Taylor Wimpey plc

Building shareholder value...

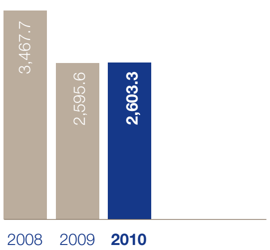
Annual Report and Accounts 2010

Taylor Wimpey plc is a focused community developer with operations in the UK, the US, Canada and Spain. We aim to be the developer of choice for customers, employees, shareholders and communities.

Our 2010 financial performance

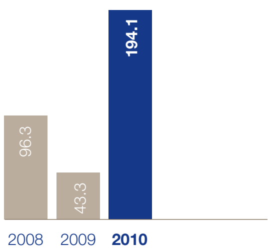
Revenue – continuing (£m)

£2,603.3m



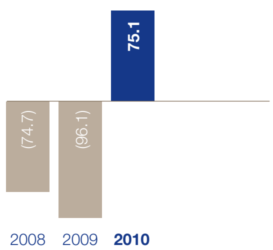
Operating profit* (£m)

£194.1m



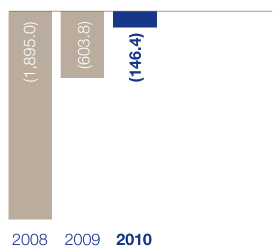
Profit/(loss) before tax and exceptional items (£m)

£75.1m



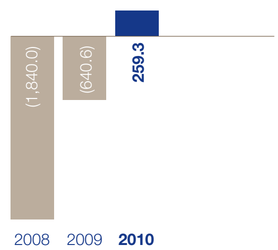
Exceptional items – before tax (£m)

£(146.4)m



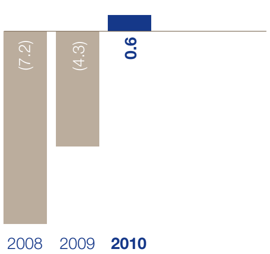
Profit/(loss) for the year – total Group (£m)

£259.3m



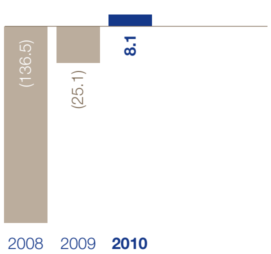
Adjusted earnings/(loss) per share (p)

0.6p



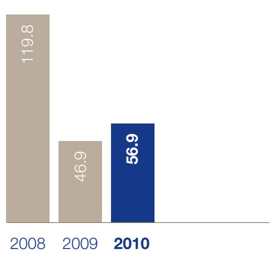
Earnings/(loss) per share (p)

8.1p



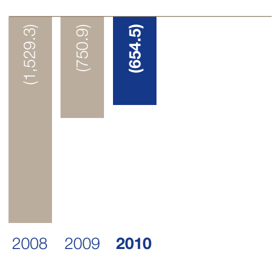
Tangible net assets per share (p)

56.9p



Year end net debt (£m)

£(654.5)m



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

Taylor Wimpey manages a portfolio of over 170,000 land plots across the UK, the US, Canada and Spain.

Operational Highlights:

UK Housing

- Significant improvement in operating margin to 7.1% (2009: 0.8%).
- Successful promotion of a 1,500 home community in Cambuslang, near Glasgow.
- Asset turn increased to 1.1 times (2009: 0.8 times).

North America Housing

- 44% of our land portfolio is finished lots, which do not need further development.
- Sites acquired in 2008-2010 performing strongly
- Increased asset turn to 1.5 times (2009: 1.3 times).

Contents

Directors' Report: Business Review

Operational and financial performance in 2010 and prospects for 2011.

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.

For more information

Visit our corporate Web site:
www.taylorwimpeyplc.com

Cross-reference within this document for related information.

Corporate responsibility

A full Corporate Responsibility Report is published separately on-line and is available from www.taylorwimpeyplc.com.

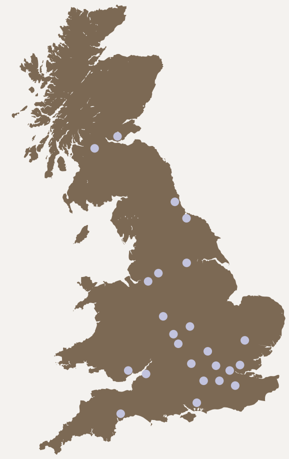
Key information about our approach to sustainable development is available in the following areas of this report.

Business overview

We are one of the largest homebuilders in the UK and a top 10 homebuilder in the US.

UK Housing

Taylor Wimpey is one of the largest homebuilders in the UK with national coverage from 24 regional offices.



Taylor Wimpey

Overview

– We build homes in the UK under the Taylor Wimpey brand.

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

– In addition, we build affordable housing across the UK, which represented 18% of our 2010 completions.

2010 highlights

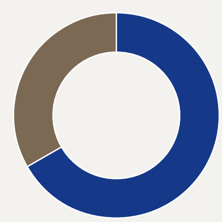
Completions
9,962

Average outlets
289

Average selling price
£171k

Short term landbank
63,556 plots

Proportion of Group revenue
66.7%



Market conditions

– After an encouraging start to the first half of 2010, we saw some softening around the time of the general election in May. Trading improved once the outcome was known, leading to a robust summer period. Sales softened in the autumn ahead of the government's Comprehensive Spending Review in October, with incremental improvements following the announcement.

– National house price indices show a mixed picture over the year.

– Mortgage availability remains restricted, although there has been some improvement in the number of products available to first time buyers.

Short term priorities

– Add new plots to the land portfolio that create value.

– Optimise planning consents on each outlet prior to commencing development and sales.

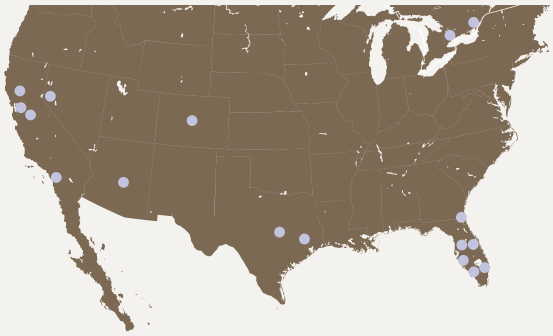
– Reduce build costs through continuous improvement in operational efficiency.

– Deliver competitive offers in each local market.

For more information
see pages 14-19

North America Housing

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



Overview

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

– 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 £123,000 in Arizona to £264,000 in California.

2010 highlights

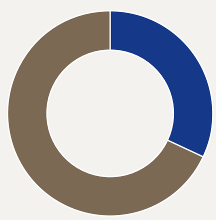
Completions
4,140

Average outlets
149

Average selling price
£200k

Landbank
30,262
plots

Proportion of Group revenue
32.1%



Market conditions

– As expected, market conditions in the US were distorted by the cessation of the Homebuyer Tax Credit on 30 April 2010. After an encouraging first quarter, sales rates softened in the second quarter and into the thrird quarter. We saw stability at lower levels as the autumn progressed and this continued through the fourth quarter.

– Affordability levels remain exceptionally good in many of our markets and foreclosures are gradually reducing.

– Market conditions in Canada remain strong, with house price increases in both Toronto and Ottawa over the course of 2010.

Short term priorities

– Drive sensible sales rates for each site.

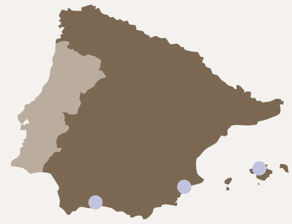
– Retain build cost and overhead savings.

– Maintain reduced level of investment in land and work in progress spend where appropriate.

– Grow market share in our key markets.

For more information
see pages 20-24

Spain and Gibraltar Housing



Overview

– Our homes in Spain are sold under the Taylor Wimpey brand.

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

– Following our announcement in 2008 that we planned to exit our Gibraltar business, we recorded our final home completions in this market during 2010.

2010 highlights

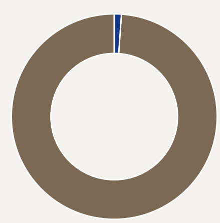
Completions
136

Average outlets
15

Average selling price
£214k

Landbank
1,783
plots

Proportion of Group revenue
1.2%



For more information
see page 25

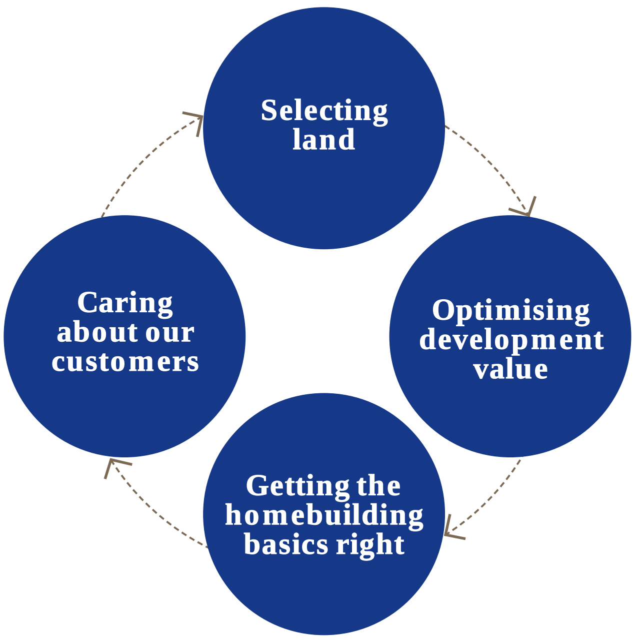
For more information

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

Our value cycle

Taylor Wimpey manages a portfolio of over 170,000 land plots across the UK, US, Canada and Spain. We create value through active management of this portfolio and deliver this value through building high quality communities that meet the needs of local residents and our potential customers.

Building sustainable communities



We generate value for our shareholders through managing our investment portfolio of land to deliver optimal returns. These returns are created through identifying the best opportunities, adding value through the planning process and designing places to live that meet the local demand. We deliver this value through safe, efficient and considerate development of these communities and helping our customers to buy and move into their new homes.

How we create and deliver value

Selecting land

Key principles

Land is the critical 'raw material' for our business and the ability to purchase the right sites in the right locations at the right price is a key driver of shareholder value.

Optimising development value

Key principles

Designing a sustainable community that meets the needs of local residents, is attractive to potential customers and provides attractive returns for shareholders requires a consultative and iterative process of community engagement.

Getting the homebuilding basics right

Key principles

We work with selected sub-contractors and build using carefully sourced materials to ensure that the homes that we sell are of a high quality and are built safely, efficiently, cost effectively and with minimal impact on the environment.

Caring about our customers

Key principles

We recognise that buying a house is a significant financial and emotional investment. We aim to make buying, moving into and living in a Taylor Wimpey home as easy as possible for our customers.

Our strategic approach

We employ land teams in each of our regional businesses in the UK and North America, who use their experience, local knowledge and industry contacts to identify potential acquisitions.

In addition, we have a team of strategic land experts in the UK who are tasked with identifying areas where population growth, or other local demand, could create opportunities to promote land with no current planning consent through the planning system.

Our strategic approach

We have a strong track record of consultation with local residents prior to developing large scale communities, such as Great Western Park, Didcot. We are benefiting from this knowledge and experience across our UK business in preparation for the implementation of the Localism Bill during 2011. See page 17 for further details.

As part of this iterative process, we are able to identify the best use of land to meet the needs of local residents, ensure that we have a mix of homes that meet market demand and that the site is optimised for safe, efficient and considerate development.

Our strategic approach

We are committed to providing a safe place in which our employees and sub-contractors can work. We are also committed to high standards of environmental management.

The building process is carefully managed by our site-based and regional production teams to ensure quality and to minimise disruption to residents in the surrounding areas.

Our strategic approach

We focus on continually improving our standards of customer care and our customer experience through:

- regular market research to identify customer requirements;
- tailoring our range of incentives to help customers make their purchase;
- helping customers navigate the process of selling their existing home and moving into their new home; and
- benchmarking our performance in industry customer care surveys to identify opportunities for further improvements.

Chairman's statement

After the challenges of recent years, Taylor Wimpey has made strong progress during 2010.

After the challenges of recent years, Taylor Wimpey has made strong progress during 2010. We have:

- Delivered significant operational improvement, which is reflected in the Group's enhanced profitability;
- Increased the tangible net asset value per share;
- Completed the refinancing of the debt facilities entered into in April 2009; and
- Continued to support and develop our people, including making a number of changes to the membership of the Board.

2010 performance

In my first Chairman's statement, I am delighted to be able to report a strong improvement in the Company's financial performance during 2010 as the benefits of the strategy for recovery set out in last year's Annual Report take effect. I look forward to building on this success during the course of my tenure.

We have recorded a profit before exceptional items and tax of £75.1 million (2009 loss: £96.1 million). Pre-tax exceptional items for the year are £146.4 million (2009: £603.8 million), with the major constituents being the costs of refinancing and further reviews of the carrying value of our land and work in progress in the United States and Spain. This gives a loss before tax of £71.3 million (2009 loss: £699.9 million).

This recovery in underlying profitability owes much to the improvements made in all areas of our business processes, which I have been very impressed by and which will add significant value as we move forward.

Refinancing

In addition to this improvement in the Company's financial performance, we have also made further progress in strengthening the Company's balance sheet. As we announced on 15 December 2010, we have completed the refinancing of our existing debt facilities, ahead of their maturity date in July 2012.

The new arrangements provide a number of benefits, including:

- a simplified debt structure with extended maturity profile;
- better blended interest rate of around 7.5%; and
- greater operational flexibility.

Shareholder information

Full details of the facilities available to shareholders can be found on page 111 of this Annual Report and Accounts and at www.taylorwimpeyplc.com/InvestorRelations/ShareholderInformation

Electronic communications

We make our 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.

We also encourage 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.

For more information
www.taylorwimpeyplc.com
/InvestorRelations/Shareholder Information
/ElectronicCommunications.htm

I would like to thank our shareholders and debt providers for their ongoing support to the Group.

Further information regarding the refinancing is contained within Ryan Mangold's Group Financial Review on page 30.

North American operations

As recently announced, we are evaluating proposals for our North American business and will update the market in due course.

Dividends

The Board did not consider it appropriate to propose an interim dividend for 2010. The uncertainty in the wider economy has eased somewhat during the second half of 2010, however, we are not proposing a final dividend for 2010 (2009 full year dividend: nil).

We will continue to review our dividend policy in the light of Taylor Wimpey's financial position and prevailing economic and market conditions in the future.

Corporate responsibility

As a major community developer, we have social, ethical, environmental and economic responsibilities that we take extremely seriously. 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.

Following my appointment in July 2010, I was also very pleased to meet with a number of our major shareholders to discuss both business and governance matters, which I found very helpful indeed. I look forward to further such meetings during the course of 2011 and to meeting with shareholders at the Annual General Meeting on 21 April 2011.

During 2010, we have embedded our approach to corporate responsibility more fully into the day to day management of the business. As such, although ultimate responsibility continues to rest with the Group Chief Executive, Pete Redfern, the Corporate Responsibility Committee of the Board has been disbanded. However, the Board will continue to review our corporate responsibility strategy and reporting on a regular basis. Our Sustainability Steering Group, comprising seven senior personnel from relevant disciplines across our UK business, coordinates our sustainability activities at the operational level and we continue to benefit from our excellent and fully integrated health, safety and environmental management system.

Our people

I have been very impressed by what I have seen of our business and our people so far. They have demonstrated a very strong work ethic, together with huge pride, creativity and responsibility in support of the Company as well as the homes and communities that we build.

We would like to record our thanks to all of the people within our business and particularly those in our North American business who have had the additional uncertainty of ongoing speculation regarding a potential change of ownership.

Board changes

After seven years as Chairman of the Company, Norman Askew stood down at the end of June 2010. Norman guided the Company safely through unprecedented market conditions and leaves it well positioned for the future.

I was appointed to the Board as Chairman on 1 July 2010 and I am delighted to have joined an excellent Board, experienced, unified and fully committed to the Company and its stakeholders.

Ryan Mangold joined the Board as Group Finance Director in November 2010. Ryan joined Taylor Wimpey in April 2009 as Group Financial Controller and has played an important role in delivering the recent refinancing. I would like to take this opportunity to welcome him to the Board and thank his predecessor, Chris Rickard, who stood down in November 2010, for his significant contribution to the Group.

As stated in last year's Annual Report, David Williams stood down as a Non Executive Director on 31 March 2010. Rob Rowley, who joined the Board on 1 January 2010, succeeded David as Senior Independent Director in addition to his role as Chairman of the Audit Committee.

We have recently announced that Katherine Innes Ker and Andrew Dougal will be stepping down as Non Executive Directors immediately prior to the Annual General Meeting, after long and distinguished service to the Board. Katherine has served on the Board for more than nine years and Andrew for more than eight.

As announced in February 2011, I am very pleased that Kate Barker will be joining the Board as a Non Executive Director with effect from 21 April 2011. Kate brings a wealth of economic and political experience as well as a detailed knowledge of the housing industry.

I would like to record the Board's enormous gratitude to Norman, Chris, David, Katherine and Andrew for their contributions in what have been some very challenging times.

Kevin Beeston
Chairman

Corporate governance

Strong corporate governance is, if anything, even more essential in challenging market conditions.

The Board undertook a comprehensive review of the new UK Corporate Governance Code (UKCGC) in September 2010 in order to ensure that we are ready to comply with it during 2011. We also undertook a Board Evaluation during 2010 and, going forward, will conduct this process via an external facilitator once every three years, as set out in the UKCGC.

All Directors will be submitting themselves for election or re-election at this year's Annual General Meeting.

A full report on our corporate governance activities can be found in the Corporate Governance Report on pages 34 to 40 which confirms that the Company was again compliant with the Combined Code.

Visit our Web site
www.taylorwimpeyplc.com /InvestorRelations/CorporateGovernance/

Group Chief Executive's review

Directors' Report: Business Review
Directors' Report: Governance
Financial Statements
Shareholder Information

Pete Redfern Group Chief Executive

Applying our focused strategy to our value cycle gives us the opportunity to deliver further growth in shareholder value.

How we create value and measure performance for our shareholders:

Strategy
A clear strategy for the future **p9**

Key performance indicators
A measured approach **p10**

Risks and uncertainties
Effectively managing risk in the delivery of our strategy **p12**

Having strengthened our financial position during 2009, we have delivered a significant improvement in our financial performance in 2010.

Highlights for the year

We have delivered a significant improvement in the Group's performance during 2010:

- Growth in profitability in both the UK and North America.
- Refinancing completed.
- Reduced pension deficit.
- Strong cash generation.

Having strengthened our financial position during 2009, we have delivered a significant improvement in our financial performance in 2010. This reflects a combination of the continuing benefits of the operational decisions that we took in 2008 and the delivery of our strategy for recovery that I set out in last year's Annual Report.

Developing our strategy

After a year of greater stability in our markets in the UK and North America during 2009, 2010 has brought a broadly stable year in the UK market and, as expected, some volatility in the US. It is, therefore, very pleasing to have been able to deliver such a strong improvement in the performance of the Group without the assistance that a market recovery provides.

We enter 2011 with a continuing focus on maximising the value that we achieve from each home completion across all of the Group's operations and we have made good progress in the key areas of pricing, build cost reduction, replanning and additions to our landbank, as you will see in the regional sections of this Annual Report.

Strategy

Vision and goal

Taylor Wimpey is a focused community developer. We aim to be the developer of choice for customers, employees, shareholders and communities.

Our Group strategy

We create value through active management of our land portfolio and deliver this value through building high quality communities that meet the needs of local residents and our customers.

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

- Enhance the Group's profitability in both of our main markets through:
  - Focusing on sales price increases rather than volume growth.
  - Continued focus on operating efficiency.
  - Maintaining a tight control on overhead costs.
- Active management of our land portfolio.
- Evaluate proposals for our North American business.
- Maximise the potential of our employees through training and development programmes.

The next stage is to build on this platform and on the experience that we have gained as a management team from the difficult trading conditions of the last few years.

As set out in the description of our value cycle on page 4 our primary channel for the creation of value is the active management of our land portfolio. Rather than seeing homebuilding as the driver of value, we see it as the way to deliver the value that we have created through selecting land and optimising its value.

We manage over 170,000 plots of land in our portfolio across the UK, the US, Canada and Spain. This requires a significant amount of capital to fund and it is essential that we allocate our capital to the most attractive opportunities in order to generate the best returns.

The majority of this portfolio is land in the UK. This reflects the nature of the UK land-buying market, with developers typically taking responsibility for delivering an implementable planning consent. Given the unpredictable nature of the current planning system, it is essential to ensure that we have sufficient land at different stages of planning to be able to plan the required scale of our building operations with reasonable certainty. By contrast, in the US, it is usually the case that the land vendor is responsible for achieving the required consents.

However, the lengthy planning process provides us with opportunities as well as challenges. We can use that time to refine our designs for the community, engaging with the planning authority and local residents to ensure that what we deliver will meet their needs. This is a process that we have spent more time on since the downturn, with encouraging results, and one which we will continue to focus on, going forward.

Once an optimised planning consent is achieved, we begin work on site to deliver the design that we have created. By getting the basics right, we deliver high quality homes for our customers that are built safely, efficiently, cost effectively and with minimal impact on the environment.

We have made good progress in enhancing our operational efficiency over the last few years through a combination of merger synergies, reduced labour and materials costs and value engineering sites to reduce the level of infrastructure costs. This is an ongoing process and we have initiated a programme of continuous improvement in this area with each of our sites being reviewed on a quarterly basis to ensure that the anticipated value is delivered or exceeded.

We continue to monitor our overhead costs carefully and, following a consultation process, we will be consolidating our Corporate office and UK Head Office into a single team based in our existing High Wycombe office. This will enable us to work more efficiently to support the operational business and enhance communication across departmental functions. In addition, we will commence the roll-out of a new IT system in our UK business which is expected to increase efficiency and reduce support costs.

In order to deliver value for shareholders, it is essential that the homes and communities that we build are attractive places to live for our customers. This is a key stage of optimising value as we design each development and it is supported by the work of our sales and marketing and customer care teams.

Group Chief Executive's review continued

Group key performance indicators

Our Group KPIs provide a measure of our performance against our strategy

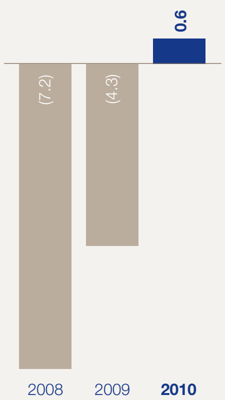
Adjusted earnings/(loss) per share

0.6p
for 2010

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.



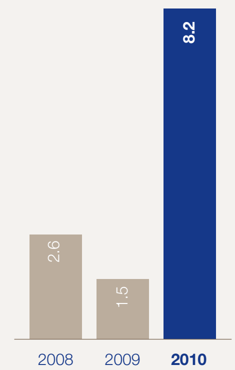
Return on average capital employed

8.2%
for 2010

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?
Developing communities 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.



Risk

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

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

For more information
see pages 12-13

Corporate responsibility

Our corporate responsibility approach 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 26-27

We recognise that buying a house is a significant financial and emotional investment. Surveys often highlight moving home as one of the most stressful events in a person's life and we aim to make the process of buying, moving into and living in a Taylor Wimpey home as easy as possible for our customers. We will continue to work with mortgage lenders to identify ways in which we can help our customers to purchase their home in an environment where mortgage lending remains constrained, particularly for first time buyers.

Our homes are designed for the way that our customers live. For example, we have undertaken considerable customer research to ensure that our new house type range in the UK meets the needs of modern living.

We participate in industry customer care surveys across our business and benchmark our scores both internally and against our industry peers.

Combining these initiatives with the strong team of people that we have across our business gives us the ability to continue to grow our margins, subject to stable market conditions.

Refinancing

A key achievement during 2010 was the completion of our refinancing in December. We now have a simplified debt structure and extended maturity profile, as well as greater operational flexibility to pursue the strategy outlined above. Ryan Mangold provides more detail on the new facilities in his Group Financial Review on page 30.

North American operations

As we have previously outlined, our intention is to refocus the business of the Group on the UK market in the medium term. This is a decision that the Board has considered for some time, particularly given the potential for recovery in the US housing market. However, there are a number of factors that mean that the Group is better positioned to deliver value to shareholders if it is focused on its UK operations.

The decision reflects the relative attractiveness of the UK housing market, which is driven by structural undersupply of new housing, the constrained supply of land within the UK and the low stock levels within the UK housebuilding industry. The Board believes that, historically, the combined UK business

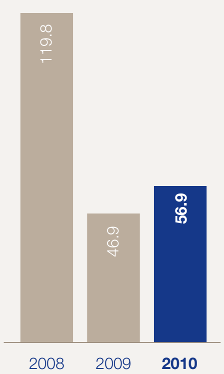
Tangible net assets per share

Objective
To deliver growth in tangible net assets per share as market conditions allow.

56.9p
for 2010

Definition
The net asset value of the Group, as reported on the consolidated Balance Sheet, less goodwill and other intangible assets, divided by the number of shares in issue at the period end.

Why is it key to our strategy?
The Group must meet its financial covenants in order to retain access to its debt funding.



Please note this key performance indicator has been amended following the Group's refinancing in December 2010, which removed the requirement to meet the cash flow covenant test as set out in the previous financing arrangement.

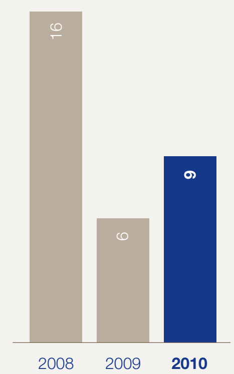
Employee turnover

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

9%
for 2010

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 developing communities and delivering high quality homes that our customers want to live in, on time and to budget.



and North American business have not had a material overlap nor shared significant synergies. The Board also believes that, historically, the UK equity markets have not fully reflected the value and contribution of the North American business.

As previously announced, we received interest in our North American operations towards the end of 2010 and have made progress in evaluating these approaches. However, there is no guarantee that any transaction will take place and we will not recommend a sale of the business to shareholders unless we consider that it represents a satisfactory value for our high quality operations. We will update the stock market as appropriate in due course.

People

Our value cycle requires significant input from skilled people to deliver quality homes and communities for our customers. I continue to believe that the quality of our teams is a key differentiator for our business and is reflected in the strength of the performance that we have delivered together in 2010. I would like to record my thanks for their ongoing commitment and hard work, once again.

Corporate responsibility

We remain committed to being a responsible company and to playing our part in building increasingly sustainable homes and communities.

As Group Chief Executive, I take ownership of the corporate responsibility agenda at the Board level and oversee the work of our Sustainability Steering Group. I also sit on the Confederation of British Industry's Climate Change Board, enabling us to benefit from best practice across a wide range of industries.

Outlook

In the UK, we have seen a positive start to 2011 with some price increases achieved. We expect the underlying market to remain relatively flat over the course of 2011, although we are likely to continue to see volatility in the national house price indices from month to month as economic uncertainty continues and mortgage lending remains restricted.

The significant long term undersupply of new housing in the UK persists and we are committed to working with the UK government to deliver a planning system that is capable of supporting an increased level of supply, whilst recognising the likelihood of reduced supply during the transition stage. We will also continue to work with the mortgage industry to identify ways of increasing mortgage supply, such as our recently launched 'Take5' product that uses an insurance-backed guarantee to provide an affordable 95% mortgage.

In North America, markets appear to have stabilised and there are signs of increasing consumer confidence. Affordability levels remain at record highs and this, combined with gradually reducing foreclosure levels, provides the potential for a strong recovery as confidence returns.

We are evaluating proposals for our North American business and will update the market as appropriate in due course.

With a simplified debt structure in place, we now have significantly greater operational flexibility and an enhanced ability to deliver our strategic priorities, including further margin improvement.

Pete Redfern
Group Chief Executive

Group Chief Executive's review continued

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.

	Economic and market environment	Government regulations and planning policy	Compliance with financial and operational covenants	Land purchasing
Description of risk	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.	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 resulted in a change of government and new planning regulations are being progressed through Parliament.	We completed a total refinancing in December 2010, which resulted in a standard set of financial and operational covenants for our sector. However, breach of our new covenants could, in certain circumstances, lead to a requirement to repay debt funding in its entirety.	Purchasing of land that is poor quality or mis-priced or purchasing land in insufficient quantity.
Relevance to strategy	The majority of the homes that we build are sold to individual purchasers who take on significant mortgages to finance their purchases. As such, customer demand is extremely sensitive to economic conditions.	In addition to our short term land portfolio we have a strategic land portfolio of 77,060 potential plots in the UK. Our ability to obtain the planning permission required to develop communities on this land is dependent on our ability to meet the relevant regulatory and planning requirements.	Our new financial arrangements no longer have specific limits on the level of land spend, but do set limits on our maximum level of gearing and specify a minimum amount of interest cover by reference to either operating cash or EBITDA. These requirements, while not expected to constrain the business under reasonably foreseeable market conditions, could be compromised under extreme market conditions.	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.
Potential impact on KPIs	The global economy has exhibited some volatility during 2010 arising from concerns regarding the sovereign debt of some countries. Credit availability and consumer confidence remain below normal levels. As a result, the level of effective demand for new homes continues to be significantly reduced, impacting both profitability and cash generation.	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.	As our land portfolio is a relatively illiquid asset in adverse market conditions, any requirement to pay back debt at short notice under such conditions could lead to a requirement to sell land on unfavourable terms, or potentially cause the business to fail if sufficient funds cannot be raised.	Purchasing poor quality or mis-priced land would have a detrimental impact on our profitability. Purchasing insufficient land would reduce the Group's ability to manage its portfolio actively and lead to a shortfall in anticipated performance.
Mitigation	Our local teams select the locations and home designs that best meet the needs of the local community and 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.	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, consult with local communities and structure purchase agreements to mitigate such risk.	We monitor our future and detailed cash requirements on a monthly basis, which takes into account land spend and projected site openings, together with headroom to cover contingencies and unforeseen requirements.	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.

