

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 37.
- A detailed review of the progress achieved to date following the merger of Taylor Woodrow plc and George Wimpey Plc on 3 July 2007 (the 'Merger') appears in the reports and reviews on pages 2 to 37.
- 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 notes 11 to 33 on pages 71 to 89.
- 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 notes 3 to 10 on pages 64 to 71.
- 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 43 to 45.
- A detailed statement of the Group's treasury management and funding is set out in note 22 on page 78.

Directors

The following five Directors held office throughout the year:

Norman Askew, Chairman
 Peter Johnson, Group Finance Director
 Mike Davies, Non Executive Director
 Andrew Dougal, Non Executive Director
 Katherine Innes Ker, Non Executive Director

Pete Redfern and Ian Sutcliffe, formerly Executive Directors of George Wimpey Plc, were appointed as Directors upon completion of the Merger and hold the roles of Group Chief Executive and Chief Executive, Taylor Wimpey UK respectively.

Brenda Dean, Anthony Reading and David Williams, formerly Non Executive Directors of George Wimpey Plc, were appointed as Non Executive Directors upon completion of the Merger.

Ian Smith was appointed a Director (Group Chief Executive) on 2 January 2007 and resigned from the Board upon completion of the Merger.

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		
JP Morgan Chase & Co.	53.62	4.68
Legal & General Group Plc	48.94	4.64
Toscafund Asset Management LLP	47.52	4.15
Legal & General Assurance (Pensions Management) Limited and		
Legal & General Investment Management (Holdings) Limited	43.18	4.09
Barclays PLC	21.78	3.78
Prudential plc and The Prudential Assurance Company Limited	38.68	3.37
Aviva plc	32.25	3.06
Britannic Asset Management Limited	16.95	3.06
Non-beneficial interest		
AXA SA	166.65	15.79

John Landrum was appointed a Director upon completion of the Merger, in the capacity of President and CEO – North America. He stood down from the Board on 31 July 2007 but remained an employee until 31 October 2007.

Vernon Sankey resigned from the Board as a Non Executive Director upon completion of the Merger.

Graeme McCallum, an Executive Director, resigned from the Board on 16 January 2007.

The Directors together with their biographical information are shown on pages 38 and 39. With regard to those Directors who are the subject of election or re-election at the Annual General Meeting (as set out below) biographical information is also set out on page 106.

With regard to the retirements 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 Act and related legislation. The Articles may be amended by special resolution of the shareholders and certain changes are being proposed at the Annual General Meeting on 17 April 2008, details of which are set out in the Notice of Meeting on pages 105 to 111. 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, Pete Redfern, Brenda Dean, Anthony Reading, Ian Sutcliffe and David Williams, who were all appointed as Directors during the year by the Board upon completion of the Merger, will retire and, being eligible, seek election by shareholders.

Peter Johnson retires by rotation and will, being eligible, offer himself for re-election at the Annual General Meeting in accordance with the Articles.

Andrew Dougal retires in accordance with the Combined Code which requires each Director to seek re-election every three years. Being eligible, Andrew Dougal will seek re-election at the Annual General Meeting.

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.

In line with the Combined Code, Katherine Innes Ker, having been appointed as an independent Non Executive Director in July 2001, has been subject to a rigorous evaluation as she has held this position for a period of in excess of six years. Following the evaluation both the Nomination Committee and the Board were entirely satisfied with Katherine Innes Ker's performance and contribution as a Non Executive Director and her ongoing independence of character and judgement. As part of this review the Board took into account the requirement of the Combined Code to refresh the Board from time to time: as a result of the changes to the Board made at the time of the Merger as set out earlier in this Report, it was concluded that this requirement had been met.

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.

Following a competitive tender conducted after completion of the Merger, and in respect of which further details are set out in the Corporate Governance Report, Deloitte & Touche LLP were confirmed as external auditors of the Company. Deloitte & Touche 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 & Touche LLP also provide 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 17 April 2008 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 105 and on the Company's website www.taylorwimpey.com.

Registrar

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

Treasury shares

The Company was authorised at the Annual General Meeting on 2 May 2007 to purchase a maximum of 59,415,008 of its own shares, and at the Extraordinary General Meeting on 29 May 2007 to purchase up to a further 55,276,873 of its own shares. The latter authority remains valid at 31 December 2007. All purchases pursuant to that authority, and the earlier authority given at the 2007 Annual General Meeting, were made on the market.

