction waste per home built.

Why is it key to our strategy?
As well as having a beneficial impact on the environment, reducing waste is a key part of driving down build cost and may also assist in winning future planning consents.



4.69 tonnes
for 2009
(5.11 tonnes for 2008)

We completed a total of 10,186 homes in 2009 (2008: 13,394) at an average selling price of £160k (2008: £171k), of which 8,432 were private homes (2008: 10,585) and 1,709 were affordable homes (2008: 2,751) with 45 joint venture completions (2008: 58). The average selling price of a private home was £171k (2008: £187k), whilst the average selling price of an affordable home was £108k (2008: £108k). The year on year figures for private selling prices mask the intra-year trend, which saw the average price fall to £163k for the first half of 2009, before recovering during the second half.

The timing of the recovery has varied by geography, with the most robust markets being in London and the South-East, with more tentative improvements in the North of the UK. By the end of 2009, this regional variation had started to reduce. We enter 2010 with a very strong order book position. We have increased our private order book by 62% to 3,048 homes (31/12/2008: 1,887 homes). Including affordable housing reservations, our year-end order book was 5,431 homes, an increase of 28% from the order book position at the end of 2008.

Product range and branding

We continue to offer a wide range of products from apartments to five bedroom houses, with prices ranging from under £100,000 up to £500,000. Once again during 2009 the majority of our homes were priced within a range from £100,000 to £200,000.

Customers continue to prefer houses to apartments and we have achieved an increase in the average size of our private home completions from 973 square feet in 2008 to 1,003 square feet in 2009.

We saw a further increase in the proportion of our customers who are first time buyers during 2009, with a corresponding fall in the proportion of sales to investors.

Affordable housing represented 17% of our 2009 completions, a reduction from 21% of 2008 completions. This reflects the recovery in demand from private customers over the course of the year.

We introduced the Taylor Wimpey brand during 2009, which will allow us to use our marketing budget even more effectively and which more accurately reflects the way in which we work as a single business. All new outlets were branded as Taylor Wimpey from July 2009 and 189

Increase in private homes order book volume

62%

Key customer trends

Changing product mix

- Reducing level of apartments
- Replans to target most marketable mix
- New national house type range

Customer segmentation

- High levels of first time buyers
- Increasing levels of second time buyers due to product availability
- Reduced levels of investors, but high quality investors remain

Focus on targeted incentives

- Low level of shared equity incentives
- Low balance sheet exposure to part exchange

existing sites with an anticipated lifespan beyond June 2010 have also been rebranded. The Bryant Homes and George Wimpey brands will be phased out during the first half of 2010.

We launched our new Taylor Wimpey UK Web site in 2009 and have reduced our budget for local newspaper advertising in favour of internet-based marketing.

We also commenced construction of a wide range of prototypes for our new house type range during 2009 and these house types will be available to buy from early 2010. This range reflects customer preferences and allows the business to offer a range of floorplans on the same footprint. It will enable us to achieve further operational efficiencies and has been designed to allow future regulatory requirements, relating mainly to sustainability initiatives, to be met at the lowest possible additional cost.

Quality and customers

We remain committed to delivering high quality homes for all of our customers.

We continue to measure customer satisfaction using two surveys. The first is the National New Homes survey undertaken by NHBC (the National House-Building Council) on behalf of HBF (the Home Builders Federation). Each of our customers is sent a survey eight weeks after their legal completion date. The second survey is the NHBC's own survey measuring the same elements but sent to customers nine months after completion. During 2009, 87.1% of our customers were satisfied or very satisfied with the quality of their home (2008: 79.4%).

These surveys have become a key part of our Customer Service Management (CSM) system and the highest performing regions are entered for our annual Hallmark Awards for customer service.

We have increased our representation in the 2009 NHBC Pride in the Job awards, looking at build quality, with our UK Site Managers winning 70 Quality Awards, 16 Seals of Excellence and two Regional Awards (2008: 51 Quality Awards, 10 Seals of Excellence and two Regional Awards).

Landbank

We suspended new land purchase commitments in late 2007 and re-entered the UK land market in the second half of 2009. We have approved new land purchase commitments for 3,003 plots at

Directors' Report: Business Review
UK Housing continued

UK Housing private development price mix

UK Housing landbank

Plots	2009 Owned	2009 Controlled	2009 Pipeline	2009 Total	2008 Total
Detailed planning	36,553	908	434	37,895	42,053
Outline planning	17,909	4,313	205	22,427	27,096
Resolution to grant	3,049	3,357	72	6,478	6,260
Subtotal	57,511	8,578	711	66,800	75,409
Allocated strategic	5,051	6,423	110	11,584	13,301
Non-allocated strategic	22,190	50,815	276	73,281	76,774
Total	**84,752**	**65,816**	**1,097**	**151,665**	**165,484**

22 new sites during 2009 on attractive terms. Our strong southerly-weighted landbank and ongoing opportunities to convert further plots from our strategic landbank enable us to continue to be selective as the land market recovers.

We continue to actively review our land portfolio and have undertaken a small number of land sales where we feel that the price achieved delivers value and the land did not fit our strategy or was excess to our requirements. For the year as a whole, land sales have generated £47.9 million of revenue (2008: £58.0 million) with an operating loss of £4.1 million (2008 loss: £2.2 million).

Our UK short term landbank, representing owned or controlled land with planning, or a resolution to grant planning, stood at 66,089 plots at 31 December 2009 (2008: 74,917 plots). The average cost per plot in the landbank was £30k at 31 December 2009 on the basis of allocating all net realisable value provisions against land value (31 December 2008: £35k on the same basis). We ended 2009 with 57% of our short term landbank fully consented (2008: 56%).

Our cash payments in respect of land commitments totalled £323 million during 2009 (2008: £538 million).

Health, safety and environment

Health and safety continues to be a non-negotiable top priority and we have retained our strong focus through the changing market conditions. Whilst we are pleased with the reduction in the injury frequency rate from 0.296 injuries per 100,000 hours worked in 2008 to 0.226 per 100,000 hours worked in 2009, we continue to target further reductions in 2010.

Reducing waste is not only a responsible course of action in terms of protecting the environment, it also contributes towards lowering build costs. We monitor our performance in this area closely and have reduced the level of waste generated per home by 8% in 2009.

Current trading

We have delivered an encouraging performance in the first two months of 2010, with continued improvement in visitor levels, sales rates and cancellation rates. We remain positive with regard to long term prospects for the UK housing market, although the risks of further weakness in the wider economy and reduced mortgage availability remain in the short term. Our operational focus remains on margin improvement, rather than volume growth, and we anticipate further progress on build cost reduction over the course of 2010.

Key UK market data

Housing starts

88,100

for 2009
(106,894 for 2008)

Mortgage lending

£78,398 m

for 2009
(£70,186m for 2008)

Annual house price increase

5.9%

for 2009
(15.9% decrease for 2008)

Directors' Report: Business Review

North America Housing

Sheryl Palmer
President and CEO, Taylor Morrison

Having achieved significant build and overhead cost savings over the last four years, our business in the US is well positioned for recovery. Our business in Canada continues to perform strongly.

North America housing market

After a weak first quarter of 2009, the US housing market has shown continued stability.

The underlying demographics of our main markets remain good, with California, Florida and Texas being three of the four largest States by population in the US and Texas, Colorado and Arizona being amongst the fastest growing States by population over the last year.

Affordability in many markets is now at record levels. For instance, the affordability ratio (which represents the percentage of households that can afford to buy the median priced home) now stands at 83.6% in Arizona. California, where house prices are amongst the highest in the US, has seen the affordability ratio increase from 19.9% in 2005 to 52.8% in 2009.

It is also encouraging that the number of months of supply have continued to fall during 2009. Florida, which was the worst affected of our markets, has seen the number of months of supply fall from 19.5 in December 2008 to 11.5 in December 2009. This has been assisted by a further sharp reduction in US single-family housing starts from 622,000 in 2008 to 443,500 in 2009.

The Case-Shiller Home Price Indices started to show improvement in early 2009, albeit there are still widespread variations between metropolitan areas. For example, markets in Texas and Colorado show small price increases year on year, with a mixture of small increases and decreases in California. Arizona and Florida show significant further year on year declines in 2009, although the trend is more positive in recent months.

US housing market at a glance

Key drivers

- Record levels of affordability in some markets
- Levels of unsold inventory reducing and industry single-family housing starts continue to decline
- Widespread geographical variation in house price trends

Market risk factors

- Continuing restrictions on credit availability
- Changing economic environment leading to increasing interest rates or unemployment
- Increased levels of foreclosures
- First Time Homebuyer tax credit due to be withdrawn in April 2010

Taylor Morrison operational highlights

- 15% increase in order book volume
- Achieved further build and overhead cost savings
- 3,723 new lot purchase approvals

Our North America Housing strategy

Our North America strategy is focused on maximising value from each home sold through pricing, build cost reduction and selective land purchasing.

- Goal is to be the homebuilder of choice in each of our markets
- Medium term objective is to grow volumes through taking advantage of land acquisition opportunities as they arise

Short term priorities are:

- Drive sensible sales rates for each site
- Retain build cost and overhead savings
- Maintain reduced level of investment in land and work in progress spend where appropriate
- Grow market share in our key markets

Our North America Housing Key Performance Indicators at a glance

We have identified key financial and non-financial performance indicators which we believe are the most accurate measure of the success of our strategy in North America.

Contribution per legal completion	Forward order book volume as a % of completions	Owned and controlled plots with planning	Customer satisfaction (out of 100)	Health and safety (per 100,000 hours worked)
£22.0k	67.6%	29,062	86.6	0.210
for 2009	for 2009	for 2009	for 2009	for 2009
(£23.9k for 2008)	(51.4% for 2008)	(29,178 for 2008)	(85.4 for 2008)	(0.041 for 2008)

For more information see page 22

Risk

The Group's principal risks and uncertainties are detailed on pages 11 and 12 of this report. The risks that have seen the greatest change in the North America business during 2009 are:

- Economic and market environment, with much greater stability during 2009
- Land purchasing, as the demand for developed lots has increased as market conditions have stabilised
- Ability to attract and retain high calibre employees, as the competition for talented employees will intensify as the market recovers

The more robust economic conditions in Canada are persisting. The conservative approach to lending by Canadian banks and the fact that, as in the UK, they have full recourse to customers in the event of default means that there are no significant foreclosure issues in our Canadian markets. House prices in Toronto and Ottowa continue to show growth, rising by 7.15% and 6.25% respectively in 2009. Volumes have declined by less than those in the US, with 20,186 detached freehold home starts in the urban centres of Ontario during 2009, down from 28,109 in 2008.

Strategy

We remain focused on cost reductions and cash management, whilst preserving the inherent value in our long term land positions.

We are ranked as the tenth largest homebuilder in the US by Professional Builder and rank in the top five in the majority of our markets in North America. This regional strength provides significant advantages in the form of lower build cost, greater access to land opportunities and customer brand awareness.

We have a good quality and well respected business in North America. Taylor Morrison won a series of design awards in 2009 and was inducted into the Best of American Living Award Hall of Fame for making a significant contribution to American design in January 2009.

Despite having already made significant build and overhead cost savings over the course of the US market downturn, we have achieved continued success in reducing costs in 2009. Having introduced a 'lean manufacturing' approach into three divisions in 2008, we have extended the roll-out to a further four divisions in 2009. This has achieved cost reductions in a number of areas, including joint initiatives with sub-contractors to reduce waste material and value engineer product plans to reduce the number of different materials and components used in our homes.

We have undertaken a thorough review of our sales and marketing costs, achieving savings through tailoring our staffing levels at each outlet closely to visitor levels, revising the number and specifications of showhomes and making greater use of internet-based marketing campaigns.

We have retained our focus on cash management and work in progress remains under tight control. We had 219 unsold completed homes at 31 December 2009, down from 455 at 31 December 2008 and 908 at 31 December 2007.

Financial review

North America Housing revenue was £824.3 million (2008: £981.6 million), primarily reflecting the reduced level of completions achieved in the year.

Operating profit* was £48.1 million (2008: £59.9 million), broadly in line with the decrease in revenue. The operating margin* for 2009 was 5.8%, a slight decline from the 6.1% achieved in 2008. Exceptional items were £79.8 million (2008: £76.6 million).

We conducted regular reviews of the carrying value of our land holdings during 2009. As a result of these reviews, we took land and work in progress write downs totalling £78.7 million during 2009, all of which were recorded at the half year (2008: £71.1 million).

Net operating assets in North America were £558.1 million at 31 December 2009 (2008: £677.8 million).

Sales, completions and pricing

The business operated with an average of 172 outlets during 2009 (2008: 234), reflecting the closure of existing outlets.

For North America as a whole we achieved an average sales rate of 0.60 per outlet per week, 50% higher than the 0.40 sales per week recorded in 2008. The cancellation rate was 15% for 2009 as a whole, again a substantial improvement against the 2008 rate of 23%.

Total home completions were 4,755 (2008: 5,421), of which 3,347 were in the US (2008: 4,212) and 1,408 were in Canada (2008: 1,209).

The average selling price of our North American home completions in 2009 was £171k (2008: £175k), with the average selling price in the US being £161k (2008: £163k) and an average selling price in Canada of £195k (2008: £220k). The lower pricing in Canada reflects a higher proportion of high-rise completions during the year and also the weaker market conditions in the early part of 2009.

Our year-end order book increased to 3,216 homes (2008: 2,789 homes), with the US order book up 5% and the order book in Canada up by 19%.

Product range

We continue to offer a wide range of homes to our customers in North America, ranging from entry level to luxury homes. Our product range includes high-rise condominiums, single family homes, townhomes and full service country club communities. At present our only active and upcoming high-rise projects are in the Canadian market.

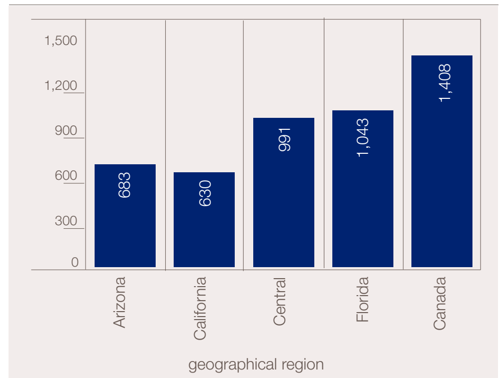
Our US homebuilding operations trade under the Taylor Morrison brand and our Canadian business continues to operate as Monarch.

Quality and customers

2009 was another successful year for Taylor Morrison in terms of external recognition for our high standard of customer care. Taylor Morrison West Florida received the highly prestigious AVID Award for Best Customer Experience by a large homebuilder in the United States. The region scored 97 out of a possible 100 points with respect to homeowners who said that they would recommend Taylor Morrison to others.

Our North American operations also received accolades from market research specialists JD Power in 2009. Monarch Corporation was named the highest performing company in Ottowa in terms of customer satisfaction while

North America Housing completions by region



* Profit on ordinary activities before finance costs, exceptional items, brand amortisation and tax, after share of results of joint ventures.

Our North America Housing key performance indicators

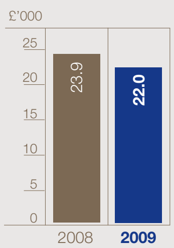
We have updated our suite of KPIs to more accurately reflect the way that we monitor the North America business in the current market conditions.

Contribution per legal completion

Objective
We strive to maximise the level of contribution per home sold.

Definition
Revenue net of incentives less build costs, land costs and direct selling costs divided by the number of homes completed.

Why is it key to our strategy?
In an environment where volumes are likely to remain constrained in the short term, growing the contribution per legal completion offers a route to profit growth.



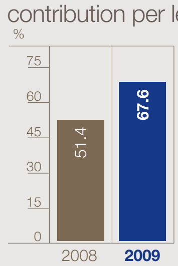
22.0k
for 2009
(£23.9k for 2008)

Forward order book as % of completions

Objective
In a flat or falling pricing environment we look to maximise the level of our order book.

Definition
The number of homes in our year-end order book, expressed as a percentage of the number of homes completed during the year (excluding joint venture completions).

Why is it key to our strategy?
Entering the year with a strong order book puts our sales teams in a stronger negotiating position with regard to price and enhances our ability to increase the contribution per legal completion.



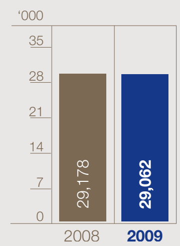
67.6%
for 2009
(51.4% for 2008)

Owned and controlled plots with planning

Objective
We aim to maintain sufficient land holdings to enable us to remain selective in future purchases.

Definition
The total number of plots that we either own or control, with some form of planning consent.

Why is it key to our strategy?
Having a pipeline of land in place is key to delivering budgeted future home completions.



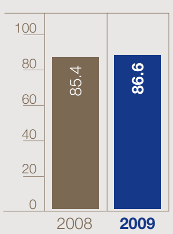
29,062
for 2009
(29,178 for 2008)

Customer satisfaction

Objective
We strive to maintain and improve our customer satisfaction scores.

Definition
Total homebuyer satisfaction score out of a possible 100 points as measured by customer surveys undertaken by AVID Advisors, a customer loyalty management firm that works with homebuilders across the United States and Canada.

Why is it key to our strategy?
Delivering high levels of customer satisfaction enhances our reputation, reduces selling costs by increasing customer referrals and reduces the costs associated with rectifying poor quality work.



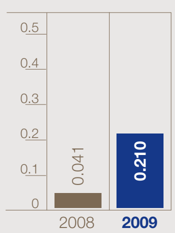
86.6
for 2009
(85.4 for 2008)

Health and safety

Objective
We want our employees and sub-contractors to go home safe and uninjured day after day.

Definition
Reportable injury frequency rate per 100,000 hours worked, excluding sub-contractors.

Why is it key to our strategy?
As well as having a moral duty to maintain safety on site, lapses can have a detrimental impact on the business through additional costs, delays and/or reputational damage.



0.210
for 2009
(0.041 for 2008)

Environmental performance

Environmental legislation varies across the different regions in which we operate in North America, but we are working to introduce business-wide performance indicators in 2010.

Taylor Morrison was the highest ranked builder in Sacramento in the New Home Quality Survey.

Our customer surveys are undertaken by AVID Advisors, a customer loyalty management firm that works with hundreds of housebuilders across the United States and Canada. We have improved our already strong customer satisfaction scores during 2009. We achieved a score of 91.8 with respect to customers who would recommend us to their family and friends, a score which is above the industry average of 88.8 and our 2008 score of 89.9. Our total homebuyer satisfaction score for 2009 was 86.6 out of a possible 100 points, up from 85.4 in 2008 and ahead of the 2009 industry average of 83.8.

Landbank

We have made good progress on rebalancing our land portfolio during 2009, to reduce exposure to less desirable submarkets, and as we continue to acquire land in the US and Canada where we identify good value opportunities. We have approved new land purchases totalling 3,723 plots during the second half of 2009, with purchases primarily in Arizona, California and Florida.

At the year end, we had a landbank of 29,062 owned and controlled plots (2008: 29,178 plots). Nearly 50% of our owned landbank is made up of finished lots, which have all of the required infrastructure in place to allow building of a home to commence, and therefore require a limited additional investment.

Health, safety and environment

Taylor Morrison has a company wide health and safety programme and was a runner up in the prestigious National Association of Home Builders 2009 Safety Award for Excellence.

Environmental legislation varies across the different regions in which we operate in North America, but we are working to introduce business-wide performance indicators in 2010. We are proud of the fact that Monarch was named low-rise Green Builder of the Year in the Building Industry and Land Development Awards for the Greater Toronto Area.

Current trading

We are encouraged by the prolonged stability of our North American markets, which now extends to almost 12 months. With the recent extension of the US Government's Homebuyer Tax Credit for sales to the end of April 2010 likely to continue to provide support to the market and affordability at extremely good levels, we are optimistic with regard to future prospects. We have seen hotspots of market activity develop on a regional basis. Based on improving consumer confidence and strong affordability, assuming employment continues to strengthen, we anticipate a broader based improvement in the market developing over the course of the next year.

Having achieved significant build and overhead cost savings over the last four years, our business in the US is well positioned for recovery. We will continue to evaluate new land acquisitions in the US and exercise appropriate discipline with all new investment.

Our business in Canada continues to perform strongly.

Professional Builder Magazine US National Ranking for Taylor Morrison

10

Key customer trends

Focus on changing consumer demand patterns

- Buyers compromising on preferences due to tough economic climate
- Affordability, smaller units, change in specifications
- Change in net foreign immigration patterns
- Poor quality existing home stock offers opportunities in some markets
- Multi-generational housing
- Longer life expectancies and ageing 'baby boomers'
- Divorce rates increasing
- Later childbearing

Directors' Report: Business Review

Spain and Gibraltar Housing

Javier Ballester
Managing Director, Spain

Market conditions in the first two months of 2010 have been stronger than we anticipated. However, we remain cautious until a clearer pattern emerges for the Spanish economy as a whole.

Spain strategy

- Deliver high quality homes in popular locations that appeal to both foreign and Spanish buyers
- Focus on cash generation and cost reduction
- Remain cautious on land purchasing at the current point in the market cycle

Gibraltar strategy

- As previously announced, we are exiting our business in Gibraltar.

Our Spain and Gibraltar Key Performance Indicators

	2009	2008
Order book volume as a percentage of completions	**20.0%**	83.2%
Owned and controlled plots with planning	**1,901**	2,121
Customer satisfaction	**98%**	85%
Health and safety (Spain)	**0.481#**	0.371
Health and safety (Gibraltar)	**0.000**	0.828##

Please note that the injury frequency rate for Spain equates to just three incidents in 2009.
Please note that the injury frequency rate for Gibraltar equates to just four incidents in 2008.

Performance

In Spain and Gibraltar we completed a total of 225 homes in 2009 (2008: 214) at an average selling price of £260k (2008: £270k). We delivered a higher proportion of our completions in Spain from the mainland as we discounted prices to reduce our level of inventory.

Revenue was broadly flat at £61.0 million (2008: £59.8 million). Operating loss* was £1.4 million (2008 loss: £2.4 million) as a result of the ongoing market weakness. The landbank has reduced from last year as we have become increasingly cautious in our approach to land purchases. Our year-end order book stood at £11 million (2008: £58 million).

We have undertaken further reviews of the carrying value of our landbank in Spain, which resulted in land and work in progress write downs of £3.3 million, all of which were recorded at the half year (2008: £37.4 million).

As previously announced, we are exiting our business in Gibraltar and expect the majority of the remaining completions to be achieved during the first half of 2010.

Current trading

Market conditions in the first two months of 2010 have been stronger than we anticipated. However, we remain cautious until a clearer pattern emerges for the Spanish economy as a whole.

* Profit on ordinary activities before finance costs, exceptional items, brand amortisation and tax, after share of results of joint ventures.

Spain housing market at a glance

Key drivers

- Continuing oversupply of properties on mainland Spain
- Ongoing weakness of Sterling against the Euro
- Economic weakness resulting in reduced consumer confidence

Directors' Report: Business Review

Our Corporate Responsibility Approach

Katherine Innes Ker
Corporate Responsibility Committee Chairman

We believe corporate responsibility is an essential part of good governance and makes sound business sense as well as being crucial for risk and opportunity management.

We have continued to take our corporate responsibilities extremely seriously throughout the economic downturn. Operationally, health and safety continues to be the non-negotiable top priority in all regions in which we operate.

Taylor Wimpey plc maintained its listing in the FTSE4Good index during 2009. We were also named as one of the 2010 Corporate Knights Global 100 Most Sustainable Corporations. Each year, Corporate Knights produces a list of the most sustainable large corporations in the world. Taylor Wimpey plc was ranked as number 32 in the list.

Corporate responsibility management

We acknowledge the global threat of climate change and the necessity of sustainable development. We have a duty to address environmental, social, ethical and economic issues when conducting our business. We also have a responsibility to do so in a way that makes sound long term business sense for our Company, investors, business partners and customers.

Our Board-level Corporate Responsibility Committee normally meets at least three times per year and recommends the Company's corporate responsibility strategy, policies, reporting and performance monitoring to the plc Board. The Committee is made up of Independent Non Executive and Executive Directors. James Jordan, the Group Company Secretary and General Counsel, attends all meetings. In addition key operational management are invited to attend most meetings.

Stakeholder engagement

Taylor Wimpey aims to be a responsive company that listens to and learns from a wide range of internal and external stakeholders. Our primary stakeholders are:

- Investors
- Customers
- Employees
- Residents and other groups in the communities in which we operate
- Suppliers, sub-contractors and other business partners
- Local, regional and national government
- Landowners and land agents
- Planners and regulators
- Housing associations
- Trade associations and industry bodies
- Charities, NGOs and other groups interested in sustainable homes and communities

Further information

Visit our Web site for further information
www.taylorwimpeyplc.com/CorporateResponsibility/CRreports

We value feedback and welcome comments on our Corporate Responsibility Report or any aspect of our approach to corporate responsibility.

Please e-mail us at:
CRreport@taylorwimpey.com

or write to:
The Group Company Secretary
Taylor Wimpey plc
80 New Bond Street
London
W1S 1SB

Highlights from the 2009 Corporate Responsibility Report

Identifying risks and opportunities

Our UK business developed an extensive Sustainability and Climate Change Risk and Opportunity Register.

Building highly energy-efficient homes

A Taylor Wimpey UK home built to current building regulations requires around one fifth of the energy needed to heat the same type of home built to 1930s building standards.

New house type range launched

We introduced our new house type range of high quality, energy efficient, sustainable homes.

Best customer care in the US

Taylor Morrison West Florida won the 2009 AVID Award for Best Customer Experience by a large homebuilder in the United States.

Green builder of the year

Monarch was named low-rise Green Builder of the Year in the Building Industry and Land Development Awards for the Greater Toronto Area.

Scottish award-winner

Our Raploch, Stirling development won Social Regeneration Project of the Year at the Regeneration and Renewal Awards 2009 and was recognised by the Scottish Government as a low-carbon exemplar community.

Commended for contributions to American design

Taylor Morrison was inducted into the Best of American Living Award Hall of Fame for making a significant contribution to American design.

Recognition for our graduate programme

Taylor Wimpey has been included in the Cambridge 25 – a select group of 25 employers recommended to University of Cambridge graduates and included in the University's recruitment initiatives.

Sustainability

Sustainability has been a key area of focus for Taylor Wimpey during 2009. In September we ran a one day sustainability workshop attended by 16 senior personnel and specialist advisors.

The conclusions of the workshop were used to develop our Sustainability and Climate Change Risk and Opportunity Register. This detailed and extensive register will be reviewed and updated regularly by our Sustainability Steering Group, a collection of senior personnel from relevant disciplines across our UK business.

The register will inform our strategy and our short, medium and long term priorities in terms of tackling sustainability and climate change issues. It will help us to identify and manage the threats to and opportunities for our business in the years ahead. It is vital that our approach to sustainability is aligned and integrated with our business needs and aims.

Our first priority is to measure and report on carbon dioxide and greenhouse gas emissions from our UK operations.

2009 reporting approach

Our 2009 report is divided into two main sections and takes the same approach as our 2008 Corporate Responsibility Report. The first section focuses on 'Our homes and communities' and looks at five different aspects of creating sustainable communities, as follows:

Supporting local communities

This sub-section looks at our approach to community consultation and engagement as well as charitable and fundraising initiatives.

Design

In 2009 we launched our new UK house type range that meets current and future regulatory and sustainability requirements. We also won a series of design awards.

Environmental sustainability

Here we describe our approach to the wide range of environmental issues that we take into account when designing homes and communities. We also continue to undertake research and engage with Government and industry with regard to the feasibility of upcoming sustainability driven regulation in the UK.

Enhancing economic growth

We make an important contribution to the local economies of the areas in which we build through the provision of affordable housing and local employment. We also provide substantial financial and in kind contributions through UK planning obligations.

Customer care

This sub-section highlights how we approach customer care, including details of customer surveys and communication. It also highlights a series of sales, marketing and quality awards.

The report also includes four case studies of developments that provide a range of social and environmental benefits. The case studies are Academy Central in East London; Rowner in Gosport, Hampshire; Leybourne Grange near Maidstone, Kent; and Steiner Ranch in Austin, Texas.

The second section of the report addresses 'The way we work'. This focuses on our management systems and our approach to the key areas of employees, HSE and supply chain management.

Employees

This sub-section identifies key employee issues including ethics and employee engagement as well as training and development. It also includes details of Taylor Morrison's Peak Performance programme, which helps us develop and maintain a healthy and motivated workforce.

Health, safety and environmental management

Here we describe our comprehensive HSE management systems and our approach to key issues such as health and safety training, climate change, waste management, land remediation and biodiversity.

Supply chain management

This sub-section describes our approach to green procurement and provides examples of how we engage with suppliers and work with them to develop environmentally preferable products.

The report also includes a data table providing key performance indicators and other performance measures. Details of performance against the 2009 targets published in our 2008 Corporate Responsibility Report are available on our Web site.

Katherine Innes Ker
Corporate Responsibility
Committee Chairman

Directors' Report: Business Review

Group Financial Review

Chris Rickard
Group Finance Director

> Cash generation remains an important focus for the Group, but our primary focus will increasingly move towards returning to normal levels of profitability as quickly as market conditions allow.

Financial summary

Adjusted loss per share

(4.3)p
for 2009
(7.2p loss for 2008)

Tangible net assets per share

47p
at 31/12/2009
(120p at 31/12/2008)

Net debt

£750.9m
at 31/12/2009
(£1,529.3m at 31/12/2008)

Group summary

The Group's financial position strengthened significantly during 2009. As outlined in the 2008 Annual Report we reached agreement with all of our debt providers on a revised financing package in April 2009. We subsequently launched a Placing and Open Offer in May 2009, raising £510 million net of expenses which was used to pay down debt and reduce facilities. In addition, we have maintained our tight control on work in progress and investment in land and, as a result, end the year with a significantly reduced net debt.

Market conditions in both the UK and North America were better than those experienced in the second half of 2008, although they still remained challenging.

Group results

Group revenue from continuing operations in 2009 was £2.6 billion (2008: £3.5 billion). Group completions were 15,166 (2008: 19,029), with reduced levels of legal completions recorded in both of our main markets. Whilst mortgage availability and mortgage valuations continue to adversely affect our business, the strong cash generation in 2009 compared with 2008 allowed us to focus on price improvement rather than volumes.

Group operating profit* was £43.3 million (2008: £96.3 million), producing an operating margin* of 1.5% (2008: 2.6%). Of this operating profit* £14.3 million was generated by our UK business (2008: £53.0 million) and £48.1 million by our North American business (2008: £59.9 million). We recorded an operating loss* of £1.4 million in our Spain & Gibraltar business (2008 loss: £2.4 million) and an operating loss* of £17.7 million in our Corporate segment (2008 loss: £14.2 million). £2.8 million of the Group's operating profit* was earned in the first half of the year and £40.5 million in the second half. The second half result included a net credit of £15.6 million relating to utilisation of inventory net realisable value write downs taken in the first half, where the selling prices have exceeded our market assumptions (2008: nil).

The Group's pre-exceptional net finance charges were £139.4 million (2008: £168.6 million) and the Group incurred a loss before tax and exceptional items from continuing operations of £96.1 million for the year to 31 December 2009 (2008 loss: £74.7 million).

* Profit on ordinary activities before finance costs, exceptional items, brand amortisation and tax, after share of results of joint ventures.

Group results

	UK Housing	North America Housing	Spain and Gibraltar Housing	Corporate
Completions	10,186	4,755	225	–
Revenue	1,700.4	824.3	61.0	9.9
Operating profit/(loss)* (£m)	14.3	48.1	(1.4)	(17.7)
Operating margin*	0.8	5.8	(2.3)	–

	Group
Loss before tax and before exceptional items – continuing (£m)	**(96.1)**
Exceptional items (£m)	**(603.8)**
Loss before tax – continuing (£m)	**(699.9)**
Tax including exceptional credit (£m)	**59.3**
Profit for the year from discontinued operations (£m)	**–**
Loss for the year – total Group (£m)	**(640.6)**
Adjusted loss per share – continuing (p)	**(4.3)**
Dividends per share	**nil**

The Group has recorded a total of £603.8 million of pre-tax exceptional items in 2009 (2008: £1,895.0 million). This results in a consolidated loss before tax of £699.9 million (2008 loss: £1,969.7 million). The pre-exceptional tax charge of £14.3 million (2008: £23.4 million) relates mainly to Canada, where the Group continues to be profit making. The exceptional tax credit was £73.6 million, comprising a UK tax credit of £25.4 million relating to the reinstatement of the pension deferred tax asset and a US tax credit of £48.2 million relating to the five year net operating loss carryback (2008 exceptional credit: £100.0 million comprising a net credit of £91.6 million in respect of UK inventory write downs and deferred tax movements and a net credit of £8.4 million relating to US inventory write downs made in the year).

The results of the now disposed of Construction business in Ghana are incorporated into the Corporate reporting segment.

Dividends

The Board did not propose an interim dividend and is not proposing a final dividend for 2009 (2008 full year dividend: nil). We will continue to review the appropriateness of reinstituting dividend payments in the light of prevailing market conditions in the future.

UK Housing

Revenue was £1,700.4 million (2008: £2,390.1 million) from 10,186 completions (2008: 13,394), reflecting the ongoing weakness in market conditions and our decision to accept lower volumes in order to preserve pricing. Average selling prices were lower year on year at £160k (2008: £171k), but showed an increase from the £153k recorded in the first half of 2009. Operating profit* was £14.3 million (2008: £53.0 million), with an operating margin* of 0.8% (2008: 2.2%).

North America Housing

In Sterling terms, revenue was £824.3 million (2008: £981.6 million). Our Canadian business continues to perform strongly, fully vindicating our decision not to divest it during our debt rescheduling negotiations. Completions were 4,755 (2008: 5,421), whilst average selling prices were broadly flat at £171k (2008: £175k) reflecting the more stable market environment. Operating profit* was £48.1 million (2008: £59.9 million). The operating margin* was 5.8% (2008: 6.1%).

Spain and Gibraltar Housing

Revenue from our operations in Spain and Gibraltar was £61.0 million (2008: £59.8 million), with completions of 225 homes (2008: 214). Markets in mainland Spain remained extremely challenging. However, average selling prices were relatively stable at £260k (2008: £270k), reflecting a continuing impact of completions from our Gibraltar business and the ongoing weakness of Sterling against the Euro.

Operating loss* was £1.4 million (2008 loss: £2.4 million).

Construction

Following the sale of the Group's UK Construction business in September 2008, we completed our exit from construction activities with the sale of our construction businesses in Ghana on 21 April 2009. The business was sold to existing management for £1 in cash, giving rise to a profit on sale of £0.2m. The results of the Ghana operations have been presented within continuing operations within the Corporate business segment.

The reported profit after tax from discontinued operations in 2008 was £53.1 million.

Exceptional items

The majority of the 2009 exceptional items relate to the Group undertaking further reviews of the carrying value of its land and work in progress assets at the half year. Given the continuing possibility of further increases in unemployment, continuing scarcity of mortgage finance and the prospect of interest rates rising from their current historic lows, we eliminated future sales price increases from our assumptions at the half year review. We also, inter alia, reviewed in detail and revised, where appropriate, our previous assumptions for costs and other risks at the half year.

A total of £445.0 million was written off against the carrying value of land assets in the UK during 2009 (2008: £904.4 million). A write down of £78.7 million was recorded against land and work in progress assets in North America during 2009 (2008: £71.1 million). A write down of £3.3 million was recorded in Spain and Gibraltar (2008: £37.4 million). All of these write downs were recorded in the first half of the year and no further write down was required as a result of the carrying value review undertaken at the year end.

There were no impairments to goodwill or other intangible assets during the year (2008: £816.1 million).

Other exceptional items charged to profit before finance costs and tax in 2009 amounted to £53.7 million (2008: £55.6 million) and consisted of refinancing costs of £44.8 million (2008: £20.5 million) and restructuring costs of £8.9 million (2008: £35.1 million). Further details of these exceptional charges are set out in Note 5 to the consolidated financial statements.

* Profit on ordinary activities before finance costs, exceptional items, brand amortisation and tax, after share of results of joint ventures.

