Directors' Report: Governance

Remuneration Report

Introduction

The Remuneration Committee (also referred to in this Report as the 'Committee') has adopted the principles of good governance relating to Directors' remuneration as set out in the 2008 Combined Code on Corporate Governance (the 'Combined Code'). This Report has been prepared in accordance with the Companies Act 2006 (the 'Act'), The Large and Medium Sized Companies and Group (Accounts and Reports) Regulations 2008 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. A resolution to approve this Report will be proposed at the Annual General Meeting of the Company on 29 April 2010. Details of the resolution and its status as an advisory vote are set out on page 106 and page 110 respectively.

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

2009 was a very challenging year for the Company as it sought to renegotiate its financial covenants with various debt providers. This lengthy and complicated process created some degree of uncertainty for the Company and its stakeholders pending the agreement of a revised set of covenants on 30 April 2009. In light of this, the Committee had to ensure that its remuneration policy and practices were appropriate having regard to both the Company's circumstances and the need to secure a solid financial platform for the benefit of all stakeholders in order to then be able to focus on delivering value for shareholders over the medium term. Following the agreement of the revised set of financial covenants and the implementation of the subsequent Placing and Open Offer, the Committee embarked on a consultation exercise with its major shareholders and representative bodies on remuneration for its Executive Directors, the outcome of which is included in this Report.

As set out in more detail in this Report, during the year, the Committee made a number of changes to its existing policy in order to reflect the challenging market conditions and these are summarised in brief below:

- Base salary 2009: no salary increases were implemented for any Executive Director in 2009 (and no increases were made during 2008).The Executive Directors together with the Group Company Secretary and General Counsel have also each elected to waive their increases for 2010;
- Short Term Incentive Arrangement ('STIA'): STIAs for 2009 were capped at 75% of the normal maximum for the Group Chief Executive and the Group Finance Director. The deferral requirement of an element of the STIA into shares in the Company for three years was retained but lowered from 50% to 25% to reflect the reduced STIA potential. In addition, no element of the STIA was based on personal objectives. A clawback mechanism was also introduced on the deferred element of the STIA to be applied in the event of a material misstatement of the Company's accounts;
- Temporary Short Term Synergy Incentive: the purpose of this incentive was, principally, to reward a small number of executives for achieving substantial synergy savings arising out of the 2007 merger between Taylor Woodrow and George Wimpey. Although the Incentive was approved by shareholders as part of the 2007 Remuneration Report it was not implemented for either 2008 or for 2009. The Incentive has now been cancelled without any payment being made to any executive;
- Non Executive Director Fees: no increase in fees to Non Executive Directors were made during the year (and no increases were made during 2008);
- Chairman's Fees: as reported last year, the Chairman determined that in the light of the prevailing difficult market conditions affecting the Company at that time, his annual fees for 2009 should be reduced from £270,000 per annum to £200,000 per annum; and
- Long Term Incentive Plan ('LTIP') Awards: following the consultation exercise, the 2009 LTIP awards made to Executive Directors and senior executives have an effective performance period of four years rather than the usual three year period. The level of conditional award made to each participant was reduced by 10%. Performance targets were made more challenging to achieve and also made more appropriate to the Company's position and the expectations of all shareholders following the completion of the Placing and Open Offer.

Part 1: Unaudited Information: Remuneration Committee

The Remuneration Committee has clearly defined terms of reference which have been approved by the Board and are available on the Company's Web site www.taylorwimpeyplc.com. The key remit of the Committee is to recommend to the Board the remuneration strategy and framework for Executive Directors and senior management in line with the Combined Code. 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; and
- Determine the level of fees for the Chairman of the Board.

The Committee currently comprises five Independent Non Executive Directors. Anthony Reading is the Committee Chairman and he chaired the Committee throughout the year. The other members of the Committee are Katherine Innes Ker, Brenda Dean and David Williams who were Committee members throughout the year and Rob Rowley who was appointed as a member of the Committee on 1 January 2010. Mike Davies stood down as a Director on 1 September 2009 and David Williams will stand down on 31 March 2010. Details of attendance at Remuneration Committee meetings held during 2009, are set out in the table on page 39.

No Director is involved in any decisions about his/her own specific 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. The Committee appoints its own independent remuneration advisers and during the year, the Committee received advice from Mercer Limited ('Mercer') in its capacity as independent adviser to the Committee. In November 2009 Mercer was succeeded as adviser to the Committee by Hewitt New Bridge Street ('HNBS'). The Committee also received legal advice from Slaughter and May. HNBS provides no other services to the Company – HNBS is a trading name of Hewitt Associates Limited. Separately, Mercer provided actuarial advice direct to the Trustees of the George Wimpey Staff Pension Scheme.

In line with recent best practice guidelines, the Committee intends to disclose details of fees paid during 2010 to HNBS in next year's Remuneration Report, which will reflect a full year's appointment.

