THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or transfer or have sold or otherwise transferred all of your Existing Shares, please send this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

WOLSELEY

WOLSELEY PLC

(Incorporated and registered in England and Wales with registered number 00029846)

Proposed Placing of 225,000,000 Existing Shares at 120 pence per Existing Share
Proposed Capital Reorganisation
Proposed 11 for 5 Rights Issue (taking into account the Capital Reorganisation) of up to 206,043,204 New Ordinary Shares at a price of 400 pence per New Ordinary Share
Notice of General Meeting

THIS CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO SUBSCRIBE FOR, THE NIL PAID RIGHTS, THE FULLY PAID RIGHTS OR THE NEW ORDINARY SHARES IN ANY JURISDICTION.

This is not a prospectus but a shareholder circular. The Prospectus containing details of the Share Issue (including details of the Placing Shares, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares) will not be posted to Shareholders but will be published on the Company's website at www.wolseley.com on or around 9 March 2009. Investors should not subscribe for or acquire any Placing Shares, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares referred to in this circular except on the basis of the information, and the terms and conditions of the Rights Issue, contained in the Prospectus and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letter. The distribution of this circular into any jurisdiction other than the United Kingdom may be restricted by law. Persons into whose possession this circular and/or the accompanying Form of Proxy comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Notice of a General Meeting of the Company to be held at Deutsche Bank, Winchester House, 1 Great Winchester Street, London EC2N 2DB at 9.00 a.m. on 1 April 2009 is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed and, to be valid, should be completed, signed and returned so as to be received by the Company's registrars, Equiniti Limited, of Aspect House, Spencer Road, Lancing, BN99 6RN as soon as possible but, in any event, so as to arrive no later than 9.00 a.m. on 30 March 2009. Completion and return of a Form of Proxy will not prevent members from attending and voting in person should they wish to do so. Voting directions and proxy appointments may also be completed electronically and details are given in the Notice of General Meeting set out at the end of this document.

Deutsche Bank is acting exclusively for the Company and no-one else in relation to the Share Issue and the Capital Reorganisation and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to clients of Deutsche Bank or for providing advice in relation to the Share Issue or the Capital Reorganisation.

Rothschild is acting exclusively for the Company in relation to the Share Issue and the Capital Reorganisation and for no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Share Issue or the Capital Reorganisation, or any other matters referred to in this document.

UBS is acting exclusively for the Company and no-one else in relation to the Share Issue and the Capital Reorganisation and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to clients of UBS or for providing advice in relation to the Share Issue or the Capital Reorganisation.

RBS Hoare Govett is acting exclusively for the Company and no-one else in relation to the Share Issue and the Capital Reorganisation and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to clients of RBS Hoare Govett in relation to the Share Issue or the Capital Reorganisation, or any other matters referred to in this document.

BNP PARIBAS is acting exclusively for the Company and no-one else in relation to the Share Issue and the Capital Reorganisation and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to clients of BNP PARIBAS in relation to the Share Issue or the Capital Reorganisation, or any other matters referred to in this document.

ING Bank N.V. ("ING") is acting exclusively for the Company and no-one else in relation to the Rights Issue and the Capital Reorganisation and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to clients of ING in relation to the Rights Issue and the Capital Reorganisation, or any other matters referred to in this document.

Calyon is acting exclusively for the Company and no-one else in relation to the Rights Issue and the Capital Reorganisation and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to clients of Calyon in relation to the Rights Issue or the Capital Reorganisation, or any other matters referred to in this document.

FORWARD-LOOKING STATEMENTS

The statements contained in this document that are not historical facts are "forward-looking" statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Wolseley's control and all of which are based on Wolseley's current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "annualised", "estimates", "plans", "assumes" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. In addition, from time to time, Wolseley or its representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with the approval of an authorised executive officer of Wolseley. These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved and actual events or results may differ materially as a result of risks and uncertainties facing Wolseley and its subsidiaries. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. The forward-looking statements contained in this document speak only as of the date of this document and Wolseley undertakes no duty to, and will not necessarily, update any of them in light of new information or future events, except to the extent required by applicable law, the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS[1]

Each of the times and dates in the table below is indicative only and may be subject to change.

