Introduction

Company law requires the Directors to prepare a report to shareholders on various matters affecting the Company and the Group during the reporting year, together with the general outlook for the Group in the context of the markets and business environment in which it operates.

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

- A detailed review of the Group's principal activities, the development of its businesses, a review of financial and non-financial key performance indicators and a description of the principal risks and uncertainties facing the Group, are contained in the reports and reviews on pages 2 to 33.
- 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 56 and in Notes 11 to 30 on pages 70 to 88.
- The Group's loss before taxation and the loss after taxation and minority interests appear in the consolidated income statement on page 54 and in Notes 3 to 10 on pages 62 to 70.
- Detailed statements of the Company's corporate governance principles, the Group's systems of internal control and the going concern confirmation are set out in the Corporate Governance Report on pages 39 to 43.
- A detailed statement of the Group's treasury management and funding is set out in Note 23 on pages 77 to 81.

Directors

The following eight Directors held office throughout the year:

Norman Askew, Chairman
Pete Redfern, Group Chief Executive
Mike Davies, Independent Non Executive Director
Brenda Dean, Independent Non Executive Director
Andrew Dougal, Independent Non Executive Director
Katherine Innes Ker, Independent Non Executive Director
Anthony Reading, Independent Non Executive Director
David Williams, Independent Non Executive Director

Peter Johnson and Ian Sutcliffe, as Executive Directors, resigned on 16 October 2008 and 14 April 2008 respectively.

Chris Rickard was appointed as Finance Director on 16 October 2008.

The Directors together with their biographical information are shown on pages 34 and 35. With regard to those Directors who are the subject of election or re-election at the Annual General Meeting (as set out in the next section of this Directors' Report) biographical information is also set out on page 105.

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

Retirement and re-election of Directors

In accordance with the Articles, at the Annual General Meeting, Chris Rickard who was appointed a Director during the year by the Board, will retire and, being eligible, seek election by shareholders.

Norman Askew and Mike Davies retire by rotation and each will, being eligible, offer himself for re-election at the Annual General Meeting in accordance with the Articles.

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

Andrew Dougal, Katherine Innes Ker and David Williams have each served as an Independent Non Executive Director of Taylor Wimpey plc (including, in the case of David Williams, the pre-merger George Wimpey Plc) for a period in excess of six years. In line with the Combined Code, each has accordingly been subject to a rigorous evaluation, following which both the Nomination Committee and the Board were entirely satisfied with their respective performance and contribution as a Non Executive Director in addition to their ongoing independence of character and judgement. An evaluation of this nature will take place on an annual basis for all applicable Directors and time spent on the Board of George Wimpey pre-merger will count towards the six year period.

As part of this review the Board took into account the requirement of the Combined Code to refresh the Board from time to time.

Audit and auditors

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

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

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte & Touche LLP, the Company's external auditor, changed its name to Deloitte LLP.

As reported in 2008, following a competitive tender conducted after completion of the merger, Deloitte LLP was confirmed as the external auditors of the Company. Deloitte have confirmed their willingness to continue in office as auditors of the Company and a resolution to re-appoint them will be proposed at the Annual General Meeting.

Deloitte LLP also provides non-audit services to the Group within a policy framework which is described in the Corporate Governance Report.

Annual General Meeting

The Annual General Meeting will be held at 11.00 am on 19 June 2009 at The Royal College of Physicians, 11 St Andrews Place, Regent's Park, London, NW1 4LE. Formal notice of the meeting including details of special business is set out in the Notice of Annual General Meeting on page 104 and on the Company's Web site www.taylorwimpey.com.

Web communication

At the Company's 2007 Annual General Meeting, shareholders voted overwhelmingly in favour of authorising the Company to introduce web communication at a future date.

On 3 March 2009 we wrote to shareholders explaining that the Company had decided to implement this authority and would in future make its shareholder communications (including the 2008 Annual Report and Accounts) available electronically through the Company's Web site www.taylorwimpey.com.

