11 November 2008

Taylor Wimpey plc
Interim Management Statement

This statement covers the period from 1 July 2008 to the date of this announcement.

UK Housing

As anticipated, conditions in the UK housing market have remained extremely challenging, with the recent events in the world financial markets further depressing customer confidence. Third quarter mortgage approvals fell by 70 per cent year on year, and the main mortgage lender house price indices have now fallen by around 14 per cent over the last year.

Through to the middle of October, we have maintained our policy of pricing competitively in each local market in order to maintain a steady, although reduced sales rate. Net private reservations for the second half to date average 165 per week, around 27 per cent below the second half of 2007 (H1 2008: 220, H2 2007: 225). These net reservation rates include the impact of cancellations, which have continued to run above normal levels in the second half of the year.

Over the past few weeks, we have seen many of our competitors gradually adopt the same approach, increasing the downward pressure on pricing and challenging volumes. Having secured the sales that we require for this year, we expect to maintain prices at current levels for the next few weeks.

We are currently selling from around 400 outlets, down from a peak of circa 500 at the beginning of the year, reflecting our caution regarding the opening of new outlets. Our build rate is now running below current sales rates, at around 40 per cent of normal levels. We have made good progress in reducing the level of unsold completed homes by around 35 per cent since the half year to approximately 1,300 homes, amounting to around 8 weeks of supply at current sales rates. Both our stock and that of the industry in general is at reasonable levels.

Our current order book stands at 6,607 homes (week 44 2007: 11,074 homes). We have maintained our focus on affordable housing sales and anticipate that these will account for approximately 22 per cent of our full year completions (2007: 15 per cent).

We retain our strong focus on both build and overhead costs. For the year to date, we have reduced our headcount in the UK by nearly 1,900 as a result of the previously announced restructuring of our operations and further efficiency savings across our business.

We continue to review our existing land purchase commitments. We have now reduced our expected cash outflows in respect of land to the end of 2009 by a further £75 million from the commitments outlined at the half year stage.

The absence of any improvement to current market conditions increases the likelihood that the Group will need to make further provisions against its land and work in progress. This subject will be reviewed again in the light of market conditions prevailing at the end of the year and the level of any additional provisions required will be announced with our Preliminary Results in March 2009.

We remain of the view that there will not be a recovery in the UK housing market in the short term. We welcome the significant interest rate reduction announced last week, and are hopeful that if this is passed on to consumers, then it will help the market to return to stability more quickly. Increased mortgage availability and a return of customer confidence remain the key requirements for a sustained market recovery.

North America Housing

The recent events in world financial markets have also had a detrimental impact on the North American housing market, where conditions continue to be difficult. Although new build stock has reduced, increased levels of repossessions in the US have resulted in a continued high level of total stock, creating downward pressure on new build volumes and prices in some markets.

Sales rates in recent weeks have declined from those achieved earlier in 2008 and we have recently experienced higher levels of cancellations. Although prices are under pressure, we continue to expect positive cash generation and a modest profit in North America for the full year.

We have approximately 220 active outlets across our operations in the US and Canada. This equates to a reduction of around 15 per cent over the last twelve months, reflecting our tight control over investment in working capital. We have maintained our level of unsold completed homes below 400 homes, having achieved a significant reduction over the first half of this year.

Our current order book stands at 3,818 homes, a very similar level to the prior year (week 44 2007: 3,724 homes).

We will be undertaking a detailed review of our land and work in progress at the year end to establish whether further provisions are required. However, we do not anticipate any material adjustments.

We expect market conditions in North America to remain weak into next year. Material recovery in the US market will require some equilibrium in the existing home market, which will take some time to develop, although we are hopeful that the actions of the US Government will start to flow through to the market effectively during the first half of 2009.

Spain & Gibraltar Housing

The housing market in Spain remains weak and our plans to exit Gibraltar remain on track.

Review of Capital Requirements

The Group remains in compliance with all of its existing covenants and has adequate facilities available. Net debt currently stands at approximately £1.9 billion, in line with our expectations, despite the adverse impact of sterling's recent weakness on our dollar-denominated debt.

The discussions with our banking group and the private placement noteholders are progressing and, as announced on 3 October, we are in the process of extending our debt negotiations to include applicable Eurobond holders. The objective of these discussions remains the achievement of a revised covenant package that is robust and delivers a stable medium term financing solution for the Group, taking into account the requirements of all relevant stakeholders. The interests of these various stakeholder groups mean that these discussions are complex and it therefore remains likely that a revised covenant structure will only be concluded early next year. We will provide further information on the progress of these discussions to the market as appropriate.

While these discussions remain our top priority, the Board also considers it appropriate for the Group to keep under review other strategic options which may be available to it to reduce debt.

Group

As previously announced, we completed the sale of the UK business of Taylor Woodrow Construction to VINCI PLC on 9 September 2008.

In the short term, our operational focus remains on cash management and cost reduction. We continue to believe that both the UK and North American housing markets remain attractive in the medium and long term due to the positive demographic trends in both markets, constrained land supply in the UK and the ability, in an improved market, to increase volumes profitably in the US.

Conference Call for Analysts and Investors

A conference call, hosted by Pete Redfern and Chris Rickard, will be held at 09:00 this morning. Dial in details are:

Dial in number: +44 (0)20 7162 0025
Conference ID: Taylor Wimpey IMS Conference Call

A replay of the conference call will be available at www.taylorwimpey.com later in the day.

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Notes to editors:
On 3 July 2007, Taylor Woodrow plc and George Wimpey Plc completed their merger to form Taylor Wimpey plc. Taylor Wimpey plc is the UK's largest homebuilder.

Taylor Wimpey plc builds homes in the UK, North America, Spain and Gibraltar. It aims to be the homebuilder of choice for customers, employees, shareholders and communities.