Availability of sub-contractors	Site safety	Construction and cost management	Ability to attract and retain high calibre employees
The difficult operating environment over the last three 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.	Building sites are inherently dangerous places and our management of health and safety issues is of paramount importance to us.	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.	Recruiting employees with inadequate skills or in insufficient numbers, or not being able to retain key staff.
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.	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.	We build communities in the UK, the US, Canada and Spain 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.	Our value cycle requires significant input from skilled people to deliver quality homes and communities for our customers. The challenging market conditions in recent years have meant that we have had to reduce the number of employees across the Group.
If our sub-contractors are not able to recruit sufficient numbers of skilled employees, the development of our communities 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.	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.	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.	Not having the right teams in place could lead to delays, quality issues, reduced sales levels, poor customer care and reduced profitability.
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.	We have a comprehensive health, safety and environmental management system, which is integral to our business. This is supported by our policies and procedures to ensure that we live up to our intention of providing a safe and healthy working environment.	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.	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 against the industry, have succession plans in place for key roles within the Group and hold regular development reviews to identify training requirements.

UK Housing

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

Pete Redfern
Group Chief Executive

UK housing market

We entered 2010 with concerns regarding ongoing political and economic uncertainty. The relatively robust market conditions that we have experienced over the year proved to be slightly better than our initial assumptions.

We saw solid demand in the first quarter of the year, with some underlying price increases before a slight softening around the general election in May. Once the outcome of the election was known, we saw an improvement and the summer trading period was slightly ahead of our expectations. As we moved into autumn, we saw another softening of demand as customers awaited the outcome of the Comprehensive Spending Review in October. As with the general election, once the uncertainty had been resolved we saw an incremental pick-up in sales.

Following a gradual improvement over the course of 2009, mortgage availability has remained restricted through 2010. According to the Bank of England, the total value of loans approved for house purchases during 2010 was £80,106 million, a slight increase on the £77,780 million in 2009.

Interest rates remained at an historic low of 0.5% throughout 2010 and there has been a gradual increase in the availability of higher loan-to-value mortgages, albeit at a significant premium to those mortgages available to customers with a bigger deposit.

National house price indices do not show a clear trend for 2010 following the annual increases reported for 2009. The Nationwide House Price Index shows a rise of 0.4% over 2010 to an average house price of £162,763. By contrast, the Halifax House Price Index reports a fall of 1.6% during 2010 to an average house price of £162,435. Our own sales data shows a small increase in selling prices over the course of the first half of 2010, followed by a marginal reduction in the second half.

Compared to our own experiences of mix-adjusted house prices, the national indices tend to exaggerate the movements and we would expect this to continue into 2011.

Industry volumes improved during 2010, with the housebuilding industry, including housing associations, starting just over 115,000 homes compared to less than 90,000 in 2009, according to the National House-Building Council. However, the quarterly trend has been downwards since the end of the second quarter of 2010. Industry volumes remain significantly below the level of household formations, with the most recent forecasts of an average of 232,000 per annum from 2008 to 2033 for England alone.

The level of housebuilding in the UK is a key focus for the new government and its Localism Bill was published in December 2010. The bill, which is currently progressing through the parliamentary process, is intended to devolve power for planning decisions to the local communities that such decisions impact upon. The government has also published details of a New Home Bonus scheme, which is intended to link financial benefits for local authorities, and by extension their electorates, to decisions to allow development of new homes. We support the government's intention to reform the planning system and comment on the potential impact of the bill in more detail on page 17.

There has been a variety of reactions from local authorities to the proposed changes and we continue to work with the government to deliver an implementable system that is capable of supporting an increase in the supply of new homes.

Key market 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

- Significant improvement in operating margin to 7.1% (2009: 0.8%).
- Successful promotion of a 1,500 home community in Cambuslang, near Glasgow.
- Asset turn increased to 1.1 times (2009: 0.8 times).

Strategy

Maximising the value from each home sold through active management of our land portfolio and engaging with planning authorities and local communities to deliver attractive places to live.

Long term objectives

- Remain focused on margin ahead of volume.
- Grow profitability through active management of our landbank.
- Increase the number of plots with optimal planning consents to enable us to open more outlets.

Short term priorities

- Add new plots to the land portfolio that create value.
- Optimise planning consents on each outlet prior to commencing development and sales.
- Reduce build costs through continuous improvement in operational efficiency.
- Deliver competitive offers in each local market.

Our UK Housing Key Performance Indicators

	Objective	Definition	Why is it key to our strategy?	2010	2009	2008	
Contribution per legal completion	We strive to maximise the level of contribution per home sold.	Revenue, net of incentives, less build costs, land costs and direct selling costs divided by the number of homes completed.	In an environment where land is a scarce resource and volumes are likely to remain constrained in the short term, growing the contribution per legal completion offers a route to profit growth.	22.9	12.6	16.5	£22.9k
Forward order book as a percentage of completions	In a flat or falling pricing environment we look to maximise the level of our order book.	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).	A strong order book provides greater stability in business planning and enhances our ability to increase the contribution per legal completion.	47.2	53.6	31.7	47.2%
Owned and controlled plots with planning	We aim to maintain sufficient land in our portfolio to enable us to remain selective in future purchases.	The total number of plots that we either own or control, with some form of planning consent.	Having a portfolio of land in place is key to planning the required scale of our building operations for future home completions.	63,556	66,089	74,917	63,556
Customer satisfaction	We strive to maintain and improve our customer satisfaction scores.	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 completions.	Delivering high levels of customer satisfaction increases the reputation of our business and reduces the costs associated with rectifying poor quality work.	87.1	87.1	79.4	87.1%
Health and safety	We want our employees and sub-contractors to go home safe and uninjured, day after day.	Reportable injury frequency rate per 100,000 hours worked.	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.	0.235	0.226	0.296	0.235
Waste generated per home	We aim to reduce the level of waste generated per home each year.	Total tonnage of construction waste per home built.	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.	4.35	4.69	5.11	4.35

Risk

The Group's principal risks and uncertainties are detailed on pages 12 and 13 of this report. The risks that have seen the greatest change in the UK business during 2010 are:

- Economic and market environment, with uncertainty around the general election in May and the Comprehensive Spending Review in October.
- Government regulations and planning policy, with the new government's Localism Bill being issued towards the end of 2010.
- Compliance with financial and operational covenants following the completion of the Group's refinancing in December 2010.

UK Housing continued

Market statistics

Housing starts
115,500
for 2010
(88,100 for 2009)

Mortgage lending (£m)
£80,106m
for 2010
(£77,780m for 2009)

Annual house price increase
0.4%
for 2010
(5.9% increase for 2009)

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

Managing our land portfolio

Our land strategy is based on managing an investment portfolio rather than being volume-driven in our approach to land acquisition.

Our focus is on maintaining a slightly longer portfolio of land with more strategically sourced plots.

Identifying and purchasing sites that are in the right location, at the right price, combined with achieving the best planning consent is central to our land strategy.

Financial review

Revenue from UK Housing was £1,736.6 million (2009: £1,700.4 million), with a higher average selling price outweighing the impact of a slight reduction in the number of home completions. Operating profit* was £123.0 million, a significant increase on the £14.3 million achieved in 2009 and the operating margin has risen sharply, from 0.8% in 2009 to 7.1% in 2010.

There are no exceptional items relating to the UK Housing business during the year (2009: £452.8 million).

Net operating assets in the UK were £1,628.6 million (2009: £1,693.1 million).

Sales, completions and pricing

Market conditions in the UK were broadly flat in comparison to those experienced in 2009, albeit we saw some softness in the market around the time of the general election in May and again at the time of the Comprehensive Spending Review in October.

We achieved a net private sales rate per outlet of 0.51 for the year as a whole (2009: 0.55) and cancellations remained in line with the long term average at 18.2% (2009: 18.7%). We increased our number of outlets to 301 at the year end from a low point of 271 in September 2010 and expect to deliver further growth in outlet numbers during 2011.

We completed a total of 9,962 homes in 2010 (2009: 10,186), of which 8,103 were private completions (2009: 8,432), 1,824 were affordable homes (2009: 1,709) and 35 were our share of joint venture completions (2009: 45). The overall average selling price for these completions was £171k, an increase of 7% over the 2009 equivalent of £160k of which around two-thirds was mix-related. The average selling price for private completions increased to £184k (2009: £171k) and the affordable average selling price rose to £116k (2009: £108k).

Our year end order book was 4,684 homes (2009: 5,431), reflecting a slower sales rate in the second half and our ongoing strategy of prioritising margin. The success of this approach is illustrated by the margins in our order book, which are significantly higher than the 2009 comparative.

Strategy

In the current market conditions, we continue to focus on maximising the value achieved from each home completion rather than looking to grow volumes ahead of underlying improvements in market conditions.

Selecting land

We have a landbank with planning consent that is equivalent to more than six years of completions at current levels and a further 77,060 potential plots in our strategic landbank. As outlined in my Group Chief Executive's review on pages 8 to 13 we view this as an investment portfolio that we manage actively to create value for shareholders.

Looking back over the last housing market cycle in the UK, it is clear that the industry shifted towards a strategy of growing profits through growing volumes as the market picked up from the mid-1990s through to 2007. This led to land strategies based on achieving volume targets and increased the risks inherent in a cyclical business. The strength of our existing land portfolio enables us to target our activity in the land market to only the best opportunities. We continue to be highly selective with regard to the types of sites that we buy, in terms of location, product mix, anticipated returns and level of risk. We undertake a series of thorough reviews of each opportunity at all levels during the acquisition process. Only those opportunities that meet our requirements, including level of return on capital, operating profit and risk profile, are submitted for approval.

Having re-entered the land market during the second half of 2009, we remained active in 2010. We have seen an improvement in the availability of attractive opportunities during the second half of 2010 and have maintained our consistent, disciplined approach to land acquisition. During the year, we have approved a total of 8,713 new plots on 86 new sites (2009: 3,003 plots on 22 sites) with limited use of deferred payment terms.

Our UK short term land portfolio, representing owned or controlled land with planning, or a resolution to grant planning, stood at 63,556 plots at 31 December 2010 (2009: 66,089 plots). The average cost per plot in the land portfolio was £31k at 31 December 2010 on the basis of allocating all net realisable value provisions against land value (2009: £30k).

We plan to retain our national coverage, selecting the best opportunities in each region to deliver the best returns. Our current land strategy is weighted towards both the south and houses. However, we believe that a long term strategy with a sensible mix of sites for all consumer groups, including first time buyers, and in all areas where there is significant housing need will deliver long term returns.

We continue to promote our strategic land through the planning process and are pleased to have received planning in principle for 1,500 homes at Cambuslang near Glasgow. 22% of our short term land portfolio was originally sourced without a planning consent and we expect to deliver further planning consents from our strategic portfolio during 2011. At the end of 2010, 55% of the land within our short term landbank was fully consented (2009: 57%), which compares favourably with long term averages.

Optimising development value

We continue to manage our land portfolio actively. We have made further progress on our replanning programme and have now successfully achieved improved consents on approximately two-thirds of plots that we had identified as being suitable for replanning. Successful replanning brings a wide range of benefits. For example, a change in the number or mix of plots can result in an increase in the overall sales value of the development with a minimal increase in build costs. Equally, it may be possible to reduce build cost through a more efficient layout of homes reducing infrastructure costs or increasing the efficiency of the build programme.

We will continue to review the planning consents that we have on our land portfolio. For instance, on longer term sites where we are building out the first phase we will look to incorporate feedback from our customers, other local residents and our own experience on site to refine the planning consents for future phases. Equally, as market conditions change, it may be appropriate to change the mix of homes in a community prior to commencing development.

We have focused a significant amount of time and attention to ensure that every new site is optimised before opening a sales outlet. This means having the right product, layout, cost base and sales presentation. This has started to add to margin improvement in late 2010 and early 2011.

We will increase volumes as market conditions allow and we are mindful of the need to address the substantial undersupply of new homes in the UK. However, we do not intend to return to a volume-driven strategy when market conditions improve. Our strategy will remain focused on margin ahead of volume and we will deliver volumes in a particular year on the basis of the land that we have available with optimised consents, rather than rushing land through the planning process in order to 'feed the machine'.

Therefore, a key consideration in our strategy going forward will be the new government's Localism Bill, which was published in December 2010 and is currently progressing through the parliamentary process. We welcome the government's intention to reform the planning system which, in its current form, is a brake on the much-needed supply of new homes. We also believe that the underlying principle of ensuring that planning decisions involve the local people who will be directly affected is the right one. However, there remains a significant likelihood that there will be an unintended reduction in the supply of new homes during the transition to the new regulations as planning authorities get to grips with the changing guidance. We are continuing to work with the government and with local authorities to deliver an implementable system that is capable of delivering higher levels of new homes, whilst recognising the challenges of transition.

We anticipate that, when the bill becomes law, there will be a greater requirement for the kind of consultation skills that we have a strong track record for at large sites such as Great Western Park, Didcot. As such, we have internal training and development programmes underway to enhance the required communication and consultation skills across our Regional teams.

Optimising development value

Our focus on continuous improvement and adding value at every stage of the process ensures that our objective of value optimisation is achieved.

We actively manage our land portfolio by reviewing planning consents prior to starting on site. This allows us to ensure that the most appropriate product and layout are selected in terms of both meeting local needs and building homes efficiently and safely.

UK Housing landbank

Plots	2010 Owned	2010 Controlled	2010 Pipeline	2010 Total	2009 Total
Detailed planning	33,065	1,738	–	34,803	37,895
Outline planning	17,130	5,358	654	23,142	22,427
Resolution to grant	2,629	3,636	60	6,325	6,478
Subtotal	**52,824**	**10,732**	**714**	**64,270**	**66,800**
Allocated strategic	4,917	5,265	–	10,182	11,584
Non-allocated strategic	21,340	45,104	434	66,878	73,281
Total	**79,081**	**61,101**	**1,148**	**141,330**	**151,665**

UK Housing continued

Getting the homebuilding basics right

We view the basics of homebuilding as continuously improving operational efficiency, maintaining health and safety as our non-negotiable top priority, consideration of the environment when carrying out our operations and our commitment to the delivery of high quality homes and communities.

We continue to undertake land sales where we feel that the price achieved delivers value and the land does not fit our strategy or is excess to our requirements. For the year as a whole, land sales have generated revenue of £11.4 million (2009: £47.9 million) with an operating loss of £2.3 million (2009 loss: £4.1 million).

Product range

We continue to offer a wide range of products from apartments to five bedroom houses, with prices ranging from under £100,000 up to above £500,000. Once again during 2010, the majority of our homes were priced within a range from £100,000 to £200,000.

The number of apartments fell as a proportion of our overall completions from 33% in 2009 to 26% in 2010. This was reflected in a further increase in the average square footage of our private completions from 1,003 square feet in 2009 to 1,015 square feet in 2010.

We completed the construction of the prototypes for our new house type range during 2010. These prototypes were visited by representatives from all of our Regional Business Units, as well as customer focus groups and the feedback has been used to refine the designs. The majority of our new sites will now use the new house type range and we have already completed and sold a number of these homes. We expect to benefit from additional build cost savings as the proportion of completions from our new house types increases.

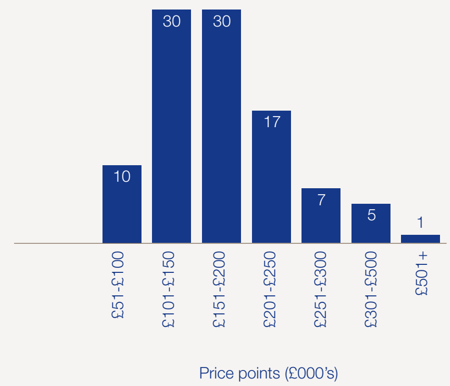
Getting the homebuilding basics right

Other areas of our business also remain important, with each having a key role to play in delivering the value that we create through our active management of the landbank.

Health and safety

Health and safety continues to be a non-negotiable top priority and we have retained our strong focus through the changing market conditions. The injury frequency rate has risen slightly to 0.235 injuries per 100,000 hours worked (2009: 0.226), although it remains below the rate of 0.296 recorded in 2008. We continue to target further reductions in 2011.

UK Housing private development price mix



Build costs and efficiency

We have made substantial progress on build cost savings. As previously reported, we substantially achieved our target of a 10% reduction in private build costs per square foot between the first half of 2009 and the first half of 2010. We are now focused on delivering further savings in conjunction with the ongoing work around optimising planning. We undertake a quarterly review of all sites, both those which are currently active and those which have not yet commenced construction, in order to identify opportunities for value engineering. These range from foundation design and the use of retaining walls to landscaping.

Cash management remains an important focus. We have made significant progress with regard to the level of work in progress on sites during the downturn and we intend to retain this discipline going forward.

Environment

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 7% in 2010.

During 2010 we built 570 homes to level three of the Code for Sustainable Homes. We also built 923 homes to EcoHomes standards in 2010, including 191 to EcoHomes Good, 524 to Very Good and 208 to Excellent.

All homes within our new house type range will be capable of achieving Code for Sustainable Homes levels three and four, and are designed to integrate renewable energy technologies where appropriate. We have also already planned the changes that will be needed to meet 2013 building regulations.

Quality

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

This is reflected in our performance in the 2010 NHBC (the National House-Building Council) Pride in the Job Awards, which are based on build quality. Our UK Site Managers won 55 Quality Awards, 17 Seals of Excellence and two Regional Awards (2009: 70 Quality Awards, 16 Seals of Excellence and two Regional Awards).

Caring about our customers

Sales and marketing

Sales strategy is also a key element of delivering value. We set prices locally and make use of a range of targeted customer incentives to deliver competitive offers in each local market.

In an environment where mortgage availability remains constrained, financing a new home is a key consideration for many of our customers and, in particular, first time buyers. Although shared equity products (where we retain a stake in the customer's home which is repaid in the future) are popular with customers, we continue to use them sparingly. We prefer to use other products that assist first time buyers, such as our 'Friends and Family Advantage' product, which allows others to contribute towards a first time buyer's deposit and earn interest on their money. We have recently launched our 'Take5' 95% mortgage product, which uses an insurance-backed guarantee to provide an affordable source of funding for first time buyers. The success of our approach is highlighted by the fact that 29% of our sales in 2010 were to first time buyers (2009: 30%).

We continue to develop our on-line capabilities and have introduced a number of new features to our Web site (www.taylorwimpey.co.uk) including the ability to book appointments at any of our outlets. We also have a mobile version of the site available at m.taylorwimpey.co.uk.

Customer satisfaction

We continue to measure customer satisfaction using two surveys. The first is the National New Homes survey undertaken by NHBC 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 2010, 87.1% of our customers were satisfied or very satisfied with the quality of their home (2009: 87.1%).

These surveys have become a key part of our Customer Service Management (CSM) system and are used to identify opportunities for further improvement.

Current trading

Constrained mortgage lending and the continuing uncertainty in the wider UK economic environment remain the greatest restrictions on the market and we continue to run the business cautiously. We expect to make further progress in 2011 with regard to build cost reduction and enhancing the value within our land portfolio. We have been encouraged by the enhanced sales rates, sales prices and margins that we are achieving on recent outlet openings, whether new acquisitions or from the existing land portfolio. Our focus remains on maximising margins rather than volume growth and we remain on track to achieve our target of double-digit operating margins in 2012, subject to continuing stable market conditions.

Caring about our customers

Understanding our customers' needs and guiding them through the process of buying their Taylor Wimpey home is fundamental to our customer care approach.

We have recently launched our 'Take5' 95% mortgage product to provide an affordable source of funding for first time buyers.

North America Housing

Our combination of successful land investment, efficient build processes, tightly controlled overhead costs and strong customer focus positions us well for recovery in the US.

Sheryl Palmer
President and CEO, North America Housing

North America housing market

As I highlighted in the market risk factors of my report last year, the US Federal Government's Homebuyer Tax Credit was withdrawn at the end of April 2010. As expected this led to volatility in the US housing market, with homebuyers who might otherwise have purchased later in the year accelerating their decisions in order to qualify.

As a result, after an encouraging first quarter, the US housing market softened in the second quarter and into the third quarter. We saw stability at lower levels as the autumn progressed and this stability continued through the fourth quarter of 2010.

Looking beyond the distorting impact of the Homebuyer Tax Credit, the underlying position remains encouraging. California, Texas and Florida remain three of the top four States by population in the US and Texas, Colorado and Arizona remain amongst the fastest growing States by population.

Affordability levels remain exceptionally good, and have increased in many of our markets. The affordability ratio (which represents the percentage of households that can afford to buy the median price home) is now above 60% in California, which is traditionally the least affordable of our markets. Affordability levels are above 70% in both Texas and Colorado, and above 80% in both Florida and Arizona.

Delinquency levels, which reflect the number of mortgages in arrears by more than 60 days are also showing an encouraging trend in many of our markets. The data shows sharp falls in Texas, California and Colorado, with the level remaining broadly flat in Arizona and rising in Florida. However, legal challenges in a number of States relating to foreclosure procedures employed by banks led to a number of moratoria on foreclosures and potential distortions in the trend. Due to the more conservative approach to mortgage lending in Canada, the market there does not suffer from the risk of rising foreclosure levels.

Construction starts have stabilised at low levels, with the number of new single family homes started in 2010 estimated at 470,900, slightly up on the 2009 level of 445,100, but significantly below the 622,000 starts in 2008. Despite the low level of starts, inventory levels have risen in all of our markets.

Key market drivers

- Cessation of Homebuyer Tax Credit programme distorted sales patterns during 2010.
- Record levels of affordability in some markets.
- 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.
- Increasing levels of inventory in some markets.
- Impact of government actions on mortgage interest deduction, mortgage regulation and government sponsored enterprises such as Freddie Mac.
- Interest rate rises in Canada impacting on affordability.

Taylor Morrison operational highlights

- 44% of our land portfolio is finished lots, which do not need further development.
- Sites acquired in 2008-2010 performing strongly.
- Increased asset turn to 1.5 times (2009: 1.3 times).

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.

Long term objectives

- Grow volumes through taking advantage of targeted land acquisition opportunities.

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.

Our North America Housing Key Performance Indicators

	Objective	Definition	Why is it key to our strategy?	2010	2009	2008	
Contribution per legal completion	We strive to maximise the level of contribution per home sold.	Revenue, net of incentives, less build costs, land costs and direct selling costs divided by the number of homes completed.	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.	31.8	22.0	23.9	£31.8k
Forward order book as a percentage of completions	In a flat or falling pricing environment we look to maximise the level of our order book.	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).	A strong order book provides greater stability in business planning and enhances our ability to increase the contribution per legal completion.	66.6	67.6	51.4	66.6%
Owned and controlled plots with planning	We aim to maintain sufficient land in our portfolio to enable us to remain selective in future purchases.	The total number of plots that we either own or control, with some form of planning consent.	Having a portfolio of land in place is key to planning the required scale of our building operations for future home completions.	30,262	29,062	29,178	30,262
Customer satisfaction	We strive to maintain and improve our customer satisfaction scores.	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.	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.	88.0	86.6	85.4	88.0
Health and safety	We want our employees and sub-contractors to go home safe and uninjured day after day.	Reportable injury frequency rate per 100,000 hours worked, excluding sub-contractors.	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.	0.057	0.210	0.041	0.057
Environmental performance	Environmental legislation varies across the different regions in which we operate in North America. Environmental management is tackled at a Divisional level and there is no consistent metric which reflects our approach across the business.						

Risk

The Group's principal risks and uncertainties are detailed on pages 12 and 13 of this report. The risks that have seen the greatest change in the North America business during 2010 are:

- Economic and market environment, with volatility resulting from the cessation of the Homebuyer Tax Credit programme.
- Land purchasing, as the demand for developed lots has continued to increase as homebuilders look to replenish their inventory.
- Ability to attract and retain high calibre employees, as the competition for talented employees will intensify as the market recovers and given widespread speculation about the potential sale of the business.

North America Housing continued

Selecting land

We utilise the skills and local market knowledge of our Divisional teams in selecting the most appropriate land investments for our portfolio.

We are selective, rather than being volume driven, in our approach and focus on high quality sites in our core locations. We have a track record of investing in larger development communities.

We benefit from a strong reputation as a good partner and relationship based land buyer.

The Case-Shiller Home Price Indices show price falls for the year across many metropolitan areas, although there continues to be widespread geographical variation. Markets in California show price increases over the year, but declines are recorded for Colorado, Florida, Texas and Arizona.

Market conditions in Canada remain strong, assisted by the more robust economic environment. House prices in both Toronto and Ottawa show continued growth over the course of 2010 and housing starts have also increased.

Financial review

Our North American Housing operations generated revenue of £835.6 million (2009: £824.3 million), with the reduction in home completions being offset by increased average selling prices driven by mix changes in the US and price growth in Canada.

Operating profit* was £93.8 million (2009: £48.1 million), with strong growth being delivered in both the US and Canada. The operating margin also rose sharply to 11.2% from 5.8% in 2009.

Exceptional items were £7.5 million (2009: £79.8 million). We conducted regular reviews of the carrying value of our land portfolio during 2010 and have recorded further write-downs of £7.5 million at the year end, primarily relating to a specific long term site in California.

Net operating assets in North America were £612.7 million (2009: £558.1 million).

Sales, completions and pricing

We had an average of 149 active outlets during 2010 (2009: 172), with outlet numbers broadly stable since the start of the year after the reduction in 2009.

Net reservation rates for North America as a whole were 0.47 per outlet per week (2009: 0.60). Sales rates in Canada remain very strong, while in the US we saw improvements in the latter part of the year as the impact of the cessation of the Homebuyer Tax Credit diminished. The cancellation rate for North America as a whole was 15%, in line with the long term average (2009: 15%).

We completed a total of 4,140 homes in North America (2009: 4,755). Of this total, 2,570 completions were in the US (2009: 3,347) and 1,570 completions were delivered in Canada (2009: 1,408). We achieved an average selling price of US$274k (2009: US$255k) in the US and C$374k in Canada (2009: C$347k).

Our North America order book was 2,756 homes at the year end (2009: 3,216).

Strategy

Our operational strategy in North America remains unchanged. We remain focused on cost reductions and cash management, whilst enhancing the inherent value in existing land positions and continuing our targeted programme of land acquisitions.

Selecting land

Locating and vetting suitable land positions is the most critical challenge for our business. We have adopted a portfolio management approach to our land investment decisions, allocating capital to each division on the basis of anticipated market and economic dynamics in each Divisional area and taking into account supply and demand in the targeted customer segments.

We utilise the skills and local market knowledge of our Divisional teams in selecting the most appropriate land investments for our portfolio. Where opportunities are identified, we undertake a rigorous appraisal process, prioritising an appropriate margin to reflect the relative risk and timing of return of the project.

All land investment decisions are taken by Taylor Morrison's Investment Committee, with large-scale deals referred to the Group's Board for approval. We approved new land purchase commitments for 4,706 plots during 2010 (2009: 4,217 plots) focusing on longer term opportunities in attractive sub-markets.

We now own or control a total of 30,262 plots in North America (2009: 29,062) with an average cost per plot, excluding development costs, of US$15.3k (2009: US$15.1k).

Optimising development value

Our expertise in planning and developing large-scale communities in both the US and Canada, distinguishes us from our peer group. Our land development operations enable us to identify the plots in a community that best suit our homes and then sell the other plots as finished lots to other homebuilders. Managing the development also enables us to contain costs and deliver lots at the right time for the needs of our homebuilding operations and gives us greater control of our land pipeline.

The recent market downturn has resulted in a significant improvement in the entitlement, planning and development process as a result of the lower volume

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

of applications. For entitlements, most regulatory and municipal agencies have shown a marked decrease in their review and processing times. In addition, agencies in the US have shown both flexibility and creativity in reviewing entitlement applications.

Equally, the lower level of activity in the land development industry has created similar benefits. The timelines associated with the main land development processes have reduced as a result of greater availability of sub-contractors and the costs have reduced significantly.

Of the 25,790 owned plots in our land portfolio, approximately 41% are now raw lots that we will develop prior to building homes (2009: 32%). A further 44% of our owned plots are now at the finished lot stage, with no further development work required (2009: 46%).

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.

We strive to maintain a wide range of products and price levels within our homebuilding activities, in order to expand our reach across a wide range of potential customers.

Our US homebuilding operations trade under the Taylor Morrison brand and our Canadian business trades under the long-standing Monarch brand.

Getting the homebuilding basics right

Health and safety

Health and safety continues to be a non-negotiable top priority. In 2010 Taylor Morrison was named runner up in the prestigious National Association of Homebuilders 2009 Safety Award for Excellence. During 2010, we reduced the total number of accidents by 37%, achieving an incident rate reduction from 0.210 to 0.057 per 100,000 hours worked. In addition, trade partner accidents reduced from 21 to 15 in 2010.

Build costs and efficiency

We are continually looking for ways to reduce build costs and increase efficiency. During 2010 we began providing our construction superintendents (the equivalent of a UK site manager) with handheld mobile devices for scheduling, which has improved efficiency. We have extended the roll-out of our 'lean manufacturing' approach to our Denver Division in 2010 and will complete the roll-out in 2011 when it is introduced in our West Florida Division. This approach focuses on identifying and eliminating construction waste in conjunction with our trade and supplier partners.

Quality

Importantly these initiatives are not at the expense of quality and we continue to strengthen the reputation of our business in North America, receiving further recognition during 2010. For example, Taylor Morrison was named Volume Builder of the Year in the Greater Houston Builders Association's Houston Best Awards Show and our Evergreen Community in Toronto won awards for building innovation and excellence at the EnerQuality Awards for Excellence.

