

Remuneration Report

The Board of Directors presents its Remuneration report for the year ended 31 December 2007. A resolution to approve this report will be put to shareholders at the Annual General Meeting on 24 April 2008.

Remuneration Committee

The Remuneration Committee (the 'Committee') is responsible for setting each executive Director's remuneration. The Committee's current terms of reference were adopted on 25 February 2004 and are available on the Company's website or from the Group Company Secretary.

The Committee is comprised of three non-executive Directors, Nicholas Wrigley (Chairman), David Thompson and Neil Davidson, all of whom the Board considers to be independent. Nicholas Wrigley was appointed to the Committee on 18 December 2007 following Adam Applegarth's resignation from the Committee on 29 October 2007.

Remuneration policy

A complete review of the executive Directors' remuneration was carried out at the end of 2006 and the current policy, which was effective from 1 January 2007, was approved by shareholders at the Annual General Meeting in April 2007.

In preparing the remuneration policy, the Committee sought independent advice from New Bridge Street Consultants LLP ('NBSC'), who are leading advisors on executive remuneration. NBSC were appointed by the Committee and do not provide any other service to the Company. In addition, the Committee consulted with the Group Chairman and the Group Chief Executive, although neither participated in any discussion relating to their own remuneration.

The objective of the policy is to have a remuneration package which will retain the talented executive team and be performance orientated. The executive Directors' remuneration policy has a higher than typical emphasis on variable pay, which has helped to motivate the Directors to drive the excellent performance of the Company in the past. The Committee considers that the policy ensures that the executive Directors' remuneration is in line with market standards and best practice, closely aligning the Directors' interests with those of shareholders in creating shareholder value.

The remuneration of the executive Directors consists of different elements of pay and benefits, which make up the whole remuneration package. The components include basic salary, annual bonus, long term incentive awards and pensions. Basic salaries were set on 1 January 2007 at broadly market median level, by reference to other FTSE 100 companies of a similar size. Annual bonus is performance related and the performance conditions are set on profit before tax and earnings per share targets. The targets are set to allow a potentially high proportion of performance related pay for exceptional performance. The Committee considers it is important that the executive Directors are appropriately rewarded for continuing to deliver exceptional value to shareholders and to retain their expertise. Each Directors annual bonus is capped and if minimum targets are not reached, no annual bonus is payable.

Long Term Incentive Plan (LTIP) Awards are designed to align this longer term element of remuneration with the Company's financial performance and with the interests of shareholders. The performance conditions attached to the vesting of LTIP Awards are based on the Company's Total Shareholder Return versus a comparator group of the constituents of the FTSE 100 and the Company's Return on Capital Employed.

The Committee still considers that it is important to remunerate John White and Mike Farley at similar levels. Although Mike Farley has full CEO responsibility, the Committee is satisfied that these two very highly rated executives should be paid at market competitive rates for a company chief executive. John White brings a wealth of experience of the sector and knowledge of the Company which the Board considers essential for the Company to retain. This approach is recognised as being transitional, until such time as John White begins to step back from full time executive duties, when his remuneration would reduce commensurately.

Full details of both the quantum of the individual components of the packages and the structure of annual bonus, long term incentive awards and pension provision, are summarised below.

Basic salary

Executive Directors' basic salaries for 2007 were set at a broadly market median level, by reference to other FTSE 100 companies of a similar size. Basic salaries will increase by 3% in 2008 and are set out below:

| | 2008 | 2007 |
|---------------|----------|----------|
| John White | £633,450 | £615,000 |
| Mike Farley | £633,450 | £615,000 |
| Mike Killoran | £412,000 | £400,000 |
| David Bryant | £272,950 | £265,000 |

Annual bonus

Annual bonuses are performance related and non-pensionable. There are two performance targets for annual bonuses, Group profit before tax ('PBT') and earnings per share ('EPS'). The Committee considers that these targets will incentivise the Directors in line with the Company's strategic aims set out on pages 8 and 9.