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

Policy and philosophy

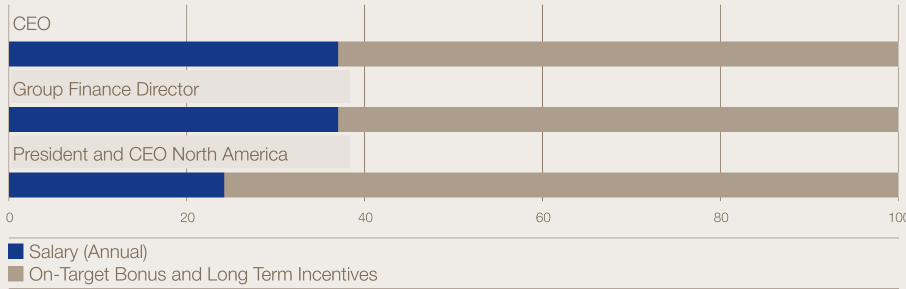
The Committee has adopted the following remuneration philosophy:

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

The Committee regularly reviews its remuneration strategy and did so during the year. The prime objective remains: namely, to ensure that the Company is able to attract and retain highly skilled and motivated people who will be key to ensuring the long term success of Taylor Wimpey.

A key component of the remuneration packages of the Executive Directors and senior management is a significant element of performance related incentive remuneration, set against challenging business performance objectives. The chart above shows the proportion of fixed to performance based remuneration for 2010. Fixed remuneration comprises base salary. Performance based remuneration comprises an annual short term cash incentive and a long term incentive plan. The chart illustrates the mix of remuneration assuming target levels of STIAs are met and the annualised expected value of long term incentive provision.

Proportion of fixed to performance based remuneration 2010 (%)



In line with the Association of British Insurers' Guidelines on Responsible Investment Disclosure, the Remuneration Committee ensures 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, the Committee under its terms of reference may, where it considers it appropriate, take ESG matters into account when considering the overall remuneration structure. The Committee considers that no element of the remuneration arrangements will encourage inappropriate risk taking or behaviour by any executive.

External non executive director positions

Subject to Board approval and provided that such appointments fall within the general 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 2009 and to the date of this Report, no Executive Director held any such non executive positions.

Base salary

The Remuneration Committee reviews base salaries annually in order to ensure that the base salaries of Executive Directors remain competitively aligned with external market practices and are competitive when measured against FTSE peers. As part of this process the Committee takes detailed advice from its independent advisers who provide specialist advice, as well as benchmarking data, to the Committee based on relevant peer groups. In determining base salary positioning, the Committee considers market data from two peer groups reflecting sector and size based comparators which are used to inform decisions on compensation policy and appropriate compensation quantum respectively, having taken account of individuals' and Company performance.

The Committee also takes pay and conditions for the workforce as a whole and the impact on pension costs into account when determining the level of salary for Executive Directors.

At the time of the merger of Taylor Woodrow plc and George Wimpey Plc in July 2007 the salaries of Executive Directors were reviewed by the Committee in conjunction with its independent advisers and salaries were increased in order to reflect the size and complexity of the enlarged Taylor Wimpey Group. No increases were put in place for Executive Directors in either 2008 or 2009. As reported last year, in order to tie in with the annual appraisal process, salary changes for all staff will take place with effect from April in each year starting in 2010. In consultation with the Remuneration Committee, increases across the Group have been kept to 1.5% with only a few exceptions based on truly exceptional performance or promotion. With regard to the Executive Directors and the Group Company Secretary and General Counsel, each has elected to waive their increases for 2010 as they do not feel that it is currently appropriate to accept any increase.

Other benefits, including benefits-in-kind

The Executive Directors receive additional benefits including a Company-provided car or a cash allowance in lieu, life assurance and private medical insurance. Benefits-in-kind are not pensionable. Details of the pension arrangements in place for Executive Directors are set out on page 50.

Short term incentive arrangements

The Company provides Executive Directors and senior managers the opportunity to earn performance related STIAs based on achieving stretching performance targets.

No element of the 2009 STIA was based on personal objectives and it is the current policy of the Committee that such objectives will not be included in future STIA arrangements.

For 2009, the STIA targets were based on a number of specific stretching targets: successfully concluding the renegotiation of the Company's financial covenants, achieving the significant reduction of debt facilities, the achievement of operating cash flows and targets relating to the Group's net asset position, excluding land write downs.

Following shareholder consultation, the Committee decided to cap the 2009 STIA for the Group Chief Executive and Group Finance Director at 75% of their normal maximum incentive opportunity. This reduced the maximum STIA opportunity from 150% of salary to 112.5% of salary with a target of 60%. The requirement to defer an element of the STIA into Taylor Wimpey shares for three years was retained although it was scaled down from 50% to 25% in order to reflect the lower STIA maximum potential. The Committee determined that it was important to retain a deferral requirement in order to maintain appropriate alignment between its most senior executives and shareholders which it considers to be very important. There is no share matching element with regard to any element of the STIA.

The Committee also introduced a clawback mechanism into the STIA whereby the deferred element can be proportionately recovered in the event of a material misstatement of the Company's accounts.

As a result of outstanding performance, significantly above expectations, the STIA targets set at the beginning of the year have been met, including the successful renegotiation of the Company's financial covenants and achieving the significant reduction of debt facilities. These targets were discussed with shareholders during the consultation on 2009 Executive Director remuneration. This performance has resulted in STIA awards of 112.5% of base salary to Pete Redfern and to Chris Rickard, 25% of which is required to be deferred into shares for three years.

