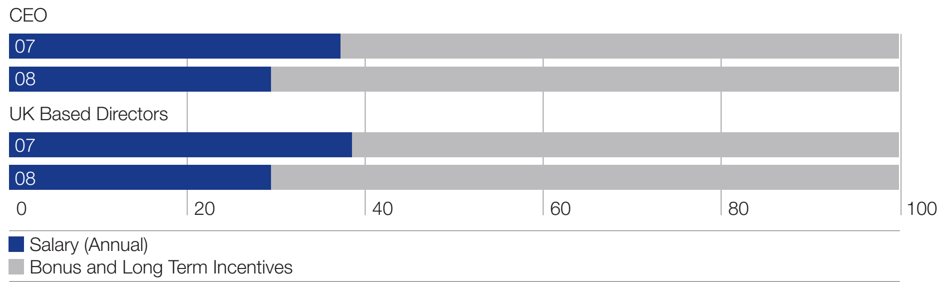
Proportion of fixed to performance based remuneration (%)



Introduction

The Remuneration Committee (sometimes referred to in this Report as the 'Committee') has adopted the principles of good governance relating to Directors' remuneration as set out in the 2006 Combined Code on Corporate Governance (the 'Combined Code'). This Report has been prepared in accordance with the Companies Act 1985 (the 'Act') and meets the requirements of the Directors' Remuneration Report Regulations 2002 and the Listing Rules of the Financial Services Authority.

It is a requirement that the Company's auditors report to shareholders on certain parts of this Report and state whether in their opinion those parts of it have been properly prepared in accordance with the above regulations. Accordingly, the Report has been divided into separate sections consisting of unaudited and audited information.

As required by the Act, a resolution to approve this Report will be proposed at the Annual General Meeting of the Company on 17 April 2008.

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

Part 1: Unaudited Information: Remuneration Committee

The Remuneration Committee has clearly defined terms of reference which are reviewed annually by the Board and are available on the Company's website at www.taylorwimpey.com. The key remit of the Committee is to recommend to the Board the remuneration strategy and framework for Executive Directors and senior management. 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 Company Chairman.

The Committee comprises five independent Non Executive Directors. On 3 July 2007, following completion of the merger between Taylor Woodrow plc and George Wimpey plc (the 'Merger'), Anthony Reading was appointed as Committee Chairman. The other members of the Committee are Katherine Innes Ker (Committee Chairman until the Merger), Mike Davies, as well as Brenda Dean and David Williams who were appointed on completion of the Merger. Vernon Sankey was a member of the Committee until completion of the Merger. Details of attendance at Remuneration Committee meetings held during 2007, are set out in the Corporate Governance Report on page 44.

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

Advice to the Company

The Committee keeps itself fully informed on developments and best practice in the field of remuneration and it seeks advice from external advisers when appropriate. During the year, the Committee received material advice from New Bridge Street Consultants LLP and KPMG LLP. It also received legal advice from Slaughter and May. Around the time of the Merger, the Committee undertook a detailed review of its remuneration related advisers following which it appointed Mercer. As a result the Committee has received material advice from Mercer on establishing a new Remuneration Policy and Philosophy (as set out below) and in relation to Executive Directors' remuneration and share schemes. Separately, Mercer also provides actuarial advice to the trustees of the George Wimpey Pension Scheme.

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

Policy and philosophy

Following the Merger, the Committee in conjunction with Mercer, undertook a comprehensive review of the existing remuneration and reward structures in place within both Taylor Woodrow plc and George Wimpey Plc. The prime objective of the review was to ensure that executive compensation practices actively support the attainment of the Company's strategic objectives. The review addressed a number of key areas including:

- the development of a new remuneration philosophy;
- an evaluation of Executive Directors' base salaries in order to ensure competitive positioning;
- the alignment of short term incentives with market practice; and
- the development of long term incentive plan arrangements designed to support strategic goals, motivate and incentivise key executives and align their interests with those of shareholders;

Following the review the Committee adopted the following remuneration philosophy;

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

Going forward, within the principles of good governance, the Committee will regularly review its remuneration strategy. The prime objective will be to ensure that the Company is in the best possible position to attract and retain highly skilled and motivated people who will be key to ensuring the long term success of Taylor Wimpey.