The Committee has determined an appropriate sliding scale around a target figure for both EPS and PBT. Recognising the uncertain outlook for performance in 2008, compared to 2007, the Committee has increased the degree of stretch in the sliding scale around budget, for both the EPS and PBT parts. In addition, the proportion of the maximum bonus payable at target performance has been reduced from two-thirds to 50% and the amount payable at threshold reduced from 25% to 20%. The maximum bonus limits remain unchanged.

The Committee has determined that the total level of potential annual bonus payable to the executive Directors will be capped at a predetermined figure expressed as a percentage of basic salary, which varies by Director as follows:

| Maximum annual bonus potential for 2008 (as a percentage of salary) | 2008 | 2007 |
|---|------|------|
| John White | 250% | 250% |
| Mike Farley | 250% | 250% |
| Mike Killoran | 250% | 250% |
| David Bryant | 175% | 175% |

The balance of any bonus earned in excess of 150% of basic salary is awarded in the Company's shares ('Bonus Shares'), which may vest in two equal tranches over a two year period.

Bonus Shares are awarded at the same time as the cash bonus, with the first tranche vesting after the announcement of the Group's preliminary results in the following year and the second tranche vesting after the announcement of the Group's preliminary results the year after. Each Director has the option to elect that the shares vest in a six month period from the date of the relevant announcement. Any unvested Bonus Shares would be forfeited on termination of employment if the executive Director resigns or is dismissed summarily.

The number of Bonus Shares awarded for 2007 is calculated by dividing the balance of any bonus earned in excess of 150% of basic salary by the average share price in the period 1 January 2008 to 14 February 2008.

Long Term Incentive Plan

The executive Directors are granted awards under the Company's LTIP, up to a maximum value of 250% of basic salary. During 2007 John White and Mike Farley received an award of 200% of basic salary and Mike Killoran and David Bryant received an award equivalent to 150% of basic salary. In 2008 the Committee will make the same level of awards to the executive Directors.

LTIP awards vest after a three year performance period. The performance conditions are based on Total Shareholder Return (TSR) and Return on Capital Employed (ROCE), with 50% of an award linked to TSR and 50% linked to ROCE. The Committee considers this provides a good blend between rewarding long term financial performance and superior stock market performance.

The performance conditions for 2008 awards are unchanged from those that attached to the awards made in 2007. The award based on TSR performance will measure the Company's TSR against the constituents of the FTSE 100 Index (excluding Investment Trusts) as at the date of grant. The FTSE 100 is considered to be the most appropriate benchmark against which to compare Persimmon's TSR, as there are an insufficient number of large housebuilders to provide a robust comparator group and the sector may consolidate further. The vesting schedule for TSR is 25% of this part of the award for median performance, with sliding scale increases until full vesting at the upper quartile. In respect of the part of the award based on ROCE targets, 25% of the shares linked to this condition will vest if ROCE over the performance period is 15%, with a sliding scale up to all of the shares if ROCE is 22% or above. This range, in the view of the Committee, currently reflects the outlook for the house building sector. For grants in future years, the Committee will review the ROCE range in the light of the outlook for the house building sector at that time.

Pension

The executive Directors are members of the Group's defined benefit pension scheme. The normal retirement age for executive Directors is 60. The Committee has agreed that an executive Director who elected to cease accruing further service in the Group's defined benefit scheme from 6 April 2006 will instead receive a salary supplement of 30% of basic salary. The Committee considers that the salary supplement is cost neutral to the Company.

John White, Mike Farley and David Bryant have elected not to accrue any further service in the scheme. However their pension will continue to be based on their pensionable salary at the date of leaving the Group and they remain members of the scheme for life insurance purposes.

A salary cap for pension purposes was introduced last year to mitigate the impact of the executive Directors' salary increases effective from 1 January 2007. John White, Mike Farley and David Bryant's pensionable salary caps are £473,000, £420,000 and £258,500 respectively, well below their basic salaries.