For 2010 the Remuneration Committee has retained the cap on the maximum STIA opportunity for the Group Chief Executive and Group Finance Director. In addition there will be deferral requirements of 25% and the clawback mechanism will be retained. For the Group Chief Executive and Group Finance Director, challenging targets have been put in place which include Group profit before tax, operating cash flow, build costs, the Group order book and customer service.

Details of Sheryl Palmer's remuneration are set out below.

As mentioned earlier in this Report, the additional temporary short term incentive plan for synergy achievement arising out of the merger between Taylor Woodrow and George Wimpey (details of which are set out in the 2007 Annual Report and which potentially rewarded participants at 50% of salary for each of 2008 and 2009) was not implemented for any executive and the plan has now lapsed in its entirety.

No element of any STIA is pensionable.

Sheryl Palmer

Sheryl Palmer was appointed to the Board on 5 August 2009 and is the President and Chief Executive of Taylor Wimpey's North American business. Details of her remuneration are set out in the remuneration table on page 48 and her share plan interests on page 49. Sheryl Palmer has an annual basic salary of US$615,000 (£389,000). Sheryl has a normal maximum STIA opportunity of 500% of base salary which is in line with North American industry practice where short term incentive multiples tend to be much higher than in the UK and notably so in the housebuilding industry.

The STIA targets for 2009 were based on a number of targets including profit before interest and tax, net assets, completions and customer service. Certain of these targets were met resulting in an STIA award to Sheryl Palmer of 225.5% of base salary. It is a requirement that 25% of any amount paid to Sheryl Palmer in excess of 150% of base salary pursuant to the STIA must be deferred and paid out in cash equally over a three year period under the Taylor Morrison Annual Bonus Deferral Plan.

Sheryl Palmer's 2010 STIA will be based on a number of challenging measures which include profit before interest and tax of the North American business, operating cash flow, order book and closings in each of the US and in Canada and customer service. Twenty five per cent of any amount in excess of 150% of base salary will be deferred and paid out in cash over three years.

Sheryl Palmer's usual award under the Company's long term incentive plan is based on 100% of base salary and as explained below, was scaled back in 2009 to 90% of base salary.

Executives' share-based incentive plans

Current plans

At the Company's Annual General Meeting in 2008 shareholders approved the introduction of two new long term incentive plans namely, the Taylor Wimpey Performance Share Plan ('TWPSP') and the Taylor Wimpey Share Option Plan ('TWSOP').

The plans enable incentives to be linked to both relative and absolute performance and 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. Full details of the plans are set out below. Except in circumstances which the Committee, after consulting the Board, considers exceptional, the combined value of awards under the two long term incentive plans will not exceed the expected value of a TWPSP award of 200% of base salary (face value) for Executive Directors or 300% of base salary (face value) for other participants.

Since the approval of the TWPSP and the TWSOP in 2008, the Committee has not made any exceptional awards over and above these multiples. Where the Committee elects to make an award to an executive under both the TWPSP and the TWSOP a conversion ratio will apply such that one share award under the TWPSP equates to two shares awarded under the TWSOP. The conversion ratio reflects the fact that participants are required to pay an option price per share on any exercise under the TWSOP and also to broadly equalise the expected benefit to the recipient if both vest to an equal extent.

2009 awards: following consultation with major shareholders with regard to the overall remuneration of Executive Directors, awards under the TWPSP and the TWSOP to UK Executive Directors were reduced from 200% of basic salary (face value) down to 180%. Sheryl Palmer's usual award level of 100% of base salary was reduced to 90%. In addition the Committee determined that 2009 awards should not be capable of vesting until 2013 – ordinarily, subject to the performance conditions being satisfied, awards are subject to a three year performance period following which any vesting will take place. Again, as part of the consultation process and in accordance with the rules of the two plans for 2009, the Committee also implemented different performance conditions for both the TWPSP and the TWSOP in order to make the conditions more appropriate to the position of the Company whilst retaining alignment with shareholders' interests.

The Committee is of the view that the performance conditions have been made more challenging to achieve as a result of the changes which are explained more fully in the individual section on each plan below and summarised as follows:

- TWPSP: following consultation with shareholders, the Committee decided that the earnings per share performance condition that applied to previous awards should not be used as the economic outlook was too uncertain to allow robust targets to be set based on this measure. With regard to the total shareholder return performance condition the Committee decided that 50% of that award should be based on the FTSE 250 rather than the FTSE 100 index since the FTSE 250 index is more closely aligned to the Company's current market capitalisation. The industry-based peer group was however retained as an additional Total Shareholder Return ('TSR') performance measure;
- TWSOP: the Committee moved from a performance test based on the Company's return on capital employed ('ROCE') having to exceed its Cost of Capital ('COC') to an absolute ROCE performance test.

The satisfaction of any performance condition will be the subject of independent verification.