Environment

Many of our communities are designed to co-exist with the natural habitat. This is particularly the case in areas such as Florida, where there are threatened species or fragile ecosystems that need protection.

Caring about our customers

Sales and marketing

Our approach to sales and marketing utilises a balanced approach of central support and local expertise to attract potential homebuyers to our communities. The central team provides a consistent marketing framework as well as comprehensive sales training to local teams. Our local teams utilise local media and marketing streams to deliver the unique message most relevant to the targeted customer group.

Optimising development value

Our land development operations enable us to identify the plots in a community that best suit our homes.

Managing the development also enables us to contain costs and deliver lots at the right time for the needs of our homebuilding operations and gives us greater control of our land portfolio.

Getting the homebuilding basics right

We continue to focus on operational efficiencies including maintaining tight control on build costs and work in progress.

Importantly our efficiency initiatives are not at the expense of quality. We continue to strengthen the reputation of our business in North America, receiving further recognition during 2010.

North America Housing continued

Our Web sites, www.taylormorrison.com and www.monarchgroup.net are key elements of our sales and marketing activities. The ultimate purpose of these Web sites is to direct those potential customers with a high probability of purchasing a home to the sales team at one of our communities. Customers are also able to make inquiries and receive a prompt response from one of our 'Internet Home Consultants'.

Customer satisfaction

During 2010 we developed 'Homeward Bound', a comprehensive guide to purchasing one of our homes, which is personalised for each customer.

Our customer surveys in 2010 were undertaken by AVID Advisors, a customer loyalty firm that works with homebuilders across the US and Canada. We are delighted to have improved our performance in 2010, both against our 2009 score and against the wider industry benchmark. We achieved a score of 88 with respect to total homebuyer satisfaction (2009: 86.6) against an industry average of 85 (2009: 83.8).

Monarch was ranked best housebuilder for customer satisfaction in Ottawa for the second year running by market research specialists JD Power.

Current trading

In the US, markets appear to have stabilised and there are signs of increasing consumer confidence. Affordability remains at excellent levels in the US and, combined with gradually reducing foreclosure levels, provides the potential for a strong recovery as confidence grows.

Our combination of successful land investment, efficient build processes, tightly controlled overhead costs and strong customer focus positions us well for recovery in the US.

We expect market conditions in Canada to remain robust for the foreseeable future.

We strive to maintain a wide range of products and price levels within our homebuilding activities, in order to expand our reach across a wide range of potential customers.

Caring about our customers

We are delighted to have improved our customer survey performance scores in 2010, both against our 2009 score and against the wider industry benchmark.

Monarch was ranked best housebuilder for customer satisfaction in Ottawa for the second year running by market research specialists JD Power.

Spain and Gibraltar Housing

Market conditions are likely to remain challenging in Spain during 2011. We are reviewing our strategy for the business and expect to take a more aggressive approach to driving sales rates.

Javier Ballester
Managing Director, Spain

Our Spain and Gibraltar Housing business at a glance

Our Spain Housing 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.

	2010	2009
Order book volume as a percentage of completions	**36.8%**	20.0%
Owned and controlled plots with planning	**1,783**	1,901
Customer satisfaction	**92%**	98%
Health and safety (Spain)*	**0.786**	0.481

* Please note that the injury frequency rate for Spain equates to just three incidents in 2009 and a further three incidents in 2010

Performance

We have completed 136 homes in Spain and Gibraltar in 2010 (2009: 225), including the final home completions from our Gibraltar business.

The average selling price of our 2010 home completions was £214k (2009: £260k), reflecting the change in the mix of our Gibraltar completions.

Revenue was £31.1 million in 2010 (2009: £61.0 million), as a result of the reduction in both completions and average selling price. Operating loss* was £3.6 million (2009 loss: £1.4 million) as a result of the ongoing market weakness.

We have reduced the number of plots in our land portfolio over the course of the year as we remain cautious in our approach to new land purchases. We owned or controlled 1,783 plots at 31 December 2010 (2009: 1,901).

Our year end order book was 50 homes (2009: 45).

We have undertaken further reviews of the carrying value of our land portfolio in Spain and have recorded a further write down of £17.3 million (2009: £3.3 million).

We have now completed our exit from the Gibraltar market.

Current trading

We have seen an improved level of interest from overseas buyers during the early part of 2011, with increased levels of Web site traffic, telephone enquiries and reservations. However, the local market remains weak, with reduced sales to Spanish buyers.

Market conditions are likely to remain challenging in Spain during 2011. We are reviewing our strategy for the business and expect to take a more aggressive approach to driving sales rates.

Spain Housing market at a glance

Key drivers

- Continuing oversupply of properties on mainland Spain.
- Continued restrictions on mortgage availability.
- Ongoing weakness of Sterling against the Euro.
- Economic uncertainty resulting in reduced consumer confidence.

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

Our Corporate Responsibility approach

As a major homebuilder we have social, ethical, environmental and economic responsibilities that we take extremely seriously.

Highlights from the 2010 Corporate Responsibility Report

Achievements in 2010

Our Raploch development in Scotland won a series of awards for community engagement and skills and training at the Homes for Scotland Quality Awards and the Scottish Home Awards.

Monarch Corporation was ranked best housebuilder for customer satisfaction in Ottawa by JD Power and named 2010 Home Builder of the Year by the Building Industry and Land Development Association.

Taylor Morrison was named Volume Builder of the Year and received a total of 19 awards in the Greater Houston Builders Association's Houston Best Awards Show.

Site manager Mike Crawford came second in the large category of the Supreme Winners Awards at the NHBC Pride in the Job Awards. We received a total of two Regional Awards, 17 Seals of Excellence and 55 Quality Awards.

Our groundbreaking Evergreen community in Toronto, Canada won awards for building innovation and excellence as well as green marketing at the EnerQuality Awards for Excellence.

With our consortium partners, we received outline planning permission for Cranbrook, a major new low carbon urban settlement near Exeter in Devon. Building will start in 2012.

We developed a UK Waste and Resources Strategy and Action Plan in 2010 after an in-depth analysis of all waste streams identified significant opportunities for cost savings and environmental benefits from improved resource use.

We completed the first prototypes of our new UK house type range during 2010 and undertook research to explore consumer perceptions of the new range.

For more information see our online CR report
www.taylorwimpeyplc.com/CorporateResponsibility/CRreports

We believe that addressing corporate responsibility makes sound financial sense for our Company and is an essential part of good governance. Our 2010 Corporate Responsibility (CR) Report sets out our approach to and performance on the wide range of CR issues that are relevant to our business. An overview of the report is provided below.

What we do
The report reviews our approach to CR in three sections. The first section looks at our overall response to CR and sustainability. This includes details on our CR and sustainability management structure, identification of risks and opportunities, stakeholder management and our response to climate change.

Our homes and communities
The second section focuses on our commitment to building sustainable homes and communities and our aim to achieve high levels of build quality and customer care. The key areas of focus in this section are design, engaging with communities, environmental sustainability, enhancing economic growth and customer care.

Design
We strive to build appealing and affordable homes and to create communities where our customers will enjoy living. Design is about architecture and landscape, but it is also about environmental, social and economic sustainability. There is a wide range of issues that we consider when designing communities.

Engaging with communities
We seek to be a good neighbour and to engage with local communities and other stakeholder groups. Community consultation is an important part of the planning process for UK housebuilding and will become even more significant with the government's new Localism Bill. We have a strong track record of consultation when developing larger scale communities, such as our Raploch development in Stirling, Scotland and we are ensuring that this knowledge and expertise is transferred across our

business. We want to be an organisation which listens, responds and ultimately delivers local requirements in the most appropriate way.

Environmental sustainability

We have a strong track record in delivering energy efficient homes and communities with a wide range of sustainability features. As a Company, we are committed to building energy efficient and sustainable homes and communities. We engage regularly with government, industry bodies and other organisations with regard to sustainability issues. We are in dialogue with these stakeholder groups about the financial viability, technical feasibility and other implications of the Code for Sustainable Homes. Our aim is to help government to create practical and achievable policies that increase energy efficiency and lower carbon emissions. Having undertaken considerable research into delivering energy efficient homes, we believe that a 'fabric first' solution is the most practical and affordable approach. This means focusing on improving the energy efficiency of the building fabric – an area in which we have considerable expertise – before considering on site renewable energy.

Enhancing economic growth

We recruit the majority of our office and site workers from the areas in which we operate. In the UK, we also provide affordable housing and contribute significant sums to infrastructure and community facilities through planning obligations. We are involved in a range of regeneration schemes that are creating vibrant new communities on formerly rundown or disused land. In addition, our larger developments integrate retail and office space that provide additional employment opportunities for local people.

Customer care

We focus on continually improving our standards of customer care and our customer experience. One key area for the UK in 2010 was ensuring compliance with the Consumer Code. All relevant employees, including Board members, attended a detailed one day briefing session. We also set up an induction programme for new employees and are monitoring compliance with the Code.

The way we work

The third section looks at the way we manage our business in the areas of human resources, health, safety and environment and supply chain management.

Employees

We seek to develop our employees' potential and help them to progress through our Company. We strive to treat employees fairly and with respect, and to provide a safe place for them to work. We seek to identify and develop their skills and talents, further improving the already high calibre of our workforce.

Health, safety and environment

We are committed to providing a safe place in which our employees and sub-contractors can work and to high standards of environmental management. During 2010, we maintained our focus on health and safety and it continues to be a non-negotiable top priority for our Group. We also take environmental issues extremely seriously. We have a comprehensive and fully integrated health, safety and environmental (HSE) management system in place in the UK. In North America, Taylor Morrison has a company-wide health and safety programme while environmental management is tackled at a Divisional level due to differences in regional legislation.

Supply chain management

Suppliers and sub-contractors play a vital role in helping us to build high quality homes and communities for our customers. We strive to work in partnership with our suppliers and sub-contractors, and to treat them fairly and with respect. We aim to do business with those who understand and aspire to our business aims and values

The 2010 report is our fourth annual CR Report as Taylor Wimpey plc. It demonstrates our work and achievements during the period from 1 January to 31 December 2010 and the full report is available online from 30 March 2011 at http://www.taylorwimpeyplc.com/CorporateResponsibility/CRreports/

Stakeholder engagement

We aim to be a responsible homebuilder and to listen to the opinions and ideas of our stakeholders. We have identified our stakeholders as:

- 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

We regularly and proactively engage with our stakeholder groups and maintain an extremely thorough investor relations programme. Members of our senior management team represent the Company on a wide range of government, industry and other committees and steering groups.

Further information

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

On 28 March 2011 the Company's Registered Office will move to Gate House, Turnpike Road, High Wycombe, Buckinghamshire, HP12 3NR.

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

Group financial review

The Group made significant progress during the year, both operationally and in strengthening of the balance sheet.

Group summary

The Group made significant progress during the year, both operationally and in strengthening of the balance sheet. We have:

- returned to profit before tax and exceptional items;
- reduced the level of year end net debt by £96 million despite exceptional one-off payments of £187 million; and
- completed a total refinancing which delivers a simplified debt structure with extended maturity of 3.5 years, and provides the Group with the operational flexibility that it requires.

We have reduced the level of the Group's pension deficit and have recognised £300 million of deferred tax assets in the UK at the year end due to the return to profitability of our UK Housing business and the more stable market outlook. As a result, the Group's net asset value per share has risen from 46.9 pence at the end of 2009 to 56.9 pence at 31 December 2010.

Group results

The Group generated revenue of £2,603.3 million in 2010 (2009: £2,595.6 million) from total completions of 14,238 homes (2009: 15,166). We remain focused on prioritising margin ahead of volume growth and, although home completions fell in both the UK and North America, this was offset by growth in average selling prices.

Gross profit of £363.9 million (2009: £230.2 million) includes a positive contribution of £122.4 million (2009: £59.6 million), relating to realisation of written down inventory above its originally estimated net realisable value, where the combination of selling prices and cost, or mix improvements have exceeded our original market assumptions. These amounts are stated before the allocation of overhead excluded from the Group's net realisable value exercise.

Group operating profit* was £194.1 million (2009: £43.3 million), representing a Group operating margin* of 7.5% (2009: 1.7%). Financial performance has been strong across all of our main markets, with profit growth achieved in the UK, US and Canada. £79.3 million of the Group's operating profit* was delivered in the first half of the year and £114.8 million was recorded in the second half.

Financial summary

Adjusted profit per share
0.6p
for 2010
(4.3p loss for 2009)

Tangible net assets per share
56.9p
at 31 December 2010
(46.9p at 31 December 2009)

Net debt
£654.5m
at 31 December 2010
(£750.9m at 31 December 2009)

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

Ryan Mangold Group Finance Director

The operating profit* for the year includes £12.0 million relating to a one-off pension curtailment credit arising from the closure of the UK George Wimpey Staff Pension Scheme to future accrual in August 2010. In addition, there is a £0.6 million pension curtailment credit arising in respect of the US pension scheme.

UK Housing

We completed a total of 9,962 homes in the UK in 2010 (2009: 10,186) at an average selling price of £171k (2009: £160k) as we continued to prioritise margin ahead of volume. We delivered a significant growth in operating profit* to £123.0 million (2009: £14.3 million) and in operating margin* to 7.1% (2009: 0.8%). The 2010 result includes a one-off pension curtailment credit of £12.0 million arising from the closure of the George Wimpey Staff Pension Scheme to future accrual in August 2010.

North America Housing

In North America, we completed a total of 4,140 homes (2009: 4,755), of which 2,570 were in the US (2009: 3,347) and 1,570 were in Canada (2009: 1,408). Average selling prices rose in both markets, with an average selling price of £178k in the US (2009: £161k) and £236k in Canada (2009: £195k). Revenue totalled £835.6 million (2009: £824.3 million).

Operating profit for North America as a whole was £93.8 million (2009: £48.1 million) of which £18.4 million was delivered in the US (2009 loss: £6.8 million) and £75.4 million was achieved in Canada (2009: £54.9 million). The operating margin for North America overall was 11.2% (2009: 5.8%). The 2010 result includes a one-off pension curtailment credit of £0.6 million arising in respect of the US pension scheme.

Spain and Gibraltar Housing

We completed 136 homes in Spain and Gibraltar in 2010 (2009: 225), including the final home completions from our Gibraltar business. The average selling price of these completions was £214k (2009: £260k). Revenue was £31.1 million (2009: £61.0 million) and we recorded an operating loss* of £3.6 million (2009 loss: £1.4 million).

Net finance costs

Pre-exceptional finance costs totalled £119.0 million (2009: £139.4 million), net of £3.8 million of interest receivable (2009: £10.6 million).

The main component of this charge is interest on borrowings from financial institutions of £85.8 million (2009: £109.1 million). This reduction reflects the lower average net debt level of the Group during 2010 of £667.5 million (2009: £1,245.2 million), reflecting the cash generation of the business and the benefit of a full year's impact of the 2009 Placing and Open Offer.

Other items included in finance costs are a net pension interest charge of £23.4 million (2009: £34.3 million), a mark-to-market loss on derivatives of £4.6 million (2009 gain: £11.8 million), and a total imputed interest charge for land creditors of £9.0 million (2009: £18.4 million).

Exceptional items

The majority of the Group's pre-tax exceptional items of £146.4 million relate to the costs associated with the refinancing of the Group's debt facilities in December 2010. We incurred exceptional interest breakage charges of £83.4 million (2009: £23.1 million) and exceptional bank and professional fees of £31.7 million (2009: £44.8 million).

The remaining charge is primarily related to write downs arising from the Group undertaking a further review of the carrying value of its land and work in progress assets at the year end. We recorded further write downs of £7.5 million in North America, primarily relating to a specific long term site in California (2009: £78.7 million) and £17.3 million in Spain, where the market remains weak (2009: £3.3 million). There were no write downs required in the UK (2009: £445.0 million).

Other exceptional items charged to profit before tax in 2010 were £6.5 million arising from a review of strategic options with regard to the North America Housing business (2009: £8.9 million relating to restructuring of the UK Housing business).

Further detail on these exceptional items are set out in Note 5 to the consolidated financial statements.

Tax

We incurred a pre-exceptional tax charge of £55.3 million which includes two main components. Firstly, our Canadian operations continue to be profit making and therefore subject to cash tax. Secondly, there are tax charges arising from the significant movement in the UK pensions deficit of which £30.6 million was charged to the profit and loss account and £15.9 million was adjusted

Financial highlights

- Refinancing completed.
- Return to profit before tax and exceptional items.
- Growth in operating margins in both the UK and North America.
- Net asset value per share increased to 57p (2009: 47p).
- Pension deficit reduced to £248.5m (2009: £406.4m).

Group results

	UK Housing	North America Housing	Spain & Gibraltar Housing	Corporate	Consolidated
Completions	9,962	4,140	136	–	14,238
Revenue	1,736.6	835.6	31.1	–	2,603.3
Operating profit/(loss)* (£m)	123.0	93.8	(3.6)	(19.1)	194.1
Operating margin*	7.1%	11.2%	(11.6)%	–	7.5%

Profit before tax and before exceptional items (£m)	**75.1**
Exceptional items (£m)	**(146.4)**
Loss before tax (£m)	**(71.3)**
Tax including exceptional credit (£m)	**330.6**
Profit for the year (£m)	**259.3**
Adjusted earnings per share (p)	**0.6**
Dividends per share	**nil**

Group financial review continued

through the Consolidated Statement of Comprehensive Income.

The exceptional tax credit was £385.9 million, of which £85.9 million relates to the release of provisions where we have made significant progress in relation to longstanding issues with HM Revenue and Customs in the UK and the Internal Revenue Service in the US and £300 million relates to the recognition of a trading loss deferred tax asset in the UK. The 2009 exceptional credit of £73.6 million consisted of 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.

In total, the Group has unrecognised potential deferred tax assets as at 31 December 2010 in the UK of £78.6 million (2009: £375.1 million), in the US of £268.8 million (2009: £267.0 million) and £29.8 million in other jurisdictions (2009: £21.4 million). The unrecognised deferred tax asset in the UK relates to losses where there is not sufficient certainty around the suitability of future profits in order to recognise the deferred tax asset in full.

Earnings per share

The pre-exceptional basic earnings per share was 0.6 pence (2009 loss per share: 4.3 pence). The basic profit per share after exceptional items is 8.1 pence (2009 loss per share: 25.1 pence).

Dividends

The Board did not feel it appropriate to propose an interim dividend for 2010. The uncertainty in the wider economy has eased somewhat during the second half of 2010, however, we are not proposing a final dividend for 2010 (2009 full year dividend: nil). We will continue to review our dividend policy in the light of Taylor Wimpey's financial position and prevailing economic and market conditions in the future.

Balance sheet and cash flow

Net assets at 31 December 2010 were £1.8 billion (2009: £1.5 billion), which equates to a tangible net asset value per share of 56.9 pence (2009: 46.9 pence). Gearing stood at 35.9% at 31 December 2010 (2009: 50.0%).

The Group generated a cash inflow from operating activities of £87.9 million in 2010 (2009: £206.3 million), with the decrease partially attributable to the £75 million one-off pension deficit reduction payment which took place in December 2010 and £28 million cash paid in relation to refinancing fees. Year end net debt levels reduced from £750.9 million in 2009 to £654.5 million in 2010, a decrease of £96.4 million. This improvement was achieved despite the exceptional cash payments of £187 million relating to the refinancing completed in December 2010 as the Group benefited from strong trading performance and was able to return to more normal payment procedures upon exit of the Override Agreement.

Land creditors were £369.2 million at 31 December 2010 (2009: £325.7 million), with the increase due to the Group being more active in the land market during 2010.

Debt refinancing

We entered discussions with our banks during 2010 regarding an early refinancing of the Group's debt facilities, all of which were scheduled to fall due in July 2012. Having reached agreement with the banks on the terms of a new £950 million credit facility in November, we completed the refinancing in December 2010 following the agreement of a £100 million term facility and the successful issue of £250 million Senior Notes.

The new facilities provide the Group with a simplified £1.3 billion debt structure and an extended maturity profile of 3.5 years, as summarised below:

- £950 million revolving credit facility. £350 million of this facility matures in July 2012, with the remaining £600 million maturing in November 2014.
- £100 million term facility maturing in June 2015.
- £250 million Senior Notes maturing in December 2015.

The new facilities will result in a blended interest rate of around 7.5% based on average borrowings and current LIBOR levels. This is a significant improvement on the blended rate of the previous facilities, which stood at approximately 11% for the first half of 2010.

The terms and conditions, including covenants, contained in the new facilities are in line with normal commercial terms for the sector and remove a number of the operational restrictions of the previous facilities. This increases our flexibility with regard to future operational decisions significantly and, in particular, there is no longer a specific restriction on new land acquisitions.

Our priorities for 2011

- Ongoing focus on asset turn improvement and working capital efficiency.
- Focus on overheads to improve operating margins.
- Roll-out of a new IT system across the UK business.
- Continuing our review of options to reduce the volatility of the pension scheme deficit.

Year end net debt levels reduced from £750.9 million in 2009 to £654.5 million in 2010, a decrease of £96.4 million.

Treasury management and funding

The Group operates within policies and procedures approved by the Board. These are set out in detail in Note 20 to the consolidated financial statements.

The Group has three sources of borrowings: bank, term facility and public Senior Notes, with maturity dates as set out above.

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.

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

Taking into account term borrowings and committed revolving credit facilities, the Group has access to committed funding of £1.3 billion (2009: £1.9 billion), with the first £350 million of revolving credit facilities maturing in July 2012. At the year end, £477 million (2009: £1.1 billion) 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.

Pensions

The IAS19 deficit, which appears on the Group's balance sheet is £248.5 million at 31 December 2010 (2009: £406.4 million). The reduction in the deficit is due to the contributions made during the year, the benefit of the impact of the government announced switch from RPI to CPI reducing the future deferred member liabilities, and the lower inflation assumption offset by lower discount rates and higher mortality assumption. The balance sheet also includes £2.0 million of post-retirement healthcare benefit obligations (2009: £2.9 million).

Formal 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), as at 31 March 2010 were completed during February 2011. The results of these valuations are a deficit of £264 million relating to the TWGP&LAF (previous deficit £163 million) and a deficit of £259 million relating to the GWSPS (previous deficit £215 million).

Following the completion of the triennial valuation, the Group's deficit reduction payments in respect of the TWGP&LAF will be £22 million per annum (previously £20 million). The deficit reduction payments to the GWSPS will be £24 million per annum (previously £25 million). A one-off deficit reduction payment of £75 million was made in December 2010 following the completion of the Group's refinancing and was split equally between the schemes.

Both schemes are now closed to future accrual, with the GWSPS closed to future accrual on 31 August 2010.

We continue to review and implement options to manage the volatility of the pension deficit actively. Each proposal is reviewed with the respective pension trustees on behalf of the members prior to consultation with the members.

Further details relating to the pension schemes of the Group are presented in Note 21 to the consolidated financial statements.

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 8 to 11. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in this Group Financial Review. In addition, Note 20 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.

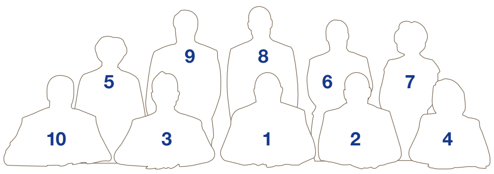
Accounting standards

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 during 2010 that have a material impact on the Group results.

Ryan Mangold
Group Finance Director

Board of Directors & Group Company Secretary

The strength and depth of our Board and senior management adds value to the effective control and leadership of the Company.



1. Kevin Beeston

Chairman

Appointed to the post of Chairman on 1 July 2010, Kevin chairs the Nomination Committee and is a member of the Remuneration Committee. He is currently a Non Executive Director of IMI plc and chairs two private businesses which are Partnerships in Care Group Limited and Domestic & General Limited. He was formerly Chairman of Serco Group plc.

2. 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 Committee. 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.

3. Ryan Mangold

Group Finance Director

Ryan was appointed as a Director and to the post of Group Finance Director on 16 November 2010 having previously held the post of Group Financial Controller since April 2009. Before joining Taylor Wimpey, Ryan was Group Financial Controller of Mondi Group for five years, prior to which he held a number of senior finance roles with the Anglo American plc group of companies.

4. 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 industry which includes senior regional positions with Morrison Homes, Pulte and Blackhawk Corporation. In 2007, she was appointed as President and Chief Executive Officer of Taylor Morrison with executive responsibility for the US and Canadian businesses.

5. 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 and Nomination 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 in July 2007.

6. 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 and Nomination 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. Andrew will stand down from the Board prior to the Annual General Meeting on 21 April 2011.

7. Katherine Innes Ker
Independent Non Executive Director

Appointed as a Non Executive Director in July 2001, Katherine is 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 Tribal Group plc, St. Modwen Properties PLC and The Go-Ahead Group plc. She was formerly Chairman of Shed Media Limited, Deputy Chairman of Marine Farms ASA (Norway) and a Non Executive Director of the Ordnance Survey. Katherine will stand down from the Board prior to the Annual General Meeting on 21 April 2011.

8. 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, a Non Executive Director of Spectris Plc 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 and e2v Technologies plc.

9. Robert Rowley
Independent Non Executive Director and Senior Independent 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 appointed Senior Independent Director on 1 April 2010. 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 Capital Shopping Centres Group plc (formerly Liberty International plc) and moneysupermarket.com group plc.

10. 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.

Audit Committee

Current members: Rob Rowley (Committee Chairman), Andrew Dougal and Tony Reading.

For more information
see page 37

Nomination Committee

Current members: Kevin Beeston (Committee Chairman), Brenda Dean, Andrew Dougal, Katherine Innes Ker, Tony Reading, Pete Redfern and Rob Rowley.

For more information
see page 38

Remuneration Committee

Current members: Tony Reading (Committee Chairman), Kevin Beeston, Brenda Dean, Katherine Innes Ker and Rob Rowley.

For more information
see pages 38 and 41

Corporate Governance Report

Kevin Beeston
Chairman

The Board is fully committed to high and transparent standards of governance and corporate responsibility throughout the Group.

Corporate governance statement

The Board is fully committed to high standards of 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, all of which applied throughout 2010. These, together, set out the governance rules which apply to all UK companies which are listed on the London Stock Exchange.

The Board also supports the new UK Corporate Governance Code (the 'Governance Code') which applies to the Company for the 2011 reporting period. The Governance Code was the subject of a thorough review by the Board in September 2010 in order to ensure an early understanding of the new main Principles and Code Provisions for compliance by the Company with effect from 1 January 2011. A copy of the Governance Code is available to download from the FRC Web site: www.frc.org.uk.

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, how it proposes to apply the updated principles set out in the Governance Code, and to 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.

Statement of compliance

For the year ended 31 December 2010, 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 nine Directors, namely: the Chairman, three Executive Directors and five Independent Non Executive Directors. Their names, responsibilities and other details appear on pages 32 to 33. Changes in the Board composition since 31 December 2009 are set out on page 51.

The Board met on 13 occasions during the year. Details of the attendance of each Director are set out in the table on page 36.

Directors make every effort to attend all Board and Committee meetings, as evidenced by the attendance records over several years. Where exceptionally, a Director is unable to attend a meeting, it is Board policy that the Chairman and/or the Group Company Secretary will, as soon as possible, brief the Director fully on the business transacted at the meeting 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 and a culture of openness and transparency, which enables opportunities and risks 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. The Board also defines the Company's values and standards and ensures that its obligations to its shareholders and other stakeholders are clearly understood and met.

As set out in our 2010 Corporate Responsibility Report, the Board is committed to providing a safe place in which our employees and sub-contractors can work and to high standards of environmental management. The Board receives detailed reports on health, safety and environmental matters at each Board meeting in respect of the Company's operations in the UK, North America and Spain.

The following documents are available for review on the Company's Web site www.taylorwimpeyplc.com/InvestorRelations/CorporateGovernance:

- Schedule of matters specifically reserved for the decision of the Board;
- Terms of Reference of the Board Committees: Audit, Nomination and Remuneration, which outline their objectives and responsibilities and

which define a programme of activities to support the discharge of those responsibilities; and

- Board policies covering operational, compliance and stakeholder matters.

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 with regard to the refinancing of its existing debt facilities. This included a £950m Revolving Credit Facility with a syndicate of banks; the issue of £250m 10.375% Senior Notes due in 2015; and the agreement of a £100m facility with the Prudential/M & G UK Companies Financing Fund. These were utilised in repaying certain existing facilities and the mutual termination of the existing Override Agreement, all of which was completed in December 2010. Advice was provided to the Board by specialist restructuring advisers N M Rothschild & Sons Limited ('Rothschild'), Lloyds Banking Group ('LBG') and the Company's legal advisers, Slaughter and May. Representatives of Rothschild and LBG attended the relevant part of meetings of the Board dealing with these matters.

Prior to its annual budget review process, the Board received presentations from the Home Builders Federation on a number of aspects relating to the UK market.

All businesses and employees are expected to operate at all times to the highest standards of integrity and conduct in all matters concerning the Group. Accordingly there is a Code of Business Conduct, which sets out the standard for individual dealings both internally and externally.

The Board has been briefed by the Group Company Secretary on the implications of the Bribery Act 2010 and is considering the implementation of further policies and procedures as necessary, in order to comply with this new legislation.

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, for example, followed in the appointments of Kevin Beeston (Chairman) and Rob Rowley (Independent Non Executive Director). It was also followed with regard to the appointment of the new Group Finance Director in November 2010, which entailed as part of the process, the interviewing of four external candidates and which resulted in the appointment of Ryan Mangold to the post from his existing role with the Company as the Group Financial Controller.

The Nomination Committee also guides the Board in regularly assessing whether the Board has the correct balance of expertise and in arranging orderly succession planning for appointments to the Board and in respect of senior management across the Group.

As set out in the Governance Code, the Nomination Committee also has due regard to the benefits of diversity on the Board including gender, but also takes into account other aspects of diversity such as age, experience and thinking.

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.

