

5 July 2005

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

George Wimpey Plc will announce results for the 26 weeks to 3 July 2005 on 6 September 2005. As previously announced, these will be the first results reported under International Accounting Standards. The Company is providing the following update on trading in advance of entering its close period on 6 July 2005.

UK

Compared with the second half of 2004, when the UK housing market saw a period of considerable softening, 2005 started encouragingly. However the recovery was short-lived and since February the market has remained steady at a level well below the very strong first few months of last year. There has been no change in the market since the General Election.

Our visitor levels have remained satisfactory throughout the first half and customer interest has remained healthy. Sales rates have been stable since February at levels below the previous year. For the first half as a whole, they have been 17.5% below the same period last year. Although we have had around 10% more sales outlets open, this has only partially offset the effect of the slower sales rates in late 2004 and this year. Total completions for the first half will therefore be just over 10% below the same period in 2004. We expect a greater proportion of the full year's volumes to be achieved in the second half and, based on current market conditions being maintained, expect total completions for the year to be similar to those in 2004.

Headline prices have remained broadly unchanged since mid-2004. The average selling price on first half private development completions is expected to be similar to the £195,000 achieved in the same period last year. As highlighted in our April AGM statement, the use of incentives has increased somewhat to sustain sales rates. However, in light of the slow second hand market, we have severely limited our use of part exchange.

The business continues to experience build cost pressures from material suppliers as well as from an increasingly regulated environment. The programme of build cost reduction initiatives and a return to a more standardised product range will progressively offset some of these increases.

Higher incentives and increased costs will result in gross margins for the first half approximately 2.5 percentage points lower than in the same period in 2004. The first half will also see a greater reduction in operating margins resulting from reduced overhead recovery on lower volumes. This effect will reverse in the second half as higher volumes are achieved.

We have continued to invest in land to support our long term plans for organic growth. Our owned and controlled landbank at the half year will be about 54,000 plots, compared to 51,000 at the same time last year.

The 2005 total order book is 7% lower by volume and 12% lower by value than at the same time last year, reflecting higher orders for social housing. As a result of the lower sales rates, the private development order book is 19% lower by volume and value.

US

The US housing market has remained extremely strong throughout the first half of 2005, at even higher levels than in 2004. There remain wide regional variations with markets in Florida, Northern California and Phoenix being particularly strong, whilst those in Texas and Denver have shown only limited recovery.

Morrison Homes has experienced very high visitor levels and sales rates above the high levels achieved in the first half of 2004. Despite severe weather at the start of the year causing a number of outlet openings to be delayed in Northern California, first half completions will be some 16% higher than the same period in 2004.

Average selling prices during the first half have continued to increase, especially in Florida, Northern California and Phoenix. On average, they will be some 11% ahead of the same period in 2004. Operating margins have grown strongly, and are expected to be some 3 percentage points higher than in the first half of last year.

To support continued volume growth through 2006 and beyond, Morrison has continued to strengthen its landbank. The number of owned and controlled plots at the half year is expected to be about 23,000 compared to 20,000 at the same time last year.

As a result of the rising market conditions being experienced in Morrison's main markets, sales releases have been held back to ensure optimum pricing is realised. The forward order book is therefore level with last year in volume and 6% higher in value and gross margins are at higher levels than those achieved in the first half.

Group

As a result of continued investment in land in both the UK and US to support longer term organic growth, average debt levels have been higher than in the same period last year, with a consequent impact on interest costs. Gearing will however be at a similar level to that at end of June 2004.

Current Trading and Outlook

With higher volumes, prices and margins, first half profits in Morrison Homes will be well ahead of the prior year. However higher interest costs and the impact of lower volumes and margins in the UK will mean Group profits in the first half will be well below the record level achieved last year.

Looking forward, the Group is well positioned as we enter the second half. The UK housing market is supported by a strong demand for and undersupply of housing, although in the short term we expect buyers to remain cautious with prices broadly stable. In the UK over 75% of expected completions for the year have been either completed or reserved. In the US, Morrison Homes' main markets are expected to remain strong supported by good economic and demographic growth, with almost 90% of expected completions for the year either completed or reserved.

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