Net finance costs

Total finance costs for 2009, net of interest receivable of £10.6 million (2008: £8.5 million), were £162.5 million (2008: £179.1 million).

Within finance costs, interest on borrowings from financial institutions totalled £109.1 million (2008: £127.9 million). This decrease was due to the lower average net debt levels the Group carried in 2009 of £1,245.2 million (2008: £1,821.9 million) reflecting the cash generation of the business and the Placing and Open Offer. Other items included in finance costs are a net pension interest charge of £34.3 million (2008: £11.7 million), a mark to market gain on interest rate derivatives of £11.8 million (2008 loss: £10.8 million), a total of £18.4 million (2008: £26.7 million) charged for imputed interest on land creditors and exceptional finance charges relating to bank and debenture loans of £23.1 million (2008: £10.5 million).

Tax

The pre-exceptional Group tax rate for 2009 was 14.9% (2008: 31.3%), resulting in a tax charge of £14.3 million (2008: £23.4 million). During the year, the Group has also recorded a significant exceptional tax credit of £73.6 million, comprising a UK tax credit of £25.4 million relating to the reinstatement of the pension deferred tax asset and a US tax credit of £48.2 million relating to the five year net operating loss carryback introduced in November 2009 as part of an economic stimulus package. In 2008, an exceptional tax credit of £100.0 million was reported, comprising a net credit of £91.6 million in respect of UK inventory write downs and deferred tax movements and a net credit of £8.4 million relating to US inventory write downs made in the year.

During 2009, we have recognised £112.9 million of deferred tax asset on the balance sheet, which relates almost entirely to the UK pension deficit. As a result of the revised financing arrangements and the successful equity raise concluded during 2009, we now consider it appropriate to recognise this asset. The remaining deferred tax assets of £663.5 million, which relate predominantly to trading losses incurred by the Group during the economic downturn, will be recognised on the balance sheet once there is a greater certainty regarding the timing of the Group's return to normal levels of profitability.

In total, the Group has unrecognised potential deferred tax assets as at 31 December 2009 in the UK of £375.1 million (2008: £248.3 million), in the US of £267.0 million (2008: £303.6 million) and £21.4 million in other jurisdictions (2008: £17.3 million), providing a significant buffer against future tax charges.

Earnings per share

The pre-exceptional basic loss per share from continuing operations was 4.3 pence (2008 loss per share: 7.2 pence). The basic loss per share after exceptional items is 25.1 pence (2008: loss of 136.5 pence).

Balance sheet and cash flow

Net assets at 31 December 2009 were £1.5 billion (2008: £1.7 billion) equivalent to a tangible net asset value of 47 pence per share (2008 restated: 120 pence per share). Gearing at 31 December 2009 stood at 50.0% (2008: 91.4%).

The Group's cash inflow from operating activities was £206.3 million (2008: £153.6 million). Year-end net debt levels reduced from £1,529.3 million in 2008 to £750.9 million in 2009, a decrease of £778.4 million. A decrease of £44.8 million is attributable to favourable movements in the exchange rates.

Debt refinancing and Placing and Open Offer

As detailed in the 2008 Annual Report, we reached agreement with all of our debt providers regarding a revised covenant and financing package in April 2009, which was appropriate for both the prevailing adverse market conditions at the time and robust against downside scenarios.

Whilst the agreement to amend our debt facilities did not require the Group to raise new equity capital, it did allow for significant advantages in the event that the Group met its planned £150 million reduction in facilities by the end of 2009 and raised a minimum of £350 million of new equity by the end of 2010.

It was therefore pleasing to be able to conclude a Placing and Open Offer to raise £510 million net of expenses shortly after the agreement to amend our debt facilities, with the new shares starting to trade on the London Stock Exchange on 1 June 2009.

This equity raise satisfied both of the conditions outlined above and as a result:

- The cash margin and coupon payable on the debt, which is based on a ratchet mechanism related to gearing, was reduced by 2.5%;
- The Initial PIK of 1.5% ceased to accrue and no additional PIKs became payable; and
- The level of operating restrictions were reduced.

Treasury management and funding

The Group operates within policies and procedures approved by the Board. These are set out in detail in Note 21 to the consolidated financial statements.

The Group has three sources of borrowings: bank; US$ Private Placements; and public Sterling Eurobonds, which due to the revised financing package, successfully concluded in April 2009, now have common terms and effectively become repayable on 3 July 2012.

The Group's preference is to manage market risks without the use of derivatives but derivatives will be used where necessary and appropriate to reduce the levels of volatility to both income and equity. The use of such derivatives is strictly controlled and they are not permitted to be used for speculative or trading purposes. However, under the revised financing package we are currently restricted from entering into new derivatives.

Derivatives and foreign currency borrowings are used to selectively hedge our foreign investments in order to protect their Sterling value. Interest rate derivatives, while not satisfying the strict requirements for hedge accounting, continue to hedge interest cost volatility.

Our highlights for 2009

- Significantly improved second half performance:
  - Group operating profit of £40.5 million
  - No operating exceptional charges
- Net debt reduced by £778.4 million
- Placing and Open Offer raising £510 million (net)

Taking into account term borrowings and committed facilities, the Group has access to funding in excess of £1.9 billion (2008: £2.5 billion), which is committed until July 2012. At the year-end, £1.1 billion (2008: £411 million) was committed but undrawn.

The Group is operating well within its revised financial covenants and limits of available funding. The Group does not require any additional funding in the near future.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Chief Executive's Review on pages 6 to 10. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in this Group Financial Review. In addition, Note 21 to the financial statements includes details of the Group's financial instruments, hedging activities and its exposure to and management of credit risk and liquidity risk.

The Directors remain of the view that, whilst the economic and market conditions continue to be challenging and not without risk, the Group's financing package is sufficiently robust as to the adequacy of both facility and covenant headroom to enable the Group to operate within its terms for at least the next 12 months. Accordingly, the consolidated financial statements are prepared on a going concern basis.

Further information is contained within the Corporate Governance Report and Note 1 to the consolidated financial statements.

Pensions

Actuarial valuations of both of the Company's main pension schemes, the Taylor Woodrow Group Pension & Life Assurance Fund (TWGP&LAF) and the George Wimpey Staff Pension Scheme (GWSPS), were completed during the first half of 2008. The results of these valuations are a deficit of £162.5 million relating to the TWGP&LAF (previous deficit £64.6 million) and a deficit of £215.0 million relating to the GWSPS (previous deficit £148.0 million). The IAS 19 valuation, which appears on the Group's balance sheet, is £406.4 million at 31 December 2009 (2008: £277.2 million). The increase in the deficit was largely due to the strengthening of the inflation expectation assumption and the reducing discount rate due to the lower iBoxx corporate bond rate as a result of the current economic environment. The balance sheet also includes £2.9 million of post-retirement healthcare benefit obligations (2008: £2.6 million).

The Group's deficit reduction payments in respect of the TWGP&LAF remain unchanged at £20 million per annum. The deficit reduction payments to the GWSPS also remain unchanged at £25 million per annum. No one-off deficit reduction payments were made during 2009 (2008: £5 million in respect of the GWSPS). The terms of the debt refinancing secures the deficit repair payments during the term of the refinancing.

We are undertaking a review of the GWSPS benefits and are in consultation regarding the cessation of the defined benefit accrual in this scheme, replacing the pension provision with defined contribution arrangements. We are also reviewing a package of other proposals, including: changes to scheme investment strategy; implementation of an Enhanced Transfer Value exercise; consideration of a buy-in/buy-out/longevity solution; updating mortality assumptions based on a mortality investigation; offering non-statutory pension increase exchange to pensioners; and enhancing scheme investment governance. Once we have developed this package of proposals further, we will enter consultation with the relevant scheme members.

Further details relating to the pension schemes of the Group are presented in the financial statements in Note 22.

Accounting standards

The consolidated financial statements have been produced in accordance with International Financial Reporting Standards (IFRS) as endorsed and adopted for use in the EU. The financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board. There have been no changes to International Accounting Standards this year that have a material impact on the Group results.

Chris Rickard
Group Finance Director

Our priorities for 2010

- Continued focus on cash management
- Implementation of initiatives to appropriately manage the risk of the pension deficit
- Review scope and timing of refinancing opportunities
- Increased focus on margin improvement

Directors' Report: Governance

Board of Directors

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01. Norman Askew
Chairman

Appointed as a Director and to the post of Chairman in July 2003, Norman chairs the Nomination Committee and is a member of the Corporate Responsibility Committee. His current appointments include the Chairmanship of IMI plc and of the Board of Governors of the University of Manchester.

02. Pete Redfern
Group Chief Executive

Appointed as a Director and to the post of Group Chief Executive in July 2007 following the merger with George Wimpey Plc, Pete is a member of the Nomination and Corporate Responsibility Committees. In addition he has full day to day operational responsibility for the UK Housing division. Prior to the merger he was Group Chief Executive of George Wimpey Plc and before that successively held the posts of Finance Director and Chief Executive of George Wimpey's UK Housing business.

03. Chris Rickard
Group Finance Director

Appointed as a Director and to the post of Group Finance Director in October 2008, Chris qualified as an accountant and was an Audit Manager with PwC, leaving in 1986 to work in industry. He has extensive experience of working in the capital intensive manufacturing and services industries, having previously held the position of Group Finance Director at VT Group plc, Weir Group plc, Meggitt plc and more recently at Whatman Group plc.

04. Sheryl Palmer
President and CEO of Taylor Morrison

Appointed as a Director on 5 August 2009, Sheryl has over 20 years' experience of the US housing market which includes senior regional positions with Pulte, Blackhawk Corporation and, until the merger, with Morrison Homes. Shortly after the merger she was appointed as President and Chief Executive Officer of Taylor Morrison with executive responsibility for the US and Canadian businesses. Sheryl is a member of the Corporate Responsibility Committee.

05. Baroness Dean of Thornton-le-Fylde
Independent Non Executive Director

Appointed as a Non Executive Director in July 2007, Brenda is a member of the Remuneration, Nomination and Corporate Responsibility Committees. She is a member of the House of Lords and is active in a number of public areas, including the House of Lords Appointments Commission. Brenda is Chairman of the New Covent Garden Market Authority, a Partnership Director of National Air Traffic Services and a non executive director of Dawson Holdings PLC. Brenda was a non executive director of George Wimpey Plc prior to its merger with Taylor Woodrow.

06. Andrew Dougal
Independent Non Executive Director

Appointed as a Non Executive Director in November 2002, Andrew, a Chartered Accountant, is a member of the Audit, Nomination and Corporate Responsibility Committees. He is a non executive director of Premier Farnell plc and Creston plc. Andrew was formerly Group Finance Director of Hanson, the Anglo-American diversified industrial group, until it demerged. He was subsequently Group Chief Executive of Hanson plc, the international building materials company, and he was also a non executive director of BPB plc.


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07. Katherine Innes Ker
Independent Non Executive Director

Appointed as a Non Executive Director in July 2001, Katherine is Chairman of the Corporate Responsibility Committee and a member of the Remuneration and Nomination Committees. Katherine has considerable experience as a financial analyst in the media sector. She is a non executive director of St. Modwen Properties PLC and was formerly Chairman of Shed Media plc and a non executive director of the Ordnance Survey.

08. Anthony Reading MBE
Independent Non Executive Director

Appointed as a Non Executive Director in July 2007, Tony is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. He was previously a director of Tomkins Plc and Chairman and Chief Executive of Tomkins Corp. USA and was a non executive director of George Wimpey Plc prior to its merger with Taylor Woodrow. He is a non executive director of Laird Plc, Spectris Plc and e2v Technologies plc.

11. James Jordan
Group Company Secretary and General Counsel

Appointed in July 2007. James, a solicitor, is the Taylor Wimpey plc Group Company Secretary and General Counsel. Previously he held the same position with George Wimpey Plc following his appointment in February 2002.

09. Rob Rowley
Independent Non Executive Director

Appointed as a Non Executive Director on 1 January 2010, Rob is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. He was previously a director of Reuters Plc, deputy chairman of Cable and Wireless plc and a non executive director of Prudential plc and Taylor Nelson Sofres plc. He is a non executive director and Chairman of the Audit Committee of both Liberty International plc and moneysupermarket.com.

10. David Williams
Independent Non Executive Director and Senior Independent Director

Appointed a Non Executive Director in July 2007, David is a member of the Audit, Remuneration and Nomination Committees and was a non executive director of George Wimpey Plc prior to its merger with Taylor Woodrow. He was Finance Director of Bunzl plc until January 2006. David is a non executive director of DP World Limited (a Dubai quoted company), Meggitt PLC and Tullow Oil plc. He has recently been appointed as joint chairman of the Mondi Group prior to which he was a non executive director of Mondi PLC and Mondi Limited (a Republic of South Africa quoted company). David has indicated that he will stand down from the Board on 31 March 2010.

Audit Committee
Current members: Rob Rowley (Committee Chairman), Andrew Dougal, Anthony Reading and David Williams.

Corporate Responsibility Committee
Current members: Katherine Innes Ker (Committee Chairman), Norman Askew, Brenda Dean, Andrew Dougal, Sheryl Palmer and Pete Redfern.

Nomination Committee
Current members: Norman Askew (Committee Chairman), Brenda Dean, Andrew Dougal, Katherine Innes Ker, Anthony Reading, Pete Redfern, Rob Rowley and David Williams.

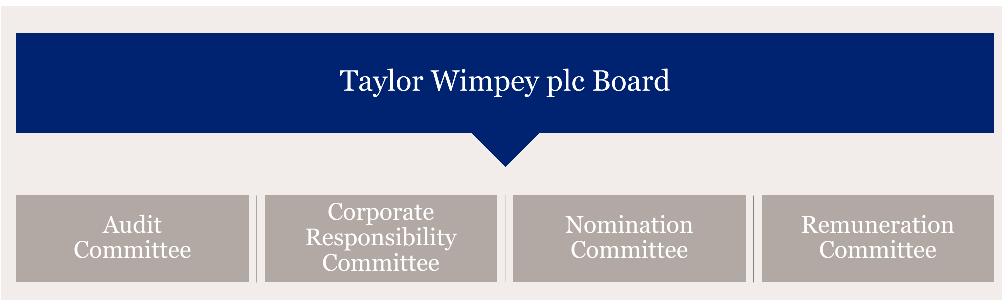
Remuneration Committee
Current members: Anthony Reading (Committee Chairman), Brenda Dean, Katherine Innes Ker, Rob Rowley and David Williams.

Directors' Report: Governance

Corporate Governance Report

Norman Askew
Chairman

Board Structure at a glance



Corporate governance statement

The Board is fully committed to high standards of corporate governance and corporate responsibility throughout the Group. The Board supports the principles of corporate governance contained in the 2008 edition of the Combined Code on Corporate Governance which is appended to the Listing Rules of the Financial Services Authority (the 'Combined Code'), as supplemented by the Disclosure and Transparency Rules, which set out the governance rules which apply to all UK companies which are listed on the London Stock Exchange.

This Report on Corporate Governance together with the Remuneration Report on pages 41 to 50 are intended to explain how the Company has applied the principles of the Combined Code and provide an insight into how the Board and management run the business for the benefit of shareholders. The Chairman's Statement and the Group Chief Executive's Review seek to present a balanced assessment of the Company's position and prospects.

For more information
see page 41 to 50

During the year, the Board continued to apply the enhanced governance and control environment introduced during 2008 in order to maintain the integrity of the business during the challenging market conditions.

The Directors have monitored the FRC's review of the Combined Code (to be re-named 'The UK Corporate Governance Code') and have made preparations to ensure the Company continues to comply with its revised provisions, which are expected to be published in April or May 2010 and to apply to accounting periods beginning on or after 29 June 2010.

Statement of compliance

For the year ended 31 December 2009, the Company complied with all the provisions of the Combined Code including the Principles set out in Section 1, and with the provisions of the Disclosure and Transparency Rules on Audit Committees and Corporate Governance Statements (DTR 7).

The Board and its Committees

As at the date of this Report the Board consists of ten Directors: the Chairman, three Executive Directors and six Independent Non Executive Directors. Their names, responsibilities and other details appear on pages 32 and 33. Changes in the Board composition since 31 December 2008 are set out on page 51.

For more information
see pages 32 to 33 and page 51

During the early part of 2009, as would be expected, the Board met frequently in concluding the negotiations that took place with regard to the amendment of its debt facilities and the subsequent raising of additional equity through the Placing and Open Offer which was approved by shareholders at the General Meeting on 27 May 2009. Accordingly, the Board met on 14 occasions during the year including nine meetings in the first half of the year. Details of the attendance of each Director are set out in the table on page 36.

For more information
see page 36

It is Board policy that where a Director misses a Board or Committee meeting, the Chairman and/or the Group Company Secretary will, as soon as possible, brief the Director fully on the business transacted and on any decisions that have been taken. In addition, the views of the Director are sought ahead of the meeting and conveyed to it by the Chairman and/or the Secretary as appropriate.

The Board discharges its responsibilities by providing strategic and entrepreneurial leadership of the Company, within a framework of prudent and effective controls, which enables risk to be assessed and managed. It sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management performance. It also defines the Company's values and standards and ensures that its obligations to its shareholders and other stakeholders are clearly understood and met.

The following documents have been adopted by the Board:

- Schedule of matters specifically reserved for the decision of the Board;
- Board policies covering operational matters, compliance and stakeholder policies; and
- Terms of Reference of the Board Committees: Audit, Corporate Responsibility, Nomination and Remuneration, which outline their objectives and responsibilities and which define a programme

of activities to support the discharge of those responsibilities.

All Directors have access to the advice and services of the Group Company Secretary and General Counsel. The Board has an established procedure whereby Directors may take independent professional advice at the Company's expense where they judge it necessary to do so in order to discharge their responsibilities as Directors.

The Board took detailed advice during the year both with regard to the amendment of its debt facilities and the raising of additional equity through the Placing and Open Offer in the first half of 2009. Advice was provided in connection with the amendment of its debt facilities, by specialist restructuring advisers N M Rothschild & Sons Limited ('Rothschild') and the Company's legal advisers Slaughter and May ('Slaughter') with regard to UK matters and by Davis Polk & Wardwell, LLP ('Davis Polk') with regard to US matters. Representatives of Rothschild and Slaughter attended the relevant part of almost every meeting of the Board up to the conclusion of the debt renegotiation on 30 April 2009 to advise the Board on key legal issues relating to the status of the project. The advice also included specialist advice to the Board as a whole and to Directors individually as to their responsibilities.

Advice was also provided during the year to the Board by J.P. Morgan Cazenove Limited (as sponsor and financial adviser), J.P. Morgan Securities Limited (as underwriter), Slaughter (UK legal advice) and Davis Polk (US legal advice) in connection with the Placing and Open Offer concluded on 1 June 2009. As part of its annual budget review process the Board receives a detailed presentation from an external economic specialist on the UK, North American and general economy.

Board and Committee balance, independence and effectiveness

It is the Company's policy that appointments to the Board are made on merit and the Nomination Committee has a formal, rigorous and transparent process against which objective criteria recommended by the Nomination Committee are used. Typically the process of appointment, prior to the decision of the Board, will include the engagement of recruitment consultants, interviews with members of the Board and the taking up of detailed references. This process was followed in the recent appointment of Rob Rowley as a Non Executive Director.

The Nomination Committee also guides the Board in arranging the orderly succession for appointments to the Board and in respect of senior management. The work of each of the Board Committees is described in this Report.

The Board has an adopted framework of delegated financial, commercial and operational authorities, which define the scope and powers of the Group Chief Executive and of operational management.

The roles and responsibilities of the Chairman and the Group Chief Executive have been reviewed by the Board and, in line with the Combined Code, are clearly defined and set out in writing.

The Board will continue to review the governance framework including delegated financial, commercial and operational authorities to ensure that they remain appropriate and meet the requirements of the Group going forward.

The Board also undertakes a regular review of the interests of each Director outside of the Company. The Board is satisfied that the commitments of each Director do not detract from the extent or quality of time which they are able to devote to the Company.

The Companies Act 2006 ("the Act") introduced a requirement for the Company to maintain a Register of Potential Conflicts of Interest whereby Directors disclose any change in their Directorships or other interests in other companies and organisations. In accordance with this requirement, the Company has established and maintains such a register.

Whenever any Director considers that he or she is, or may be, interested in any contract or arrangement to which the Company is or may be a party, the Director gives due notice to the Board in accordance with the Act and the Company's Articles of Association ('Articles'). In such cases, unless allowed by the Articles, a Director with such an interest is not permitted to participate in any discussions or decisions relating to the contract or arrangement.

During the three years up to and including the 2010 Annual General Meeting, every Director will have sought re-election at least once. Any Director appointed by the Board since the last Annual General Meeting will be subject to election by shareholders at the next Annual General Meeting. The Board has reviewed and re-affirmed that it considers all of the Non Executive Directors to be independent in character and judgement and that there are no relationships which could affect the Director's judgement. The Chairman, at the time of his appointment, met the independence criteria as set out in the Combined Code.

Performance evaluation of the Board, its Committees and other functions

In line with the Combined Code a detailed evaluation of the Board, its Committees and of each Director takes place annually. Further details of the evaluation process are set out on page 36.

For more information
see page 36

Also in line with the current requirements of the Combined Code a rigorous evaluation takes place with regard to Non Executive Directors who have served in excess of six years – namely Brenda Dean, Andrew Dougal, Katherine Innes Ker and David Williams. As reported last year, following consultation with shareholders time spent on the board of George Wimpey Plc pre-merger by any Non Executive Director is taken into account when calculating the length of time of the Non Executive Director appointment. Following the rigorous evaluation the Board was entirely satisfied with their respective performance and contribution as Non Executive Directors in addition to their ongoing independence of character and judgement particularly with regard to Brenda Dean, Andrew Dougal, Katherine Innes Ker and David Williams. The Board awaits the outcome of the "Consultation On The Revised UK Corporate Governance Code" published in December 2009 with regard to directors who have served more than nine years. Currently Non Executive Directors who have served more than nine years are required to seek annual re-election, however it is noted that this requirement may fall away if the consultation results in all directors having to face annual re-election. The new Code is due to be published in April or May 2010 and it is noted that it is intended that it will apply to accounting periods beginning on or after 29 June 2010.

As part of the evaluation, the Board took into account the requirement of the Combined Code to consider refreshing the Board from time to time and, in light of this, Rob Rowley was appointed with effect from 1 January 2010.

Taylor Wimpey plc Board

Chairman – Norman Askew

Number of meetings in 2009	14
Members	**Attendance**
Norman Askew Chairman	14
Pete Redfern Group Chief Executive	14
Chris Rickard Group Finance Director	14
Sheryl Palmer* President & CEO of Taylor Morrison	4
David Williams ** Senior Independent Director	13
Brenda Dean Independent Non Executive Director	14
Andrew Dougal Independent Non Executive Director	14
Katherine Innes Ker Independent Non Executive Director	13
Anthony Reading Independent Non Executive Director	14
Rob Rowley† Independent Non Executive Director	0
Mike Davies# Former Independent Non Executive Director	10

* Appointed 05/08/2009

** David Williams will, as previously announced, step down from the Board and as the Senior Independent Director ('SID') on 31 March 2010 and a new SID will be appointed.

† Appointed 01/01/2010

\# Resigned 01/09/2009

During the year, the Board appointed Sheryl Palmer, who is the President & CEO of Taylor Morrison, as a Director of the Company.

In September 2009, having regard to his other appointments including his appointment as Chairman of Manchester Airport Group, Mike Davies stood down from the Board.

The Board considers that its Directors possess an appropriate balance of skills and experience for the requirements of the business. The Board and its Committees operate within a framework of scheduled core meetings. Additional meetings were held during the first half of the year, as the Board continued its active measures to both address the challenges of the difficult market conditions in the UK and the US, to oversee progress on the amendment of its debt facilities, and to conclude the Placing and Open Offer.

In line with the Combined Code, a formal annual evaluation of the performance and effectiveness of the Board and its Committees and of individual Directors was carried out. The evaluation was carried out by the Chairman and the Group Company Secretary. The process consisted of a bespoke questionnaire which was sent by the Group Company Secretary to all Directors for completion. The questionnaire focused on the performance of: the Board, the four Board Committees, the performance of each Director (by way of self assessment plus a confidential evaluation by the Chairman of each Director) and the performance of the Chairman. This year, the evaluation also specifically focused on a rigorous assessment of each of the four Directors who have served on the Board for more than six years (taking into account, where applicable, past service on the George Wimpey Plc Board). The Secretary collated all of the responses and produced a summary in respect of each performance area.

The Chairman and the Secretary then reviewed the summaries that had been prepared in respect of the Board, each Board Committee and each Director (other than the Chairman) and formally presented the findings to the Board on a non-attributable basis for discussion. Following this, a set of actions was agreed which were designed to increase further the overall effectiveness of the Board.

A number of points came out of the performance evaluation designed to increase the effectiveness of the Board which are being implemented during 2010. Specific action items coming out of the evaluation are that the Board will devote additional time and focus with regard to the Corporate Responsibility Committee and will consider having a Board evaluation externally facilitated in the near future. The Board came to this latter conclusion without regard to the likely requirements of the UK Corporate Governance Code which will come into force later this year.

The Non Executive Directors, led by the Senior Independent Director, undertook the evaluation of the Chairman's performance. The evaluation was based on the non-attributable summary prepared by the Secretary of the feedback from the Non Executive and Executive Directors. The summary was reviewed by the Non Executive Directors in the absence of the Chairman, following which David Williams in his capacity as the Senior Independent Director provided feedback direct to the Chairman.

As part of the appraisal process the Chairman also met on a one to one basis with each Director. In line with the Combined Code, the Chairman also holds meetings with the Non Executive Directors without the Executive Directors present. The Senior Independent Director also holds and leads meetings with only the Non Executive Directors present.

Internal Audit: A formal evaluation of the Internal Audit function was carried out by the Audit Committee which also took into account views from Executive Directors, senior management and the external auditors.

External auditors: As previously reported a comprehensive formal competitive tender process with regard to the carrying out of the external audit was conducted following the merger between Taylor Woodrow and George Wimpey and resulted in Deloitte LLP being selected as external auditors to the Company. The findings of this tender process are considered to remain valid. Accordingly, Deloitte LLP will be proposed for re-appointment as the Company's auditors at the Annual General Meeting. The performance of Deloitte is kept under regular review.

Information and professional development

The Company has procedures whereby Directors (including Non Executive Directors) receive a formal induction. This includes training and continuing familiarisation about the Company's business, operations and systems, the principles underlying the discharge of their duties as Directors and wider issues relating to the housing sector.

All Directors visit Group operations on a regular basis, engaging with employees at all levels in order to foster and maintain an understanding of the business. Board visits are arranged each year to operations in both the UK and elsewhere within the Group. In October 2009 the Board visited the Taylor Wimpey Oxfordshire Region and spent two and a half days meeting staff, holding its regular Board meeting and undertaking site visits. A similar Board visit to the Taylor Morrison Northern California Region was undertaken in February 2010.

The Group Company Secretary and General Counsel acts as Secretary to the Board and its Committees and he attends all meetings. It is policy that wherever possible a formal agenda and written reports are issued to Directors in respect of all Board and Committee meetings one week prior to the meeting in order to allow sufficient time for detailed review and consideration beforehand. Where a Director is unable to attend a meeting of the Board or a Committee, he or she will still receive the appropriate papers in advance and is invited to communicate to the Chairman or Committee Chairman, or the Secretary any views on the matters to be discussed. In addition, the Director will receive a full briefing afterwards on the matters discussed and decisions taken. Formal minutes are prepared in respect of all Board and Committee meetings and are then circulated and submitted for approval at the next meeting.

Board Committees and their work

Audit Committee and auditors

The Committee is chaired with effect from 1 January 2010 by Rob Rowley. Andrew Dougal stood down as Chairman of the Committee on 1 August 2009 and was succeeded by David Williams who, having announced his forthcoming departure from the Group, stood down as Chairman of the Committee at the end of 2009. All members of the Committee are Independent Non Executive Directors as required by the Combined Code. The Board has determined that Rob Rowley, who currently chairs the Audit Committee at both Liberty International plc and moneysupermarket.com, has recent and relevant financial experience as have the other members of the Committee. David Williams will leave the Board and this Committee on 31 March 2010. The Chairman of the Company and other Non Executive Directors, the Group Chief Executive, Group Finance Director, Head of Internal Audit, Group Financial Controller and other senior executives attend meetings of the Committee by invitation. Deloitte LLP is invited to attend meetings of the Audit Committee. The Committee also meets privately with representatives from Deloitte at two Committee meetings per annum (and as and when required) to discuss any matters which the auditors may wish to raise without Executive Directors being present.

During the year the Audit Committee met on three occasions at each of which there was full attendance. The meetings were typically also attended by the other Non Executive Directors.

The Committee's remit includes reviewing the internal control framework, the internal audit process, the financial reporting practices, the external audit process and recommending to the Board whether to re-appoint the external auditor. It ensures that the Board regularly assesses business risks, and their management and mitigation. In doing so, the Committee places reliance on regular reports from executive management, Internal Audit and external audit. In monitoring the financial reporting practices the Audit Committee reviewed accounting policies, areas of judgement, the going concern assumption and compliance with accounting standards and the requirements of the Combined Code. During the year the Committee reviewed, prior to publication, the half year and annual financial statements and other major statements affecting the Group concerning price sensitive information.

Appointment of the auditors for non-audit services

The Audit Committee has approved a policy on considering whether to employ the external auditors to provide services other than audit services, which is to require a competitive tender except in narrowly defined circumstances where the Company considers that for confidentiality, past knowledge or other reasons, there is an advantage in using a single tender procurement procedure.

The Committee has determined that the following assignments should not be undertaken by the auditors:

- Bookkeeping or other services related to the accounting records or financial statements;
- Internal audit outsourcing services;
- The provision of advice on large Information Technology systems;
- Services connected with valuation, litigation support, legal, recruitment or remuneration.

The Board is satisfied that this policy is conducive to the maintenance of auditor independence and objectivity. During the year a significant amount of non-audit related work was performed by the external auditors as a consequence of the challenges faced by the Group. Two major components of this work related to firstly, advice and support in connection with the amendment of the Company's debt facilities which concluded in April 2009 and secondly, advice in connection with the equity raising through the Placing and Open Offer concluded on 1 June 2009. In both cases, Deloitte performed work ordinarily undertaken by auditors for companies involved in such projects.

The Audit Committee is satisfied that the carrying out of this work would not impair the independence of the external auditors.

Audit Committee
Reports directly to the Taylor Wimpey plc Board

Chairman – Rob Rowley

Number of meetings in 2009	3
Members	**Attendance**
Rob Rowley (appointed 01/01/2010)	0
Andrew Dougal	3
Anthony Reading	3
David Williams	3
Mike Davies (resigned 01/09/2009)	2

Objective

To assist the Board in fulfilling its corporate governance responsibilities relating to the Group's internal control framework, financial reporting practices and external audit process.

Corporate Responsibility Committee

The Corporate Responsibility Committee is chaired by Katherine Innes Ker and the other members are Norman Askew, Pete Redfern, Brenda Dean, Andrew Dougal and Sheryl Palmer (with effect from 21 October 2009). The Corporate Responsibility Committee met on three occasions. Details of the attendance of each Director are set out in the table on page 38.

The Company's corporate responsibility practices outline its approach to the challenge of sustainable development. Our policies and practices help the business to demonstrate high standards of governance, reduce risk and comply with current and future legislation.

The Committee is responsible for recommending the Company's corporate responsibility strategy, policies, reporting and performance monitoring to the Board. The Committee's remit includes ensuring that the Company's corporate responsibility strategy and activity are adequately resourced, have appropriate standing within the Company and are aligned to the needs of the business. The Board regards corporate responsibility as an integral part of good governance.

Full details of the Company's achievements and initiatives in these areas during 2009 and going forward are set out in Taylor Wimpey's Corporate Responsibility Report 2009, which is available in electronic form on the Group's Web site.

Visit our Web site
www.taylorwimpeyplc.com/CorporateResponsibility

Nomination Committee

The Committee is chaired by the Chairman of the Board and is comprised of a majority of Non Executive Directors as required by the Combined Code. Its members are set out in the table opposite. As set out earlier in this Report, the Committee has processes in place with regard to the appointment of new Directors to the Board in order to ensure that appointments are made on merit. For the appointment of Non Executive Directors, the use of recruitment consultants will usually be incorporated as part of the process.

The Nomination Committee is responsible for succession planning for the Board and senior management and assesses the balance of the Board's composition. The Committee met on two occasions during the year and details of the attendance of each Director are set out in the table opposite.

Remuneration Committee and remuneration

The Board's policy and approach to the setting of remuneration for Directors and senior executives and the activities of the Remuneration Committee are described in detail in the Directors' Remuneration Report on pages 41 to 50. The Committee is constituted in accordance with the Combined Code and its members are set out on page 39.

For more information
see pages 41 to 50 and page 39

The Committee has monitored the developing initiatives for remuneration to be more closely linked to risk management in response to the downturn in the global economy. It considers that the Company's current remuneration practices and arrangements are satisfactory but will continue to monitor the situation as and when additional guidance is issued.

The Committee is chaired by Anthony Reading and all members are Independent Non Executive Directors as required by the Combined Code. During the year the Remuneration Committee met on five occasions.

Internal control

The Board has applied Principle C.2 of the Combined Code by establishing a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews its application of the Revised Turnbull Guidance on Internal Control to ensure the process of internal control, which has been in place from the start of the year to the date of approval of this Report, is in accordance with Internal Control: the Revised Guidance for Directors on the Combined Code. The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. In compliance with provision C.2.1 of the Combined Code, the Board regularly reviews the effectiveness of the Group's system of internal control and the progress made in embedding internal control and risk management processes into the business. The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. This process is based principally on reviewing reports from management to consider whether significant risks are correctly identified, evaluated, managed and controlled as part of the process of managing the Group's operations and whether any significant weaknesses are promptly remedied or indicate a need for more extensive monitoring.

Key elements of the system of internal control are detailed below.

- A Group-level review is carried out to identify the major risks facing the Group and to develop and implement appropriate initiatives to manage those risks. This process applies across the Group.
- Strategic risk reviews are carried out in each of the operating divisions to identify business risk, evaluate existing controls and develop strategies to manage the risks that remain.
- Key operational and financial risks are identified and assessed at the operating process level, while strategic risks are identified as a part of the business planning process. These risk reviews take account of the significance of environmental, social and governance matters to the business of the Company.

CR Committee
Reports directly to the Taylor Wimpey plc Board

Chairman – Katherine Innes Ker

Number of meetings in 2009 3

Members	Attendance
Katherine Innes Ker	3
Norman Askew	3
Brenda Dean	3
Andrew Dougal	3
Sheryl Palmer (appointed 21/10/2009)	1
Pete Redfern	3

Objective

To recommend to the Board the Company's Corporate Responsibility Strategy, policies, reporting and performance monitoring.

Nomination Committee
Reports directly to the Taylor Wimpey plc Board

Chairman – Norman Askew

Number of meetings in 2009 2

Members	Attendance
Norman Askew	2
Brenda Dean	2
Andrew Dougal	2
Katherine Innes Ker	2
Anthony Reading	2
Pete Redfern	2
Rob Rowley (appointed 01/01/2010)	0
David Williams	2
Mike Davies (resigned 01/09/2009)	1

Objective

To ensure that there shall be a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, its Committees and other senior offices in the Company.

Remuneration Committee
Reports directly to the Taylor Wimpey plc Board

Chairman – Anthony Reading

Number of meetings in 2009	5
Members	**Attendance**
Anthony Reading	5
Brenda Dean	5
Katherine Innes Ker	5
Rob Rowley (appointed 01/01/2010)	0
David Williams	4
Mike Davies (resigned 01/09/2009)	3

Objective

To establish and maintain formal and transparent procedures for developing policy on executive remuneration and for agreeing the remuneration packages of individual directors and senior executives and to monitor and report on them.

Such risks are identified and assessed for potential effect on the Company's short and long term value, as well as opportunities that may arise to enhance value.

Throughout 2009 the Audit Committee continued to assess the Group's risk management and the internal control framework, and reviewed business change issues and Internal Audit activities across the Group.