Details of the changes to the remuneration framework following the review are set out in this Report. Following consultation with our major shareholders and with shareholder bodies it is proposed to introduce two new long term incentive plans namely, the Taylor Wimpey Performance Share Plan and the Taylor Wimpey Share Option Plan. These proposed plans will be subject to shareholder approval and will be considered at the 2008 Annual General Meeting. Further details are set out on page 48 and 49 of this Report and also in the Notice of Meeting section on pages 105 to 107 and in Appendices 1 and 2 thereto. If approved, these will replace the long term incentive plans currently in place.

As previously announced in connection with the Merger, the Company is committed in its focus on driving out costs from the business by delivering on its efficiency targets, rationalising corporate costs and improving the collective procurement process which is expected to lead to pre-tax synergies significantly in excess of £70 million by the end of 2008 on an annual exit rate basis. As part of the consultation process referred to above, major shareholders were also advised that following the remuneration review the Committee had concluded that a temporary increase in the short term incentive plan to reward the achievement of synergies arising out of the Merger should be introduced for 2008 and 2009. Achieving the synergies is of critical importance in both the short term and for providing a basis for future value creation for the Company. Accordingly, in order to ensure that the Executive Directors and other senior executives including the UK and North American leadership teams are appropriately incentivised to achieve the targeted synergies, a bonus arrangement has been introduced in respect of which further details are set out on page 48. Prior to the Merger, George Wimpey Plc had announced a target of £25 million of build cost savings to be achieved in 2007 in the UK and $20 million in the US. These savings have been achieved and are not part of this bonus arrangement.

Prior to the Merger, the remuneration packages of the Executive Directors and senior management in both Taylor

Woodrow and George Wimpey included a significant element of performance related incentive remuneration, set against challenging business performance objectives. This remains a key component of the new Remuneration Policy and Philosophy. The chart opposite shows the proportion of fixed to performance based remuneration for 2007 and 2008. Fixed remuneration comprises base salary. Performance based remuneration comprises an annual cash bonus and long term incentive plan. The chart illustrates the mix of remuneration assuming target levels of annual bonus (including the synergy bonus) are met and the annualised expected value of long term incentive provision.

Non Executive Director positions

Subject to Board approval and provided that such appointments are in accordance with the requirements of the Combined Code, Executive Directors are permitted to take on non executive positions with other companies. Executive Directors are permitted to retain their fees in respect of such positions. During 2007, Peter Johnson was a non executive director of (i) Shanks Group plc and received fees of £40,000 and (ii) Oriel Securities Limited where he received fees of £25,000. Ian Smith (a Director of the Company until the Merger) was a non-executive director of Galiform plc where he received fees of £40,000 up to the date of the Merger. As set out in the Corporate Governance report the Board has recently reviewed the external interests of all Directors.

Base salary

The Committee reviewed the base salaries of Executive Directors at the time of the Merger in order to align salaries competitively with external market practice and ensure that Executive Directors were fairly compensated against FTSE peers. As part of this process the Committee took detailed advice from Mercer who provided specialist advice as well as benchmarking data to the Committee based on relevant peer groups. The review also took into account the personal performance of each Director and the additional size and complexity of the combined business following the Merger.

As part of the review, the Remuneration Committee considered market data from two peer groups as described below with regard to both base salaries and remuneration practices generally:

- Sector Based Peer Group: this Group is used in order to enable the Committee to track compensation policy and structures so as to assist it with design decisions primarily around incentive structures and performance measures. Sector Based Peers are selected based on comparability of financial profile (using sales and asset ratios) and business activities;

- Size Based Peer Group: this cross sector Group is used in order to assist the Committee with decisions on appropriate compensation quantum in order to reflect the importance of Company size on executive compensation levels. Size based peers are selected based on market capitalisation and sales and asset ratios in order to ensure similar business profile.

Following the review, Pete Redfern's base salary was increased with effect from the Merger from £480,000 to £700,000 per annum, Peter Johnson's base salary was increased from £406,000 to £440,000 per annum and Ian Sutcliffe's was increased from £320,000 to £400,000 per annum. This positioned Executive Director base salary levels to fall within a range of 96 per cent to 103 per cent of market median at the time of the review, with the base salary level for Pete Redfern set marginally below the market median. This positioning on base salaries is considered appropriate in order to ensure that the Company continues to be able to attract and retain the talent required to drive the business forward.

The Remuneration Committee will review the two Peer Groups on a regular basis in order to ensure changes both within the business and the external market environment are accurately reflected in Taylor Wimpey's compensation practices.

The Committee will review salaries on an annual basis with increases normally to take effect on 1 January. Due to the post Merger review, the Committee, at the request of the Executive Directors, decided in December 2007, not to implement any increases for the Executive Directors for 2008.

