

13 January 2009

**Taylor Wimpey plc
Trading Statement for the year ended 31 December 2008**

Introduction

In the face of very challenging conditions across our main markets, which have already been widely reported, we have taken decisive action to reduce costs and levels of work in progress in order to reduce existing financial liabilities, generate cash and reduce overall debt levels.

As a result, Group net debt on 31 December 2008 was c. £1.55 billion, a reduction of well over £300 million since 30 June 2008 before taking into account an adverse movement of almost £200 million due to foreign exchange movements.

UK Housing

Market conditions in the UK remained weak, with house price indices showing falls in the range of 16 to 19 per cent over the course of 2008. In line with previous guidance, we have retained our focus on pricing competitively in each local market, cash management and cost control. We have used both part-exchange and shared equity incentives cautiously over the course of the year and have year end balances relating to these incentives of approximately £35 million and £16 million respectively (31 December 2007: £101 million and £3 million). Having maintained a good sales lead through to the end of October, and with relatively low levels of finished unsold stock, we were able to maintain stable pricing over the last two months of 2008.

We had 386 outlets at the year end, down from 501 outlets at the start of the year. Net private reservations for the second half averaged around 137 per week (H2 2007: 225). Cancellations, which are reflected within these net reservations, remained above normal levels throughout the second half of 2008 but did not show a marked increase as reservations were converted into completions in the latter stages of the year.

We completed 13,394 homes in 2008 (2007 pro forma: 20,690), of which 21 per cent were affordable housing completions (2007 pro forma: 15 per cent). Average selling prices were £171k for the full year (H1 2008: £177k, 2007 pro forma: £188k), reflecting the ongoing pricing pressure during 2008 and the higher proportion of affordable completions. The level of unsold completed homes at the year end was 1,138, a reduction of 44 per cent against the 2,025 unsold completed homes on 30 June 2008.

The year end order book stood at 4,231 homes (31 December 2007: 5,109 homes).

A core part of our approach to cash management has been the cessation of new land purchase commitments, which has been in force since September 2007. As a result, our cash payments in respect of land totalled c. £540 million during 2008, a significant reduction against the land spend in 2007. We expect a further reduction in land spend during 2009 to less than £400 million. The number of plots in the short term landbank (representing owned or controlled land with planning, or a resolution to grant planning) now stands at less than 73,000 plots (31 December 2007: 86,155 plots).

We continue to operate with build rates below the current sales rates and our monthly cash spend on work in progress is running at approximately 50 per cent of the equivalent figure for 2007.

In the absence of any improvement to market conditions since we last reported, the Group will need to make further provisions against its land and work in progress in its 2008 year end accounts. A review of the carrying value of these assets is underway and the level of any additional provisions required will be announced with our Preliminary Results.

We remain of the view that there will not be a recovery in the UK housing market in the short term. Whilst we welcome the recent reductions in interest rates, the availability of mortgage finance remains severely restricted and, together with increasing economic uncertainty, continues to have a detrimental impact on consumer confidence.

North America Housing

Whilst there were signs of increasing stability in the US housing market during the second quarter of 2008, events in the world financial markets during the second half of the year had a detrimental impact. In contrast, our Canadian business continued to benefit from a robust operating environment throughout most of 2008, although it experienced some softening in the fourth quarter.

We have 212 active outlets in North America, a reduction of approximately 16 per cent from the start of 2008. The average net sales rate achieved in the second half of 2008 is below that achieved in the first half of the year, with cancellation rates broadly similar across the year.

We completed 5,421 homes in North America during 2008 (2007 pro forma: 6,740) at an average selling price of US\$313k (2007 pro forma: US\$349k). We made good progress during the year in reducing the level of unsold completed stock from 908 homes at 31 December 2007 to 455 homes at 31 December 2008.

Our year end order book stands at 2,789 homes (31 December 2007: 3,137 homes).

Although we remain cautious with regard to purchasing land in the United States, there are some attractive opportunities emerging. Our North American landbank has been reduced to 29,179 plots at the year end (31/12/2007: 40,603 plots), with reductions in both owned and controlled plots.

In line with previous guidance, we are reviewing the carrying value of our landbank in North America. However, we do not expect the quantum of any provision to be significant in a Group context.

We continue to believe that a material recovery in the US market will take some time to develop. However, we are hopeful that the actions and proposals of the US Government will start to flow through to the market effectively during 2009.

Spain & Gibraltar Housing

The housing market in Spain remains weak and our plans to exit Gibraltar are on course.

We completed a total of 214 homes in Spain and Gibraltar during 2008 (2007: 212 homes) at an average selling price of £270k (2007: £279k). Our year end order book stood at 178 homes (31 December 2007: 263 homes) and we have a landbank of 2,121 plots (31 December 2007: 2,493 plots).

We are currently undertaking a review of the carrying value of our landbank in Spain and do not expect the quantum of any provision to be significant in a Group context.

Market conditions are expected to remain weak in Spain during 2009.

Update on Financing Discussions

As announced on 24 December, we have reached agreement with the providers of our bank facilities and our private placement noteholders to defer the testing date of certain of our financial covenants. As a result of this deferral we will not be required to test these covenants based on the 2008 year end figures or be required to report on the Company's compliance with them until 31 March 2009.

Discussions with our debt providers relating to the refinancing of our existing debt facilities continue on a constructive basis. We remain confident that a robust, stable medium term financing solution for the Group, which takes into account the requirements of all relevant stakeholders, will be achieved prior to the end of this deferral period.

We will provide further information on the progress of these discussions to the market as appropriate. The Group has total debt facilities available of £2.7 billion, with a year end net debt of c. £1.55 billion.

Group

We have taken firm action to position the business appropriately for the challenging conditions that we face across our major housing markets.

We believe that the prospects for 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.

-ends-

For further information please contact:

Taylor Wimpey plc
Pete Redfern, Group Chief Executive
Chris Rickard, Group Finance Director
Jonathan Drake, Investor Relations

Tel: +44 (0) 20 7355 8109

Finsbury plc
James Murgatroyd
Faeth Birch

Tel: +44 (0) 20 7251 3801

Notes to editors:

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.

For further information, please visit the company's website:

www.taylorwimpey.com