

RULES OF THE TAYLOR WIMPEY SHARE INCENTIVE PLAN

TAYLOR WIMPEY

SHARE INCENTIVE PLAN

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by a resolution of the Board on 26 September 2007 and

by a resolution of the Remuneration Committee on 14 December 2012
(followed by a shareholder resolution on 25 April 2013)
(final Board approval 29 July 2013)

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1. Definitions

1.1 In these Rules the following words and expressions shall have, where the context so admits, the following meanings:

"Accumulation Period" means the period not exceeding 12 months specified in the Partnership Share Agreement or Partnership and Matching Share Agreement during which Partnership Share Money will be accumulated by the Trustees before being dealt with by the Trustees in accordance with Rules 6.13 or 6.17 respectively;

"Acquisition Date" means:

- (a) in relation to Partnership Shares, where there is no Accumulation Period, the date set by the Trustees, being a date within 30 days after the last date on which the Partnership Share Money to be applied in acquiring the Shares was deducted;
- (b) in relation to Partnership Shares, where there is an Accumulation Period, the date set by the Trustees, being a date within 30 days after the end of the Accumulation Period which applies in relation to the award; and
- (c) in relation to Dividend Shares, the date set by the Trustees, being a date within 30 days after the date on which the dividend is received by the Trustees;

"Acquisition Price" means in relation to any Partnership Shares where there is an Accumulation Period the price at which Partnership Shares are acquired on behalf of an Eligible Employee by reference to:

- (a) the lower of:
 - (i) the Opening Value; and
 - (ii) the Closing Value; or
- (b) the Opening Value; or
- (c) the Closing Value,

such price to be set out in the Partnership Share Agreement for the purposes of that Agreement;

"Act" means the Income Tax (Earnings and Pensions) Act 2003;

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"Approval Date"	means the date on which the Plan was approved by the Company's shareholders;
"Announcement Date"	means the date on which the results of the Company are announced for any period;
"Appropriation Date"	means in relation to any Free Shares or Matching Shares, the date upon which those Free Shares or Matching Shares were, are, or are to be appropriated to a Participant pursuant to the Plan;
"Associated Company"	has the meaning given in paragraph 94 of Schedule 2 of the Act;
"Award"	means an Ordinary Award or a Performance Award;
"Board" or "Committee"	means the board of directors of the Company or a duly constituted committee thereof at which a quorum is present (the committee may include members of the Board delegated with the authority to consider the remuneration of directors and employees of the company in accordance with any prevailing code of practice operated by companies whose shares have been admitted to the Official List);
"CA 2006"	means the Companies Act 2006;
"Closing Value"	means the Market Value of a Share on the Acquisition Date;
"Company"	means Taylor Wimpey plc registered in England and Wales No 296805;
"Connected Company"	has the meaning given in paragraph 18 of Schedule 2 of the Act;
"Constituent Company"	means any Group Company nominated by the Committee to participate in the Plan from time to time;
"Control"	means control as defined in sections 450 and 451 of CTA;
"CTA"	means the Corporation Tax Act 2010;
"Daily Official List"	means the daily record setting out the prices of all trades in securities conducted on the Stock Exchange;
"Dealing Day"	means a day on which the Stock Exchange is open for the transaction of business;

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"Deduction Date"	means the date on which Partnership Share Money is deducted from an Eligible Employee's Salary Payment;
"Dividend Shares"	means Plan Shares acquired or to be acquired by the Trustees as a result of Reinvestment which are of the same class and carry the same rights as the Plan Shares in respect of which the relevant dividend is paid and which are not subject to any forfeiture provision;
"Eligible Employee"	means any person who is eligible to participate in the Plan in accordance with Rule 3;
"Eligibility Date"	means the date specified by the Committee on which an employee has to be an Eligible Employee in order to participate in the Plan, provided that an Eligibility Date must not in any event be outside the relevant Qualifying Period;
"Forfeiture"	means a Participant ceasing to be beneficially entitled to Free Shares or Matching Shares and Forfeitable and Forfeited shall be construed accordingly;
"Forfeiture Period"	means the period specified by the Committee commencing on the Appropriation Date and ending at such time (if any) as the Committee may determine during which in certain circumstances Forfeiture may occur;
"Free Shares"	means any Shares appropriated or to be appropriated in accordance with Rule 4.14 in the case of an Ordinary Award or in accordance with Rule 5.24 in the case of a Performance Award;
"Free Share Agreement"	means a contract which must be entered into between an Eligible Employee and the Company before an Eligible Employee may become a Participant in respect of Free Shares under the Plan;
"FSMA"	means the Financial Services and Markets Act 2000;
"Good Leaver"	means a Participant who ceases to be a Group Employee by reason of:
	(a) injury or disability provided the Committee are satisfied, on production of such evidence as it may reasonably require:
	(i) that the individual has ceased to exercise and, by reason of injury or disability, is incapable of exercising that office or employment; and

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- (ii) that the individual is likely to remain so incapable for the foreseeable future;
- (b) redundancy within the meaning of the Employment Rights Act 1996;
- (c) a transfer to which the Transfer of Undertaking (Protection of Employment) Regulations 2006 apply;
- (d) the individual's employing company ceasing to be an Associated Company of the Company;
- (e) Retirement; or
- (f) death;

"Group"	means the Company and its Subsidiaries from time to time and the phrase "Group Company" shall be construed accordingly;
"Group Employee"	means an employee of any Group Company;
"Holding Period"	means in respect of:

- (a) Free Shares or Matching Shares, a period of not less than three years nor more than five years beginning with the Appropriation Date during which a Participant is normally bound under either a Participation Agreement or a Partnership and Matching Share Agreement to:
 - (i) permit the Participant's Free Shares or Matching Shares to remain in the hands of the Trustees; and
 - (ii) not to assign, charge or otherwise dispose of the Participant's beneficial interest in such Shares;such period being specified in each Participation Agreement or Partnership and Matching Share Agreement; and
- (b) Dividend Shares, a period of three years beginning with the Acquisition Date during which a Participant is normally bound under a Participation Agreement, a Partnership Share Agreement or a Partnership and Matching Share Agreement to:
 - (i) permit the Participant's Dividend Shares to remain in the hands of the Trustees; and

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(ii) not to assign, charge or otherwise dispose of the Participant's beneficial interest in such Shares;

"HMRC" means HM Revenue & Customs;

"Initial Market Value" means the Market Value of a Share on the Appropriation Date and, where the Share is subject to a Restriction, the Market Value shall be determined without reference to that Restriction;

"Invitation Period" means the period of forty two days commencing on:

- (a) the fifth day following an Announcement Date; or
- (b) a day on which the Committee resolves that exceptional circumstances exist which justify the sending out of Partnership Share Agreements or Partnership and Matching Share Agreements

SAVE THAT, the above provisions shall not apply should the Committee decide to offer the acquisition of Partnership Shares without an Accumulation Period or with an Accumulation Period of less than twelve months in which case the period shall be at any time as determined by the Committee at that time;

"ITA" means the Income Tax Act 2007;

"Market Value" subject to any other agreement made between the Trustee (with the consent of the Company) and HMRC in accordance with paragraph 92 of Schedule 2 of the Act, means:

- (a) if, and only if, all the Shares appropriated for an award are purchased on the London Stock Exchange on a single Dealing Day, or over five or fewer consecutive Dealing Days ending on the day before the Appropriation Date or the award date and awarded to all Participants on the same day, the average prices paid by the Trustee for those Shares; and
- (b) in any other case, the closing middle market quotation of a Share as derived from the Daily Official List for the immediately preceding Dealing Day or, if the Committee so determines, the average of the closing middle-market quotations for the three Dealing Days before that day;

"Matching Shares" means any Shares appropriated or to be appropriated to Participants in accordance with Rule 7 which are:

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- (a) Shares of the same class with the same rights as the Partnership Shares to which they relate other than in respect of Forfeiture;
- (b) appropriated or to be appropriated on the same day as the Partnership Shares to which they relate are acquired by the Trustees on behalf of Participants; and
- (c) appropriated to all such Participants on the same basis;

"Maximum Deduction"

means the maximum Partnership Share Money which may be deducted from an Eligible Employee's Salary Payments being not greater than:

- (a) £1,800 in any Year of Assessment (or such other limit specified in paragraph 46(1) of Schedule 2 of the Act);
- (b) 10% (or such other limit specified in paragraph 46(2) of Schedule 2 of the Act) of the Salary Payment; and
- (c) any lower limit specified by the Company in the Partnership Share Agreement or the Partnership and Matching Share Agreement (providing that such lower limit may not apply in so far as it would restrict an Eligible Employee from having deductions of less than £5 per month);