Mike Killoran elected to continue service in the Scheme and accrues benefit at 1/45th of his basic salary for service after 6 April 2006. Mike Killoran's service in the Scheme prior to this date was subject to the HMRC Earnings Cap and his current Scheme cap for service up to 5 April 2006 is £116,160.

The pensionable salary caps for the executive Directors will increase annually in accordance with their increase in basic salary, up to a maximum of 5% p.a.

Benefits in kind

Each of the executive Directors' remuneration also includes fully financed cars or cash car allowance, membership of the Group private medical scheme and the Group income protection scheme, subscriptions and some telephone costs. These benefits are not pensionable.

All employee share scheme

The executive Directors may also participate in the Company's Save as You Earn Scheme, which is open to all permanent employees who have more than six months' service.

Service contracts

All executive Directors have service contracts and in line with the recommendations of the Combined Code on Corporate Governance, the notice period for each executive Director does not exceed 12 months. The contracts expire on the Director's 60th birthday. In circumstances following a change of control, or where dismissed in breach of contract, an executive Director is entitled to payments for termination of employment, but in no circumstances will such payments exceed 12 months' remuneration. The executive Directors' contracts are all dated 24 April 2002 but are effective from 1 January 2002. None of the non-executive Directors has service contracts.

Mike Killoran and Hamish Leslie Melville will retire at the 2008 Annual General Meeting and are offering themselves for re-election.

Share ownership guidelines

The Committee has for some time encouraged significant long term share ownership of the Company's shares by the executive Directors. In order to comply with best practice, formal share ownership guidelines were established in 2002. As a result, the Committee now requires each executive Director to hold Persimmon shares. John White and Mike Farley have to hold a minimum value of shares equivalent to three times their basic salary and the other executive Directors are required to maintain shareholdings equivalent in value to two times their basic salary. In all cases the executive Directors' shareholdings are significantly in excess of the shareholding guidelines.

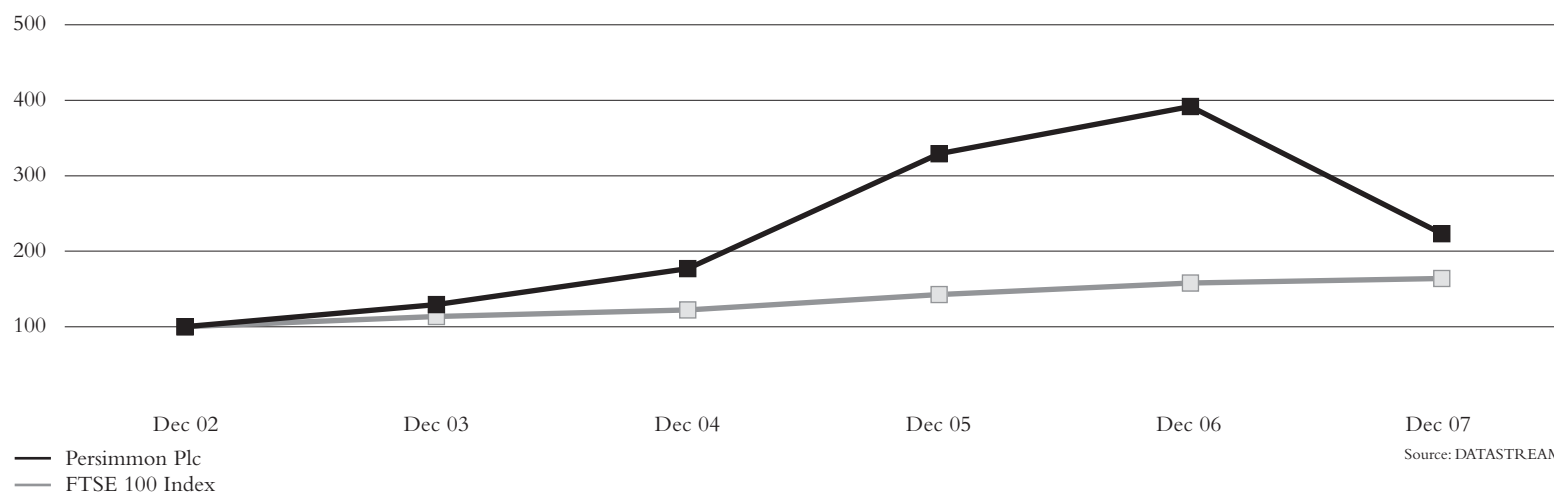
The Committee recognises that executive Directors may be required to sell sufficient shares in the Company to satisfy any tax liability arising on the vesting of Bonus Shares or the exercise of options and vesting of awards granted under the Company's LTIP and Synergy Incentive Plans from time to time.

