

6 January 2006

George Wimpey Plc

Trading Statement

George Wimpey announces the following trading statement ahead of preliminary results for the year ended 31 December 2005 to be announced on Tuesday 21 February 2006.

Group Results

Total Group completions have increased to 17,024 (2004: 16,654). Reflecting the more challenging market conditions in the UK and the impact of a number of one-off items, Group profit before tax is expected to be towards the lower end of market expectations, below the record levels achieved in 2004.

Year end gearing is expected to be below the 2004 level of 39%. Following the resolution of some outstanding tax issues, the tax rate for 2005 is expected to be unchanged at 31%, despite the higher proportion of US profits.

UK Housing

Total UK completions were 12,100, just 1% below the number achieved in 2004 (12,232), despite the slower UK housing market. Average net selling prices were 4% below the prior year, the result of changes in mix as well as increased incentives. Improved overhead recovery in the second half has broadly offset the effect of increased incentives and cost movements. Operating margins for the year as a whole, therefore, are expected to be similar to those achieved in H1 2005.

During the second half we decided to strengthen our forward order book. Although this has impacted margins, we believe it will increase our flexibility in the coming year. As a result we entered 2006 with an order book of £731 million, 31% ahead of last year.

The average number of outlets open during 2005 was 307 and we expect to operate throughout 2006 at similar levels. The land market remained strong for much of 2005, though it began to moderate as the year progressed. Accordingly we limited our land acquisition policy to one of replacement.

US Housing

The US housing market has enjoyed another record year. The markets in which Morrison Homes has concentrated have generally performed strongly. Average selling prices were 7% ahead of 2004, with stronger underlying inflation moderated by changes to product mix and geographic balance. Against this background, operating margins showed strong growth, especially in the second half. In spite of our withdrawal from the Atlanta market, overall Morrison completions grew 11% to 4,924 (2004: 4,422). Completions in the continuing businesses rose by 17%.

We entered 2006 with outlet numbers in our continuing businesses 10% ahead of the same time last year. During the second half we strengthened our forward order position and entered 2006 with an order book of \$677 million, 36% ahead of the same time last year.

In the US we have continued to acquire land to support our strategy of sustained volume growth. Our land bank at the start of 2006 is 9% higher than at the same time last year.

Going Forward

In the UK it remains too early to predict the market for 2006. However, like others, we were encouraged by some firming of the market, especially in the south, during the late autumn. The actions we have taken to strengthen our order book ensure we are better placed to respond to the market than we were a year ago.

Although the market across much of the US has slowed from the rapid pace of growth of the last 18 months, current industry projections forecast only a modest slowdown in 2006. Whilst that slowdown might be somewhat greater in California, we expect Morrison's other markets to remain healthy and support continued growth.

Ends

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