"Method One"

means an award of Free Shares under a Performance Award where:

- (a) at least 20% of the Free Shares appropriated are not Performance Shares;
- (b) Free Shares not appropriated by reference to a Performance Target are Similar Terms Shares; and
- (c) the highest number of Performance Shares received by any Participant is not more than four times the highest number of Similar Terms Shares received by any Participant;

"Method Two"

means where Free Shares appropriated under a Performance Award may be appropriated by reference to one or more Performance Targets, in accordance with paragraph 42 of Schedule 2 of the Act;

"Official List"

means the official list of the UK Listing Authority for the purposes of section 74 of FSMA;

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“Opening Value”	means the Market Value of the Shares on the first day of the Accumulation Period;
“Ordinary Award”	means an award of Free Shares pursuant to Rule 4 where the number or availability of Free Shares to be appropriated to Participants is at the absolute discretion of the Committee;
“Ordinary Award Participation Agreement”	means a contract which must be entered into between an Eligible Employee and the Company before an Eligible Employee may become a Participant in respect of an Ordinary Award in a form approved by the Committee from time to time which shall, <i>inter alia</i> , specify:
	<ul style="list-style-type: none">(a) that the Eligible Employee agrees to permit their Free Shares and any Dividend Shares to remain in the hands of the Trustees during the Holding Period for those Free Shares and Dividend Shares; and(b) that the Eligible Employee agrees not to assign, charge or otherwise dispose of their beneficial interest in the Free Shares and any Dividend Shares during the Holding Period for those Free Shares and Dividend Shares;
	provided that such agreements shall not prevent a Participant from directing the Trustees to accept an offer for the Participant's Free Shares or Dividend Shares or agree to a transaction affecting some or all of the Participant's Free Shares or Dividend Shares in accordance with Rule 9;
“Ordinary Share Capital”	means the ordinary share capital of the Company within the meaning of section 989 of ITA;
“Other Share Plan”	means any employees share scheme (other than this Plan) established by the Company which provides for the subscription of Shares or for the purchase of reissued Treasury Shares by or on behalf of Group Employees;
“Participant”	means an Eligible Employee to whom Free Shares or Matching Shares have been appropriated, or on whose behalf Partnership Shares or Dividend Shares have been acquired or (where the context admits) their legal personal representative(s);
“Participation Agreement”	means either an Ordinary Award Participation Agreement or a Performance Award Participation Agreement;
“Partnership Share Agreement”	means a contract which must be entered into between an Eligible Employee and the Company before an Eligible Employee may

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	become a Participant in respect of Partnership Shares under the Plan;
“Partnership and Matching Share Agreement”	means a contract which must be entered into between an Eligible Employee and the Company before an Eligible Employee may become a Participant in respect of Partnership Shares and Matching Shares under the Plan;
“Partnership Share Money”	means money deducted from an Eligible Employee’s Salary Payment which may be used by the Trustees to acquire Partnership Shares;
“Partnership Shares”	means any Shares acquired or to be acquired by the Trustees on behalf of an Eligible Employee in accordance with Rule 6 or Rule 7 and references in the Plan to acquisition of Partnership Shares include the appropriation of Shares held by the Trustees;
“Performance Award”	means an award of Free Shares pursuant to Rule 5 where the number or availability of Free Shares to be appropriated to Participants is partly or wholly conditional on the satisfaction of one or more Performance Targets;
“Performance Award Participation Agreement”	means a contract which must be entered into between an Eligible Employee and the Company before an Eligible Employee may become a Participant in respect of a Performance Award;
“Performance Shares”	means Free Shares appropriated by reference to a Performance Target;
“Performance Target”	means a target which determines the number or value of Performance Shares to be appropriated to Eligible Employees within a Performance Unit, where appropriate, which must be based on business results or other objective criteria and be fair and objective measures of the performance of the Eligible Employee under Method One or of the Performance Units under Method Two to which they are or may be applied, as defined in paragraph 39 of Schedule 2 of the Act;
“Performance Unit”	means one or more Eligible Employees that have been defined for the purposes of a Performance Award using Method Two as being a Performance Unit by the Committee;
“Plan”	means The Taylor Wimpey Share Incentive Plan as constituted by these Rules and the Trust Deed being the Appendix thereto;
“Plan Shares”	means Shares acquired by the Trustees pursuant to this Plan (being Partnership Shares and/or Matching Shares and/or Free Shares and/or Dividend Shares) together with all Shares

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subsequently acquired by the Trustees by virtue of their holding such Shares and any reference to a Participant's Plan Shares is, subject to Rule 9, a reference to the Plan Shares which have been appropriated to a Participant or acquired on behalf of a Participant by the Trustees;

"Qualifying Company" has the same meaning as in paragraph 17 of Schedule 2 of the Act;

"Qualifying Period" means a period specified by the Committee, commencing with an Eligibility Date during which an Eligible Employee must have been a Group Employee, which:

- (a) in relation to Free Shares shall not be more than eighteen months before the Shares are appropriated; and
- (b) in relation to Partnership Shares:
 - (i) where there is no Accumulation Period shall not be more than eighteen months ending with the deduction of the Partnership Share Money; or
 - (ii) where there is an Accumulation Period shall not be more than six months ending with the start of the Accumulation Period;

"Recognised Exchange" means a recognised stock exchange within the meaning of section 1005 of ITA or a recognised investment exchange within the meaning of section 285 of FSMA;

"Reference Price" means:

- (a) in relation to any Partnership Shares where there is no Accumulation Period, the price used for determining the number of Partnership Shares which are, were, or are to be acquired by the Trustees on behalf of an Eligible Employee being the Market Value of the Shares on the Acquisition Date;
- (b) in relation to any Dividend Shares the Market Value of the Shares on the Acquisition Date;

"Reinvestment" means the application by the Trustees within thirty days of a cash dividend payment date of that cash dividend in respect of Plan Shares to acquire further Plan Shares on behalf of Participants or to appropriate to a Participant Plan Shares already held by the Trustees, and "Reinvested" shall be construed accordingly;

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“Relevant Employment”	means employment with the Company or any Associated Company;
“Retirement”	means the cessation of employment by reason of retirement;
“Restriction”	means any contract, agreement, arrangement or condition which makes provision to which any of subsections (2) to (4) of section 423 of the Act would apply if references in those subsections to the employment-related securities were to Shares and the ‘restriction’ in that provision;
“Rules”	means the rules of the Plan as may be amended from time to time and “Rule” shall be construed accordingly;
“Salary Payment”	means in relation to an Eligible Employee, such of the emoluments of the employment by reference to which the Eligible Employee is eligible to participate in the Plan as are liable to be paid under deduction of tax pursuant to section 684 of the Act or which would be if that individual were in receipt of Taxable Earnings, or would be so liable apart from Schedule 2 of the Act;
“Share”	means an ordinary share in the capital of the Company which complies with the conditions set out in Part 4 of Schedule 2 of the Act;
“Similar Terms Shares”	means Free Shares to be received under an Ordinary Award or under a Performance Award other than Performance Shares by each Eligible Employee and shall be such amount as the Committee shall determine which may be the same for each Eligible Employee or may vary by reference to: (a) remuneration; and/or (b) length of service; and/or (c) hours worked; providing each of those factors gives rise to a separate entitlement directly proportional to the amount of remuneration, length of service or hours worked and the total entitlement is the sum of those separate entitlements;
“SIP”	means a share incentive plan which meets the requirements of Chapter 6, Part 7 and Schedule 2 to the Act;
“Stock Exchange”	means London Stock Exchange plc (or any successor entity);

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“Subsidiary”	means a company which is under the Control of another company and which is a subsidiary of that other company within the meaning of section 1159 of CA 2006;
“Surplus Assets”	means any Shares (other than Plan Shares) held by the Trustees, including any Shares which have been forfeited in accordance with the Plan and any other surplus assets for the time being held by the Trustee;
“Taxable Earnings”	means earnings within Chapters 4 and 5 of Part 2 of the Act;
“Treasury Shares”	means shares in the Company as defined in section 724 of CA 2006;
“Trust Deed”	means the deed dated 6 August 2004 (as amended) entered into between the Company and the Trustees as set out in the Appendix to the Rules;
“Trustees”	means the trustee or trustees for the time being of the Plan;
“UK Listing Authority”	means the Financial Conduct Authority (or such other designated body as shall perform these functions from time to time) acting in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of admission to the Official List;
“Year of Assessment”	means a year beginning on any 6 April and ending on the following 5 April.