During the first half of the year, the Company substantially mitigated the risks associated with its debt structure by reaching agreement with its creditors and raising equity capital. On 7 April 2009 the Company entered into an Override Agreement with its creditors; on 30 April 2009 the debt restructuring was concluded by agreement with the providers of the Company's major financial facilities. On 1 June the Company concluded the Placing and Open Offer of 2.13 billion new shares. As set out on page 36 of this Corporate Governance Report, during 2009 the Board formally met 14 times with the additional meetings convened in order to consider and evaluate the major projects relating to the amendment of its debt facilities and the Placing and Open Offer of shares. A more detailed review of the principal risks and uncertainties facing the Group during the year and in the future, is set out in Principal Risks and Uncertainties on pages 11 and 12.

During the year the Company took advice from Rothschild as its specialist debt restructuring adviser and from its lead legal advisers.

The Board oversees the risk and control framework of the Group and the Group Chief Executive is responsible for implementing any necessary improvements with the support of the Group Executive Committee. In 2009 the Executive Committee was expanded to include senior operational management and now comprises the Executive Directors of the Company, the Group Company Secretary and General Counsel, the Group Financial Controller, the Divisional Chairmen (North and South) and Finance Director of the UK Housing Division and the Vice President, Chief Financial Officer, North America of Taylor Morrison, Inc. The Group Chief Executive reports on the key elements arising from each Executive Committee meeting at the next Board Meeting. The Board ensures that the Company has in place effective systems to manage and mitigate significant risks. At its December 2009 meeting the Board, following a detailed review undertaken by the Group Executive Committee of operations, companies and major departments, completed its annual assessment for the year to 31 December 2009 of the key risks affecting the Group. The Audit Committee also assists the Board in discharging its review of responsibilities.The key risks were identified and agreed by the Board together with processes in place for their elimination or mitigation and actions required to reduce the likelihood or impact of each risk to the Company and the Taylor Wimpey Group. Details of the principal risks and uncertainties facing the Group are set out on pages 11 and 12.

For more information
see pages 11 and 12

Management

The Group Chief Executive has responsibility for preparing and reviewing strategic plans for the Group and its divisions and the annual budgets. These are subject to formal approval by the Board. Budgets are re-examined in comparison with business forecasts throughout the year to ensure they are sufficiently robust to reflect the possible impact of changing economic circumstances. The Group Chief Executive and the Board conduct regular reviews of actual results and future projections with comparison against budget and prior year, together with various treasury reports. Enhanced cash and debt reporting systems continue to assist in managing the Group through the current market difficulties and in meeting its refinancing obligations. Disputes that may give rise to significant litigation or contractual claims are monitored quarterly by the Board with updates provided at intervening meetings.

The Group has clearly defined policies, processes and procedures governing all areas of the business which will continue to be reviewed and refined in order to meet the requirements of the business and changing market circumstances. Defined authority limits continue to be closely monitored in response to the market downturn and to ensure we remain in compliance with the terms of the Override Agreement, described earlier. Areas of particular sensitivity, including investment in land, remain subject to Group scrutiny and work in progress continues to be carefully controlled. Any investment, acquisition or disposal requires detailed appraisal and prior approval by the Group and is subject to post-investment review procedures. Investment decisions, projects, and tenders are subject to approval by the Board or the Group Chief Executive, depending on the value and nature of the investment or contract.

There is a clearly identifiable organisational structure and a framework of delegated authority approved by the Board within which individual responsibilities of senior executives of Group companies are identified and can be monitored. These activities are reinforced through process compliance and other audits conducted by Internal Audit.

The Internal Audit function reviews the effectiveness and efficiency of the systems of internal control in place to safeguard the assets, to quantify, price, transfer, avoid or mitigate risks and to monitor the activities of the Group in accomplishing established objectives. Internal Audit reports are provided to the Executive Directors, indicating improvements proposed or made where appropriate, and summaries of these reports are provided to the Board and the Audit Committee. The Group Chief Executive, Executive Committee members and senior management consider the reviews on a regular basis and are responsible for ensuring that improvements are made, where required.

The Head of Internal Audit has direct access to the Chairman of the Audit Committee, the Chairman and the Group Chief Executive. A database of audit recommendations and improvement initiatives is maintained. Follow-up processes ensure that such improvements are implemented in a timely manner. The annual employee performance appraisal process is objective-based, with individual objectives cascaded down from the appropriate business objectives. Development reviews identify training needs to support achievement of objectives.

Whistleblowing

The Group's whistleblowing policy is supported by a clear process that includes an externally facilitated hotline through which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, other operational matters or inappropriate personal behaviours in the work place. All whistleblowing cases are investigated by the Head of Internal Audit, Group HR Director and/or the Group Company Secretary. Whistleblowing incidents and their outcome are reported to the Audit Committee. Whistleblowing is a standing item on each Audit Committee agenda which allows the Committee to regularly review the adequacy of the policy in line with its requirements to do so under the Combined Code.

Relations with shareholders

The Board actively seeks and encourages engagement with major institutional shareholders and other stakeholders and has put in place arrangements designed to facilitate contact about business, governance, remuneration and other issues. This provides the opportunity for meetings with the Chairman, the Senior Independent Director as well as the Group Chief Executive, Group Finance Director and other executives in order to establish a mutual understanding of objectives. The Company also operates a structured programme of investor relations, based on formal announcements and publications covering the full year and half year results. There are associated briefings for stockbroking analysts and investors, and the Company also arranged a visit to a Taylor Wimpey development in Andover, Hampshire during November 2009. The visit was hosted by the Group Chief Executive and Group Finance Director, along with a number of representatives of the UK senior management team and was attended by 28 analysts and major investors. The presentation material for these events is published on the Company's Web site.

Visit our Web site
www.taylorwimpeyplc.com

All Directors receive formal reports and briefings during the year about the Company's investor relations programme and receive detailed feedback through surveys, direct contact and other means, through which they are able to develop an understanding of the views of major shareholders about the Company.

The Board encourages all shareholders to participate in the Annual General Meeting which is attended by all Directors. Shareholders' attention is drawn to the Notice of Meeting on page 105, which sets out details of new rights of shareholders in connection with the notice of, and participation in, General Meetings of the Company, introduced by the Companies (Shareholders' Rights) Regulations 2009. These apply for the first time to the forthcoming Annual General Meeting of the Company on 29 April 2010 at which changes will also be proposed to the Company's Articles of Association to give effect to the relevant provisions of the Companies Act 2006.

Information about the Company, including full year and half year results and other major announcements, and additional information about shareholders' rights in connection with General Meetings of the Company, as referred to in the preceding paragraph, is published on the Company's Web site www.taylorwimpeyplc.com.

Debt refinancing and going concern

The consolidated financial statements have been prepared on a going concern basis and on a historical cost basis except as otherwise stated in the Notes to the Accounts on pages 61 to 94.

For more information
see pages 61 to 94

On 7 April 2009 the Group completed the renegotiation of its debt with its banks and private placement holders regarding a revised covenant and financing package (the 'Override Agreement'). This resulted in the alignment of the maturity dates of all the Group's debt to 3 July 2012; a reduction in the revolving credit facility and amendments to the margin and coupon rates on borrowings.

On 1 June 2009 the Group successfully completed an equity Placing and Open Offer to raise £510.1 million, net of issue costs. The transaction was executed such that it created additional distributable reserves of £488.8 million. The proceeds of the equity raise have been used to pay down debt and cancel associated facilities, thereby avoiding additional finance charges.

The Group has met all its interest and other payment obligations on time, and after reviewing cash flow forecasts for a period of not less than 12 months from the date of signing the consolidated financial statements, the Directors are satisfied that, whilst the economic and market conditions continue to be challenging and not without risk, the refinancing package as well as the equity raised, is sufficiently robust as to adequacy of both facility and covenant headroom to enable the Group to operate within its terms for at least the next 12 months.

Further details of the refinancing are set out in the Group Financial Review on pages 28 to 31 and in Note 1 on page 61 of this Annual Report.

For more information
see pages 28 to 31 and page 61

Directors' Report: Governance

Remuneration Report

Introduction

The Remuneration Committee (also referred to in this Report as the 'Committee') has adopted the principles of good governance relating to Directors' remuneration as set out in the 2008 Combined Code on Corporate Governance (the 'Combined Code'). This Report has been prepared in accordance with the Companies Act 2006 (the 'Act'), The Large and Medium Sized Companies and Group (Accounts and Reports) Regulations 2008 and the Listing Rules of the Financial Services Authority.

It is a requirement that the Company's auditors report to shareholders on certain parts of this Report and state whether in their opinion those parts of it have been properly prepared in accordance with the above Regulations. Accordingly, the Report has been divided into separate sections consisting of unaudited and audited information. A resolution to approve this Report will be proposed at the Annual General Meeting of the Company on 29 April 2010. Details of the resolution and its status as an advisory vote are set out on page 106 and page 110 respectively.

This Report has been prepared by the Remuneration Committee on behalf of the Board.

2009 was a very challenging year for the Company as it sought to renegotiate its financial covenants with various debt providers. This lengthy and complicated process created some degree of uncertainty for the Company and its stakeholders pending the agreement of a revised set of covenants on 30 April 2009. In light of this, the Committee had to ensure that its remuneration policy and practices were appropriate having regard to both the Company's circumstances and the need to secure a solid financial platform for the benefit of all stakeholders in order to then be able to focus on delivering value for shareholders over the medium term. Following the agreement of the revised set of financial covenants and the implementation of the subsequent Placing and Open Offer, the Committee embarked on a consultation exercise with its major shareholders and representative bodies on remuneration for its Executive Directors, the outcome of which is included in this Report.

As set out in more detail in this Report, during the year, the Committee made a number of changes to its existing policy in order to reflect the challenging market conditions and these are summarised in brief below:

- Base salary 2009: no salary increases were implemented for any Executive Director in 2009 (and no increases were made during 2008).The Executive Directors together with the Group Company Secretary and General Counsel have also each elected to waive their increases for 2010;
- Short Term Incentive Arrangement ('STIA'): STIAs for 2009 were capped at 75% of the normal maximum for the Group Chief Executive and the Group Finance Director. The deferral requirement of an element of the STIA into shares in the Company for three years was retained but lowered from 50% to 25% to reflect the reduced STIA potential. In addition, no element of the STIA was based on personal objectives. A clawback mechanism was also introduced on the deferred element of the STIA to be applied in the event of a material misstatement of the Company's accounts;
- Temporary Short Term Synergy Incentive: the purpose of this incentive was, principally, to reward a small number of executives for achieving substantial synergy savings arising out of the 2007 merger between Taylor Woodrow and George Wimpey. Although the Incentive was approved by shareholders as part of the 2007 Remuneration Report it was not implemented for either 2008 or for 2009. The Incentive has now been cancelled without any payment being made to any executive;
- Non Executive Director Fees: no increase in fees to Non Executive Directors were made during the year (and no increases were made during 2008);
- Chairman's Fees: as reported last year, the Chairman determined that in the light of the prevailing difficult market conditions affecting the Company at that time, his annual fees for 2009 should be reduced from £270,000 per annum to £200,000 per annum; and
- Long Term Incentive Plan ('LTIP') Awards: following the consultation exercise, the 2009 LTIP awards made to Executive Directors and senior executives have an effective performance period of four years rather than the usual three year period. The level of conditional award made to each participant was reduced by 10%. Performance targets were made more challenging to achieve and also made more appropriate to the Company's position and the expectations of all shareholders following the completion of the Placing and Open Offer.

Part 1: Unaudited Information: Remuneration Committee

The Remuneration Committee has clearly defined terms of reference which have been approved by the Board and are available on the Company's Web site www.taylorwimpeyplc.com. The key remit of the Committee is to recommend to the Board the remuneration strategy and framework for Executive Directors and senior management in line with the Combined Code. Within this framework the Committee's main role and responsibilities are to:

- Determine the remuneration, including pension arrangements, of the Executive Directors and the Group Company Secretary and General Counsel;
- Monitor and make recommendations in respect of remuneration for the tier of senior management one level below that of the Board;
- Approve annual and long term incentive arrangements together with their targets and levels of awards; and
- Determine the level of fees for the Chairman of the Board.

The Committee currently comprises five Independent Non Executive Directors. Anthony Reading is the Committee Chairman and he chaired the Committee throughout the year. The other members of the Committee are Katherine Innes Ker, Brenda Dean and David Williams who were Committee members throughout the year and Rob Rowley who was appointed as a member of the Committee on 1 January 2010. Mike Davies stood down as a Director on 1 September 2009 and David Williams will stand down on 31 March 2010. Details of attendance at Remuneration Committee meetings held during 2009, are set out in the table on page 39.

No Director is involved in any decisions about his/her own specific remuneration.

Advice to the Company

The Committee keeps itself fully informed on developments and best practice in the field of remuneration and it seeks advice from external advisers when appropriate. The Committee appoints its own independent remuneration advisers and during the year, the Committee received advice from Mercer Limited ('Mercer') in its capacity as independent adviser to the Committee. In November 2009 Mercer was succeeded as adviser to the Committee by Hewitt New Bridge Street ('HNBS'). The Committee also received legal advice from Slaughter and May. HNBS provides no other services to the Company – HNBS is a trading name of Hewitt Associates Limited. Separately, Mercer provided actuarial advice direct to the Trustees of the George Wimpey Staff Pension Scheme.

In line with recent best practice guidelines, the Committee intends to disclose details of fees paid during 2010 to HNBS in next year's Remuneration Report, which will reflect a full year's appointment.

In addition, the Company Chairman, Group Chief Executive, Group Company Secretary and General Counsel and Group Human Resources Director provided input and advice to the Committee on remuneration matters except in relation to their own individual remuneration arrangements.

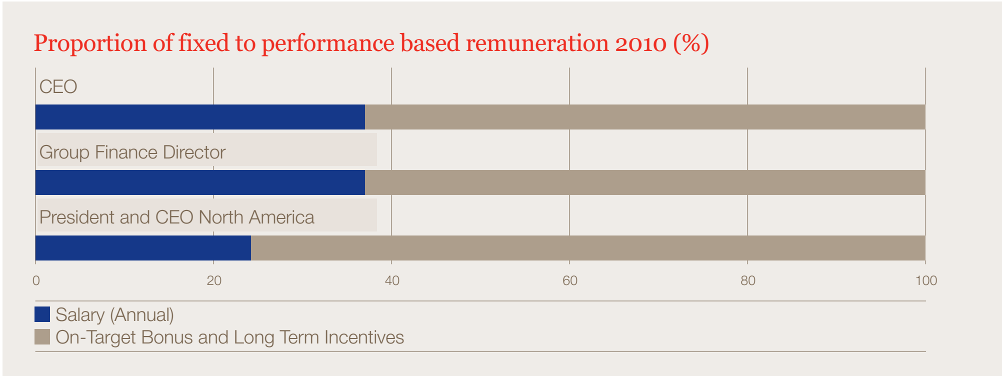
Policy and philosophy

The Committee has adopted the following remuneration philosophy:

- Remuneration arrangements must help attract, motivate and retain the management talent required to meet the Company's strategic objectives;
- The Company will be committed to fostering a performance culture that effectively aligns individuals' rewards with increased corporate performance and shareholder value creation;
- A significant proportion of each executive's total compensation should be delivered through performance related pay; and
- Incentive arrangements should be capable of providing upper quartile total payment if outstanding performance is achieved.

The Committee regularly reviews its remuneration strategy and did so during the year. The prime objective remains: namely, to ensure that the Company is able to attract and retain highly skilled and motivated people who will be key to ensuring the long term success of Taylor Wimpey.

A key component of the remuneration packages of the Executive Directors and senior management is a significant element of performance related incentive remuneration, set against challenging business performance objectives. The chart above shows the proportion of fixed to performance based remuneration for 2010. Fixed remuneration comprises base salary. Performance based remuneration comprises an annual short term cash incentive and a long term incentive plan. The chart illustrates the mix of remuneration assuming target levels of STIAs are met and the annualised expected value of long term incentive provision.



In line with the Association of British Insurers' Guidelines on Responsible Investment Disclosure, the Remuneration Committee ensures that the incentive structure for Executive Directors and senior management will not raise environmental, social or governance ('ESG') risks by inadvertently motivating irresponsible behaviour. More generally, the Committee under its terms of reference may, where it considers it appropriate, take ESG matters into account when considering the overall remuneration structure. The Committee considers that no element of the remuneration arrangements will encourage inappropriate risk taking or behaviour by any executive.

External non executive director positions

Subject to Board approval and provided that such appointments fall within the general requirements of the Combined Code, Executive Directors are permitted to take on non executive positions with other companies. Executive Directors are permitted to retain their fees in respect of such positions. During 2009 and to the date of this Report, no Executive Director held any such non executive positions.

Base salary

The Remuneration Committee reviews base salaries annually in order to ensure that the base salaries of Executive Directors remain competitively aligned with external market practices and are competitive when measured against FTSE peers. As part of this process the Committee takes detailed advice from its independent advisers who provide specialist advice, as well as benchmarking data, to the Committee based on relevant peer groups. In determining base salary positioning, the Committee considers market data from two peer groups reflecting sector and size based comparators which are used to inform decisions on compensation policy and appropriate compensation quantum respectively, having taken account of individuals' and Company performance.

The Committee also takes pay and conditions for the workforce as a whole and the impact on pension costs into account when determining the level of salary for Executive Directors.

At the time of the merger of Taylor Woodrow plc and George Wimpey Plc in July 2007 the salaries of Executive Directors were reviewed by the Committee in conjunction with its independent advisers and salaries were increased in order to reflect the size and complexity of the enlarged Taylor Wimpey Group. No increases were put in place for Executive Directors in either 2008 or 2009. As reported last year, in order to tie in with the annual appraisal process, salary changes for all staff will take place with effect from April in each year starting in 2010. In consultation with the Remuneration Committee, increases across the Group have been kept to 1.5% with only a few exceptions based on truly exceptional performance or promotion. With regard to the Executive Directors and the Group Company Secretary and General Counsel, each has elected to waive their increases for 2010 as they do not feel that it is currently appropriate to accept any increase.

Other benefits, including benefits-in-kind

The Executive Directors receive additional benefits including a Company-provided car or a cash allowance in lieu, life assurance and private medical insurance. Benefits-in-kind are not pensionable. Details of the pension arrangements in place for Executive Directors are set out on page 50.

Short term incentive arrangements

The Company provides Executive Directors and senior managers the opportunity to earn performance related STIAs based on achieving stretching performance targets.

No element of the 2009 STIA was based on personal objectives and it is the current policy of the Committee that such objectives will not be included in future STIA arrangements.

For 2009, the STIA targets were based on a number of specific stretching targets: successfully concluding the renegotiation of the Company's financial covenants, achieving the significant reduction of debt facilities, the achievement of operating cash flows and targets relating to the Group's net asset position, excluding land write downs.

Following shareholder consultation, the Committee decided to cap the 2009 STIA for the Group Chief Executive and Group Finance Director at 75% of their normal maximum incentive opportunity. This reduced the maximum STIA opportunity from 150% of salary to 112.5% of salary with a target of 60%. The requirement to defer an element of the STIA into Taylor Wimpey shares for three years was retained although it was scaled down from 50% to 25% in order to reflect the lower STIA maximum potential. The Committee determined that it was important to retain a deferral requirement in order to maintain appropriate alignment between its most senior executives and shareholders which it considers to be very important. There is no share matching element with regard to any element of the STIA.

The Committee also introduced a clawback mechanism into the STIA whereby the deferred element can be proportionately recovered in the event of a material misstatement of the Company's accounts.

As a result of outstanding performance, significantly above expectations, the STIA targets set at the beginning of the year have been met, including the successful renegotiation of the Company's financial covenants and achieving the significant reduction of debt facilities. These targets were discussed with shareholders during the consultation on 2009 Executive Director remuneration. This performance has resulted in STIA awards of 112.5% of base salary to Pete Redfern and to Chris Rickard, 25% of which is required to be deferred into shares for three years.

For 2010 the Remuneration Committee has retained the cap on the maximum STIA opportunity for the Group Chief Executive and Group Finance Director. In addition there will be deferral requirements of 25% and the clawback mechanism will be retained. For the Group Chief Executive and Group Finance Director, challenging targets have been put in place which include Group profit before tax, operating cash flow, build costs, the Group order book and customer service.

Details of Sheryl Palmer's remuneration are set out below.

As mentioned earlier in this Report, the additional temporary short term incentive plan for synergy achievement arising out of the merger between Taylor Woodrow and George Wimpey (details of which are set out in the 2007 Annual Report and which potentially rewarded participants at 50% of salary for each of 2008 and 2009) was not implemented for any executive and the plan has now lapsed in its entirety.

No element of any STIA is pensionable.

Sheryl Palmer

Sheryl Palmer was appointed to the Board on 5 August 2009 and is the President and Chief Executive of Taylor Wimpey's North American business. Details of her remuneration are set out in the remuneration table on page 48 and her share plan interests on page 49. Sheryl Palmer has an annual basic salary of US$615,000 (£389,000). Sheryl has a normal maximum STIA opportunity of 500% of base salary which is in line with North American industry practice where short term incentive multiples tend to be much higher than in the UK and notably so in the housebuilding industry.

The STIA targets for 2009 were based on a number of targets including profit before interest and tax, net assets, completions and customer service. Certain of these targets were met resulting in an STIA award to Sheryl Palmer of 225.5% of base salary. It is a requirement that 25% of any amount paid to Sheryl Palmer in excess of 150% of base salary pursuant to the STIA must be deferred and paid out in cash equally over a three year period under the Taylor Morrison Annual Bonus Deferral Plan.

Sheryl Palmer's 2010 STIA will be based on a number of challenging measures which include profit before interest and tax of the North American business, operating cash flow, order book and closings in each of the US and in Canada and customer service. Twenty five per cent of any amount in excess of 150% of base salary will be deferred and paid out in cash over three years.

Sheryl Palmer's usual award under the Company's long term incentive plan is based on 100% of base salary and as explained below, was scaled back in 2009 to 90% of base salary.

Executives' share-based incentive plans

Current plans

At the Company's Annual General Meeting in 2008 shareholders approved the introduction of two new long term incentive plans namely, the Taylor Wimpey Performance Share Plan ('TWPSP') and the Taylor Wimpey Share Option Plan ('TWSOP').

The plans enable incentives to be linked to both relative and absolute performance and offer flexibility to align long term incentives both with the long term interests of shareholders and also with strategic priorities, whilst also being directly linked to external benchmarking of performance. Full details of the plans are set out below. Except in circumstances which the Committee, after consulting the Board, considers exceptional, the combined value of awards under the two long term incentive plans will not exceed the expected value of a TWPSP award of 200% of base salary (face value) for Executive Directors or 300% of base salary (face value) for other participants.

Since the approval of the TWPSP and the TWSOP in 2008, the Committee has not made any exceptional awards over and above these multiples. Where the Committee elects to make an award to an executive under both the TWPSP and the TWSOP a conversion ratio will apply such that one share award under the TWPSP equates to two shares awarded under the TWSOP. The conversion ratio reflects the fact that participants are required to pay an option price per share on any exercise under the TWSOP and also to broadly equalise the expected benefit to the recipient if both vest to an equal extent.

2009 awards: following consultation with major shareholders with regard to the overall remuneration of Executive Directors, awards under the TWPSP and the TWSOP to UK Executive Directors were reduced from 200% of basic salary (face value) down to 180%. Sheryl Palmer's usual award level of 100% of base salary was reduced to 90%. In addition the Committee determined that 2009 awards should not be capable of vesting until 2013 – ordinarily, subject to the performance conditions being satisfied, awards are subject to a three year performance period following which any vesting will take place. Again, as part of the consultation process and in accordance with the rules of the two plans for 2009, the Committee also implemented different performance conditions for both the TWPSP and the TWSOP in order to make the conditions more appropriate to the position of the Company whilst retaining alignment with shareholders' interests.

The Committee is of the view that the performance conditions have been made more challenging to achieve as a result of the changes which are explained more fully in the individual section on each plan below and summarised as follows:

- TWPSP: following consultation with shareholders, the Committee decided that the earnings per share performance condition that applied to previous awards should not be used as the economic outlook was too uncertain to allow robust targets to be set based on this measure. With regard to the total shareholder return performance condition the Committee decided that 50% of that award should be based on the FTSE 250 rather than the FTSE 100 index since the FTSE 250 index is more closely aligned to the Company's current market capitalisation. The industry-based peer group was however retained as an additional Total Shareholder Return ('TSR') performance measure;
- TWSOP: the Committee moved from a performance test based on the Company's return on capital employed ('ROCE') having to exceed its Cost of Capital ('COC') to an absolute ROCE performance test.

The satisfaction of any performance condition will be the subject of independent verification.

For 2010, the Committee has determined to make awards under the TWPSP only and similar to 2009 is making awards only to selected senior executives in the UK and North America. The performance tests will be based on TSR (60% of the award – of which half will be measured against the industry-based peer group and half will be measured against the FTSE 250) and ROCE (40% of the award). The Committee considers that TSR remains appropriate as it rewards management for delivering superior returns to shareholders than its peers. ROCE is also considered to be appropriate as it directly measures the efficient use of capital. Consistent with the 2009 awards Earnings Per Share ('EPS') will not be used as a performance measure. The Committee will however consider reintroducing an EPS element once the economic outlook becomes more certain. The Committee has decided not to make any awards under the TWSOP this year but will keep the position under review for future years. Unlike 2009, the Committee has determined that awards will not be scaled back and therefore the Group Chief Executive and Group Finance Director will receive a multiple based on 200% of their base salary and Sheryl Palmer will receive a multiple based on 100% of her base salary. The Committee has however decided to reduce the percentage of awards that vest for achieving threshold performance from 25% of the award down to 20% of the award. Awards will be made in two equal tranches namely, after the Full Year Results Announcement in March and during the first week after the Half Year Results Announcement. This is designed to reduce the potential overlap of the vesting of awards made in 2009 (where the performance period is essentially four years) with those made in 2010, where the normal three year performance period has been re-introduced. With regard to the awards to be made after the Half Year Results Announcement the date of performance testing will accordingly be adjusted with regard to both the TSR and ROCE performance measures, in order to reflect the later grant date. Therefore, TSR will be tested over the three years from the date of grant and ROCE will be tested over the period consisting of the last six months of 2012 and the first six months of 2013. Full details of the 2010 awards will be included in the next Remuneration Report.

The two TSR peer groups are firstly, FTSE 250 (50% of TSR-related performance) and, secondly, Barratt, Bellway, Berkeley Group, Bovis Homes Group, Galliford Try, Kier, Marshalls, Persimmon, Redrow, SIG, Travis Perkins and Wolseley (50% of TSR-related performance).

For both tranches of the 2010 awards, vesting will be 20% (2009: 25%) for threshold performance (50th percentile for TSR; 10% ROCE) and 100% (2009: 100%) for upper quartile performance (75th percentile for TSR; 20% ROCE) raight line vesting between these two thresholds.

Taylor Wimpey Performance Share Plan

Under this plan Executive Directors and senior executives may be granted annually a conditional award of shares with a value, at the date of grant, of up to 2x base salary (Executive Directors) or 3x base salary (other participants) subject to the overall limits on awards described earlier. Such awards vest after three years provided, and to the extent that, the associated performance conditions have then been achieved.

The performance targets for proposed 2010 awards, which will be made in two equal tranches, are as stated earlier and will apply to each tranche.

The performance targets for awards made during 2009 are that the Company's TSR performance over the period compared to its peer group shall be at least 50th percentile (for 25% of the TSR-related award to vest) or 75th percentile (for 100% of the TSR-related award to vest). There would be straight line vesting between these TSR thresholds.

Similar performance conditions applied to awards made during 2008 save that the first TSR comparator group was the FTSE 100 and 50% of the award was based on an EPS-related performance test whereby Group EPS must have grown over the performance period by at least 3% p.a. (for 25% of the award to vest) and 8% p.a. (for 100% of the award to vest). Following consultation with major shareholders, the Committee removed the EPS-related performance test and based the entire performance test for the 2009 awards on the relative performance of the Company's TSR. The Remuneration Committee has discretion to vary the targets (other than for Executive Directors) to relate them to business unit and individual performance targets and can also do so with regard to the Taylor Wimpey Share Option Plan. During 2009, awards were made to 23 executives (2008: 329) over an aggregate of 6,087,533 shares (2008: 5,643,537), based on the share price of 39.34 pence (2008: 161.67 pence), exercisable in 2013 following the announcement of the Group's results for 2012 and the associated performance calculation which will take place in or around March 2013). Details of awards made to Executive Directors appear on page 49.

Taylor Wimpey Share Option Plan

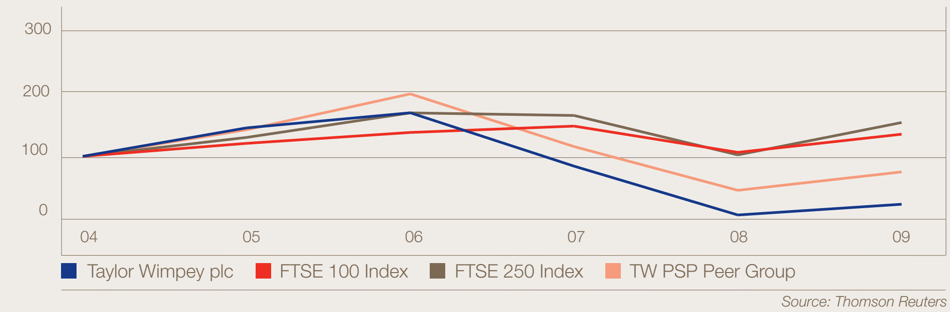
Under this plan Executive Directors and senior executives may be granted annually an option over shares with a value, at date of grant, of up to 200% base salary (Executive Directors) or 300% base salary (other participants) subject to the overall limits described earlier. Such awards, which may be income tax-approved up to HMRC's aggregate limit of £30,000, vest after three years (for awards during 2008) and after four years (for awards during 2009) from the commencement of the associated performance measurement period provided, and to the extent that, the associated performance condition has then been achieved. For awards made in 2009, the performance target is that ROCE is 10% or more (for 25% of the award to vest) or 20% or more (for 100% of the award to vest). For awards made in 2008 the equivalent targets were for ROCE to exceed COC (25% vesting) and to exceed it by 3% (100% vesting). For both years there would be straight line vesting between the two thresholds. During 2009, options were granted to 23 executives (2008: 329) over an aggregate of 12,175,072 shares (2008: 13,247,283), based on the share price of 39.34 pence (2008: 137.75 pence), exercisable in 2013 following the announcement of the Group's results for 2012 and the associated performance calculation (expected to be in or around March 2013). Details of awards made to Executive Directors appear on page 49.

Additional performance test
An additional requirement for any vesting under the current share-based incentive plans is that at the time of approving the vesting, the Committee must be satisfied with the overall financial performance of the Group.

Pre-merger share plans
Taylor Wimpey Performance Share Plan (formerly the Taylor Woodrow Performance Share Plan)
The Taylor Wimpey Performance Share Plan operated from 2004 to 2007, when it was superseded by the current Taylor Wimpey Performance Share Plan described above. Full details of the plan appeared in last year's report. The last award under the Plan was made in 2007 and it is closed to new awards. No awards are held by Executive Directors.

Taylor Wimpey Executive Share Option Plan (formerly the Taylor Woodrow Executive Share Option Plan)
The Taylor Wimpey Executive Share Option Plan operated until 2003 and was suspended on 9 October 2003. It is now closed to new awards. No awards are held by Executive Directors.

Total shareholder return (£)



This graph shows the value, by 31 December 2009, of £100 invested in Taylor Wimpey plc on 31 December 2004 compared with the value of £100 invested in the FTSE 100 Index, the FTSE 250 Index and in the bespoke peer group used for the Taylor Wimpey Performance Share Plan. The other points plotted are the values at intervening financial year-ends.

George Wimpey Long Term Incentive Plan
The George Wimpey Long Term Incentive Plan was closed to new awards upon the merger of Taylor Woodrow plc and George Wimpey Plc in July 2007 at which time the performance shares were effectively rolled into shares in the Company. Conditional awards of shares have been held by a small number of key executives and only vest if predetermined performance conditions are satisfied over the three year performance period. The key condition is the measurement of TSR against a peer group of companies. Awards vest if the Company's TSR compared to the peer group exceeds the 50th percentile (25% of the awards vest) or 75th percentile (100% of the awards vest).

The final TSR performance test in respect of the three year plan cycle to 31 December 2009 has been independently undertaken. The performance test was not met and as all outstanding entitlements have lapsed in full, the Plan has now ceased.

George Wimpey Executive Share Option Scheme
The George Wimpey Executive Share Option Scheme closed to new awards on 3 July 2007. Existing options were rolled-over into equivalent options over the Company's shares at that time and remain subject to the rules of the Scheme. No Executive Director has any participation in the Scheme.

All-employee share plans
United Kingdom
The Company encourages share ownership by employees and accordingly, it operates a number of all-employee share plans. The Company operates a Sharesave Plan under which all UK employees with at least three months' service can save up to £250 per month and receive three or five year options to acquire the Company's shares priced at a discount of up to 20% of market value. During 2009, 746 employees (2008: 1,248) applied to join the Plan. Options were granted over 7,101,166 shares (2008: 22,685,606) at an option price of 39.2 pence per share. The Company also operates a UK Share Purchase Plan, under which UK employees with at least three months' service are permitted to invest up to £1,500 per annum of their pre-tax earned income in the purchase of partnership shares of the Company. Such shares, if held for a period of three years, attract an award of free matching shares. Currently participants receive one matching share for each partnership share purchased. During 2009, 611 participants contributed to the Plan (2008: 1,504) and purchased 1,780,078 partnership shares (2008: 3,574,374). Details of awards held during the year by Executive Directors appear on page 49.

Overseas
The Company's all-employee stock purchase plans in the US and in Canada, which are broadly equivalent to those operated in the UK, are not being operated. No Executive Director is, or was at any time during 2009, a member of either of these plans.

Performance graph
The graph above shows the Company's performance, measured by TSR for the five year period to 31 December 2009, compared with the performance of the FTSE 100 and the FTSE 250 Share Index also measured by TSR. These two comparator groups are those used in successive years' awards under the Taylor Wimpey Performance Share Plan, described above.

Other matters affecting share plans

The rules of the Company's share plans provide for the early vesting or exercise of share entitlements in certain circumstances. In line with applicable guidelines, in the event of death or cessation of employment due to a change of control or sale of business, awards would be pro-rated and early vesting would be subject to the judgement and discretion of the Remuneration Committee, which would ordinarily take into account the performance of the Company as at the date of the event. In the event of a participant leaving due to incapacity, redundancy or normal retirement, pro-rating of awards would occur but the three year performance period would normally remain.

In accordance with the plan rules and as indicated in previous Directors' Remuneration Reports, EPS figures for the purpose of performance measurement of share incentive schemes are restated in accordance with International Financial Reporting Standards.

Details of the sources of shares issued or transferred during the year to meet maturing or vesting rights under the Company's share-based reward schemes, and the potential further requirement for shares to satisfy options and awards outstanding at the end of the year, are shown in Note 24 to the consolidated financial statements. Share plans are also compliant with ABI dilution guidelines.

The Company's policy, as set out in last year's report, has been to utilise treasury shares, transferred to its Employee Share Ownership Trusts, to meet any further requirement for shares in respect of share plans. However, on 1 June 2009 the Company's remaining holding of treasury shares was cancelled as a consequence of the Placing and Open Offer. The Company's present intention is to meet such requirements, wherever it is possible to do so, substantially by a mix of market purchases and utilising the remaining balance of shares in the appropriate Trust. Where there are relatively small requirements for shares, mainly for overseas plans, these will continue to be met for administrative convenience from other sources, including new issue.