For 2010, the Committee has determined to make awards under the TWPSP only and similar to 2009 is making awards only to selected senior executives in the UK and North America. The performance tests will be based on TSR (60% of the award – of which half will be measured against the industry-based peer group and half will be measured against the FTSE 250) and ROCE (40% of the award). The Committee considers that TSR remains appropriate as it rewards management for delivering superior returns to shareholders than its peers. ROCE is also considered to be appropriate as it directly measures the efficient use of capital. Consistent with the 2009 awards Earnings Per Share ('EPS') will not be used as a performance measure. The Committee will however consider reintroducing an EPS element once the economic outlook becomes more certain. The Committee has decided not to make any awards under the TWSOP this year but will keep the position under review for future years. Unlike 2009, the Committee has determined that awards will not be scaled back and therefore the Group Chief Executive and Group Finance Director will receive a multiple based on 200% of their base salary and Sheryl Palmer will receive a multiple based on 100% of her base salary. The Committee has however decided to reduce the percentage of awards that vest for achieving threshold performance from 25% of the award down to 20% of the award. Awards will be made in two equal tranches namely, after the Full Year Results Announcement in March and during the first week after the Half Year Results Announcement. This is designed to reduce the potential overlap of the vesting of awards made in 2009 (where the performance period is essentially four years) with those made in 2010, where the normal three year performance period has been re-introduced. With regard to the awards to be made after the Half Year Results Announcement the date of performance testing will accordingly be adjusted with regard to both the TSR and ROCE performance measures, in order to reflect the later grant date. Therefore, TSR will be tested over the three years from the date of grant and ROCE will be tested over the period consisting of the last six months of 2012 and the first six months of 2013. Full details of the 2010 awards will be included in the next Remuneration Report.

The two TSR peer groups are firstly, FTSE 250 (50% of TSR-related performance) and, secondly, Barratt, Bellway, Berkeley Group, Bovis Homes Group, Galliford Try, Kier, Marshalls, Persimmon, Redrow, SIG, Travis Perkins and Wolseley (50% of TSR-related performance).

For both tranches of the 2010 awards, vesting will be 20% (2009: 25%) for threshold performance (50th percentile for TSR; 10% ROCE) and 100% (2009: 100%) for upper quartile performance (75th percentile for TSR; 20% ROCE) raight line vesting between these two thresholds.

Taylor Wimpey Performance Share Plan

Under this plan Executive Directors and senior executives may be granted annually a conditional award of shares with a value, at the date of grant, of up to 2x base salary (Executive Directors) or 3x base salary (other participants) subject to the overall limits on awards described earlier. Such awards vest after three years provided, and to the extent that, the associated performance conditions have then been achieved.

The performance targets for proposed 2010 awards, which will be made in two equal tranches, are as stated earlier and will apply to each tranche.

The performance targets for awards made during 2009 are that the Company's TSR performance over the period compared to its peer group shall be at least 50th percentile (for 25% of the TSR-related award to vest) or 75th percentile (for 100% of the TSR-related award to vest). There would be straight line vesting between these TSR thresholds.

Similar performance conditions applied to awards made during 2008 save that the first TSR comparator group was the FTSE 100 and 50% of the award was based on an EPS-related performance test whereby Group EPS must have grown over the performance period by at least 3% p.a. (for 25% of the award to vest) and 8% p.a. (for 100% of the award to vest). Following consultation with major shareholders, the Committee removed the EPS-related performance test and based the entire performance test for the 2009 awards on the relative performance of the Company's TSR. The Remuneration Committee has discretion to vary the targets (other than for Executive Directors) to relate them to business unit and individual performance targets and can also do so with regard to the Taylor Wimpey Share Option Plan. During 2009, awards were made to 23 executives (2008: 329) over an aggregate of 6,087,533 shares (2008: 5,643,537), based on the share price of 39.34 pence (2008: 161.67 pence), exercisable in 2013 following the announcement of the Group's results for 2012 and the associated performance calculation which will take place in or around March 2013). Details of awards made to Executive Directors appear on page 49.

Taylor Wimpey Share Option Plan

Under this plan Executive Directors and senior executives may be granted annually an option over shares with a value, at date of grant, of up to 200% base salary (Executive Directors) or 300% base salary (other participants) subject to the overall limits described earlier. Such awards, which may be income tax-approved up to HMRC's aggregate limit of £30,000, vest after three years (for awards during 2008) and after four years (for awards during 2009) from the commencement of the associated performance measurement period provided, and to the extent that, the associated performance condition has then been achieved. For awards made in 2009, the performance target is that ROCE is 10% or more (for 25% of the award to vest) or 20% or more (for 100% of the award to vest). For awards made in 2008 the equivalent targets were for ROCE to exceed COC (25% vesting) and to exceed it by 3% (100% vesting). For both years there would be straight line vesting between the two thresholds. During 2009, options were granted to 23 executives (2008: 329) over an aggregate of 12,175,072 shares (2008: 13,247,283), based on the share price of 39.34 pence (2008: 137.75 pence), exercisable in 2013 following the announcement of the Group's results for 2012 and the associated performance calculation (expected to be in or around March 2013). Details of awards made to Executive Directors appear on page 49.

Additional performance test

An additional requirement for any vesting under the current share-based incentive plans is that at the time of approving the vesting, the Committee must be satisfied with the overall financial performance of the Group.