Following the appointment of Kevin Beeston as Chairman, the roles and responsibilities of the Chairman and the Group Chief Executive have been reviewed again by the Board. In line with the Combined Code, the roles of each position have been clearly defined, set out in writing and signed by Kevin Beeston and Pete Redfern.

The governance framework, including delegated authorities, is periodically reviewed in order to ensure that it remains appropriate and meets the requirements of the Group going forward.

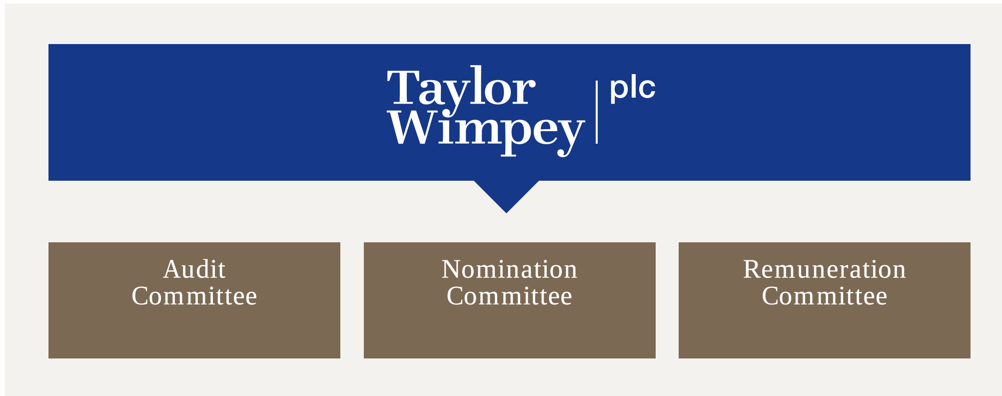
In order to assist Directors to comply with their duty to avoid conflicts (or possible conflicts) of interest the Company maintains a Register of Potential Conflicts of Interest whereby Directors disclose Directorships or other interests in outside companies and organisations (and any changes thereto).

The Board undertakes a regular review of each Director's interests, if any, outside of the Company and remains satisfied that where there are such commitments, they do not detract from the extent or quality of time which the Director is able to devote to the Company.

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 Companies Act 2006 and the Company's articles. In such cases, unless allowed by the articles, any Director with such an interest is not permitted to participate in any discussions or decisions relating to the contract or arrangement.

One of the new Main Principles introduced by the Governance Code and supported by the Board is that every Director should seek election or re-election, as appropriate, at each year's Annual General

Board and Committee Structure



Corporate Governance Report continued

Taylor Wimpey plc Board

Kevin Beeston: Chairman

Number of meetings in 2010	13
Members	Attendance
Kevin Beeston [a] Chairman	6
Pete Redfern Group Chief Executive	13
Ryan Mangold [b] Group Finance Director	2
Sheryl Palmer President & CEO of Taylor Morrison	11
Rob Rowley [c] Senior Independent Director	13
Brenda Dean Independent Non Executive Director	13
Andrew Dougal Independent Non Executive Director	13
Katherine Innes Ker Independent Non Executive Director	12
Tony Reading Independent Non Executive Director	13
Norman Askew [d] Former Chairman	7
Chris Rickard [e] Former Director	10
David Williams [f] Former Director	1

(a) Appointed 01/07/2010
(b) Appointed 16/11/2010
(c) Appointed 01/01/2010
(d) Resigned 30/06/2010
(e) Resigned 16/11/2010
(f) Resigned 31/03/2010

Meeting. Accordingly, at the Annual General Meeting to be held on 21 April 2011 (the 'AGM') (and at each subsequent AGM), every Director, irrespective of the date of his or her appointment and the length of his or her service on the Board, will be submitted for election or re-election, as appropriate. Details of the resolutions to be proposed in this respect and supporting biographical details of the Directors appear in the Notice of Meeting on page 104.

The Company was pleased to announce on 3 February 2011 that Kate Barker CBE will be joining the Board with effect from 21 April 2011. Kate Barker will therefore be seeking election by shareholders at the AGM. Also on 21 April 2011, after more than eight and nine years' service respectively, Andrew Dougal and Katherine Innes Ker will be standing down from the Board as Non Executive Directors prior to the commencement of the AGM and will not be seeking re-election.

The Board was also pleased to appoint Ryan Mangold to the post of Group Finance Director with effect from 16 November 2010.

The Board has reviewed and re-affirmed that it considers each 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 formal and rigorous annual evaluation of the performance and effectiveness of the Board, its Committees and of individual Directors was carried out (save in respect of Ryan Mangold who was appointed to the Board on 16 November 2010 and was subject to a detailed appraisal by the Nomination Committee as part of the selection process).

Following the appointment of Kevin Beeston as Chairman in July 2010, the Board determined that the 2010 evaluation would not be carried out by a third party facilitator. The evaluation process was therefore 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. At the request of the Chairman, for the first time, the Secretary also participated in the performance evaluation and completed a questionnaire in full.

The questionnaire focused on the performance of the Board, each of the three Board Committees, each Director (by way of self assessment and also by way of a confidential evaluation by the Chairman) and finally the performance of the Chairman.

In accordance with the Combined Code the evaluation also specifically included a particularly rigorous assessment of each Director who has served on the Board for more than six years or will have done so by the time of the AGM. This took into account, where applicable, past service on the George Wimpey Plc Board prior to the merger with Taylor Woodrow in July 2007.

The Secretary collated all of the responses to the questionnaire and produced a summary in respect of each performance area.

The Chairman and the Secretary then reviewed the summaries in respect of each performance area and in respect of each Director (except those completed with regard to the Chairman) and formally presented the findings to the Board on a non-attributable basis for discussion.

As part of the appraisal process the Chairman also discussed the evaluation on a one-to-one basis with each contributor.

A number of action points designed to increase the effectiveness of the Board came out of the 2010 performance evaluation and have either already been implemented or will be implemented during 2011. These include: changes and improvement in the way that certain operational matters are reported to the Board; additional reporting on specialist topics related to housebuilding; to maintain an ongoing review of Board composition; and an increased focus on succession planning across the Group. These actions points will be kept under regular review.

In addition, as part of the 2010 evaluation it was agreed that the 2011 Board performance evaluation should be carried out by a third party facilitator. This will be consistent with the Governance Code which requires the evaluation to take place once every three years with effect from 2011.

As part of the 2010 process, 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 on the feedback received from the Non Executive Directors, Executive Directors and the Secretary. The summary was reviewed by the Non Executive Directors in the absence of the Chairman, following which Rob Rowley in his capacity as the Senior Independent Director provided feedback direct to the Chairman.

In line with the Combined Code, the Chairman 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.

As mentioned above, a particularly rigorous evaluation was undertaken with regard to Brenda Dean, Andrew Dougal, Katherine Innes Ker and Tony Reading (as he will have completed six years' service by the time of the AGM although he had not done so as at the time of the performance evaluation). Following their evaluation, the Board was entirely satisfied with the respective performance and contribution of each Non Executive Director in addition to their ongoing independence of character and judgement.

The Board changes that have occurred or been announced during 2010 and 2011 to date, are set out below:

- Rob Rowley was appointed as an Independent Non Executive Director on 1 January 2010 and subsequently as the Senior Independent Director on 1 April 2010;
- David Williams resigned as a Director (and as the Senior Independent Director) on 31 March 2010;
- Norman Askew resigned as a Director and as Chairman on 30 June 2010;
- Kevin Beeston was appointed as a Director and to the role of Chairman on 1 July 2010;
- Chris Rickard resigned as a Director and Group Finance Director on 16 November 2010;
- Ryan Mangold was appointed as a Director and Group Finance Director on 16 November 2010;
- Andrew Dougal and Katherine Innes Ker will stand down as Independent Non Executive Directors with effect from 21 April 2011;
- Kate Barker will join the Board as an Independent Non Executive Director with effect from 21 April 2011.

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 latter part of the year to oversee the refinancing of the Company's debt facilities.

Internal Audit: An independent formal evaluation of the Internal Audit function will be carried out on behalf of the Audit Committee during 2011 and will be reported on in 2011.

External auditors: Deloitte LLP was selected as external auditors to the Company as a result of a comprehensive formal competitive tender process conducted in 2007 and will be proposed for re-appointment as the Company's auditors at the Annual General Meeting. Their performance is kept under regular review by the Board and the Audit Committee.

The Deloitte partner responsible for the Company's external audit has acted in this capacity for two years, which is within the five year maximum period set out in the Smith Guidance, and there are no contractual restrictions on the Company's selection of its external auditors.

Information and professional development

The Company has procedures whereby newly appointed Directors (including Non Executive Directors) receive a formal induction. This includes training and continuing familiarisation with 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 2010, in addition to individual visits, the entire Board visited operations in California and also the Taylor Wimpey Midlands region during which site visits, regional presentations and formal Board meetings took place.

The Group Company Secretary and General Counsel acts as Secretary to the Board and its Committees and he attends all meetings. It is Board 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. Formal minutes are prepared in respect of all Board and Committee meetings and are then circulated and submitted for approval at the next meeting.

The Chairman, Group Chief Executive and Secretary meet sufficiently in advance of each Board meeting in order to ensure action points from previous meetings have been implemented and to prepare the agenda and matters to be covered at the next and at future Board and Committee meetings as appropriate.

Audit Committee

Reports directly to the Taylor Wimpey plc Board

Rob Rowley, Chairman

Number of meetings in 2010	4
Members	Attendance
Rob Rowley (appointed 01/01/2010)	4
Andrew Dougal	4
Tony Reading	3
David Williams (resigned 31/03/2010)	1

Main Objective

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

Board Committees and their work

Audit Committee and auditors

The Committee is chaired by Rob Rowley. 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 Capital Shopping Centres Group plc (formerly Liberty International plc) and moneysupermarket.com group plc, has recent and relevant financial experience. The Chairman of the Company and other Non Executive Directors, the Group Chief Executive, Group Finance Director, Head of Internal Audit and other senior executives attend meetings of the Committee by invitation. Deloitte LLP is also invited to attend meetings of the Audit Committee. The Committee also meets privately with representatives from Deloitte during at least two Committee meetings per annum which normally take place around the Full and Half Year financial statements, in order to discuss

Corporate Governance Report continued

any matters which the auditors may wish to raise without any Executive Directors being present.

During the year the Audit Committee met on four occasions. Details of the attendance of each Director are set out in the table on page 36. 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 auditors. It ensures that the Board regularly assesses business risks including their management and mitigation. In doing so, the Committee places reliance on regular reports from executive management, Internal Audit and the external auditors. 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 Full and Half Year financial statements and other statements affecting the Group concerning price sensitive information as necessary.

Appointment of the auditors for non-audit services

The Audit Committee has approved a policy on 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 it is considered that based on confidentiality, past knowledge and other commercial 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 the external auditors undertook non-audit work primarily related to key project work.

The Audit Committee is satisfied that the carrying out of this work would not impair the independence of the external auditors and recognises that from time to time, there is a clear commercial advantage based on cost and timetable requirements in using the Company's auditors.

Corporate Responsibility Committee

During the year, the Board took the view that corporate responsibility had been sufficiently integrated into day to day management culture and processes and would be more effectively managed at the operational level with direct reporting lines to the Board. The Group Chief Executive and the President and CEO of North America have retained the ultimate responsibility for corporate responsibility. As demonstrated by the achievements and initiatives set out in the Company's 2010 Corporate Responsibility Report, corporate responsibility has of course retained the same level of priority as before. The 2010 Corporate Responsibility Report is available in electronic form on the Company's Web site at www.taylorwimpeyplc.com.

Nomination Committee

The Committee is chaired by the Chairman of the Board and is composed of a majority of Non Executive Directors as required by the Combined Code. Its members are set out in the table above. As set out earlier in this Report, the Committee has procedures in place with regard to maintaining a formal, rigorous and transparent process for Board appointments, ensuring that appointments to the Board are made on merit and assessed against objective criteria, guiding the Board in regularly assessing whether there is a correct balance of expertise and in arranging the orderly succession for appointments to the Board and in respect of senior management across the Group. A description of how appointments are typically made to the Board is set out on page 35.

The Committee met on three occasions during the year and details of the attendance of each Director are set out in the table above.

Nomination Committee

Reports directly to the Taylor Wimpey plc Board

Kevin Beeston, Chairman

Number of meetings in 2010	3
Members	Attendance
Kevin Beeston (Appointed 01/07/2010)	**2**
Brenda Dean	**3**
Andrew Dougal	**3**
Katherine Innes Ker	**3**
Tony Reading	**3**
Pete Redfern	**3**
Rob Rowley (Appointed 01/01/2010)	**3**
Norman Askew (Resigned 30/06/2010)	**1**

Main Objective

To ensure there shall be a formal, rigorous and transparent process for the appointment of new Directors to the Board, its Committees and to other senior roles and to ensure effective succession planning processes across the Group.

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.

The levels of remuneration are considered by the Committee to be sufficient to attract, retain and motivate Directors and other senior management of the necessary calibre required to run the Company successfully, without being excessive. A significant proportion of Directors' remuneration is linked to rewarding corporate and personal performance and there is linkage to effective risk management. There is a formal and transparent procedure for developing policy on executive remuneration and agreeing the

Remuneration Committee

Reports directly to the Taylor Wimpey plc Board

Tony Reading, Chairman

Number of meetings in 2010	4
Members	Attendance
Tony Reading	4
Kevin Beeston (Appointed 01/07/2010)	4
Brenda Dean	4
Katherine Innes Ker	3
Rob Rowley (Appointed 01/01/2010)	4
David Williams (Resigned 31/03/2010)	0

Main 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.

remuneration packages of individual Directors, none of whom is involved in deciding his or her own remuneration.

The Committee is chaired by Tony Reading and consists of four Independent Non Executive Directors and also the Chairman of the Board. During the year the Remuneration Committee met on four occasions.

Internal control

The Board has applied Principle C.2 of the Combined Code and has recognised the greater emphasis on risk management as set out in the Governance Code. It has established a continuous process for identifying, evaluating and managing the significant risks the Group faces. It regularly reviews its application of the Revised Turnbull Guidance on Internal Control to ensure the process of internal control, which has been in place throughout 2010, 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 the Combined Code, the Board regularly reviews the effectiveness of the Group's processes of risk management and internal control and the progress made in embedding these 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 systems of internal control and risk management 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;
- 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. 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 2010 and into 2011, the Audit Committee continued to assess the Group's risk management and internal control framework, and reviewed business change issues and Internal Audit activities across the Group.

During 2010, the enhanced reporting, approval and control processes introduced to monitor and ensure compliance with the Override Agreement that was in place with certain lenders, were closely monitored by the Board and audited by Internal Audit. In December 2010 the Company substantially mitigated these risks by reaching an agreement with its creditors to exit the Override Agreement and through raising new debt finance as set out earlier in this report.

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. The Executive Committee comprises the Executive Directors of the Company, the Group Company Secretary and other designated senior management. The Board ensures that the Company has in place effective systems to manage and mitigate significant risks. At its December 2010 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 2010 of the key risks affecting the Group. The Audit Committee also assists the Board in discharging its review of risk. 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 Group. The Board has noted the requirement to both identify and monitor risks as set out in the Governance Code. Consequently, the Board will review risk at least twice a year and the Group Executive Committee will review risk at least quarterly.

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 12 and 13.

Management

The Group Chief Executive has responsibility for preparing and reviewing strategic plans for the Group and the annual budgetary process. 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 conditions and 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

Corporate Governance Report continued

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 at each meeting of the Board with specific updates on any material developments or new matters.

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 prevailing market conditions. These ensured we remained in compliance with the terms of the Override Agreement, now superseded, and the financial covenants contained in our new debt facilities. Any investment, acquisition or disposal of land requires detailed appraisal and is 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, Group Executive Committee members and senior management consider the reviews on a regular basis and are responsible for ensuring that improvements are made, where required. A number of new initiatives have been introduced to ensure the Company's Internal Audit function meets current best practice. An Internal Audit Charter codifies the aims, modus operandi and outputs of internal auditing; a rolling schedule of business improvements identified during internal audits is monitored against action taken by the businesses, with progress reviewed by the Audit Committee; and the performance of the Internal Audit team is to be externally appraised.

The Head of Internal Audit has direct access to the Chairman of the Audit Committee, the Chairman of the Board 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. 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 any person, including 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 Human Resources 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 supports the new initiatives set out in the Governance Code and its supporting Stewardship Code which aim to foster a more pro-active governance role by major shareholders. The Board 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.

Following his appointment as Chairman in July 2010, Kevin Beeston wrote to the Company's largest institutional shareholders. This was then followed up by a series of meetings which were used to discuss governance, strategy and market related issues.

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 104 which sets out details of the rights of shareholders in connection with the notice of, and participation in, general meetings of the Company.

Information about the Company, including full year and half year results and other major announcements, and additional information about shareholder facilities, 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 Consolidated Financial Statements on pages 61 to 93.

The Taylor Wimpey plc Group's (the 'Group') business performance and position, along with the significant factors that are likely to influence its future activities are set out in the Group Chief Executive's Review on pages 8 to 13.

The ability of 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 on 14 December 2010. The Group has met all interest and other payment obligations on time from debt resources available to it, and after reviewing forecasts for a period of at least 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. Accordingly the consolidated financial statements have been prepared on a going concern basis.

Remuneration Report

Tony Reading
Chairman

The aim of our remuneration policy is to attract and retain leaders who are focused and adequately incentivised to deliver outstanding business results.

Introduction

The philosophy of the Remuneration Committee (the 'Committee') is to attract and retain leaders who are focused and incentivised to deliver the Company's business priorities within a remuneration framework which is aligned with the interests of our shareholders.

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') and also complies with the Listing Rules of the Financial Services Authority and the relevant provisions of the Companies Act 2006 and regulations thereunder (the 'Regulations'). The Board reviewed last year the new Main Principles, Supporting Principles and Code Provisions of the UK Corporate Governance Code (the 'Governance Code') relating to remuneration in order to ensure compliance with the Governance Code which applies to the Company with effect from 1 January 2011.

The Regulations require 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 21 April 2011. Details of the resolution and its status as an advisory vote are set out on page 105 and page 109 respectively.

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

During the year, the Committee agreed the remuneration for Kevin Beeston in his new role as Chairman of the Board with effect from 1 July 2010. In the latter part of 2010 the Committee also agreed a salary and benefits package for Ryan Mangold following his promotion to the post of Group Finance Director on 16 November 2010, consistent with the Company's current framework for Executive Directors.

The Company's remuneration policy and practices are kept under regular review by the Committee which consults with the Company's major shareholders and their representative bodies as appropriate. Going forward, the Committee intends to undertake a formal review of remuneration across the Group on a three yearly basis, the first of which will take place during 2011. The outcome of this review will be reported in next year's Remuneration Report. The main objective of the review will be to ensure that the remuneration arrangements support the Committee's philosophy.

For 2011 itself, the Committee considers that the arrangements operated in 2009 and 2010 remain broadly appropriate and support the Committee's long term philosophy. Following consultation with major shareholders and investor bodies however, the Committee has decided to make some changes in 2011 relating to both the long term and short term incentives currently in place in order to make them both more appropriate to the current market and to incentivise the Company's leaders more effectively whilst, at the same time, maintaining alignment to shareholders' interests.

Long term incentive plan: while measures will continue to be based on total shareholder return (40% of the award) and return on capital employed (30%), a new performance measure based on the margin achieved on homes by the UK business will also be introduced. Unlike 2009 and 2010 the Committee does not propose to scale back the 2011 long term incentive awards to participants and for UK Executive Directors it is proposed that award levels return to their previous levels of 200% of salary.

Short term incentive arrangements: in 2009 and 2010, the Committee capped the maximum short term incentive potential of its UK Executive Directors to 75% of the maximum achievable of 150% of salary (i.e. a maximum potential of 112.5% of base salary). For 2011, the Committee has decided to increase their cap to 130% of base salary (86.6% of the pre-2009 maximum of 150%) and they will still be required to defer 25% of any bonus into shares in the Company for a period of three years with no matching element.

Part 1: Unaudited Information: Remuneration Committee

The Remuneration Committee has clearly defined terms of reference which 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

Remuneration Report continued

Combined Code/Governance Code and related investor guidance. 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;
- determine the level of fees for the Chairman of the Board; and
- select and appoint the external advisers to the Committee.

The Committee currently comprises four Independent Non Executive Directors and the Chairman. Tony 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 Rob Rowley (who were Committee members throughout the year) and Kevin Beeston, who was appointed to the Committee with effect from 1 July 2010. Membership of the Committee is in line with the Combined Code.

David Williams was a member of the Committee until he stood down from the Board on 31 March 2010.

Details of attendance at Remuneration Committee meetings held during 2010 are set out in the table on page 39.

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

Advice to the Committee

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, it continued to retain the services of Hewitt New Bridge Street in that capacity. Hewitt New Bridge Street is now part of Aon Corporation and is a trading name of that organisation.

Hewitt New Bridge Street provides no other services to the Company. The wider Aon Corporation group of companies provides insurance broking and pension administration support services to the Company. These are services which were provided to the Company prior to the merger between the Aon and Hewitt entities and the Committee is satisfied that they do not create any conflicts of interest.

The Committee also received legal advice during the year from Slaughter and May and pension related advice from PwC.

In line with the statement that was included in last year's Remuneration Report relating to fees, and also reflecting recent best practice guidelines, the fees paid to the Committee's main adviser – Hewitt New Bridge Street – in 2010 were £74,000 in total, which reflects a full year's appointment.

The Group Chief Executive, Group Company Secretary and General Counsel and the Group Human Resources Director attend Committee meetings by invitation only but are not present for any discussions that relate directly to their own remuneration.

Remuneration policy

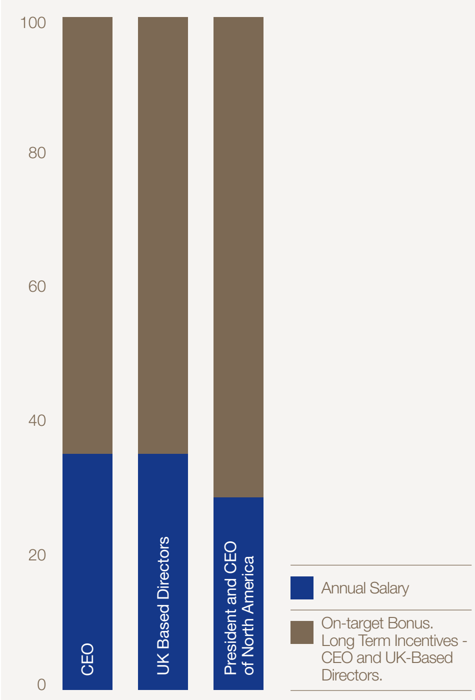
A key part of the Committee's role is to ensure that the remuneration of Executive Directors and senior management is aligned to the Company's strategic objectives as stated earlier in this Remuneration Report. It is of course, key that the Company is able to attract and retain leaders who are focused and also appropriately incentivised to deliver the Company's strategic objectives within a framework which is also aligned with the interests of the Company's shareholders. This alignment is achieved through a combination of deferral into shares of a percentage of the short term incentive arrangements, shareholding requirements and also via retention requirements which apply to any shares that vest under long term incentive plans – details of these requirements are set out later in this Remuneration Report on page 46.

The Committee's remuneration strategy continues to ensure that a significant percentage of the overall package of Executive Directors and senior management remains at risk.

With all packages substantially geared towards share incentive schemes and performance, the Committee believes that the pay and benefits of its Executive Directors and senior management adequately takes account of reward versus risk. The chart above shows the proportion of fixed to performance based remuneration for 2011. Fixed remuneration comprises base salary. Performance based remuneration comprises an annual short term cash incentive and, for the CEO and the UK-based Directors, a long term incentive plan. The chart illustrates the mix of remuneration assuming that target levels of short term incentive arrangements and the annualised expected value of long term incentive provision are met.

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 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.

Proportion of fixed to performance based remuneration (%) (2011)



External non executive director positions

Subject to Board approval and provided that such appointments fall within the general requirements of the Combined Code (and do not give rise to any conflict issues which cannot be managed by the Board), 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 2010 and to the date of this Report, no Executive Director held any relevant non executive positions.

Base salary

The Remuneration Committee reviews the base salaries of Executive Directors annually in order to ensure that they remain competitively aligned with external market practices and are competitive when measured against FTSE peers.

The salaries of the Executive Directors and that of the Group Company Secretary and General Counsel have not been increased since July 2007. Ryan Mangold's remuneration was reviewed at the time of his appointment as Group Finance Director in November 2010. At that time his salary was increased to £285,000 which is below the Committee's assessment of a mid-market salary for this role. This positioning reflects Ryan Mangold's current level of experience in the role and the Committee expects to increase his salary to a mid-market level over time. For 2011, in line with the general increase awarded to all staff (subject to a small number of exceptions), the Committee has decided to award its UK Executive Directors an increase of 2.5% to apply with effect from 1 April 2011. When the Committee considers base salaries, it seeks independent advice from Hewitt New Bridge Street and takes into account the following:

- salary levels in comparably-sized companies and other major housebuilders;
- the economic climate, general market conditions and the performance of the Company;
- the level of pay awards across the rest of the business; and
- the performance, role and responsibility of each individual Director.

Reflecting the above increase of 2.5%, the salaries of the UK Executive Directors effective from 1 April 2011 are as follows:

Name	Amount
Pete Redfern	£717,500
Ryan Mangold	£292,125

Salaries are paid monthly and in cash.

Other benefits, including benefits-in-kind

The Executive Directors receive additional benefits which include an expensed 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 later in this report.

Short term incentive arrangements ('STIA')

The Company operates performance related short term incentives based on achieving stretching performance targets.

In 2009 and 2010, the Remuneration Committee capped STIA opportunities for Executive Directors at 75% of the maximum of 150% of salary. For 2010 the maximum and on-target STIA opportunities for UK-based Executive Directors were therefore 112.5% and 60% of base salary, respectively. It was a requirement that 25% of any STIA awarded in respect of 2009 and 2010 was deferred into shares for three years with no further performance conditions other than continued employment.

For 2011, in light of the Company's improved profitability, the Committee has reviewed the operation of the cap and, following consultation with shareholders, has decided that for UK Executive Directors it should be increased to 130% of salary (86.6% of the maximum STIA of 150% of base salary) with 60% of base salary payable for on-target performance. In addition, the three year deferral requirement of 25% of the STIA will be retained. The maximum STIA opportunity will be kept under review by the Committee in light of the performance of the business.

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

For 2010 the STIA targets for the Group Chief Executive and Group Finance Director were based on a number of specific and stretching targets which included: profit before tax (before exceptionals), cash performance, build cost, customer service and also the successful completion of the 2010 £1.3 billion refinancing project.

For the STIA outcome for 2010, the Committee has measured performance against each performance target which has resulted in a payment to the Group Chief Executive of equivalent to 84.9% of maximum STIA potential, of which 25% is required to be deferred into shares for three years as described above.

Ryan Mangold was appointed as Group Finance Director on 16 November 2010. His STIA will be pro-rated based on his base salary prior to his appointment and on his new salary for the balance of the year. Ryan Mangold will defer 25% of his STIA for the period 16 November 2010 to 31 December 2010 and will be required to defer 25% of his overall STIA for 2011.

The amounts paid to Pete Redfern and Ryan Mangold in respect of 2010 are set out in the remuneration table on page 48.

For the Group Chief Executive and Group Finance Director, challenging and specific targets have been put in place for 2011 and are as set out below:

Measure	Weighting
PBIT	40%
Cash generated (before land spend)	10%
ROCE	10%
Order book	10%
Customer service	10%
Strategic objectives/successful debt reduction	10%
Build costs	5%
Waste tonnage reduction	5%

No element of any STIA is pensionable.

Sheryl Palmer's remuneration

Sheryl Palmer is the President and Chief Executive Officer of Taylor Wimpey's North American business. Details of her remuneration are set out in the remuneration table on page 48.

With effect from 1 April 2011 her base salary will be increased by 2.5% from $615,000 (£399,000) to $630,375 (£404,087).

The 2010 STIA put in place for Sheryl Palmer was based on a number of stretching targets which included: profit before interest and tax (pre-exceptionals), cash performance, order book in each of the USA and Canada and customer service. As explained in last year's

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Remuneration Report, North American annual bonus opportunities are typically set at higher levels than in the UK, particularly in the housebuilding industry. The maximum STIA arrangement for Sheryl Palmer for 2010 was 500% of base salary. Certain elements of the STIA targets were met resulting in a bonus payment to Sheryl Palmer of 429% of base salary. It is a requirement that 25% of any amount paid to Sheryl Palmer over and above 150% of base salary is deferred and paid out in cash equally over a three year period pursuant to the terms of the Taylor Morrison Annual Bonus Deferral Plan.

As announced, the Board's intention is to refocus the business of the Group on the UK market in the medium term. In view of this, the Committee has put in place a bonus opportunity for the first six months of 2011 based on the following performance targets, which it will extend as appropriate for the balance of the year:

Performance measures	Weighting % of award
PBIT	40%
Cash Flow	40%
Order Book / Closings (US)	10%
Order Book / Closings (Canada)	10%

The STIA multiple of salary that will apply for 2011 will be the same as 2010 but pro rated as appropriate for the first six months (i.e. 250% of base salary).

Details of Sheryl Palmer's long term incentive awards to date are set out on page 49. Awards made to Sheryl Palmer are lower than those made to UK Executive Directors in order to reflect the higher STIA maximum opportunity which is available to her.

Long Term Incentive Plans

Current plans

The Company has two long term incentive plans, the Taylor Wimpey Performance Share Plan ('TWPSP') and the Taylor Wimpey Share Option Plan ('TWSOP'), both of which were approved by shareholders at the 2008 Annual General Meeting.