Executive Directors' contracts of service, which include details of their remuneration, will be available for inspection at the Annual General Meeting and also available as described in the Notice of 2008 Annual General Meeting.

Other benefits, including benefits-in-kind

The Executive Directors receive additional benefits including a Company provided car or an allowance in lieu, life assurance and private medical insurance. Benefits-in-kind are not pensionable.

Bonus arrangements

The Company offers Executive Directors and senior managers the opportunity to earn performance related bonuses. Following the Merger, the Committee undertook a full review of short term incentive arrangements in place within Taylor Woodrow and George Wimpey.

The Committee concluded that the bonus arrangements already in place for Executive Directors should apply for the period 1 January 2007 to 30 June 2007 with the half year performance of each legacy business measured against targets previously established in respect of each for the year as a whole and pro rated.

Therefore, for the first half of the year, the bonus arrangements for Peter Johnson and Ian Smith (a Director until 3 July 2007) were based on the first half performance of Taylor Woodrow in respect of the targets summarised below. Similarly, Iain Napier who left the Company on 30 April 2007, was paid a pro rated bonus based on his leaving date calculated by reference to the first half performance of Taylor Woodrow. The bonus structure in place for this period within Taylor Woodrow incorporated a target bonus of 50% of base salary and a maximum bonus of 100%.

Targets for Messrs Johnson, Smith and Napier for the period 1 January to 30 June 2007:

- Achievement of specified levels of profit before tax with a significant element of the bonus dependent on this target;

- Achievement of improvement in health and safety performance, measured through safety management performance and site inspection results;

- Achievement of specified customer satisfaction ratings;

- Other important and relevant business measures, including return on capital employed, divisional operating profit and specific personal objectives.

For Messrs Redfern and Sutcliffe for the period 1 January 2007 to 30 June 2007, the applicable scheme was the George Wimpey Plc annual incentive scheme, pro rated for that period. The structure of this scheme is based on a target bonus of 60 per cent of base salary and a maximum bonus opportunity of 150 per cent of base salary, with a compulsory three year deferral of 50 per cent of any bonus into shares of the Company. There is no share matching element. With regard to Pete Redfern, the scheme established stretching targets relating to the George Wimpey Group PBT and specific personal objectives. In the case of Ian Sutcliffe, his performance targets were based on specific George Wimpey UK housing division targets consisting of: growth in PBIT, volume of houses sold, number of plots achieved with planning permission and customer care.

For the period from 1 July 2007 to 31 December 2007 bonuses for the Executive Directors were aligned and based on the performance of Taylor Wimpey for the year as a whole. The structure consists of a target bonus of 60 per cent of base salary and a maximum bonus opportunity of 150 per cent of base salary, with a compulsory three year deferral into shares requirement of 50 per cent of any bonus payment. There is no share matching element. This replaced the previous structure within Taylor Woodrow as outlined above in relation to Peter Johnson. For Pete Redfern and Peter Johnson their bonuses for this period were based on stretching targets for Group pre exceptional pro-forma profit before tax and personal objectives (20 per cent). Ian Sutcliffe's bonus for this period was based on the combined Taylor Wimpey UK housing division and linked to stretching targets relating to PBIT (40 per cent), operating margin (40 per cent) and plots with planning permission (20 per cent).

Bonus awards for Executive Directors for 2007 ranged from 61 per cent to 67 per cent of basic 2007 salary (2006: 92 per cent to 99 per cent). For other senior executives who are members of the Executive Committee but who are not Directors, namely the Group Company Secretary and General Counsel and the President and CEO of Taylor Morrison, bonuses ranged from 83 per cent to 251 per cent of basic 2007 salary (2006: 79 per cent to 97 per cent). Bonuses for the first half of the year were based on base salaries in place as at 1 January 2007 and for the second half of the year were based on the base salaries that were put in place upon completion of the Merger.

For 2008, bonus targets for Pete Redfern and Peter Johnson have been set by the Committee based on Group PBT, UK operating margins, average capital employed and personal objectives. The targets for Ian Sutcliffe are similar except that they are all based on the performance of the Taylor Wimpey UK housing division and relate to PBIT, operating margins, average capital employed and customer care. Following consultation with major shareholders, the Remuneration Committee has determined that performance targets that are non financial in nature should not exceed 20 per cent of the maximum bonus potential.

In line with the Association of British Insurers' Guidelines on Responsible Investment Disclosure the Remuneration Committee will ensure 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, with regard to the overall remuneration structure there is no restriction on the Committee which prevents it from taking into account ESG matters.