1.2 In these Rules, except insofar as the context otherwise requires:

- (A) words denoting the singular shall include the plural and vice versa;
- (B) words importing a gender shall include every gender and references to a person shall include bodies corporate and unincorporated and vice versa;
- (C) reference to any enactment shall be construed as a reference to that enactment as from time to time amended, modified, extended or re-enacted and shall include any orders, regulations, instruments or other sub-ordinate legislation made under the relevant enactment;
- (D) expressions and words not defined in this Plan have the same meanings as in Schedule 2 of the Act unless the context otherwise requires and interpretive provisions in Schedule 2 of the Act and any interpretive provisions issued by HMRC shall apply in interpreting this Plan unless the context otherwise requires; and
- (E) headings and captions are provided for reference only and shall not be considered as part of the Plan.

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2. Limits on Shares available under the Plan

Shares may be issued or Treasury Shares re-issued by the Company to the Trustees for appropriation by them under the provisions of this Plan provided that such issue/re-issue does not result in the aggregate of:

- (i) the number of Shares which remain issuable or Treasury Shares which remain reissuable for appropriation of Shares under the Plan within the preceding 10 years;
- (ii) the number of Shares which have been issued or Treasury Shares which have been re-issued pursuant to the appropriation of Shares under the Plan within the preceding 10 years; and
- (iii) the number of Shares which have been issued or Treasury Shares which have been re-issued which remain issuable pursuant to rights granted under any Other Share Plan within the preceding ten years

exceeding 10% of the Shares in issue on the last Dealing Day before the Appropriation Date.

3. Eligibility of individuals

3.1 Any person who fulfils the conditions set out in Rules 3.2 to 3.5 below on:

- (A) in respect of any Free Shares, the Appropriation Date; or
- (B) in respect of the purchase of Partnership Shares:
 - (i) if there is no Accumulation Period, the date the Partnership Share Money relating to the relevant purchase or award is deducted;
 - (ii) if there is an Accumulation Period, the date of the first deduction of Partnership Share Money relating to the relevant purchase or award;

shall subject to Rules 5.22, 6.6 and 7.6 be an Eligible Employee in respect of that Award or purchase of Partnership Shares.

3.2 A person shall not be an Eligible Employee unless at the relevant time the person either:

- (A) receives Taxable Earnings (or would do if there were any earnings) within the meaning of section 15 of the Act in respect of the employment by reference to which the person satisfies Rule 3.1; or
- (B) has been nominated by the Committee either as an individual or as a member of a category of employee for participation in the Plan.

3.3 A person shall not be an Eligible Employee unless at the relevant time the person:

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- (A) is an employee of a Constituent Company; and
- (B) where there is a Qualifying Period, has been an employee of a Qualifying Company at all times during that period.

3.4 If an Eligible Employee participates in an award of Free, Matching or Partnership Shares under this Plan in a Year of Assessment in which the Eligible Employee has already participated in an award of shares under another SIP established by the Company or a Connected Company, the limit specified in Rule 4.6(C) and in the Maximum Deduction shall apply as if this Plan and any other SIP were a single plan.

3.5 For the purposes of Rule 3.4 an Eligible Employee is treated as having participated in an Award of Free Shares if the Eligible Employee would have been appropriated free shares under any other SIP but for the Eligible Employee's failure to obtain a performance allowance as defined in paragraph 34(4) of Schedule 2 of the Act.

4. Ordinary Awards of Free Shares

Timing

4.1 The Committee may at any time but not later than the tenth anniversary of the Approval Date resolve that Free Shares may be awarded to Eligible Employees in the form of Ordinary Awards. The Appropriation Date shall be a date selected by the Committee.

Quantum

4.2 The Committee shall in its absolute discretion from time to time determine the number or value (or method of determining the number or value) of Free Shares to be subject to Ordinary Awards to be made on an Appropriation Date and shall inform the Trustees of such determination as soon as practicable.

4.3 The Committee shall also notify the Trustees of the number or value of Shares which are to be made available for subscription or the number of shares available to purchase from the Company's holding of Treasury Shares by the Trustees and the price (or method of determining the price) at which those Shares are to be offered for subscription or purchase. In the absence of any such notification or if the number or value of Shares available for subscription is less than the number or value of Shares to be subject to Ordinary Awards the Trustees shall, to the extent that they do not already hold Shares which are not Participants' Plan Shares and which they are free to appropriate as Free Shares under the proposed Ordinary Award, purchase Shares at such time or times as they see fit.

4.4 The Committee shall notify the Constituent Companies of the quantum of funds to be provided for the purpose of an Ordinary Award as soon as practicable in which case the Committee shall also notify each Constituent Company of the amount, if any, which it is required to either pay to the Trustees or, if all funds are to be paid to the Trustees by the Company, to pay to the Company in respect of the employees of that Constituent Company.

Eligibility

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4.5 When the Committee resolve to make an Ordinary Award, the Committee shall specify the Eligibility Date for that Ordinary Award and the Qualifying Period for that Ordinary Award.

Individual entitlement

4.6 The Ordinary Award to each Eligible Employee shall be an award of Similar Terms Shares provided that:

- (A) for any appropriation the basis of calculation of the entitlement of each Eligible Employee shall be the same;
- (B) fractional amounts of a Plan Share shall be rounded down; and
- (C) the total of the Initial Market Value of the Free Shares appropriated to an Eligible Employee in a Year of Assessment shall not exceed £3,600, or such other limit specified in paragraph 35(1) of Schedule 2 of the Act.

Forfeiture

4.7 When the Committee resolve to make an Ordinary Award, the Committee shall specify prior to the making of that Award whether Free Shares shall, subject to Rule 4.8, be Forfeited on a Participant ceasing to be a Group Employee in accordance with Rules 4.9 and 4.10.

4.8 Free Shares shall never be Forfeited if the Participant is a Good Leaver.

4.9 If the Committee determine that Free Shares will be Forfeitable it shall specify:

- (A) whether such Forfeiture will apply, subject to Rule 4.8 above, irrespective of the reason for the Participant ceasing to be a Group Employee; or
- (B) the specific reasons for the Participant ceasing to be a Group Employee which would result in Forfeiture.

4.10 If the Committee determine that Free Shares will be Forfeitable it shall specify:

- (A) whether the Forfeiture Period shall be the period of three years beginning with the Appropriation Date or such other period (in which case it will specify the length of the Forfeiture Period); and
- (B) whether such Forfeiture will apply to the whole of an Award or to a percentage (in which case it will specify the percentage (or percentages where the percentage varies according to how much of the Forfeiture Period has been completed) which may be Forfeited).

4.11 Unless the Committee determines otherwise on or before the date of the Ordinary Award, any forfeiture provision imposed under Rule 4 will not apply to Free Shares on or following the acquisition of Control of the Company by a third party, other than in circumstances where that party is a company and the shareholders of the acquiring company immediately after the

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acquisition are substantially the same as those of the Company immediately before the acquisition.

4.12 If a Participant's Free Shares are forfeited in accordance with Rule 4, the Participant will cease to be beneficially entitled to the Free Shares and have no right to or in respect of them and those Free Shares will be held by the Trustee as Surplus Assets.

Invitations to participate

4.13 The Committee shall identify all employees who are Eligible Employees in respect of the proposed Ordinary Award and send them or make available to them an Ordinary Award Participation Agreement which shall, *inter alia*, specify:

- (A) the Eligibility Date;
- (B) the Qualifying Period if any;
- (C) the Holding Period;
- (D) the circumstances, if any, in which Forfeiture shall apply; and
- (E) whether the Trustees will acquire Dividend Shares.

Appropriation of Free Shares

4.14 The Free Shares to which each Eligible Employee is entitled under this Rule 4 will be appropriated to the Eligible Employee on the Appropriation Date but will be registered in the names of the Trustees.

4.15 In the event that the Trustees acquire Shares for appropriation on an Appropriation Date and some of those Shares carry a right of any kind which is not carried by every other such Share then such Shares as carry such right shall, so far as practicable, be apportioned pro rata according to the number of Shares appropriated to each Participant on the Appropriation Date.

4.16 As soon as practicable after any Free Shares have been appropriated by the Trustees to a Participant in accordance with Rule 4.14 the Trustees shall give the Participant notice in writing of the appropriation, specifying the number and description of Free Shares appropriated, the Holding Period applicable to the Free Shares, their Initial Market Value and Appropriation Date.

5. Performance Awards of Free Shares

Timing (Methods One and Two)

5.1 The Committee may at any time but not later than the tenth anniversary of the Approval Date resolve that Free Shares may be awarded to Eligible Employees in the form of Performance Awards.