Other than in exceptional circumstances, the combined value of awards made under the two plans may not exceed that of an expected value of a TWPSP award with a face value of 200% of base salary, in the case of Executive Directors, or 300% of base salary in the case of other employees. The Committee has not made any exceptional awards in excess of these limits since the plans were introduced. In calculating the value of awards, one TWPSP award is deemed to have the same expected value as two options granted under the TWSOP.

The Committee's current policy is to make awards under the TWPSP only, as awards of performance shares are less dilutive than awards of share options and are consistent with prevailing market practice.

LTIP Performance Criteria

	2008	2009	2010	2011
TWSOP	ROCE > cost of capital (50%)	Absolute ROCE (50%)	–	–
TWPSP	EPS growth (25%)	–	Absolute ROCE (40%)	Absolute ROCE (30%)
	TSR vs FTSE 100 (12.5%)	TSR vs FTSE 250 (25%)	TSR vs FTSE 250 (30%)	TSR vs FTSE 250 (20%)
	TSR vs industry peer group (12.5%)	TSR vs industry peer group (25%)	TSR vs industry peer group (30%)	TSR vs industry peer group (20%)
	–	–	–	Margin (30%)

2011 awards

The performance targets governing the vesting of these awards are set out in the LTIP Performance Criteria table above and include a new measure based on the margin achieved on new homes by the UK business.

Margin is regarded as a key measure for the housebuilding industry and challenging targets have been put in place by the Committee requiring the achievement of double digit margins in the 2013 financial year. The margin targets for the 2011 awards are as follows:

	% of this element of the award vesting	Margin in 2013
Below Threshold	0%	Less than 10%
Threshold	20%	10%
Maximum	100%	13%
Between threshold and maximum	20%-100%	10%-13%

TSR performance is measured against two TSR peer groups comprising the constituents of the FTSE 250 index at the date of grant and, secondly, a sector peer group comprising: Barratt Developments, Bellway, Berkeley Group, Bovis Homes Group, Galliford Try, Kier, Marshalls, Persimmon, Redrow, SIG, Travis Perkins and Wolseley. TSR performance is measured over three years beginning from the date of grant. The Committee considers that TSR performance remains appropriate as it rewards management for delivering superior returns to shareholders than its peers. The TSR targets for the 2011 awards are as follows:

	% of this element of the award vesting	Ranking against comparator group over 3 years from grant
Below Threshold	0%	Below median
Threshold	20%	Median
Maximum	100%	Upper quartile
Between threshold and maximum	20%-100%	Median to upper quartile

ROCE is also considered appropriate as it directly measures the efficient use of capital. The ROCE targets for the 2011 awards, which will be measured in the 2013 financial year, are as follows:

	% of this element of the award vesting	Absolute ROCE in 2013
Below Threshold	0%	Less than 10%
Threshold	20%	10%
Maximum	100%	20%
Between threshold and maximum	20%-100%	10%-20%

As mentioned on page 41, it is proposed that award levels for UK Executive Directors return to their previous levels of 200% of salary. Details of these awards will be included in the 2011 Remuneration Report.

Previous awards

Awards made to Ryan Mangold in 2010 were made prior to his appointment to the Board as Group Finance Director in November 2010 (namely, when he held the position of Group Financial Controller). His 2010 awards were accordingly made at a multiple of 90% of his then base salary (which reflected the scale-back applied to all participants).

Vesting of the awards made between 2008 and 2011 is subject to the achievement of a combination of Return on Capital Employed ('ROCE'), Earnings per Share ('EPS'), relative TSR performance and, for 2011, Margin. The table opposite summarises the performance conditions attached to each year's awards.

The ROCE and EPS elements of the 2008 LTIPs will not vest following the outcome of the performance tests. Based on recent performance testing, the TSR element is unlikely to vest when the final calculation is performed in mid-April. The position will be confirmed in the 2011 Remuneration Report.

Since 2009 awards have been made to Executive Directors and a small number of designated senior executives. The Committee will review levels of participation throughout the Group as part of its overall remuneration review to take place during 2011 as referred to on page 41.

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.

During 2010, awards were made in two tranches to 23 executives (2009: 23) over an aggregate of 13,879,107 shares (2009: 6,087,533), based on share prices of 40.01 pence, 35.1 pence and 31.3 pence (2009: 39.34 pence), exercisable on: first tranche – 22 March 2013 or, if later, the announcement of the Group's 2012 full year results (save for one award made to a new joiner which would vest 20 May 2013); second tranche – 6 August 2013 or, if later, the announcement of the Group's 2013 half year results. The associated performance calculations will take place in or around March 2013 (for the first tranche) and in or around August 2013 (for the second tranche). Details of awards made to Executive Directors appear on page 49.

Taylor Wimpey Share Option Plan

Awards under this plan may be income tax-approved up to HMRC's aggregate limit of £30,000. Awards normally vest after three years, and after four years for awards made during 2009 from the start of the performance measurement period provided that the performance condition has then been achieved. No awards were made under the TWSOP in 2010 and none are proposed to be made in 2011. Details of awards held by 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.

With regard to margin, the Committee will retain the right (as part of its overall discretion) to reduce the vesting of this part of the award if volumes (i.e. the number of homes sold) have not been satisfactory during the performance period.

Pre-merger share plans

The various share plans that were in place prior to the merger of Taylor Woodrow and George Wimpey in July 2007, principally (and using their pre-merger names):

- the Taylor Woodrow Performance Share Plan;
- the Taylor Woodrow Executive Share Option Plan; and
- the George Wimpey Executive Share Option Scheme

have all been effectively closed. No Executive Director has any ongoing participation or interest in any of the above plans.

All-employee share plans

The Company encourages share ownership by employees and, accordingly, it operates all-employee share plans. The Company operates a Sharesave Plan and a Share Incentive Plan (the 'UK Share Purchase Plan') both with standard terms under which all UK employees with at least three months' service can participate. During 2010, 600 employees (2009: 746) applied to join the Sharesave Plan. Options were granted over 11,532,281 shares (2009: 7,101,166) at an option price of 22.88 pence per share. During 2010, 568 participants contributed to the UK Share Purchase Plan (2009: 611) and purchased 1,563,702 partnership shares (2009: 1,780,078). Such shares are eligible for a 1:1 match if held for three years. Details of awards held during the year by Executive Directors appear on page 49.

Performance graph

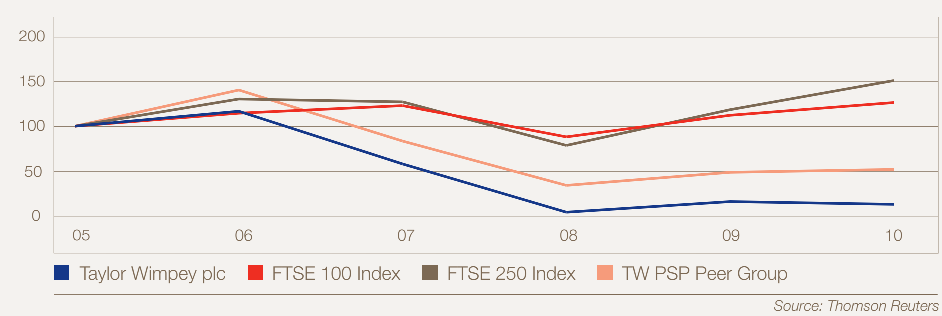
The graph below shows the Company's performance, measured by TSR, for the five year period to 31 December 2010, compared with the performance of the FTSE 100 and the FTSE 250 Share Indices and the TWPSP peer group. The FTSE 100 and FTSE 250 comparator groups are those used in successive years' awards under the TWPSP, described above.

Other share plan information

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 23 to the consolidated financial statements. Share plans are also compliant with Association of British Insurers' dilution guidelines and meet investor guidelines.

The Company's present intention is to meet the requirement for shares in respect of share plans, by a mix of market purchases and utilising the remaining balance of shares in the appropriate Employee Share Trust, wherever it is

Total shareholder return (£)



This graph shows the value, by 31 December 2010, of £100 invested in Taylor Wimpey plc on 31 December 2005 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.

Remuneration Report continued

possible to do so. Where there are relatively small requirements for shares, 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 and it is intended to keep them under regular review:

1. Within five years of 1 January 2008 or from the date of appointment if later:
   - Executive Directors will be ordinarily required to build up a shareholding in Taylor Wimpey broadly equal to 1x base salary;
   - other Executive Committee members will be ordinarily required 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') will be ordinarily required 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. Shares that vest or are received following the exercise of any option, count towards the targets set out in point 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 point 2 above, such shares may be sold provided that the target holdings are met within the applicable timeframe.
4. Shares that are held on trust for any executive pursuant to the deferred bonus scheme will count towards the target shareholding.
5. 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 and this will be covered as part of the 2011 remuneration review previously referred to on page 41.

Pension arrangements

Details of the Group's principal UK pension schemes are given in Note 21 on page 83 to the consolidated financial statements.

Taylor Wimpey Pension Schemes

The George Wimpey Staff Pension Scheme

Pete Redfern is a member of the Executive section of The George Wimpey Staff Pension Scheme ('the Scheme'). He has a Normal Retirement Age under this Scheme of 62. The Scheme was closed to new members on 1 January 2002 and was closed to future accrual on 31 August 2010. All active members were invited to join the Taylor Wimpey Personal Choice Plan ('PCP') from 1 September 2010, referred to below and to which members and the Company contribute.

Pensions in payment are guaranteed to increase in line with the Retail Price Index to a maximum of 5% per annum for service up to 5 April 2006 and a maximum of 2.5% for all service thereafter.

Pete Redfern also receives a pension allowance amounting to 25% of the difference between his basic salary and the pension scheme earnings cap. For 2010 a total of £144,100 (2009: £144,775) was paid. Pension allowances do not count towards the calculation of any bonus awards which are based only on base salary.

Details of the pension arrangements for Ryan Mangold and Sheryl Palmer are set out on page 50.

Taylor Woodrow Group Pension and Life Assurance Fund (the '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 future accrual on 30 November 2006 and from 1 December 2006 existing active Fund members were invited to participate in the PCP.

Taylor Wimpey Personal Choice Plan

The PCP was introduced on 1 April 2002. It is a defined contribution stakeholder pension scheme, which all new eligible UK employees are invited to join. All active members of the defined benefit arrangements were invited to join the PCP when those arrangements closed to future accrual.

Pete Redfern has a pension allowance of 20% of the earnings cap, with effect from 1 September 2010, in lieu of pension membership, due to legislative changes introduced in 2009. For 2010 a total of £8,240 was paid. The payment is made in addition to his existing pension allowance of 25% of salary above the earnings cap as described above.

George Wimpey Stakeholder Scheme

Contributions to this defined contribution arrangement ceased on 31 August 2010. No Executive Director was a member of the stakeholder scheme.

Life assurance arrangements

Life assurance of up to four times basic salary and a pension of up to two-thirds of the member's entitlement for a spouse on 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 eligible children.

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.

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 2011 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	40
Ryan Mangold	16 November 2010	12	12	12	65	39
Sheryl Palmer	4 August 2009	12	12	12	65	49

As mentioned earlier, all Directors will submit themselves for election or re-election, as appropriate, at the Annual General Meeting in accordance with the Governance Code.

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 to be determined, in the case of each of the Executive Directors, 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 (subject to Committee discretion as appropriate), 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.

Chairman and Non Executive Directors

Neither the Chairman nor the Non Executive Directors have service contracts. Their terms of engagement are regulated by letters of appointment as follows:

Name	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)
Kevin Beeston	1 July 2010	13 May 2010	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
Tony 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

The Chairman was appointed on 1 July 2010 and has an annual fee of £250,000 which is paid monthly. The Chairman's fees were fixed by the Board prior to his appointment as Chairman following independent advice provided by Hewitt New Bridge Street.

Andrew Dougal and Katherine Innes Ker will be standing down from the Board immediately prior to the Annual General Meeting on 21 April 2011. All other Directors will submit themselves for election or re-election at the Annual General Meeting in accordance with the Governance Code.

Brenda Dean, Anthony Reading and David Williams were independent non executive directors of George Wimpey Plc ('GW') 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 fee paid to each Non Executive Director is £50,000 per annum and has been at this level since July 2007. The Senior Independent Director receives an additional payment of £10,000 per annum in respect of the performance of this role. The standard fee for chairing a Board Committee is £10,000 per annum. The Chairman does not receive any additional fee for chairing the Nomination Committee.

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.

Remuneration Report continued

Part 2: Audited Information
Directors' emoluments

	Basic salary/fee £000	Pension allowance £000	Benefits-in-kind £000[a]	STIA in respect of 2010 £000	Other benefits/ payments £000[a][b]	2010 total £000	2009 total £000	Basic salary p.a. with effect from 01.04.2011 £000[e]
Executive								
Pete Redfern	700	152	21	670	20	1,563	1,687	718
Ryan Mangold (Appointed 16 November 2010)	36 [d]	–	–	34	6	76	–	292
Sheryl Palmer (Appointed 5 August 2009)	399	–	13	1,690	22	2,124	1,044	404
Chris Rickard (Resigned 16 November 2010)[b]	334	–	1	323	555	1,213	905	–
Non Executive								Fees p.a. with effect from 01.01.2011
Kevin Beeston (Appointed 1 July 2010)[c]	125	–	–	–	–	125	–	250
Brenda Dean	50	–	–	–	–	50	50	50
Andrew Dougal	50	–	–	–	–	50	56	50
Katherine Innes Ker	56	–	–	–	–	56	60	50
Tony Reading	60	–	–	–	–	60	60	60
Rob Rowley (Appointed 1 January 2010)	68	–	–	–	–	68	–	70
Norman Askew (Resigned 30 June 2010)	100	–	–	–	–	100	200	–
David Williams (Resigned 31 March 2010)	18	–	–	–	–	18	65	–
Mike Davies (Resigned 1 September 2009)	–	–	–	–	–	–	33	–
Aggregate emoluments	1,996	152	35	2,717	603	5,503		
2009							4,160	

(a) Benefits-in-kind includes non-cash payments such as health insurance, company car provision and fuel allowances. Other benefits include car allowance and employer's contribution to a pension scheme.

(b) Chris Rickard received a base salary at the rate of £380,000 p.a. for the period 1 January 2010 to his date of resignation from the Company on 16 November 2010. On leaving, he received contractual payments of 12 months' basic pay, benefits, including car allowance and private health care and a sum in lieu of employer's pension contributions which together amounted to £469,000 (2009: £477,000) which is included in Other Benefits in the table above. The STIA payment to Chris Rickard for 2010 amounted to £323,000 and was paid at the same time as other participants (i.e. in March 2011) and was subject to the satisfaction of the 2010 STIA performance conditions. Chris Rickard's interests in the Taylor Wimpey Performance Share Plan and the Taylor Wimpey Share Option Plan all lapsed in their entirety as at 16 November 2010.

(c) The Company also paid £10,416 (2009: £nil) at the rate of £2,083.33 per month as a contribution towards the Chairman's annual office and related administration costs incurred in carrying out his role. Kevin Beeston's base fee is £250,000 per annum.

(d) Ryan Mangold's annual salary was £152,250 prior to 16 November 2010 and £285,000 post 16 November 2010. Ryan Mangold has joined the Flexible Pension Arrangement (salary exchange) operated by the Company and the amount exchanged since his appointment as a Director on 16 November 2010 was £2,138. The Flexible Pension Arrangement is a voluntary arrangement, the effect of which is to allow members and the Company to benefit from savings in National Insurance contributions through the sacrifice of a portion of salary, which would then be paid into a pension scheme as a Company contribution, prior to NIC being calculated. The Scheme therefore reduces the effective salary of the individual.

(e) With effect from 1 April 2011, the base salaries of Pete Redfern, Ryan Mangold and Sheryl Palmer will be £717,500, £292,125 and £404,087 ($630,375) respectively reflecting the proposed salary increase of 2.5%. An exchange rate of £1:$1.56 has been used with respect to Sheryl Palmer's emoluments.

Aggregate emoluments of the Executive Committee (excluding Executive Directors)

	Basic salary/fee £000	Pension allowance £000	Benefits-in-kind £000[a]	STIA in respect of 2010 £000	Other benefits £000	2010 total £000	2009 total £000	Basic salary p.a. with effect from 01.04.2011 £000[b]
7 members	1,304	65	92	1,483	173	3,117	2,821	1,261

(a) Includes non-cash payments.

(b) There are only 5 members from 1 January 2011.

In addition, a charge of £424,000 (2009: £235,000) 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 (2009: 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 2010[a]	Granted (number)	Lapsed (number)	Exercised (number)	31 December 2010	Exercise price (pence)[d]	Date of grant	Date from which exercisable	Expiry date
Pete Redfern	Bonus Plan	305,345	–	–	–	305,345	–	13.03.08	31.12.10	31.12.10
	Bonus Plan	–	497,284[b]	–	–	497,284	–	22.03.10	31.12.12	31.12.12
	Performance Share Plan	637,902	–	–	–	637,902	–	17.04.08	17.04.11	17.04.11
	Performance Share Plan	1,601,423	–	–	–	1,601,423	–	07.08.09	01.01.13[e]	01.01.13[e]
	Performance Share Plan	–	1,574,606[c]	–	–	1,574,606	–	22.03.10[f][g]	22.03.13[e]	22.03.13[e]
	Performance Share Plan	–	2,012,779[d]	–	–	2,012,779	–	06.08.10[f][g]	06.08.13[e]	06.08.13[e]
	Share Option Plan	1,497,345	–	–	–	1,497,345	93.49	28.04.08	28.04.11	28.04.18
	Share Option Plan	3,202,846	–	–	–	3,202,846	39.34	07.08.09[h]	07.08.12	07.08.19
	Long Term Incentive Plan	341,713	–	341,713	–	–	–	02.04.07	02.04.10	02.04.10
	Total	7,586,574	4,084,669	341,713	–	11,329,530				
Ryan Mangold	Sharesave Plan	39,335	–	–	–	39,335	22.88	06.10.10	01.12.13	31.05.14
	Performance Share Plan	190,645	–	–	–	190,645	–	07.08.09	01.01.13[e]	01.01.13[e]
	Performance Share Plan	171,238	–	–	–	171,238	–	22.03.10[f][g]	22.03.13[e]	22.03.13[e]
	Performance Share Plan	218,889	–	–	–	218,889	–	06.08.10[f][g]	06.08.13[e]	06.08.13[e]
	Share Option Plan	381,291	–	–	–	381,291	39.34	07.08.09[h]	07.08.12	07.08.19
	Total	1,001,398	–	–	–	1,001,398				
Sheryl Palmer	Performance Share Plan	140,280	–	–	–	140,280	–	17.04.08	17.04.11	17.04.11
	Performance Share Plan	416,508	–	–	–	416,508	–	07.08.09[h]	01.01.13[e]	01.01.13[e]
	Performance Share Plan	–	454,499[c]	–	–	454,499	–	22.03.10[f][g]	22.03.13[e]	22.03.13[e]
	Performance Share Plan	–	580,974[d]	–	–	580,974	–	06.08.10[f][g]	06.08.13[e]	06.08.13[e]
	Share Option Plan	329,278	–	–	–	329,278	93.49	28.04.08	28.04.11	28.04.18
	Share Option Plan	833,016	–	–	–	833,016	39.34	07.08.09[h]	07.08.12	07.08.19
	Total	1,719,082	1,035,473	–	–	2,754,555				

(a) Or date of appointment.
(b) Market value per share on date of grant 22 March 2010 was 38.86 pence.
(c) Market value per share on date of grant 22 March 2010 was 38.86 pence.
(d) Market value per share on date of grant 6 August 2010 was 31.38 pence.
(e) Or later publication of the preliminary full year or half year results announcement on which the associated performance condition will be calculated.
(f) Due to the timing of the 2009 awards, the 2010 awards were made in two equal tranches, after the full year and half year announcements. This was to reduce the potential overlap of the vesting of the 2009 and 2010 awards in 2013 due to the fact that the 2009 awards were effectively based on four year performance periods.
(g) Vesting will be 20% for both tranches of the 2010 award and also for the 2011 award (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) with straight line vesting between these two thresholds.
(h) 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), with straight-line vesting between the two thresholds.

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.

The market price of the ordinary shares on 31 December 2010 was 31.51 pence and the range during the year was 22.3 pence to 43.99 pence.

Details of any share awards made to Executive Directors during 2011 will be included in the 2011 Remuneration Report.

Remuneration Report continued

Directors' interests in shares of the Company

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

	at 01.01.10[(a)] ordinary shares	at 31.12.10 ordinary shares	Executive Directors' share interests at 31.12.10 valued at 31.12.10 share price and expressed as a percentage of basic salary at 01.04.11
Kevin Beeston	511,581	905,562	–
Pete Redfern	195,410	548,427	24%
Ryan Mangold	16,510	28,510	3%
Sheryl Palmer	200,000	456,229	36%
Brenda Dean	26,696	33,065	–
Andrew Dougal	15,000	15,000	–
Katherine Innes Ker	12,000	12,000	–
Tony Reading	40,000	300,000	–
Rob Rowley	–	200,000	–

(a) Or date of appointment

Directors' pension entitlements

Defined benefit schemes

The George Wimpey Staff Pension Scheme

Pete Redfern is a member of The George Wimpey Staff Pension Scheme ('GWSPS'). 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 2009 £	Increase in accrued pension from 31 December 2009 to 31 December 2010 £	Accrued pension as at 31 December 2010[(a)] £	Transfer value gross of Director's contributions at 31 December 2010[(b)] £	Transfer value gross of Director's contributions at 31 December 2009[(b)] £	Increase in transfer value from 31 December 2009 to 31 December 2010 less Director's contributions[(c)] £	Increase in accrued pension from 31 December 2009 to 31 December 2010 less inflation £	Transfer value of accrued pension increase less Director's contribution[(d)] £
Pete Redfern	24,720	1,831	26,551	269,800	232,700	28,860	1,065	300

(a) The GWSPS closed to future accrual on 31 August 2010 so pension accrual ceased on that date. Pension accrual shown above is the amount which would be paid annually on retirement based on service to 31 August 2010.
(b) Transfer values have been calculated in accordance with the occupational Pension Schemes (Transfer Value) Regulations 2008.
(c) 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 financial market movements.
(d) The transfer value of accrued pension increase less Director's contribution represents the incremental value to the Director of his service during the period to 31 August 2010. It is based on the increase in accrued pension (less inflation) after deducting the Director's contribution.
(e) Pension benefits include a dependent's pension of two-thirds of the employee's entitlement.

Non-Group pension arrangements

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

	2010 £	2009 £
Ryan Mangold[(a) (b)]	**4,275**	–
Sheryl Palmer	**7,300**	7,077

(a) From appointment
(b) In addition to this amount, the Company contributed a further £2,138 as part of the Flexible Pension Arrangement outlined on page 48.

Approval

This Remuneration Report was approved by the Board of Directors on 2 March 2011 and signed on its behalf by the Remuneration Committee Chairman:

Anthony Reading
2 March 2011

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 reported on 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 102;
- 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 101;
- the Group's profit before taxation and the profit 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 101;
- a detailed statement of the Group's treasury management and funding is set out in Note 20 on page 78.

Directors
The following Directors held office throughout the year:

Pete Redfern, Group Chief Executive;

Brenda Dean, Independent Non Executive Director;

Andrew Dougal, Independent Non Executive Director;

Katherine Innes Ker, Independent Non Executive Director;

Sheryl Palmer, President and CEO of Taylor Morrison;

Tony Reading MBE, Independent Non Executive Director.

The following changes took place during the year:

Rob Rowley was appointed as an Independent Non Executive Director on 1 January 2010 (and the Senior Independent Director with effect from 1 April 2010);

Kevin Beeston was appointed as a Director and Chairman of the Board on 1 July 2010;

Ryan Mangold was appointed as a Director and Group Finance Director on 16 November 2010;

David Williams, Independent Non Executive Director, resigned as a Director on 31 March 2010;

Norman Askew resigned as a Director and Chairman of the Board on 30 June 2010;

Chris Rickard resigned as a Director and Group Finance Director on 16 November 2010.

As announced on 3 February 2011, Kate Barker CBE will be appointed by the Board as an Independent Non Executive Director with effect from 21 April 2011. Kate Barker will seek election to the Board by shareholders at this year's Annual General Meeting on 21 April 2011 (the 'AGM'). As also announced on 3 February 2011, Andrew Dougal and Katherine Innes Ker will stand down from the Board immediately prior to the AGM and, accordingly, will not be seeking re-election.

Directors together with their biographical information are shown on pages 32 and 33.

Retirement, election and re-election
The Company has determined that in accordance with the UK Corporate Governance Code, all Directors should seek election or re-election at this year's AGM as explained in the Notes to the Notice of Meeting and on pages 36 and 37 of the Corporate Governance Report.

Each of the Directors proposed for election or re-election at the AGM 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 with the exception of Kate Barker and Ryan Mangold due to the date of their respective appointments to the Board. Further information relating to the evaluation is set out below and in the Corporate Governance Report on pages 36 and 37.

The Articles of Association of the Company further regulates the appointment and removal of Directors, as does the Companies Act 2006 and related legislation. The Company's Articles of Association may be amended by special resolution of the shareholders. The powers of the Directors are described in the Corporate Governance Report.

Qualifying third party indemnity
The Company has granted an indemnity in favour of its Directors and officers and those of its Group companies against the financial exposure that they may incur in the course of their professional duties as Directors and officers of the Company and/or its subsidiaries. The indemnity has been put in place in accordance with section 234 of the Companies Act 2006.

Audit and auditors
Each Director has, as at the date of approval of this Report, confirmed that:

- to the best of their knowledge there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves 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 AGM.

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 as described in the Corporate Governance Report.

Annual General Meeting
The AGM will be held at 11:00 am on 21 April 2011 at The British Medical Association, BMA House, Tavistock Square, London, WC1H 9JP.

Formal notice of the AGM including details of special business is set out in the Notice of Meeting on page 104 and on the Company's Web site www.taylorwimpeyplc.com. Voting on all resolutions at this year's AGM will again be conducted by way of a poll as the Board believes this 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 AGM.

Statutory, regulatory and other formal information continued

Web communication

With shareholders' consent, the Company has 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 lessens the impact of printing and mailing activities on the environment.

Shareholder communications (including the 2010 Annual Report and Accounts) are available electronically through the Company's Web site.

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 111.

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 23 on page 87.

The Company has two classes of shares: 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 set out in the Company's Articles of Association; and Deferred Shares which carry no voting rights.

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). Warrants remain over approximately 1.77% of the current issued share capital at the 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 have resulted in the issue of 1,257,115 new Ordinary Shares of 1p each.

Substantial interests in the Company's shares as at 2 March 2011

Name	Number of shares held (millions)	Percentage of issued voting share capital
Schroders plc	448.38	14.02
BlackRock Inc	313.62	9.81
JPMorgan Asset Management Holdings Inc	159.64	4.99
Legal & General Group Plc	127.16	3.97
Ignis Asset Management Limited	97.50	3.05
Standard Life Investments Limited	96.39	3.01

The authority given by shareholders at the Annual General Meeting on 29 April 2010 for the Company to purchase a maximum of 319.7 million of its own shares remained valid at 31 December 2010. The authority was not exercised during 2010 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 nevertheless be seeking the usual authority at the AGM. The Company currently holds no shares in treasury.

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 41 to 50. 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

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 2011, 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 Company's issued share capital.

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

Dividend

The Board did not feel it appropriate to propose an interim dividend for 2010. Although the uncertainty in the wider economy has eased somewhat during the second half of 2010, the Board is not proposing a final dividend for 2010. The Board will continue to review its dividend policy in the light of the Company's financial position and prevailing economic and market conditions in the future.

Research and development

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

In the UK our efforts were focused on five main areas together with a variety of contributions to industry-wide initiatives.

We constructed prototype new houses to test new approaches to meeting current regulations and the efficiency of our build processes, reviewing the outcome with customers and the supply processes with our suppliers, to ensure we met customer, regulatory and efficiency parameters. Work was commenced on developing detailed guidance to meet the criteria of Building For Life in improving urban design quality, involving all local stakeholders.

The development of our building fabric to improve energy efficiency has progressed, evaluating new products and our supply chain towards the delivery of low-end zero-carbon solutions. Roof systems have been improved to deliver occupancy space together with improved site safety and reduced wastage through programme and cost efficiencies.

A landfill site is being used for trials of innovative and sustainable reclamation solutions which will maximise the re-use of existing materials, reduce waste and minimise the impact of materials transport through the local community.

We continue to lead and support a wide variety of industry initiatives in the area of zero carbon emissions, lifetime homes and membership of the CBI's climate change board and working groups. Work on improving the efficient use of brownfield land includes working with the Construction Industry Research body (CIRIA) in developing guidance on the management of risk in building on contaminated land; chairing the Brownfield Working Group researching the management of environmental liability, and advising on EU research into sustainable solutions for the long-term use of brownfield sites. We also assisted Government research into improving resource efficiency in our business and are integrating the results into improved processes and procedures.

In 2010, Taylor Morrison completed a large scale survey of recent homebuyers and qualified shoppers in all of its North American markets to redefine its consumer segmentation model. Over 1,100 surveys were completed with a healthy sample in each of the Company's business localities including Canada. The research resulted in a clearer understanding of today's consumer opinions about housing needs and desires. This knowledge will assist the Company with decisions such as where to build, what to build and how to reach certain consumer groups, deemed actionable. Seven home buying consumer groups were isolated with demographics ranging from young singles to active adults. Full implementation of the research is expected in early 2011.

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 place 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 e-mail – including regular communications from the Group Chief Executive, verbal briefings and by management presentations.

A recent initiative has been the setting up of a forum on the intranet called "Open Door" which allows direct communication with the Group Chief Executive on strategic areas of focus and other matters in order to enable all employees to contribute and comment. All employees will be encouraged to participate and use the forum.