Share retention and target Director shareholdings

The Remuneration Committee has approved guidelines relating to target shareholdings in the Company and share retention requirements in respect of shares received under long term incentive plans. The purpose of the guidelines is to align the interests of Directors and senior management with those of shareholders through the creation of a community of interest. The guidelines and requirements are set out below:

1. Within five years of 1 January 2008 or from the date of appointment if later:
   - Executive Directors will be expected to build up a shareholding in Taylor Wimpey broadly equal to 1x base salary;
   - Other Executive Committee members will be expected to build up a shareholding broadly equal to 0.5x base salary.
2. Executive Directors and members of the Corporate, UK and NA leadership teams who participate in the Performance Share Plan ('PSP') and/or the Share Option Plan ('SOP') are expected to retain shares for one year as set out below:
   - 50% of the net amount of any shares that vest under the PSP in the case of Executive Directors and 25% in the case of other participants;
   - 50% of the net gain of shares following the exercise of any executive share options under the SOP in the case of Executive Directors and 25% in the case of other participants.
3. The above retention requirements will also apply to shares received by the above categories of executive under the previous Taylor Wimpey Performance Share Plan.
4. Shares that vest or are received following the exercise of any option, count towards the targets set out in section 1 above. Subject to the Model Code and any other applicable rules governing dealings in shares and subject to the retention policy set out in section 2 above, such shares may be sold provided that the target holdings are met within the applicable timeframe.
5. Shares that are held on trust for any executive pursuant to the deferred bonus scheme will count towards the target shareholding.
6. The Chairman and the Non Executive Directors are expected to hold shares in the Company in order to align their interests with those of shareholders. The Committee will keep these guidelines under regular review to ensure that they remain both reasonable and appropriate.

Pension arrangements

Details of the Group's principal UK pension schemes are given in Note 22 on page 84 to the consolidated financial statements.

Taylor Wimpey Pension Schemes

Taylor Woodrow Group Pension and Life Assurance Fund

The Fund was closed to new entrants from 31 March 2002. With effect from 1 September 2004, a restriction was applied so as to limit the amount of any increase in pensionable salary of members of this scheme to the lesser of the actual increase in basic salary or the RPI, subject to a maximum of 5% per annum. The Fund ceased accrual of benefits on 30 November 2006 and from 1 December 2006 existing active Fund members were invited to participate in the PCP, referred to below and to which members and the Company contribute.

Taylor Wimpey Personal Choice Plan

With effect from 1 April 2002 the Company introduced the PCP, a defined contribution pension scheme which all new eligible UK employees are invited to join.

Denis Mac Daid retired from the Board on 30 June 2005. The Company is paying to him by monthly instalments the difference between benefits calculated at his assumed retirement date of 5 April 2006 and his actual date of retirement. The annual equivalent of this payment is £21,422.48 (2008: £20,731). No other arrangements were made during the year for the provision of pensions for former Directors.

George Wimpey Staff Pension Scheme

Pete Redfern is a member of the Executive section of the George Wimpey Staff Pension Scheme ('Scheme'). The Scheme (now closed to new members) is a funded, Inland Revenue approved, final salary occupational pension scheme. Members contribute between 5% and 10% of salary. Executive members of the Scheme cease to contribute once they have achieved 30 years' pensionable service. Pensions in payment are guaranteed to increase in line with the Retail Price Index to a maximum of 5% per annum (2.5% for all service earned after 6 April 2006). As recently announced, the Company is engaged in an employee consultation exercise with all active members of the Scheme, on a proposal to close the Scheme to future accrual and to provide future pension benefits for members within the PCP.

Other changes to the Company's various pension schemes are also the subject of consultation.

The Scheme provides executive members with a pension of up to two thirds of pensionable salary (this is capped for members who joined after April 1989) on retirement at age 65, subject to the member having completed 30 years' pensionable service.

Life assurance of up to 4x basic salary and a pension of two thirds of the member's entitlement for spouses on their death in service, or in retirement, are provided, together with a children's allowance of up to 100% of the dependant's pension for three or more children.

Pensionable salary excludes all bonuses, benefits-in-kind and incentive-related remuneration. For early retirement, after age 50 but prior to age 65, pensions will be reduced by an appropriate actuarial factor.

Pete Redfern has a pension allowance through additional payments to him, amounting to 25% of the difference between his basic salary and the pension schemes earnings cap. For 2009 a total of £144,775 (2008: £133,767) was paid. Pension allowances do not count towards the calculation of any bonus awards which are based only on base salary.

The Executive Directors' accrued pensions in 2009 are shown on page 50.

George Wimpey Stakeholder Scheme

No Executive Director is a member of the stakeholder scheme.

Directors' contracts

It is the Company's policy that Executive Directors should have contracts of employment providing for a maximum of one year's notice. Upon appointment, Chris Rickard was entitled to 18 months' notice for the first year of employment. His entitlement was reduced to 12 months from 16 October 2009 which is in line with other Executive Directors.

Service contracts for all Executive Directors and letters of appointment for all Non Executive Directors are available for inspection as described in the Notice of 2010 Annual General Meeting.

Details of the Directors' contracts are summarised in the table below:

Name	Date of contract	Unexpired term (months)	Notice period by Company (months)	Notice period by Director (months)	Normal retirement age	Current age
Pete Redfern*	13 October 2004	12	12	12	60	39
Chris Rickard	20 October 2008	12	12	12	60	53
Sheryl Palmer†	4 August 2009	12	12	12	65	48

* Proposed for re-election at the Annual General Meeting.
† Proposed for election at the Annual General Meeting.

It is the Company's policy that liquidated damages should not automatically apply on the termination of an Executive Director's contract. In accordance with this approach, payment for early termination of contract (without cause) by the Company is, in the case of each of the Executive Directors, to be determined having regard to normal legal principles which require mitigation of liability on a case-by-case basis. Any such payment would typically be determined by reference to the main elements of a Director's remuneration, namely: salary; bonus entitlement; benefits-in-kind; and pension entitlements. Phased payments will be considered by the Company where appropriate. There are no change of control provisions that apply in relation to the service contract of any Executive Director.

Non Executive Directors

Non Executive Directors do not have service contracts. Their terms of engagement are regulated by letters of appointment as follows:

Current Directors	Date of appointment as a Director	Date of initial letter of appointment	Term of appointment	Notice period by Company (months)	Notice period by Director (months)
Norman Askew	29 July 2003	25 July 2003	3 years, reviewed annually	6	6
Brenda Dean	3 July 2007	21 November 2007	3 years, reviewed annually	6	6
Andrew Dougal	18 November 2002	31 October 2002	3 years, reviewed annually	6	6
Katherine Innes Ker*	1 July 2001	21 May 2001	3 years, reviewed annually	6	6
Anthony Reading	3 July 2007	21 November 2007	3 years, reviewed annually	6	6
Rob Rowley†	1 January 2010	1 December 2009	3 years, reviewed annually	6	6
David Williams	3 July 2007	21 November 2007	3 years, reviewed annually	6	6
Former Director					
Mike Davies	13 October 2003	29 September 2003	3 years, reviewed annually	6	6

* Proposed for re-election at the Annual General Meeting.

† Proposed for election at the Annual General Meeting.

Note: Brenda Dean, Anthony Reading and David Williams were independent non executive directors of George Wimpey Plc ('GW') up until the merger with Taylor Woodrow on 3 July 2007. Their respective dates of appointment were 7 October 2003, 15 April 2005 and 1 May 2001 and, as set out in the Corporate Governance Report, time spent as a director of GW is deemed to count towards each Director's overall term of office as a Director of the Company.

The fees of Non Executive Directors were determined by the Board in their absence taking into account the research carried out by independent remuneration consultants of fees paid to non executive directors of similar sized companies and the sector-based peer group. Non Executive Director fees are subject to the aggregate annual limit of £1,000,000 imposed by the Articles of Association and will be reviewed annually.

The basic fees of each Non Executive Director were standardised at £50,000 per annum following the merger between Taylor Woodrow plc and George Wimpey Plc in 2007. The Senior Independent Director receives an additional payment of £10,000 in respect of the performance of this role. The standard fee for chairing a Board Committee (Audit, Remuneration and Corporate Responsibility) is £10,000. The Chairman does not receive any additional fee for chairing the Nomination Committee. The fees of the Non Executive Directors have not been increased since the merger.

Chairman's fees: as reported last year, the Chairman determined that in light of the prevailing difficult market conditions affecting the Company, his annual fees should be reduced from £270,000 per annum to £200,000 with effect from 1 January 2009. This was subsequently agreed with the Remuneration Committee and endorsed by the Board.

Neither the Chairman nor the Non Executive Directors participate in any of the Company's share plans or bonus plans and are not eligible to join the Company's pension scheme.

Part 2: Audited Information
Directors' emoluments

	Basic salary/fee £000	Salary supplement in lieu of pension £000	Benefits-in-kind £000*	STIA in respect of 2009 £000	Other benefits £000	2009 total £000	2008 total £000	Basic salary p.a. with effect from 01.04.2010** £000
Executive								
Pete Redfern	700	144	25	788	30	1,687	874	700
Chris Rickard	380	–	13	428	84	905	83	380
Sheryl Palmer† (Appointed 5 August 2009)	158	–	5	878	3	1,044	–	389
Peter Johnson (Resigned 16 October 2008)	–	–	–	–	–	–	791	–
Ian Sutcliffe (Resigned 14 April 2008)	–	–	–	–	–	–	333	–
Non Executive								Fees p.a. with effect from 01.01.2010
Norman Askew	200	–	–	–	–	200	270	200
Brenda Dean	50	–	–	–	–	50	50	50
Andrew Dougal	56	–	–	–	–	56	60	50
Katherine Innes Ker	60	–	–	–	–	60	60	60
Anthony Reading	60	–	–	–	–	60	60	60
Rob Rowley (Appointed 1 January 2010)	–	–	–	–	–	–	–	60
David Williams	65	–	–	–	–	65	60	60
Mike Davies (Resigned 1 September 2009)	33	–	–	–	–	33	50	–
Aggregate emoluments	1,762	144	43	2,094	117	4,160		
2008							2,691	

† Sheryl Palmer was appointed to the Board in August 2009. Her annual salary is US$615,000 which on an average exchange rate of £1:$1.58 equates to £389,000 per annum.

* Includes non-cash payments.

** As reported earlier, any change in basic salary is now effective from 1 April. No salary increases are to be awarded to any Executive Director for 2010.

Aggregate emoluments of the Executive Committee (excluding Executive Directors)

	Basic salary/fee £000	Salary supplement in lieu of pension £000	Benefits-in-kind £000*	STIA in respect of 2009 £000	Other benefits £000	2009 total £000	2008 total £000	Basic salary p.a. with effect from 01.04.2010** £000
6 members	1,286	81	86	1,213	155	2,821	1,946	1,341

* Includes non-cash payments.

** As reported earlier, any change in basic salary is now effective from 1 April.

During the year the composition of the Executive Committee has been amended. There were two members of the Executive Committee during 2008 other than the Executive Directors. No expense allowances are paid.

In addition, a charge of £234,946 (2008: £65,000) was booked in respect of share-based payments.

Directors' share-based reward and options

Aggregate emoluments disclosed opposite do not include any amounts for the value of options to acquire ordinary shares in the Company and any other share-based reward granted to or held by the Directors. No Director exercised an option or conditional award over ordinary shares during the year (2008: nil).

Details of options and conditional awards over shares held by Directors who served during the year are as follows:

Name of Director	Plan	1 January 2009[a]	Granted (number)	Adjustment for Placing and Open Offer[d]	Lapsed (number)	Exercised (number)	31 December 2009	Exercise price (pence)[d]	Date of grant	Date from which exercisable	Expiry date
Pete Redfern	Bonus Plan	207,255	–	98,090	–	–	305,345	–	13.03.08	31.12.10	31.12.10
	Performance Share Plan	432,981	–	204,921	–	–	637,902	–	17.04.08	17.04.11	17.04.11
	Performance Share Plan	–	1,601,423[b]	–	–	–	1,601,423	–	07.08.09	01.01.13	01.01.13
	Share Option Plan	1,016,333	–	481,012	–	–	1,497,345	93.49	28.04.08	28.04.11	28.04.18
	Share Option Plan	–	3,202,846[b]	–	–	–	3,202,846	39.34	07.08.09	07.08.12	07.08.19
	Long Term Incentive Plan	179,007	–	–	179,007	–	–	–	23.05.06	23.05.09	23.05.09
	Long Term Incentive Plan	231,940	–	109,773	–	–	341,713	–	02.04.07	02.04.10	02.04.10
	Total	2,067,516	4,804,269	893,796	179,007	–	7,586,574				
Chris Rickard	Sharesave Plan	–	39,668[c]	–	–	–	39,668	39.20	02.10.09	01.12.14	31.05.15
	Performance Share Plan	2,338,461	–	1,106,753	–	–	3,445,214	–	16.10.08	16.10.11	16.10.11
	Performance Share Plan	–	869,344[b]	–	–	–	869,344	–	07.08.09	01.01.13	01.01.13
	Share Option Plan	4,676,923	–	2,213,505	–	–	6,890,428	11.02	16.10.08	16.10.11	16.10.18
	Share Option Plan	–	1,738,688[b]	–	–	–	1,738,688	39.34	07.08.09	07.08.12	07.08.19
	Total	7,015,384	2,647,700	3,320,258	–	–	12,983,342				
Sheryl Palmer	Performance Share Plan	140,280	–	–	–	–	140,280	–	17.04.08	17.04.11	17.04.11
	Performance Share Plan	–	416,508[b]	–	–	–	416,508	–	07.08.09	01.01.13	01.01.13
	Share Option Plan	329,278	–	–	–	–	329,278	93.49	28.04.08	28.04.11	28.04.18
	Share Option Plan	–	833,016[b]	–	–	–	833,016	39.34	07.08.09	07.08.12	07.08.19
	Total	469,558	1,249,524	–	–	–	1,719,082				

a. Or date of appointment.

b. Market value per share on date of grant 7 August 2009 was 38 pence.

c. Market value per share on date of grant 2 October 2009 was 40.96 pence.

d. Following the Company's Placing and Open Offer on 1 June 2009, all Share Plan entitlements, including numbers of shares under option/award and option price per share, were adjusted by a formula approved by HM Revenue and Customs and agreed with the Company's Auditors.

There have been no variations to the terms and conditions or performance criteria for outstanding share options during the financial year.

The performance criteria relating to the Performance Share Plans and Share Option Plans appear earlier in this Directors' Remuneration Report.

Awards made pursuant to the George Wimpey LTIP are conditional and do not vest in whole or part unless predetermined performance conditions are satisfied over a three year period. The performance conditions are explained in detail on page 45. For 2006 and 2007, the relevant share prices for the calculation of awards were 544.1 pence and 575.9 pence. The TSR performance in respect of those shares conditionally awarded under the 2007 George Wimpey LTIP was not met. No vesting has taken place and all awards under this scheme have now lapsed. These shares are however indexed in the 31 December 2009 column above for Pete Redfern.

The market price of the ordinary shares on 31 December 2009 was 38.9 pence and the range during the year was 13.75 pence to 53.2 pence.

Directors' interests in shares of the Company

Directors' interests in 1 pence ordinary shares held (fully paid) ('ordinary shares'):

	at 1.1.09 ordinary shares*	at 31.12.09 ordinary shares	Executive Directors' share interests at 31.12.09 valued at 31.12.09 share price and expressed as a percentage of basic salary at 1.4.10**
Norman Askew	15,674	31,348	
Pete Redfern	92,705	195,410	11%
Chris Rickard	–	77,402	8%
Sheryl Palmer	200,000*	200,000	20%
Brenda Dean	8,348	26,696	
Andrew Dougal	5,000	15,000	
Katherine Innes Ker	1,000	12,000	
Anthony Reading	20,000	40,000	
Rob Rowley	–	–	
David Williams	8,269	16,538	

* or date of appointment

** As reported earlier, any change in basic salary is now effective from 1 April.

Directors' pension entitlements

Defined benefit schemes

George Wimpey Staff Pension Scheme

Pete Redfern is a member of the George Wimpey Staff Pension Scheme. The following table sets out the transfer value of his accrued benefits under the Scheme calculated in a manner consistent with 'The Occupational Pension Schemes (Transfer Values) Regulations 2008'.

	Accrued pension as at 31 December 2008 £	Increase in accrued pension from 31 December 2008 to 31 December 2009 £	Accrued pension as at 31 December 2009[1] £	Transfer value gross of Director's contributions at 31 December 2009[2] £	Transfer value gross of Director's contributions at 31 December 2008[2] £	Increase in transfer value from 31 December 2008 to 31 December 2009 less Director's contributions [3] £	Increase in accrued pension from 31 December 2008 to 31 December 2009 less inflation £	Transfer value of accrued pension increase less Director's contribution[4] £
Pete Redfern	20,907	3,813	24,720	232,700	183,500	37,000	3,813	18,500

1. Pension accrual shown is the amount which would be paid annually on retirement based on service to 31 December 2009.
2. Transfer values have been calculated in accordance with the occupational Pension Schemes (Transfer Value) Regulations 2008.
3. The increase in the transfer value includes the effect of fluctuations in the transfer value due to factors beyond the control of the Company and Directors, such as stock market movements.
4. The transfer value of accrued pension increase less Director's contribution represents the incremental value to the Director of his service during the period, calculated on the assumption service terminated at the year end. It is based on the increase in accrued pension (less inflation) after deducting the Director's contribution.

Non-Group pension arrangements

Chris Rickard and Sheryl Palmer have non-Group pension arrangements, to which contributions were paid by the Company as set out below:

	2009 £	2008 £
Chris Rickard	**83,600**	17,417
Sheryl Palmer	**7,077**	–

Approval

This Remuneration Report was approved by the Board of Directors on 2 March 2010 and signed on its behalf by the Remuneration Committee Chairman:

Anthony Reading
2 March 2010

Directors' Report: Governance

Statutory, Regulatory and Other Formal Information

Introduction

This section contains the remaining matters on which the Directors are required to report each year, which do not appear elsewhere in this Directors' Report.

Certain other matters required to be included in this report appear elsewhere in the Report and Accounts as detailed below:

- A list of the subsidiary and associated undertakings, including branches outside the UK, principally affecting the profits or net assets of the Group in the year appears on page 103.
- Changes in asset values are set out in the consolidated balance sheet on page 58 and in the Notes to the accounts on pages 61 to 94.
- The Group's loss before taxation and the loss after taxation and minority interests appear in the consolidated income statement on page 56 and in the Notes to the accounts on pages 61 to 94.
- A detailed statement of the Group's treasury management and funding is set out in Note 21 on page 80.

• Directors

The following eight Directors held office throughout the year:

Norman Askew†, Chairman

Pete Redfern, Group Chief Executive

Chris Rickard, Group Finance Director

Brenda Dean, Independent Non Executive Director

Andrew Dougal, Independent Non Executive Director

Katherine Innes Ker, Independent Non Executive Director

Anthony Reading, Independent Non Executive Director

David Williams†, Independent Non Executive Director and the Senior Independent Director

† As previously announced, Norman Askew and David Williams will step down from the Board by 31 December 2010 and on 31 March 2010 respectively.

Sheryl Palmer was appointed a Director on 5 August 2009.

Rob Rowley was appointed an Independent Non Executive Director on 1 January 2010.

Mike Davies, Independent Non Executive Director, resigned on 1 September 2009.

The Directors together with their biographical information are shown on pages 32 and 33. With regard to those Directors who are the subject of election or re-election at the Annual General Meeting on 29 April 2010 (as set out below) biographical information is also set out on page 108.

In determining the retirement and re-election of the Directors, the Company is governed by its Articles of Association ('Articles'), the Combined Code on Corporate Governance – June 2008 (the 'Combined Code'), the Companies Act 2006 and related legislation. The Articles may be amended by special resolution of the shareholders. The powers of the Directors are described in the Corporate Governance Report.

Retirement and re-election of Directors

In accordance with the Articles, at the Annual General Meeting, Sheryl Palmer and Rob Rowley, who were appointed as Directors by the Board since the last Annual General Meeting, will retire and, being eligible, seek election by shareholders.

Katherine Innes Ker and Pete Redfern retire by rotation and each will, being eligible, offer themselves for re-election at the Annual General Meeting in accordance with the Articles.

Each of the Directors proposed for election or re-election at the Annual General Meeting is being unanimously recommended by all of the other members of the Board. This recommendation follows the completion of the annual performance evaluation process which included a detailed appraisal of the Board, its Committees and in respect of each Director. Further information relating to the evaluation is set out below and in the Corporate Governance Report on page 35.

Qualifying third party indemnities

The Company has granted indemnities in favour of its Directors and officers of itself and of its Group companies against financial exposure that they may incur in the course of their professional duties as Directors and officers of the Company and/or its subsidiaries. These have been granted in accordance with section 234 of the Companies Act 2006.

Audit and auditors

Each Director at the date of approval of this Report confirms that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have confirmed their willingness to continue in office as auditors of the Company and a resolution to re-appoint them will be proposed at the Annual General Meeting.

It is the Company's general policy that its auditors will not carry out non-audit services except where it is appropriate to do so and in accordance with the Company's policy for such work. Deloitte LLP provided non-audit services to the Group during the year within the policy framework described in the Corporate Governance Report.

Annual General Meeting

The Annual General Meeting will be held at 11.00 am on 29 April 2010 at The British Medical Association, BMA House, Tavistock Square, London, WC1H 9JP.

Formal notice of the Meeting including details of special business is set out in the Notice of Annual General Meeting on page 105 and on the Company's Web site www.taylorwimpeyplc.com. The Notice also sets out the new rights of shareholders, and additional details of the Annual General Meeting, introduced by the Companies Act 2006 and the Companies (Shareholders' Rights) Regulations 2009.

Voting on all resolutions at this year's Annual General Meeting will be conducted by way of a poll, rather than on a show of hands, as the Board believes that a poll gives as many shareholders as possible the opportunity to have their votes counted (whether their votes are tendered by proxy in advance of, or in person) at the Annual General Meeting.

Web communication
In 2009 the Company, with shareholders' consent, adopted web communication. The benefits of web communication are that it:

- Enables the Company to significantly reduce its printing and postage costs;
- Enables shareholders to access information faster, on the day documents are published on the Company's Web site; and
- Reduces the amount of resources consumed, such as paper, and lessen the impact of printing and mailing activities on the environment.

Shareholder communications (including the 2009 Annual Report and Accounts) are available electronically through the Company's Web site.

Visit our Web site
www.taylorwimpeyplc.com

The Company provides hard copy documentation to those shareholders who have requested this and is, of course, happy to meet any such requests.

Registrar
The Company's registrar is Capita Registrars. Their details, together with information on facilities available to shareholders, are set out in the Shareholder Information section on page 112.

Treasury shares
The Company cancelled its entire holding of 92,732,927 treasury shares on 1 June 2009 at the conclusion of the Placing and Open Offer. The authority given by shareholders at the Annual General Meeting on 19 June 2009 for the Company to purchase a maximum of 115.8 million of its own shares, remained valid at 31 December 2009. The authority was not exercised during 2009 or prior to the date of this Report and the Company has no intention of exercising the authority in the present economic conditions but will be seeking the usual authority at the 2010 Annual General Meeting.

Capital structure
Details of the Company's issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in Note 24 on page 88.

The Company has two classes of shares following the subdivision of the Company's existing Ordinary Shares of 25p each into 1p new Ordinary Shares and 24p Deferred Shares in May 2009: Ordinary Shares of 1p each of which carries the right to one vote at general meetings of the Company and such other rights and obligations as are set out in the Company's Articles of Association; and Deferred Shares which carry no voting rights.

On 1 June 2009 the Company allotted 2,131,132,548 new 1p Ordinary Shares as part of the Placing and Open Offer.

As part of the debt restructuring announced on 7 April 2009 the Company issued Warrants to certain of its lenders giving the holders the right, up to 29 April 2014, to subscribe for up to an aggregate of approximately 58 million Ordinary Shares (representing approximately 5% of the Company's issued share capital at the time the Warrants were issued and approximately 1.8% of the enlarged issued share capital after the Placing and Open Offer) for cash at a subscription price per share of 17.4473 pence (25 pence prior to the Placing and Open Offer). The Warrants are transferable and carry entitlement to subscription for three months after the passing of a resolution for the winding up of the Company. To date, aggregate exercises of Warrants has resulted in the issue of 433,459 new Ordinary Shares of 1p each.

There are no specific restrictions on the size of a holding, the exercise of voting rights, nor on the transfer of shares, which are governed by the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in the Remuneration Report on pages 43 to 46. The Employee Share Ownership Trusts generally abstain from voting in respect of shares held by them.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Substantial interests in the Company's shares as at 2 March 2010

Name	Number of shares held (millions)	Percentage of issued voting share capital
BlackRock Inc	325.22	10.17
Schroders plc	191.94	6.00
JP Morgan Chase & Co. and various controlled undertakings	149.63	4.68
Legal & General Group Plc	127.16	3.97
Polaris Capital Management, LLC	94.45	3.67
Standard Life Investments Limited	96.39	3.02

Substantial interests
The persons set out in the table above have notified the Company pursuant to Rule 5.1 of the Disclosure and Transparency Rules of their interests in the ordinary share capital of the Company.

At 2 March 2010, no change in these holdings had been notified nor, according to the register of members, did any other shareholder at that date have a disclosable holding of the issued share capital.

Directors' interests, including interests in the Company's shares, are shown in the Remuneration Report.

Dividend
The Board has resolved not to propose a final dividend for 2009. Any right to receive a dividend has been waived in part by the trustee of the Company's two Employee Share Ownership Trusts over those Trusts' combined holding of 3,354,791 shares which have been set aside to meet commitments under the Company's employee share plans.

Research and development
The Company remains committed to investing in research and development projects where there are clearly defined business benefits.

In the UK, we have designed a new range of standard house types. These meet changing market preferences through updated floor plans and offer greater flexibility and consumer choice. They offer alternative internal layouts within a standard external skin, and increase efficiency and reduce cost through allowing modular construction. Modules are interchangeable between two, three and four bedroom homes.

We are also focused on meeting the progressive application of the Government's Code for Sustainable Homes at all levels. On a unit basis, each of the new standard house types has been future-proofed, as far as possible, to meet the Code's requirements. Within each unit, we are continuing our review of micro-renewables such as photo-voltaic cells on the roof and air-sourced heat recovery pumps.

In the US the Company is investigating how we could incorporate 'Green building' into our business processes, in order that we progressively move towards a best-value approach. The Company also conducted a survey of homebuyers in the planned location of a new development, to identify key amenity value decisions in home purchasing and give greater focus to the future design of amenity and community layout.

Employee involvement and communication

The Company is committed to ensuring open and regular communication throughout the Group on both business-related issues and issues of general interest. There is a formal Employee Consultative Committee structure in all operations and elected representatives meet with management to consult on appropriate issues. Intranet systems are continually updated which provide a valuable communication tool across the Group and an important facility for providing employees with access to a wide range of information. Information is regularly cascaded throughout the Group via electronic communication, verbal briefings and by management presentations. There is also an internal magazine 'teamtalk' which is widely circulated across the Group.

The Company promotes all-employee share plans, including the Save As You Earn share option scheme and the Share Purchase Plan, as widely as possible across the Group.

Equal opportunities

The Company remains committed to equality of opportunity in all of its employment practices, policies and procedures across the Group. To this end, within the framework of applicable law, we are committed, wherever practicable, to achieving and maintaining a workforce which broadly reflects that of the local catchment area within which we operate. No employee or potential employee will receive less favourable treatment due to their race, creed, colour, nationality, ethnic origin, religion, political or other opinion, affiliation, gender, sexual orientation, marital status, family connections, age, membership or non membership of a trade union, or disability, unless justifiable in exceptional circumstances, for example due to health and safety considerations. Instruction on equal opportunities is part of the induction programme.

Employment of disabled persons

It is our policy that people with disabilities should have fair consideration for all vacancies within the Group.

The Company is therefore committed, where possible, to ensure that people with disabilities are supported and encouraged to apply for employment and to achieve progress once employed. They will be treated so that they have an equal opportunity, so far as it is justifiable, to be selected, trained and promoted. In addition, every reasonable effort is made for disabled persons to be retained in the employment of the Group by investigating the possibility of making reasonable adjustments to the job, workplace or equipment.

Charitable donations

During the year the Company formally reinstated its Charity Committee, which reports to the Corporate Responsibility Committee and operates within written terms of reference and charitable guidelines approved by the Board. The Charity Committee's aims are to monitor and review charitable donations made by regional businesses and to assess and administer some larger donations centrally. The members of the committee are the Group HR Director (Chairman), Group Company Secretary and General Counsel, Group Financial Controller, Taylor Wimpey UK Land and Planning Director, Taylor Morrison Vice President Human Resources, Group Investor Relations Manager and Assistant Company Secretary.

During the year, Group companies donated £236,000 (2008: £215,000) to various charities, £55,000 (2008: £132,000) in the UK and Europe, £181,000 (2008: £83,000) in North America. In 2008, £15,000 was also donated by the Group's Ghanaian construction business, which was disposed of in early 2009. In addition the Charity Committee recently organised a fund raising event in aid of the Haitian earthquake disaster.

Further information on the Group's donations, activities and initiatives can be found in the 2009 Corporate Responsibility Report.

Political donations

The Company did not make any donations to political parties or organisations during 2009 (2008: nil) and has a strict policy not to do so. However, we will be seeking the usual annual dispensation at the Annual General Meeting as the legislation relating to 'political organisations' is very wide and in certain circumstances a donation or a subscription to a charity or other organisation could retrospectively be categorised as a political donation.

Policy on payment of suppliers

The nature of the Group's operations means that there is no single Group standard in respect of payment terms to suppliers. Generally, business units are responsible for establishing payment terms with suppliers when entering into each transaction or series of linked transactions. In the absence of dispute, valid payment requests are met as expeditiously as possible within such terms. In the UK, commencing on 1 January 2010, our new suite of standard framework agreements with suppliers establishes the due date for payment as 30 days from the later of the date of issue of the invoice or request for payment, or the relevant month end notified by the employer.

Trade creditor days for the Group for the year ended 31 December 2009 were 20 days (2008: 26 days). This is based on the ratio of year end Group trade creditors (excluding sub-contract retentions and unagreed claims of £35.3 million (2008: £28.8 million) and land creditors, see Note 20 to the consolidated financial statements) to amounts invoiced during the year by trade creditors. The Company had no significant trade creditors at 31 December 2009.

Agreements

Pursuant to the Takeovers Directive (Interim Implementation) Regulations 2006, the Company is required to disclose whether there are any significant agreements to which the Company is a party that take effect, alter, or terminate upon a change of control of the Company following a takeover bid, and the effects of any such agreements.

Apart from a small number of borrowing agreements, including the Override Agreement dated 7 April 2009 between the Company and various of its principal creditors which was entered into as part of the debt restructuring referred to in the Introduction (above) and the Group Financial Review on page 28, pursuant to which the Company borrows or is able to borrow money and which could potentially be terminated by the other party upon a change of control of the Company, there are no significant contracts or agreements which take effect, alter or terminate upon a change of control of the Company.

Important events since the year end

There have been no important events affecting the Company or any of its subsidiary undertakings since 31 December 2009.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's Web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This Report of the Directors was approved by the Board of Directors on 2 March 2010.

James Jordan
Group Company Secretary
and General Counsel

Taylor Wimpey plc

Financial Statements

Independent Auditors' Report

to the members of Taylor Wimpey plc

We have audited the Group financial statements of Taylor Wimpey plc for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, and the related Notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement contained within the Directors' Report on Corporate Governance in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Other matters

We have reported separately on the parent Company financial statements of Taylor Wimpey plc for the year ended 31 December 2009 and on the information in the Directors' Remuneration Report that is described as having been audited.