Quantum (Methods One and Two)

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- 5.2 When the Committee resolve to make a Performance Award the Committee shall determine the number or value (or method of determining the number or value) of Free Shares to be subject to Performance Awards to be made on an Appropriation Date and shall inform the Trustees of such determination as soon as practicable.
- 5.3 The Committee shall also notify the Trustees of the number or value of Shares which are to be made available for subscription or the number of shares available to purchase from the Company's holding of Treasury Shares by the Trustees and the price (or method of determining the price) at which those Shares are to be offered for subscription or purchase. In the absence of any such notification or if the number or value of Shares available for subscription is less than the number or value to be subject to Performance Awards the Trustees shall, to the extent that they do not already hold Shares which are not Participants' Plan Shares and which they are free to appropriate as Free Shares under the proposed Performance Award, purchase Shares at such time or times as they see fit.

Eligibility (Methods One and Two)

- 5.4 When the Committee resolve to make a Performance Award, the Committee shall specify the Eligibility Date and Qualifying Period for that Performance Award.

Method One or Method Two

- 5.5 The Committee shall specify whether that Performance Award shall be made under Method One (in which case Rules 5.6 to 5.10 shall apply) or Method Two (in which case Rules 5.11 to 5.13 shall apply).

METHOD ONE

- 5.6 If the Committee determine that Method One is to apply then the Committee shall specify the percentage (or method of calculating the percentage) of Free Shares which are not to be Performance Shares providing that such percentage shall not be less than 20% of the total number of Free Shares to be appropriated under the proposed Performance Award.
- 5.7 The Committee shall then specify the Performance Targets that are to be used to determine the number or value of Performance Shares to be received by each Participant under the proposed Performance Award and shall notify:
 - (A) each Participant of the Performance Targets that will apply to them; and
 - (B) all employees of Constituent Companies in general terms of the Performance Targets to be used to determine the number of Performance Shares to be appropriated to each Participant under the proposed Performance Award;

such notices to be given as soon as reasonably practicable provided that the Company may exclude from any notice mentioned in (B) above any information the disclosure of which the Company reasonably considers would prejudice commercial confidentiality.

Individual entitlement (Method One)

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- 5.8 The number of Performance Shares to be received under a Performance Award by each Participant shall be determined in accordance with the Performance Target set by the Committee and need not result in Performance Shares being appropriated in accordance with Rule 5.9.
- 5.9 For any appropriation of Similar Terms Shares the basis of calculation of the entitlement of each Participant shall be the same and fractional amounts of a Plan Share shall be rounded down.
- 5.10 The total of the Initial Market Value of Free Shares appropriated to a Participant in a Year of Assessment shall not exceed £3,600, or such other limit specified in paragraph 35(1) of Schedule 2 of the Act.

METHOD TWO

- 5.11 If the Committee determine that Method Two is to apply then the Committee shall specify the Performance Units and the Performance Targets to apply to each of those Performance Units which will determine the number or value of Free Shares which Participant within each of those Performance Units will be entitled to receive and shall notify:
 - (A) each Participant of the Performance Targets that will apply to them; and
 - (B) all employees of Constituent Companies in general terms of the Performance Targets to be used to determine the number of Performance Shares to be appropriated to each Participant in each Performance Unit under the proposed Performance Award.

The notices under (A) to (B) above are to be given as soon as reasonably practical provided that the Company may exclude from any notice mentioned in (B) above any information the disclosure of which the Company reasonably considers would prejudice commercial confidentiality.

Individual entitlement (Method Two)

- 5.12 The Performance Shares to be received by each Participant within each Performance Unit shall be received as if they were Similar Terms Shares provided that:
 - (A) for any appropriation the basis of calculation of the entitlement of each such Participant shall be the same; and
 - (B) fractional amounts of a Plan Share shall be rounded down;

however there is no requirement that the number of Performance Shares received by Eligible Employees within different Performance Units should satisfy (A) above.

- 5.13 The total of the Initial Market Value of the Free Shares appropriated to a Participant in a Year of Assessment shall not exceed £3,600, or such other limit specified in paragraph 35(1) of Schedule 2 of the Act.

Forfeiture (Methods One and Two)

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5.14 As soon as practicable after the Committee resolve to make a Performance Award using Method One or Method Two the Committee shall specify at that time whether Free Shares shall, subject to Rule 5.15, be Forfeited on a Participant ceasing to be a Group Employee in accordance with Rules 5.16, 5.17 and 5.18.

5.15 Free Shares shall never be Forfeited if the Participant is a Good Leaver.

5.16 If the Committee determine that Free Shares will be Forfeitable it shall specify that the same Forfeiture provisions will apply to all shares in the relevant award.

5.17 If the Committee determine that Free Shares will be Forfeitable it shall specify:

- (A) whether such Forfeiture will apply, subject to Rule 5.15 above, irrespective of the reason for the Participant ceasing to be a Group Employee; or
- (B) the specific reasons for the Participant ceasing to be a Group Employee which would result in Forfeiture.

5.18 If the Committee determines that Free Shares will be Forfeitable it shall specify:

- (A) whether the Forfeiture Period shall be the period of three years beginning with the Appropriation Date or such other period (in which case it will specify the length of the Forfeiture Period); and
- (B) whether such Forfeiture will apply to the whole of a Performance Award or to a percentage (in which case it will specify the percentage (or percentages where the percentage varies according to how much of the Forfeiture Period has been completed) which may be Forfeited).

5.19 Unless the Committee determines otherwise on or before the date of the Performance Award, any forfeiture provision imposed under Rule 5 will not apply to Free Shares on or following the acquisition of Control of the Company by a third party, other than in circumstances where that party is a company and the shareholders of the acquiring company immediately after the acquisition are substantially the same as those of the Company immediately before the acquisition.

5.20 If a Participant's Free Shares are forfeited in accordance with Rule 5, the Participant will cease to be beneficially entitled to the Free Shares and have no right to or in respect of them and those Free Shares will be held by the Trustee as Surplus Assets.

Invitations to participate (Methods One and Two)

5.21 The Committee shall identify all employees who are Eligible Employees in respect of the proposed Performance Award and send them a Performance Award Participation Agreement which shall, inter alia, specify:

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- (A) the Eligibility Date;
- (B) the Qualifying Period if any;
- (C) the Holding Period;
- (D) the circumstances, if any, in which Forfeiture shall apply; and
- (E) whether the Trustees will acquire Dividend Shares.

5.22 Those Eligible Employees who wish to receive Free Shares under the proposed Performance Award must within 21 days after receipt of the Performance Award Participation Agreement, or such other period as the Committee shall allow, return the same duly completed. Any Eligible Employee who does not do so shall cease to be an Eligible Employee in respect of that Performance Award.

Allocation of funds by Constituent Companies (Methods One and Two)

5.23 The Committee shall notify the Constituent Companies of the quantum of funds to be provided for the purpose of a Performance Award as soon as practicable in which case the Committee shall also notify each Constituent Company of the amount, if any, which it is required to either pay to the Trustees or, if all funds are to be paid to the Trustees by the Company, to pay to the Company in respect of the employees of that Constituent Company.

Appropriation of Free Shares (Methods One and Two)

5.24 The Free Shares to which each Eligible Employee is entitled under this Rule 5 will be appropriated to the Eligible Employee on the Appropriation Date but will be registered in the names of the Trustees.

5.25 In the event that the Trustees acquire Shares for appropriation on an Appropriation Date and some of those Shares carry a right of any kind which is not carried by every other such Share then such Shares as carry such right shall, so far as practicable, be apportioned pro rata according to the number of Shares appropriated to each Participant on the Appropriation Date.

5.26 As soon as practicable after any Free Shares have been appropriated by the Trustees to a Participant in accordance with Rule 5.24 the Trustees shall give the Participant notice in writing of the appropriation, specifying the number and description of Free Shares appropriated, the Holding Period applicable to the Free Shares, their Initial Market Value and Appropriation Date.

6. Partnership Shares

Timing

6.1 The Committee may at any time during an Invitation Period but not later than the tenth anniversary of the Approval Date invite every Eligible Employee to acquire Partnership Shares.

Accumulation Period or immediate purchase

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6.2 The Committee shall then specify whether there will be:

- (A) an Accumulation Period and, if so, how long the Accumulation Period will be provided that each Accumulation Period shall be the same for all Eligible Employees; or
- (B) no Accumulation Period;

and shall specify the length of the Partnership Share Agreement.

Quantum of Shares

6.3 The Committee shall in its absolute discretion from time to time determine the maximum number of Shares that are to be available in respect of any issue of Partnership Share Agreements and shall inform the Trustees of such determination as soon as practicable.