Temporary short term incentive for synergy achievement

The core bonus remains focused on key financial and operational objectives which are limited to a maximum bonus potential of 150% of base salary. In order to drive the achievement of exceptional financial savings levels set out in the Merger documentation sent to shareholders, a limited number of executives will be eligible for an incremental bonus based upon the achievement of the exceptional targets as set out below over two twelve month performance periods.

For 2008, the target is the achievement of £70 million of synergies by the end of 2008 on an annual exit rate basis.

For 2009, the target is the achievement of £100 million of synergies (in aggregate) by the end of 2009 on an annual exit rate basis.

In addition to the achievement of the above synergy performance targets, there must also be relative operating margin growth in the UK measured against other listed housebuilders in each year based on statutory reported operating margins but excluding the impact of land sales. For North American participants any bonus payment will be subject to the achievement of a growth of operating profit for that business year on year.

Eligibility to participate in this bonus arrangement will be limited to 24 key executives consisting of the Executive Committee (namely, Executive Directors, the President and CEO North America and, the Group Company Secretary and General Counsel) and the UK and North America leadership teams.

The bonus payable will be 50 per cent of base salary in respect of each of the two bonus years subject to the synergy targets being achieved. If targets are not achieved, no bonus is payable. To illustrate, if £70 million of synergies is not achieved by the end of 2008 on an annual exit rate basis then no synergy bonus will be payable for that year. If £100 million of synergies is achieved in aggregate on an annual exit rate basis, by the end of 2009 then 50 per cent of base salary will become payable. Prior to the Merger, George Wimpey Plc had announced a target of £25 million of build cost savings to be achieved in the UK and $20 million to be achieved in the US in 2007. These savings have been achieved and are not part of this bonus arrangement.

The Board reviews the achievement of synergies against targeted objectives at each Board meeting. The Remuneration Committee will rigorously test the achievement of the synergies at the end of 2008 and 2009 in order to ensure that they have been appropriately measured and are beneficial to the Group. The Committee will also require verification of the synergies achieved by the Company's auditors prior to any payment being made. Information relating to the achievment of synergies, operating margins and operating profit in North America will be set out in the 2008 and 2009 Remuneration Reports.

No bonus or deferred bonus payments under any bonus arrangement are pensionable.

Deferred Bonus Plan share matching award

The Remuneration Committee considers that share ownership by Executive Directors and senior executives is important as it provides a clear alignment of interests with those of shareholders. This alignment has previously been assisted through the deferred bonus plan pursuant to which Peter Johnson and selected senior executives had the opportunity of investing some or all of their pre-tax bonus in the purchase of shares in the Company on

Proposed New Taylor Wimpey Share Plans

	Taylor Wimpey Performance Share Plan	Taylor Wimpey Share Option Plan
Plan Focus	Relative performance	Absolute performance
Eligibility	All Executive Directors North American President Senior Managers	All Executive Directors North American President Senior Managers
Performance Measures	Executive Directors: Group measures: 50% TSR / 50% EPS Senior Management: At Remuneration Committee discretion, a mix of Group and business unit / individual specific measures	Executive Directors: Group measures: 100% ROCE > COC (ROCE = Return on Capital Employed) (COC = Cost Of Capital) Senior Management: At Remuneration Committee discretion, a mix of Group and business unit / individual specific measures
Performance Period	3 years	3 years
Award Quantum	Executive Directors: Up to 2x Base Salary Others: Up to 3x Base Salary	Executive Directors: Up to 2x Base Salary Others: Up to 3x Base Salary
Combined Quantum	Under the Taylor Wimpey Performance Share Plan the Remuneration Committee may make awards to Executive Directors up to 2x salary. If the Committee elects to make awards under both Plans to an Executive Director then the award under the TW Performance Share Plan will be reduced by one share for each option awarded under the TW Share Option Plan. (The Remuneration Committee will retain discretion to determine, in exceptional circumstances (such as attracting new hires), an award quantum for Executive Directors in excess of the above maximum quantum. Enhanced awards made pursuant to this discretion will not exceed 3x base salary).	
Vesting Quantum	EPS growth at least RPI plus 3% p.a. – 25% of EPS-measure award element vests EPS growth at least RPI plus 8% p.a. – 100% of EPS-measure award element vests 50th percentile TSR performance to peer group – 25% of TSR-measure award vests 75th percentile TSR performance to peer group – 100% of TSR-measure award vests Straight line vesting between EPS and TSR thresholds	ROCE > COC - 25% of award vests ROCE > COC + 3% - 100% of award vests Straight line vesting between COC thresholds.
Peer Group for 50% of TSR measure	Barratt, Bellway, Berkeley Group, Bovis Homes Group, Galliford Try, Kier, Marshalls, Persimmon, Redrow, SIG, Travis Perkins, Wolseley	
Peer Group for 50% of TSR measure	FTSE 100	

