

Chairman's Statement



After an exceptionally challenging year in 2008, we have taken decisive action in 2009 to strengthen the Group's financial position.

Norman Askew
Chairman

Shareholder information

Full details of the facilities available to shareholders can be found on page 112 of this Annual Report and Accounts and at www.taylorwimpeyplc.com/InvestorRelations/ShareholderInformation

 For more information
see page 112

A year of stabilisation

After an exceptionally challenging year in 2008, 2009 has delivered greater stability. The Group has taken decisive action to strengthen its financial position over the course of the year. As reported in last year's Annual Report and Accounts, we reached agreement with all of our debt providers to amend our debt facilities in April 2009. We subsequently raised £510m of new equity, net of expenses, in June 2009 with the proceeds being used to reduce the level of the Company's debt.

The UK housing market has delivered a better performance in 2009 than it did in 2008, with the Nationwide House Price Index recording an increase in house prices of 5.9% for the year as a whole. Affordability is now much better for first time buyers and industry volumes are increasing gradually from very low levels. Although mortgage availability remains at very low levels there have been signs of the situation easing over recent months.

After a weak first quarter of 2009, the US housing market has shown continued stability. The sharp price declines seen since late 2005 have resulted in record levels of affordability in our US markets and the number of months of supply of both new and existing homes continues to reduce. The more robust economic conditions in Canada are persisting and this is reflected in a stronger housing market.

The housing market in Spain remains weak and the continuing strength of the Euro against Sterling over the course of the year has depressed demand from UK purchasers for second homes in Spain.

2009 performance

The difficult operating environment is clearly reflected in the results for the year. Taylor Wimpey's continuing operations have generated a loss before exceptional items and tax of £96.1 million (2008 loss: £74.7 million). Pre-tax exceptional items for the year total £603.8 million (2008: £1,895.0 million) and primarily relate to reviews of the carrying value of our land and work in progress. As a result, Taylor Wimpey reported a loss before tax from continuing operations of £699.9 million (2008 loss: £1,969.7 million).

Review of capital requirements

Having agreed to amend our debt facilities with all our debt providers in April 2009, the Company launched a Placing and Open Offer on 8 May 2009. Following approval from shareholders at a General Meeting on 27 May, a total of approximately 2.13 billion new Ordinary Shares were issued at a price of 25 pence each to raise £510 million net of expenses.

Whilst we recognise the concerns raised by some shareholders regarding the mechanics of the process employed, given the uncertain nature of the financial markets at the time, we remain convinced that this was the best way to secure an enhanced financial platform from which to deliver value for shareholders over the medium term.

Dividends

Although market conditions improved in 2009, the Board did not feel it appropriate to propose an interim dividend as a result of the ongoing uncertainty in the wider economy. Given that prospects for the wider economy remain uncertain, we are not proposing a final dividend for 2009 (2008 total dividend: nil).

We will review our dividend policy in the light of prevailing market conditions in the future.

Corporate governance

Strong corporate governance is, if anything, even more essential in challenging market conditions. A full report on our corporate governance activities can be found on pages 34 to 40.

 **For more information**
see pages 34 to 40

Corporate responsibility

We believe that corporate responsibility is an essential part of good governance and makes sound business sense, as well as being crucial for risk and opportunity management.

Details of our approach to corporate responsibility can be found on pages 25 to 27, as well as in our Corporate Responsibility Report, which is available on our Web site.

 **For more information**
see pages 25 to 27

 **Visit our Web site**
www.taylorwimpeypc.com/CorporateResponsibility/CRreports

Our people

The more stable market conditions have resulted in a more stable operating environment for our people during 2009, particularly in the UK where we carried out a significant restructuring during 2008. However, we recognise that 2009 has been another challenging year across all parts of our business and the Board would like to record its thanks for the ongoing dedication and professionalism of our employees.

Board changes

Sheryl Palmer, the President and Chief Executive of our North American business, was appointed to the Board on 5 August 2009. Sheryl has led our North American business since August 2007 and had previously held a number of senior positions within the US housebuilding industry. In addition, Rob Rowley joined the Board on 1 January 2010 as an Independent Non Executive Director and has been appointed as Chairman of the Audit Committee. I would like to take this opportunity to formally welcome both Sheryl and Rob to the Board.

Mike Davies stood down as a Non Executive Director on 1 September 2009, having been a Director of the Company since October 2003. In addition, David Williams, who was originally appointed as a Non Executive Director of George Wimpey Plc in May 2001, will be standing down on 31 March 2010. On behalf of the Board, I would like to record my gratitude to Mike and David for their outstanding contributions.

As announced on 4 December 2009, I intend to stand down from the Board no later than December 2010. Since being appointed as Chairman of the Company in July 2003 there has been substantial change in the industry and the wider economy and I now feel that it is the right time to appoint a new Chairman to oversee the next chapter in the Company's history.



Norman Askew
Chairman

Electronic communications

Taylor Wimpey makes its Annual Report available electronically to those shareholders who have not requested a paper version. This has three key benefits:

- A significant reduction in printing and postage costs, without reducing the level of information available;
- Faster access to information; and
- Reducing the amount of resources consumed, such as paper, and lessening the impact of printing and mailing activities on the environment.

The Company also encourages shareholders to elect to receive notification of the availability of Company documentation by means of an e-mail. Shareholders can sign up for this facility by logging onto our Web site.

 **Visit our Web site**
www.taylorwimpeypc.com/InvestorRelations/ShareholderInformation/ElectronicCommunications