6.4 The Committee shall also notify the Trustees of the number of Shares which are to be made available for subscription or the number of shares available to purchase from the Company's holding of Treasury Shares by the Trustees and the price (or method of determining the price) at which those Shares are to be offered for subscription or purchase. In the absence of any such notification or if the number of Shares available for subscription is less than the maximum number to be available in respect of any issue of Partnership Share Agreements the Trustees shall, to the extent that they do not already hold Shares which are not Participants' Plan Shares and which they are free to acquire on behalf of Eligible Employees as Partnership Shares, purchase existing Shares at such time or times as they see fit.

Invitations to participate

6.5 At the time that the Committee resolves to invite Eligible Employees to enter into Partnership Share Agreements, the Committee shall specify the Eligibility Date and the Qualifying Period and shall identify all employees who are Eligible Employees in respect of the proposed offer to acquire Partnership Shares and send them a Partnership Share Agreement.

6.6 Those Eligible Employees who wish to purchase Partnership Shares must within 21 days after receipt of the Partnership Share Agreement, or such other period as the Committee shall allow, return the same duly completed. Any Eligible Employee who does not do so shall cease to be an Eligible Employee in respect of that offer of Partnership Shares.

6.7 Each invitation to enter into a Partnership Share Agreement shall specify:

- (A) the date ("the closing date"), being not less than 21 days after its issue or such other period as the Committee shall allow by which it must be returned duly completed to the Company; and
- (B) if there is an Accumulation Period the Opening Value or that the Opening Value will be notified to Eligible Employees as soon as is reasonably practicable after the closing date.

6.8 Each Partnership Share Agreement shall specify:

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- (A) whether there is a maximum number of Shares which will be available as Partnership Shares and if so how each application may be scaled down in accordance with Rule 6.9;
- (B) the amount of Partnership Share Money (not exceeding the Maximum Deduction) which will be deducted subject to any scaling down of applications pursuant to Rule 6.9;
- (C) the timing of such deductions;
- (D) whether the amount or timing of the deductions can be varied with the agreement of the Eligible Employee and the Company (and whether there are any restrictions which apply to any request for variation);
- (E) in the form prescribed by regulations made by an officer of HMRC, any prescribed information as to the possible effects of deductions on an Eligible Employee's entitlement to social security benefits and tax credits;
- (F) the lengths of the Partnership Share Agreement and, where applicable, of the Accumulation Period;
- (G) whether there is an obligation on the Trustees to account for interest on Partnership Share Money held on an Eligible Employee's behalf (this obligation will exist if Partnership Share Money held on behalf of an Eligible Employee is held in an interest bearing account);
- (H) if there is an Accumulation Period, where the number of Shares determined by the Committee pursuant to Rule 6.3 is less than the aggregate of the Partnership Shares to which each Eligible Employee is otherwise entitled, that the number of Partnership Shares to which each Eligible Employee shall be entitled shall be reduced proportionately;
- (I) if there is an Accumulation Period that any surplus Partnership Share Money remaining after the acquisition of Partnership Shares by the Trustees may with the agreement of the Eligible Employee be carried forward to the next Accumulation Period where there is an Accumulation Period or otherwise to the next deduction or in any other case must be paid over to the Eligible Employee;
- (J) that an Eligible Employee may at any time give notice in writing to the Company to stop deductions under the Partnership Share Agreement but that the Eligible Employee can subsequently give notice to re-start deductions;
- (K) that an Eligible Employee may withdraw from a Partnership Share Agreement at any time in which case the Eligible Employee's Partnership Share Money shall, after deduction of income tax and primary National Insurance contributions as appropriate, be paid over to the Eligible Employee;

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- (L) that Partnership Shares will be purchased by the Trustees on the Eligible Employee's behalf on the Acquisition Date unless the Eligible Employee has previously given notice to withdraw from the Partnership Share Agreement; and
- (M) that the Eligible Employee is free at any time to withdraw any Partnership Shares from the Plan.

Individual entitlement

- 6.9 If the Company receives completed Partnership Share Agreements over an aggregate number of Shares which exceeds the limit determined pursuant to Rule 6.3 above in respect of Partnership Share invitations issued on any day, then the following steps shall be carried out successively to the extent necessary to eliminate the excess:
 - (A) the excess over £5 of the Partnership Share Money specified by each Eligible Employee shall be reduced pro rata to the extent necessary; and
 - (B) Eligible Employees will be selected by lot, each based on Partnership Share Money of £5.
- 6.10 If after applying the provision of Rule 6.9(A) the number of Shares available is still insufficient to enable Partnership Shares based on Partnership Share Monies of £5 to be made available to each Eligible Employee the Committee may, as an alternative to selecting by lot as in Rule 6.9(B) above, determine in its absolute discretion that no Partnership Shares will be offered.
- 6.11 If the Committee so determines the provisions in Rule 6.9 may be modified in any manner as may be agreed in advance with HMRC.
- 6.12 Each Partnership Share Agreement shall be deemed to have been modified or withdrawn in accordance with the application of the foregoing provisions and the Company shall amend each Partnership Share Agreement to reflect any reduction in Partnership Share Money resulting therefrom.

Purchase of Partnership Shares (Accumulation Period)

- 6.13 Where there is an Accumulation Period the Partnership Shares that each Eligible Employee is entitled to have purchased on their behalf under the Partnership Share Agreement must be acquired by the Trustees on behalf of Participants within 30 days of the end of the Accumulation Period but will be registered in the names of the Trustees.
- 6.14 The number of Partnership Shares purchased by the Trustees on behalf of a Participant shall be calculated by dividing the total Partnership Share Money held for that Participant by the Acquisition Price unless the Partnership Share Agreement provided that where the number of Shares determined by the Committee pursuant to Rule 6.3 is less than the aggregate of the Partnership Shares to which each Eligible Employee is otherwise entitled, the number of Partnership Shares to which each Eligible Employee shall be entitled shall be reduced proportionately.

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- 6.15 In the event that the Trustees acquire Shares some of which carry a right of any kind which is not carried by every other such Share then such Shares as carry such right shall, so far as practicable, be apportioned pro rata according to the number of Shares acquired for each Participant on the Acquisition Date.
- 6.16 As soon as practicable after any Partnership Shares have been purchased by the Trustees on behalf of a Participant in accordance with Rule 6.13 the Trustees shall give the Participant notice in writing of the purchase, specifying the number and description of Partnership Shares purchased, the price at which they were acquired and the Acquisition Date.

Purchase of Partnership Shares (No Accumulation Period)

- 6.17 Where there is no Accumulation Period the Partnership Shares that each Eligible Employee is entitled to have purchased on their behalf under the Partnership Share Agreement must be acquired by the Trustees on behalf of Participants within 30 days after the last deduction is made but will be registered in the name of the Trustees.
- 6.18 The number of Partnership Shares purchased by the Trustees on behalf of a Participant shall be calculated by dividing the total Partnership Share Money held for that Participant by the Reference Price.
- 6.19 In the event that the Trustees acquire Shares and some of those Shares carry a right of any kind which is not carried by every other such Share then such Shares as carry such right shall, so far as practicable, be apportioned pro rata according to the number of Shares acquired for each Participant on the Acquisition Date.
- 6.20 As soon as practicable after any Partnership Shares have been purchased by the Trustees on behalf of a Participant in accordance with Rule 6.17 the Trustees shall give the Participant notice in writing of the purchase, specifying the number and description of Partnership Shares purchased, the price which they were acquired and the Acquisition Date.

Forfeiture and pre-emption

- 6.21 The following provisions apply:
 - (A) Partnership Shares shall not be subject to any provision under which they may be subject to forfeiture.
 - (B) Notwithstanding Rule 6.21(A), Partnership Shares acquired on behalf of a Participant may be subject to a provision under which they must be offered for sale but only if the consideration at which the Partnership Shares are required to be offered for sale is at least equal to: (i) the amount of Partnership Share Money applied in acquiring the Partnership Shares on behalf of the Participant; or (ii) if lower, the market value of the Partnership Shares at the time they are offered for sale.

7. Partnership Shares and Matching Shares

Timing

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7.1 The Committee may at any time during an Invitation Period but not later than the tenth anniversary of the Approval Date invite every Eligible Employee to acquire Partnership Shares and Matching Shares.

Accumulation Period or immediate purchase

7.2 The Committee shall then specify whether there will be:

- (A) an Accumulation Period and, if so, how long the Accumulation Period will be, provided that each Accumulation Period shall be the same for all Eligible Employees; or
- (B) no Accumulation Period;

and shall specify the length of the Partnership and Matching Share Agreement.

Quantum of Shares

7.3 The Committee shall in its absolute discretion from time to time determine the maximum number of Partnership Shares and, having determined the ratio (or method of determining the ratio) of Matching Shares to Partnership Shares being not greater than two Matching Shares for every one Partnership Share or such other limit as specified in paragraph 60 of Schedule 2 of the Act, the Matching Shares that are to be available in respect of any issue of Partnership and Matching Share Agreements and shall inform the Trustees of such determination as soon as practicable.