External appointments

None of the executive Directors currently has an external appointment. Should an executive wish to take up an external appointment, he must first seek approval from the Group Chairman and/or the Group Chief Executive.

Performance graph

Shown below is the Company's TSR performance against the FTSE 100 Index over the last five financial years. The Board has chosen this comparator as it is the benchmark for measuring the stock market performance of large UK listed companies.



Non-executive Directors

Non-executive Directors do not have service contracts and are paid a fee which is non-pensionable. They do not qualify for performance-related bonuses. The Board as a whole determines the fees of the non-executive Directors. The fees for 2008 are £48,000 p.a., plus an additional fee of £8,500 p.a. for additional responsibilities in chairing a committee.

The auditors are required to report on the information contained in the following part of this report.

Schedule of Directors' emoluments for the year ended 31 December 2007

| | Salaries and fees £ | Performance related cash bonus [△] £ | Benefits £ | Salary supplement in lieu of pension £ | Subtotal emoluments received £ | Deferred bonus shares earned [△] £ | 2007 Total £ | 2006 Total £ |
|-----------------------------|---------------------------|--|---------------|--|---|--|--------------------|--------------------|
| Executive | | | | | | | | |
| J White | 615,000 | 922,500 | 49,188 | 184,500 | 1,771,188 | 42,437 | 1,813,625 | 2,185,333 |
| M P Farley | 615,000 | 922,500 | 37,024 | 184,500 | 1,759,024 | 42,437 | 1,801,461 | 1,779,499 |
| M H Killoran† | 364,000 | 600,000 | 28,648 | – | 992,648 | 42,525 | 1,035,173 | 1,161,187 |
| D G Bryant | 265,000 | 320,113 | 34,536 | 79,500 | 699,149 | – | 699,149 | 754,843 |
| Non-executive | | | | | | | | |
| I H Leslie Melville* | 46,750 | – | – | – | 46,750 | – | 46,750 | 47,408 |
| D G F Thompson | 55,000 | – | – | – | 55,000 | – | 55,000 | 53,000 |
| R C N Davidson | 46,750 | – | – | – | 46,750 | – | 46,750 | 45,000 |
| A J Applegarth [○] | 45,833 | – | – | – | 45,833 | – | 45,833 | 50,333 |
| N Wrigley* | 46,750 | – | – | – | 46,750 | – | 46,750 | 41,251 |
| Totals | 2,100,083 | 2,765,113 | 149,396 | 448,500 | 5,463,092 | 127,399 | 5,590,491 | 6,117,854 |

† The Group's defined benefit pension scheme became non contributory on 1 August 2005. As a result the salary paid to Mike Killoran as a member accruing service in this scheme was reduced by 9% of his pensionable salary, which would have been the rate of contribution to the scheme. Salary related benefits remain based on his salary published on page 42.

△ The performance-related bonus for 2007 (cash and deferred shares) has been earned as a result of the performance by reference to Group PBT and EPS. Notwithstanding this excellent performance, maximum bonus levels have not been payable. As set out in the policy section, annual bonus earned for 2007 in excess of 150% of basic salary is deferred in shares for up to two years.