The Taylor Woodrow Performance Share Plan

<table>
<tr><td colspan="6">BASIC AWARDS</td></tr>
<tr><td colspan="3">The Company's EPS outperforms the UK Index of Retail Prices (RPI) by 3 per cent per annum compound over three years</td><td colspan="3">The Company's EPS outperforms the UK Index of Retail Prices (RPI) by 6 per cent per annum compound over three years</td></tr>
<tr><td colspan="3">50 per cent of award vests</td><td colspan="3">100 per cent of award vests</td></tr>
<tr><td colspan="6">ENHANCED AWARDS</td></tr>
<tr><td colspan="6">Vesting of enhanced awards is dependent on the basic award earnings criterion of 3 per cent first being satisfied</td></tr>
<tr><td colspan="2">Median TSR performance relative to the sector peer group</td><td colspan="2">Better than median TSR performance relative to the sector peer group</td><td colspan="2">Upper quartile TSR performance relative to the sector peer group</td></tr>
<tr><td colspan="2">Nil vesting</td><td colspan="2">40 per cent of the enhanced awards vest</td><td colspan="2">100 per cent of the enhanced awards vest</td></tr>
<tr><td colspan="6">There is a sliding scale between the respective targets. There will be no re-testing of the performance condition.</td></tr>
</table>

either a gross or net voluntary basis. If these shares remain undrawn for a period of three years, the Company matches them on a one for one basis, provided that Group Earnings Per Share ('EPS') shall have grown by at least three per cent compound in real terms during the financial years 2007–2009. EPS is calculated using the adjusted basic earnings per share as shown in note 10 to the consolidated financial statements.

For 2008, the voluntary nature of the deferral will cease to apply and there will be no matching. Instead, as mentioned above in the Bonus arrangements section of this Report, there will be a requirement for Executive Directors to defer 50% of any cash received under the bonus plan into Taylor Wimpey shares for a period of three years.

Proposed New Taylor Wimpey Share Plans – Taylor Wimpey Performance Share Plan and the Taylor Wimpey Share Option Plan

Subject to shareholder approval at the 2008 Annual General Meeting, two new long term incentive plans proposed by the Remuneration Committee will supersede all existing long term incentive arrangements in place within the Company. They will also supersede the long term arrangements that were in place within George Wimpey prior to the Merger.

The two proposed plans are the Taylor Wimpey Performance Share Plan ('TW Performance Share Plan') and the Taylor Wimpey Executive Share Option Plan ('TW Share Option Plan'), collectively ('Plans').

The Committee believes that use of two complementary plans will enable incentives to be linked to both relative and absolute performance. Details of the two Plans and how they will work in practice are summarised in the table opposite.

The Remuneration Committee considers that the two new Plans will offer flexibility to align long term incentives both with the long term interests of shareholders and also with strategic priorities, whilst also being directly linked to external benchmarking of performance.

Following the Company's consultation with its major shareholders it was agreed that the Remuneration Report would set out how the Company will calculate Return on Capital Employed (ROCE) and Cost of Capital (COC) with regard to the proposed TW Share Option Plan. Full details are set out in Appendix 2 of the Notice of Meeting and will be set out fully in the TW Share Option Plan rules. In brief, ROCE will be calculated by reference to earnings before interest, tax and amortisation divided by average operating assets employed. COC will be calculated by reference to a formula which is based on the cost of debt plus the cost of equity divided by average operating assets employed.

Full details of the proposed new Plans, which will be presented to shareholders are set out in the Notice of Meeting and in Appendices 1 and 2 thereto.

Executive share-based reward plans in place at the time of the Merger

The Performance Share Plan

In order to incentivise Executive Directors and other senior executives, the Company has operated the Taylor Woodrow Performance Share Plan (the 'PSP'). The Remuneration Committee is responsible for supervising the PSP and for the granting or recommending of awards under it. Conditional awards of shares are made to participants, entitling them to receive shares in the Company at no direct cost. Vesting occurs on the third anniversary of the award, provided that the performance criterion is fulfilled.