7.4 The Committee shall also notify the Trustees of the number of Shares which are to be made available for subscription or the number of shares available to purchase from the Company's holding of Treasury Shares by the Trustees and the price (or method of determining the price) at which those Shares are to be offered for subscription or purchase. In the absence of any such notification or if the number of Shares available for subscription is less than the maximum number to be available in respect of any issue of Partnership and Matching Share Agreements the Trustees shall, to the extent that they do not already hold Shares which are not Participants' Plan Shares and which they are free to acquire on behalf of Eligible Employees as Partnership Shares or Matching Shares, purchase existing Shares at such time or times as they see fit.

Invitations to Participate

7.5 At the time the Committee resolve to invite Eligible Employees to enter into Partnership and Matching Share Agreements, the Committee shall specify the Eligibility Date and the Qualifying Period and shall identify all employees who are Eligible Employees in respect of the proposed offer to acquire Partnership Shares and Matching Shares and send them a Partnership and Matching Share Agreement.

7.6 Those Eligible Employees who wish to purchase Partnership Shares must within 21 days after receipt of the Partnership and Matching Share Agreement, or such other period as the Committee shall allow, return the same duly completed. Any Eligible Employee who does not do so shall cease to be an Eligible Employee in respect of that offer of Partnership Shares and Matching Shares.

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7.7 Each invitation to enter into a Partnership and Matching Share Agreement shall specify:

- (A) the date ("the closing date") being not less than 21 days after its issue or such other period as the Committee shall allow by which it must be returned duly completed to the Company; and
- (B) if there is an Accumulation Period the Opening Value or that the Opening Value will be notified to Eligible Employees as soon as is reasonably practicable after the closing date.

7.8 Each Partnership and Matching Share Agreement shall specify:

- (A) whether there is a maximum number of Shares which will be available as Partnership Shares and if so how each application may be scaled down in accordance with Rule 7.9;
- (B) the amount of Partnership Share Money (not exceeding the Maximum Deduction) which will be deducted subject to any scaling down of applications pursuant to Rule 7.9;
- (C) the timing of such deductions;
- (D) whether the amount or timing of the deductions can be varied with the agreement of the Eligible Employee and the Company (and whether there are any restrictions which apply to any request for variation);
- (E) in the form prescribed by regulations made by an officer of HMRC, any prescribed information as to the possible effects of deductions on an Eligible Employee's entitlement to social security benefits and tax credits;
- (F) the lengths of the Partnership and Matching Share Agreement and, where applicable, of the Accumulation Period;
- (G) whether there is an obligation on the Trustees to account for interest on Partnership Share Money held on an Eligible Employee's behalf (this obligation will exist if the Partnership Share Money held on an Eligible Employee's behalf is held in an interest bearing account);
- (H) if there is an Accumulation Period, when the number of Shares determined by the Committee pursuant to Rule 7.3 is less than the aggregate of the Partnership Shares to which each Eligible Employee is otherwise entitled, the number of Partnership Shares to which each Eligible Employee shall be entitled shall be reduced proportionately;
- (I) if there is an Accumulation Period that any surplus Partnership Share Money remaining after the acquisition of Partnership Shares by the Trustees may with the agreement of the Eligible Employee be carried forward to the next Accumulation Period where there is an Accumulation Period or otherwise to the next deduction or in any other case must be paid over to the Eligible Employee;

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- (J) that an Eligible Employee may at any time give notice in writing to the Company to stop deductions under the Partnership and Matching Share Agreement but that the Eligible Employee can subsequently give notice to re-start deductions;
- (K) that an Eligible Employee may withdraw from a Partnership and Matching Share Agreement at any time in which case the Eligible Employee's Partnership Share Money shall after deduction of income tax and primary National Insurance contributions as appropriate be paid over to the Eligible Employee;
- (L) that Partnership Shares will be purchased by the Trustees on the Eligible Employee's behalf on the Acquisition Date unless the Eligible Employee has previously given notice to withdraw from the Partnership and Matching Share Agreement;
- (M) the ratio (or method of determining the ratio) of Matching Shares that will be awarded for every Partnership Share purchased;
- (N) the circumstances and manner in which the ratio of Matching Shares may be changed by the Company;
- (O) the Holding Period for the Matching Shares;
- (P) that the Eligible Employee is free at any time to withdraw any Partnership Shares from the Plan; and
- (Q) the extent to which Matching Shares will be Forfeited if Partnership Shares are withdrawn before the third anniversary of the Acquisition Date.

Individual entitlement

- 7.9 If the Company receives completed Partnership and Matching Share Agreements over an aggregate number of Shares which exceeds any limit determined pursuant to Rule 7.3 above in respect of Partnership and Matching Share invitations issued on any day, then the following steps shall be carried out successively to the extent necessary to eliminate the excess:
 - (A) the excess over £5 of the Partnership Share Money specified by each Eligible Employee shall be reduced pro rata to the extent necessary; and
 - (B) Eligible Employees' applications will be selected by lot, each based on Partnership Share Money of £5.
- 7.10 If after applying the provision of Rule 7.9(A) the number of Shares available is still insufficient to enable Partnership Shares based on Partnership Share Monies of £5 to be made available to each Eligible Employee the Committee may, as an alternative to selecting by lot as in Rule 7.9(B) above, determine in its absolute discretion that no Partnership Shares, and therefore no Matching Shares, will be offered.
- 7.11 If the Committee so determines the provisions in Rule 7.9 may be modified in any manner as may be agreed in advance with HMRC.

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7.12 Each Partnership and Matching Share Agreement shall be deemed to have been modified or withdrawn in accordance with the application of the foregoing provisions and the Company shall amend each Partnership and Matching Share Agreement to reflect any reduction in Partnership Share Money resulting therefrom.

Forfeiture

7.13 When the Committee resolves to make an offer of Partnership and Matching Shares, the Committee shall specify at that time whether Matching Shares shall, subject to Rule 7.14, be Forfeited on a Participant ceasing to be a Group Employee in accordance with Rules 7.15 and 7.16 and/or be Forfeited if the related Partnership Shares are withdrawn from the Plan before the third anniversary of the Acquisition Date in accordance with Rule 7.17.

7.14 Matching Shares shall never be Forfeited if the Participant is a Good Leaver.

7.15 If the Committee determine that Matching Shares will be Forfeitable, it shall specify that the same Forfeiture provisions will apply to all Shares in the relevant Award.

7.16 If the Committee determine that Matching Shares will be Forfeitable it shall specify:

- (A) whether such Forfeiture will apply, subject to Rule 7.14 above, irrespective of the reason for the Participant ceasing to be a Group Employee; or
- (B) the specific reasons for the Participant ceasing to be a Group Employee which would result in Forfeiture.

7.17 If the Committee determines that Matching Shares will be Forfeitable it shall specify:

- (A) whether the Forfeiture Period shall be the period of three years beginning with the Appropriation Date or such other period (in which case it will specify the length of the Forfeiture Period); and
- (B) whether such Forfeiture will apply to the whole of the award of Matching Shares or to a percentage (in which case it will specify the percentage (or percentages where the percentage varies depending on how much of the Forfeiture Period has been completed) which may be Forfeited).

7.18 Unless the Committee determines otherwise on or before the date of the award of Matching Shares, any forfeiture provision imposed under Rule 7 will not apply to Matching Shares on or following the acquisition of Control of the Company by a third party, other than in circumstances where that party is a company and the shareholders of the acquiring company immediately after the acquisition are substantially the same as those of the Company immediately before the acquisition.

7.19 Unless the Committee determines otherwise on or before the date of the award of Matching Shares, any forfeiture provision imposed under Rule 7 will not apply to Matching Shares on the withdrawal from the Plan of Partnership Shares to which those Matching Shares relate, where such withdrawal occurs on or following the acquisition of Control of the Company by a third

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party, other than in circumstances where that party is a company and the shareholders of the acquiring company immediately after acquisition are substantially the same as those of the Company immediately before the acquisition.

7.20 If a Participant's Matching Shares are forfeited, the Participant will cease to be beneficially entitled to the Matching Shares and have no right to or in respect of them and those Matching Shares will be held by the Trustee as Surplus Assets.

Purchase of Partnership Shares and appropriation of Matching Shares (Accumulation Period)

7.21 Where there is an Accumulation Period the Partnership Shares that each Eligible Employee is entitled to have purchased on their behalf under the Partnership and Matching Share Agreement must be acquired by the Trustees on behalf of Participants within 30 days of the end of the Accumulation Period but will be registered in the names of the Trustees.