Colin Hudson

Colin Hudson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
2 March 2010

Financial Statements

Consolidated Income Statement

for the year to 31 December 2009

	Note	Before exceptional items 2009 £m	Exceptional items (Note 5) 2009 £m	Total 2009 £m	Before exceptional items 2008 £m	Exceptional items (Note 5) 2008 £m	Total 2008 £m
Continuing operations							
Revenue	3	2,595.6	–	2,595.6	3,467.7	–	3,467.7
Cost of sales		(2,365.4)	(527.0)	(2,892.4)	(3,138.2)	(1,012.8)	(4,151.0)
Gross profit/(loss)		230.2	(527.0)	(296.8)	329.5	(1,012.8)	(683.3)
Net operating expenses	5	(192.5)	(53.7)	(246.2)	(243.2)	(871.7)	(1,114.9)
Profit/(loss) on ordinary activities before finance costs and amortisation of brands		37.7	(580.7)	(543.0)	88.7	(1,780.6)	(1,691.9)
Amortisation of brands		–	–	–	(2.4)	(103.9)	(106.3)
Profit/(loss) on ordinary activities before finance costs		37.7	(580.7)	(543.0)	86.3	(1,884.5)	(1,798.2)
Interest receivable		10.6	–	10.6	8.5	–	8.5
Finance costs	7	(150.0)	(23.1)	(173.1)	(177.1)	(10.5)	(187.6)
Share of results of joint ventures	14	5.6	–	5.6	7.6	–	7.6
Loss on ordinary activities before taxation		(96.1)	(603.8)	(699.9)	(74.7)	(1,895.0)	(1,969.7)
Taxation (charge)/credit	8	(14.3)	73.6	59.3	(23.4)	100.0	76.6
Loss for the year from continuing operations		(110.4)	(530.2)	(640.6)	(98.1)	(1,795.0)	(1,893.1)
Discontinued operations							
(Loss)/profit for the year from discontinued operations		–	–	–	(2.5)	55.6	53.1
Loss for the year		(110.4)	(530.2)	(640.6)	(100.6)	(1,739.4)	(1,840.0)
Attributable to:							
Equity holders of the parent	26			(640.4)			(1,841.3)
Minority interests				(0.2)			1.3
				(640.6)			(1,840.0)

	Note	2009	2008 (Restated)
Basic and diluted loss per share – total Group	10	(25.1p)	(132.7p)
Basic and diluted loss per share – continuing operations	10	(25.1p)	(136.5p)
Adjusted basic loss per share – continuing operations	10	(4.3p)	(7.2p)
Adjusted diluted loss per share – continuing operations	10	(4.3p)	(7.2p)

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Consolidated Statement of Comprehensive Income

for the year to 31 December 2009

	Note	2009 £m	2008 £m
Loss for the year		**(640.6)**	(1,840.0)
Exchange differences on translation of foreign operations	26	**(5.0)**	50.3
Movement in fair value of hedging derivatives		**11.5**	(31.2)
Actuarial loss on defined benefit pension schemes	22	**(141.8)**	(90.2)
Tax on items taken directly to equity	15	**87.6**	(23.7)
Other comprehensive expense for the year net of tax		**(47.7)**	(94.8)
Total recognised expense for the year		**(688.3)**	(1,934.8)
Attributable to:			
Equity holders of the parent		**(688.1)**	(1,936.1)
Minority interests		**(0.2)**	1.3
		(688.3)	(1,934.8)

Financial Statements

Consolidated Balance Sheet

at 31 December 2009

	Note	2009 £m	2008 £m
Non-current assets			
Goodwill	11	**2.4**	–
Other intangible assets	12	**–**	–
Property, plant and equipment	13	**8.2**	15.5
Interests in joint ventures	14	**51.9**	67.7
Trade and other receivables	17	**65.0**	47.9
Deferred tax assets	15	**119.6**	6.6
		247.1	137.7
Current assets			
Inventories	16	**3,603.3**	4,890.6
Trade and other receivables	17	**130.5**	181.3
Tax receivables		**61.0**	90.4
Cash and cash equivalents	17	**132.1**	752.3
		3,926.9	5,914.6
Total assets		**4,174.0**	6,052.3
Current liabilities			
Trade and other payables	20	**(760.0)**	(1,170.7)
Tax payables		**(242.6)**	(196.5)
Debenture loans	19	**–**	(101.1)
Bank loans and overdrafts	18	**(12.7)**	(23.4)
Provisions	23	**(47.8)**	(56.1)
		(1,063.1)	(1,547.8)
Net current assets		**2,863.8**	4,366.8
Non-current liabilities			
Trade and other payables	20	**(278.6)**	(342.1)
Debenture loans	19	**(721.9)**	(868.0)
Bank loans	18	**(148.4)**	(1,289.1)
Retirement benefit obligations	22	**(409.3)**	(279.8)
Deferred tax liabilities	15	**(0.8)**	(1.3)
Provisions	23	**(51.0)**	(51.0)
		(1,610.0)	(2,831.3)
Total liabilities		**(2,673.1)**	(4,379.1)
Net assets		**1,500.9**	1,673.2
Equity			
Share capital	24	**287.7**	289.6
Share premium account	25	**753.6**	753.6
Own shares	27	**(5.0)**	(275.7)
Merger relief reserve	26	**–**	–
Other reserves	26	**76.7**	64.7
Retained earnings	26	**385.5**	838.3
Equity attributable to equity holders of the parent		**1,498.5**	1,670.5
Minority interests		**2.4**	2.7
Total equity		**1,500.9**	1,673.2

The financial statements of Taylor Wimpey plc (registered number: 00296805) were approved by the Board of Directors and authorised for issue on 2 March 2010. They were signed on its behalf by:

P Redfern
Director

C Rickard
Director

Financial Statements

Consolidated Statement of Changes in Equity

for the year to 31 December 2009

For the year to 31 December 2009	Share capital £m	Share premium £m	Own shares £m	Merger relief reserve £m	Other reserves £m	Retained earnings £m	Total £m
Balance as at 1 January 2009	289.6	753.6	(275.7)	–	64.7	838.3	1,670.5
New share capital subscribed	21.3	–	–	488.8	–	–	510.1
Cancellation and utilisation of treasury shares	(23.2)	–	270.7	–	–	(247.5)	–
Share based payment credit	–	–	–	–	–	1.0	1.0
Other financing costs	–	–	–	–	–	(0.5)	(0.5)
Issue of equity instruments	–	–	–	–	5.5	–	5.5
Exchange differences on translation of foreign operations	–	–	–	–	(5.0)	–	(5.0)
Increase in fair value of hedging derivatives	–	–	–	–	11.5	–	11.5
Actuarial loss on defined benefit pension schemes	–	–	–	–	–	(141.8)	(141.8)
Deferred tax asset recognised	–	–	–	–	–	87.6	87.6
Transfer to retained earnings	–	–	–	(488.8)	–	488.8	–
Loss for the year	–	–	–	–	–	(640.4)	(640.4)
Equity attributable to parent	287.7	753.6	(5.0)	–	76.7	385.5	1,498.5
Minority interests							2.4
Total equity							1,500.9

For the year to 31 December 2008	Share capital £m	Share premium £m	Own shares £m	Merger relief reserve £m	Other reserves £m	Retained earnings £m	Total £m
Balance as at 1 January 2008	289.6	758.1	(282.0)	1,934.2	46.1	957.1	3,703.1
Share based payment credit	–	–	–	–	–	6.0	6.0
Cost of share options	–	–	–	–	–	(0.9)	(0.9)
Disposal of own shares	–	–	6.3	–	–	–	6.3
Exchange differences on translation of foreign operations	–	–	–	–	50.3	–	50.3
Decrease in fair value of hedging derivatives	–	–	–	–	(31.2)	–	(31.2)
Amortisation of bond fees	–	(4.5)	–	–	–	4.5	–
Actuarial loss on defined benefit pension schemes	–	–	–	–	–	(66.7)	(66.7)
Deferred tax asset write off	–	–	–	–	–	(47.2)	(47.2)
Transfer to retained earnings	–	–	–	(1,934.2)	(0.5)	1,934.7	–
Loss for the year	–	–	–	–	–	(1,841.3)	(1,841.3)
Dividends	–	–	–	–	–	(107.9)	(107.9)
Equity attributable to parent	289.6	753.6	(275.7)	–	64.7	838.3	1,670.5
Minority interests							2.7
Total equity							1,673.2

Financial Statements

Consolidated Cash Flow Statement

for the year to 31 December 2009

	Note	2009 £m	2008 £m
Net cash from operating activities	28	**206.3**	153.6
Investing activities			
Interest received		**10.0**	11.0
Dividends received from joint ventures		**9.6**	7.7
Amounts invested in software development	12	**–**	(2.5)
Proceeds on disposal of property, plant and investments		**1.5**	17.6
Purchases of property, plant and investments	13	**(2.5)**	(10.9)
Amounts invested in joint ventures		**(0.2)**	(5.2)
Amounts loaned to joint ventures		**(2.0)**	–
Acquisition of subsidiaries		**(2.8)**	–
Disposal of subsidiaries		**–**	(11.9)
Net cash from investing activities		**13.6**	5.8
Financing activities			
Dividends paid	9	**–**	(107.9)
Dividends paid by subsidiaries to minority shareholders		**–**	(0.7)
Proceeds from sale of own shares		**510.1**	2.7
Other financing activities		**(0.5)**	–
Repayment of debenture loans		**(200.4)**	(1.4)
Repayment of bank loans		**(1,124.9)**	–
Increase in bank loans and overdrafts		**–**	525.7
Net cash (used in)/from financing activities		**(815.7)**	418.4
Net (decrease)/increase in cash and cash equivalents		**(595.8)**	577.8
Cash and cash equivalents at beginning of year		**752.3**	130.0
Effect of foreign exchange rate changes		**(24.4)**	44.5
Cash and cash equivalents at end of year	28	**132.1**	752.3

Financial Statements

Notes to the Consolidated Financial Statements

for the year to 31 December 2009

1. Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and on a historical cost basis except as otherwise stated below. The Group completed the renegotiation of its debt on 7 April 2009 with its banks and private placement holders regarding a revised covenant and financing package (the Override agreement). This has resulted in the alignment of the maturity dates of all its debt to 3 July 2012; a reduction in the revolving credit facility and amendments to the margin and coupon rates on borrowings. On 1 June 2009 the Group successfully completed an equity placing and open offer to raise £510.1 million, net of issue costs. The transaction was executed such that it created additional distributable reserves of £488.8 million. The proceeds of the equity raise have been used to pay down debt and cancel associated facilities, thereby avoiding additional finance charges.

The Group has met all its interest and other payment obligations on time, and after reviewing cash flow forecasts for a period of not less than 12 months from the date of signing the consolidated financial statements, the Directors are satisfied that, whilst the economic and market conditions continue to be challenging and not without risk, the refinancing package as well as the equity raised, is sufficiently robust as to adequacy of both facility and covenant headroom to enable the Group to operate within its terms for at least the next 12 months.

The principal accounting policies adopted, which have been applied consistently, except as otherwise stated, are set out below.

Basis of accounting

The consolidated financial statements have been prepared in accordance with applicable International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted for use in the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS relevant to the Group's operations and effective for accounting periods beginning on 1 January 2009.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where a subsidiary is disposed of which constituted a major line of business, it is disclosed as a discontinued operation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Joint ventures

Undertakings are deemed to be a joint venture when the Group has joint control via either voting rights or a formal agreement which includes that unanimous consent is required for strategic, financial and operating decisions. Joint ventures are consolidated under the equity accounting method. On transfer of land and/or work in progress to joint ventures, the Group recognises only its share of any profits or losses, namely that proportion sold outside the Group.

Where a jointly controlled operation is undertaken the related assets and liabilities are consolidated on a proportional consolidation basis.

Segmental reporting

The Group has adopted IFRS 8 Operating Segments, which requires information to be presented consistently to how the business is reviewed internally. However this has minimal impact to how the segmental data is presented. The Group is divided into four operating divisions for management reporting and control:

- Housing United Kingdom;
- Housing North America;
- Housing Spain and Gibraltar; and
- Corporate

On 9 September 2008, Taylor Wimpey plc disposed of Taylor Woodrow Construction (TWC) the results of which have been presented as discontinued. The business was sold for £74.0 million in cash resulting in a profit on disposal of £55.6 million. On disposal, the continuing Group repaid £89.5 million of intercompany balances owing to TWC. The cash costs of disposal were £3.4 million, and £4.2 million of cash was disposed of with the business. During 2008, the Group also disposed of a mining operation in Ghana for £11 million in cash.

On 21 April 2009, the Group disposed of its remaining construction operations in Ghana to existing local management for £1 in cash, giving rise to a profit on sale of £0.2 million. The results of the Ghana operations have been presented within continuing operations within the Corporate business segment.

Revenue

Revenue comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts and after eliminating sales within the Group. Revenue and profit are recognised as follows:

(a) Private housing development properties and land sales

Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the purchaser. Revenue in respect of the sale of residential properties is recognised at the fair value of the consideration received or receivable on legal completion.

(b) Cash incentives

Cash incentives are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

(c) Contracting work

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by surveys of work performed to date. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(d) Interest receivable

Interest income on bank deposits is recognised on an accruals basis.

1. Significant accounting policies (continued)

Exceptional items
Exceptional items are defined as items of income or expenditure which, in the opinion of the Directors, are material and unusual in nature or of such significance that they require separate disclosure on the face of the income statement in accordance with IAS 1 Presentation of Financial Statements.

Foreign currencies
The individual statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies other than the functional currency are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at an appropriate average rate for the year. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as assets and liabilities denominated in the functional currency of the company in which they arose.

The Group enters into forward contracts in order to hedge its exposure to certain foreign exchange transaction risks relating to the functional currency in accordance with Group policy. It also uses foreign currency borrowings and currency swaps to hedge its net investment exposure to certain overseas subsidiaries (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

Operating leases
The Group as lessee
Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable (and costs paid and payable) as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, joint venture, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary or jointly-controlled entity, the carrying value of any attributable goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs was retained at the previous UK GAAP amounts, and was subjected to impairment testing at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Other intangible assets
Brands
Internally generated brands are not capitalised. Acquired brands are capitalised. Their values are calculated based on the Group's valuation methodology, which is based on valuations of discounted cash flows. Brands are stated at cost, less accumulated amortisation and any accumulated impairment losses.

Software development costs
Costs that are directly associated with the production of identifiable and unique software controlled by the Group, and that generate economic benefits beyond one year, are recognised as intangible assets. Computer software development costs recognised as assets are amortised on a straight-line basis over three to five years from the time of implementation, and are stated at cost less accumulated amortisation and any accumulated impairment losses.

Property, plant and equipment
Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated. Buildings are depreciated over 50 years.

Plant and equipment is stated at cost less depreciation. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives. Depreciation is charged, where material, on buildings over the expected useful life of the asset. Other assets are depreciated using the straight-line method, on the following bases:

Plant, fixtures and equipment 20–25%; and computer equipment 33%.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds, less any selling expenses, and the carrying amount of the asset and is recognised in the income statement.

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. If the recoverable amount of a cash-generating unit is estimated to be less than its carrying amount, impairment losses are allocated first to the intangible assets in the cash-generating unit.

1. Significant accounting policies (continued)

If the full impairment of intangible assets is not sufficient to reduce the carrying value of the cash-generating unit to its recoverable amount, tangible fixed assets must then be reviewed for impairment. If the recoverable amount of tangible fixed assets exceeds their carrying value, no further impairment is required. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables and other receivables
Trade receivables on normal terms excluding derivative financial instruments do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated unrecoverable amounts. Trade receivables on extended terms, particularly in respect of land, are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate. Derivative financial instruments are measured at fair value.

Financial liabilities and equity instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Borrowings
Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables
Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs. Derivative financial instruments are measured at fair value.

Derivative financial instruments and hedge accounting
The Group uses forward exchange contracts to hedge transactions denominated in foreign currencies. The Group also uses foreign currency borrowings and currency swaps to hedge its net investment exposure to movements in exchange rates on translation of certain individual financial statements denominated in foreign currencies other than Sterling which is the functional currency of the parent Company. Interest rate derivatives are used to manage interest rate risk in respect of borrowings. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of net investments in foreign operations are recognised directly in reserves and the ineffective portion, if any, is recognised immediately in the income statement.

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the income statement. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are also recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in reserves is retained in reserves until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in reserves is transferred to the income statement for the period.

Following the refinancing of the Group's debt, restrictions in the refinancing agreement have resulted in the Group being limited in its ability to undertake new hedging positions.

Customer deposits

Customer deposits are recorded as a liability within 'other payables' on receipt and released to the income statement as revenue upon legal completion.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Inventories

Inventories are initially stated at cost or at the fair value at acquisition date when acquired as part of a business combination and then held at the lower of this initial amount and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Land is recognised in inventory when the significant risks and rewards of ownership have been transferred to the Group.

Non-refundable land option payments are initially recognised in inventory. They are reviewed regularly and written off to the income statement when it is not probable that they will be exercised.

Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

1. Significant accounting policies (continued)

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are also recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation is measured on a non-discounted basis using the tax rates and laws that have then been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves.

Share-based payments
The Group has applied the requirements of IFRS 2 Share-based payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The Group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest after adjusting for the effect of non-market vesting conditions.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments.

Employee benefits
The Group accounts for pensions and similar benefits under IAS 19 Employee benefits. In respect of defined benefit plans, obligations are measured at discounted present value whilst plan assets are recorded at fair value. The operating and financing costs of such plans are recognised separately in the income statement; service costs are spread systematically over the lives of employees; and financing costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

Payments to defined contribution schemes are charged as an expense as they fall due.

Key sources of estimation uncertainty and critical accounting judgements
Estimation of costs to complete
In order to determine the profit that the Group is able to recognise on the proportion of completions for the period, internal site valuations are carried out for each development at regular intervals throughout the year. The valuations will include an estimation of the costs to complete and remaining revenues which may differ from the actual costs incurred and revenues received on completion.

Carrying value of land and work in progress
In order to assess the appropriateness of the carrying value of land and work in progress, the Group is required to make estimations of sales prices, costs and margins expected on sites in order to determine whether any write downs are required to ensure inventory is stated at the lower of cost and net realisable value. Given the deterioration in market conditions experienced during the year, the Group has undertaken a detailed review on a site-by-site basis of the net realisable value of its land and work in progress. As a result, the Group has written down the value of its land and work in progress in the UK, US, and Spain by £527.0m (2008: £1,012.8), as shown in Note 5.

Impairment of goodwill and other intangible assets
The determination of whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the asset has been allocated. The value in use calculation involves significant judgement including an estimate of the future cash flows expected to arise from the cash-generating unit, the future growth rate of revenue and costs, and a suitable discount rate. The estimates of future cash flows used in the 2008 impairment test performed as at 31 December 2008 reflected the current weak trading conditions in the Group's major markets, and as a result, the Group has fully wrote down the value of its goodwill and other intangible assets as described in Note 11 and 12. Impairment of goodwill may not be reversed. If the current weak trading conditions reverse, the impairment provision relating to other intangible assets may reverse in part or in whole.

Pensions
The value of plan assets and liabilities is determined based on various long term actuarial assumptions, including future rates of inflation, salary growth, yields, returns on investments and mortality rates. Changes in these assumptions over time and differences to the actual outcome will be reflected in the Group's statement of comprehensive income. Note 22 details the main assumptions in accounting for the Group's defined benefit pension schemes.

Tax and deferred tax
Aspects of tax accounting require management judgement and interpretation of tax legislation across many jurisdictions, in some cases relating to items which may not be resolved with the relevant tax authority for many years.

In determining the carrying amounts of deferred tax assets, management is required to assess the timing of the utilisation of provisions for tax purposes and the extent to which sufficient taxable profit will be available to enable the asset to be recovered.

Going concern
The Group completed the renegotiation of its debt with its banks and private placement holders regarding a revised covenant and refinancing package on 7 April 2009. This resulted in the alignment of all the debt maturity dates to 3 July 2012; a reduction in the revolving credit facility and amendments to margin and coupon rates. To date the Group has been in compliance with these covenants and based on Board approved budgets the Group will be in compliance for the foreseeable future.

Accordingly the accounts have been prepared on a going concern basis. This is also discussed further within the Directors' Report page 31.

1. Significant accounting policies (continued)

Adoption of new and revised standards and interpretations

Standards, amendments and interpretations effective in 2009

IAS 1 (revised) Presentation of Financial Statements (effective from 1 January 2009). The main changes from the previous standard requires the Group to:

- Present all non-owner changes in equity in one statement of comprehensive income (effectively combining the current income statement and statement of changes in recognised income and expenses) or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income must be presented separately from the statement of changes in equity;
- Present a statement of financial position (balance sheet) as at the beginning of the earliest comparative period when the entity applies an accounting policy retrospectively or makes a retrospective restatement;
- Disclose income tax relating to each component of other comprehensive income;
- Disclose reclassification adjustments relating to components of other comprehensive income; and
- Present a statement of changes in equity as a primary statement.

This amendment has resulted in additional disclosure being presented in these financial statements.

IAS 23 (Amendment) Borrowing costs (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing borrowing costs is removed. This amendment has no impact on the Group's financial statements due to the exemption available within IAS 23, as the Group produces large quantities of similar houses on a repetitive basis.

IFRS 2 (Amendment) Vesting conditions and cancellations (effective from 1 January 2009). The amendments change the definitions of vesting conditions and introduce the concept of a "non-vesting condition". Vesting conditions will now be restricted to service and performance conditions only. A performance condition only meets the definition of a vesting condition where it has an implicit service requirement. This amendment has had no impact on the Group's financial statements.

IFRS 8 Operating segments (effective from 1 January 2009). IFRS 8 amends the current segmental reporting requirements of IAS 14 and requires "management approach" to be adopted so that segment information is presented on the same basis as that used for internal reporting purposes. This standard will apply from the annual period commencing 1 January 2009. However this standard has not resulted in significant changes to reportable segments (Note 4).

IFRIC 15 Arrangements for the Construction of Real Estate. IFRIC 15 sets out guidance for whether the accounting for the construction of real estate should fall within IAS 18 Revenue, where a developer sells completed units or, IAS 11 Construction Contracts, where a developer has been commissioned for a construction by a buyer. This interpretation has not had any effect on the Group's financial statements as the Group already complies with this IFRIC.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation. IFRIC 16 clarifies the accounting treatment of hedges taken out to hedge foreign exchange differences arising from differences between a Group and its subsidiary's presentational currencies and hedges of differences between functional currencies. This is not expected to have any effect on the Group's financial statements as the Group already complies with this IFRIC.

Standards and interpretations in issue but not yet effective

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

IAS 39 (Amendment) Eligible hedged items (effective from 1 July 2009). The amendment to the standard was endorsed by the European Union on 15 September 2009. The amendment requires that inflation may only be hedged if changes in inflation are a contractually specified portion of cash flows of a recognised financial instrument. The amendment also permits an entity to designate purchased options as a hedging instrument in a hedge of a financial or non-financial item. This amendment is not expected to have any impact on the Group's financial statements.

IFRS 1 (revised) First-time Adoption of International Financial Reporting Standards (effective from 1 July 2009). The amendment to the standard is still subject to endorsement by the European Union. The objective of the revised version of IFRS 1 is to improve the structure of the Standard – no new or revised technical material has been introduced. This amendment is not expected to have any impact on the Group's financial statements.

IFRS 3 (revised) Business Combinations and IAS 27 (revised) Consolidated and Separate Financial Statements (effective from 1 July 2009). The revisions include a greater emphasis on the use of fair value, focusing on changes in control as a significant economic event and focusing on what is given to the vendor as consideration. This amendment has not had any immediate impact on the Group's financial statements.

IAS 32 (Amendment) Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements (effective from 1 January 2010). Relevant for companies that have puttable financial instruments or instruments, or components of instruments, that impose an obligation on the entity to deliver to another party a pro-rata share of net assets on liquidation only. This amendment is not expected to have any impact on the Group's financial statements.

IFRIC 17 Distributions of Non-Cash Assets to Owners. IFRIC 17 requires that distributions of non-cash assets to owners should be recognised and measured at the fair value of the non-cash assets when the dividend is appropriately authorised, and that the difference between the carrying amount of the assets distributed and the dividend payable should be recognised in profit or loss on settlement of the dividend payable. This amendment is not expected to have any impact on the Group's financial statements.

IFRIC 18 Transfer of assets from customers. IFRIC 18 clarifies the requirements of IFRSs for agreements where an entity receives assets or cash to provide a customer with ongoing access to goods or supplies. This is not expected to have any impact on the Group's financial statements.

IFRIC 19 Extinguishing financial liabilities with equity instruments (effective 1 July 2010). IFRIC 19 clarifies that equity instruments are part of the consideration paid to extinguish a financial liability and should be measured at their fair value. This amendment is not expected to have any significant impact on the Group's financial statements.

2. General information

Taylor Wimpey plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 113. The nature of the Group's operations and its principal activities are set out in Note 4 and in the Chief Executive's Review on pages 6 to 10.

These financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policy set out on pages 62 to 63.

3. Revenue

An analysis of the Group's revenue is as follows:

	2009 £m	2008 £m
Continuing operations:		
Housing	2,527.4	3,342.1
Land sales	58.3	89.4
Other revenues (including Construction)	9.9	36.2
Consolidated revenue	2,595.6	3,467.7
Interest receivable	10.6	8.5
	2,606.2	3,476.2
Discontinued operations:		
Revenue	–	453.4
Interest receivable	–	0.1
	–	453.5
Total Group	2,606.2	3,929.7

Housing revenue includes £114.5m (2008: £193.0m) in respect of the value of properties accepted in part exchange by the Group.

4. Operating segments

The Group has adopted IFRS 8 Operating segments requiring information to be presented in the same basis as it is reviewed internally. The Group's Board of Directors view the businesses on a geographic basis when making strategic decisions for the Group and as such the Group is organised into four operating divisions – Housing United Kingdom, Housing North America, Housing Spain and Gibraltar, and Corporate.

Taylor Woodrow Construction, previously reported as the business segment 'Construction', was disposed of on 9 September 2008, and is disclosed as a discontinued operation in 2008. The results and net assets of a minor residual construction operation, which was disposed of in April 2009, are presented within the 'Corporate' segment.

Segment information about these businesses is presented below:

2009	Housing United Kingdom £m	Housing North America £m	Housing Spain and Gibraltar £m	Corporate £m	Consolidated £m
Revenue from continuing operations:					
External sales	1,700.4	824.3	61.0	9.9	2,595.6
Result from continuing operations:					
Operating profit/(loss) before joint ventures and exceptional items	15.3	41.5	(1.4)	(17.7)	37.7
Share of results of joint ventures	(1.0)	6.6	–	–	5.6
Profit/(loss) on ordinary activities before finance costs, exceptional items and after share of results of joint ventures	14.3	48.1	(1.4)	(17.7)	43.3
Exceptional items	(452.8)	(79.8)	(3.3)	(44.8)	(580.7)
Loss on ordinary activities before finance costs, after share of results of joint ventures	(438.5)	(31.7)	(4.7)	(62.5)	(537.4)
Finance costs, net (including exceptional finance costs)					(162.5)
Loss on ordinary activities before taxation					(699.9)
Taxation (including exceptional tax)					59.3
Loss for the year – total Group					(640.6)

4. Operating segments (continued)

2009	Housing United Kingdom* £m	Housing North America £m	Housing Spain and Gibraltar £m	Corporate £m	Consolidated £m
Assets and liabilities:					
Segment operating assets	2,865.4	805.4	124.5	11.6	3,806.9
Joint ventures	30.0	21.7	0.2	–	51.9
Segment operating liabilities	(1,202.3)	(269.0)	(21.2)	(54.1)	(1,546.6)
Net operating assets/(liabilities)	1,693.1	558.1	103.5	(42.5)	2,312.2
Goodwill					2.4
Net current taxation					(181.6)
Net deferred taxation					118.8
Net debt					(750.9)
Net assets					1,500.9

* Following the disposal of the Construction division and other subsidiaries that previously participated in the Taylor Woodrow Group Pension and Life Assurance Fund the Group has determined that all the participating interests materially sit within the Housing United Kingdom business segment.

2009	Housing United Kingdom £m	Housing North America £m	Housing Spain and Gibraltar £m	Corporate £m	Consolidated £m
Other information:					
Property, plant and equipment additions	0.8	0.8	0.7	0.2	2.5
Depreciation – plant and equipment	2.3	1.5	0.7	0.2	4.7

2008 segment information about these businesses is presented below:

2008	Housing United Kingdom £m	Housing North America £m	Housing Spain and Gibraltar £m	Corporate £m	Consolidated £m
Revenue from continuing operations:					
External sales	2,390.1	981.6	59.8	36.2	3,467.7
Result from continuing operations:					
Operating profit/(loss) before joint ventures, brand amortisation and exceptional items	53.2	52.1	(2.4)	(14.2)	88.7
Share of results of joint ventures	(0.2)	7.8	–	–	7.6
Profit/(loss) on ordinary activities before finance costs, exceptional items and brand amortisation, after share of results of joint ventures	53.0	59.9	(2.4)	(14.2)	96.3
Brand amortisation	(2.4)	–	–	–	(2.4)
Exceptional items	(1,750.4)	(76.6)	(37.4)	(20.1)	(1,884.5)
Loss on ordinary activities before finance costs, after share of results of joint ventures	(1,699.8)	(16.7)	(39.8)	(34.3)	(1,790.6)
Finance costs, net (including exceptional finance costs)					(179.1)
Loss on ordinary activities before taxation					(1,969.7)
Taxation (including exceptional tax)					76.6
Result from discontinued operations:					
Profit for the year from discontinued operations					53.1
Loss for the year – total Group					(1,840.0)

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4. Operating segments (continued)

2008	Housing United Kingdom* £m	Housing North America £m	Housing Spain and Gibraltar £m	Corporate £m	Consolidated £m
Assets and liabilities:					
Segment operating assets	3,919.9	1,014.8	175.4	25.2	5,135.3
Joint ventures	45.4	22.1	0.2	–	67.7
Segment operating liabilities	(1,379.6)	(359.1)	(47.6)	(113.4)	(1,899.7)
Net operating assets/(liabilities)	2,585.7	677.8	128.0	(88.2)	3,303.3
Net current taxation					(106.1)
Net deferred taxation					5.3
Net debt					(1,529.3)
Net assets					1,673.2

* The Group was unable to allocate the defined benefit pension scheme assets and liabilities of the Taylor Woodrow Group Pension and Life Assurance Fund, a multi-employer pension scheme, on an actuarial basis by entity. However, for the purposes of the 2008 segmental analysis above, the Group has allocated the deficit to Housing United Kingdom as the participating entities materially sit within this business segment. The assets and liabilities of the George Wimpey Staff Pension Scheme have been allocated in their entirety to Housing United Kingdom.

2008	Housing United Kingdom £m	Housing North America £m	Housing Spain and Gibraltar £m	Corporate £m	Consolidated £m
Other information:					
Property, plant and equipment additions	2.3	1.3	0.1	5.5	9.2
Amortisation of intangibles	6.7	–	–	–	6.7
Depreciation – plant and equipment	3.5	1.5	0.2	2.3	7.5

5. Net operating expenses and profit on ordinary activities before finance costs

Net operating expenses, continuing operations:	2009 £m	2008 £m
Administration expenses	**198.9**	269.0
Net other income	**(6.4)**	(25.8)
Exceptional items	**53.7**	871.7
	246.2	1,114.9

Net other income includes profits on the sale of property, plant and equipment and broker fees from mortgage origination services.

Exceptional items, continuing operations:	2009 £m	2008 £m
Net land and work in progress write downs	**527.0**	1,012.8
Goodwill impairment	**–**	699.8
Other intangible impairments	**–**	116.3
Restructuring costs	**8.9**	35.1
Refinancing costs	**44.8**	20.5
Exceptional items	**580.7**	1,884.5

Whilst current market conditions are stable, there remains the possibility of further increases in unemployment, continuing scarcity of mortgage finance and the prospect of interest rates rising from their current historic lows. Therefore, the Group considered it appropriate to adjust downward some of the previous assumptions in relation to future selling prices in the first half of 2009. The Group have, inter alia, also reviewed in detail and revised where appropriate the previous assumptions for costs and other risks. This has resulted in further land and work in progress net write downs of £527.0m (31 December 2008: £1,012.8m) to the lower of cost and net realisable value in the first half of 2009. During the year the Group reversed £29.8m of write downs (2008: £59.0m) where management's estimates of the recoverable value for certain land and work in progress had improved. This reversal is treated as exceptional income and netted off the exceptional charge.

Restructuring costs of £8.9m (31 December 2008: £35.1m) are predominantly in relation to the ongoing rationalisation of the UK business. The costs incurred in both years include redundancy costs and costs incurred in relocating certain functions and operations. Refinancing costs of £44.8m (31 December 2008: £20.5) were predominantly exceptional fees in relation to the refinancing of the Group's debt. Additional refinancing interest related costs of £23.1m (31 December 2008: £10.5m) are included within exceptional finance costs in the Income Statement.

5. Net operating expenses and profit on ordinary activities before finance costs (continued)

In the year to 31 December 2008, the group fully wrote down goodwill by £699.8m and other intangible assets by £116.3m following a detailed impairment review.

Profit on ordinary activities before financing costs for continuing operations has been arrived at after charging/(crediting):	2009 £m	2008 £m
Cost of inventories recognised as expense in cost of sales, before write downs of inventories	**2,244.1**	2,946.9
Write downs of inventories	**556.8**	1,071.8
Reversal of specific write downs of inventories	**(29.8)**	(59.0)
Depreciation – plant and equipment	**4.7**	7.5
Amortisation – intangibles*	**–**	123.0
Minimum lease payments under operating leases recognised in income for the year	**7.5**	8.8

* The amortisation of intangibles in 2008 includes the impairments of the George Wimpey brand of £103.9m and of software development costs of £12.4m.

The remuneration paid to Deloitte LLP, the Group's external auditors, is as follows:	2009 £m	2008 £m
Fees payable to the Company's auditors for the audit of the Company's annual accounts and consolidated financial statements	**0.2**	0.2
The audit of the Company's subsidiaries pursuant to legislation	**0.6**	0.6
Total audit fees	**0.8**	0.8
Other services pursuant to legislation	**0.1**	0.1
Tax services	**0.6**	0.3
Corporate finance services	**0.4**	2.2
Other services	**0.5**	0.6
Total non-audit fees	**1.6**	3.2
Total fees	**2.4**	4.0

Non-audit services in 2009 predominantly relate to work undertaken as a result of Deloitte LLP's role as auditors, or work resultant from knowledge and experience gained as part of the role. Corporate finance services include necessary work related to the Group's 2009 equity raise and advice and support with bank renegotiations. Their work was either the subject of a competitive tender or was best performed by the Group's auditors because of their knowledge of the Group. Tax services include tax compliance work and advisory services for Taylor Wimpey plc and subsidiaries. Other services include advice in respect of the Group's forecasting and cash management procedures. See page 37 for details of the Group's policies in respect of non-audit services and approval by the Audit Committee.

6. Staff costs

Total Group	2009 Number	2008 Number
Average number employed		
Housing United Kingdom including corporate office	**3,469**	4,063
Housing North America	**849**	1,158
Housing Spain and Gibraltar	**46**	105
Construction – continuing and discontinued*	**334**	2,743
	4,698	8,069
United Kingdom	**3,469**	5,090
Overseas	**1,229**	2,979
	4,698	8,069

* The 2009 Construction staff numbers represent employees of the residual Construction businesses disposed of in April 2009. Of the 2,743 average staff number in 2008, 1,102 related to the disposed Construction business.

6. Staff costs (continued)

	2009 £m	2008 £m
Remuneration		
Wages and salaries	**203.6**	255.3
Redundancy costs	**2.0**	17.9
Social security costs	**18.5**	27.3
Other pension costs	**10.5**	12.7
	234.6	313.2

The information required by the Companies Act 2006 and the Listing Rules of the Financial Services Authority is contained on pages 41 to 50 in the Directors' Remuneration Report.

7. Finance costs

Finance costs from continuing operations are analysed as follows:	2009 £m	2008 £m
Interest on bank loans and overdrafts	**46.5**	72.5
Interest on debenture loans	**62.6**	55.4
Movement on interest rate derivatives	**(11.8)**	10.8
	97.3	138.7
Unwinding of discount on land creditors and other payables	**18.4**	26.7
Notional net interest on pension liability (Note 22)	**34.3**	11.7
	150.0	177.1
Exceptional finance costs:		
Bank loans and debenture fees and interest	**23.1**	10.5
	173.1	187.6

The 2009 exceptional finance costs include £5.5m in relation to the fair value of 57.8m warrants issued to the Group's lenders as part of the debt refinancing and £15.5m of one-off interest payments payable to the Group's lenders as a consequence of early repayment of a portion of the Group's debt, following the equity raise. The exceptional finance costs in the prior year relate to the write off of the remaining unamortised bank loan and debenture fees relating to the Group's financing arrangements which were in place throughout 2008. The amortisation of these fees was accelerated due to the refinancing of the Group's debt arrangements on 7 April 2009.

8. Tax

Tax (credited to)/charged in the income statement for continuing operations is analysed as follows:

		2009 £m	2008 £m
Current tax:			
UK corporation tax:	Current year	**1.1**	(124.3)
	Prior years	**(5.5)**	6.0
Foreign tax:	Current year	**(32.0)**	(22.8)
	Prior years	**2.4**	–
		(34.0)	(141.1)
Deferred tax:			
UK:	Current year	**(25.4)**	32.7
Foreign:	Current year	**0.4**	31.8
	Prior years	**(0.3)**	–
		(25.3)	64.5
		(59.3)	(76.6)

Corporation tax is calculated at 28.0% (2008: 28.5%) of the estimated assessable loss (2008: loss) for the year in the UK. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions.

Deferred tax recognised in the Group's statement of comprehensive income is due to actuarial losses on post-retirement liabilities at the prevailing rate in the relevant jurisdiction, and the reinstatement of the deferred tax asset relating to post-retirement liabilities. The UK rate of corporation tax reduced from 30% to 28% from 1 April 2008.

The tax credit for the year includes an amount in respect of exceptional items of £73.6m (2008: £100.0m credit). This is made up of a credit of £25.4m (2008: £91.6m) in respect of UK tax and a credit of £48.2m (2008: £8.4m charge) in respect of US tax. The credit in the UK relates to the reinstatement of the pension deferred tax asset on the Group's defined benefit pension scheme and the credit in the US relates to the five year net operating loss carryback introduced as part of an economic stimulus package in the US in November 2009.

8. Tax (continued)

The credit for the year can be reconciled to the loss per the income statement as follows:	2009 £m	2008 £m
Loss before tax	**(699.9)**	(1,969.7)
Tax at the UK corporation tax rate of 28% (2008: 28.5%)	**(196.0)**	(561.4)
(Over)/under provision in respect of prior years	**(3.4)**	6.0
Tax effect of expenses that are not deductible in determining taxable profit	**8.0**	205.6
Non-taxable income	**(3.7)**	(8.4)
Effect of higher rates of tax of subsidiaries operating in other jurisdictions	**(6.9)**	(1.4)
Losses not recognised	**186.0**	217.2
Net reduction in deferred tax assets previously recognised	**–**	65.8
Reinstatement of pension deferred tax asset	**(29.6)**	–
Temporary differences not recognised	**(13.7)**	–
Tax credit for the year	**(59.3)**	(76.6)

9. Dividends

	2009 £m	2008 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2008 of nil (2007: 10.25p) per share	**–**	107.9
Interim dividend for the year ended 31 December 2009 of nil (2008: nil) per share	**–**	–
	–	107.9

The Group does not propose to pay a final dividend in respect of the 2009 financial year (2008: nil).

10. Earnings per share

	2009	2008 (Restated)
Basic loss per share – total Group	**(25.1p)**	(132.7p)
Diluted loss per share – total Group	**(25.1p)**	(132.7p)
Basic loss per share from continuing operations	**(25.1p)**	(136.5p)
Diluted loss per share from continuing operations	**(25.1p)**	(136.5p)
Basic earnings per share from discontinued operations	**–**	3.8p
Diluted earnings per share from discontinued operations	**–**	3.8p
Adjusted basic loss per share from continuing operations	**(4.3p)**	(7.2p)
Adjusted diluted loss per share from continuing operations	**(4.3p)**	(7.2p)
Weighted average number of shares for basic (loss)/earnings per share – million	**2,551.8**	1,387.4
Weighted average number of shares for diluted (loss)/earnings per share – million	**2,551.8**	1,387.4
Weighted average number of shares for adjusted diluted (loss)/earnings per share – million	**2,551.8**	1,387.4

As part of the debt refinancing effective on 30 April 2009, the Group issued 57.8m warrants giving the holders the right to subscribe to an equivalent number of ordinary shares in Taylor Wimpey plc at par value. Due to their anti-dilutive nature, the warrants have been excluded from the current and prior year calculation of weighted average number of shares for the year.

The prior year number of shares used for calculating earnings per share has been restated to include the effect of the bonus share element of the open offer. The earnings per share for the comparative period have been restated as prescribed in IAS 33 'Earnings per share'.