The current plan rules have an overriding limit for awards of 200 per cent of basic salary per annum. The policy adopted by the Committee has generally been to restrict awards to 125 per cent of base salary, other than in exceptional circumstances, such as senior level recruitment.

The current PSP contains two elements: basic awards, which under current policy are restricted to a current maximum of 75 per cent of basic salary and additional enhanced awards, which under current policy are restricted to a current maximum of 50 per cent of basic salary. The enhanced awards, introduced in 2005, are made on a discretionary basis to senior executives, including the Executive Directors.

In 2007, conditional awards were made to 294 participants (2006: 286), including two Executive Directors, in respect of a total of 1,558,367 shares (2006: 2,120,036). Of these,1,455,801 were basic awards (2006: 1,910,642) and 102,566 were enhanced awards (2006: 209,394).

The vesting criteria for these awards are as set out in the table above.

The performance criteria were chosen on the basis that EPS is considered to be an appropriate indicator of management's success in advancing the performance of the business. EPS is calculated as described in note 10 to the consolidated financial statements. Total Shareholder Return ('TSR') was selected in order to incentivise improvement in performance relative to the PSP peer group, whilst continuing to focus on earnings growth. The peer group for this purpose consists of: Barratt, Bellway, Berkeley, Bovis, Crest Nicholson, McCarthy & Stone, Persimmon and Redrow.

The Company's performance against these criteria is calculated from audited EPS and published RPI data and verified by the Remuneration Committee. The conditional awards made to Executive Directors in 2005 did not meet the relevant EPS tests and they have accordingly lapsed.

If the proposed new Taylor Wimpey Performance Share Plan and Taylor Wimpey Share Option Plan are approved at the Annual General Meeting, no further awards will be made under the PSP.

Executive Share Option Plan

The Taylor Woodrow Executive Share Option Plan was suspended on 9 October 2003 and is now closed for new awards.

Former George Wimpey Plans

George Wimpey Long Term Incentive Plan

Pete Redfern and Ian Sutcliffe are participants in the George Wimpey Long Term Incentive Plan ('GWLTIP'), under which conditional awards of George Wimpey Plc shares were awarded to Executive Directors and to a small number of key executives. Awards do not vest under the GWLTIP unless predetermined performance conditions are satisfied over a three year performance period. The key performance condition is the measurement of the Company's TSR against a specific comparator group of listed housebuilders and building materials related companies as set out below:

Barratt	Marshalls
Bellway	Persimmon
Berkeley	Redrow
Bovis	SIG
Galliford Try	Taylor Woodrow (prior to the Merger)
Gleeson (MJ)	Travis Perkins
Heywood Williams	Wolseley
Kier	

During the year, Baggeridge Brick, Crest Nicholson, Taylor Woodrow (post the Merger) and Wilson Bowden were removed from the group due to corporate transactions completed during the year.

For awards to vest in full, the TSR performance over the the three year plan cycle must equal or exceed the 75th percentile performance of the comparator group. No portion of the award will vest if the TSR performance is less than the 50th percentile. Partial vesting (25 per cent of the award) will take place if the TSR performance is equal to the 50th percentile with straight line vesting for levels of performance between the 50th and 75th percentiles. There is also a requirement that the Company's underlying financial performance must be satisfactory before vesting can take place. Following consultation with shareholders, this will be based on the Company's EPS performance.

Prior to the completion of the Merger, the Remuneration Committee of George Wimpey Plc in consultation with the Company determined that although a technical change of control of George Wimpey Plc would take place as a result of the transaction, that no GWLTIP awards would vest as a result of it. Instead, and in accordance with appropriate guidance in relation to such schemes, the conditional awards of George Wimpey shares were 'rolled over' into conditional awards of Taylor Wimpey shares but remain subject to the rules of the GWLTIP including performance criteria and performance periods.

At the date of the Merger, awards over the shares of Taylor Wimpey plc were as follows:

	2005	2006	2007
Pete Redfern	200,068	179,007	231,940
	(143,789)	(128,653)	(166,696)
Ian Sutcliffe		222,480	154,626
		(159,897)	(111,130)

Note: Original awards over George Wimpey Plc shares are shown in brackets.The increase is due to the application of the Merger ratio of 1.3914 Taylor Wimpey shares for each George Wimpey share.

The TSR performance condition for the three year period to 31 December 2007 relating to the 2005 GWLTIP awards was not met and those awards to Pete Redfern have accordingly lapsed.

If the proposed new TW Performance Share Plan and TW Share Option Plan, details of which appear on page 48, are approved at the Annual General Meeting, no further awards will be made under the GWLTIP.