7.22 The number of Partnership Shares purchased by the Trustees on behalf of a Participant shall be calculated by dividing the total Partnership Share Money held for that Participant by the Acquisition Price.

7.23 The Matching Shares to which each Eligible Employee is entitled under Rule 7 will be appropriated to the Eligible Employee on the Appropriation Date but will be registered in the names of the Trustees.

7.24 In the event that the Trustees acquire or appropriate Shares some of which carry a right of any kind which is not carried by every other such Share then such Shares as carry such right shall, so far as practicable, be apportioned pro rata according to the number of Shares acquired for each Participant on the Acquisition Date or appropriated to each Participant on the Appropriation Date.

7.25 As soon as practicable after any Partnership Shares have been purchased by the Trustees on behalf of a Participant in accordance with Rule 7.21 the Trustees shall give the Participant notice in writing of the purchase, specifying the number and description of Partnership Shares purchased and the Acquisition Date.

7.26 As soon as practicable after any Matching Shares have been appropriated by the Trustees to a Participant in accordance with Rule 7.23 the Trustees shall give the Participant notice in writing of the appropriation, specifying the number and description of Matching Shares appropriated, the Holding Period applicable to the Matching Shares, their Initial Market Value and the Appropriation Date.

Purchase of Partnership Shares and appropriation of Matching Shares (No Accumulation Period)

7.27 Where there is no Accumulation Period the Partnership Shares that each Eligible Employee is entitled to have purchased on their behalf under the Partnership and Matching Share

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Agreement must be acquired by the Trustees on behalf of Participants within 30 days after the last deduction is made but will be registered in the name of the Trustees.

- 7.28 The number of Partnership Shares purchased by the Trustees on behalf of a Participant shall be calculated by dividing the total Partnership Share Money held for that Participant by the Reference Price.
- 7.29 The Matching Shares to which each Eligible Employee is entitled under Rule 7 will be appropriated to the Eligible Employee on the Appropriation Date but will be registered in the names of the Trustees.
- 7.30 In the event that the Trustees acquire or appropriate Shares some of which carry a right of any kind which is not carried by every other such Share then such Shares as carry such right shall, so far as practicable, be apportioned pro rata according to the number of Shares acquired for each Participant on the Acquisition Date or appropriated to each Participant on the Appropriation Date.
- 7.31 As soon as practicable after any Partnership Shares have been purchased by the Trustees on behalf of a Participant in accordance with Rule 7.27 the Trustees shall give the Participant notice in writing of the purchase, specifying the number and description of Partnership Shares purchased and the Acquisition Date.
- 7.32 As soon as practicable after any Matching Shares have been appropriated by the Trustees to a Participant in accordance with Rule 7.29 the Trustees shall give the Participant notice in writing of the appropriation, specifying the number and description of Matching Shares appropriated, the Holding Period applicable to the Matching Shares, their Initial Market Value and the Appropriation Date.

8. Dividend Shares

- 8.1 The Committee may determine that some or all of any cash dividend in respect of Plan Shares held for a Participant by the Trustees may be Reinvested by the Trustees into an award of Dividend Shares, which shall be Shares in the same company and of the same class and carrying the same rights as the Shares in respect of which the dividend is paid and which are not subject to any provision for forfeiture other than a provision permitted by paragraph 65(2) of Schedule 2 of the Act. Any determination must set out the amount of the cash dividend to be reinvested or set out how that amount is to be determined.
- 8.2 The number of Dividend Shares acquired by the Trustees on behalf of each Participant who has applied for an award of Dividend Shares shall be determined by reference to the Market Value of a Share on the Award Date. In exercising their powers in relation to the acquisition of Dividend Shares the Trustees shall treat all Participants fairly and equally.
- 8.3 Any cash dividend amount received by the Trustees in excess of any limit determined under Rule 8.1 above shall be paid over as soon as practicable to the relevant Participant.
- 8.4 Any amount of cash dividend which is not Reinvested because it is not sufficient to acquire a Share or a further Share may be retained by the Trustees (held in such a manner so as to be

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separately identifiable) and added to the next cash dividend amount for Reinvestment provided that if:

- (A) the Participant ceases to be in Relevant Employment; or
- (B) a plan termination notice issued in respect of the Plan;

it shall be paid over to the relevant Participant as soon as practicable.

8.5 For the purpose of Rule 8.4 above, the earliest amount retained shall be deemed to be Reinvested first.

8.6 Dividend Shares acquired on behalf of a Participant may be subject to a provision under which they must be offered for sale but only if the consideration at which the Dividend Shares are required to be offered for sale is at least equal to:

- (A) the amount of the cash dividends applied in acquiring the Dividend Shares on behalf of the Participant; or
- (B) if lower, the market value of the Dividend Shares at the time they are offered for sale.

9. Rights and Restrictions relating to Plan Shares

9.1 Plan Shares shall, subject to the provisions of the Plan, receive identical treatment and rank pari passu in all respects with all other shares of the same class and in particular in respect of each of the following, where applicable:

- (A) the dividend payable (provided that Plan Shares which have been newly issued may receive, in respect of dividends payable with respect to a period beginning before the date on which such Plan Shares were issued, treatment which is less favourable than that accorded to Shares issued before that date);
- (B) repayment;
- (C) the Restrictions attaching to Shares; and
- (D) any offer of substituted or additional shares, securities or rights of any description in respect of Shares;

but notwithstanding the foregoing, the provisions of Rule 9.5 shall apply as between the Trustees and the Participants.

9.2 While Plan Shares are held by the Trustees they will take all reasonable steps in respect of any matter upon which the Trustees are entitled to exercise any voting right that may attach thereto, to seek and comply with any direction from any of the Participants as to the exercise of such voting rights and in the absence of such direction refrain from voting.

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- 9.3 The Company shall at its expense apply to the Stock Exchange for any shares subscribed by the Trustees to be admitted to dealing on the Stock Exchange.
- 9.4 Subject to the provisions of these Rules the Trustees shall deal with a Participant's Plan Shares at all times in accordance with the lawful directions given by or on behalf of that Participant or any person in whom the beneficial interest in the Participant's Plan shares is for the time being vested.

Obligations of Participants

- 9.5 Subject to Rule 9.6 below every Participant shall be bound in contract with the Company:
 - (A) to permit the Participant's Plan Shares other than Partnership Shares to remain in the hands of the Trustees throughout the Holding Period;
 - (B) not to assign, charge or otherwise dispose of the beneficial interest in the Participant's Plan Shares during that period; and
 - (C) if the Participant directs the Trustees to transfer the ownership of the Participant's Plan Shares other than Dividend Shares to the Participant at any time before the fifth anniversary of their Acquisition Date, to authorise the Trustees as the Participant's agent to sell sufficient of the Plan Shares to be transferred such that the proceeds of sale are sufficient to cover any income tax and primary National Insurance contribution liability which arise as a result of transfer, unless the Participant provides them in advance with sufficient funds to pay these amounts.
- 9.6 Any obligation imposed on a Participant by virtue of Rule 9.5 above shall not prevent the Participant from directing the Trustees:-
 - (A) to accept an offer for any of the Participant's Plan Shares (in this Rule referred to as "the Original Shares") if the acceptance will result in a new holding, as defined in section 126(1)(b) of the Taxation of Chargeable Gains Act 1992, being equated with the Original Shares for the purposes of capital gains tax;
 - (B) to agree to a transaction affecting the Participant's Plan Shares or such of them as are of a particular class, if the transaction would be entered into pursuant to a compromise, arrangement or scheme applicable to or affecting:
 - (i) all the ordinary share capital of the Company or, as the case may be, all the shares of the class in question; or
 - (ii) all the shares, or shares of the class in question, which are held by a class of shareholders identified otherwise than by reference to their employment or their participating in SIP (including the Plan);
 - (C) to accept an offer of cash, with or without other assets, for the Participant's Plan Shares if the offer forms part of a general offer which is made to holders of shares of the same class as the Participant's or of shares in the Company and which is made in the first

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instance on a condition such that if it is satisfied the person making the offer will have control of the Company, within the meaning of sections 450 and 451 of CTA;

(D) to accept an offer of a Qualifying Corporate Bond, whether alone or with cash or other assets or both, for the Participant's Plan Shares if the offer forms part of a general offer which is made as mentioned in Rule 9.6(C) above; or

(E) to exercise a right under section 983 of the Companies Act 2006 to require the offeror to acquire the Participant's Plan Shares in the case of a takeover offer (within the meaning of section 974 of that Act).