Publication of Prospectus	9 March 2009
Latest time and date for receipt of Forms of Proxy	9.00 a.m. on 30 March 2009
General Meeting	9.00 a.m. on 1 April 2009
Issue of the Placing Shares	1 April 2009
Record Date	close of business on 1 April 2009
Placing Admission	8.00 a.m. on 2 April 2009
10p Ordinary Shares arising on the Capital Reorganisation credited to stock accounts in CREST	8.00 a.m. on 2 April 2009
Despatch of Provisional Allotment Letters	2 April 2009
Trading in the New Ordinary Shares, nil paid, commences	8.00 a.m. on 3 April 2009
Despatch of definitive share certificates for the 10p Ordinary Shares arising on the Capital Reorganisation in certificated form	by no later than 9 April 2009
Latest time and date for acceptance under the Rights Issue[2]	11.00 a.m. on 21 April 2009
New Ordinary Shares will be admitted to trading fully paid	8.00 a.m. on 22 April 2009
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	by no later than 29 April 2009

If you have any questions, please telephone the Shareholder Helpline on the numbers set out below. This helpline is available from 8.30 a.m. to 5.30 p.m. Monday to Friday (except bank holidays) and will remain open until 13 May 2009.

Shareholder Helpline

0871 384 2981[3] (from inside the United Kingdom)

or +44 121 415 0148 (from outside the United Kingdom)

Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and information relating to Wolseley's register of members and will be unable to give advice on the merits of the Rights Issue or to provide legal, financial, tax or investment advice.

1 A full timetable of events in connection with the Capital Reorganisation and the Share Issue is set out in the Prospectus. Only the key dates in relation to the General Meeting, the Capital Reorganisation and the Share Issue are set out here. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through the Regulatory News Service of the London Stock Exchange.

2 If you hold your shares through a nominee, depending on the arrangements made on your behalf by that nominee, the latest time and date for giving instructions to that nominee may be set earlier.

3 Calls cost 8 pence per minute from a BT landline, other telephone providers' charges may vary.

PART I

WOLSELEY

Chairman's Letter

(incorporated and registered in England and Wales
with registered number 00029846)

Wolseley plc
Parkview 1220
Arlington Business Park
Theale
Reading
Berkshire RG7 4GA

9 March 2009

To Shareholders

Dear Shareholder

Proposed Placing of 225,000,000 Existing Shares at 120 pence per Existing Share

Proposed Capital Reorganisation

Proposed 11 for 5 Rights Issue (taking into account the Capital Reorganisation) at 400 pence per New Ordinary Share

Notice of Meeting

1 Introduction

As part of the Half Year Announcement released on 6 March 2009 (the full text of which is set out in Part II of this document), the Company announced the following:

- *Proposed Capital Reorganisation and Share Issue to raise net proceeds of £1,001.5 million.* The Directors intend to use the net proceeds to reduce the Group's financial indebtedness in order to provide appropriate headroom under the covenant levels in the Group's existing credit facilities and result in a structurally lower level of indebtedness for the Group.
- *€1 billion of committed two-year banking facilities.* The Company has entered into a forward start facility agreement with Barclays Capital, BNP PARIBAS, Calyon, Lloyds TSB Bank plc, Capital Markets and The Royal Bank of Scotland plc (as mandated lead arrangers) pursuant to which, from 1 August 2011, and subject to certain conditions being met, including the completion of the Share Issue, the Company will have access to committed available funds of up to €1 billion.
- *Strategic focus on the Group's core businesses.* The future strategic focus for the Group will be on North American Plumbing and Heating (Ferguson and Wolseley Canada), UK and Ireland, Nordic and France, where the Board believes Wolseley has built sufficient scale and can deliver an appropriate financial return.
- *Decision to dispose of, or otherwise exit, Stock by 1 August 2009.* The Group has decided to dispose of, or otherwise exit, the US Building Materials business, Stock, by 1 August 2009 with the aim of conserving cash and strengthening the Group's overall financial position during the current economic downturn, which will assist in compliance with the financial covenant in the Group's existing credit facilities.
- *Strategic review of Central and Eastern Europe.* The Group's business in Central and Eastern Europe is currently under strategic review, which is expected to be concluded by 31 July 2009 and which could indicate that further or more extensive restructuring actions are required or that part or all of this business segment should be exited.