Pre-merger share plans

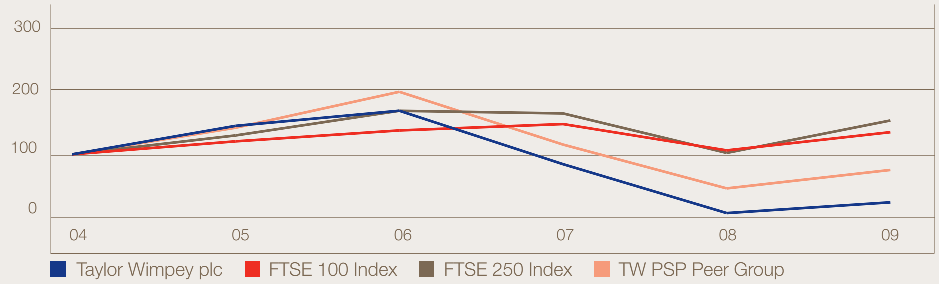
Taylor Wimpey Performance Share Plan (formerly the Taylor Woodrow Performance Share Plan)

The Taylor Wimpey Performance Share Plan operated from 2004 to 2007, when it was superseded by the current Taylor Wimpey Performance Share Plan described above. Full details of the plan appeared in last year's report. The last award under the Plan was made in 2007 and it is closed to new awards. No awards are held by Executive Directors.

Taylor Wimpey Executive Share Option Plan (formerly the Taylor Woodrow Executive Share Option Plan)

The Taylor Wimpey Executive Share Option Plan operated until 2003 and was suspended on 9 October 2003. It is now closed to new awards. No awards are held by Executive Directors.

Total shareholder return (£)



Source: Thomson Reuters

This graph shows the value, by 31 December 2009, of £100 invested in Taylor Wimpey plc on 31 December 2004 compared with the value of £100 invested in the FTSE 100 Index, the FTSE 250 Index and in the bespoke peer group used for the Taylor Wimpey Performance Share Plan. The other points plotted are the values at intervening financial year-ends.

George Wimpey Long Term Incentive Plan

The George Wimpey Long Term Incentive Plan was closed to new awards upon the merger of Taylor Woodrow plc and George Wimpey Plc in July 2007 at which time the performance shares were effectively rolled into shares in the Company. Conditional awards of shares have been held by a small number of key executives and only vest if predetermined performance conditions are satisfied over the three year performance period. The key condition is the measurement of TSR against a peer group of companies. Awards vest if the Company's TSR compared to the peer group exceeds the 50th percentile (25% of the awards vest) or 75th percentile (100% of the awards vest).

The final TSR performance test in respect of the three year plan cycle to 31 December 2009 has been independently undertaken. The performance test was not met and as all outstanding entitlements have lapsed in full, the Plan has now ceased.

George Wimpey Executive Share Option Scheme

The George Wimpey Executive Share Option Scheme closed to new awards on 3 July 2007. Existing options were rolled-over into equivalent options over the Company's shares at that time and remain subject to the rules of the Scheme. No Executive Director has any participation in the Scheme.

All-employee share plans

United Kingdom

The Company encourages share ownership by employees and accordingly, it operates a number of all-employee share plans. 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% of market value. During 2009, 746 employees (2008: 1,248) applied to join the Plan. Options were granted over 7,101,166 shares (2008: 22,685,606) at an option price of 39.2 pence per share. The Company also operates 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 2009, 611 participants contributed to the Plan (2008: 1,504) and purchased 1,780,078 partnership shares (2008: 3,574,374). Details of awards held during the year by Executive Directors appear on page 49.

Overseas

The Company's all-employee stock purchase plans in the US and in Canada, which are broadly equivalent to those operated in the UK, are not being operated. No Executive Director is, or was at any time during 2009, a member of either of these plans.

Performance graph

The graph above shows the Company's performance, measured by TSR for the five year period to 31 December 2009, compared with the performance of the FTSE 100 and the FTSE 250 Share Index also measured by TSR. These two comparator groups are those used in successive years' awards under the Taylor Wimpey Performance Share Plan, described above.

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Remuneration Report continued

Other matters affecting share plans

The rules of the Company's share plans provide for the early vesting or exercise of share entitlements in certain circumstances. In line with applicable guidelines, in the event of death or cessation of employment due to a change of control or sale of business, awards would be pro-rated and early vesting would be subject to the judgement and discretion of the Remuneration Committee, which would ordinarily take into account the performance of the Company as at the date of the event. In the event of a participant leaving due to incapacity, redundancy or normal retirement, pro-rating of awards would occur but the three year performance period would normally remain.

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 24 to the consolidated financial statements. Share plans are also compliant with ABI dilution guidelines.

The Company's policy, as set out in last year's report, has been to utilise treasury shares, transferred to its Employee Share Ownership Trusts, to meet any further requirement for shares in respect of share plans. However, on 1 June 2009 the Company's remaining holding of treasury shares was cancelled as a consequence of the Placing and Open Offer. The Company's present intention is to meet such requirements, wherever it is possible to do so, substantially by a mix of market purchases and utilising the remaining balance of shares in the appropriate Trust. 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.