George Wimpey Executive Incentive Scheme – Deferred Shares

Pete Redfern was a participant in the George Wimpey Executive Incentive Scheme ('EIS') under which the UK based Executive Directors of George Wimpey Plc were required to defer 50 per cent of bonus into shares of George Wimpey Plc, to be held in trust for three years.

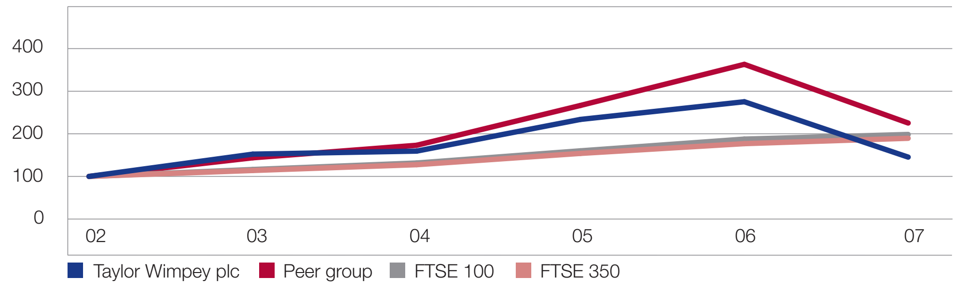
As required by the rules of the EIS, and as previously disclosed and announced, at the date of the Merger and subsequently, due to the Merger the Remuneration Committee of George Wimpey Plc was required to make a recommendation to the trustee of the EIS for the release of the shares held on behalf of Pete Redfern. Accordingly, shortly after the Merger he received 19,629 ordinary shares (as adjusted by the merger ratio of 1.3914 shares for each George Wimpey share) in the Company as a result of the release by the trustee. Pete Redfern has retained all of the released shares as part of his shareholding in the Company.

George Wimpey Executive Share Option Scheme

George Wimpey operated an Executive Share Option Scheme in which designated UK employees, mainly UK based regional board directors were invited to participate. At the time of the Merger no Executive Directors of George Wimpey participated in this Scheme. Interests in shares of George Wimpey did not become exerciseable or vest at the time of the Merger and have been rolled over into shares in Taylor Wimpey. They remain subject to the rules of the Scheme.

Following the Merger, no further options will be granted under this Scheme.

Total shareholder return (£)



This graph has been prepared from information obtained through Datastream. It shows the theoretical growth in the value of a shareholding in the company and in FTSE 350 companies over the specified period, assuming that dividends are re-invested to purchase additional units of equity at the closing price applicable on the ex-dividend date. Historical data are based on the constituent companies at each given date. The peer group consists of the companies as set out in Appendix 1 with respect to the proposed Taylor Wimpey Performance Share Plan.

All-employee share plans

United Kingdom

The Company operates a Sharesave Plan under which all UK employees with at least three months' service can save up to £250 per month and receive three or five year options to acquire the Company's shares priced at a discount of up to 20 per cent of market value. During 2007, 1,912 employees (22 per cent of those eligible) (2006: 1,063) applied to join the Plan. Options were granted over 2,640,216 shares (2006: 1,409,702) at an option price of 265.4p per share. Post the Merger, the Plan was rolled out to enable all UK based George Wimpey employees to participate. Peter Johnson holds conditional award of 625 shares under the plan.

During the year the Company also operated a UK Share Purchase Plan, under which UK employees with at least three months' service are permitted to invest up to £1,500 per annum of their pre-tax earned income in the purchase of partnership shares of the Company. Such shares, if held for a period of three years, attract an award of free matching shares. Currently participants receive one matching share for each partnership share purchased. During 2007, 1,394 participants contributed to the Plan (2006: 1,213) and purchased 365,577 shares (2006: 303,313). During 2008, this Plan will be extended so as to allow all relevant employees who joined the Group from the George Wimpey Plc group of companies to participate.

Overseas plans

The Company has all-employee stock purchase plans in the United States and in Canada which are broadly equivalent to those operated in the UK. No Executive Director is, or was at any time during 2007, a member of either of these plans. During 2008, the US plan will be extended so as to allow all relevant employees who joined the Group from Morrison Homes to participate.

George Wimpey Sharesave Scheme

George Wimpey operated a Savings-Related Share Option Scheme which was open to all its UK employees, including UK Executive Directors of George Wimpey Plc, with over six months' service.