The benefits of web communication are that it will:

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

Shareholders were invited to confirm whether they still required hard copy documentation and the Company is, of course, happy to provide hard copies to such shareholders.

Registrar

The Company's registrar is Capita Registrars. Their details including the new correspondence address, together with information on facilities available to shareholders, are set out in the Shareholder Information section on page 108.

Treasury shares

The Company was authorised at the Annual General Meeting on 17 April 2008 to purchase a maximum of 115.8 million of its own shares, and this authority remained valid at 31 December 2008. The authority was not exercised during 2008.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in Note 26 on page 86. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

As part of the debt refinancing announced on 7 April 2009 the Company has issued Warrants giving the holders the right, up to 29 April 2014, to subscribe for

Substantial interests: Beneficial and non-beneficial interests in the Company's shares

Name	Number of shares held (millions)	Percentage of issued voting share capital
Beneficial interests		
Barclays PLC	63.98	6.00
Polaris Capital Management, LLC	58.80	5.52
JPMorgan Chase & Co.	53.62	5.03
Legal & General Group Plc	42.22	3.96
Legal & General Assurance (Pensions Management) Limited and Legal & General Investment Management (Holdings) Limited	38.67	3.63
Prudential plc and The Prudential Assurance Company Limited	38.68	3.63

up to an aggregate of approximately 58 million ordinary shares (representing approximately 5% of the Company's present issued share capital) for cash at a subscription price per share of 25 pence. 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.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both 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 44 to 52. The Employee Share Ownership Trusts 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 of the Disclosure and Transparency Rules of their interests in the ordinary share capital of the Company.

At 29 April 2009, no change in these holdings had been notified nor, according to the register of members, did any other shareholder at that date have a disclosable holding of the issued share capital.

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

Dividend

As explained in the Chairman's Statement on page 5 the Directors do not recommend the payment of a final dividend on the Company's ordinary shares.

The right to receive any dividend has been waived in part by the trustee of the Company's two Employee Share Ownership Trusts over those Trusts' combined holding of 4,952,887 shares and in full on the Company's holding of 92,732,927 treasury shares.

An appropriate amount of shares held in the Trusts are set aside to meet commitments under the Company's employee share plans. Shares held in treasury resulting from the acquisition of the Company's own shares in 2004 and 2007 provide the Company with additional flexibility in the management of its capital base.

Corporate responsibility

Corporate responsibility remains a high priority throughout the Taylor Wimpey Group. Our corporate responsibility practices, policies and case studies are drawn together in the Taylor Wimpey Corporate Responsibility Report which was first published and circulated to shareholders and other designated stakeholders in 2008. Our second Corporate Responsibility Report will be published in 2009 on the Group's Web site www.taylorwimpey.com. It will also be available to any shareholder in hard copy on request.

The Group's commitment to advancing corporate responsibility within Taylor Wimpey is demonstrated by the activities of the Corporate Responsibility Committee, a formal Committee of the Board. The Committee is chaired by Katherine Innes Ker and it is also comprised of the Chairman of the Board, two further Independent Non Executive Directors and the Group Chief Executive as detailed in the Corporate Governance Report.

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 main effort has been to build on the previous work undertaken on meeting the new challenges for more energy efficient and sustainable design. This work has taken the form of a new range of houses guided by our previous research. These houses are designed to be capable of meeting the anticipated changes to energy efficiency in the building regulations of 2010 (25% improvement) and 2013 (44% improvement). A key aspect of this development work has been to anticipate what our strategy for meeting these targets will be and designing into the houses the flexibility to accommodate the technological changes required. This has included thicker walls to allow more insulation, and space for the integration of solar thermal and variable roof designs to allow installation of solar panels on differently orientated sites.