Share retention and target Director shareholdings

The Remuneration Committee has approved guidelines relating to target shareholdings in the Company and 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 Performance Share Plan ('PSP') and/or the Share Option Plan ('SOP') are expected to retain shares for one year as set out below:
   - 50% of the net amount of any shares that vest under the PSP in the case of Executive Directors and 25% in the case of other participants;
   - 50% of the net gain of shares following the exercise of any executive share options under the SOP in the case of Executive Directors and 25% 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 previous Taylor Wimpey Performance Share Plan.
4. Shares that vest or are received following the exercise of any option, count towards the targets set out in section 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 section 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 Executive Directors are expected to hold shares in the Company in order to align their interests with those of shareholders. The Committee will keep these guidelines under regular review to ensure that they remain both reasonable and appropriate.

Pension arrangements

Details of the Group's principal UK pension schemes are given in Note 22 on page 84 to the consolidated financial statements.

Taylor Wimpey Pension Schemes

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 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 Wimpey Personal Choice Plan

With effect from 1 April 2002 the Company introduced the PCP, a defined contribution pension scheme which all new eligible UK employees are invited to join.

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 £21,422.48 (2008: £20,731). No other arrangements were made during the year for the provision of pensions for former Directors.

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% and 10% 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 annum (2.5% for all service earned after 6 April 2006). As recently announced, the Company is engaged in an employee consultation exercise with all active members of the Scheme, on a proposal to close the Scheme to future accrual and to provide future pension benefits for members within the PCP.

Other changes to the Company's various pension schemes are also the subject of consultation.

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 4x 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% 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 2009 a total of £144,775 (2008: £133,767) was paid. Pension allowances do not count towards the calculation of any bonus awards which are based only on base salary.

The Executive Directors' accrued pensions in 2009 are shown on page 50.

George Wimpey Stakeholder Scheme
No Executive Director is a member of the stakeholder scheme.

Directors' contracts

It is the Company's policy that Executive Directors should have contracts of employment providing for a maximum of one year's notice. Upon appointment, Chris Rickard was entitled to 18 months' notice for the first year of employment. His entitlement was reduced to 12 months from 16 October 2009 which is in line with other Executive Directors.

Service contracts for all Executive Directors and letters of appointment for all Non Executive Directors are available for inspection as described in the Notice of 2010 Annual General Meeting.

Details of the Directors' contracts are summarised in the table below:

Name	Date of contract	Unexpired term (months)	Notice period by Company (months)	Notice period by Director (months)	Normal retirement age	Current age
Pete Redfern*	13 October 2004	12	12	12	60	39
Chris Rickard	20 October 2008	12	12	12	60	53
Sheryl Palmer†	4 August 2009	12	12	12	65	48

* Proposed for re-election at the Annual General Meeting.
† Proposed for election at the Annual General Meeting.

It is the Company's policy that liquidated damages should not automatically apply on the termination of an Executive Director's contract. In accordance with this approach, payment for early termination of contract (without cause) by the Company is, in the case of each of the Executive Directors, to be determined having regard to normal legal principles which require mitigation of liability on a case-by-case basis. Any such payment would typically be determined by reference to the main elements of a Director's remuneration, namely: salary; bonus entitlement; benefits-in-kind; and pension entitlements. Phased payments will be considered by the Company where appropriate. There are no change of control provisions that apply in relation to the service contract of any Executive Director.

Non Executive Directors
Non Executive Directors do not have service contracts. Their terms of engagement are regulated by letters of appointment as follows:

Current Directors	Date of appointment as a Director	Date of initial letter of appointment	Term of appointment	Notice period by Company (months)	Notice period by Director (months)
Norman Askew	29 July 2003	25 July 2003	3 years, reviewed annually	6	6
Brenda Dean	3 July 2007	21 November 2007	3 years, reviewed annually	6	6
Andrew Dougal	18 November 2002	31 October 2002	3 years, reviewed annually	6	6
Katherine Innes Ker*	1 July 2001	21 May 2001	3 years, reviewed annually	6	6
Anthony Reading	3 July 2007	21 November 2007	3 years, reviewed annually	6	6
Rob Rowley†	1 January 2010	1 December 2009	3 years, reviewed annually	6	6
David Williams	3 July 2007	21 November 2007	3 years, reviewed annually	6	6
Former Director					
Mike Davies	13 October 2003	29 September 2003	3 years, reviewed annually	6	6

* Proposed for re-election at the Annual General Meeting.

† Proposed for election at the Annual General Meeting.

Note: Brenda Dean, Anthony Reading and David Williams were independent non executive directors of George Wimpey Plc ('GW') up until the merger with Taylor Woodrow on 3 July 2007. Their respective dates of appointment were 7 October 2003, 15 April 2005 and 1 May 2001 and, as set out in the Corporate Governance Report, time spent as a director of GW is deemed to count towards each Director's overall term of office as a Director of the Company.

Directors' Report: Governance
Remuneration Report continued

The fees of Non Executive Directors were determined by the Board in their absence taking into account the research carried out by independent remuneration consultants of fees paid to non executive directors of similar sized companies and the sector-based peer group. Non Executive Director fees are subject to the aggregate annual limit of £1,000,000 imposed by the Articles of Association and will be reviewed annually.

