Focusing on the basics

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North America strategy

- Goal to be the homebuilder of choice in each of our markets
- Current priority is cash management and cost control, followed by growing operations to scale in existing markets

North America key performance indicators

North America key performance indicators	2007
Pro forma operating margin**	5.1%
Operating margin*	6.8%
Order book as a percentage of 2007 revenue	53.6%
Average outlet numbers	183
Customer satisfaction Morrison Homes	93%
Customer satisfaction Taylor Woodrow	82%
Health and safety injury frequency rate (per 100,000 hours worked)	0.212
Sales rate (per outlet per week)	0.78

North America approach to challenging markets

- Drive sensible sales rates for each site
- Deliver additional build cost and overhead savings
- Further reduce investment in land and work in progress

North America housing market

Markets in the US have proved to be extremely challenging throughout 2007, with initial signs of stabilisation in the first quarter being overtaken by worsening credit conditions from April onwards. Of our markets, Texas has remained the least affected, although credit issues have had an increasing impact in the fourth quarter of 2007.

Whilst Arizona still exhibits good demographic and employment trends, it continues to suffer from an over supply of homes. California has seen a sharp increase in the number of foreclosures, although markets in the San Francisco Bay area have proved to be more resilient to date than those in the south of the State.

Florida remains the worst of our markets, with high levels of housing inventory and potential buyers continuing to delay their purchasing decisions in the expectation of further price falls.

In marked contrast, our Canadian business continues to benefit from a robust Ontario operating environment. Inventory levels remain in line with normal conditions and the market has seen stable volumes and modest price increases over the last 12 months.

Strategy and integration

Our markets in North America benefit from significant inward migration and job growth and our long term strategy remains to grow the business. However, current conditions in the US require us to focus in the short to medium term on cost reductions and cash management, whilst preserving the inherent value in our long term land positions.

We are closely monitoring sales rates at each of our sites, actively adjusting our pricing and incentive packages to ensure that we remain competitive in local markets. Where we have high quality land holdings in areas of current market weakness we are opting to postpone production in order to preserve longer term value.

Both the legacy Taylor Woodrow and Morrison Homes businesses had already achieved significant build cost and overhead cost reductions prior to the merger in response to the slowdown in 2006. As this has continued through 2007 we have increased our savings in these areas through renegotiation with suppliers and rationalisation of our operations.

We are not currently approving further new land acquisitions in the US and we are exercising our right to exit option deals where the price is no longer attractive. We are also reducing the amount of cash invested in work in progress through a number of initiatives to lower the level of inventory homes in our operations.

These short term actions will both maintain the underlying value of the business and put us in the best position to reinvest in new sites as value becomes available.

The merger provides the North American business with:

- Strong geographical overlap, with critical mass in more of its markets;
- A broader product offering;
- Synergy savings; and
- Combined homebuilder/land developer business model.

We are now operating as a combined business, with four regions and a total of 13 divisions. All of the personnel decisions were taken by 31 July 2007, with all property moves completed by 30 September 2007. An implementation programme for a common integrated suite of business systems is underway and is expected to be complete by early 2009.

We remain on target to deliver merger related cost savings at an exit rate of £20 million by the end of 2009, in addition to the market related savings outlined above. The majority of these savings are expected to impact on 2008.

* Profit on ordinary activities before finance costs, exceptional items and amortisation of brands.

** The basis of preparation of pro forma financial information is set out on page 104.

North America housing market at a glance

Key drivers

- Job growth
- Migration between States
- Customer confidence

Potential risk factors

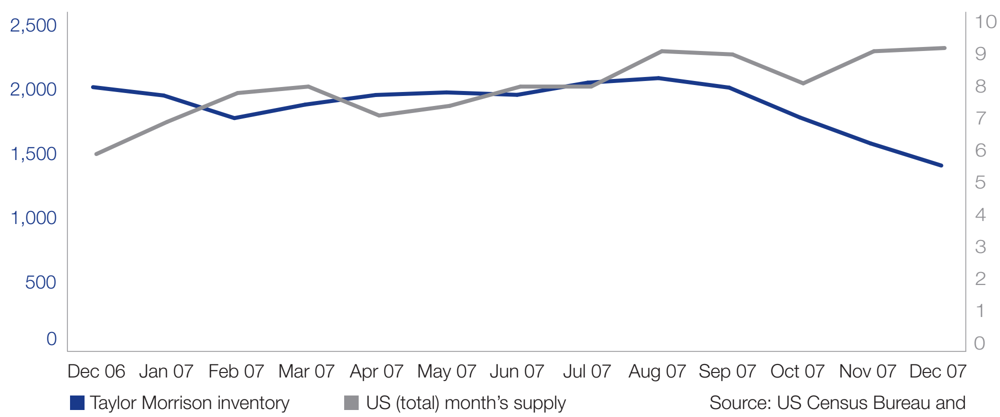
- Further reduction in credit availability
- Further increase in inventory levels
- Ongoing house price deflation