The purpose of this document is (i) to explain the background to and reasons for the Capital Reorganisation and the Share Issue, and (ii) to provide you with a Notice of General Meeting of the Company to be held to consider and, if thought fit, pass the Resolutions required to authorise the Company to carry out the Capital Reorganisation and the Share Issue. It also explains why the Directors consider the Resolutions to be proposed to the General Meeting are in

the best interests of the Company and Shareholders as a whole and why they recommend that you vote in favour of the Resolutions to be proposed at the General Meeting.

2 Background to and reasons for the Share Issue

Background to the Share Issue

Wolseley is the world's largest specialist trade distributor of plumbing and heating products to professional contractors and a leading supplier of building materials to the professional markets. The Group operates a number of well known businesses that hold leading positions in their local markets. Through organic and acquisition-led growth, Wolseley has increased its scale significantly between 2002 and 2007, from revenues of £7.9 billion in the year ended 31 July 2002 to £16.2 billion in the year ended 31 July 2007.

From early 2007 onwards, a continuing deterioration in the US housing market has had an impact on the Group's US Building Materials business and consequently on the Group's trading performance and financial results. The recent weakening in the Group's trading environment has intensified over the past few months as a result of the turmoil that continues to affect global capital markets and the severe impact of this on the wider economy. In particular, the Group's performance has been affected by the continued significant deterioration of the US residential housing market, price deflation in lumber, worsening consumer sentiment arising from global credit restrictions and the consequential weakening of the UK and European construction markets for building materials. In addition, recent weakness of sterling against the euro and the US dollar has also had an adverse impact on the Group's net debt position.

To address the difficult trading conditions in this challenging environment, the Directors have taken actions since 1 August 2007 to reduce the Group's cost base, maximise cash generation and reduce the impact of currency volatility on the balance sheet. By 31 January 2009, the following actions had been taken:

- Restructuring of Group operations, by closing branches and reducing headcount, which incurred restructuring charges of £338 million but resulted in cost savings of £47 million in the year ended 31 July 2008 and £160 million in the six months ended 31 January 2009. Actions announced in the year ended 31 July 2008 are expected to result in Annualised savings of £176 million, and actions announced in the six months ended 31 January 2009 are expected to result in Annualised savings of £396 million;
- Suspension of dividends in 2008, resulting in an annualised cash saving of approximately £225 million;
- Improving working capital cash to cash days by 12% between 31 July 2007 and 31 July 2008, from 52 to 46 days, and a further 7 days or 16%, on a constant currency basis, by 31 January 2009 which has resulted in additional cash generation of £789 million in the 18 months ended 31 January 2009;
- Reducing capital expenditure to a maximum spend of approximately £180 million for the year ending 31 July 2009, in constant currency (compared to actual capital expenditures of £317 million in the year ended 31 July 2008 and £396 million in the year ended 31 July 2007);
- Entering into receivables funding arrangements in the UK and France, which together have reduced net debt at 31 January 2009 by £217 million;
- Disposing of assets including property, plant and equipment since 31 July 2007 (sold for £179 million, realising a profit of £33 million);
- Disposing of five non-core businesses for consideration of £26 million since 31 July 2007;
- Hedging a significant proportion of the Group's debt against further sterling depreciation since late 2008; and
- Suspension of acquisitions since February 2008.

