NEWS RELEASE
21 May 2008

Wolseley plc
Interim Management Statement for nine months ended 30 April 2008

Wolseley plc, the world's largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials, is today issuing its Interim Management Statement for the Group's third quarter and for the nine months ended 30 April 2008. In accordance with normal practice, a pre-close end of year trading update will be issued on 16 July 2008.

Overview

Overall, for the Group, trading for the three months ended 30 April 2008 has been broadly in line with the expected market conditions that were reported in the Interim Results announcement on 17 March 2008. The US housing and repairs, maintenance and improvement ('RMI') markets have continued to soften but US commercial and industrial markets have held up well. In Europe, there has been a more pronounced slow-down in the UK over recent weeks and many other European markets continue to soften. The Group continues to focus on cost reduction and cash flow enhancement. Since 30 April 2008, restructuring decisions have been taken which will result in one-off costs of around £50 million to be incurred in the fourth quarter. These restructuring actions and other business improvement initiatives should result in annualised savings of around £70 million.

Financial performance

The financial results for the nine months ended 30 April 2008 follow a similar pattern to the six month figures reported in March. For the nine months ended 30 April 2008, Group revenue was up 2%, trading profit[1] was 23% lower, and profit before tax and amortisation and impairment of acquired intangibles was down 30%.

In North America, Ferguson continued to gain market share and for the nine months ended 30 April 2008 achieved local currency revenue growth of 1%, due to acquisitions. Organic revenue declined 3% and trading profit was 1% lower than the equivalent period in the prior year. Stock Building Supply continued to be affected by the US housing slow-down and saw revenue fall 25% with additional pressure on gross margins. The trading loss for the nine month period was US$158 million. Wolseley Canada achieved 2% constant currency revenue growth, although trading profit was 15% lower, due to the previously announced one-off branch closure costs.

In Europe, revenue in Wolseley UK, which includes Ireland, increased 3% in the nine months ended 30 April 2008 and trading profit was 6% lower. The underlying profit in the UK, excluding Ireland, was slightly higher. However, Wolseley UK experienced a more challenging April as the market slowed significantly. In France, the business environment has slowed further. Wolseley France increased local currency revenue 3% in the nine month period and trading profit was 18% lower. In the Nordic region, DT continues to see good organic growth, albeit at a slowing rate, with revenue of £1,573 million and trading margin around 6%. In Central and Eastern Europe ('CEE'), the expected benefits from the new IT system in Austria have begun to be realised and the performance of the new DC in Italy has improved. Constant currency revenue for CEE during the period was up 3% and trading profit was around 50% lower.

The Group continues to focus on cost reduction and cash flow enhancement. Since 30 April 2008, further cost reduction decisions have been taken which will result in one-off costs of around £50 million to be incurred in the fourth quarter. These cost reduction actions and other business improvement initiatives are expected to result in annualised savings of around £70 million. These actions include the closure of 75 branches and headcount reductions of 200 at Ferguson and the closure or consolidation of 15 locations in Canada, with an associated headcount reduction of around 50 people. Further cost reduction and business improvement actions will be taken in North America and Europe before 31 July 2008 and further details will be provided in future announcements.

The rigorous focus on cash flow continues with further improvements in working capital ratios. Spot cash to cash days(2) improved by 5.2 days from 58.2 days as at 30 April 2007 to 53.0 days at 30 April 2008 and cash conversion(3) was more than 150%, for the nine months ended 30 April 2008, up from 122% at the half year. The Group continues to adopt a cautious approach to acquisitions and no further acquisitions have been completed since the Interim Results announcement. Capital expenditure plans have been curtailed and total capital expenditure for the year ended 31 July 2008 is now expected to be £320 million to £330 million. As at 30 April 2008, net debt was approximately £2,875 million, £19 million lower than 31 January 2008, after an adverse exchange impact of £83 million. Gearing(4) reduced from 84% at 31 January 2008 to 81% at 30 April 2008.

Since 31 January 2008, the Group has repaid a €500 million facility that matured in March 2008, put in place two new debt facilities for $200 million and €250 million and given notice to repay, prior to 31 July 2008, the two facilities (totalling £270 million) which have covenants of net debt to EBITDA of not more than 3 times. The repayment of these facilities is intended to provide additional headroom for the one-off charges that will be incurred in order to reduce the Group's cost base for the 2009 financial year. Once these two facilities have been repaid the Group will have committed and undrawn banking facilities of around £900 million. The majority of these have covenants that net debt will not exceed 3.5 times EBITDA, while the remaining facilities are subject to no financial covenants.

<u>Outlook</u>

Challenging conditions in many markets are expected to continue, although the US commercial and industrial market, which accounts for the majority of Ferguson's business, is likely to remain stable into the next financial year. The Group's rigorous focus on cost reduction and cash maximisation will continue.

Chip Hornsby, Group Chief Executive of Wolseley, said:

"Given the continuing tough market conditions, our response has been to take further action to lower the cost base and improve cash flow, while continuing to pursue our longer term strategic aims. The cost reduction actions outlined today will enable us to restructure the business further, so that we are better positioned for the challenges ahead."

(1) Trading profit, a term used throughout this announcement, is defined as operating profit before the amortisation and impairment of acquired intangibles. Trading margin is the ratio of trading profit to revenue expressed as a percentage.
(2) Spot cash to cash days is the net of spot inventory days plus spot receivables days less spot payables days.
(3) Cash conversion is the ratio of operating cash flow to trading profit.
(4) Gearing ratio is the ratio of net debt, excluding construction loan borrowings, to shareholders' funds.

There will be a conference call for analysts/investors at 0830 (UK time) today:

Participant dial in numbers:

	0800 559 3282	UK Toll Free
	1866 239 0750	US Toll Free
	+44(0)20 7138 0810	International Toll
Password:	**4145890**	

Slides relating to the call will be available on www.wolseley.com.

The call will be recorded and available on www.wolseley.com after the event. It will also be available for playback until midnight on 28th May on the following numbers:

Replay Passcode:	**4145890#**	
Replay telephone numbers:	0800 559 3271	UK Toll Free
	1866 883 4489	USA Toll Free
	+44 (0)20 7806 1970	International Toll
	+1 718 354 1112	USA Toll

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Notes to Editors

Wolseley plc is the world's largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials in North America, the UK and Continental Europe. Group revenue for the year ended 31 July 2007 was approximately £16.2 billion and operating profit, before amortisation and impairment of acquired intangibles, was £877 million. Wolseley has around 75,000 employees operating in 27 countries namely: UK, USA, France, Canada, Ireland, Italy, The Netherlands, Switzerland, Austria, Czech Republic, Hungary, Belgium, Luxembourg, Denmark, Sweden, Finland, Norway, Slovak Republic, Poland, Romania, San Marino, Panama, Puerto Rico, Trinidad & Tobago, Mexico, Barbados and Greenland. Wolseley is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies.

A copy of this release, together with all other recent public announcements can be found on Wolseley's web site at **www.wolseley.com**. Copies of the presentation given to institutional investors and analysts are also available on this site.

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