9.7 References in the Rules to a Participant's Plan Shares shall be construed, after the time of the Company Reconstruction, as being or, as the case may be, as including references to any New Shares and for the purposes of the Rules:

(A) a Company Reconstruction shall be treated as not involving a disposal of shares comprised in the Original Holding;

(B) the date on which any New Shares are to be treated as having been appropriated or acquired to the Participant shall be the Appropriation Date or Acquisition Date of the Corresponding Shares; and

(C) the New Shares shall be held by the Trustees in accordance with the Plan as if they had been so appropriated or acquired.

9.8 In the context of a New Holding any reference in this Rule to shares includes securities or rights of any description which form part of the New Holding for the purposes of Chapter II of Part IV of the Taxation of Chargeable Gains Act 1992.

9.9 Where an issue of shares of any of the following descriptions (in respect of which a charge to income tax arises) is made as part of a Company Reconstruction, those shares shall be treated as not forming part of a New Holding:

(A) redeemable shares or securities issued as mentioned in section 1000(1)1C or D of CTA (redeemable capital issued other than wholly for new consideration);

(B) share capital issued in circumstances such that section 1022(3) of CTA applies (bonus issue following a repayment of capital); or

(C) share capital to which section 410 of ITTOIA 2005 applies that is issued in a case where subsection (2) or (3) of that section applies (stock dividends treated as income).

9.10 In this Rule 9 and Clause 11 of the Trust Deed:

(A) references to "Company Reconstruction" are to a transaction which results in a New Holding being equated with an Original Holding for the purposes of Capital Gains Tax, or which would result in a New Holding but for the fact that what would have been the New Holding consists of or includes a Qualifying Corporate Bond;

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- (B) references to an “Original Holding” are to a Participant’s Plan Shares immediately prior to the Company Reconstruction;
- (C) references to a “New Holding” mean a new holding as defined in section 126(1)(b) of the Taxation of Chargeable Gains Act 1992 (reorganisation or reduction of share capital);
- (D) references to “New Shares” means shares comprised in a New Holding;
- (E) references to “Corresponding Shares” means shares comprised in an Original Holding in respect of which the New Shares are issued or which the New Shares otherwise represent; and
- (F) references to a “Qualifying Corporate Bond” shall be construed in accordance with section 117 of the Taxation of Chargeable Gains Act 1992.

10. Rights Issues

- 10.1 If instructed by Participants in respect of their Plan Shares the Trustees may dispose of some of the rights under a rights issue arising from those Shares to obtain enough funds to exercise the remaining rights. The rights referred to are the rights to buy additional shares or rights in the same company.
- 10.2 Any shares or securities allotted as referred to in Rule 10.1 shall be treated as Plan Shares identical to the shares in respect of which the rights were conferred. They shall be treated as if they were awarded to or acquired on behalf of the Participant under the Plan in the same way and at the same time as those shares.
- 10.3 Rule 10.2 does not apply:
 - (A) to shares and securities allotted as the result of taking up a rights issue where the funds to exercise those rights were obtained otherwise than by virtue of the Trustees disposing of rights in accordance with this rule; or
 - (B) where the rights to a share attributed to Plan Shares are different from the rights attributed to other ordinary shares of the Company.
- 10.4 Any cash arising from the disposal of rights (except insofar as used to accept the offer and, for disposed rights that relate to Plan Shares which were acquired pursuant to rights granted under these Rules on or after 25 April 2013 only, except for any amount equal to or less than £2.50) shall be accounted for to the Participant subject to deduction of any income tax and primary National Insurance contributions.
- 10.5 In the event of any variation of the share capital of the Company including, but without prejudice to the generality of the preceding words, any rights issue or open offer or any consolidation, sub-division or reduction of capital, the Opening Value of any Shares subject to any Partnership Share Agreement or Partnership and Matching Share Agreement in relation to an Accumulation Period may be adjusted by the Company so far as necessary. Such variation shall be deemed

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to be effective from the record date at which the respective variation applied to other shares of the same class as the Shares. The Committee shall take such steps as it considers necessary to notify Participants of any adjustment made under this Rule 10.5 and to reissue any Partnership Share Agreement or Partnership and Matching Share Agreement Certificate consequent upon such adjustment.

10.6 The Committee shall take such steps as it considers necessary to notify Participants of any adjustment made under Rule 10 and to reissue any Partnership Share Agreement or Partnership and Matching Share Agreement consequent upon such adjustment.

11. Administration and Amendment

11.1 The Plan shall be administered by the Committee whose decision on all disputes shall be final.

11.2 Without infringing the rule against perpetuities, the Committee may, with the consent of the Trustees (not to be unreasonably withheld or delayed) vary, amend or revoke any of the provisions of the Plan in such manner as shall be thought fit.

11.3 Subject to Rule 11.4, the Company's shareholders must approve in advance by ordinary resolution any proposed amendment to the Plan to the advantage of present or future Participants, which relates to the following:

- (A) the persons to or for whom Shares may be provided under the Plan;
- (B) the limits on the number of Shares which may be issued or transferred from treasury under the Plan;
- (C) the maximum entitlement for any Participant;
- (D) the basis for determining a Participant's entitlement to, and the terms of, Shares provided under the Plan;
- (E) the rights of a Participant in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of the share capital of the Company; or
- (F) the terms of this Rule 11.3.

11.4 The Committee can amend the Plan and need not obtain the approval of the Company's shareholders for any minor amendments:

- (A) to benefit the administration of the Plan;
- (B) to comply with or take account of the provisions of any proposed or existing legislation; or
- (C) to obtain or maintain favourable tax, exchange control or regulatory treatment of any Group Company or any present or future participant.

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- 11.5 The cost of establishing and operating the Plan shall be borne by the Group Companies in such proportions as the Committee shall determine.
- 11.6 Any notice or other communication under or in connection with the Plan may be given by the Company or Trustees personally, electronically or by post, and to the Company or Trustees either personally, electronically or by post to the Secretary of the Company or to the Trustees; items sent by post shall be pre-paid and shall be deemed to have been received 72 hours after posting.
- 11.7 If in consequence of an error or omission:
 - (A) an Eligible Employee has not been given the opportunity to participate in the Plan on any occasion; or
 - (B) the number of Shares appropriated to any Eligible Employee on any occasion is found to be incorrect

and such error or omission cannot be corrected within the relevant period specified in the Plan, the Committee and the Trustee may do all acts and things as may be agreed with HMRC to rectify such error or omission notwithstanding such actions may not otherwise be in accordance with the rules of the Plan.

12. Miscellaneous

- 12.1 The Plan shall terminate upon the tenth anniversary of the Approval Date or at any earlier time by passing of a resolution of the Committee. Termination of the Plan shall be without prejudice to the subsisting rights of Participants.
- 12.2 The rights and obligations of any individual under the terms of the individual's office or employment with any Constituent Company shall not be affected by the individual's participation in the Plan or any rights which the individual may have to participate therein, and an individual who participates therein shall waive any and all rights to compensation or damages in consequence of the termination of the individual's office or employment for any reason whatsoever insofar as those rights arise or may arise from the individual ceasing to participate in the Plan as a result of such termination.
- 12.3 None of the benefits received under the Plan are pensionable, except that any pre-tax salary used to appropriate Partnership Shares will continue to count towards pensionable salary.
- 12.4 Any direction given to the Trustees in respect of a Participant's Plan Shares must be given in writing or electronically by or on behalf of the Participant or any person in whom the beneficial interest in the Participant's Shares is for the time being vested. Any notification, document, payment or other communication to a Participant shall be delivered personally or sent by post or electronically to the Participant at the address which the Participant shall give to the Company for the purpose, or failing any such address to the Participant's last known place of abode.

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- 12.5 During the Participant's participation in the Plan, the Company will have access to and process, or authorise the processing of, personal data (as defined in the Data Protection Act 2018, the EU General Data Protection Regulation 5419/16 and/or any implementing legislation (together, the "**Data Protection Laws**") held and controlled by the Company or any Group Company and relating to the Company's or any Group Company's employees or customers or other individuals. The Company and any Group Company agrees to comply with the terms of the Data Protection Laws, and the Company's data protection policies issued from time to time, in relation to such data.
- 12.6 The Company and any Group Company and its or their employees and agents may from time to time hold, process and disclose the Participant's personal data in accordance with the terms of the employee share plan privacy notice, the employee privacy notice and the data protection policy in force from time to time. The current versions of the applicable policies are available on the Company's intranet page and on the online employee share plan portal (as applicable).
- 12.7 The Company will provide Participants with electronic access to a copy of the annual report and accounts or appropriate summaries thereof and all notices and circulars sent to the holders of Shares of the Company.
- 12.8 The Plan shall be governed and construed in accordance with the laws of England and Wales.