Despite taking these actions, the worsening macroeconomic environment continues to have an adverse effect on the Group's recent financial results. For the six months ended 31 January 2009, revenue increased by 3.2%, and trading profit decreased by 42.7%, compared to the comparable period in the prior year. Net debt increased by £17 million (0.7%) since 31 July 2008 to £2,486 million after taking into account an adverse currency translation effect of £409 million. A restrictive financial covenant contained in the Group's existing credit facilities requires net debt not to exceed 3.5 times the value of the Group's Annualised Adjusted EBITDA on a trailing 12 month basis at two points during the year, 31 January and 31 July. As at 31 January 2009, this ratio stood at 3.1 times. The Group had committed and undrawn banking facilities available of £1.6 billion as at 31 January 2009 and has no need for additional facilities until after the year ending 31 July 2011. In the event that the Share Issue does not proceed, there is a risk that the Group will breach its financial covenants as at 31 January 2010, which could result in a significant

proportion of the Group's borrowings becoming repayable immediately (see paragraph 17 below "—Importance of the Resolutions and the Share Issue to the Group").

The Group expects macroeconomic conditions to deteriorate further in the short term, and until conditions stabilise, Wolseley is unlikely to see any meaningful improvement in its financial results. There are no signs of any immediate upturn in Wolseley's principal markets and the Directors believe that the outcome of government intervention to stimulate economic growth remains uncertain and is likely to take time to take effect.

Despite this unfavourable short term outlook, the Directors believe that the Group remains well positioned in the medium to longer term once GDP growth returns in its local markets. Wolseley is a market leader in a highly fragmented industry and has a strong customer franchise, international operations and strategic positions in its core markets. It is the world's largest specialist trade distributor of heating and plumbing products to the professional market and a leading supplier of building materials.

The Group has historically created value for shareholders and the Directors remain committed to ensuring that it emerges from the current economic cycle ready to capitalise on the recovery, which the Directors expect to be led by a recovery in the US economy. The Directors believe that scale advantages such as Wolseley's distribution network, particularly in the US, are key competitive advantages and differentiators in the marketplace. The Directors also believe that sourcing continues to be a major competitive advantage, which has been supplemented through initiatives such as the launch of own branded products in key geographical regions. The Group has a long track record of acquiring and integrating businesses and intends to resume selective acquisitions when appropriate opportunities arise and when the Group has available funds to effect these acquisitions.

The markets in which the Group operates are typically fragmented, with a few large players and a significant portion of the market supplied by small local operations. In the shorter term, the Directors believe the pressure on margins and cash flow favours the larger and better capitalised businesses, which are expected to gain market share from weaker competitors. In the medium to longer term, the Directors believe that the opportunities for organic and acquisitive growth in these fragmented markets are substantial, which they believe will lead to significant value creation for the Group and its Shareholders.

Reasons for the Share Issue

Given the severity and breadth of the global macroeconomic crisis and the current uncertain outlook for the Group's business, the Directors have determined that it is appropriate that the Group should recapitalise its business now, through an issue of equity in order to strengthen the Group's capital base, to create a more stable position from which to grow and to position the Group to take advantage of a future recovery in its markets. The Share Issue is intended to position Wolseley to withstand current market conditions and benefit from the eventual recovery. Specifically, the Share Issue should enable Wolseley to:

- *Substantially strengthen its balance sheet and overall financial position.* The proceeds of the Share Issue will allow the Group to reduce its level of financial indebtedness which the Directors believe will constitute an immediate and long-term benefit to the Group. This will assist the Group to operate within its existing financial covenants.
- *Allow the Group to focus on investment in its core businesses.* Following the Share Issue, the Group will be well positioned to maintain appropriate levels of investment in its core businesses which the Directors believe present the best opportunities for return on investment over the long term. These businesses may also be able to exploit opportunities that emerge from competitors' weakness within the fragmented markets in which they operate.
- *Return to a profitable, focussed growth strategy as markets recover.* The Directors believe that reinforcing the balance sheet will provide Wolseley with the opportunity, when the appropriate market conditions return, to resume its practice of acting as an industry consolidator, by pursuing the selective acquisition of assets, including bolt-on acquisitions at potentially depressed valuations, within those markets where the Group has a strong, established presence.
- *Improve future access to sources of capital.* The revised capital structure should ensure that Wolseley maintains access to cost effective sources of funding and should give the Group a platform to establish a sound credit rating and thereby broaden its funding options.