10. Earnings per share (continued)

Adjusted basic and adjusted diluted loss per share, which exclude the impact of exceptional items and the associated net tax charges, are shown to provide clarity on the underlying performance of the continuing Group. A reconciliation from loss from continuing operations attributable to equity shareholders used for basic and diluted loss per share to that used for adjusted loss per share is shown below.

	2009 £m	2008 £m
Loss from continuing operations for basic loss per share and diluted loss per share	**(640.4)**	(1,894.4)
Add exceptional items (see Notes 5 and 7)	**603.8**	1,895.0
Deduct exceptional tax items	**(73.6)**	(100.0)
Loss from continuing operations for adjusted basic and adjusted diluted loss per share	**(110.2)**	(99.4)

11. Goodwill

	£m
Cost and carrying amount	
At 1 January 2008	699.8
Impairment loss recognised in the year	(699.8)
At 31 December 2008	–
Additions	2.4
At 31 December 2009	**2.4**

In 2009 the North America business acquired the remaining stake in a mortgage advisory service which resulted in the recognition of £2.4m of goodwill. As a result of the 2008 impairment test, the Group fully impaired all goodwill associated with both the Housing United Kingdom business segment, and the Housing North America business segment.

12. Other intangible assets

	Brands £m	Software development costs £m	Total £m
Cost			
At 1 January 2008	140.2	16.2	156.4
Additions for the year ended 2008	–	2.5	2.5
At 31 December 2009 and 2008	**140.2**	**18.7**	**158.9**
Amortisation/impairment			
At 1 January 2008	(33.9)	(2.0)	(35.9)
Charge for the year ended 2008	(2.4)	(4.3)	(6.7)
Impairment loss for the year ended 2008	(103.9)	(12.4)	(116.3)
At 31 December 2009 and 2008	**(140.2)**	**(18.7)**	**(158.9)**
Carrying amount			
31 December 2009 and 2008	**–**	**–**	**–**

The Group is required to test goodwill for impairment on an annual basis or sooner when there are indicators that it might be impaired, and to test other intangible assets for impairment if there are indications that the assets might be impaired.

The Group undertook a review in the prior year and the significant downturn in the UK housing market in early 2008 as well as the continued deterioration in the US market led to the Group performing a full impairment test on intangible assets at 30 June 2008. As a result, the Group fully impaired all remaining goodwill, brands and software development costs.

The Group has evaluated its performance in the current year and concluded that it would not be appropriate to reverse any of the previously recognised impairment charges.

13. Property, plant and equipment

	Freehold land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2008	9.3	79.4	88.7
Additions	–	10.9	10.9
Disposals	(8.1)	(34.4)	(42.5)
Changes in exchange rates	0.3	4.9	5.2
At 31 December 2008	1.5	60.8	62.3
Additions	–	2.5	2.5
Disposals	(0.4)	(35.9)	(36.3)
Changes in exchange rates	(0.1)	(1.2)	(1.3)
At 31 December 2009	**1.0**	**26.2**	**27.2**
Accumulated depreciation			
At 1 January 2008	–	(49.7)	(49.7)
Disposals	–	14.7	14.7
Charge for the year	–	(7.9)	(7.9)
Changes in exchange rates	–	(3.9)	(3.9)
At 31 December 2008	–	(46.8)	(46.8)
Disposals	–	31.6	31.6
Charge for the year	–	(4.7)	(4.7)
Changes in exchange rates	–	0.9	0.9
At 31 December 2009	–	**(19.0)**	**(19.0)**

Carrying amount	Freehold land and buildings £m	Plant and equipment £m	Total £m
At 31 December 2009	**1.0**	**7.2**	**8.2**
At 31 December 2008	1.5	14.0	15.5

14. Interests in joint ventures

	2009 £m	2008 £m
Aggregated amounts relating to share of joint ventures		
Non-current assets	**–**	–
Current assets	**63.5**	89.4
Total assets	**63.5**	89.4
Current liabilities	**(10.6)**	(20.2)
Non-current liabilities	**(27.6)**	(32.5)
Total liabilities	**(38.2)**	(52.7)
Carrying amount	**25.3**	36.7
Loans to joint ventures	**26.6**	31.0
Total interests in joint ventures	**51.9**	67.7

14. Interests in joint ventures (continued)

	2009 £m	2008 £m
Share of post-tax profits from joint ventures		
Revenue	**16.3**	24.2
Cost of sales	**(10.0)**	(14.5)
Gross profit	**6.3**	9.7
Net operating expenses	**(0.6)**	(1.7)
Profit on ordinary activities before finance costs	**5.7**	8.0
Finance costs	**–**	(0.2)
Profit on ordinary activities before tax	**5.7**	7.8
Taxation	**(0.1)**	(0.2)
Share of joint ventures' post-tax results for the year	**5.6**	7.6

The Group has three (2008: four) principal joint ventures.

Particulars of principal joint ventures are as follows:

Country of incorporation	Name of joint venture equity accounted in the consolidated accounts	Taylor Wimpey plc interest in the issued ordinary share capital
Great Britain	Strada Developments Limited*	50%
	Academy Central Limited Liability Partnership*	50%
USA	Taylor Woodrow Communities/Steiner Ranch Limited*	50%

* Interest held by subsidiary undertakings.

15. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting year.

	Capital allowances £m	Short term timing differences £m	Brands £m	Inventory adjustments £m	Retirement benefit obligations £m	Total £m
At 1 January 2008	4.2	10.0	(29.8)	40.1	63.4	87.9
(Charge)/credit to income	(5.5)	(3.0)	29.8	(46.1)	(39.7)	(64.5)
Charge to equity	–	–	–	–	(23.7)	(23.7)
Disposal of subsidiaries	–	(0.4)	–	–	–	(0.4)
Changes in exchange rates	–	–	–	6.0	–	6.0
At 31 December 2008	(1.3)	6.6	–	–	–	5.3
Credit/(charge) to income	0.1	(1.9)	–	–	27.1	25.3
Credit to equity	–	–	–	–	87.6	87.6
Disposal of subsidiaries	0.4	–	–	–	–	0.4
Changes in exchange rates	–	0.2	–	–	–	0.2
At 31 December 2009	**(0.8)**	**4.9**	**–**	**–**	**114.7**	**118.8**

In 2009 the Group has reinstated the deferred tax asset relating to the pension deficit, including £47.2m written off in the prior year, on the basis that the deficit is a long term liability of circa 15 years that will be satisfied from future profitability.

In the prior year the £23.7m charge to equity comprised £23.5m credited directly to equity in respect of deferred tax on actuarial losses on the defined benefit pension scheme taken to the statement of recognised income and expense and a charge of £47.2m to equity in respect of the write off of the deferred tax asset on retirement benefit obligations.

The Group also reduced its deferred tax assets in the prior year on losses, capital allowances, short term timing differences and inventory write downs to reflect the weakening market and worsening economic conditions.

The deferred tax liability on brands was eliminated in 2008 following the decision to fully impair those brands.

15. Deferred tax (continued)

The net deferred tax balance is analysed into assets and liabilities as follows:

	2009 £m	2008 £m
Deferred tax assets	119.6	6.6
Deferred tax liabilities	(0.8)	(1.3)
	118.8	5.3

At the balance sheet date, the Group has unused UK capital losses of £409.2m (2008: £409.2m), of which £271.7m (2008: £271.7m) are agreed as available for offset against future capital profits. No deferred tax asset has been recognised in respect of these losses because the Group does not believe that it is probable that these capital losses will be utilised in the foreseeable future. In addition, some of the capital losses would be further restricted as to offset dependent on the source within the Taylor Wimpey Group of any gains and previous losses.

The Group has not recognised potential deferred tax assets relating to inventory charges and tax losses carried forward amounting to £375.1m (2008: £248.3m) in the UK , £267.0m (2008: £303.6m) in the US and £21.4m (2008: £17.3m) in other jurisdictions. Local tax legislation permits losses to be carried forward 20 years in the US, 15 years in Spain and indefinitely in the UK.

16. Inventories

	2009 £m	2008 £m
Raw materials and consumables	1.6	1.5
Finished goods and goods for resale	12.1	34.4
Residential developments:		
Land*	2,341.8	3,410.3
Development and construction costs	1,242.8	1,438.8
Commercial, industrial and mixed development properties	5.0	5.6
	3,603.3	4,890.6

* Details of land creditors are in Note 20.

The Directors consider all inventories to be current in nature. The operational cycle is such that the majority of inventory will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised, as this will be subject to a number of issues such as consumer demand and planning permission delays.

Non-refundable land option payments of £81.2m (2008: £81.3m) are recorded within 'Residential developments: Land'.

17. Other financial assets

Trade and other receivables

	Current		Non-current	
	2009 £m	2008 £m	2009 £m	2008 £m
Trade receivables	77.3	127.3	48.0	40.0
Joint ventures	–	–	–	0.2
Currency and interest rate derivatives	–	–	11.1	3.0
Other receivables	53.2	54.0	5.9	4.7
	130.5	181.3	65.0	47.9

The average credit period taken on sales is 13 days (2008: 13 days). An allowance has been made for estimated irrecoverable amounts from trade receivables of £7.0m (2008: £3.7m). This allowance has been determined by reference to past default experience.

Cash and cash equivalents

	2009 £m	2008 £m
Cash and cash equivalents (see Note 21)	132.1	752.3

Cash and cash equivalents comprise cash held by the Group and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value in both years.

18. Bank loans and overdrafts

	2009 £m	2008 £m
Bank overdrafts repayable on demand	**12.7**	22.6
Bank loans	**148.4**	1,289.9
	161.1	1,312.5

	2009 £m	2008 £m
Amount due for settlement within one year	**12.7**	23.4
Amount due for settlement after one year	**148.4**	1,289.1
Total bank borrowings	**161.1**	1,312.5

	Bank overdraft £m	Bank loans £m
Analysis of borrowings by currency:		
31 December 2009		
Sterling	**–**	**41.2**
Canadian dollars	**12.7**	**–**
Euros	**–**	**107.2**
Ghanaian cedis	**–**	**–**
US dollars	**–**	**–**
	12.7	**148.4**
31 December 2008		
Sterling	0.1	1,030.0
Canadian dollars	18.4	–
Euros	–	106.3
Ghanaian cedis	4.1	–
US dollars	–	153.6
	22.6	1,289.9

Bank borrowings and overdrafts are arranged at floating rates of interest, from 3% to 4% (2008: 3.82% to 19.75%).

Secured bank loans and overdrafts outstanding totalled £12.7m (2008: £23.4m). Secured bank loans and overdrafts are secured on certain fixed asset properties and land.

19. Debenture loans

	2009 £m	2008 £m
Unsecured		
9.00% US$35m notes 2009	15.2	24.7
5.73% US$110m notes 2009	47.5	76.4
5.53% US$75m notes 2011	38.0	52.1
6.625% £250m guaranteed bonds 2012 (1)	207.6	254.5
6.21% US$70m notes 2012	31.7	48.8
6.80% £30m notes 2012	22.0	30.0
4.72% US$28m notes 2013	12.5	18.6
6.31% US$110m notes 2014	50.5	76.5
6.03% US$175m notes 2014	90.0	121.5
4.98% US$38m notes 2015	16.9	25.2
6.72% US$30m notes 2017	14.0	21.1
5.29% US$30m notes 2018	13.4	19.7
6.375% £200m bonds 2019	162.6	200.0
Carrying value	721.9	969.1
Fair value	681.9	308.8

(1) The guarantee in respect of the 6.625% £250m guaranteed bond 2012 was released on 16 January 2004.

The descriptions presented above refer to the titles of the debenture loan issues at their original issue date.

The fair value for all debenture loans has been derived from inputs that are observable for the liability either directly or indirectly, relevant for the term and currency.

As a result of negotiations concluding in April 2009 the terms of the above debentures were changed such that they were either extended to mature on 3 July 2012 or capable of being repaid early on the same date. The coupons have also been modified to be a variable rate based on gearing tested at each quarter end. Interest rates can vary from the lowest at 7.6% to the highest at 11.2% and in accordance with the new terms a partial prepayment was made following the equity raise. Prepayment penalties have been deferred and are included in the above table.

	2009 £m	2008 £m
Repayable		
Within one year or on demand	–	101.1
Total falling due in more than one year	721.9	868.0
	721.9	969.1

Interest rates and currencies of debenture loans:

	Fixed rate £m	Weighted average interest rate %	Weighted average time until maturity years
31 December 2009			
Sterling(2)	392.2	8.6	2.5
US dollars	329.7	8.1	2.5
	721.9	8.3	2.5
31 December 2008			
Sterling(2)	484.5	6.53	6.2
US dollars	484.6	6.04	4.4
	969.1	6.29	5.5

(2) Interest on £100m (2008: £100m) of the 6.625% £250m guaranteed bond 2012 has been swapped from the underlying 6.625% to floating rate based on US dollar LIBOR applicable to periods of three months. The above table does not reflect the impact of these swaps.

20. Trade and other payables

	Current		Non-current	
	2009 £m	2008 £m	2009 £m	2008 £m
Trade payables	**249.7**	562.9	**203.7**	293.8
Joint ventures	**1.3**	–	**–**	–
Currency and interest rate derivatives	**12.9**	14.4	**–**	–
Other payables	**496.1**	593.4	**74.9**	48.3
	760.0	1,170.7	**278.6**	342.1

Trade payable days were 20 days (2008: 26 days), based on the ratio of year end trade payables (excluding sub-contract retentions and unagreed claims of £35.3m (2008: £28.8m) and land creditors) to amounts invoiced during the year by trade creditors.

Other payables include customer deposits for reserving plots of £91.5m (2008: £80.1m).

Land creditors (included within trade payables) are due as follows:	2009 £m	2008 £m
Due within one year	**124.3**	355.2
Due in more than one year	**201.4**	290.1
	325.7	645.3

Land creditors are denominated as follows:	2009 £m	2008 £m
Sterling	**275.6**	552.5
US dollars	**1.0**	33.1
Canadian dollars	**38.6**	35.9
Euros	**10.5**	23.8
	325.7	645.3

Land creditors of £195.0m (2008: £492.0m) are secured against land acquired for development, or supported by bond or guarantee.

21. Financial instruments

Refinancing

On 7 April 2009 the Group successfully reached agreement with its banks and private placement holders regarding a revised covenant and financing package (the Override Agreement). The Group also reached similar agreement with the holders of its two public Eurobond issues on 30 April 2009. The principal terms of the refinancing consisted of an alignment of all debt maturity dates to 3 July 2012, an increase in margin or coupon, an additional interest charge in the form of payment in kind (PIK) and warrants giving all lenders at the time the right to subscribe in cash for a combined total of approximately 5% of the Company's ordinary share capital at a fixed price and a revised operating and financial covenant package. Following the equity raise in June 2009 the Group was able to reduce its borrowings to below a level such that PIK stopped accruing, the additional interest reduced and restrictive operating covenants relaxed.

Capital management

The Group's objective is to obtain a strong credit rating for the business and to have an appropriate funding structure based on a minimum interest cover and maximum gearing. In the current circumstances maintaining interest cover is not applicable as cash generation has been the Group's primary focus, however complying with policy remains an objective of the Group when market conditions allow. Shareholder's equity and long term debt are used to finance fixed assets and medium to long term land bank. Revolving credit facilities are used to fund net current assets including work in progress and short term land.

21. Financial instruments (continued)

Financial assets and financial liabilities

Categories of financial assets and financial liabilities are as follows:

Financial assets	Note	2009 Carrying value £m	2008 Carrying value £m
Cash and cash equivalents	(b)	**132.1**	752.3
Derivative financial instruments:			
Designated as effective hedging instruments	(a)	**11.1**	0.4
Held for trading	(a)	**–**	2.7
Loans and receivables:			
Land receivables	(b)	**21.0**	55.6
Trade and other receivables	(b)	**121.6**	95.4
Mortgage receivables	(b)	**41.7**	31.7
		327.5	938.1

Land receivables and trade and other receivables are included in the balance sheet as trade and other receivables for current and non-current amounts.

Current and non-current trade and other receivables, as disclosed, in Note 17 include £41.8m (2008: £43.4m) of non-financial assets.

Financial liabilities	Note	2009 Carrying value £m	2008 Carrying value £m
Derivative financial instruments:			
Designated as effective hedging instruments	(a)	**–**	1.8
Held for trading	(a)	**12.9**	12.6
Amortised cost:			
Bank loans and overdrafts		**161.1**	1,312.5
Land creditors	(b)	**325.7**	645.3
Trade and other payables	(b)	**577.8**	701.1
Debentures	(c)	**721.9**	969.1
		1,799.4	3,642.4

Land creditors and trade and other payables are included in the balance sheet as trade and other payables for current and non-current amounts.

Current and non-current trade and other payables, as disclosed in Note 20, include £122.2m (2008: £152.6m) of non-financial liabilities.

(a) Derivative financial instruments are carried at fair value. The fair values are derived from inputs that are observable for the asset or liability either directly or indirectly and relevant for the term, currency and instrument and are therefore Level 2 as described in the IFRS 7 update effective 1 January 2009.

(b) The Directors consider that the carrying amount of other financial assets and liabilities recorded in the financial statements approximates their fair values.

(c) Details of fair values of debenture loans are provided in Note 19.

21. Financial instruments (continued)

The Group has the following types of derivatives:

	2009 Notional amount	2009 Weighted average fixed	2008 Notional amount	2008 Weighted average fixed
Designated as held for trading:				
Floating £ to fixed £ interest	**£185.0m**	**5.28%**	£185.0m	5.28%
Fixed US$ to floating US$ interest	**–**	**–**	US$145.0m	5.16%
Designated as hedging instruments:				
US$160.5m floating US$ to fixed £ interest	**£100.0m**	**6.63%**	£100.0m	6.63%

In addition, forward contracts have been entered into to hedge transaction risks on intra-Group loans to buy against Sterling: US$37m, €2.5m and C$54.5m (2008: US$nil, €2.5m and C$nil). The fair values of the forward contracts are not material as they were entered into on or near 31 December 2009 and mature not more than one month later.

Loss before tax has been arrived at after charging/(crediting) the following gains and losses:	2009 £m	2008 £m
Change in fair value of financial liabilities designated as effective hedged items	**(0.5)**	6.9
Change in fair value of derivatives designated as effective hedging instruments	**0.5**	(6.9)
Change in fair value of derivatives classified as held for trading	**(2.1)**	(10.8)
	(2.1)	(10.8)

Market risk

The Group's activities expose it to the financial risks of changes in both foreign currency exchange rates and interest rates. The Group aims to manage the exposure to these risks by the use of fixed or floating rate borrowings, foreign currency borrowings and derivative financial instruments.

(a) Interest rate risk management

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The exposure to these borrowings varies during the year due to the seasonal nature of cash flows relating to housing sales and the less certain timing of land payments. A combination of fixed rate borrowings and interest rate swaps are used to manage the volatility risk such that at the year end, taking all interest rate derivatives into account, fixed rate borrowings are not more than 70% of total borrowings but not less than 50%. Group policy does not allow the use of derivatives to speculate against changes to future interest rates and they are only used to manage exposure to volatility.

In order to measure the risk, floating rate borrowings and the expected interest cost for the year are forecast on a monthly basis and compared to budget using management's expectations of a reasonably possible change in interest rates. Interest expense volatility remained within acceptable limits throughout the year although our fixed rate exposure is currently in excess of policy. At the year end the Group had £802.0m (2008: £827.1m) of fixed rate exposure equivalent to 107% (2008: 62%) of net debt. The Group are currently not permitted to enter into new derivatives or cancel existing derivatives, if resulting in cash outflow, due to the terms of its renegotiated debt facilities.

Hedge accounting

Hedging activities are evaluated periodically to ensure that they are in line with policy.

The cross currency, fixed to floating interest rate swaps have been bifurcated for hedging purposes and designated as fair value hedges such that the Group receives interest at a fixed rate of 6.625% based on a nominal value of £100.0m matching the underlying borrowing and pay US dollar floating rates on a nominal value of US$160.5m. During the period, the hedge was 100% effective (2008: 100%) in hedging the fair value exposure to interest rate movements and as a result the carrying amount of the loan was increased by £4.9m (2008: reduced by £6.9m) which was included in the income statement offsetting the fair value movement of the bifurcated interest rate swap.

A number of derivatives are held which, while providing an economic hedge to the volatility of interest rates, do not satisfy the strict requirements for hedge accounting and are therefore designated as held for trading.

21. Financial instruments (continued)

Interest rate sensitivity

The effect on both income and equity, based on exposure to non-derivative floating rate instruments at the balance sheet date, for a 1% (2008: 1%) rise in interest rates is £(0.3m) (2008: £(5.6m)), before tax, a 1% (2008: 1%) fall in interest rates gives the same but opposite effect. For derivatives the fair values have been calculated based on rates available from a recognised financial information provider adjusted for the sensitivity as shown in the tables below.

Due to seasonal fluctuations the level of net borrowings at the financial year end are not representative of net borrowings during the year and therefore interest rate sensitivity before tax for a reasonably possible 1% (2008: 1%) rise in floating rate instruments as shown below is based on a monthly average for the year. The table assumes all other variables remain constant and in accordance with IFRS 7 does not attempt, for example, to include the effects of any resultant change in exchange rates.

1% increase in interest rates	Sensitivity income 2009 £m	Sensitivity equity 2009 £m	Sensitivity income 2008 £m	Sensitivity equity 2008 £m
Derivatives	3.2	3.4	4.4	4.7
Non-derivatives (based on average for the year)	(4.2)	(4.2)	(9.5)	(9.5)
	(1.0)	(0.8)	(5.1)	(4.8)

1% decrease in interest rates	Sensitivity income 2009 £m	Sensitivity equity 2009 £m	Sensitivity income 2008 £m	Sensitivity equity 2008 £m
Derivatives	(3.3)	(3.5)	(4.6)	(4.8)
Non-derivatives (based on average for the year)	4.2	4.2	9.5	9.5
	0.9	0.7	4.9	4.7

(b) Foreign currency risk management

The Group's overseas activities expose it to the financial risks of changes in foreign currency exchange rates primarily to US dollars, Canadian dollars and the Euro.

The Group is not materially exposed to transaction risks as nearly all Group companies conduct their business in their respective functional currencies. Group policy requires that transaction risks are hedged to the functional currency of the subsidiary using foreign currency borrowings or derivatives where appropriate.

The Group is also exposed to the translation risk of accounting for both the income and the net investment held in functional currencies other than Sterling. The net investment risk is partially hedged using foreign currency borrowings and derivatives. Assets and liabilities denominated in non-functional currencies are retranslated each month using the latest exchange rates and resultant exchange gains or losses monitored each month. Income is also measured monthly using the latest exchange rates and compared to a budget held at historical exchange rates. Other than the natural hedge provided by foreign currency borrowings the translation risk of income is not hedged using derivatives. The policy is kept under periodic review.

The Group's exposure to, and the way in which it manages, exchange rate risk has not changed from the previous year.

Hedge accounting

The Group designates the bifurcated cross currency swaps such that the nominal amount of US$160.5m (2008: US$160.5m) is used to hedge part of the Group's net investment in US dollar denominated assets and liabilities.

The Group has also designated the carrying value of US$287.5m and €75.0m (2008: US$527.5m and €75.0m) borrowings as a net investment hedge of part of the Group's investment in US dollar and Euro denominated assets respectively.

Due to net realisable value provisions and derecognition of deferred tax assets in North America the designated hedging instruments exceeded the carrying value of hedged investments for part of the year and in accordance with policy any exchange gains or losses on the excess hedge have been recognised in the income statement. The change in the carrying amount of the derivatives which were effective hedging instruments and the change in the carrying value of the borrowings offset the exchange movement on the Group's US dollar and € net investments and are included in the translation reserve.

21. Financial instruments (continued)

Foreign currency sensitivity

The Group is primarily exposed to US dollars, Canadian dollars and the Euro. The following table details how the Group's income and equity would increase/(decrease) on a before tax basis, to a 20% increase (2008: 20%) in the respective currencies against Sterling and in accordance with IFRS 7, all other variables remaining constant. A 20% (2008: 20%) decrease in the value of Sterling would have an equal but opposite effect.

The 20% (2008: 20%) change represents a reasonably possible change in the specified foreign exchange rates in relation to Sterling.

	Income sensitivity 2009 £m	Equity sensitivity 2009 £m	Income sensitivity 2008 £m	Equity sensitivity 2008 £m
US dollar	(5.4)	29.6	(4.4)	10.6
Canadian dollar	(1.2)	(37.7)	(0.4)	(35.2)
Euro	(0.8)	(14.1)	0.4	(14.1)
	(7.4)	(22.2)	(4.4)	(38.7)

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations.

The Group's policy is that surplus cash when not used to repay borrowings is placed on deposit with the Group's revolving credit facility syndicate banks and with other banks based on a minimum credit rating. Credit risk on derivatives where the fair value is positive is closely monitored and remains within acceptable limits.

Land receivables arise from sales of surplus land on deferred terms. A policy is in place such that if the risk is not acceptable then the deferred payment must have adequate security either by the use of an appropriate guarantee or a charge over the land. The fair value of any land held as security is considered by management to be sufficient in relation to the carrying amount of the receivable to which it relates.

Trade and other receivables comprise mainly amounts receivable from various housing associations and other housebuilders. Management consider that the credit quality of the various debtors is good in respect of the amounts outstanding and therefore credit risk is considered to be low. There is no significant concentration of risk. A small allowance for credit losses against sundry debtors is held, however, the balance is not material in relation to the gross carrying value of this particular class of financial asset.

The Group's exposure to credit risk has reduced compared to the prior year due to the current policy of minimising cash balances in order to reduce carry costs. In 2008 the Group maintained a higher level of liquidity due to the concerns affecting the banking sector.

The carrying amount of financial assets, as detailed above, represents the Group's maximum exposure to credit risk at the reporting date assuming that any security held has no value.

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources available to meet its obligations as they fall due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, matching the expected cash flow timings of financial assets and liabilities and ideally through the use of term borrowings, overdrafts and committed revolving credit facilities for a minimum of 12 months from maturity. Future borrowing requirements are forecast on a weekly and monthly basis and funding headroom is maintained above forecast peak requirements to meet unforeseen events. Following the debt refinancing all bank loans, debentures and revolving credit facilities are capable of being repayable or mature on 3 July 2012. It is the objective of the Group to return to a more appropriate maturity profile when conditions allow.

In addition to term borrowings and committed overdraft facilities the Group has access to committed revolving credit facilities and cash balances. At the balance sheet date, the total unused committed amount was £1,078.3m (2008: £410.9m) and cash and cash equivalents of £132.1m (2008: £752.3m).

21. Financial instruments (continued)

The maturity profile of the anticipated future cash flows including interest using the latest applicable relevant rate based on the earliest date on which the Group can be required to pay financial liabilities on an undiscounted basis is as follows:

Financial liabilities	Bank loans and overdraft £m	Land creditors £m	Other trade payables £m	Debenture loans £m	Total £m
On demand	12.7	–	–	–	12.7
Within one year	4.4	132.5	414.8	59.8	611.5
More than one year and less than two years	4.4	90.9	18.1	59.8	173.2
More than two years and less than five years	150.6	95.4	21.4	747.3	1,014.7
In more than five years	–	29.8	–	–	29.8
31 December 2009	**172.1**	**348.6**	**454.3**	**866.9**	**1,841.9**

Financial liabilities	Bank loans and overdraft £m	Land creditors £m	Other trade payables £m	Debenture loans £m	Total £m
On demand	22.8	–	–	–	22.8
Within one year	60.3	410.1	634.1	160.3	1,264.8
More than one year and less than two years	59.6	83.3	40.1	54.1	237.1
More than two years and less than five years	1,379.4	118.0	13.5	463.0	1,973.9
In more than five years	–	38.4	13.4	554.9	606.7
31 December 2008	1,522.1	649.8	701.1	1,232.3	4,105.3

The following table represents the undiscounted cash flow profile of the Group's derivative financial instruments and has been calculated using implied interest rates and exchange rates derived from the respective yield curves. Interest rate swaps are settled net and foreign currency swaps and forward contracts are settled gross except in the case of a default by either party where the amounts may be settled net.

Derivatives	Net-settled derivatives net amount £m	Gross-settled derivatives receivable £m	Gross-settled derivatives payable £m	Total £m
Within one year	(7.7)	6.6	(2.6)	(3.7)
More than one year and less than two years	(4.7)	6.6	(4.1)	(2.2)
More than two years and less than five years	(0.7)	113.3	(107.5)	5.1
31 December 2009	**(13.1)**	**126.5**	**(114.2)**	**(0.8)**

Derivatives	Net-settled derivatives net amount £m	Gross-settled derivatives receivable £m	Gross-settled derivatives payable £m	Total £m
Within one year	(1.6)	9.0	(7.3)	0.1
More than one year and less than two years	(4.8)	6.6	(5.4)	(3.6)
More than two years and less than five years	(3.4)	113.3	(112.3)	(2.4)
In more than five years	(0.8)	–	–	(0.8)
31 December 2008	(10.6)	128.9	(125.0)	(6.7)

22. Retirement benefit schemes

Retirement benefit obligation comprises gross pension liability of £406.4m (2008: £277.2m) and gross post-retirement healthcare liability of £2.9m (2008: £2.6m).

The Group operates defined benefit and defined contribution pension schemes. In the UK, the Taylor Woodrow Group Pension and Life Assurance Fund (TWGP&LAF) and the George Wimpey Staff Pension Scheme (GWSPS) are funded defined benefit schemes. The Taylor Woodrow NHS Pension Scheme (TWNHSPS), which was also a defined benefit scheme, was disposed of as part of the disposal of the Construction business on 9 September 2008. The TWGP&LAF merged with the Bryant Group Pension Scheme (BGPS) on 24 June 2002 and with the Wilson Connolly Holdings Pension Scheme (WCHPS), the Wainhomes Ltd Pension Scheme (WHLPS) and the Prestoplan Pension Scheme (PPS) on 27 August 2004. These schemes are managed by boards of trustees. The Group's defined benefit schemes are closed to new entrants. The TWGP&LAF was closed to future pension accrual with effect from 30 November 2006. An alternative Defined Contribution arrangement, the Taylor Wimpey Personal Choice Plan, is offered to new employees and from 1 December 2006 to employees who previously accrued benefits in the TWGP&LAF. Legacy George Wimpey staff are members of a UK Stakeholder arrangement. The Group also operates a number of small overseas pension schemes including defined benefit schemes in the US and Canada. Of the defined benefit pension scheme net deficit of £406.4m (2008: £277.2m) at 31 December 2009, £401.4m (2008: £268.3m) related to the TWGP&LAF and GWSPS schemes in the UK and £5.0m (2008: £8.9m) related to defined benefit schemes in the US and Canada.

The pension scheme assets of the Group's principal defined benefit pension schemes, TWGP&LAF and GWSPS are held in a separate trustee-administered fund to meet long term pension liabilities to past and present employees. The trustees of the schemes are required to act in the best interests of the schemes' beneficiaries. The appointment of trustees is determined by each scheme's trust documentation. The Group has a policy that at least one-third of all trustees should be nominated by members of the scheme.

The most recent formal actuarial valuation of the TWGP&LAF was carried out at 1 June 2007. The most recent formal actuarial valuation of the GWSPS was carried out at 31 March 2007. The projected unit method was used in all valuations and assets were taken into account using market values.

The next formal valuations of the TWGP&LAF and GWSPS are taking place as at 31 March 2010. The statutory funding objective is that each scheme has sufficient and appropriate assets to pay its benefits as they fall due. The general principles adopted by the trustees will be that the assumptions used, taken as a whole, will be sufficiently prudent for pensions and benefits already in payment to continue to be paid, and to reflect the commitments which will arise from members' accrued pension rights.

Contributions of £10.6m (2008: £8.9m) were charged to income in respect of defined contribution schemes.

In 2008 the Group agreed revised funding schedules with the Trustees of both schemes under which the Group will make annual funding contributions of £20m over eight years in respect of the TWGP&LAF and £25m over 10 years in respect of the GWSPS. Following the last valuation of the GWSPS, the ordinary contribution rate was set at 18% of pensionable salaries.

The main financial assumptions, which were used for the triennial funding valuation and are all relative to the inflation assumption, are as set out below:

Assumptions	TWGP&LAF	GWSPS
RPI inflation	**3.15%**	**3.15%**
Discount rate – pre/post-retirement	**5.60%**	**6.75%-4.75%**
General pay inflation	**–**	**5.15%**
Real pension increases	**0.00%**	**0.00%**

Valuation results	TWGP&LAF	GWSPS
Market value of assets	**£764m**	**£668m**
Past service liabilities	**£926m**	**£883m**
Scheme funding levels	**82%**	**76%**

The valuations of the Group's pension schemes have been updated to 31 December 2009 and the position of overseas schemes has been included within the IAS 19 disclosures. The principal actuarial assumptions used in the calculation of the disclosure items are as follows:

	United Kingdom		North America	
	2009	2008	**2009**	2008
As at 31 December				
Discount rate for scheme liabilities	**5.70%**	6.30%	**5.94%-6.00%**	5.80-7.00%
Expected return on scheme assets	**5.90%-6.20%**	5.80-6.45%	**6.50%-8.00%**	5.50-8.00%
General pay inflation	**4.30%**	4.30%	**3.00%-3.50%**	3.00%
Deferred pension increases	**3.30%**	2.80%	**0.00%**	0.00%
Pension increases	**2.30%-3.20%**	2.15-3.35%	**0.00%-3.00%**	0.00-3.00%

The basis for the above assumptions are prescribed by IAS 19 and do not reflect the assumptions that may be used in future funding valuations of the Group's pension schemes.

22. Retirement benefit schemes (continued)

The current life expectancies (in years) underlying the value of the accrued liabilities for the main UK plans are:

	2009		2008	
Life expectancy at age 65	Male	Female	Male	Female
Member currently age 65	86	89	86	89
Member currently age 45	87	90	87	90

The fair value of assets and present value of obligations of the Group's defined benefit pension schemes are set out below:

	Expected rate of return % p.a	United Kingdom £m	North America £m	Total plans £m	Percentage of total plan assets held
31 December 2009					
Assets:					
Equities	7.90%	527.9	9.8	537.7	38%
Bonds	5.70%	294.0	5.4	299.4	21%
Gilts	4.40%	444.8	–	444.8	32%
Other assets	3.30%-7.90%	129.7	0.7	130.4	9%
		1,396.4	15.9	1,412.3	100%
Present value of defined benefit obligations		(1,797.8)	(20.9)	(1,818.7)	
Deficit in schemes recognised as non-current liability		(401.4)	(5.0)	(406.4)	
31 December 2008					
Assets:					
Equities	6.90%	422.2	9.3	431.5	34%
Bonds	6.50%	324.2	5.8	330.0	26%
Gilts	3.40%	474.8	–	474.8	37%
Other assets	2.00%	44.2	–	44.2	3%
		1,265.4	15.1	1,280.5	100%
Present value of defined benefit obligations		(1,533.7)	(24.0)	(1,557.7)	
Deficit in schemes recognised as non-current liability		(268.3)	(8.9)	(277.2)	

To develop the expected long term rate of return on assets assumption, the Group considered the current level of expected returns on investments (particularly government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class were then weighted based on the asset allocation to develop the expected long term rate of return on assets assumption for the portfolio.

The expected return on scheme assets is based on market expectations at the beginning of the financial period for returns over the life of the related obligation. The expected yield on bond investments with fixed interest rates can be derived exactly from their market value. Some of these bond investments are issued by the UK Government. The risk of default on these is very small. The trustees also hold bonds issued by public companies. There is a more significant risk of default on these which is assessed by various rating agencies.

The trustees also have a substantial holding of equity investments. The investment return related to these is variable, and they are generally considered 'riskier' investments.

It is generally accepted that the yield on equity investments will contain a premium, 'the equity risk premium', to compensate investors for the additional risk of holding this type of investment. There is significant uncertainty about the likely size of this risk premium.