The Company promotes all-employee share plans, including the Save As You Earn share option scheme and the Share Incentive 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 ensuring that people with disabilities are supported and encouraged to apply for employment and to achieve progress once employed. They will be treated so as to ensure that they have an equal opportunity 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

The Company has a Charity Committee, which operates within written terms of reference and charitable guidelines approved by the Board. The Committee's aims are to monitor and review charitable donations made by regional businesses as against the guidelines and to assess and administer larger donations centrally. The members of the Committee are the Group HR Director (Chairman), Group Company Secretary and General Counsel, Group Finance Director, UK Land and Planning Director, Vice President Human Resources – Taylor Morrison, Group Investor Relations Manager and Assistant Company Secretary.

During the year, Group companies donated £199,000 (2009: £236,000) to various charities, £95,000 (2009: £55,000) in the UK and Europe and £104,000 (2009: £181,000) in North America.

Further information on the Group's donations, activities and initiatives can be found in the 2010 Corporate Responsibility Report which is available on the Company's Web site: www.taylorwimpeyplc.com.

Political donations

The Company does not make donations to political parties and neither does it intend to. The Company does support certain industry-wide organisations which directly assist the housebuilding industry such as the Home Builders Federation in the UK. Whilst we do not regard this as political in nature, 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. Accordingly, the Company will be seeking the usual annual dispensation at the Annual General Meeting.

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 established 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 2010 were 30

Statutory, regulatory and other formal information continued

days (2009: 20 days). This is based on the ratio of year end Group trade creditors (excluding sub-contract retentions and unagreed claims of £34.4 million (2009: £35.3 million) and land creditors, see Note 19 to the Consolidated Financial Statements) to amounts invoiced during the year by trade creditors. The Company had no significant trade creditors at 31 December 2010.

Agreements

Apart from a small number of borrowing agreements, pursuant to which the Company borrows or is able to borrow money, and land related agreements in North America, 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 2010.

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 2011.

James Jordan
Group Company Secretary
and General Counsel

Taylor Wimpey plc

Independent Auditor's 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 2010 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 31. 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 auditor's 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 auditor

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 and express an opinion on 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 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 2010 and of its profit 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;
- 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; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Other matters

We have reported separately on the parent Company financial statements of Taylor Wimpey plc for the year ended 31 December 2010 and on the information in the Directors' Remuneration Report that is described as having been audited.

Colin Hudson

Colin Hudson, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Registered Auditor
London, United Kingdom
2 March 2011

Consolidated Income Statement

for the year to 31 December 2010

£ million	Note	Before exceptional items 2010	Exceptional items (Note 5) 2010	Total 2010	Before exceptional items 2009	Exceptional items (Note 5) 2009	Total 2009
Revenue	3	2,603.3	–	2,603.3	2,595.6	–	2,595.6
Cost of sales		(2,239.4)	(24.8)	(2,264.2)	(2,365.4)	(527.0)	(2,892.4)
Gross profit/(loss)		363.9	(24.8)	339.1	230.2	(527.0)	(296.8)
Net operating expenses	5	(179.7)	(38.2)	(217.9)	(192.5)	(53.7)	(246.2)
Profit/(loss) on ordinary activities before finance costs		184.2	(63.0)	121.2	37.7	(580.7)	(543.0)
Interest receivable		3.8	–	3.8	10.6	–	10.6
Finance costs	7	(122.8)	(83.4)	(206.2)	(150.0)	(23.1)	(173.1)
Share of results of joint ventures	13	9.9	–	9.9	5.6	–	5.6
Profit/(loss) on ordinary activities before taxation		75.1	(146.4)	(71.3)	(96.1)	(603.8)	(699.9)
Taxation (charge)/credit	8	(55.3)	385.9	330.6	(14.3)	73.6	59.3
Profit/(loss) for the year		19.8	239.5	259.3	(110.4)	(530.2)	(640.6)
Attributable to:							
Equity holders of the parent	25			259.3			(640.4)
Non-controlling interests				–			(0.2)
				259.3			(640.6)

	Note	2010	2009
Basic earnings/(loss) per share	9	8.1p	(25.1p)
Diluted earnings/(loss) per share	9	7.9p	(25.1p)
Adjusted basic earnings/(loss) per share	9	0.6p	(4.3p)
Adjusted diluted earnings/(loss) per share	9	0.6p	(4.3p)

Consolidated Statement of Comprehensive Income

for the year to 31 December 2010

£ million	Note	2010	2009
Profit/(loss) for the year		**259.3**	(640.6)
Exchange differences on translation of foreign operations	25	**33.9**	(5.0)
Movement in fair value of hedging derivatives		**(3.6)**	11.5
Actuarial gain/(loss) on defined benefit pension schemes	21	**46.9**	(141.8)
Tax on items taken directly to equity	14	**(15.9)**	87.6
Other comprehensive income/(expense) for the year net of tax		**61.3**	(47.7)
Total recognised income/(expense) for the year		**320.6**	(688.3)
Attributable to:			
Equity holders of the parent		**320.6**	(688.1)
Non-controlling interests		**–**	(0.2)
		320.6	(688.3)

Consolidated Balance Sheet

at 31 December 2010

£ million	Note	2010	2009
Non-current assets			
Goodwill	10	**2.4**	2.4
Other intangible assets	11	**1.0**	–
Property, plant and equipment	12	**7.6**	8.2
Interests in joint ventures	13	**49.7**	51.9
Trade and other receivables	16	**96.5**	65.0
Deferred tax assets	14	**372.4**	119.6
		529.6	247.1
Current assets			
Inventories	15	**3,436.2**	3,603.3
Trade and other receivables	16	**155.7**	130.5
Tax receivables		**19.8**	61.0
Cash and cash equivalents	16	**183.9**	132.1
		3,795.6	3,926.9
Total assets		**4,325.2**	4,174.0
Current liabilities			
Trade and other payables	19	**(902.9)**	(760.0)
Tax payables		**(162.7)**	(242.6)
Bank loans and overdrafts	17	**(15.1)**	(12.7)
Provisions	22	**(46.8)**	(47.8)
		(1,127.5)	(1,063.1)
Net current assets		**2,668.1**	2,863.8
Non-current liabilities			
Trade and other payables	19	**(257.1)**	(278.6)
Debenture loans	18	**(250.0)**	(721.9)
Bank and other loans	17	**(573.3)**	(148.4)
Retirement benefit obligations	21	**(250.5)**	(409.3)
Deferred tax liabilities	14	**(0.8)**	(0.8)
Provisions	22	**(42.9)**	(51.0)
		(1,374.6)	(1,610.0)
Total liabilities		**(2,502.1)**	(2,673.1)
Net assets		**1,823.1**	1,500.9
Equity			
Share capital	23	**287.7**	287.7
Share premium account	24	**753.7**	753.6
Own shares	26	**(0.6)**	(5.0)
Merger relief reserve	25	**–**	–
Other reserves	25	**101.4**	76.7
Retained earnings	25	**679.4**	385.5
Equity attributable to parent		**1,821.6**	1,498.5
Non-controlling interests		**1.5**	2.4
Total equity		**1,823.1**	1,500.9

The financial statements of Taylor Wimpey plc (registered number: 00296805) were approved by the Board of Directors and authorised for issue on 2 March 2011. They were signed on its behalf by:

P Redfern
Director

R Mangold
Director

Consolidated Statement of Changes in Equity

for the year to 31 December 2010

For the year to 31 December 2010 £ million	Share capital	Share premium	Own shares	Merger relief reserve	Other reserves	Retained earnings	Total
Balance as at 1 January 2010	287.7	753.6	(5.0)	–	76.7	385.5	1,498.5
New share capital subscribed	–	0.1	–	–	–	–	0.1
Utilisation of treasury shares	–	–	4.4	–	–	(4.4)	–
Share-based payment credit	–	–	–	–	–	2.8	2.8
Cash cost of satisfying share options	–	–	–	–	–	(0.4)	(0.4)
Exchange differences on translation of foreign operations	–	–	–	–	33.9	–	33.9
Decrease in fair value of hedging derivatives	–	–	–	–	(3.6)	–	(3.6)
Actuarial gain on defined benefit pension schemes	–	–	–	–	–	46.9	46.9
Deferred tax asset	–	–	–	–	–	(15.9)	(15.9)
Transfer to retained earnings	–	–	–	–	(5.6)	5.6	–
Profit for the year	–	–	–	–	–	259.3	259.3
Equity attributable to parent	287.7	753.7	(0.6)	–	101.4	679.4	1,821.6
Non-controlling interests							1.5
Total equity							1,823.1

For the year to 31 December 2009 £ million	Share capital	Share premium	Own shares	Merger relief reserve	Other reserves	Retained earnings	Total
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
Non-controlling interests							2.4
Total equity							1,500.9

Consolidated Cash Flow Statement

for the year to 31 December 2010

£ million	Note	2010	2009
Net cash from operating activities	27	**87.9**	206.3
Investing activities			
Interest received		**0.8**	10.0
Dividends received from joint ventures		**17.1**	9.6
Proceeds on disposal of property, plant and investments		**0.1**	1.5
Purchases of property, plant and investments	12	**(3.7)**	(2.5)
Purchases of software	11	**(1.0)**	–
Amounts invested in joint ventures		**(1.0)**	(0.2)
Amounts loaned to joint ventures		**(3.9)**	(2.0)
Acquisition of subsidiaries		**–**	(2.8)
Net cash from investing activities		**8.4**	13.6
Financing activities			
Proceeds from sale of own shares		**–**	510.1
Cash cost of satisfying share options		**(0.4)**	–
Other financing activities		**–**	(0.5)
Repayment of debenture loans		**(732.4)**	(200.4)
Increase in debenture loans		**250.0**	–
Repayment of overdrafts, bank and other loans		**(348.7)**	(1,124.9)
Increase in bank and other loans		**781.7**	–
Net cash used in financing activities		**(49.8)**	(815.7)
Net increase/(decrease) in cash and cash equivalents		**46.5**	(595.8)
Cash and cash equivalents at beginning of year		**132.1**	752.3
Effect of foreign exchange rate changes		**5.3**	(24.4)
Cash and cash equivalents at end of year	27	**183.9**	132.1

Notes to the Consolidated Financial Statements
for the year to 31 December 2010

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 refinancing of its debt on the 14 December 2010 providing it with access to £1.3 billion of financing. As part of the refinancing arrangement the Group has agreed to new covenants. Based on the latest available forecasts the Group is expected to be able to be in compliance with the new covenants and has sufficient headroom in the facilities 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 2010.

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 non-controlling interest in excess of the non-controlling 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 is divided into four operating divisions for management reporting and control:

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

In 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 2009 results of the Ghana operations have been presented 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.

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.

Notes to the Consolidated Financial Statements continued

1. Significant accounting policies (continued)

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.

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.

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.

1. Significant accounting policies (continued)

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.

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 Consolidated 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 Consolidated Income Statement. Gains or losses from remeasuring 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.

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.

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.

Notes to the Consolidated Financial Statements continued

1. Significant accounting policies (continued)

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 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 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.

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 or reversals are required to ensure inventory is stated at the lower of cost and net realisable value. Given the continued volatility in market conditions experienced from 2007, the Group has again 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 North America, and Spain by net £24.8 million (2009: £527.0 million), as shown in Note 5. While market conditions have stabilised in our major geographic locations, the Group has not recorded any other reversals of net realisable value as there is no clear evidence of a sustained change in the economic circumstances at the balance sheet date.

Gross profit includes a positive contribution of £122.4 million (2009: £59.6 million), relating to realisation of written down inventory above its originally estimated net realisable value, where the combination of selling prices and cost, or mix improvements have exceeded our original market assumptions. These amounts are stated before the allocation of overhead excluded from the Group's net realisable value exercise.

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. 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 21 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 whether it is probable that sufficient taxable profits will be available to enable the asset to be recovered.

Going concern

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 on 14 December 2010. The Group has met all interest and other payment obligations on time from debt resources available to it, and after reviewing forecasts and certain relevant sensitivities for a period of at least 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. Accordingly the consolidated financial statements have been prepared on a going concern basis.

Adoption of new and revised Standards and Interpretations

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

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.

IFRS 1 (revised) First-time Adoption of International Financial Reporting Standards (effective from 1 July 2009). 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.

1. Significant accounting policies (continued)

IFRS 3 (revised) Business Combinations, IAS 27 (revised) Consolidated and Separate Financial Statements, and IAS 28 (revised) Investments in Associates (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.

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.

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.

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.

The following amendments were made as part of Improvements to IFRSs (2009). Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

Amendment to IFRS 2 Share-based Payment. IFRS 2 has been amended, following the issue of IFRS 3(2008), to confirm that the contribution of a business on the formation of a joint venture and common control transactions are not within the scope of IFRS 2.

Amendment to IAS 17 Leases. IAS 17 has been amended such that it may be possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17.

Amendment to IAS 39 Financial Instruments: Recognition and Measurement. IAS 39 has been amended to state that options contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date are not excluded from the scope of the standard.

Standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9 Financial instruments. Covers the classification and measurement of financial assets and is the first part in the project to replace IAS 39.

IAS 24 (amended) Related party disclosures. Clarifies and simplifies the definition of a related party and will require certain entities to make additional disclosures. The amendment is not expected to have any impact on the Group's financial statements.

IAS 32 (amended) Financial instruments presentation. Classification of Rights issue, where offered for a fixed amount of foreign currency, these should be classified as equity. The amendment is not expected to have any impact on the Group's financial statements.

IFRIC 19 Extinguishing financial liabilities and equity instruments. Requires that where a debtor issues equity instruments to a creditor to settle all or part of a financial liability, these instruments should be deemed fully paid and measured at the fair value of the liability extinguished. The amendment is not expected to have any impact on the Group's financial statements.

IFRIC 14 (amended) Prepayments of a minimum funding requirement. These amendments correct an unintended consequence of IFRIC 14 where in some circumstances entities are not entitled to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued.

The adoption of IFRS 9 which the Group plans to adopt for the year beginning on 1 January 2013 will impact both the measurement and disclosures of Financial Instruments.

The directors do not expect that the adoption of the other Standards listed above will have a material impact on the financial statements of the Group in future periods.

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 111. 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 8 to 13.

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 61 to 62.

Notes to the Consolidated Financial Statements continued

3. Revenue

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

£ million	2010	2009
Housing	2,583.1	2,527.4
Land sales	20.2	58.3
Other revenues (including Construction)	–	9.9
Consolidated revenue	2,603.3	2,595.6
Interest receivable	3.8	10.6
Total Group	2,607.1	2,606.2

Housing revenue includes £128.0 million (2009: £114.5 million) in respect of the value of properties accepted in part exchange by the Group.

4. Operating segments

IFRS 8 Operating segments requires 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.

In 2009, 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:

For the year to 31 December 2010 £ million	Housing United Kingdom	Housing North America	Housing Spain and Gibraltar	Corporate	Consolidated
Revenue:					
External sales	1,736.6	835.6	31.1	–	2,603.3
Result:					
Operating profit/(loss) before joint ventures and exceptional items	123.3	83.6	(3.6)	(19.1)	184.2
Share of results of joint ventures	(0.3)	10.2	–	–	9.9
Profit/(loss) on ordinary activities before finance costs, exceptional items and after share of results of joint ventures	123.0	93.8	(3.6)	(19.1)	194.1
Exceptional items	–	(7.5)	(17.3)	(38.2)	(63.0)
Profit/(loss) on ordinary activities before finance costs, after share of results of joint ventures	123.0	86.3	(20.9)	(57.3)	131.1
Finance costs, net (including exceptional finance costs)					(202.4)
Loss on ordinary activities before taxation					(71.3)
Taxation (including exceptional tax)					330.6
Profit for the year – total Group					259.3

4. Operating segments (continued)

At 31 December 2010 £ million	Housing United Kingdom	Housing North America	Housing Spain and Gibraltar	Corporate	Consolidated
Assets and liabilities:					
Segment operating assets	2,719.4	884.7	82.6	10.3	3,697.0
Joint ventures	33.7	15.8	0.2	–	49.7
Segment operating liabilities	(1,124.5)	(287.8)	(12.9)	(75.0)	(1,500.2)
Continuing Group net operating assets/(liabilities)	1,628.6	612.7	69.9	(64.7)	2,246.5
Goodwill					2.4
Net current taxation					(142.9)
Net deferred taxation					371.6
Net debt					(654.5)
Net assets					1,823.1

2010 £ million	Housing United Kingdom	Housing North America	Housing Spain and Gibraltar	Corporate	Consolidated
Other information:					
Property, plant and equipment additions	1.7	1.9	0.1	–	3.7
Software development costs	1.0	–	–	–	1.0
Depreciation – plant and equipment	2.2	1.9	0.2	–	4.3

2009 segment information about these businesses is presented below:

For the year to 31 December 2009 £ million	Housing United Kingdom	Housing North America	Housing Spain and Gibraltar	Corporate	Consolidated
Revenue:					
External sales	1,700.4	824.3	61.0	9.9	2,595.6
Result:					
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)

Notes to the Consolidated Financial Statements continued

4. Operating segments (continued)

At 31 December 2009 £ million	Housing United Kingdom	Housing North America	Housing Spain and Gibraltar	Corporate	Consolidated
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

2009 £ million	Housing United Kingdom	Housing North America	Housing Spain and Gibraltar	Corporate	Consolidated
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

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

£ million	2010	2009
Administration expenses	**185.2**	198.9
Net other income	**(5.5)**	(6.4)
Exceptional items	**38.2**	53.7
	217.9	246.2

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

Exceptional items:

£ million	2010	2009
Net land and work in progress write downs	**24.8**	527.0
Restructuring costs	**6.5**	8.9
Refinancing expenses	**31.7**	44.8
Exceptional items	**63.0**	580.7

Market conditions have stabilised in our major geographic locations, however there continues to be uncertainty in a small number of sub-locations due to continued scarcity of mortgage finance, unemployment and a significantly reduced buyer market. The Group has completed its assessment on the carrying value of land and work in progress which has resulted in further land and work in progress net write downs of £24.8 million (31 December 2009: £527.0 million) to the lower of cost and net realisable value. During the year the Group reversed £1.3 million of write downs (2009: £29.8 million) 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 £6.5 million are predominantly in relation to actions relating to the Group's review of strategic options with regards to the North American business. Refinancing expenses of £31.7 million (31 December 2009: £44.8 million) were predominantly fees payable to lenders and advisors in relation to the refinancing of the Group's debt which was completed on 14 December 2010. Refinancing interest related breakage costs of £83.4 million (31 December 2009: £23.1 million) are included within exceptional finance costs in the Consolidated Income Statement.

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

Profit on ordinary activities before financing costs for continuing operations has been arrived at after charging/(crediting):

£ million	2010	2009
Cost of inventories recognised as expense in cost of sales, before write downs of inventories	2,129.9	2,244.1
Write downs of inventories	26.1	556.8
Reversal of specific write downs of inventories	(1.3)	(29.8)
Depreciation – plant and equipment	4.3	4.7
Minimum lease payments under operating leases recognised in income for the year	8.1	7.5

The remuneration paid to Deloitte LLP, the Group's external auditors, is as follows:

£ million	2010	2009
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	0.7	0.6
Corporate finance services	–	0.4
Other services	2.0	0.5
Total non-audit fees	2.8	1.6
Total fees	3.6	2.4

Non-audit services in 2010 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. Other services include necessary work related to the Group's refinancing process and certain attest services in relation to the interested party offers for the North American business. 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. See page 38 for details of the Group's policies in respect of non-audit services and approval by the Audit Committee.

6. Staff costs

Total Group	2010 Number	2009 Number
Average number employed		
Housing United Kingdom including corporate office	3,484	3,469
Housing North America	731	849
Housing Spain and Gibraltar	85	102
Construction*	–	334
	4,300	4,754
United Kingdom	3,484	3,469
Overseas	816	1,285
	4,300	4,754

* The 2009 Construction staff numbers represent employees of the residual Construction businesses disposed of in April 2009.

£ million	2010	2009
Remuneration		
Wages and salaries	191.5	203.6
Redundancy costs	1.1	2.0
Social security costs	20.2	18.5
Other pension costs	8.8	10.5
	221.6	234.6

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.

Notes to the Consolidated Financial Statements continued

7. Finance costs

Finance costs from continuing operations are analysed as follows:

£ million	2010	2009
Interest on overdrafts, bank and other loans	27.8	46.5
Interest on debenture loans	58.0	62.6
Movement on interest rate derivatives and foreign exchange movements	4.6	(11.8)
	90.4	97.3
Unwinding of discount on land creditors and other payables	9.0	18.4
Notional net interest on pension liability (Note 21)	23.4	34.3
	122.8	150.0
Exceptional finance costs:		
Bank loans and debenture fees and interest	83.4	23.1
	206.2	173.1

The exceptional finance costs incurred in 2010 relate to one-off interest related breakage payments following the early redemption of our loan notes, bonds and certain arrangement fees associated with the new facilities.

The 2009 exceptional finance costs include £5.5 million in relation to the fair value of 57.8 million warrants issued to the Group's lenders as part of the debt refinancing and £15.5 million 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.

8. Tax

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

£ million		2010	2009
Current tax:			
UK corporation tax:	Current year	(0.8)	(1.1)
	Prior years	60.8	5.5
Foreign tax:	Current year	(22.7)	32.0
	Prior years	25.1	(2.4)
		62.4	34.0
Deferred tax:			
UK:	Current year	269.4	25.4
Foreign:	Current year	(1.2)	(0.4)
	Prior years	–	0.3
		268.2	25.3
		330.6	59.3

Corporation tax is calculated at 28% (2009: 28%) of the estimated assessable loss (2009: loss) for the year in the UK. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions.

The tax credit for the year includes an amount in respect of exceptional items of £385.9 million (2009: £73.6 million credit). This is made up of a credit of £360.8 million (2009: £25.4 million) in respect of UK tax and a credit of £25.1 million (2009: £48.2 million charge) in respect of US tax. The credit in the UK relates to the recognition of a deferred tax asset of £300.0 million relating to trading losses carried forward, and the settlement of various issues with HM Revenue & Customs. The credit in respect of the US relates to progress made in relation to open issues with the Internal Revenue Service.

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 in 2009 the reinstatement of the deferred tax asset relating to post–retirement liabilities.

8. Tax (continued)

The credit for the year can be reconciled to the loss per the income statement as follows:

£ million	2010	2009
Loss before tax	(71.3)	(699.9)
Tax at the UK corporation tax rate of 28% (2009: 28%)	20.0	196.0
Over provision in respect of prior years	85.9	3.4
Tax effect of expenses that are not deductible in determining taxable profit	(5.9)	(8.0)
Non-taxable income	0.4	3.7
Effect of higher rates of tax of subsidiaries operating in other jurisdictions	2.4	6.9
Losses not recognised	(41.6)	(186.0)
Reinstatement of pension deferred tax asset	–	29.6
Recognition of deferred tax asset relating to trading losses	300.0	–
Current year impact of settlement with Tax Authorities	(23.7)	–
Temporary differences not recognised	(6.9)	13.7
Tax credit for the year	330.6	59.3

9. Earnings per share

	2010	2009
Basic earnings/(loss) per share	8.1p	(25.1p)
Diluted earnings/(loss) per share	7.9p	(25.1p)
Adjusted basic earnings/(loss) per share	0.6p	(4.3p)
Adjusted diluted earnings/(loss) per share	0.6p	(4.3p)
Weighted average number of shares for basic earnings/(loss) per share – million	3,193.8	2,551.8
Weighted average number of shares for diluted earnings/(loss) per share – million	3,297.6	2,551.8
Weighted average number of shares for adjusted diluted earnings/(loss) per share – million	3,297.6	2,551.8

Adjusted basic and adjusted diluted earnings 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 Group. A reconciliation of earnings attributable to equity shareholders used for basic and diluted earnings per share to that used for adjusted earnings per share is shown below.

£ million	2010	2009
Earnings/(loss) for basic loss per share and diluted earnings per share	259.3	(640.4)
Add exceptional items (Notes 5 and 7)	146.4	603.8
Deduct exceptional tax items (Note 8)	(385.9)	(73.6)
Earnings/(loss) for adjusted basic and adjusted diluted earnings per share	19.8	(110.2)

10. Goodwill

£ million	
Cost and carrying amount	
At 1 January 2009	–
Additions	2.4
At 31 December 2009 and 2010	**2.4**

In 2009 the North America business acquired the remaining stake in a mortgage advisory service which resulted in the recognition of £2.4 million of goodwill.

Notes to the Consolidated Financial Statements continued

11. Other intangible assets

£ million	Brands	Software development costs	Total
Cost			
At 1 January 2010	140.2	18.7	158.9
Additions	–	1.0	1.0
At 31 December 2010	**140.2**	**19.7**	**159.9**
Amortisation/impairment			
At 1 January 2010	(140.2)	(18.7)	(158.9)
Charge for the year	–	–	–
At 31 December 2010	**(140.2)**	**(18.7)**	**(158.9)**
Carrying amount			
31 December 2010	**–**	**1.0**	**1.0**
31 December 2009	–	–	–

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 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.

12. Property, plant and equipment

£ million	Freehold land and buildings	Plant and equipment	Total
Cost			
At 1 January 2009	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
Additions	–	3.7	3.7
Disposals	–	(4.7)	(4.7)
Changes in exchange rates	–	0.3	0.3
At 31 December 2010	**1.0**	**25.5**	**26.5**
Accumulated depreciation			
At 1 January 2009	–	(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)
Disposals	–	4.7	4.7
Charge for the year	–	(4.3)	(4.3)
Changes in exchange rates	–	(0.3)	(0.3)
At 31 December 2010	–	**(18.9)**	**(18.9)**

Carrying amount £ million	Freehold land and buildings	Plant and equipment	Total
At 31 December 2010	**1.0**	**6.6**	**7.6**
At 31 December 2009	1.0	7.2	8.2

13. Interests in joint ventures

£ million	2010	2009
Aggregated amounts relating to share of joint ventures		
Non-current assets	–	–
Current assets	60.0	63.5
Total assets	60.0	63.5
Current liabilities	(2.7)	(10.6)
Non-current liabilities	(36.0)	(27.6)
Total liabilities	(38.7)	(38.2)
Carrying amount	21.3	25.3
Loans to joint ventures	28.4	26.6
Total interests in joint ventures	49.7	51.9

£ million	2010	2009
Share of post-tax profits from joint ventures		
Revenue	21.4	16.3
Cost of sales	(11.5)	(10.0)
Gross profit	9.9	6.3
Net operating expenses	–	(0.6)
Profit on ordinary activities before finance costs	9.9	5.7
Finance costs	–	–
Profit on ordinary activities before tax	9.9	5.7
Taxation	–	(0.1)
Share of joint ventures' post-tax results for the year	9.9	5.6

The Group has three (2009: three) 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 [a]	50%
	Academy Central Limited Liability Partnership [a][b]	62%
USA	Taylor Woodrow Communities/Steiner Ranch Limited [a]	50%

(a) Interest held by subsidiary undertakings.

(b) The Group is equally represented on the Board of Academy Central Limited Liability Partnership. It and the other partner have equal voting rights over operational management of the entity.

Notes to the Consolidated Financial Statements continued

14. 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.

£ million	Losses	Capital allowances	Short term timing differences	Retirement benefit obligations	Total
At 1 January 2009	–	(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
Credit/(charge) to income	300.0	–	(1.2)	(30.6)	268.2
Charged to equity	–	–	–	(15.9)	(15.9)
Changes in exchange rates	–	–	0.4	0.1	0.5
At 31 December 2010	**300.0**	**(0.8)**	**4.1**	**68.3**	**371.6**

In 2009 the Group reinstated the deferred tax asset relating to the pension deficit, including £47.2 million 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.

Closing deferred tax on UK temporary differences has been calculated at the substantively enacted rate of 27% (2009: 28%). The effect of the reduction in the UK corporation tax rate from 28% to 27% is a reduction in the net deferred tax asset at the end of 2010 of an amount of £2.4 million. Of this £2.4 million, £0.4 million has been charged directly to the Statement of Comprehensive Income.

The proposed reduction in the main rate of corporation tax by 1% per year to 24% is expected to be enacted separately each year. The Group will assess the impact of the reduction in rate in line with its accounting policy in respect of deferred tax at each balance sheet date.

The net deferred tax balance is analysed into assets and liabilities as follows:

£ million	2010	2009
Deferred tax assets	**372.4**	119.6
Deferred tax liabilities	**(0.8)**	(0.8)
	371.6	118.8

At the balance sheet date, the Group has unused UK capital losses of £253.0 million (2009: £409.2 million), of which £253.0 million (2009: £271.7 million) are agreed as available for offset against future capital profits. During the year the Group conceded a significant proportion of capital losses as part of a wider settlement agreement with HM Revenue & Customs. No deferred tax asset has been recognised in respect of the remaining capital losses at 31 December 2010 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 £78.6 million (2009: £375.1 million) in the UK , £268.8 million (2009: £267.0 million) in the US and £29.8 million (2009: £21.4 million) 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. Unrecognised deferred tax assets relating to tax losses were also utilised as part of the settlement negotiations with HM Revenue & Customs during the period.

15. Inventories

£ million	2010	2009
Raw materials and consumables	**1.7**	1.6
Finished goods and goods for resale	**19.4**	12.1
Residential developments:		
Land*	**2,248.4**	2,341.8
Development and construction costs	**1,159.6**	1,242.8
Commercial, industrial and mixed development properties	**7.1**	5.0
	3,436.2	3,603.3

* Details of land creditors are in Note 19.

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 £79.0 million (2009: £81.2 million) are recorded within 'Residential developments: Land'.

Gross profit includes a positive contribution of £122.4 million (2009: £59.6 million), relating to realisation of written down inventory above its originally estimated net realisable value, where the combination of selling prices and cost, or mix improvements have exceeded our original market assumptions. These amounts are stated before the allocation of overhead excluded from the Group's net realisable value exercise.