Following the Merger, the interest of Ian Sutcliffe in 2,451 share options held under the George Wimpey Sharesave Scheme was rolled over into an interest in shares of the Company so that based on the Merger ratio, he now has an interest in 3,410 shares at an option price of 276.9872 pence per share.

Following the Merger, no further invitations will be made to participate in this Scheme post the Merger.

Performance graph

The graph above shows the Company's performance, measured by TSR for the five-year period to 31 December 2007, compared with the performance of the FTSE 350 and FTSE 100 Share Indexes also measured by TSR. The FTSE 350 Share Index has been selected for this comparison due to the fact that use of this index enables comparison of Company performance against a relevant and consistent index for the full year measurement period. The FTSE 100 Share index has been added this year as the Company joined that Index in September 2007.

Other matters affecting share plans

The rules of the Company's share plans referred to above provide for the early vesting or exercise of share entitlements in the event of a participant's death, disability, redundancy or normal retirement. In the event of cessation of employment because of a change of control, the rules are ABI guideline compliant and in addition, any vesting would be subject to the judgement and discretion of the Remuneration Committee.

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

Details of the sources of shares issued or transferred during the year to meet maturing or vesting rights under the Company's share-based reward schemes, and the potential further requirement for shares to satisfy options and awards outstanding at the end of the year, are shown in note 25 to the consolidated financial statements. Share plans are also compliant with ABI dilution guidelines.

The Company's current intention is that any further requirement for shares in respect of share plans will substantially be met by utilising treasury shares, sold at market price to its Employee Share Ownership Trusts.

Where there are relatively small requirements for shares, mainly for overseas plans, these will continue to be met for administrative convenience from other sources, including new issue and market purchase.

Share retention and target Director shareholdings

In 2007, following the Merger, the Remuneration Committee approved new guidelines relating to target shareholdings in the Company. The Committee also introduced share retention requirements in respect of shares received under long term incentive plans. The purpose of the guidelines is to align the interests of Directors and senior management with those of shareholders through the creation of a community of interest. The guidelines and requirements are set out below:

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

Pension arrangements

Details of the Group's principal UK pension schemes are given in note 23 on page 83 to the consolidated financial statements.

Taylor Woodrow Group Pension and Life Assurance Fund

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

Taylor Woodrow Personal Choice Plan

With effect from 1 April 2002 the Company introduced the PCP, a defined contribution Pension Scheme which all new eligible UK team members are invited to join.

During the year, Peter Johnson was a member of the PCP. The Company contributed to his plan at the rate of 34.5 per cent of his basic salary for the year and he contributed at the rate of 5 per cent.

Iain Napier, who retired from the Board on 31 December 2006, remained an employee until 30 April 2007. Graeme McCallum retired from the Board on 16 January 2007 and left the Company on this date. Their pension entitlements remain unchanged from those previously reported.

Denis Mac Daid retired from the Board on 30 June 2005. The Company is paying to him by monthly instalments the difference between benefits calculated at his assumed retirement date of 5 April 2006 and his actual date of retirement. The annual equivalent of this payment is £20,000 (2006: £19,000).

No other arrangements were made during the year for the provision of pensions for former Directors.

George Wimpey Pension Plan

George Wimpey Staff Pension Scheme

Pete Redfern is a member of the Executive section of the George Wimpey Staff Pension Scheme ('Scheme'). The Scheme (now closed to new members) is a funded, Inland Revenue approved, final salary occupational pension scheme. Members contribute between 5 per cent and 10 per cent of salary. Executive members of the Scheme cease to contribute once they have achieved 30 years' pensionable service. Pensions in payment are guaranteed to increase in line with the Retail Price Index to a maximum of 5 per cent per annum (2.5 per cent for all service earned after 6 April 2006).

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

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

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

Pete Redfern has a pension allowance through additional payments to him, amounting to 25% of the difference between his basic salary and the pension schemes earnings cap. For the period 3 July to 31 December 2007 a total of £80,000 (2006: Nil) was paid. Pension allowances do not count towards the calculation of any bonus awards which are based only on base salary.

The Directors' accrued pensions in 2007 are shown on page 55.

George Wimpey Stakeholder Scheme

Ian Sutcliffe is not a member of the Scheme and instead, the Company pays an amount equal to 29% of his salary into the George Wimpey designated stakeholder scheme. Payments of £57,000 (2006: Nil) were paid into the stakeholder scheme on his behalf for the period from when he was appointed to the Board on 3 July 2007 to the end of the year (the total amount paid into the scheme for the year was £57,000 (2006: Nil)).