A summary of the target asset allocations of the major defined benefit schemes are shown below:

	TWGP&LAF	GWSPS
UK Equities	17%	18%
Non-UK Equities	30%	12%
Index-Linked Gilts	15%	25%
Fixed-Interest Gilts	10%	16%
Other UK bonds	25%	24%
GTAA	–	5%
Property	3%	–

22. Retirement benefit schemes (continued)

	2009 £m	2008 £m
Amount charged against income:		
Current service cost	(4.1)	(5.5)
Curtailment loss	–	(0.9)
Settlement loss	–	–
Operating cost	(4.1)	(6.4)
Expected return on scheme assets	61.2	82.0
Interest cost on scheme liabilities	(95.5)	(93.7)
Finance charges	(34.3)	(11.7)
Total charge	(38.4)	(18.1)

The actual return on scheme assets was a gain of £41.5m (2008: loss of £128.4m).

	2009 £m	2008 £m
Actuarial (losses)/gains in the statement of recognised income and expenses:		
Difference between actual and expected return on scheme assets	102.7	(210.4)
Experience gains/(losses) arising on scheme liabilities	29.1	(22.1)
Changes in assumptions	(273.6)	142.3
Total loss recognised in the statement of recognised income and expense	(141.8)	(90.2)

The cumulative amount of actuarial losses recognised in the statement of comprehensive income is £215.6m loss (2008: £73.8m loss).

	2009 £m	2008 £m
Movement in present value of defined benefit obligations		
1 January	1,557.7	1,650.6
Changes in exchange rates	(1.6)	5.6
Service cost	4.1	5.5
Curtailment gain	–	0.9
Benefits paid and expenses	(83.1)	(80.4)
Contributions – employee	1.6	2.0
Interest cost	95.5	93.7
Actuarial gains/(losses)	244.5	(120.2)
31 December	1,818.7	1,557.7

	2009 £m	2008 £m
Movement in fair value of scheme assets		
1 January	1,280.5	1,434.2
Changes in exchange rates	(0.7)	3.0
Expected return on scheme assets and expenses	61.2	82.0
Contributions – employer and employee	51.7	52.5
Benefits paid	(83.1)	(80.8)
Actuarial gains/(losses)	102.7	(210.4)
31 December	1,412.3	1,280.5

22. Retirement benefit schemes (continued)

	2009 £m	2008 £m	2007 £m	2006 £m	2005 £m
History of experience gains and losses:					
Fair value of scheme assets	**1,412.3**	1,280.5	1,434.2	749.7	706.1
Present value of defined benefit obligations	**(1,818.7)**	(1,557.7)	(1,650.6)	(955.6)	(925.9)
Deficit in the scheme	**(406.4)**	(277.2)	(216.4)	(205.9)	(219.8)
Difference between actual and expected return on scheme assets:					
Amount	**102.7**	(210.4)	(12.7)	24.2	61.4
Percentage of scheme assets	**7.3%**	16.4%	1.0%	3.0%	9.0%
Experience adjustments on scheme liabilities:					
Amount	**29.1**	(22.1)	26.7	0.2	(32.6)
Percentage of scheme liabilities	**1.6%**	1.4%	2.0%	0.0%	4.0%

The estimated amounts of contributions expected to be paid to the TWGP&LAF during 2010 are £20.0m, to the GWSPS are £28.7m.

The Group liability is the difference between the scheme liabilities and the scheme assets. Changes in the assumptions may occur at the same time as changes in the market value of scheme assets. These may or may not offset the change in assumptions. For example, a fall in interest rates will increase the scheme liability, but may also trigger an offsetting increase in the market value so there is no net effect on the Company liability.

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.1% p.a.	Decrease by £27.8m
Rate of inflation	Increase by 0.1% p.a.	Increase by £17.7m
Rate of pay inflation	Increase by 0.1% p.a.	Increase by £1.1m
Rate of mortality	Members assumed to live 1 year longer	Increase by £51.7m

The projected liabilities of the defined benefit scheme are apportioned between members' past and future service using the projected unit actuarial cost method. The defined benefit obligation makes allowance for future earnings growth. If all active members were assumed to leave the Company and the allowance for future earnings growth was replaced by an allowance for statutory revaluation, the liabilities would reduce by £11.0m (2008: £15.0m).

The gross post-retirement liability also includes £2.9m at 31 December 2009 (2008: £2.6m) in respect of continuing post-retirement healthcare insurance premiums for retired long-service employees. The liability is based upon the actuarial assessment of the remaining cost by a qualified actuary on a net present value basis at 31 December 2008.

The cost is calculated assuming a discount rate of 3.6% per annum (2008: 5.0%) and an increase in medical expenses of 10.0% per annum (2008: 10.0%). The premium cost to the Group in respect of the retired long-service employees for 2009 was £0.2m (2008: £0.2m).

23. Provisions

	Housing maintenance £m	Restructuring £m	Other £m	Total £m
At 1 January 2008	38.5	33.6	14.5	86.6
Additional provision in the year	5.9	35.1	36.0	77.0
Utilisation of provision	(15.0)	(42.2)	(3.4)	(60.6)
Released	(0.7)	(5.2)	(3.2)	(9.1)
Changes in exchange rates	10.3	0.8	2.1	13.2
At 31 December 2008	39.0	22.1	46.0	107.1
Additional provision in the year	6.2	4.2	12.9	23.3
Utilisation of provision	(7.8)	(9.4)	(8.0)	(25.2)
Released	(0.8)	(0.2)	(0.2)	(1.2)
Transfers and Reclassification	(24.5)	(0.2)	24.7	–
Changes in exchange rates	(3.0)	(0.6)	(1.6)	(5.2)
At 31 December 2009	**9.1**	**15.9**	**73.8**	**98.8**

	£m
Amount due for settlement within one year	**47.8**
Amount due for settlement after one year	**51.0**
31 December 2009	**98.8**

23. Provisions (continued)

The housing maintenance provision arises principally from warranties and other liabilities on housing sold. Whilst such warranties extend to a period of 10 years, payment of these costs is likely to occur within a period of two years. The Group restructuring provision relates to the continued reorganisation of the UK and US businesses following the merger with George Wimpey Plc in 2007. It is anticipated that the majority of this provision, which comprises redundancy costs and empty property costs will be utilised within six years.

Other provisions consist of a remedial work provision, provisions for legal claims and other contract-related costs. The remedial work provision covers various obligations, including aftercare at Springfield Environmental Limited which has a legal responsibility of a long term nature for the management of old, completed sites and provisions for losses on construction contracts. Also included in other provisions are amounts for legal claims and contract-related costs associated with various matters arising across the Group, the majority of which are anticipated to be settled within a three-year period.

24. Share capital

	2009 £m	2008 £m
Authorised:		
22,200,819,176 ordinary shares of 1p each (2008: 2,000,000,000 of 25p each)	**222.0**	500.0
1,158,299,201 deferred ordinary shares of 24p each (2008: nil)	**278.0**	–
	500.0	500.0

	Number of shares	£m
Issued and fully paid:		
1 January 2008	1,158,294,708	289.6
US Employee Stock Purchase Plan	4,493	–
31 December 2008	1,158,299,201	289.6
Treasury Share cancellation	(92,732,927)	(23.2)
Share warrants	166,786	–
Placing and open offer	2,131,132,548	21.3
31 December 2009	**3,196,865,608**	**287.7**

The Company issued 2,131.1m new ordinary shares on 1 June 2009, as part of an placing and open offer. Prior to the placing and open offer issue the 25p ordinary shares of the Company were split into 1,158.3m ordinary shares of 1p and 1,158.3m deferred shares of 24p each. The unissued 25p share capital was split into 1p shares. The new share issue was executed such that the amounts received above nominal share capital, net of issue costs, were recorded as part of the merger relief reserve and then subsequently transferred to distributable reserves.

During the year, options were exercised on 139,062 (2008: 249,796) ordinary shares of which nil (2008: 4,493) were new issues with the balance coming from Treasury/ESOT at varying prices from nil pence to 25.5p and shares were issued for a total consideration of nil (2008: nil). Additionally nil (2008: 844) ordinary shares were awarded to employees for 25 or 40 years' long service. Under the Group's senior executives' share option scheme and executive share option plan, employees held options at 31 December 2009 to purchase 32,840,430 shares (2008: 15,467,631) at prices between 11.0p and 181.0p per share exercisable up to 7 August 2019. Under the Group's savings-related share option schemes, employees held options at 31 December 2009 to purchase 33,719,220 shares (2008: 24,921,300) at prices between 25.5p and 189.2p per share exercisable up to 31 May 2015. Under the Group's cash bonus deferral plan and executive bonus plan, employees held options at 31 December 2009 in respect of 96,927 shares (2008: 228,126) at nil pence per share exercisable up to 1 January 2010. Under the Group's performance share plan employees held conditional awards at 31 December 2009 in respect of 15,744,982 shares (2008: 7,832,194) at nil pence per share exercisable up to 1 January 2013. Under the Group's share purchase plan employees held conditional awards at 31 December 2009 in respect of 6,521,631 shares (2008: 3,252,206) at nil pence per share. The former George Wimpey plans were acquired as part of the merger in 2007. Under the George Wimpey Sharesave Scheme, employees held options at 31 December 2009 to purchase 512,708 shares (2008: 1,257,529) at prices between 148.3p and 188.0p per share exercisable up to 31 May 2012. Under the George Wimpey Executive Option Scheme, employees held awards at 31 December 2009 in respect of 2,163,415 shares (2008: 2,908,267) at prices between 144.3p and 322.3p per share exercisable up to 2 April 2017. Under the George Wimpey Long Term Incentive Plan, employees held awards at 31 December 2009 in respect of 955,036 shares (2008: 1,507,710) at nil pence per share exercisable up to 2 April 2010.

Under the Override Agreement (see Note 21), the Company agreed to issue 57.8m warrants giving the holders the right to subscribe to an equivalent number of ordinary shares in Taylor Wimpey plc at par value. The warrants may be exercised at par by the holder within five years of the date of issue and as at 31 December 2009 166,786 warrants had been exercised.

25. Share premium account

	£m
Balance at 1 January 2008	758.1
Amortisation of debt transferred from retained earnings	(4.5)
Balance at 31 December 2008	753.6
Share warrants	–
Balance at 31 December 2009	**753.6**

26. Reserves

	Retained earnings £m	Merger relief reserve £m	Capital redemption reserve	Translation reserve £m	Share-based payment tax reserve £m	Other £m	Total other reserves £m
Balance at 1 January 2008	957.1	1,934.2	31.5	3.7	5.6	5.3	46.1
Dividends paid	(107.9)	–	–	–	–	–	–
Transfers to share premium account	4.5	–	–	–	–	–	–
Share-based payment credit	6.0	–	–	–	–	–	–
Cash cost of satisfying share options	(0.9)	–	–	–	–	–	–
Actuarial loss net of deferred tax	(66.7)	–	–	–	–	–	–
Deferred tax write off	(47.2)	–	–	–	–	–	–
Transfer to retained earnings	1,934.7	(1,934.2)	–	–	–	(0.5)	(0.5)
Exchange differences on translation of overseas operations, net of tax	–	–	–	50.3	–	–	50.3
Decrease in fair value of hedging derivatives	–	–	–	(31.2)	–	–	(31.2)
Net loss for the year	(1,841.3)	–	–	–	–	–	–
Balance at 31 December 2008	838.3	–	31.5	22.8	5.6	4.8	64.7
New share capital subscribed	–	488.8	–	–	–	–	–
Cancellation and disposal of treasury shares	(247.5)	–	–	–	–	–	–
Issuance of equity instruments	–	–	–	–	–	5.5	5.5
Share-based payment credit	1.0	–	–	–	–	–	–
Actuarial loss as defined benefit pension schemes	(141.8)	–	–	–	–	–	–
Deferred tax asset recognised	87.6	–	–	–	–	–	–
Transfer to retained earnings	488.8	(488.8)	–	–	–	–	–
Exchange differences on translation of overseas operations, net of tax	–	–	–	(5.0)	–	–	(5.0)
Increase in fair value of hedging derivatives	–	–	–	11.5	–	–	11.5
Other financing costs	(0.5)	–	–	–	–	–	–
Net loss for the year	(640.4)	–	–	–	–	–	–
Balance at 31 December 2009	**385.5**	**–**	**31.5**	**29.3**	**5.6**	**10.3**	**76.7**

Merger relief reserve

In accordance with Section 612 of the Companies Act 2006 the £488.8m premium on ordinary shares issued as part of the placing and open offer in June 2009 was initially recorded within the merger relief reserve, and subsequently transferred to the retained earnings.

The merger relief reserve is not distributable but can be used to:

- Make a bonus issue of fully paid shares;
- Transfer to the retained earnings an amount equal to the amount that has become realised by virtue of either:
  – The disposal of the related investment; or
  – An amount written off the related investment and charged against the retained earnings.

During 2008 £1,934.2m was transferred to retained earnings to offset the write down charged to the profit and loss account of the investment to which the reserve related.

Other reserves

Capital redemption reserve

The capital redemption reserve arose on the historical redemption of parent Company shares, and is not distributable.

Translation reserve

Translation reserve consists of exchange differences arising on the translation of overseas operations. It also includes changes in fair values of hedging derivatives where such instruments are designated and effective as hedges of investment in overseas operations.

Share-based payment tax reserve

As explained in the statement of accounting policies, an expense is recorded in the Group's income statement over the period from the grant date to the vesting date of share options granted to employees. As there is a temporary difference between the accounting and tax bases, a deferred tax asset is recorded. The deferred tax asset arising is calculated by comparing the estimated amount of tax deduction to be obtained in the future (based on the Company's share price at the balance sheet date) with the cumulative amount of the expense recorded in the income statement. If the amount of estimated future tax deduction exceeds the cumulative amount of the remuneration expense at the statutory tax rate, the excess is recorded directly in equity, in this share-based payment tax reserve.

Other reserve

As detailed in Note 7, the Group issued 57.8m of warrants with a fair value of £5.5m. The full cost of the warrants was recognised in the Other reserve on their issuance.

27. Own shares

	£m
Balance at 1 January 2008	282.0
Disposed of on exercise of options	(6.3)
Balance at 31 December 2008	275.7
Cancellation of treasury shares	(245.9)
Disposed of on exercise of options	(24.8)
Balance at 31 December 2009	**5.0**

As part of the equity raise process in June 2009 92.7m treasury shares held outside of the employee share ownership trusts were cancelled with an associated charge to retained earnings of £222.7m. This did not impact distributable reserves.

The own shares reserve represents the cost of shares in Taylor Wimpey plc purchased in the market, those held as treasury shares and held by the Taylor Wimpey plc Employee Benefit Trust to satisfy options under the Group's share plans.

During the year, Taylor Wimpey plc purchased none of its own shares (2008: nil).

	2009 Number	2008 Number
These comprise ordinary shares of the Company:		
Treasury shares	**–**	92.7m
Shares held in trust for bonus, option and performance award plans	**3.3m**	6.8m
	3.3m	99.5m

Employee Share Ownership Trusts ('ESOTs') are used to hold the Company's shares ('shares') which are either acquired on the market or (during 2008) transferred out of the Company's holding of shares in Treasury. These shares are used to meet the valid exercise and/or vesting of conditional awards (under the deferred bonus plan and performance share plan) and options (under the Savings-Related, Executive Share Option, George Wimpey LTIP and Executive Bonus Plans) over shares, and the matching award of shares under the Share Purchase Plan. During the year, nil (2008: 10.0m) shares were transferred out of the Company's Treasury holding to the ESOTs for this purpose.

The ESOTs' entire holding of shares at 31 December 2009, aggregating 3.3m shares (2008: 6.7m), was covered by outstanding options and conditional awards over shares at that date.

28. Notes to the cash flow statement

	2009 £m	2008 £m
Loss on ordinary activities before finance costs – continuing	(543.0)	(1,798.2)
– discontinued	–	2.1
Non-cash exceptional items:		
Impairment of goodwill	–	699.8
Impairment of fixed assets	0.5	–
Impairment of brands and software development	–	116.3
Inventories write downs	527.0	1,012.8
Adjustments for:		
Amortisation of brands	–	2.4
Amortisation of software development costs	–	4.3
Depreciation of plant and equipment	4.2	7.9
Share-based payment charge	1.0	6.0
Loss on disposal of property and plant	0.2	1.0
(Decrease)/increase in provisions	(3.1)	6.8
Operating cash flows before movements in working capital	(13.2)	61.2
Decrease in inventories	735.0	393.7
Decrease in receivables	25.4	135.9
Decrease in payables	(432.6)	(390.8)
Pension contributions in excess of charge	(44.7)	(44.1)
Cash generated by operations	269.9	155.9
Income taxes received	109.1	112.6
Interest paid	(172.7)	(114.9)
Net cash from operating activities	206.3	153.6

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short term highly liquid investments with an original maturity of three months or less.

Movement in net debt

	Cash and cash equivalents £m	Bank overdrafts and bank loans £m	Debenture loans £m	Total net debt £m
Balance 1 January 2008	130.0	(720.7)	(824.7)	(1,415.4)
Cashflow	577.8	(525.7)	1.4	53.5
Foreign exchange	44.5	(66.1)	(145.8)	(167.4)
Balance 31 December 2008	752.3	(1,312.5)	(969.1)	(1,529.3)
Cashflow	(595.8)	1,124.9	200.4	729.5
Business disposals*	–	4.1	–	4.1
Foreign exchange	(24.4)	22.4	46.8	44.8
Balance 31 December 2009	**132.1**	**(161.1)**	**(721.9)**	**(750.9)**

* In April 2009 the Group disposed of its residual construction operations to existing local management for £1. At the point of disposal the business had bank loans of £4.1m.

29. Contingent liabilities and capital commitments

General

The Company and certain subsidiary undertakings have, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to the Group's own contracts and given guarantees in respect of the Group's share of certain contractual obligations of joint ventures.

The Group has entered into counter-indemnities in the normal course of business in respect of performance bonds.

Provision is made for the Directors' best estimate of all known legal claims and all legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made.

The Group has no material capital commitments as at 31 December 2009 (2008: nil).

30. Operating lease arrangements

The Group as lessee

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2009 £m	2008 £m
Within one year	**7.0**	8.4
In more than one year but not more than five years	**22.4**	26.6
After five years	**19.5**	12.3
	48.9	47.3

Operating lease payments principally represent rentals payable by the Group for certain office properties and vehicles.

31. Share-based payments

Equity-settled share option plan

Details of all equity-settled share-based payment arrangements in existence during the year are set out in the paragraphs on 'Executive share-based reward' in the Directors' Remuneration Report on pages 41 to 50.

	2009		2008	
Schemes requiring consideration from participants:	**Options**	**Weighted average exercise price (in £)**	Options	Weighted average exercise price (in £)
Outstanding at beginning of year	**46,642,667**	**1.01**	15,460,002	2.72
Granted during the year	**19,276,238**	**0.39**	42,697,752	0.69
Lapsed during the year	**(9,140,769)**	**1.32**	(11,273,011)	2.07
Exercised during the year	**(101,330)**	**0.26**	(242,076)	1.92
Cancellations during the year	**(6,609,462)**	**0.41**	–	–
Open offer adjustment(1)	**19,168,430**	**0.51**	–	–
Outstanding at the end of the period	**69,235,774**	**0.52**	46,642,667	1.01
Exercisable at the end of the period	**2,181,578**	**2.19**	2,649,887	2.58

The weighted average share price at the date of exercise for share options exercised during the period was £0.41 (2008: £1.73). The options outstanding at 31 December 2009 had a range of exercise prices from £0.11 to £3.22 (2008: £0.16 to £4.57) and a weighted average remaining contractual life of 4.5 years (2008: 6.3 years).

Schemes not requiring consideration from participants include the George Wimpey Long Term Incentive Plan and the Performance Share Plans.

	2009		2008	
Schemes not requiring consideration from participants:	**Options**	**Weighted average exercise price (in £)**	Options	Weighted average exercise price (in £)
Outstanding at beginning of year	**10,732,296**	**–**	10,091,435	–
Granted during the year	**8,756,641**	**–**	9,695,831	–
Lapsed during the year	**(1,425,497)**	**–**	(9,047,250)	–
Exercised during the year	**(37,732)**	**–**	(7,720)	–
Cancellations during the year	**(24,351)**	**–**	–	–
Open offer adjustment(1)	**5,317,219**	**–**	–	–
Outstanding at the end of the period	**23,318,576**	**–**	10,732,296	–
Exercisable at the end of the period	**198,320**	**–**	175,153	–

(1) On 1 June 2009 the Group undertook the placing and open offer, as detailed in Note 24. As a result all outstanding share based awards were adjusted by a formula approved by HM Revenue and Customs and agreed with the Group's Auditors.

The Conditional awards outstanding at 31 December 2009 had a weighted average remaining contractual life of 1.7 years (2008: 8.2 years).

For share plans with non-market conditions granted during the current and preceding year, the fair value of the awards at grant date was determined using the Binomial model. The inputs into that model were as follows:

	2009	2008
Weighted average share price	**£0.39**	£0.38
Weighted average exercise price	**£0.39**	£0.69
Expected volatility	**57%**	37%
Expected life	**3/5 years**	3/5 years
Risk free rate	**3.1%**	4.4%
Expected dividend yield	**0.0%**	0.5%

The weighted average fair value of share awards granted during the year is 21p (2008: 10p).

Expected volatility was determined by calculating the historical volatility of the Group's share price over the expected term.

31. Share-based payments (continued)

For share awards with market conditions granted during the current year, the fair value of the awards was determined using the Monte Carlo simulation model. The inputs into that model were as follows:

	2009	2008
Weighted average share price	**£0.38**	£0.69
Weighted average exercise price	**nil**	nil
Expected volatility	**70%**	40%
Expected life	**3/7 years**	3 years
Risk free rate	**2.8%**	4.3%
Expected dividend yield	**0.0%**	0.9%

The weighted average fair value of share options granted during the year is 27p (2008: 33p).

Expected volatility was determined by calculating the historical volatility of the Group's share price over the expected term, however due to the exceptional volatility in this financial year we have excluded the period between 1 May 2008 and 31 October 2008 as allowed by IFRS 2 Share-based payment. The expected life used in the model is based on historical exercise patterns.

The Group recognised total expenses of £1.0m and £6.0m related to equity-settled share-based payment transactions in 2009 and 2008 respectively. In 2008, £1.6m related to the accelerated vesting of share options held by employees of Taylor Woodrow Construction, which was disposed of on 9 September 2008, and which is included in profit from discontinued operations in the income statement.

32. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Group and its joint ventures are disclosed below.

Trading transactions

During the year, Group companies' purchases from joint ventures totalled £26.1m (2008: £8.1m). Purchases were based on open market values.

Remuneration of key management personnel

Details of the remuneration of the Directors and Executive Committee, who are the key management personnel of the Group, are contained in the audited part of the Remuneration Report on pages 41 to 50 and form part of these financial statements.

Financial Statements

Independent Auditors' Report

to the members of Taylor Wimpey plc

We have audited the parent Company financial statements of Taylor Wimpey plc for the year ended 31 December 2009 which comprise the Company Balance Sheet and the related Notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the parent Company's affairs as at 31 December 2009;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Taylor Wimpey plc for the year ended 31 December 2009.

Colin Hudson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
2 March 2010

Company Balance Sheet
at 31 December 2009

	Note	2009 £m	2008 £m
Fixed assets			
Investment in Group undertakings	4	**1,598.4**	962.8
		1,598.4	962.8
Current assets			
Debtors	5	**2,195.4**	2,587.5
Cash at bank and in hand		**–**	510.8
		2,195.4	3,098.3
Current liabilities			
Bank loans and overdrafts		**(9.9)**	–
Creditors: amounts falling due within one year	6	**(1,261.9)**	(788.1)
		(1,271.8)	(788.1)
Net current assets		**923.6**	2,310.2
Total assets less current liabilities		**2,522.0**	3,273.0
Creditors: amounts falling due after one year	7	**(646.7)**	(1,917.1)
Provisions		**(2.9)**	(4.0)
Net assets		**1,872.4**	1,351.9
Capital and reserves			
Called-up share capital	9	**287.7**	289.6
Share premium account	10	**753.6**	753.6
Merger relief reserve	11	**–**	–
Capital redemption reserve	12	**31.5**	31.5
Translation reserve	13	**36.1**	89.6
Profit and loss account	14	**768.4**	463.2
Own shares	15	**(4.9)**	(275.6)
Shareholders' funds	18	**1,872.4**	1,351.9

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company profit and loss account.

The financial statements were approved by the Board of Directors and authorised for issue on 2 March 2010. They were signed on its behalf by:

P Redfern
Director

C Rickard
Director

Financial Statements

Notes to the Company Financial Statements

for the year to 31 December 2009

1. Significant accounting policies

The following accounting policies have been used consistently, unless otherwise stated, in dealing with items which are considered material.

Basis of preparation

The Company financial statements have been prepared on a going concern basis. The ability of the Taylor Wimpey plc Group ('the Group') to continue as a going concern is reliant upon the continued availability of external debt financing. The Group renegotiated and signed its new financing agreements in April 2009. The Group has continued to meet all interest and other payment obligations on time from debt resources available to it, and after reviewing cash flow forecasts for a period of not less than 12 months from the date of signing these financial statements, the Directors are satisfied that, whilst the economic and market conditions continue to be challenging and not without risk, the refinancing package is sufficiently robust as to adequacy of both facility and covenant headroom to enable the Group to operate within its terms for at least the next 12 months.

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and pronouncements of the Urgent Issues Task Force under the historical cost convention. As permitted by section 408 of the Companies Act 2006 the Company has not presented its own profit and loss account.

Under Financial Reporting Standard (FRS) 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its consolidated financial statements, which include the Company, are publicly available.

The Company has taken advantage of the exemption contained in FRS 8 'Related Party Disclosures' and has not reported transactions with fellow Group undertakings. The Company has also taken advantage of the exemption contained within FRS 29 'Financial Instrument Disclosures' and has not presented any disclosures required by that standard, as disclosures that comply with FRS 29 are included within the Taylor Wimpey plc consolidated financial statements in Note 21 on pages 78 to 83.

The principal accounting policies adopted are set out below.

Investments in Group undertakings

Investments are included in the balance sheet at cost less any provision for impairment. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount of the investment. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account; if the impairment is not considered to be a permanent diminution in value, it may reverse in a future period to the extent it is no longer considered necessary.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Overseas currencies

Transactions denominated in foreign currencies are recorded in Sterling at actual rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account. Unrealised exchange differences on intercompany long term loans and foreign currency borrowings, to the extent that they hedge the Company's investment in overseas investments, are taken to translation reserve.

Derivative financial instruments and hedge accounting

The Company uses foreign currency borrowings and currency swaps to hedge its investment in overseas operations. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of investment in overseas operations are recognised directly in reserves and the ineffective portion, if any, is recognised immediately in the profit and loss account. The hedged items are adjusted for changes in exchange rates, with gains or losses from remeasuring the carrying amount being recognised directly in reserves.

Following the refinancing of the Group's debt, restrictions in the refinancing agreement have resulted in the Company being limited in its ability to undertake new hedging positions.

Share-based payments

The Company issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments. The cost of equity-settled share-based payments granted to employees of subsidiary companies are borne by the employing company.

Provisions

Provisions are recognised at the Directors' best estimate when the Company has a present obligation as a result of a past event and it is probable that the Company will have to settle the obligation.

Own shares

The cost of the Company's investment in its own shares, which comprise shares held in treasury by the Company and shares held by employee benefit trusts for the purpose of funding certain of the Company's share option plans, is shown as a reduction in shareholders' funds.

Dividends paid

Dividends are charged to the Company's profit and loss reserve in the period of payment in respect of an interim dividend, and in the period in which shareholders' approval is obtained in respect of the Company's final dividend.

2. Particulars of employees

	2009 No.	2008 No.
Directors	**2**	2

The Executive Directors received all of their remuneration, as disclosed in the Directors' Remuneration Report on pages 41 to 50, from Taylor Wimpey Developments Limited and Taylor Wimpey UK Limited. However, it is not practicable to allocate such costs between their services as Executives of Taylor Wimpey Developments Limited and Taylor Wimpey UK Limited and their services as Directors of Taylor Wimpey plc and other Group companies. The fees of the Chairman and the Non Executive Directors, which are wholly attributable to the Company, are disclosed on page 48 of the Directors' Remuneration Report. The Company was recharged costs of £8.0m (2008: £6.3m) in respect of staff costs for Directors and employees of subsidiary companies who provided services to Taylor Wimpey plc during the year, which includes amounts in respect of employer contributions to both defined contribution and defined benefit pension schemes. Information in respect of the Group's defined benefit pension schemes is provided in Note 22, to the Taylor Wimpey plc consolidated financial statements. Contributions in respect of the Defined Contribution Scheme for Directors can be found in the Directors' Remuneration Report on page 50. There were no outstanding contributions at the year end.

3. Auditors' remuneration

	2009 £m	2008 £m
External audit services	**0.2**	0.3
Other services	**0.5**	0.5
Tax services	**0.4**	0.1
Corporate finance services	**0.4**	2.2

A description of other services is included in Note 5 on page 69 to the Group financial statements.

4. Investments in Group undertakings

	Shares £m	Loans £m	Total £m
Cost			
31 December 2008	3,892.7	506.8	4,399.5
Changes in exchange rates	–	(53.5)	(53.5)
Additions	700.0	–	700.0
Disposals	(10.9)	–	(10.9)
31 December 2009	**4,581.8**	**453.3**	**5,035.1**
Provision for impairment			
31 December 2008	3,364.6	72.1	3,436.7
Charge for the year	–	–	–
Disposals	–	–	–
31 December 2009	**3,364.6**	**72.1**	**3,436.7**
Carrying amount			
31 December 2009	**1,217.2**	**381.2**	**1,598.4**
31 December 2008	528.1	434.7	962.8

All of the above investments are unlisted.

Particulars of principal subsidiary undertakings are listed on page 103, which forms part of these financial statements.

During the year, the Company recognised an impairment charge of nil (2008: £1,749.9m) against the carrying value of its investments in subsidiary companies.

The impairment in 2008 reflected the decrease in value of assets in the underlying subsidiaries following the downturn in the housing market in the UK and US.

5. Debtors

	2009 £m	2008 £m
Receivable within one year		
Due from Group undertakings	**2,182.2**	2,584.2
Other debtors	**0.1**	3.3
Corporation tax debtor	**2.0**	–
Receivable after one year		
Currency and interest rate derivatives	**11.1**	–
	2,195.4	2,587.5

6. Creditors: amounts falling due within one year

	2009 £m	2008 £m
Due to Group undertakings	**1,203.9**	710.9
Other creditors	**3.6**	2.2
Accruals and deferred income	**–**	39.2
Currency and interest rate derivatives	**26.7**	19.9
Corporation tax creditor	**27.7**	15.9
	1,261.9	788.1

7. Creditors: amounts falling due after one year

	2009 £m	2008 £m
Debenture loans	**498.3**	628.0
Bank loans	**148.4**	1,289.1
	646.7	1,917.1
Bank loans are repayable as follows:		
In more than two years but less than five years	**148.4**	1,289.1
	148.4	1,289.1

8. Debenture loans

	2009 £m	2008 £m
Unsecured		
6.625% £250m guaranteed bonds 2012(1)	**207.6**	254.4
5.53% US$75m notes 2011	**38.0**	52.1
6.03% US$175m notes 2014	**90.1**	121.5
6.375% £200m bonds 2019	**162.6**	200.0
	498.3	628.0
Repayable		
In more than five years	**–**	321.5
In more than one year but less than five years	**498.3**	306.5
Within one year or on demand	**–**	–
	498.3	628.0

(1) The guarantee in respect of the 6.625% £250m guaranteed bond due 2012 was released on 16 January 2004.

The descriptions presented above refer to the titles of the debenture loan issues at their original issue date. The fair value for all debenture loans has been derived from inputs that are observable for the liability either directly or indirectly, relevant for the term and currency.

As a result of negotiations concluding in April 2009 the terms of the above debentures were changed such that they were either extended to mature on 3 July 2012 or capable of being repaid early on the same date. The coupons have also been modified to be a variable rate based on gearing tested at each quarter end. Interest rates can vary from the lowest at 7.6% to the highest at 11.2% and in accordance with the new terms a partial prepayment was made following the equity raise. Prepayment penalties have been deferred and are included in the above table.

9. Share capital

	2009 £m	2008 £m
Authorised:		
22,200,819,176 ordinary shares of 1p each (2008: 2,000,000,000 of 25p each)	**222.0**	500.0
1,158,299,201 deferred ordinary shares of 24p each (2008: nil)	**278.0**	–
	500.0	500.0

	Number of shares	£m
Issued and fully paid:		
31 December 2008	1,158,299,201	289.6
Treasury share cancellation	(92,732,927)	(23.2)
Placing and open offer	2,131,132,548	21.3
Share warrants	166,786	–
31 December 2009	**3,196,865,608**	**287.7**

The Company issued 2,131.1m new ordinary shares on 1 June 2009, as part of an placing and open offer. Prior to the placing and open offer issue the 25p ordinary shares of the Company were split into 1,158.3m ordinary shares of 1p and 1,158.3m deferred shares of 24p each. The unissued 25p share capital was split into 1p shares. The new share issue was executed such that the amounts received above nominal share capital, net of issue costs, were recorded as part of the merger relief reserve and then subsequently transferred to distributable reserves.

During the year, options were exercised on 139,062 (2008: 249,796) ordinary shares of which nil (2008: 4,493) were new issues with the balance coming from Treasury/ESOT at varying prices from nil pence to 25.5p and shares were issued for a total consideration of nil (2008: nil). Additionally nil (2008: 844) ordinary shares were awarded to employees for 25 or 40 years' long service. Under the Group's senior executives' share option scheme and executive share option plan, employees held options at 31 December 2009 to purchase 32,840,430 shares (2008: 15,467,631) at prices between 11.0p and 181.0p per share exercisable up to 7 August 2019. Under the Group's savings-related share option schemes, employees held options at 31 December 2009 to purchase 33,719,220 shares (2008: 24,921,300) at prices between 25.5p and 189.2p per share exercisable up to 31 May 2015. Under the Group's cash bonus deferral plan and executive bonus plan, employees held options at 31 December 2009 in respect of 96,927 shares (2008: 228,126) at nil pence per share exercisable up to 1 January 2010. Under the Group's performance share plan employees held conditional awards at 31 December 2009 in respect of 15,744,982 shares (2008: 7,832,194) at nil pence per share exercisable up to 1 January 2013. Under the Group's share purchase plan employees held conditional awards at 31 December 2009 in respect of 6,521,631 shares (2008: 3,252,206) at nil pence per share. The former George Wimpey plans were acquired as part of the merger in 2007. Under the George Wimpey Sharesave Scheme, employees held options at 31 December 2009 to purchase 512,708 shares (2008: 1,257,529) at prices between 148.3p and 188.0p per share exercisable up to 31 May 2012. Under the George Wimpey Executive Option Scheme, employees held awards at 31 December 2009 in respect of 2,163,415 shares (2008: 2,908,267) at prices between 144.3p and 322.3p per share exercisable up to 2 April 2017. Under the George Wimpey Long Term Incentive Plan, employees held awards at 31 December 2009 in respect of 955,036 shares (2008: 1,507,710) at nil pence per share exercisable up to 2 April 2010.

Under the Override Agreement, the Company agreed to issue 57.8m warrants giving the holders the right to subscribe to an equivalent number of ordinary shares in Taylor Wimpey plc at par value. The warrants may be exercised at par by the holder within five years of the date of issue and as at 31 December 2009 166,786 warrants had been exercised.

10. Share premium

	2009 £m	2008 £m
1 January	753.6	758.1
Amortisation of debt transferred from retained earnings	–	(4.5)
31 December	**753.6**	753.6

11. Merger relief reserve

	2009 £m	2008 £m
1 January	–	934.2
New share capital subscribed	488.8	–
Transfer to profit and loss account	(488.8)	(934.2)
31 December	**–**	–

In accordance with section 612 of the Companies Act 2006, the £488.8m premium on ordinary shares issued as part of the placing and open offer in June 2009 was initially recorded within the merger relief reserve and subsequently transferred to the profit and loss account.

The reserve is not distributable but can be used to:

- Make a bonus issue of fully paid shares;
- Transfer to the profit and loss account an amount equal to the amount that has become realised by virtue of either:
  – The disposal of the related investment; or
  – An amount written off the related investment and charged to the profit and loss account.

In 2008 £934.2m was transferred to the profit and loss account following an impairment charge being recognised in respect of the George Wimpey Plc investment.

