

5 July 2006

George Wimpey Plc Trading Update

George Wimpey Plc is providing the following update on trading for the half year ended 2 July 2006. Interim results for this period will be announced on 1 August 2006.

Group

Total Group completions for the first half increased by 19% to 7,822, the highest level the Group has achieved in the past 25 years.

In the UK, the changes that we made to improve our UK business at the end of last year have enabled us to grow volumes significantly in the first half. In the US, our business has benefited from strong margins in the order book at the beginning of 2006. Overall, the Group expects to make significant progress on the same period last year.

UK

The UK housing market has been stable since the beginning of 2006. Compared with the slow market conditions in the first half of 2005, buyer confidence this year has improved, although affordability constraints in some parts of the country mean prices remain competitive. The market across the south has shown greatest improvement with price growth being experienced in many locations.

George Wimpey entered 2006 with a strong forward order book. This has enabled us to start to rebalance completions throughout the year and establish a stronger position from which to develop our business. As planned, our UK business has successfully delivered a significant increase in first half completions. Total UK completions increased by 28% to 5,854, with private completions rising by 24% to 5,138. Average selling prices on completions have shown modest improvement over the second half of 2005. As previously indicated, gross margins on completions will be somewhat below those achieved in the second half of 2005.

Average sales rates for the first half have been well above those experienced during 2005. As the year has progressed we have, as targeted, reduced incentives and selectively increased prices as we focus on building margin for the second half.

The forward order book at the end of June stood at £1,058 million, an increase of 8% by value and 1% by volume on the same time last year. As a result of continuing strong sales, the private order book has increased by 9% in volume and by 16% in value. Compared with the order book at the start of the year, prices in the order book have moved ahead and gross margins have grown by more than 1%.

US

As widely reported the housing market in the US has continued to slow during the first half of 2006 as the rapid price inflation since 2004 stretched affordability and confidence in a number of markets. The competitive market conditions are expected to continue, particularly in Northern California, Florida and Phoenix, until the supply of both new and second hand homes has returned to normal levels.

The markets of Austin, Dallas and Houston in Texas are amongst the most affordable housing markets in the US. Although these markets remain very price sensitive, the management actions taken to improve performance are showing steady progress.

Total US completions for the first half were 1,968 slightly below the first half of 2005. Average selling prices on completions are above last year, with margins at similar levels to those for the full year 2005.

Excluding Texas and Denver, average visitor levels across the business have been well below the first half of 2005. Sales rates have been significantly affected by the slower market conditions and the use of incentives has been increased so we can remain competitive within our markets.

The forward order book at the end of June stood at \$668 million, 14% lower by value and 17% lower by volume than the same time last year reflecting the changed market conditions. Both prices and margins in the order book are below the very high levels achieved in the order book at the end of 2005, however prices remain above those in the order book at the same time last year.

Outlook

For the Group overall we anticipate that the outcome for 2006 will be in line with our expectations.

In the UK, current market and price conditions remain stable. Against this backdrop we expect private completions in the second half to be at broadly similar levels to those in the second half of 2005. Our strong order book and our continuing focus on margin improvement in the second half will enable us to make further progress for the year as a whole.

In the US it remains difficult to predict the outlook in the short term. However, we are confident that the fundamentals of the housing market support our strategy of long term growth in Morrison Homes. The demographic trends and employment growth in the markets in which we operate remain strong.

Ends

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