In the course of any research and development we are conscious of the fact that the houses we build are for our customers. We therefore constantly consider how people will want to live in our houses and whether the behavioural changes required from the results of any research and development will be acceptable. Whilst certain design features such as improved daylighting will be welcomed, we still have to see how our customers will respond to tightly sealed houses with mechanical ventilation and water saving fittings. The next stage of our development will be to prototype the houses, to test in use and test with our customers.

Continued research and development into how we can best utilise emerging low and zero carbon technologies in our homes will be a priority for many years, however we are keen to take a leading role, working with key members of our supply chain to help guide them in developing products fit for our customers.

Understanding the costs of meeting the new regulations is vital to our business planning for the future. Our understanding has been further enhanced by running multiple scenarios of the costed solutions. This information has then been developed into a viability model to show the effect of forthcoming regulation on development viability.

In the USA, Taylor Morrison unveiled its relationship with the Walt Disney Company, introducing the Innoventions Dream Home at Disneyland in Southern California. The partnership affords us a unique and excellent test bed for new technologies. The Innoventions home is hosting approximately 17,000 guests each day and we are able to capture their views, needs and preferences not just in home building technologies but more specifically all technologies that consumers want in their homes.

Other partners are software group Microsoft and electronics group Hewlett Packard, offering leading edge and available technologies as well as new technologies that are being tested and will shortly be ready for the market.

These partnerships allow us to collect and analyse the consumer preferences collected at Innoventions as well as understand potential buyer choices as they complete our on-line 'build your perfect home' modules installed in the home of the future.

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. Intranet systems are continually updated which provides a valuable communication tool across the Group and an important facility for providing employees with access to a wide range of information. Information is regularly cascaded throughout the Group via electronic communication and by management presentations. There is also an internal magazine which is widely circulated across the Group.

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

Equal opportunities

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

Employment of disabled persons

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

Charitable donations

During the year, Group companies donated £230,000 (2007: £371,000) to various charities, £132,000 (2007:£193,000) in the UK and Europe, £83,000 (2007:£178,000) in North America and £15,000 (2007: nil) in Ghana. Further information on the Group's donations, activities and initiatives can be found in the 2008 Corporate Responsibility Report.

Political donations

The Company did not make any donations to political parties during 2008 (2007: nil) and has a strict policy not to do so.

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, subsidiaries 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. This policy continues to apply in 2009.

Trade creditor days for the Group for the year ended 31 December 2008 were 26 days (2007: 43 days). This is based on the ratio of year end Group trade creditors (excluding sub-contract retentions and unagreed claims of £28.8 million (2007: £23.8 million) and land creditors, see Note 22 to the consolidated financial statements) to amounts invoiced during the year by trade creditors. The Company had no significant trade creditors at 31 December 2008.

Agreements

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

Apart from a small number of borrowing agreements, including the Override Agreement dated 7 April 2009 between the Company and various of its principal creditors which was entered into as part of the debt refinancing referred to in 'Important events since the year end' below, pursuant to which the Company borrows or is able to borrow money and which could potentially be terminated by the other party upon a change of control of the Company, there are no significant contracts or agreements which take effect, alter or terminate upon a change of control of the Company.

Important events since the year end

As set out on pages 30 and 31 – 'Debt refinancing' and in Note 37 on page 93 on 7 April 2009, the Company announced that it had successfully reached agreement with its banks and private placement noteholders regarding a revised covenant and financing package. The financial terms of this agreement were also approved on 30 April 2009 by the holders of both the Company's 2012 Eurobonds and 2019 Eurobonds.

As announced on 21 April 2009 the Company disposed of its construction operations in Ghana.

Other than as set out above, there have been no important events affecting the Company or any of its subsidiary undertakings since 31 December 2008.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report, Directors' Remuneration 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. The Directors are required by the IAS Regulation to prepare the Group financial statements under IFRSs, as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

They have elected to prepare Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

In the case of IFRS accounts International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows.

In the case of UK GAAP accounts, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Acts.

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, 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 30 April 2009.

James Jordan

James Jordan
Group Company Secretary and General Counsel
Taylor Wimpey plc