Taylor Morrison performance

- Excellent integration progress
- Delivery of market related cost savings, in addition to merger related savings
- Land and work in progress write downs of £283.4 million taken during 2007

For more information visit www.taylorwimpey.com

Taylor Morrison inventory against US total inventory



Source: US Census Bureau and Taylor Morrison inventory

Financial review

North America Housing revenue decreased by 15.7% to £986.8 million (2006: £1,170.2 million), as the weaker market conditions outweighed the inclusion of the legacy Morrison Homes business for the second half of 2007.

Operating profit* was £67.5 million (2006: £222.6 million). Exceptional items were £321.3 million (2006: £ nil).

The operating margin* for 2007 was 6.8% (2006: 19.0%).

Due to the ongoing weakness in market conditions experienced during the year, we have conducted regular reviews of the carrying value of our land holdings. As a result of these reviews, we have taken land and work in progress write downs totalling £283.4 million during 2007.

Sales, completions and pricing

The business operated with an average of 183 outlets during 2007 (2006: 108).

Total home completions were 5,197 (2006: 4,492).

The average selling price of our North American homes in 2007 was £182,000 (2006: £233,000), reflecting the weaker market conditions and also a shift in sales away from higher priced products in Florida and California.

Our year end order book stood at £529 million (2006: £436 million).

Product range

We 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 apartments, single family homes, townhomes and full service country club properties. At present our only upcoming high rise projects are in the Canadian market.

Our US homebuilding operations are now trading under the Taylor Morrison brand, with land development branded Taylor Woodrow Communities, whilst our Canadian business continues to operate as Monarch.

Quality and customers

Quality is a key focus for all of our operations and we are particularly proud of our Canadian business, which was rated as the number one in Ottawa in the JD Power & Associates customer satisfaction survey for 2007.

Similar to our UK business, our key performance indicator for customer satisfaction was the percentage of customers who would recommend us. Both legacy businesses recorded scores exceeding 80% during 2007, although different survey methodologies had been used. Going forward, we will be using a new measurement system administered by an independent, third party organisation.

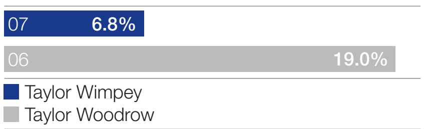
We are running a series of best practice conferences to learn from the customer care experience of our legacy businesses. This consultation process will inform the development of core practices and guidelines.

Landbank

We remain extremely cautious with regard to land purchases in the US, although we have continued to invest in land for our Canadian operations and renegotiate existing terms on option contracts in Florida, California and Arizona.

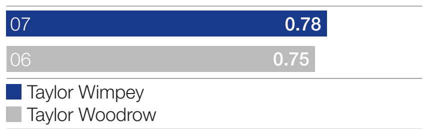
North America Housing key performance indicators

Operating margin*



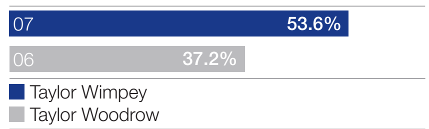
6.8%

Sales rate



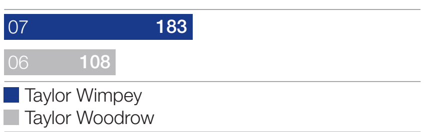
0.78

Order book as a percentage of revenue



53.6%

Average outlet numbers



183

Customer satisfaction

93% Morrison Homes
82% Taylor Woodrow

Customers who would recommend us to friends and family

Health and safety

0.212

Injury frequency rate per 100,000 hours worked

At the year end, we had a landbank of 40,603 plots (2006: 31,353 plots).

Net operating assets in the US stood at £574.3 million at 31 December 2007.

Going forward

We do not expect market conditions in the US to improve significantly during 2008. In the short term, our strategy remains to focus on managing out existing sites and reducing the cost base.

We are well placed to take advantage of land acquisition opportunities as they arise in the future.

* Profit on ordinary activities before finance costs, exceptional items and amortisation of brands.