* Hamish Leslie Melville and Nicholas Wrigley's non-executive fees are paid in full to their respective employing companies, Credit Suisse Securities (Europe) Ltd and N M Rothschild & Sons Ltd.

○ Adam Applegarth resigned as a Director on 29 October 2007.

During the year no Director waived his entitlement to any emoluments.

Mr J Millar, who retired as a Director in April 2006 received a salary and bonus for 2007 of £300,000 (2006: £375,982) and benefits of £14,294 (2006: £18,615) in his capacity as a Group Special Projects Director. Mr D H Davidson who retired as Chairman in April 2006 remains Life President and received a payment of £7,500 (2006: £5,000) and benefits of £36,422 (2006: £22,731) for the year to 31 December 2007. Mr G Grewer, who retired as a Director in December 2001 received £40,000 (2006: £48,000) for his role as Chairman of the Trustees of the Persimmon Plc Pension and Life Assurance Scheme.

Directors' pension entitlements

| | Total accrued pension at 31 December 2006 £ pa | Total accrued pension at 31 December 2007 £ pa | Increase in accrued pension £ pa | Increase in accrued pension (net of inflation) £ pa | Transfer value at 31 December 2006 £ | Transfer value at 31 December 2007 £ | Increase in transfer value, less member contributions £ | Transfer value of net of inflation increase in accrued pension less member contributions £ |
|--------------|--|--|---|---|--|--|---|---|
| J White | 240,463 | 271,537 | 31,074 | 21,696 | 4,116,902 | 4,759,056 | 642,154 | 408,015 |
| M P Farley* | 165,000 | 198,444 | 33,444 | 27,009 | 2,651,852 | 3,243,707 | 591,855 | 474,016 |
| M H Killoran | 24,737 | 38,004 | 13,267 | 12,302 | 297,629 | 479,997 | 182,368 | 165,590 |
| D G Bryant | 109,252 | 121,333 | 12,081 | 7,821 | 1,814,805 | 2,065,189 | 250,384 | 142,490 |

* Mr Farley's pension entitlements were incorrectly stated in 2006 as they were calculated on his previous year's pensionable salary.

Directors' interests in share options, Long Term Incentive Plan and Synergy Incentive Plan awards