16. Other financial assets

Trade and other receivables

	Current		Non-current	
£ million	2010	2009	2010	2009
Trade receivables	94.0	77.3	74.8	48.0
Currency and interest rate derivatives	–	–	6.2	11.1
Other receivables	61.7	53.2	15.5	5.9
	155.7	130.5	96.5	65.0

The average credit period taken on sales is 16 days (2009: 13 days). An allowance has been made for estimated irrecoverable amounts from trade receivables of £8.3 million (2009: £7.0 million). This allowance has been determined by reference to past default experience.

Cash and cash equivalents

£ million	2010	2009
Cash and cash equivalents (see Note 20)	183.9	132.1

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.

17. Overdrafts, bank and other loans

£ million	2010	2009
Bank overdrafts repayable on demand	12.1	12.7
Bank loans	476.3	148.4
Other loans	100.0	–
	588.4	161.1

Amount due for settlement within one year	15.1	12.7
Amount due for settlement after one year	573.3	148.4
Total bank borrowings	588.4	161.1

£ million	Bank overdraft	Bank and other loans
Analysis of borrowings by currency:		
31 December 2010		
Sterling	–	152.0
Canadian dollars	12.1	–
Euros	–	97.4
US dollars	–	326.9
	12.1	576.3
31 December 2009		
Sterling	–	41.2
Canadian dollars	12.7	–
Euros	–	107.2
	12.7	148.4

Bank borrowings and overdrafts are arranged at floating rates of interest, from 2.5% to 6.0% (2009: 3% to 4%).

Secured bank loans and overdrafts outstanding totalled £15.1 million (2009: £12.7 million). Secured bank loans and overdrafts are secured on certain fixed asset properties, land and mortgages receivable.

Other loans comprise of a £100.0 million bi-lateral variable rate fixed loan with an investment fund.

Notes to the Consolidated Financial Statements continued

18. Debenture loans

£ million	2010	2009
Unsecured		
10.375% £250m Senior Notes 2015	250.0	–
9.00% US$35m notes 2009 [(a)]	–	15.2
5.73% US$110m notes 2009 [(a)]	–	47.5
5.53% US$75m notes 2011 [(a)]	–	38.0
6.625% £250m guaranteed bonds 2012 [(a)]	–	207.6
6.21% US$70m notes 2012 [(a)]	–	31.7
6.80% £30m notes 2012 [(a)]	–	22.0
4.72% US$28m notes 2013 [(a)]	–	12.5
6.31% US$110m notes 2014 [(a)]	–	50.5
6.03% US$175m notes 2014 [(a)]	–	90.0
4.98% US$38m notes 2015 [(a)]	–	16.9
6.72% US$30m notes 2017 [(a)]	–	14.0
5.29% US$30m notes 2018 [(a)]	–	13.4
6.375% £200m bonds 2019 [(a)]	–	162.6
Carrying value	250.0	721.9
Fair value	261.2	681.9

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.

(a) The descriptions presented above refer to the titles of the debenture loan issues at their original issue date. As a result of negotiations concluding in April 2009 the terms of the 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. As a result of the refinancing in December 2010 these have been fully repaid.

£ million	2010	2009
Repayable		
Total falling due in more than one year	250.0	721.9
	250.0	721.9

Interest rates and currencies of debenture loans:

	Fixed rate £ million	Weighted average interest rate %	Weighted average time until maturity years
31 December 2010			
Sterling	250.0	10.4	5.0
	250.0	10.4	5.0
31 December 2009			
Sterling	392.2	8.6	2.5
US dollars	329.7	8.1	2.5
	721.9	8.3	2.5

As part of the Group's £250.0 million Senior Notes issued on 14 December 2010, disclosures of certain metrics are required to be annually presented, including the following:

- 'Net financial expense', considered to be the Group's interest on overdrafts, bank and other loans and interest on debenture loans less bank interest receivable was £85.8 million (2009: £17.7 million).
- 'Interest coverage ratio', defined as profit on ordinary activities before finance costs and exceptional items over the net financial expense. In the year this ratio was 2.1 (2009: 0.3).
- 'Net debt/EBITDA' defined as the Group's overdrafts, debenture, bank and other loans less cash and cash equivalents over Profit/(loss) on ordinary activities before finance costs, exceptional items, depreciation and amortisation and after share of results of joint ventures. At 31 December 2010 the ratio was 3.3 (2009: 15.6).

19. Trade and other payables

£ million	Current 2010	Current 2009	Non-current 2010	Non-current 2009
Trade payables	374.5	249.7	175.9	203.7
Joint ventures	–	1.3	–	–
Currency and interest rate derivatives	9.0	12.9	–	–
Other payables	519.4	496.1	81.2	74.9
	902.9	760.0	257.1	278.6

Trade payable days were 30 days (2009: 20 days), based on the ratio of year end trade payables (excluding sub-contract retentions and unagreed claims of £34.4 million (2009: £35.3 million) and land creditors) to amounts invoiced during the year by trade creditors.

Other payables include customer deposits for reserving plots of £83.8 million (2009: £91.5 million).

Land creditors (included within trade payables) are due as follows:

£ million	2010	2009
Due within one year	198.4	124.3
Due in more than one year	170.8	201.4
	369.2	325.7

Land creditors are denominated as follows:

£ million	2010	2009
Sterling	317.1	275.6
US dollars	1.6	1.0
Canadian dollars	47.2	38.6
Euros	3.3	10.5
	369.2	325.7

Land creditors of £160.2 million (2009: £195.0 million) are secured against land acquired for development, or supported by bond or guarantee.

Notes to the Consolidated Financial Statements continued

20. Financial instruments

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. Shareholders' 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. As a result of the refinancing completed in December 2010 the Group now has a more appropriate blend of funding from both bank and non bank sources together with a staggered maturity profile to minimise refinancing risk.

Financial assets and financial liabilities

Categories of financial assets and financial liabilities are as follows:

Financial assets £ million	Note	2010 Carrying value	2009 Carrying value
Cash and cash equivalents	(b)	183.9	132.1
Derivative financial instruments:			
Designated as effective hedging instruments	(a)	–	11.1
Held for trading	(a)	6.2	–
Loans and receivables:			
Land receivables	(b)	15.4	21.0
Trade and other receivables	(b)	121.1	121.6
Mortgage receivables	(b)	54.9	41.7
		381.5	327.5

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 16, include £70.0 million (2009: £41.8 million) of non-financial assets.

Financial liabilities £ million	Note	2010 Carrying value	2009 Carrying value
Derivative financial instruments:			
Designated as effective hedging instruments	(a)	–	–
Held for trading	(a)	9.0	12.9
Amortised cost:			
Overdrafts, bank and other loans		588.4	161.1
Land creditors	(b)	369.2	325.7
Trade and other payables	(b)	571.6	577.8
Debenture loans	(c)	250.0	721.9
		1,788.2	1,799.4

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 19, include £210.2 million (2009: £122.2 million) 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.

(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 18.

20. Financial instruments (continued)

The Group has the following types of derivatives:

	2010 Notional amount	2010 Weighted average fixed	2009 Notional amount	2009 Weighted average fixed
Designated as held for trading:				
Floating £ to fixed £ interest	£185.0m	5.28%	£185.0m	5.28%
US$160.5m floating US$ to fixed £ interest	£100.0m	6.63%	–	–
Designated as hedging instruments:				
US$160.5m floating US$ to fixed £ interest	–	–	£100.0m	6.63%

In addition, forward contracts have been entered into to hedge transaction risks on intra-Group loans to buy against Sterling: C$192.0 million (2009: US$37 million, €2.5 million and C$54.5 million). The fair values of the forward contracts are not material as they were entered into on or near 31 December in each year and mature not more than one month later. The cross currency SWAP was de-designated as hedging instruments following the early repayment of the fixed rate debenture in December 2010.

Loss before tax has been arrived at after charging/(crediting) the following gains and losses:

£ million	2010	2009
Change in fair value of financial liabilities designated as effective hedged items	1.2	(0.5)
Change in fair value of derivatives designated as effective hedging instruments	(1.2)	0.5
Change in fair value of derivatives classified as held for trading	2.5	(2.1)
	2.5	(2.1)

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. At the year end the Group had £335.0 million (2009: £802.0 million) of fixed rate exposure equivalent to 51% (2009: 107%) of net debt.

Hedge accounting

Hedging activities are evaluated periodically to ensure that they are in line with Group 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 £100.0 million matching the underlying borrowing and pays US dollar floating rates on a nominal value of US$160.5 million. The fair value hedge was discontinued in December 2010 when the hedged debt was repaid. During the period, the hedge was 100% effective (2009: 100%) in hedging the fair value exposure to interest rate movements.

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.

Notes to the Consolidated Financial Statements continued

20. 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% (2009: 1%) rise in interest rates is £(4.0) million (2009: £(0.3 million)), before tax, a 1% (2009: 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.

In 2009 due to seasonal fluctuations the level of net borrowings at the financial year end are not representative of floating rate borrowings during the year and therefore interest rate sensitivity before tax for a reasonably possible 1% rise in floating rate instruments as shown below for 2009 is based on a monthly average for the year. In December 2010 the composition of fixed to floating was changed due to the refinancing and the sensitivity in the table for 2010 is based on the floating rate borrowings at that date as being more representative of the risk. 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 £ million	Sensitivity income 2010	Sensitivity equity 2010	Sensitivity income 2009	Sensitivity equity 2009
Derivatives	0.4	0.4	3.2	3.4
Non-derivatives (based on average for the year for 2009)	(4.0)	(4.0)	(4.2)	(4.2)
	(3.6)	(3.6)	(1.0)	(0.8)

1% decrease in interest rates £ million	Sensitivity income 2010	Sensitivity equity 2010	Sensitivity income 2009	Sensitivity equity 2009
Derivatives	(0.4)	(0.4)	(3.3)	(3.5)
Non-derivatives (based on average for the year)	4.0	4.0	4.2	4.2
	3.6	3.6	0.9	0.7

(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

Until the refinancing in December 2010 the bifurcated cross currency swaps were designated in a hedging relationship such that the nominal amount of US$160.5 million (2009: $160.5 million) was used to hedge part of the Group's net investment in US$ denominated assets and liabilities. The net investment hedge using these derivatives was discontinued as a result of the refinancing.

The Group has also designated the carrying value of US$138.0 million and €75.0 million (2009: US$287.5 million and €75.0 million) 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 determined at the year end in our Spanish operations the designated hedging instruments exceeded the carrying value of hedged investments on the last day of the year and in accordance with policy any exchange gains or losses on the excess hedge have been recognised in the Consolidated 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.

20. 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 15% increase (2009: 20%) in the respective currencies against Sterling and in accordance with IFRS 7, all other variables remaining constant. A 15% (2009: 20%) decrease in the value of Sterling would have an equal but opposite effect.

The 15% (2009: 20%) change represents a reasonably possible change in the specified foreign exchange rates in relation to Sterling.

£ million	Income sensitivity 2010	Equity sensitivity 2010	Income sensitivity 2009	Equity sensitivity 2009
US dollar	0.1	(13.1)	(5.4)	29.6
Canadian dollar	(0.2)	(29.9)	(1.2)	(37.7)
Euro	(0.3)	(9.9)	(0.8)	(14.1)
	(0.4)	(52.9)	(7.4)	(22.2)

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 considers 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 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. As a result of the refinancing in December 2010 the Group now has a range of maturities with an average life of 3.5 years (2009: 2.5 years).

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 £477.0 million (2009: £1,078.3 million) and cash and cash equivalents of £183.9 million (2009: £132.1 million).

Notes to the Consolidated Financial Statements continued

20. 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 £ million	Overdrafts, bank and other loans	Land creditors	Other trade payables	Debenture loans	Total
On demand	15.1	–	–	–	15.1
Within one year	22.1	201.0	499.8	28.0	750.9
More than one year and less than two years	194.4	86.6	19.3	25.9	326.2
More than two years and less than five years	432.3	65.3	20.0	327.8	845.4
In more than five years	–	38.0	2.4	–	40.4
31 December 2010	663.9	390.9	541.5	381.7	1,978.0

Financial liabilities £ million	Bank loans and overdraft	Land creditors	Other trade payables	Debenture loans	Total
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

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 £ million	Net-settled derivatives net amount	Gross-settled derivatives receivable	Gross-settled derivatives payable	Total
Within one year	(7.7)	6.6	(2.6)	(3.7)
More than one year and less than two years	(1.4)	106.6	(104.5)	0.7
More than two years and less than five years	–	–	–	–
31 December 2010	(9.1)	113.2	(107.1)	(3.0)

Derivatives £ million	Net-settled derivatives net amount	Gross-settled derivatives receivable	Gross-settled derivatives payable	Total
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)

21. Retirement benefit schemes

Retirement benefit obligation comprises gross pension liability of £248.5 million (2009: £406.4 million) and gross post-retirement healthcare liability of £2.0 million (2009: £2.9 million).

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 and are managed by boards of Trustees. 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. 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 and the GWSPS was closed to future accrual with effect from 31 August 2010. An alternative defined contribution arrangement, the Taylor Wimpey Personal Choice Plan (TWPCP), is offered to new employees and to members of the defined benefit schemes when they were closed to future accrual. Legacy George Wimpey staff were members of a UK Stakeholder arrangement and contributions to the arrangement ceased with effect from 31 August 2010. These members were offered membership of the TWPCP. 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 £248.5 million (2009: £406.4 million) at 31 December 2010, £244.0 million (2009: £401.4 million) related to the TWGP&LAF and GWSPS schemes in the UK and £4.5 million (2009: £5.0 million) related to defined benefit schemes in the US and Canada. Future revaluation of deferred member benefits in the UK defined benefit schemes will be based on the CPI in line with scheme rules. Pensioner increases will continue to be based on RPI. The Company made an additional payment of £37.5 million to each of the UK defined benefit schemes following the refinancing agreement in December 2010.

The pension scheme assets of the Group's principal defined benefit pension schemes, TWGP&LAF and GWSPS, are held in separate trustee-administered funds 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 Trustees have implemented a Joint Investment Sub Committee to manage the investment of the combined defined benefit scheme assets. The Company and the Trustees have undertaken a review of the scheme investment strategy, implementation of the investment changes will occur during 2011.

The most recent formal triennial valuations of the TWGP&LAF and the GWSPS were carried out as at 31 March 2010. The Group agreed revised funding schedules under which the Group will make annual funding contributions of £22.0 million per annum in respect of the TWGP&LAF over 10 years from the valuation date and £24.0 million per annum in respect of the GWSPS from the valuation date. Previously the Group was making annual funding contributions of £20.0 million per annum over eight years in respect of the TWGP&LAF and £25.0 million per annum 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, which was applicable until the scheme was closed to future accrual in August 2010. The projected unit method was used in all valuations and assets were taken into account using market values.

Contributions of £4.1 million (2009: £10.6 million) were charged to income in respect of defined contribution schemes.

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	3.60%	3.85%
Discount rate – pre/post-retirement	6.85%-5.10%	6.75%-4.75%
General pay inflation	–	–
Real pension increases	0.00%	0.00%

Valuation results	TWGP&LAF	GWSPS
Market value of assets	£758m	£694m
Past service liabilities	£1,022m	£953m
Scheme funding levels	74%	73%

There have been two significant post valuation events, the future revaluation of deferred member benefits to be based on CPI from 1 January 2011, which will reduce liabilities by £20.0 million for the TWGP&LAF and £19.0 million for the GWSPS and the additional Company payment to each scheme of £37.5 million has increased assets for both schemes. Annual funding contributions take into account these post valuation events.

The results of the March 2010 valuations of the Group's pension schemes have been updated to 31 December 2010 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:

Notes to the Consolidated Financial Statements continued

21. Retirement benefit schemes (continued)

	United Kingdom		North America	
	2010	2009	2010	2009
As at 31 December				
Discount rate for scheme liabilities	5.40%	5.70%	5.25%-5.37%	5.94%-6.00%
Expected return on scheme assets	5.55%-5.92%	5.90%-6.20%	6.50%-7.00%	6.50%-8.00%
General pay inflation	n/a	4.30%	3.00%-3.50%	3.00%-3.50%
Deferred pension increases	2.45%	3.30%	0.00%	0.00%
Pension increases	2.20%-3.65%	2.30%-3.20%	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.

The current life expectancies (in years) underlying the value of the accrued liabilities for the main UK plans are:

	2010		2009	
Life expectancy	Male	Female	Male	Female
Member currently age 65	86	90	86	89
Member currently age 45	88	92	87	90

The life expectancies have been derived using mortality assumptions that were based on the results of a recent investigation into the mortality experience of the schemes. The base tables used are the PA92 series tables with appropriate age rating adjustments. Future improvements in life expectancy are allowed for in the form of the medium cohort projections, with a 1% per annum underpin to future improvements in life expectancy.

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 £ million	North America £ million	Total plans £ million	Percentage of total plan assets held
31 December 2010					
Assets:					
Equities	7.65%	587.3	10.0	597.3	37%
Bonds	5.40%	324.9	7.0	331.9	21%
Gilts	4.15%	481.0	–	481.0	30%
Other assets	3.20%-7.65%	191.2	2.7	193.9	12%
		1,584.4	19.7	1,604.1	100%
Present value of defined benefit obligations		(1,828.4)	(24.2)	(1,852.6)	
Deficit in schemes recognised as non-current liability		(244.0)	(4.5)	(248.5)	
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)	

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.

21. Retirement benefit schemes (continued)

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%	–

£ million	2010	2009
Amount charged against income:		
Current service cost	(3.7)	(4.1)
Curtailment gain	12.6	–
Operating income/(cost)	8.9	(4.1)
Expected return on scheme assets	74.9	61.2
Interest cost on scheme liabilities	(98.3)	(95.5)
Finance charges	(23.4)	(34.3)
Total charge	(14.5)	(38.4)

The actual return on scheme assets was a gain of £145.7 million (2009: £41.5 million).

£ million	2010	2009
Actuarial gains in the Statement of Comprehensive Income:		
Difference between actual and expected return on scheme assets	70.8	102.7
Experience (losses)/gains arising on scheme liabilities	(9.7)	29.1
Changes in assumptions	(14.2)	(273.6)
Total gain/(loss) recognised in the Statement of Comprehensive Income	46.9	(141.8)

The cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income is £168.7 million loss (2009: £ 215.6 million loss).

£ million	2010	2009
Movement in present value of defined benefit obligations		
1 January	1,818.7	1,557.7
Changes in exchange rates	0.7	(1.6)
Service cost	3.7	4.1
Curtailment gain	(12.6)	–
Benefits paid and expenses	(81.0)	(83.1)
Contributions – employee	0.9	1.6
Interest cost	98.3	95.5
Actuarial gains	23.9	244.5
31 December	1,852.6	1,818.7

£ million	2010	2009
Movement in fair value of scheme assets		
1 January	1,412.3	1,280.5
Changes in exchange rates	0.7	(0.7)
Expected return on scheme assets and expenses	74.9	61.2
Contributions – employer and employee	126.4	51.7
Benefits paid	(81.0)	(83.1)
Actuarial gains	70.8	102.7
31 December	1,604.1	1,412.3

Notes to the Consolidated Financial Statements continued

21. Retirement benefit schemes (continued)

£ million	2010	2009	2008	2007	2006
History of experience gains and losses:					
Fair value of scheme assets	**1,604.1**	1,412.3	1,280.5	1,434.2	749.7
Present value of defined benefit obligations	**(1,852.6)**	(1,818.7)	(1,557.7)	(1,650.6)	(955.6)
Deficit in the scheme	**(248.5)**	(406.4)	(277.2)	(216.4)	(205.9)
Difference between actual and expected return on scheme assets:					
Amount	**70.8**	102.7	(210.4)	(12.7)	24.2
Percentage of scheme assets	**4.4%**	7.3%	16.4%	1.0%	3.0%
Experience adjustments on scheme liabilities:					
Amount	**(9.7)**	29.1	(22.1)	26.7	0.2
Percentage of scheme liabilities	**0.5%**	1.6%	1.4%	2.0%	0.0%

The estimated amounts of contributions expected to be paid to the TWGP&LAF during 2011 are £22.0 million and to the GWSPS are £24.0 million.

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 of the assets 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 £28.3m
Rate of inflation	Increase by 0.1% p.a.	Increase by £22.6m
Rate of mortality	Members assumed to live 1 year longer	Increase by £58.8m

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.

The gross post-retirement liability also includes £2.0 million at 31 December 2010 (2009: £2.9 million) 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 (2009: 3.6%) and an increase in medical expenses of 10% per annum (2009: 10.0%). The premium cost to the Group in respect of the retired long-service employees for 2010 was £0.2 million (2009: £0.2 million).

22. Provisions

£ million	Housing maintenance	Restructuring	Other	Total
At 1 January 2009	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
Additional provision in the year	4.2	–	18.0	22.2
Utilisation of provision	(4.9)	(3.7)	(22.8)	(31.4)
Released	(0.2)	–	(1.0)	(1.2)
Changes in exchange rates	0.4	0.1	0.8	1.3
At 31 December 2010	**8.6**	**12.3**	**68.8**	**89.7**

£ million	
Amount due for settlement within one year	**46.8**
Amount due for settlement after one year	**42.9**
31 December 2010	**89.7**

22. 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 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 predominantly of 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.

23. Share capital

£ million	2010	2009
Authorised:		
22,200,819,176 ordinary shares of 1p each (2009: 22,200,819,176 ordinary shares of 1p)	**222.0**	222.0
1,158,299,201 deferred ordinary shares of 24p each (2009: 1,158,299,201)	**278.0**	278.0
	500.0	500.0

	Number of shares	£ million
Issued and fully paid:		
1 January 2009	1,158,299,201	289.6
Treasury Share cancellation	(92,732,927)	(23.2)
Share warrants exercised	166,786	–
Placing and open offer	2,131,132,548	21.3
31 December 2009	3,196,865,608	287.7
Share warrants exercised	318,092	–
31 December 2010	**3,197,183,700**	**287.7**

The Company issued 2,131.1 million new ordinary shares on 1 June 2009, as part of a placing and open offer. Prior to the placing and open offer issue the 25p ordinary shares of the Company were split into 1,158.3 million ordinary shares of 1p and 1,158.3 million 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 156,674 (2009: 139,062) ordinary shares of which nil (2009: nil) 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 (2009: nil). Under the Group's senior executives' share option scheme and executive share option plan, employees held options at 31 December 2010 to purchase 23,606,831 shares (2009: 32,840,430) at prices between 39.3p and 171.6p per share exercisable up to 7 August 2019. Under the Group's savings-related share option schemes, employees held options at 31 December 2010 to purchase 37,487,029 shares (2009: 33,719,220) at prices between 22.9p and 189.2p per share exercisable up to 5 April 2016. Under the Group's cash bonus deferral plan and executive bonus plan, employees held options at 31 December 2010 in respect of nil shares (2009: 96,927) at nil pence per share. Under the Group's performance share plan employees held conditional awards at 31 December 2010 in respect of 22,640,446 shares (2009: 15,744,982) at nil pence per share exercisable up to 6 August 2013. Under the Group's share purchase plan employees held conditional awards at 31 December 2010 in respect of 5,628,627 shares (2009: 6,521,631) 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 2010 to purchase 200,572 shares (2009: 512,708) at prices between 160.1p and 188.0p per share exercisable up to 31 May 2012. Under the George Wimpey Executive Option Scheme, employees held awards at 31 December 2010 in respect of 1,327,341 shares (2009: 2,163,415) at prices between 144.3p and 310.0p per share exercisable up to 2 April 2017. Under the George Wimpey Long Term Incentive Plan, employees held awards at 31 December 2010 in respect of nil shares (2009: 955,036) at nil pence per share.

Under the Override Agreement, signed in April 2009, the Company agreed to issue 57.8 million 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 2010 484,878 warrants had been exercised.

24. Share premium account

£ million	
Balance at 1 January 2009	753.6
Share warrants exercised	–
Balance at 31 December 2009	753.6
Share warrants exercised	0.1
Balance at 31 December 2010	**753.7**

Notes to the Consolidated Financial Statements continued

25. Reserves

£ million	Retained earnings	Merger relief reserve	Capital redemption reserve	Translation reserve	Share-based payment tax reserve	Other	Total other reserves
Balance at 1 January 2009	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
Cancellation and disposal of treasury shares	(4.4)	–	–	–	–	–	–
Share-based payment credit	2.8	–	–	–	–	–	–
Cash cost of satisfying share options	(0.4)	–	–	–	–	–	–
Actuarial benefit as defined benefit pension schemes	46.9	–	–	–	–	–	–
Deferred tax asset	(15.9)	–	–	–	–	–	–
Exchange differences on translation of overseas operations, net of tax	–	–	–	33.9	–	–	33.9
Increase in fair value of hedging derivatives	–	–	–	(3.6)	–	–	(3.6)
Transfer to retained earnings	5.6	–	–	–	(5.6)	–	(5.6)
Net profit for the year	259.3	–	–	–	–	–	–
Balance at 31 December 2010	**679.4**	**–**	**31.5**	**59.6**	**–**	**10.3**	**101.4**

Merger relief reserve

In 2009 in accordance with Section 612 of the Companies Act 2006 the £488.8 million 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.

Other reserves

Capital redemption reserve

The capital redemption reserve arose on the historical redemption of parent Company shares, and is not distributable.

Translation reserve

The 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 Consolidated 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 Consolidated 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. As the Group had previously written off all its deferred tax assets through the Consolidated Income Statement in prior years, it was considered appropriate to transfer the remaining reserve of £5.6 million to retained earnings.

Other reserve

As detailed in Note 7, the Group issued 57.8 million of warrants with a fair value of £5.5 million. The full cost of the warrants was recognised in the Other reserve on their issuance.

26. Own shares

£ million	
Balance at 1 January 2009	275.7
Cancellation of treasury shares	(245.9)
Disposed of on exercise of options	(24.8)
Balance at 31 December 2009	5.0
Disposed of on exercise of options	(4.4)
Balance at 31 December 2010	**0.6**

As part of the equity raise process in June 2009, 92.7 million treasury shares held outside of the employee share ownership trusts were cancelled with an associated charge to retained earnings of £222.8 million. 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 (2009: nil).

	2010 Number	2009 Number
These comprise ordinary shares of the Company:		
Shares held in trust for bonus, option and performance award plans	**1.5m**	3.3m
	1.5m	3.3m

Employee Share Ownership Trusts ('ESOTs') are used to hold the Company's shares ('shares') which are either acquired on the market or 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 (2009: nil) 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 2010, aggregating 1.5 million shares (2009: 3.3 million), was covered by outstanding options and conditional awards over shares at that date.

Notes to the Consolidated Financial Statements continued

27. Notes to the cash flow statement

£ million	2010	2009
Profit/(loss) on ordinary activities before finance costs	121.2	(543.0)
Non-cash exceptional items:		
Impairment of fixed assets	–	0.5
Inventories write downs	24.8	527.0
Adjustments for:		
Depreciation of plant and equipment	4.3	4.2
Pensions curtailment	(12.6)	–
Share-based payment charge	2.8	1.0
Loss on disposal of property and plant	–	0.2
Decrease in provisions	(10.4)	(3.1)
Operating cash flows before movements in working capital	130.1	(13.2)
Decrease in inventories	168.8	735.0
(Increase)/decrease in receivables	(42.5)	25.4
Increase/(decrease) in payables	91.9	(432.6)
Pension contributions in excess of charge	(119.1)	(44.7)
Cash generated by operations	229.2	269.9
Income taxes received	25.7	109.1
Interest paid	(167.0)	(172.7)
Net cash from operating activities	87.9	206.3

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

£ million	Cash and cash equivalents	Overdrafts, banks and other loans	Debenture loans	Total net debt
Balance 1 January 2009	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)
Cashflow	46.5	(433.0)	482.4	95.9
Foreign exchange	5.3	5.7	(10.5)	0.5
Balance 31 December 2010	183.9	(588.4)	(250.0)	(654.5)

* 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 £4.1 million.

28. 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 2010 (2009: nil).

29. 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:

£ million	2010	2009
Within one year	14.0	7.0
In more than one year but not more than five years	33.4	22.4
After five years	12.2	19.5
	59.6	48.9

Operating lease payments principally represent rentals payable by the Group for certain office properties and vehicles.

Notes to the Consolidated Financial Statements continued

30. 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.

Schemes requiring consideration from participants:	2010 Options	2010 Weighted average exercise price (in £)	2009 Options	2009 Weighted average exercise price (in £)
Outstanding at beginning of year	69,235,774	0.52	46,642,667	1.01
Granted during the year	11,532,281	0.23	19,276,238	0.39
Lapsed during the year	(11,664,539)	1.30	(9,140,769)	1.32
Exercised during the year	(142,825)	0.26	(101,330)	0.26
Cancellations during the year	(6,338,918)	0.32	(6,609,462)	0.41
Open offer adjustment(a)	–	–	19,168,430	0.51
Outstanding at the end of the period	62,621,773	0.45	69,235,774	0.52
Exercisable at the end of the period	978,975	2.38	2,181,578	2.19

The weighted average share price at the date of exercise for share options exercised during the period was £0.26 (2009: £0.41). The options outstanding at 31 December 2010 had a range of exercise prices from £0.23 to £3.10 (2009: £0.11 to £3.22) and a weighted average remaining contractual life of 4.0 years (2009: 4.5 years).

Schemes not requiring consideration from participants include the George Wimpey Long Term Incentive Plan and the Performance Share Plans.