During the year the Company purchased 94.8 million of its shares on the market which are held in treasury. The Company sold 4 million treasury shares to its employee share ownership trusts for issuance to participants on the exercise of rights in certain of the Company's employee share plans.

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 25 on page 87. 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.

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 note 25 on page 87. 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 on page 40 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 5 March 2008, 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

Information relating to the recommended 2007 final dividend is set out in the Chairman's Statement on page 12 and in the notes to resolution 2 on page 106 in the Notice of Annual General Meeting.

The Company operates a Dividend Re-Investment Plan, details of which are available from Capita Registrars and are also available on the Company's website www.taylorwimpey.com.

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 4,469,331 shares and in full on the Company's holding of 102,732,927 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 is a high priority throughout the Taylor Wimpey Group. We draw our corporate responsibility practices, policies and case studies together in our first Taylor Wimpey Corporate Responsibility Report which is being published and will be circulated to all shareholders and other designated stakeholders. The Report can also be found on the Group's website www.taylorwimpey.com.

The Group's commitment to advancing corporate responsibility within Taylor Wimpey is demonstrated by the formation upon completion of the Merger 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 two Executive Directors 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 a main component of our research and development relates to the improvement of knowledge, practice and testing of materials and technology for use in our approach to 'zero carbon homes in 2016'.

We already have a number of housing sites which are exploring the options available to enable us to deliver solutions which we could utilise in our development portfolio for 2016, including build methodologies, structural solutions, design approaches and renewable energy components. Recently we have introduced various technologies with good environmental benefits including the use of biomass boilers, solar hot water systems and photovoltaic panels together with ground and air source heat pumps. Following technical and cost evaluation of these we will further develop our housing portfolio in order to bring the very latest technology to our home owners.

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 are also internal magazines which are widely circulated across the Group.

The Company continues to promote all employee share plans and save as you earn share scheme 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 ensuring 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 £371,000 (2006: £198,000) to various charities, £193,000 (2006: £63,000) in the UK and Europe and £178,000 (2006: £135,000) in North America. Further information on the Group's donations, activities and initiatives can be found in the 2007 Corporate Responsibility Report.

Governance

Directors' Report continued

Political donations

The Company did not make any donations to political parties during 2007 (2006: £nil). Business subscriptions were paid in the ordinary course of business to the following trade organisations: Home Builders Federation of £311,000 (2006: £192,000) and Homes for Scotland of £20,000 (2006: £20,000). Both organisations are active in supporting the interests of the housebuilding sector. Although a matter of interpretation, these payments could fall within the meaning of 'EU Political Expenditure' as defined by section 347A of the Companies Act 1985 in the case of payments made before 1 October 2007 or, the meaning of 'political expenditure' in section 365 of the Companies Act 2006 in the case of payments made on or after 1 October 2007.

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 2008.

Trade creditor days for the Group for the year ended 31 December 2007 were 43 days (2006: 32 days). This is based on the ratio of year-end Group trade creditors (excluding sub-contract retentions and unagreed claims of £23.8 million (2006: £13.2 million) and land creditors, see note 21 to the consolidated financial statements) to amounts invoiced during the year by trade creditors. The Company had no significant trade creditors at 31 December 2007.

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 after, 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 pursuant to which the Company borrows or is able to borrow money and which could potentially be terminated by the other party upon a change of control of the Company, there are no significant contracts or agreements which take effect, alter or terminate upon a change of control of the Company.

Important events since the year end

There have been no important events affecting the Company or any of its subsidiary undertakings since 31 December 2007.

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements. The Directors are required to prepare accounts for the Group in accordance with International Financial Reporting Standards (IFRS) and have elected to prepare Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

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 and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. Directors are also required to:

- 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 International Financial Reporting Standards is 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
- Prepare the accounts on a going concern basis unless, having assessed the ability of the Company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

The Directors are responsible for the maintenance and integrity of the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differ from legislation in other jurisdictions.

This Report of the Directors was approved by the Board of Directors on 5 March 2008.

James Jordan

Group Company Secretary and General Counsel
Taylor Wimpey plc