| | 1 January 2007 | Granted in year | Exercised in year | Lapsed 31 December in year | December 2007 | Exercisable from | Expiry date | Performance condition end date | Exercise price/market price at date of award | Market price at date of exercise | Notional gain on exercise of option £ |
|--------------|------------------------|-----------------------|----------------------|-------------------------------|------------------|---------------------|----------------|--------------------------------------|--|--|---|
| J White | 59,109 ⁽¹⁾ | – | 59,109 | – | – | Mar 07 | Sep 07 | Dec 06 | 617.5p | 1,232p | 728,223 |
| | 1,443 ⁽²⁾ | – | 1,443 | – | – | Dec 07 | May 08 | – | 525.0p | 788.5p | 3,802 |
| | 57,602 ⁽¹⁾ | – | – | – | 57,602 | Mar 08 | Sep 08 | Dec 07 | 746.5p | – | – |
| | 32,306 ⁽¹⁾ | – | – | – | 32,306 | Mar 09 | Sep 09 | Dec 08 | 1,331.0p | – | – |
| | 93,750 ⁽⁴⁾ | – | – | – | 93,750 | Feb 09 | Aug 09 | Dec 06 | 1,336.0p | – | – |
| | 281,250 ⁽⁴⁾ | – | – | – | 281,250 | Feb 10 | Aug 10 | Dec 07 | 1,336.0p | – | – |
| | 180 ⁽²⁾ | – | – | 180 | – | Dec 09 | May 10 | – | 1,050.0p | – | – |
| | – | 91,449 ⁽²⁾ | – | – | 91,449 | May 10 | Nov 10 | Dec 09 | 1,345.0p | – | – |
| | – | 1,274 ⁽²⁾ | – | – | 1,274 | Dec 10 | May 11 | – | 753.0p | – | – |
| Total | 525,640 | 92,723 | 60,552 | 180 | 557,631 | | | | | | 732,025 |
| M P Farley | 43,724 ⁽¹⁾ | – | 43,724 | – | – | Mar 07 | Sep 07 | Dec 06 | 617.5p | 1,232p | 538,678 |
| | 42,866 ⁽¹⁾ | – | – | – | 42,866 | Mar 08 | Sep 08 | Dec 07 | 746.5p | – | – |
| | 24,042 ⁽¹⁾ | – | – | – | 24,042 | Mar 09 | Sep 09 | Dec 08 | 1,331.0p | – | – |
| | 50,000 ⁽⁴⁾ | – | – | – | 50,000 | Feb 09 | Aug 09 | Dec 06 | 1,336.0p | – | – |
| | 150,000 ⁽⁴⁾ | – | – | – | 150,000 | Feb 10 | Aug 10 | Dec 07 | 1,336.0p | – | – |
| | – | 91,449 ⁽²⁾ | – | – | 91,449 | May 10 | Nov 10 | Dec 09 | 1,345.0p | – | – |
| Total | 310,632 | 91,449 | 43,724 | – | 358,357 | | | | | | 538,678 |
| M H Killoran | 43,724 ⁽¹⁾ | – | 43,724 | – | – | Mar 07 | Sep 07 | Dec 06 | 617.5p | 1,232p | 538,678 |
| | 1,804 ⁽²⁾ | – | – | – | 1,804 | Dec 07 | May 08 | – | 525.0p | – | – |
| | 42,866 ⁽¹⁾ | – | – | – | 42,866 | Mar 08 | Sep 08 | Dec 07 | 746.5p | – | – |
| | 24,042 ⁽¹⁾ | – | – | – | 24,042 | Mar 09 | Sep 09 | Dec 08 | 1,331.0p | – | – |
| | 40,625 ⁽⁴⁾ | – | – | – | 40,625 | Feb 09 | Aug 09 | Dec 06 | 1,336.0p | – | – |
| | 121,875 ⁽⁴⁾ | – | – | – | 121,875 | Feb 10 | Aug 10 | Dec 07 | 1,336.0p | – | – |
| | – | 44,609 ⁽²⁾ | – | – | 44,609 | May 10 | Nov 10 | Dec 09 | 1,345.0p | – | – |
| | – | 1,274 ⁽²⁾ | – | – | 1,274 | Dec 10 | May 11 | – | 753.0p | – | – |
| Total | 274,936 | 45,883 | 43,724 | – | 277,095 | | | | | | 538,678 |
| D G Bryant | 34,979 ⁽¹⁾ | – | 34,979 | – | – | Mar 07 | Sep 07 | Dec 06 | 617.5p | 1,232p | 427,793 |
| | 1,804 ⁽²⁾ | – | 1,804 | – | – | Dec 07 | May 08 | – | 525.0p | 788.5p | 4,754 |
| | 31,480 ⁽¹⁾ | – | – | – | 31,480 | Mar 08 | Sep 08 | Dec 07 | 746.5p | – | – |
| | 17,655 ⁽¹⁾ | – | – | – | 17,655 | Mar 09 | Sep 09 | Dec 08 | 1,331.0p | – | – |
| | 9,375 ⁽⁴⁾ | – | – | – | 9,375 | Feb 09 | Aug 09 | Dec 06 | 1,336.0p | – | – |
| | 28,125 ⁽⁴⁾ | – | – | – | 28,125 | Feb 10 | Aug 10 | Dec 07 | 1,336.0p | – | – |
| | – | 29,553 ⁽²⁾ | – | – | 29,553 | May 10 | Nov 10 | Dec 09 | 1,345.0p | – | – |
| | – | 1,274 ⁽²⁾ | – | – | 1,274 | Dec 10 | May 11 | – | 753.0p | – | – |
| Total | 123,418 | 30,827 | 36,783 | – | 117,462 | | | | | | 432,547 |

⁽¹⁾Persimmon Plc Long Term Incentive Plan 1998.⁽²⁾Persimmon Plc Save As You Earn Scheme.⁽³⁾Persimmon Plc Long Term Incentive Plan 2007.⁽⁴⁾Persimmon Plc Synergy Incentive Plan (SIP).