12. Capital redemption reserve

	£m
31 December 2009 and 31 December 2008	**31.5**

13. Translation reserve

	2009 £m	2008 £m
1 January	89.6	(50.5)
Transfer from profit and loss account	(53.5)	140.1
31 December	**36.1**	89.6

14. Profit and loss account

	2009 £m	2008 £m
1 January	463.2	1,368.5
Transfers to share premium account	–	4.5
Profit/(loss) for the financial year	5.4	(1,595.9)
Dividends	–	(107.9)
Transfer to translation reserve	53.5	(140.1)
Transfer from merger relief reserve	488.8	934.2
Cancellation and utilisation of own shares	(247.5)	–
Other financing costs	(0.5)	–
Issue of equity instruments	5.5	–
Loss on disposal of own shares	–	(0.1)
31 December	**768.4**	463.2

As permitted by section 408 of the Companies Act 2006, Taylor Wimpey plc has not presented its own profit and loss account. The profit of the Company for the financial year was £5.4m (2008: £1,595.9m loss).

Included in the Company profit and loss account is £269.8m (2008: £290.2m) which is not distributable.

15. Own shares

	2009 £m	2008 £m
Own shares	**4.9**	275.6

These comprise ordinary shares of the Company:	Number	Number
Treasury shares	**–**	92.7m
Shares held in trust for bonus, options and performance award plans	**3.3m**	6.7m

The market value of the shares at 31 December 2009 was £1.3m (2008: £13.4m) and their nominal value was £0.03m (2008: £24.9m).

Dividends on these shares have been waived except for 0.01p per share in respect of the shares held in trust.

Employee Share Ownership Trusts ('ESOTs') are used to hold the Company's shares ('shares') which are either acquired on the market or (during 2008) transferred out of the Company's holding of shares in Treasury. These shares are used to meet the valid exercise and/or vesting of conditional awards (under the deferred bonus plan and performance share plan) and awards (under the Savings-Related, Executive Share Option, George Wimpey LTIP and Executive Bonus Plans) over shares, and the matching award of shares under the Share Purchase Plan. During 2009, no shares (2008: 10.0m) were transferred out of the Company's Treasury holding to the ESOTs for this purpose.

The ESOTs' entire holding of shares at 31 December 2009, aggregating 3.3m shares (2008: 6.7m), was covered by outstanding options and conditional awards over shares at that date.

16. Share-based payments

Details of share awards granted by the Company to employees of subsidiaries, and that remain outstanding at the year end over the Company's shares are set out in Note 31, to the Taylor Wimpey plc consolidated financial statements. The Company did not recognise any expense related to equity-settled share-based payment transactions in the current or preceding year.

17. Contingent liabilities

The Company has, in the normal course of business, given guarantees and entered into counter-indemnities in respect of bonds relating to the Group's own contracts.

Provision is made for the Directors' best estimate of known legal claims and legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made.

In 2008, the Company issued a guarantee in respect of the Taylor Woodrow Group Pension and Life Assurance Fund, a defined benefit pension scheme in which a number of its subsidiary companies participate, and which had a deficit under IAS 19 of £199.0m at 31 December 2009 (2008: £112.6m). The guarantee commits the Company to ensure that the participating subsidiaries make deficit repair contributions in accordance with a schedule agreed with the Trustees during the year of £20m per annum for eight years.

18. Reconciliation of movement in shareholders' funds

	2009 £m	2008 £m
Opening shareholders' funds	**1,351.9**	3,049.5
Dividends paid	**–**	(107.9)
Profit/(loss) for the financial year	**5.4**	(1,595.9)
New share capital subscribed	**510.1**	–
Issue of equity instruments	**5.5**	–
Transfer of own shares	**–**	6.3
Other financing costs	**(0.5)**	–
Loss on disposal of own shares	**–**	(0.1)
Closing shareholders' funds	**1,872.4**	1,351.9

19. Dividend

The Company does not propose to pay a final dividend in respect of the 2009 financial year (2008: nil).

Financial Statements

Particulars of Principal Subsidiary Undertakings

Country of incorporation and principal operations	Taylor Wimpey plc interest is 100% in the issued ordinary share capital of these undertakings included in the consolidated accounts
United Kingdom	Taylor Wimpey Holdings Limited
	George Wimpey Limited
	Taylor Wimpey UK Limited*
	Taylor Wimpey Developments Limited *
	Taylor Wimpey 2007 Limited
	Taylor Wimpey (No.4) 2005 Limited*
	Wimpey Overseas Holdings Limited*
Canada	Taylor Wimpey Holdings of Canada, Corporation
	Monarch Corporation* **
	Monarch Development Corporation*
Spain	Taylor Woodrow de España S.A.U.* †
USA	Taylor Woodrow Holdings (USA), Inc.*
	Taylor Morrison Holdings of Arizona, Inc.*
	Taylor Morrison of Florida, Inc.*
	Taylor Morrison of Texas, Inc.*
	Taylor Morrison, Inc.*
	Taylor Morrison Services, Inc.*

* Interests held by subsidiary undertakings.

** 9.5% non-cumulative, non-voting, redeemable preference shares and 9% non-cumulative, non-voting, redeemable preference shares are additionally held.

† 9% cumulative, redeemable preference shares are additionally held.

Financial Statements

Five Year Review

	2009 £m	2008[1] £m	2007[1] £m	2006[1] £m	2005[1] £m
Income statement					
Revenue – continuing	**2,595.6**	3,467.7	4,142.8	3,572.1	3,476.9
Profit on ordinary activities before exceptional items, finance costs and tax	**37.7**	86.3	435.5	447.7	460.0
Exceptional items	**(580.7)**	(1,884.5)	(379.7)	–	–
Net finance costs, including exceptional finance costs	**(162.5)**	(179.1)	(112.8)	(64.2)	(64.0)
Share of results of joint ventures	**5.6**	7.6	23.4	22.1	15.0
(Loss)/profit for the financial year	**(699.9)**	(1,969.7)	(33.6)	405.6	411.0
Taxation, including exceptional taxation	**59.3**	76.6	(173.4)	(115.0)	(124.5)
Profit for the year from discontinued operations	**–**	53.1	10.3	–	–
(Loss)/profit for the financial year	**(640.6)**	(1,840.0)	(196.7)	290.6	286.5
Balance sheet					
Goodwill	**2.4**	–	699.8	363.1	363.9
Other intangible assets	**–**	–	120.5	–	–
Other fixed assets	**8.2**	15.5	39.0	25.5	24.4
Interests in joint ventures	**51.9**	67.7	59.9	56.2	92.1
Non-current loans and receivables	**65.0**	47.9	76.4	56.0	37.2
Deferred tax asset	**119.6**	6.6	117.7	95.4	101.2
Net current assets (excluding cash and debt)	**2,744.4**	3,739.0	4,683.0	2,261.0	2,097.8
Non-current creditors (excluding debt) and provisions	**(739.7)**	(674.2)	(675.7)	(360.4)	(330.4)
Capital employed	**2,251.8**	3,202.5	5,120.6	2,496.8	2,386.2
Represented by:					
Called-up equity ordinary share capital	**287.7**	289.6	289.6	148.5	148.0
Share premium account	**753.6**	753.6	758.1	758.8	756.2
Merger relief reserve	**–**	–	1,934.2		
Revaluation reserve	**–**	–	0.5	1.5	0.5
Capital redemption reserve	**31.5**	31.5	31.5	31.5	31.5
Other reserve	**10.3**	4.8	4.8	4.8	5.4
Share-based payment tax reserve	**5.6**	5.6	5.6	8.2	4.0
Translation reserve	**29.3**	22.8	3.7	(19.1)	29.9
Profit and loss account	**385.5**	838.3	957.1	1,214.3	1,006.8
Own shares	**(5.0)**	(275.7)	(282.0)	(45.0)	(53.9)
Shareholders' funds	**1,498.5**	1,670.5	3,703.1	2,103.5	1,928.4
Minority interests	**2.4**	2.7	2.1	2.0	0.9
Net debt	**750.9**	1,529.3	1,415.4	391.3	456.9
	2,251.8	3,202.5	5,120.6	2,496.8	2,386.2
Statistics					
Number of ordinary shares in issue at year end (millions)[2]	**3,196.9**	1,526.0	1,158.3	594.2	591.9
Basic (loss)/earnings per share – total Group[2]	**(25.1p)**	(132.7p)	(24.2p)	50.5p	50.6p
Dividends per ordinary share	**–**	–	15.75p	14.75p	13.4p
Equity shareholders' funds per share[2]	**46.9p**	119.8p	352.3p	364.7p	338.4p
Dividend cover (times)	**n/a**	n/a	n/a	3.4	3.8
Net gearing	**50.0%**	91.5%	38.2%	18.6%	23.7%

(1) The results of the construction business which was disposed of on 9 September 2008 are included within profit for the year from discontinued operations for 2008 and 2007, and within continuing operations for 2006 and 2005.

(2) 2008 has been restated to reflect the increase in shares related to the open offer as part of the equity raise on 1 June 2009.

Dividends per ordinary share comprise the interim and final dividends declared for the year.

Shareholder Information

Notice of Meeting

This Notice of Meeting is important and requires your immediate attention. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from a stockbroker, solicitor, bank manager, accountant, or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in Taylor Wimpey plc (the 'Company'), please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares. If you have sold or transferred part only of your holding of ordinary shares in the Company, please consult the person who arranged the sale or transfer.

Notice is hereby given of the seventy fifth Annual General Meeting of the Company to be held on 29 April 2010 at 11.00 am at The British Medical Association, BMA House, Tavistock Square, London, WC1H 9JP for the following purposes:

ORDINARY BUSINESS

Ordinary Resolutions:

1 To receive the Reports of the Directors and the Auditors and the Accounts for the year ended 31 December 2009.

2 To elect as a Director, Sheryl Palmer who was appointed as a Director of the Company by the Board since the last Annual General Meeting.

3 To elect as a Director, Rob Rowley who was appointed as a Director of the Company by the Board since the last Annual General Meeting.

4 To re-elect as a Director, Katherine Innes Ker who retires by rotation as a Director of the Company in accordance with the Articles of Association.

5 To re-elect as a Director, Pete Redfern who retires by rotation as a Director of the Company in accordance with the Articles of Association.

6 To re-appoint Deloitte LLP as auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company, and authorise the Audit Committee to fix their remuneration on behalf of the Board.

7 That the Board be authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

(A) up to a nominal amount of £10,657,107 (such amount to be reduced by the nominal amount of any equity securities (as defined in the Companies Act 2006) allotted under paragraph (B) below in excess of £10,657,107) and

(B) comprising equity securities up to a nominal amount of £21,314,215 (such amount to be reduced by any shares and rights to subscribe for or convert any security into shares allotted under paragraph (A) above) in connection with an offer by way of a rights issue:

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 28 July 2011) but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

Special Resolutions:

8 That, if resolution 7 is passed, the Board be given the power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or where the allotment is treated as an allotment of equity securities under section 560(3) of the Companies Act 2006, free of the restriction in section 561(1) of the Companies Act 2006, such power to be limited:

(A) to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under paragraph (B) of resolution 7, by way of a rights issue only):

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities, as required by the rights of those securities or, as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(B) in the case of the authority granted under paragraph (A) of resolution 7 and/or in the case of any transfer of treasury shares which is treated as an allotment of equity securities under section 560(3) of the Companies Act 2006, to the allotment (otherwise than under paragraph (A) above) of equity securities up to a nominal amount of £1,598,566,

such power to apply until the end of next year's Annual General Meeting (or, if earlier, until the close of business on 28 July 2011), but during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the power ends and the Board may allot equity securities under any such offer or agreement as if the power had not ended.

9 That the Company be authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of the ordinary shares of one penny each of the Company ('ordinary shares'), provided that:

(A) the maximum number of ordinary shares hereby authorised to be purchased shall be 319,713,228;

(B) the minimum price which may be paid for ordinary shares is one penny per ordinary share;

(C) the maximum price (exclusive of expenses) which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which such ordinary share is purchased;

(D) the authority hereby conferred shall expire at the earlier of the conclusion of the Annual General Meeting of the Company in 2011 and 28 October 2011 unless such authority is renewed prior to such time; and

(E) the Company may make contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may purchase ordinary shares in pursuance of any such contracts as if the authority conferred by this Resolution had not expired.

SPECIAL BUSINESS

Ordinary Resolutions:

10 To approve the Directors' Remuneration Report for the year ended 31 December 2009.

11 That in accordance with Sections 366 and 367 of the Companies Act 2006, the Company and all companies which are its subsidiaries when this Resolution is passed are authorised to:

(A) make political donations to political parties and/or independent election candidates not exceeding £250,000 in aggregate;

(B) make political donations to political organisations other than political parties not exceeding £250,000 in aggregate; and

(C) incur political expenditure not exceeding £250,000 in aggregate,

during the period beginning with the date of passing this Resolution and ending at the conclusion of the Annual General Meeting of the Company in 2011.

For the purposes of this Resolution the terms 'political donations', 'political parties', 'independent election candidates', 'political organisation' and 'political expenditure' have the meanings given by sections 363 to 365 of the Companies Act 2006.

Special Resolutions:

12 That a general meeting other than an Annual General Meeting of the Company may continue to be called on not less than 14 clear days' notice.

13 That:

(A) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

(B) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

Action to be taken

If you wish to attend and vote at the Annual General Meeting in person, please bring with you the attendance card accompanying this document and retain it until the end of the Meeting. It will authenticate your right to attend, speak and vote, and will help us to register your attendance without delay. Registration will be available from 9.30 am on the day of the Meeting. For the safety and comfort of those attending the Meeting, large bags, cameras, recording equipment and similar items will not be allowed into the building. The Meeting will commence at 11.00 am and light refreshments will be available from 10.00 am and also after the conclusion of the Meeting. There is wheelchair access to the venue for shareholders who require it or those with reduced mobility. However, attendees are strongly advised to bring their own carers to assist with their general mobility around the venue. An induction loop system operates in the meeting room. Directions to the venue can be found on the back of your attendance card.

If you would like to vote on the Resolutions but cannot come to the Annual General Meeting, please fill in the proxy form sent to you with this Notice and return it to our registrars as soon as possible. They must receive it by no later than 11.00 am on 27 April 2010. If you prefer, you can submit your proxy electronically either via the internet at www.capitashareportal.com or, if you are a CREST member, through the CREST system by completing and transmitting a CREST proxy instruction as described in the notes below this Notice of Meeting.

Recommendation

Your Directors are of the opinion that the resolutions to be proposed at the Annual General Meeting are in the best interests of shareholders as a whole and recommend you to vote in favour of them. Each Director will be doing so in respect of his or her own beneficial shareholding.

Inspection of documents

The following documents will be available for inspection at the Company's registered office, 80 New Bond Street, London WS1 1SB, during normal business hours from the date of this Notice of Meeting until the date of the Annual General Meeting and at The British Medical Association, BMA House, Tavistock Square, London WC1H 9JP from 15 minutes before the Annual General Meeting until it ends:

- copies of the Executive Directors' service contracts;
- copies of letters of appointment of the Non Executive Directors; and
- a copy of the proposed new Articles of Association of the Company, and a copy of the existing Memorandum and Articles of Association marked to show the changes being proposed in Resolution 13.

A copy of the full Annual Report and Financial Statements for the year ended 31 December 2009, including the Directors' Remuneration Report referred to in Resolution 10, is also available on our Web site www.taylorwimpeyplc.com

By Order of the Board

James Jordan

James Jordan

Group Company Secretary
and General Counsel

Taylor Wimpey plc
Registered Office:
80 New Bond Street
London
W1S 1SB

(Registered in England and Wales under number 296805)

2 March 2010

Shareholder Information

Notes to the Notice of Meeting

Notes

1. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes which shareholders may cast), shareholders must be registered in the Register of Members of the Company at 6.00 pm on 27 April 2010 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Shareholders then on the Register of Members shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant Register of Members after that deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
2. As at 2 March 2010 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 3,197,132,281 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 2 March 2010 were 3,197,132,281.
3. If you are a shareholder of the Company at the time and date set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend and to speak and vote on your behalf at the meeting. Shareholders may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company but must attend the Annual General Meeting to represent you. A proxy form which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 664 0391.
4. To be valid any proxy form or other instrument appointing a proxy must be received by post to Freepost RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or (during normal business hours only) by hand at Capita Registrars, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or, if you prefer, electronically via the internet at www.taylorwimpeyplc.com or, if you are a member of CREST, via the service provided by Euroclear UK and Ireland Limited at the electronic address provided in note 9, in each case no later than 11.00 am on 27 April 2010. All forms of proxy received after this time will be void. A form of proxy sent electronically at any time that is found to contain any virus will not be accepted.
5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as further described in notes 8 and 9 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Such persons should direct any communications and enquiries to the registered holder of the shares by whom they were nominated and not to the Company or its registrar.
7. The statement of the rights of shareholders in relation to the appointment of proxies in notes 3 and 4 above does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00 am on 27 April 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Any corporation which is a member can appoint one or more corporate

representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

13. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a Web site a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such Web site publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a Web site under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the Web site. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a Web site.

14. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a Web site in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

15. A copy of this Notice, and other information required by s311A of the Companies Act 2006, can be found at www.taylorwimpeyplc.com.

16. The outcome of voting on all Resolutions will be announced at the Annual General Meeting and to the market and published on our Web site at www.taylorwimpeyplc.com.

17. Voting on all resolutions at this year's Annual General Meeting will be conducted by way of a poll, rather than on a show of hands. The Board believes that a poll is more representative of shareholders' voting intentions because it gives as many shareholders as possible the opportunity to have their votes counted (whether their votes are tendered by proxy in advance of, or in person at, the Annual General Meeting). The results of the poll will be announced via a Regulatory News Service and made available at www.taylorwimpeyplc.com as soon as practicable after the Annual General Meeting.

APPENDIX 1: EXPLANATORY NOTES TO THE RESOLUTIONS

ORDINARY BUSINESS
ORDINARY RESOLUTIONS

Resolution 1: To receive the annual reports and accounts

English company law requires the Directors to lay the annual accounts of the Company for the year ended 31 December 2009 and the reports of the Directors and Auditors before a general meeting of the Company.

As a result of the difficult trading year outlined in the Annual Report and Accounts, the Directors do not recommend the payment of any final dividend in respect of the year ended 31 December 2009.

Resolutions 2 to 5: Election of Directors

The Company's Articles of Association provide that:

- any Director appointed since the previous Annual General Meeting shall retire from office and may seek election; and
- each year any Director who held office at the time of the two preceding Annual General Meetings and did not retire at either of them is required to retire from office by rotation and may seek re-election.

In addition, the Combined Code on Corporate Governance requires each Director to seek re-appointment at least every three years.

The following Directors will therefore retire from office, and all being eligible, will offer themselves for election or re-election (as appropriate):

1) Sheryl Palmer (appointed by the Board since the last Annual General Meeting);
2) Rob Rowley (appointed by the Board since the last Annual General Meeting);
3) Katherine Innes Ker (retires by rotation in accordance with the Articles of Association and seeks re-election); and
4) Pete Redfern (retires by rotation in accordance with the Articles of Association and seeks re-election).

Details of the Directors' service contracts, remuneration and interests in the Company's shares and other securities are given in the Directors' Remuneration Report to shareholders on pages 41 to 50 of the Report and Accounts. Biographical information concerning each Director is on pages 32 and 33 of the Report and Accounts.

The following information is given in support of the Board's proposal for the election or re-election (as appropriate) of these Directors:

Sheryl Palmer

Sheryl was appointed a Director on 5 August 2009. Sheryl is President and Chief Executive Officer of our North American Housing business, Taylor Morrison, a position she has held since shortly after the merger. She has also been responsible for our Canadian Housing business, Monarch, since August 2007. Prior to joining the Group, she held a number of senior positions within the North American housebuilding industry which give her considerable experience of the industry and will bring greater depth to the Board's understanding of this important area of the Group's operations.

Rob Rowley – Independent Non Executive Director

Rob was appointed a Director on 1 January 2010. He chairs the Audit Committee and is a member of the Remuneration and Nomination Committees. He was previously a director of Reuters Plc, deputy chairman of Cable and Wireless plc and a non executive director of Prudential plc and Taylor Nelson Sofres plc. He is a non executive director of Liberty International plc and moneysupermarket.com where he also chairs their respective Audit Committees.

Katherine Innes Ker – Independent Non Executive Director

Katherine was appointed a Director in July 2001 She chairs the Corporate Responsibility Committee and is a member of the Nomination and Remuneration Committees. Prior to the merger, she was a Non Executive Director of Bryant Group PLC until its acquisition by Taylor Wimpey in March 2001 and was shortly thereafter invited to join the Taylor Wimpey Board. She chaired Taylor Wimpey's Remuneration Committee from 29 January 2004 to 2 July 2007, a position she relinquished following the merger. Katherine has considerable experience as a financial analyst in the media sector and is a non executive director of St. Modwen Properties PLC. She was previously Chairman of Shed Media plc and a non executive director of the Ordnance Survey.

Pete Redfern – Group Chief Executive

Pete was appointed a Director and Group Chief Executive in July 2007. He currently has full responsibility for the UK Housing division. He is also a member of the Corporate Responsibility and Nomination Committees. Pete was a Director and Group Chief Executive of George Wimpey Plc prior to the merger. He was previously Finance Director of Rugby Cement and successively Finance Director, Managing Director and Chief Executive of George Wimpey's UK Housing business.

The Board confirms that each of the Directors proposed for election or re-election has recently been subject to formal performance evaluation, details of which are set out in the Corporate Governance Report, and that each continues to demonstrate commitment and to be an effective member of the Board.

Resolution 6: Re-appointment of Deloitte LLP ('Deloitte') as auditors of the Company and authorisation of the Audit Committee to agree their remuneration on behalf of the Board

In accordance with English company law, the Company is required to appoint auditors at each general meeting at which accounts are laid before the shareholders. It is therefore being proposed that the auditors are appointed from the conclusion of the 2010 Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before shareholders.

During 2007, following the merger, a competitive tender for future external audit work was carried out and resulted in Deloitte being confirmed as external auditors to the Company. The Board recommends the re-appointment of Deloitte as the Company's auditors and also seeks shareholders' authority for the Audit Committee to determine on behalf of the Board the remuneration of Deloitte for their services. The Board has adopted a procedure governing the appointment of Deloitte to carry out non-audit services, details of which are given in the Corporate Governance Report. Details of non-audit services performed by Deloitte in 2009 are given on page 37 of the Report and Accounts.

Resolution 7: Authority to allot shares

Your Directors wish to renew the existing authority to allot new shares in the Company, which was granted at the Company's General Meeting held on 27 May 2009 and is due to expire at the conclusion of this Annual General Meeting. Accordingly, Paragraph (A) of resolution 7 would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £10,657,107 (representing 1,065,710,700 ordinary shares of 1 pence each). This amount represents approximately one-third of the issued ordinary share capital of the Company as at 2 March 2010, the latest practicable date prior to publication of this Notice of Meeting.

In line with guidance issued by the Association of British Insurers, paragraph (B) of resolution 7 would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £21,314,215 (representing 2,131,421,520 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (A) of resolution 7. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 2 March 2010, the latest practicable date prior to publication of this Notice of Meeting.

The authorities sought under paragraphs (A) and (B) of resolution 7 will expire at the earlier of 28 July 2011 and the conclusion of the annual general meeting of the Company held in 2011.

The Directors have no present intention to exercise either of the authorities sought under this resolution. However, if they do exercise the authorities, the Directors intend to follow ABI recommendations concerning their use (including as regards the Directors standing for re-election in certain cases).

SPECIAL RESOLUTIONS

Resolution 8: Authority to dis-apply pre-emption rights

The Board wishes to renew the existing authority from shareholders to allot shares or sell any shares held in treasury for cash otherwise than to existing shareholders pro rata to their holdings. Resolution 8, which will be proposed as a special resolution and therefore requires a 75% majority of votes to be cast in favour, would give the Directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This authority would be, similar to previous years, limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £1,598,566 (representing 159,856,600 ordinary shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at 2 March 2010, the latest practicable date prior to publication of this Notice. In respect of this aggregate nominal amount, the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders.

The authority will expire at the earlier of 28 July 2011 and the conclusion of the Annual General Meeting of the Company held in 2011.

Resolution 9: Authority to make market purchases of shares

Any purchases under this authority would be made in one or more tranches and would be limited in aggregate to 10 per cent of the ordinary shares in issue at the close of business on 2 March 2010.

The maximum price to be paid on any exercise of the authority would not exceed 105% of the average of the middle market quotations for the Company's ordinary shares for the five business days immediately preceding the date of the purchase. Shares purchased pursuant to these authorities will be held as treasury shares, which the Company can re-issue quickly and cost-effectively, and provides the Company with additional flexibility in the management of its capital base. The total number of shares held as treasury shall not at any one time exceed 10 per cent of the Company's issued share capital. Accordingly, any shares bought back over the 10% limit will be cancelled.

The total number of options, conditional share awards and warrants to subscribe for ordinary shares outstanding as at the close of business on 2 March 2010 was 73,738,167, representing approximately 2.3% of the issued ordinary share capital of the Company as at that date and approximately 2.6% of the Company's issued ordinary share capital following any exercise in full of this authority to make market purchases.

The Company has warrants over 57,748,002 Ordinary Shares, representing 0.02% of the Company's ordinary issued share capital as at close of business on 2 March 2010. If the authority given by resolution 9 were to be fully used, these would represent 1.64% of the Company's ordinary issued share capital at that date.

This authority will last until the conclusion of the Company's Annual General Meeting in 2011 or, if earlier, 28 October 2011.

This is a standard resolution, sought by the majority of public listed companies. The Board has no current intention of utilising this authority but nevertheless feels it appropriate to seek renewal at the Annual General Meeting in order to preserve the flexibility to manage its capital base.

SPECIAL BUSINESS

Ordinary Resolutions

Resolution 10: Approval of the Directors' Remuneration Report for the year ended 31 December 2009

The Directors' Remuneration Report for the year ended 31 December 2009 has been prepared in accordance with Sections 420 and 421 of the Companies Act 2006. Section 439 of said Act requires the Company to give shareholders notice of an ordinary resolution approving the Directors' Remuneration Report. The Directors' Remuneration Report is on pages 41 to 50 of the Report and Accounts. The Board considers that appropriate executive remuneration plays a vital part in helping to achieve the Company's overall objectives. The vote on the Remuneration Report has advisory status in respect of the remuneration policy and overall remuneration packages and is not specific to individual levels of remuneration.

Resolution 11: Authority to make political donations

In order to comply with its obligations under the Companies Act 2006 and to avoid any inadvertent infringement of the Companies Act 2006, the Board wishes to renew its existing authority for a general level of donation. Resolution 11 seeks to renew the existing authority for the Company to make political donations and incur political expenditure. The Companies Act 2006 requires this authority to be divided into three heads with a separate amount specified as permitted for each. We have specified an amount not exceeding £250,000 for each head of the authority. In accordance with the Companies Act 2006, Resolution 11 extends approval to all of the Company's subsidiaries.

This authority will last until the conclusion of the Annual General Meeting of the Company in 2011, unless renewal is sought at that meeting.

The Company and the Group have not made any donations to political parties since the resolution passed at the previous Annual General Meeting and it is not our policy to do so in the future. Nevertheless, the Companies Act 2006 defines political organisations very widely and, as a result, in certain circumstances, donations made for charitable or similar purposes could possibly be treated as a donation to a political organisation. For example, a donation to a humanitarian charity which may also operate as a political lobby, sponsorship, subscriptions, paid leave to employees fulfilling public duties and payments to industry representative bodies could constitute a donation to a political organisation within the current definitions.

Details of charitable donations appear on page 53 of the Report and Accounts.

SPECIAL RESOLUTIONS

Resolution 12: Notice of general meetings

This Resolution is required to reflect the implementation in August 2009 of the Shareholders' Rights Directive. The regulations implementing this Directive have increased the notice period for general meetings of the Company to 21 days unless shareholders agree to a shorter notice period, which cannot be less than 14 clear days. At the 2009 Annual General Meeting, a resolution was passed approving the Company's ability to call general meetings (other than Annual General Meetings) on not less than 14 clear days' notice. As this approval will expire at the conclusion of this Annual General Meeting, Resolution 12 proposes its renewal. The shorter notice period of 14 clear days would not be used as a matter of routine for any general meeting, but only where the flexibility is merited by the business of a particular meeting and is thought to be to the advantage of shareholders as a whole. The renewed approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the Companies Act 2006 mean that in order to be able to call a general meeting on less than 21 clear days' notice, the Company must in respect of that meeting make available electronic voting to all shareholders.

Resolution 13: Adoption of New Articles of Association

It is proposed in Resolution 13 to adopt new Articles of Association (the 'New Articles') in order to update the Company's current Articles of Association (the 'Current Articles') primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the 'Shareholders' Rights Regulations') and the implementation of the last parts of the Companies Act 2006.

The principal changes introduced in the New Articles are summarised in Appendix II below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 and the Shareholders' Rights Regulations or conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills have not been noted in Appendix II. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 106 of this document.

APPENDIX II: EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum.

The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further, the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 13(i) confirms the removal of these provisions for the Company. As the effect of this Resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

Change of name

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006 a company is able to change its name by other means provided for by its articles of association. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

No change of name is envisaged or proposed and this power would not be exercised by the Board without very careful consideration and due process and only where it is in the best interests of shareholders to do so.

Authorised share capital and unissued shares

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

Redeemable shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles of association the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead, provided they are so authorised by the company's articles of association. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares, but if it did so the Directors would need shareholders' authority to issue new shares in the usual way.

Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles of association to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves, as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006, a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles of association to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

Use of seals

Under the Companies Act 1985, a company required authority in its articles of association to have an official seal for use abroad. Under the Companies Act 2006, such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a Director and the Secretary or two Directors or such other person or persons as the Directors may approve.

Suspension of registration of share transfers

The Current Articles permit the Directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

Vacation of office by Directors

The Current Articles specify the circumstances in which a Director must vacate office. The New Articles update these provisions to treat physical illness in the same manner as mental illness.

Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles remove provisions in the Current Articles dealing with proxy voting on the basis that these are dealt with in the Companies Act 2006 and contain a provision clarifying how the provision of the Companies Act 2006 giving a proxy a second vote on a show of hands should apply to discretionary authorities.

Adjournments for lack of quorum

Under the Companies Act 2006, as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles reflect this requirement.

Voting record date

Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations the Company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The New Articles reflect this requirement.

General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.

Shareholder Information

Shareholder Facilities

Annual General Meeting
11.00 am on 29 April 2010 at:

The British Medical Association, BMA House, Tavistock Square, London, WC1H 9JP.

Latest date for receipt of proxy instructions for the 2010 Annual General Meeting: 11.00 am on 27 April 2010

Group Company Secretary and General Counsel and Registered Office
James Jordan
80 New Bond Street
London W1S 1SB
Tel: +44 (0)20 7355 8100
Fax: +44 (0)20 7355 8197
E-mail: james.jordan@taylorwimpey.com

Registrar
For any enquiries concerning your shareholding or details of shareholder services, please contact:

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0GA
E-mail: ssd@capitaregistrars.com
Tel: 0871 664 0300 (UK)

(Calls cost 10p per minute plus network extras; lines are open 8.30 am to 5.30 pm Mon-Fri).

Tel: +44 20 8639 3399 (overseas)

Auditors
Deloitte LLP

Bankers
HSBC Bank plc

Solicitors
Slaughter and May

Stockbrokers
J.P. Morgan Cazenove Limited

Shareholders' Services
Web Communications
On 3 March 2009 we wrote to shareholders explaining that the Company had decided to implement the authority it had received from Shareholders to make its shareholder communications available electronically through the Company's Web site.

Please note that following the re-branding of the merged company, the Company's Web site url is:
www.taylorwimpeyplc.com.

The benefits of web communication are that it:

- Enables the Company to reduce its printing and postage costs significantly;
- Enables shareholders to access information faster, on the day documents are published on the Company's Web site; and
- Reduces the amount of resources consumed, such as paper, and lessens the impact of printing and mailing activities on the environment.

The Company provides hard copy documentation to those shareholders who have requested this and is, of course, happy to provide hard copies to any shareholders upon request.

Electronic communications
The Company also encourages shareholders to elect to receive notification of the availability of Company documentation by means of an e-mail. Shareholders can sign up for this facility by logging onto our Web site at www.taylorwimpeyplc.com.

On-line facilities for shareholders
You can access our Annual and Half Year Reports and copies of recent shareholder communications on-line at www.taylorwimpeyplc.com.

To register for on-line access, go to www.taylorwimpeyplc.com and navigate through to Investor Relations/Shareholder Information, and click on the service you require. To access some of these services you will first be required to apply on-line for a User ID.

Once you have registered for access, you can make on-line enquiries about your shareholding and advise the Company of changes in personal details.

Duplicate share register accounts
If you are receiving more than one copy of our Annual Report, it may be that your shares are registered in two or more accounts on our register of members. You might wish to consider merging them into one single entry. Please contact Capita Registrars who will be pleased to carry out your instructions in this regard.

Low-cost share dealing services
We have arranged both telephone and on-line share dealing services for UK resident Taylor Wimpey shareholders to buy or sell up to £25,000 worth of Taylor Wimpey plc shares. The services are operated by Capita Registrars. To use the services either visit www.capitadeal.com or telephone +44 (0)871 664 0446 (calls cost 10p per minute plus network extras; lines open 8.00am to 4.30pm Mon-Fri). To deal, you will need to provide your surname, postcode, date of birth and investor code (which can be found on your share certificate).

Taylor Wimpey and 'CREST'
Taylor Wimpey shares can be held in 'CREST' accounts, which do not require share certificates. This may make it quicker and easier for some shareholders to settle stock market transactions. Shareholders who deal infrequently may, however, prefer to continue to hold their shares in certificated form and this facility will remain available for the time being, pending the likely general introduction of dematerialised shareholdings in due course.

Taylor Wimpey share price
Our share price is printed in many of the UK daily newspapers and is also available on our Web site www.taylorwimpeyplc.com. It appears on BBC Ceefax and other digital television interactive services. It may also be obtained by telephoning the FT Cityline service, telephone: +44 (0)9058 171690 and ask for 'Taylor Wimpey' on the voice activated response (calls cost 75p per minute from a BT landline, other networks may vary).

Gifting shares to charity
If you have a small holding of Taylor Wimpey plc shares, you may wish to consider gifting them to charity. You can do so through 'ShareGift', which is administered by a registered charity, Orr Mackintosh Foundation Limited. Shares gifted are re-registered into the name of the charity, combined with other donated shares and then sold through stockbrokers who charge no commission. The proceeds are distributed to a wide range of recognised charities. For further details, please contact Capita Registrars or approach ShareGift directly on www.sharegift.org or telephone them on + 44 (0)20 7930 3737.

Principal Operating Addresses

UK

Taylor Wimpey plc
80 New Bond Street
London
W1S 1SB

Tel: +44 (0)20 7355 8100
Fax: +44 (0)20 7355 8197

E-mail: twplc@taylorwimpey.com
www.taylorwimpeyplc.com

Registered in England and Wales
number 296805

Taylor Wimpey UK Ltd.
Gate House
Turnpike Road
High Wycombe
Buckinghamshire
HP12 3NR

Tel: +44 (0)1494 558323
Fax: +44 (0)1494 885663

Spain and Gibraltar

Taylor Woodrow de España S.A.U.
C/Aragon, 223-223A
07008 Palma de Mallorca
Mallorca
Spain

Tel: +00 (34)971 706 570
Fax: +00 (34)971 706 565

Taylor Woodrow (Gibraltar) Ltd.
4/5 The Boardwalk
Tradewinds
Marina Bay Road
Gibraltar

Tel: +00 (350) 78780
Fax: +00 (350) 75529

North America

Taylor Morrison, Inc.
4900 North Scottsdale Road
Suite 2000
Scottsdale
Arizona 85251
USA

Tel: +00 (1) 480 840 8100
Fax: +00 (1) 480 840 8156

Details of all our operating locations
are available on our Web site
www.taylorwimpeyplc.com

Taylor Wimpey plc

80 New Bond Street
London
W1S 1SB