The basic fees of each Non Executive Director were standardised at £50,000 per annum following the merger between Taylor Woodrow plc and George Wimpey Plc in 2007. The Senior Independent Director receives an additional payment of £10,000 in respect of the performance of this role. The standard fee for chairing a Board Committee (Audit, Remuneration and Corporate Responsibility) is £10,000. The Chairman does not receive any additional fee for chairing the Nomination Committee. The fees of the Non Executive Directors have not been increased since the merger.

Chairman's fees: as reported last year, the Chairman determined that in light of the prevailing difficult market conditions affecting the Company, his annual fees should be reduced from £270,000 per annum to £200,000 with effect from 1 January 2009. This was subsequently agreed with the Remuneration Committee and endorsed by the Board.

Neither the Chairman nor the Non Executive Directors participate in any of the Company's share plans or bonus plans and are not eligible to join the Company's pension scheme.

Part 2: Audited Information
Directors' emoluments

	Basic salary/fee £000	Salary supplement in lieu of pension £000	Benefits-in-kind £000*	STIA in respect of 2009 £000	Other benefits £000	2009 total £000	2008 total £000	Basic salary p.a. with effect from 01.04.2010** £000
Executive								
Pete Redfern	700	144	25	788	30	1,687	874	700
Chris Rickard	380	–	13	428	84	905	83	380
Sheryl Palmer† (Appointed 5 August 2009)	158	–	5	878	3	1,044	–	389
Peter Johnson (Resigned 16 October 2008)	–	–	–	–	–	–	791	–
Ian Sutcliffe (Resigned 14 April 2008)	–	–	–	–	–	–	333	–
Non Executive								Fees p.a. with effect from 01.01.2010
Norman Askew	200	–	–	–	–	200	270	200
Brenda Dean	50	–	–	–	–	50	50	50
Andrew Dougal	56	–	–	–	–	56	60	50
Katherine Innes Ker	60	–	–	–	–	60	60	60
Anthony Reading	60	–	–	–	–	60	60	60
Rob Rowley (Appointed 1 January 2010)	–	–	–	–	–	–	–	60
David Williams	65	–	–	–	–	65	60	60
Mike Davies (Resigned 1 September 2009)	33	–	–	–	–	33	50	–
Aggregate emoluments	1,762	144	43	2,094	117	4,160		
2008							2,691	

† Sheryl Palmer was appointed to the Board in August 2009. Her annual salary is US$615,000 which on an average exchange rate of £1:$1.58 equates to £389,000 per annum.

* Includes non-cash payments.

** As reported earlier, any change in basic salary is now effective from 1 April. No salary increases are to be awarded to any Executive Director for 2010.

Aggregate emoluments of the Executive Committee (excluding Executive Directors)

	Basic salary/fee £000	Salary supplement in lieu of pension £000	Benefits-in-kind £000*	STIA in respect of 2009 £000	Other benefits £000	2009 total £000	2008 total £000	Basic salary p.a. with effect from 01.04.2010** £000
6 members	1,286	81	86	1,213	155	2,821	1,946	1,341

* Includes non-cash payments.

** As reported earlier, any change in basic salary is now effective from 1 April.

During the year the composition of the Executive Committee has been amended. There were two members of the Executive Committee during 2008 other than the Executive Directors. No expense allowances are paid.

In addition, a charge of £234,946 (2008: £65,000) was booked in respect of share-based payments.

Directors' share-based reward and options

Aggregate emoluments disclosed opposite do not include any amounts for the value of options to acquire ordinary shares in the Company and any other share-based reward granted to or held by the Directors. No Director exercised an option or conditional award over ordinary shares during the year (2008: nil).

Details of options and conditional awards over shares held by Directors who served during the year are as follows:

Name of Director	Plan	1 January 2009[a]	Granted (number)	Adjustment for Placing and Open Offer[d]	Lapsed (number)	Exercised (number)	31 December 2009	Exercise price (pence)[d]	Date of grant	Date from which exercisable	Expiry date
Pete Redfern	Bonus Plan	207,255	–	98,090	–	–	305,345	–	13.03.08	31.12.10	31.12.10
	Performance Share Plan	432,981	–	204,921	–	–	637,902	–	17.04.08	17.04.11	17.04.11
	Performance Share Plan	–	1,601,423[b]	–	–	–	1,601,423	–	07.08.09	01.01.13	01.01.13
	Share Option Plan	1,016,333	–	481,012	–	–	1,497,345	93.49	28.04.08	28.04.11	28.04.18
	Share Option Plan	–	3,202,846[b]	–	–	–	3,202,846	39.34	07.08.09	07.08.12	07.08.19
	Long Term Incentive Plan	179,007	–	–	179,007	–	–	–	23.05.06	23.05.09	23.05.09
	Long Term Incentive Plan	231,940	–	109,773	–	–	341,713	–	02.04.07	02.04.10	02.04.10
	Total	2,067,516	4,804,269	893,796	179,007	–	7,586,574				
Chris Rickard	Sharesave Plan	–	39,668[c]	–	–	–	39,668	39.20	02.10.09	01.12.14	31.05.15
	Performance Share Plan	2,338,461	–	1,106,753	–	–	3,445,214	–	16.10.08	16.10.11	16.10.11
	Performance Share Plan	–	869,344[b]	–	–	–	869,344	–	07.08.09	01.01.13	01.01.13
	Share Option Plan	4,676,923	–	2,213,505	–	–	6,890,428	11.02	16.10.08	16.10.11	16.10.18
	Share Option Plan	–	1,738,688[b]	–	–	–	1,738,688	39.34	07.08.09	07.08.12	07.08.19
	Total	7,015,384	2,647,700	3,320,258	–	–	12,983,342				
Sheryl Palmer	Performance Share Plan	140,280	–	–	–	–	140,280	–	17.04.08	17.04.11	17.04.11
	Performance Share Plan	–	416,508[b]	–	–	–	416,508	–	07.08.09	01.01.13	01.01.13
	Share Option Plan	329,278	–	–	–	–	329,278	93.49	28.04.08	28.04.11	28.04.18
	Share Option Plan	–	833,016[b]	–	–	–	833,016	39.34	07.08.09	07.08.12	07.08.19
	Total	469,558	1,249,524	–	–	–	1,719,082				