Schemes not requiring consideration from participants:	2010 Options	2010 Weighted average exercise price (in £)	2009 Options	2009 Weighted average exercise price (in £)
Outstanding at beginning of year	23,318,576	–	10,732,296	–
Granted during the year	15,295,654	–	8,756,641	–
Lapsed during the year	(10,302,383)	–	(1,425,497)	–
Exercised during the year	(13,849)	–	(37,732)	–
Cancellations during the year	(28,925)	–	(24,351)	–
Open offer adjustment(a)	–	–	5,317,219	–
Outstanding at the end of the period	28,269,073	–	23,318,576	–
Exercisable at the end of the period	127,439	–	198,320	–

(a) On 1 June 2009 the Group undertook the placing and open offer, as detailed in Note 23. 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 2010 had a weighted average remaining contractual life of 1.5 years (2009: 1.7 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:

	2010	2009
Weighted average share price	£0.29	£0.39
Weighted average exercise price	£0.18	£0.39
Expected volatility	74%	57%
Expected life	3/5 years	3/5 years
Risk free rate	1.5%	3.1%
Expected dividend yield	0.0%	0.0%

The weighted average fair value of share awards granted during the year is £0.33 (2009: £0.21).

Expected volatility was determined by calculating the historical volatility of the Group's share price over the expected term.

30. 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:

	2010	2009
Weighted average share price	£0.31	£0.38
Weighted average exercise price	Nil	nil
Expected volatility	98%	70%
Expected life	3/7 years	3/7 years
Risk free rate	1.4%	2.8%
Expected dividend yield	0.0%	0.0%

The weighted average fair value of share options granted during the year is £0.23 (2009: £0.27).

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 £2.8 million and £1.0 million related to equity-settled share-based payment transactions in 2010 and 2009 respectively.

31. 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 £22.8 million (2009: £26.1 million). 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 48 to 50 and form part of these financial statements.

Independent Auditor's 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 2010 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 auditor's 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 and express an opinion on 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 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 2010;
- 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 2010.

Colin Hudson

Colin Hudson FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
2 March 2011

Company Balance Sheet
at 31 December 2010

£ million	Note	2010	2009
Fixed assets			
Investment in Group undertakings	4	1,789.0	1,598.4
		1,789.0	1,598.4
Current assets			
Debtors	5	2,482.3	2,195.4
Cash at bank and in hand		66.7	–
		2,549.0	2,195.4
Current liabilities			
Bank loans and overdrafts		–	(9.9)
Creditors: amounts falling due within one year	6	(1,694.7)	(1,261.9)
		(1,694.7)	(1,271.8)
Net current assets		854.3	923.6
Total assets less current liabilities		2,643.3	2,522.0
Creditors: amounts falling due after one year	7	(823.4)	(646.7)
Provisions		(2.9)	(2.9)
Net assets		1,817.0	1,872.4
Capital and reserves			
Called-up share capital	9	287.7	287.7
Share premium account	10	753.7	753.6
Merger relief reserve	11	–	–
Capital redemption reserve	12	31.5	31.5
Translation reserve	13	50.1	36.1
Profit and loss account	14	694.5	768.4
Own shares	15	(0.5)	(4.9)
Shareholders' funds	18	1,817.0	1,872.4

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 2011. They were signed on its behalf by:

P Redfern
Director

R Mangold
Director

Notes to the Company Financial Statements
for the year to 31 December 2010

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 December 2010. The Group has continued to meet all interest and other payment obligations on time from debt resources available to it, and after reviewing forecasts for a period of at least 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 20 on pages 78 to 82.

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.

Share-based payments
The Company issues equity-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. 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

	2010 No.	2009 No.
Directors	3	2

The Executive Directors received all of their remuneration, as disclosed in the Directors' Remuneration Report on pages 41 to 50, from Taylor Wimpey UK Limited and Taylor Morrison Incorporated. However, it is not practicable to allocate such costs between their services as Executives of Taylor Wimpey UK Limited, Taylor Morrison Incorporated 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 £8.4m (2009: £8.0m) 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 21, 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 48. There were no outstanding contributions at the year end.

3. Auditors' remuneration

£ million	2010	2009
External audit services	0.2	0.2
Other services	2.0	0.5
Tax services	0.4	0.4
Corporate finance services	–	0.4

A description of other services is included in Note 5 on page 69 to the Group financial statements.

4. Investments in Group undertakings

£ million	Shares	Loans	Total
Cost			
31 December 2009	4,581.8	453.3	5,035.1
Changes in exchange rates	–	14.0	14.0
Additions	306.3	–	306.3
Disposals	–	(129.7)	(129.7)
31 December 2010	4,888.1	337.6	5,225.7
Provision for impairment			
31 December 2009	3,364.6	72.1	3,436.7
Charge for the year	–	–	–
Disposals	–	–	–
31 December 2010	3,364.6	72.1	3,436.7
Carrying amount			
31 December 2010	1,523.5	265.5	1,789.0
31 December 2009	1,217.2	381.2	1,598.4

All of the above investments are unlisted and particulars of principal subsidiary undertakings are listed on page 102, which forms part of these financial statements.

Notes to the Company Financial Statements continued

5. Debtors

£ million	2010	2009
Receivable within one year		
Due from Group undertakings	**2,461.4**	2,182.2
Other debtors	**3.7**	0.1
Corporation tax debtor	**11.0**	2.0
Receivable after one year		
Currency and interest rate derivatives	**6.2**	11.1
	2,482.3	2,195.4

6. Creditors: amounts falling due within one year

£ million	2010	2009
Due to Group undertakings	**1,623.2**	1,203.9
Other creditors	**14.2**	3.6
Currency and interest rate derivatives	**41.9**	26.7
Corporation tax creditor	**15.4**	27.7
	1,694.7	1,261.9

7. Creditors: amounts falling due after one year

£ million	2010	2009
Debenture loans	**250.0**	498.3
Bank loans	**473.4**	148.4
Other loans	**100.0**	–
	823.4	646.7
Bank and other loans are repayable as follows:		
In more than two years but less than five years	**573.4**	148.4
	573.4	148.4

Other loans comprise of a £100 million bi-lateral variable rate fixed loan with an investment fund.

8. Debenture loans

£ million	2010	2009
Unsecured		
10.375% £250m senior notes 2015	250.0	–
6.625% £250m guaranteed bonds 2012[(a)]	–	207.6
5.53% US$75m notes 2011[(a)]	–	38.0
6.03% US$175m notes 2014[(a)]	–	90.1
6.375% £200m bonds 2019[(a)]	–	162.6
	250.0	498.3
Repayable		
In more than five years	–	–
In more than one year but less than five years	250.0	498.3
Within one year or on demand	–	–
	250.0	498.3

(a) The descriptions presented above refer to the titles of the debenture loan issues at their original issue date. 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 Group issued £250.0 million bonds at a coupon note of 10.375% on 14 December 2010 and repaid the outstanding debentures on the same date.

9. Share capital

£ million	2010	2009
Authorised:		
22,200,819,176 (2009: 22,200,819,176) ordinary shares of 1p each	222.0	222.0
1,158,299,201 (2009: 1,158,299,201) deferred ordinary shares of 24p each	278.0	278.0
	500.0	500.0

	Number of shares	£ million
Issued and fully paid:		
31 December 2009	3,196,865,608	287.7
Share warrants exercised	318,092	–
31 December 2010	3,197,183,700	287.7

The Company issued 2,131.1m new ordinary shares on 1 June 2009, as part of a placing and open offer. Prior to the placing and open offer issue the 25p ordinary shares of the Company were split into 1,158.3 million ordinary shares of 1p and 1,158.3 million 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 156,674 (2009: 139,062) ordinary shares of which nil (2009: nil) 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 (2009: nil). Under the Group's senior executives' share option scheme and executive share option plan, employees held options at 31 December 2010 to purchase 23,606,831 shares (2009: 32,840,430) at prices between 39.3p and 171.6p per share exercisable up to 7 August 2019. Under the Group's savings-related share option schemes, employees held options at 31 December 2010 to purchase 37,487,029 shares (2009: 33,719,220) at prices between 22.9p and 189.2p per share exercisable up to 5 April 2016. Under the Group's cash bonus deferral plan and executive bonus plan, employees held options at 31 December 2010 in respect of nil shares (2009: 96,927) at nil pence per share. Under the Group's performance share plan employees held conditional awards at 31 December 2010 in respect of 22,640,446 shares (2009: 15,744,982) at nil pence per share exercisable up to 6 August 2013. Under the Group's share purchase plan employees held conditional awards at 31 December 2010 in respect of 5,628,627 shares (2009: 6,521,631) 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 2010 to purchase 200,572 shares (2009: 512,708) at prices between 160.1p and 188.0p per share exercisable up to 31 May 2012. Under the George Wimpey Executive Option Scheme, employees held awards at 31 December 2010 in respect of 1,327,341 shares (2009: 2,163,415) at prices between 144.3p and 310.0p per share exercisable up to 2 April 2017. Under the George Wimpey Long Term Incentive Plan, employees held awards at 31 December 2010 in respect of nil shares (2009: 955,036) at nil pence per share.

Under the Override Agreement signed in April 2009, the Company agreed to issue 57.8 million 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 2010 484,878 warrants had been exercised.

Notes to the Company Financial Statements continued

10. Share premium

£ million	2010	2009
1 January	753.6	753.6
Share warrants exercised	0.1	–
31 December	753.7	753.6

11. Merger relief reserve

£ million	2010	2009
1 January	–	–
New share capital subscribed	–	488.8
Transfer to profit and loss account	–	(488.8)
31 December	–	–

In accordance with section 612 of the Companies Act 2006, the £488.8 million 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.

12. Capital redemption reserve

£ million	
31 December 2010 and 31 December 2009	31.5

13. Translation reserve

£ million	2010	2009
1 January	36.1	89.6
Transfer from profit and loss account	14.0	(53.5)
31 December	50.1	36.1

14. Profit and loss account

£ million	2010	2009
1 January	768.4	463.2
(Loss)/profit for the financial year	(55.5)	5.4
Transfer to translation reserve	(14.0)	53.5
Transfer from merger relief reserve	–	488.8
Cancellation and utilisation of own shares	(4.4)	(247.5)
Other financing costs	–	(0.5)
Issue of equity instruments	–	5.5
31 December	694.5	768.4

As permitted by section 408 of the Companies Act 2006, Taylor Wimpey plc has not presented its own profit and loss account. The loss of the Company for the financial year was £55.5 million (2009: profit of £5.4 million).

Included in the Company profit and loss account is £332.1 million (2009: £269.8 million) which is not distributable.

15. Own shares

£ million	2010	2009
Own shares	0.5	4.9

These comprise ordinary shares of the Company:	Number	Number
Treasury shares	–	–
Shares held in trust for bonus, options and performance award plans	1.5m	3.3m

The market value of the shares at 31 December 2010 was £0.5 million (2009: £1.3 million) and their nominal value was £0.01 million (2009: £0.03 million).

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 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 2010, no shares (2009: nil) were transferred out of the Company's Treasury holding to the ESOTs for this purpose.

The ESOTs' entire holding of shares at 31 December 2010, aggregating 1.5 million shares (2009: 3.3 million), 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 30 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 £172.6 million at 31 December 2010 (2009: £199.0 million). 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 £22 million per annum for 10 years.

18. Reconciliation of movement in shareholders' funds

£ million	2010	2009
Opening shareholders' funds	1,872.4	1,351.9
(Loss)/profit for the financial year	(55.5)	5.4
New share capital subscribed	0.1	510.1
Issue of equity instruments	–	5.5
Other financing costs	–	(0.5)
Closing shareholders' funds	1,817.0	1,872.4

19. Dividend

The Company does not propose to pay a final dividend in respect of the 2010 financial year (2009: nil).

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 [a]
	Taylor Wimpey Developments Limited [a]
	Taylor Wimpey 2007 Limited
	Taylor Wimpey (No.4) 2005 Limited [a]
	Wimpey Overseas Holdings Limited [a]
Canada	Taylor Wimpey Holdings of Canada, Corporation
	Monarch Corporation [a] [b]
	Monarch Development Corporation [a]
Spain	Taylor Wimpey de España S.A.U. [a] [c]
USA	Taylor Woodrow Holdings (USA), Inc. [a]
	Taylor Morrison Holdings of Arizona, Inc. [a]
	Taylor Morrison of Florida, Inc. [a]
	Taylor Morrison of Texas, Inc. [a]
	Taylor Morrison, Inc. [a]
	Taylor Morrison Services, Inc. [a]

(a) Interests held by subsidiary undertakings.

(b) 9.5% non-cumulative, non-voting, redeemable preference shares and 9% non-cumulative, non-voting, redeemable preference shares are additionally held.

(c) 9% cumulative, redeemable preference shares are additionally held.

Five Year Review

£ million	2010	2009	2008[a]	2007[a]	2006[a]
Income statement					
Revenue – continuing	2,603.3	2,595.6	3,467.7	4,142.8	3,572.1
Profit on ordinary activities before exceptional items, finance costs and tax	184.2	37.7	86.3	435.5	447.7
Share of results of joint ventures	9.9	5.6	7.6	23.4	22.1
Exceptional items	(63.0)	(580.7)	(1,884.5)	(379.7)	–
Net finance costs, including exceptional finance costs	(202.4)	(162.5)	(179.1)	(112.8)	(64.2)
(Loss)/profit for the financial year	(71.3)	(699.9)	(1,969.7)	(33.6)	405.6
Taxation, including exceptional taxation	330.6	59.3	76.6	(173.4)	(115.0)
Profit for the year from discontinued operations		–	53.1	10.3	–
Profit/(loss) for the financial year	259.3	(640.6)	(1,840.0)	(196.7)	290.6
Profit/(loss) for the financial year before tax and exceptional items	75.1	(96.1)	(74.7)	346.1	405.6
Balance sheet					
Other fixed assets	7.6	8.2	15.5	39.0	25.5
Interests in joint ventures	49.7	51.9	67.7	59.9	56.2
Non-current loans and receivables	96.5	65.0	47.9	76.4	56.0
Deferred tax asset	372.4	119.6	6.6	117.7	95.4
Non-current assets	526.2	244.7	137.7	293.0	233.1
Inventories	3,436.2	3,603.3	4,890.6	6,017.8	2,946.5
Other current assets (excluding cash and debt)	175.5	191.5	271.7	408.1	314.6
Trade and other payables	(902.9)	(760.0)	(1,170.7)	(1,540.3)	(926.0)
Other current liabilities (excluding cash and debt)	(209.5)	(290.4)	(252.6)	(202.6)	(74.1)
Net-current assets (excluding cash and debt)	2,499.3	2,744.4	3,739.0	4,683.0	2,261.0
Trade and other payables	(257.1)	(278.6)	(343.4)	(418.2)	(123.9)
Retirement obligations	(250.5)	(409.3)	(279.8)	(219.1)	(208.6)
Provisions	(43.7)	(51.8)	(51.0)	(38.4)	(27.9)
Non-current creditors (excluding debt) and provisions	(551.3)	(739.7)	(674.2)	(675.7)	(360.4)
Capital employed	2,474.2	2,249.4	3,202.5	4,300.3	2,133.7
Goodwill and intangibles	3.4	2.4	–	820.3	363.1
Net debt	(654.5)	(750.9)	(1,529.3)	(1,415.4)	(391.3)
Net Assets	1,823.1	1,500.9	1,673.2	3,705.2	2,105.5
Statistics					
Adjusted earnings/(loss) per share – total Group[b]	0.6p	(4.3p)	(7.2p)	29.5p	50.5p
Tangible net worth per share[b]	56.9p	46.9p	119.8p	249.1p	293.2p
Number of shares in issue at year end (millions)[b]	3,197.2	3,196.9	1,526.0	1,158.3	594.2
Return on capital employed[c]	8.2%	1.5%	2.6%	14.8%	44.0%
Operating margin	7.5%	1.7%	2.6%	11.1%	13.2%
Net gearing ratio[d]	35.9%	50.0%	91.4%	38.2%	18.6%
UK short term landbank (units)[e]	63,566	66,089	74,917	86,155	34,827
NA short term landbank (units)[e]	30,262	29,062	29,178	40,603	31,353
ASP UK £'000	171	160	171	191	193
ASP NA £'000	200	171	175	182	233
Completions UK (units)	9,962	10,186	13,394	14,862	8,294
Completions NA (units)	4,140	4,755	5,421	5,197	4,492
Total inventory/net debt	5.3	4.8	3.2	4.3	7.5

(a) 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.

(b) 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.

(c) Return on capital employed is calculated as profit on ordinary activities before amortisation of brands, exceptional items, finance costs and tax but including share of results of joint ventures, divided by the average of opening and closing capital employed. In 2008 and 2007 the results of the Construction division, of £2.1 million and £13.4 million respectively, were also included.

(d) Net gearing ratio is net debt divided by net assets.

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

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 shares in the Company, please consult the person who arranged the sale or transfer.

Notice is hereby given of the seventy sixth Annual General Meeting of the Company to be held on 21 April 2011 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 Financial Statements for the year ended 31 December 2010.
2. To elect as a Director, Kevin Beeston who was appointed as a Director of the Company by the Board since the last Annual General Meeting.
3. To elect as a Director, Ryan Mangold who was appointed as a Director of the Company by the Board since the last Annual General Meeting.
4. To elect as a Director, Kate Barker CBE who was appointed as a Director of the Company by the Board since the last Annual General Meeting.
5. To re-elect as a Director, Pete Redfern.
6. To re-elect as a Director, Sheryl Palmer.
7. To re-elect as a Director, Baroness Dean of Thornton-le-Fylde.
8. To re-elect as a Director, Anthony Reading MBE.
9. To re-elect as a Director, Robert Rowley.
10. 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.
11. Subject to the passing of resolution 10, to authorise the Audit Committee to determine the remuneration of the auditors on behalf of the Board.
12. 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 £10,659,853 (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 £10,659,853); and

    (B) comprising equity securities (as defined in the Companies Act 2006) up to a nominal amount of £21,319,706 (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 the Annual General Meeting of the Company in 2012 (or, if earlier, until the close of business on 20 July 2012) but, in each case, so that the Company may make offers and enter into agreements during this 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:

13. That, if resolution 12 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 to sell ordinary shares held by the Company as treasury shares for cash, free of the restriction in section 561 of the Companies Act 2006, such power to be limited:

    (A) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of or invitation to apply for equity securities (but in the case of the authority granted under paragraph (B) of resolution 12, 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 12 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (A) above) of equity securities up to a nominal amount of £1,598,977,

    such power to apply until the end of the Annual General Meeting of the Company in 2012 (or, if earlier, until the close of business on 20 July 2012), but during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends; and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

14. 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 1p each of the Company ('ordinary shares'), provided that:

    (A) the maximum number of ordinary shares hereby authorised to be purchased shall be 319,795,593;

    (B) the minimum price which may be paid for ordinary shares is 1p 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 2012 and 20 October 2012 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:

15. To approve the Directors' Remuneration Report for the year ended 31 December 2010.

16. 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 2012.

    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 Resolution:

17. 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.

Explanatory notes relating to each of the above resolutions are set out on pages 107 to 110.

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 reverse 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 registrar as soon as possible. They must receive it by no later than 11:00 am on 19 April 2011. 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 procedural notes below.

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 W1S 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; and
- copies of the letters of appointment of the Non Executive Directors.

A copy of the full Annual Report and Financial Statements of the Company for the year ended 31 December 2010, including the Directors' Remuneration Report referred to in Resolution 15, is also available on our Web site www.taylorwimpeyplc.com.

By Order of the Board

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 2011

Notes to the Notice of Meeting

Procedural 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 19 April 2011 (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 2011 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 3,197,955,937 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 2 March 2011 were 3,197,955,937.

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 (calls cost 10p per minute plus network extras; lines are open 8:30 am to 5:30 pm Monday to Friday).

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.capitashareportal.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 19 April 2011. 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, it 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 19 April 2011. 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 Section 311A of the Companies Act 2006, can be found at www.taylorwimpeyplc.com.
16. 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.

EXPLANATORY NOTES TO THE RESOLUTIONS

ORDINARY BUSINESS ORDINARY RESOLUTIONS

Resolution 1: To receive the annual report and financial statements

English company law requires the Directors to lay the Financial Statements of the Company for the year ended 31 December 2010 and the reports of the Directors and Auditors before a general meeting of the Company.

Resolutions 2 to 9: Election of Directors

In accordance with the UK Corporate Governance Code which states that all directors of FTSE 350 companies should be subject to annual election by shareholders, the Board has resolved that all Directors of the Company will retire and, being eligible, offer themselves for re-election or election (as appropriate) by shareholders at the Annual General Meeting.

Kevin Beeston, Ryan Mangold and Kate Barker, who were each appointed as Directors of the Company by the Board since the last Annual General Meeting, held in April 2010, will retire and offer themselves for election by shareholders for the first time, as is required by the Company's Articles of Association.

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. Full 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 the Directors of the Company:

Kevin Beeston – appointed since last AGM and offers himself for election.

Kevin was appointed as a Director and Chairman on 1 July 2010. He brings a wealth of experience in the service industry which will assist the Company's future strategic direction and development and the delivery of value to shareholders. His biography appears on page 32.

Ryan Mangold – appointed since last AGM and offers himself for election.

Ryan was appointed as a Director and Group Finance Director on 16 November 2010. He joined Taylor Wimpey as Group Financial Controller in April 2009 and played an important role in progressing the Group's refinancing during 2010. He was previously Group Financial Controller of Mondi Group for five years, prior to which he held various other senior finance roles with Anglo American plc. His biography appears on page 32.

Notes to the Notice of Meeting continued

Kate Barker CBE – to be appointed prior to the AGM and will offer herself for election.
Kate will be appointed as an Independent Non Executive Director with effect from 21 April 2011. She has previously held a number of high profile roles including membership of the Monetary Policy Committee of the Bank of England from 2001 until 2010. She has also led independent reviews for the Government on UK Housing Supply and on Land Use Planning. Kate is a Board Member of the Homes and Communities Agency and was also a member of its predecessor body, the Housing Corporation, but has arranged that she will stand down from this position prior to joining the Board of Taylor Wimpey. The Board is satisfied that she will be independent in character and judgement and that her other commitments will not detract from the extent or quality of time which she will be able to devote to the Company.

Pete Redfern – offers himself for re-election.
Pete has been a Director and Group Chief Executive since July 2007. During that period he has safeguarded the Company during the severe economic downturn in the UK and, with his additional day-to-day operational responsibility for the Group's UK Housing division, has led the recovery in the Company's prospects. His biography appears on page 32.

Sheryl Palmer – offers herself for re-election.
Sheryl has been a Director since August 2009 and, as President and CEO of Taylor Morrison, has operational responsibility for the Group's North America Housing division. She has successfully led the North American business through the prolonged market downturn in the US. Her biography appears on page 32.

Baroness Dean of Thornton-le-Fylde – offers herself for re-election.
Brenda has been an Independent Non Executive Director since July 2007. She has been subjected to a rigorous annual appraisal, having served for seven years in that capacity including previously for George Wimpey Plc. The Board is satisfied that she continues to be independent in character and judgement in applying her expertise at meetings of the Board and of the Nomination and Remuneration Committees, and that her other commitments do not detract from the extent or quality of time which she is able to devote to the Company. Her biography appears on page 32.

Anthony Reading MBE – offers himself for re-election.
Tony has been an Independent Non Executive Director since July 2007. He has been subjected to a rigorous annual appraisal, having served for five years in that capacity including previously for George Wimpey Plc and will have completed six years by the time of the Annual General Meeting. The Board is satisfied that he continues to be independent in character and judgement in applying his expertise at meetings of the Board and of the Remuneration Committee (which he Chairs) and the Audit and Nomination Committees, and that his other commitments do not detract from the extent or quality of time which he is able to devote to the Company. His biography appears on page 33.

Robert Rowley – offers himself for re-election.
Rob has been an Independent Non Executive Director since January 2010 and the Senior Independent Director since April 2010. The Board is satisfied that he continues to be independent in character and judgement in applying his expertise at meetings of the Board and of the Audit Committee (which he Chairs) and the Nomination and Remuneration Committees, and that his other commitments do not detract from the extent or quality of time which he is able to devote to the Company. His biography appears on page 33.

The Board confirms that, with the exception of Kate Barker and Ryan Mangold (who were subject to a comprehensive Nomination Committee process), each of the Directors 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 10: Re-appointment of Deloitte LLP ('Deloitte') as auditors of the Company
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 proposed that the auditors are appointed from the conclusion of the 2011 Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before shareholders. The Board recommends the re-appointment of Deloitte as the Company's auditors.

Resolution 11: Authorisation of the Audit Committee to agree on behalf of the Board the remuneration of Deloitte as Auditors
The Board 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 2010 are given on page 38 of the Report and Accounts.

Resolution 12: Authority to allot shares
Your Directors wish to renew the existing authority to allot unissued shares in the Company, which was granted at the Company's last Annual General Meeting held on 29 April 2010 and is due to expire at the conclusion of this Annual General Meeting. Accordingly, Paragraph (A) of resolution 12 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 £10,659,853 (representing 1,065,985,300 ordinary shares). This amount represents approximately one-third of the issued ordinary share capital of the Company as at 2 March 2011, 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 12 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 £21,319,706 (representing 2,131,970,600 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (A) of resolution 12. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 2 March 2011, the latest practicable date prior to publication of this notice of meeting.

The authorities sought under paragraphs (A) and (B) of resolution 12 will expire at the earlier of 20 July 2012 and the conclusion of the Annual General Meeting of the Company held in 2012.

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.

SPECIAL RESOLUTIONS

Resolution 13: 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 13, 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 £1,598,977 (representing 159,897,700 ordinary shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at 2 March 2011, 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 20 July 2012 and the conclusion of the Annual General Meeting of the Company held in 2012.

Resolution 14: Authority to make market purchases of shares

This resolution will be proposed as a special resolution and therefore requires a 75% majority of votes to be cast in favour.

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 of the Company in issue at the close of business on 2 March 2011.

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 could 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% of the Company's issued share capital. Accordingly, any shares bought back over the 10% limit will be cancelled.

This is a standard resolution, sought by the majority of public listed companies at Annual General Meetings. The Board has no current intention of utilising this authority and would only consider doing so if it was in the best interests of shareholders generally.

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 2011 was 141,938,431, representing approximately 4.44% of the issued ordinary share capital of the Company as at that date and approximately 4.93% 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 56,657,673 Ordinary Shares, representing 1.77% of the Company's ordinary issued share capital as at close of business on 2 March 2011. If the authority given by Resolution 14 were to be fully used, these would represent 1.97% of the Company's ordinary issued share capital at that date.

This authority will last until the earlier of 20 October 2012 and the conclusion of the Company's Annual General Meeting in 2012.

SPECIAL BUSINESS ORDINARY RESOLUTIONS

Resolution 15: Approval of the Directors' Remuneration Report for the year ended 31 December 2010

The Directors' Remuneration Report for the year ended 31 December 2010 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 16: Authority to make political donations

In order to comply with its obligations under the Companies Act 2006 and to avoid any inadvertent infringement of that Act, the Board wishes to renew its existing authority for a general level of donation and/or expenditure. Resolution 16 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 16 extends approval to all of the Company's subsidiaries.

Notes to the Notice of Meeting continued

This authority will last until the conclusion of the Annual General Meeting of the Company in 2012, unless renewal is sought at that meeting.

The Company and the Group do not make any donations to political parties or organisations but do support certain industry-wide initiatives such as the Home Builders Federation in the UK. Whilst we do not regard this as political in nature, in certain circumstances donations made for charitable or similar purposes could possibly be treated as a donation to a political organisation under the relevant provisions of the Companies Act 2006. 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 in the Companies Act 2006.

Details of the Company's and the Group's charitable donations appear on page 53 of the report and accounts.

SPECIAL RESOLUTION

Resolution 17: Notice of general meetings

This resolution will be proposed as a special resolution and therefore requires a 75% majority of votes to be cast in favour.

The Companies (Shareholders' Rights) Regulations 2009 have increased the notice period required 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 2010 Annual General Meeting, a resolution was passed approving the Company's ability to call general meetings (other than Annual General Meetings, which will continue to be held on at least 21 clear days' notice) on not less than 14 clear days' notice. As this approval will expire at the conclusion of this Annual General Meeting, Resolution 17 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 Annual General Meeting in 2012, when it is intended that a similar resolution will be proposed.

Note 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.

Shareholder Facilities

Annual General Meeting
11:00 am on 21 April 2011 at:

The British Medical Association, BMA House, Tavistock Square, London, WC1H 9JP.

Latest date for receipt of proxy instructions for the 2011 Annual General Meeting: 11:00 am on 19 April 2011.

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

On 28 March 2011 the Company's Registered Office will move to Gate House, Turnpike Road, High Wycombe HP12 3NR.

Registrar
For any enquiries concerning your shareholding or details of shareholder services, please contact:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
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

Solicitors
Slaughter and May

Stockbrokers
J.P. Morgan Cazenove Limited
RBS Hoare Govett

Shareholders' Services
Web Communications
Shareholders have previously passed a resolution enabling the Company to make documents and information available to shareholders by electronic means and via a Web site, rather than by sending hard copies. This way of communicating is enabled in accordance with the Companies Act 2006, Rule 6 of the Disclosure and Transparency Rules and the Company's Articles of Association.

Making documents and information available electronically:

- enables the Company to reduce printing and postage costs;
- allows faster access to information and enables shareholders to access documents on the day they are published on the Company's Web site;
- 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.

On 7 January 2011 the Company wrote to new shareholders who had joined since 3 March 2009 (the date of the last such letter) inviting them to consider whether to elect to receive communications by e-mail or in hard copy.

The Company's Web site url is: www.taylorwimpeyplc.com and shareholder documentation made available electronically is generally accessible at www.taylorwimpeyplc.com/InvestorRelations.

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 Interim 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.

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 8:00 am to 4:30 pm 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 or any form of proxy you have been sent).

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

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On 28 March 2011 the Company's Registered Office will move to Gate House, Turnpike Road, High Wycombe, HP12 3NR.

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Details of all our operating locations are available on our Web site www.taylorwimpeyplc.com

Taylor Wimpey plc

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