

20 December 2006

**George Wimpey Plc
Pre-close Trading Statement**

George Wimpey is issuing the following pre-close trading statement ahead of preliminary results for the year ended 31 December 2006, to be announced on Wednesday 21 February 2007.

Group Results

As a result of the strong performance in our UK business we expect total group completions to reach a record level (2005: 17,021), with over 75% of completions now coming from the UK (2005: 71%). The UK landbank has been significantly strengthened and is expected to account for around 75% of the total Group year end landbank (2005: 68%).

Trading conditions in the US have continued to be poor. Accordingly as we indicated at the time of our trading update in October we are reviewing our land and option carrying values in the US. This process will be finalised at the year end, based on market conditions at that time, and we expect it to result in a one-off after tax impact in 2006 of around 2.5% of Group net assets.

Group profit before tax for 2006 is expected to be in line with our expectations, prior to US option exit costs and land value provisions.

Year end gearing is expected to be below the 2005 level of 34%. The tax rate for 2006 is expected to be 30%.

UK Housing

The UK housing market has remained stable throughout the year, with price increases being achieved in most markets.

The strong first half volume performance has enabled us to move margins forward in the second half as planned. Operating margins for the second half are therefore expected to be ahead of those of both the first half of 2006 and the second half of last year.

We have continued to strengthen our order book position and at week 50 the forward order book for 2007 stood at £763 million, a 10% increase by volume and 11% by value compared with the same time last year. Gross margins in the order book show further progress on those in the order book at the end of the first half.

By increasing our focus on acquiring medium term value added sites, and through successes in our strategic landbank, we have been able both to grow the size of the landbank and keep plot acquisition costs down. We expect the short term landbank to be at an all time high at the year end, having maintained consistent growth throughout the year. During 2006, we have achieved either outline planning or a resolution to grant on over 4,750 plots from our strategic landbank. This excellent performance, generating more plots than the last three years combined, will help to improve future margins.

Through 2006, we have focused on land acquisition, sales performance and cost control. We are delighted that this has enabled the UK business to make excellent progress against our targets, and provide a very sound base for continuing performance improvement in 2007.

US Housing

The US housing market has weakened during 2006 as affordability has become constrained and the supply of homes on the market has reached record levels. Current trading conditions remain very poor, however we are encouraged by the fact that housing stock levels have now stabilised.

Visitor levels and sales rates throughout the year have been materially below those in 2005, and total completions for the year are expected to be around 12% below last year (2005: 4,921). Since our October trading update, we have continued to experience very high cancellation rates, averaging 50% for the second half of the year. Incentives have continued to grow in most markets since October, although at a slowing rate.

The forward order book at week 50 stood at \$198 million, a 64% decrease in volume and 68% in value on the record position last year. Prices and margins in the order book are significantly below the same period last year and below those in the order book at the end of the first half.

During the second half of 2006, we have drawn back from land purchase in all markets except Texas. Land prices have started to fall and we believe that we will be able to secure land at lower cost in the future as pricing continues to weaken. In light of these market conditions, we have actively reviewed all option and pipeline land and renegotiated or exited those contracts not expected to deliver economic returns. As a result, by the end of December we will have reduced our land bank plots by more than 20% to less than 19,000 lots.

Outlook

In the UK current market conditions are similar to those experienced throughout 2006 and we believe the outlook for 2007 is stable. Following the actions taken over recent months to improve our landbank and our cost base, and taking into account our strong order book position, we remain confident of delivering our primary objective of continued margin growth going forward.

In the US it remains difficult to predict the market outcome for 2007, however we expect both volumes and margins to be materially below 2006. Whilst we believe there are some signs that the deterioration in market conditions has slowed, we expect little significant change in trading in the short term. We have taken action to reduce our land holding exposure, ensure costs within the business are well controlled and have increased outlets to create a strong sales presence in all our markets.

Changes to our UK land strategy, coupled with a deliberately cautious approach in the US have enabled us to rebalance our operations to mitigate the effect of the US market downturn. This plan will improve the long term value of the Morrison business, allowing us to return to growth when we see the US market start to improve.

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