a. Or date of appointment.

b. Market value per share on date of grant 7 August 2009 was 38 pence.

c. Market value per share on date of grant 2 October 2009 was 40.96 pence.

d. Following the Company's Placing and Open Offer on 1 June 2009, all Share Plan entitlements, including numbers of shares under option/award and option price per share, were adjusted by a formula approved by HM Revenue and Customs and agreed with the Company's Auditors.

There have been no variations to the terms and conditions or performance criteria for outstanding share options during the financial year.

The performance criteria relating to the Performance Share Plans and Share Option Plans appear earlier in this Directors' Remuneration Report.

Awards made pursuant to the George Wimpey LTIP are conditional and do not vest in whole or part unless predetermined performance conditions are satisfied over a three year period. The performance conditions are explained in detail on page 45. For 2006 and 2007, the relevant share prices for the calculation of awards were 544.1 pence and 575.9 pence. The TSR performance in respect of those shares conditionally awarded under the 2007 George Wimpey LTIP was not met. No vesting has taken place and all awards under this scheme have now lapsed. These shares are however indexed in the 31 December 2009 column above for Pete Redfern.

The market price of the ordinary shares on 31 December 2009 was 38.9 pence and the range during the year was 13.75 pence to 53.2 pence.

Directors' Report: Governance
Remuneration Report continued

Directors' interests in shares of the Company
Directors' interests in 1 pence ordinary shares held (fully paid) ('ordinary shares'):

	at 1.1.09 ordinary shares*	at 31.12.09 ordinary shares	Executive Directors' share interests at 31.12.09 valued at 31.12.09 share price and expressed as a percentage of basic salary at 1.4.10**
Norman Askew	15,674	31,348	
Pete Redfern	92,705	195,410	11%
Chris Rickard	–	77,402	8%
Sheryl Palmer	200,000*	200,000	20%
Brenda Dean	8,348	26,696	
Andrew Dougal	5,000	15,000	
Katherine Innes Ker	1,000	12,000	
Anthony Reading	20,000	40,000	
Rob Rowley	–	–	
David Williams	8,269	16,538	

* or date of appointment

** As reported earlier, any change in basic salary is now effective from 1 April.

Directors' pension entitlements

Defined benefit schemes

George Wimpey Staff Pension Scheme
Pete Redfern is a member of the George Wimpey Staff Pension Scheme. The following table sets out the transfer value of his accrued benefits under the Scheme calculated in a manner consistent with 'The Occupational Pension Schemes (Transfer Values) Regulations 2008'.

	Accrued pension as at 31 December 2008 £	Increase in accrued pension from 31 December 2008 to 31 December 2009 £	Accrued pension as at 31 December 2009(1) £	Transfer value gross of Director's contributions at 31 December 2009(2) £	Transfer value gross of Director's contributions at 31 December 2008(2) £	Increase in transfer value from 31 December 2008 to 31 December 2009 less Director's contributions (3) £	Increase in accrued pension from 31 December 2008 to 31 December 2009 less inflation £	Transfer value of accrued pension increase less Director's contribution(4) £
Pete Redfern	20,907	3,813	24,720	232,700	183,500	37,000	3,813	18,500

1. Pension accrual shown is the amount which would be paid annually on retirement based on service to 31 December 2009.
2. Transfer values have been calculated in accordance with the occupational Pension Schemes (Transfer Value) Regulations 2008.
3. The increase in the transfer value includes the effect of fluctuations in the transfer value due to factors beyond the control of the Company and Directors, such as stock market movements.
4. The transfer value of accrued pension increase less Director's contribution represents the incremental value to the Director of his service during the period, calculated on the assumption service terminated at the year end. It is based on the increase in accrued pension (less inflation) after deducting the Director's contribution.

Non-Group pension arrangements
Chris Rickard and Sheryl Palmer have non-Group pension arrangements, to which contributions were paid by the Company as set out below:

	2009 £	2008 £
Chris Rickard	**83,600**	17,417
Sheryl Palmer	**7,077**	–

Approval
This Remuneration Report was approved by the Board of Directors on 2 March 2010 and signed on its behalf by the Remuneration Committee Chairman:

Anthony Reading
2 March 2010