All options and awards were granted for nil consideration. 2007 awards were made on 2 May 2007. The performance conditions for these awards are shown on page 43.

Vesting of awards under the LTIP 1998 are subject to the achievement of performance conditions based on TSR relative to other housebuilders (median to upper quartile TSR for between 40% to 100% of this part of the award to vest) and a range of ROCE targets (13% to 20% for between 50% and 100% of this part of the award to vest).

All SIP awards are subject to a performance condition and will vest in two tranches. The performance conditions for both tranches of the SIP award have been met. The Company achieved synergy savings of c. £32m by the year ended 31 December 2006 and further synergy savings of over £50m in the year ended 31 December 2007; both figures have been approved by the Audit and Remuneration Committees advised by external auditors. The awards will vest in February 2009 and February 2010. The Committee requires John White to retain the SIP shares for the duration of his term as Chairman, except for sales of shares to pay income tax and National Insurance due on the exercise of the award.

Details of the market value of the Company's shares during 2007 were: closing price at 31 December 2007: £8.00; lowest closing price in 2007: £7.49%; highest closing price in 2007: £15.43.

Bonus Shares

The interests of Directors in Bonus Shares are as shown below:

| | 1 January 2007 | Awarded during year | Vested during year | 31 December 2007 |
|--------------|-------------------|------------------------|-----------------------|---------------------|
| J White | 144,042 | 53,646 | 109,886 | 87,802 |
| M P Farley | 76,834 | 38,481 | 59,044 | 56,271 |
| M H Killoran | 36,418 | 12,586 | 30,219 | 18,785 |
| D G Bryant | 9,915 | – | 9,840 | 75 |
| Total | 267,209 | 104,713 | 208,989 | 162,933 |

The proposed Bonus Share awards in respect of the 2007 bonus for Messrs White, Farley, and Killoran are 5,673, 5,673, and 5,685 respectively. The Bonus Share awards for 2007 were calculated at an average share price in the designated period of £7.48 (2006: £14.37) and are due to be awarded in March 2008. Bonus Shares vest over a two year period.

Directors' interests in shares

The interests of Directors serving at the end of the year in the ordinary share capital of the Company are as shown below:

| | Beneficial holdings | | Share options/awards (excluding bonus shares) | |
|---------------------|---------------------|-------------------|--|-------------------|
| | 31 December 2007 | 1 January 2007 | 31 December 2007 | 1 January 2007 |
| J White | 2,060,227 | 1,949,644 | 557,631 | 525,640 |
| M P Farley | 968,535 | 893,911 | 358,357 | 310,632 |
| M H Killoran | 489,177 | 434,454 | 277,095 | 274,936 |
| D G Bryant | 512,945 | 470,842 | 117,462 | 123,418 |
| I H Leslie Melville | 150,000 | 150,000 | – | – |
| D G F Thompson | 31,155 | 30,596 | – | – |
| R C N Davidson | 38,350 | 38,350 | – | – |
| N H T Wrigley | 4,000 | 4,000 | – | – |
| Total | 4,254,389 | 3,971,797 | 1,310,545 | 1,234,626 |

The Directors' beneficial holdings represent 1.4% of the Company's issued share capital as at 25 February 2008 (excluding shares held in Treasury). D G F Thompson also has non-beneficial interests of 12,155 ordinary shares (2006: 11,876 ordinary shares). Otherwise all interests of the Directors are beneficial. There has been no change in the interests set out above between 31 December 2007 and 25 February 2008.

Approved by the Board and signed on its behalf by

Nicholas Wrigley Chairman Remuneration Committee
25 February 2008