The Directors have considered a range of alternative options to raising equity, including the negotiation of amendments to the financial covenants in the Group's existing credit facilities (though this would be less cost effective than raising equity and lenders may impose additional constraints on the business which may not be in the Shareholders' interests) and the possibility of further disposals of businesses. The Board will continue its

programme of cost savings and efficiency improvements. Whilst the Board will continue to pursue appropriate actions to have a beneficial effect on its ability to continue to comply with its financial covenants, as set out below under the heading of "Importance of the Resolutions and the Share Issue to the Group", there is a material risk that such actions may not be successful. Consequently the Board has determined that, notwithstanding the dilutive impact on the number of Shares in issue, the Share Issue is necessary to provide the clearest path to achieving financial stability for the Group within an appropriate timeframe and in a manner that best preserves long term shareholder value.

The Directors expect that the Share Issue should make a positive contribution to total earnings in the year to 31 July 2009 as a result of lower interest payments arising from lower average levels of financial indebtedness. However, the Directors expect that the increased number of Shares in issue following the Share Issue will have a negative effect on the Group's earnings per share for the same period.

Use of proceeds

The Directors intend to use the net proceeds of the Share Issue, amounting to £1,001.5 million, to reduce the Group's financial indebtedness in order to provide appropriate headroom under the covenant levels in the existing credit facilities. This will result in a structurally lower level of indebtedness for the Group, and the Directors believe that this will constitute an immediate and long-term benefit of the Share Issue for the Group.

3 Structure of the Share Issue and the Capital Reorganisation

The Company proposes to raise gross proceeds of £1,050.5 million by way of the Share Issue. The Share Issue comprises both the Placing and the Rights Issue, and will take place in conjunction with a Capital Reorganisation. As a result, the Share Issue and the Capital Reorganisation will involve the following:

- **Placing** following the passing of the Resolutions at the General Meeting, the subscription by Placees for an aggregate of 225,000,000 Existing Shares of 25 pence nominal value at a subscription price of 120 pence per Placing Share;
- **Capital Reorganisation** on the dealing day following the General Meeting, the Capital Reorganisation will become effective, under which:
  - each Existing Share of 25 pence nominal value (including the Placing Shares) will be subdivided and converted into one Interim Share of 1 penny nominal value and one Deferred Share of 24 pence nominal value; and
  - immediately thereafter, the Interim Shares will be consolidated on a one for 10 basis into 10p Ordinary Shares;
- **Rights Issue** following the Capital Reorganisation becoming effective and subject to the conditions to the Rights Issue being satisfied, Qualifying Shareholders (other than, subject to certain exceptions, Qualifying Shareholders with registered addresses in any of the Excluded Territories) will be offered New Ordinary Shares by way of rights at a price of 400 pence per New Ordinary Share on the basis of 11 New Ordinary Shares for every 5 10p Ordinary Shares held.

Further details on each of the Placing, the Capital Reorganisation and the Rights Issue are set out below.

4 Details of the Placing

Whilst the Company sought indications of interest from major shareholders and others to raise the gross proceeds of the Share Issue through a fully pre-emptive rights issue, a number of Wolseley's major shareholders, whilst confirming they were able and willing to participate in the Placing and supportive of the Rights Issue, indicated they were unable to sub-underwrite due to capacity constraints and, in certain cases, particularly where they were based in the USA, their own internal restrictions. In these circumstances, the Directors believed it appropriate to include the Placing alongside the Rights Issue in order to enable Wolseley to procure an appropriate level of support from major shareholders in raising the appropriate amount of gross proceeds.

The Placees will subscribe for the Placing Shares at an issue price of 120 pence per Placing Share. The Placing comprises in aggregate 225,000,000 Placing Shares (representing approximately 34% of Wolseley's existing issued ordinary share capital) and will therefore raise £270 million (before expenses). The Placing Shares will represent approximately 25% of the Company's issued ordinary share capital immediately following completion of the Placing.

The price at which the Placing Shares will be issued to Placees of 120 pence per Placing Share represents a 27% discount to the closing price of 165.4 pence per Existing Share on 5 March 2009 (the last Business Day before the announcement of the Share Issue). The size of the placing discount reflects recent market volatility and the conditional nature of the Placing. The price per Placing Share is not directly connected to the Issue Price of the Rights Issue. The Placing Shares will, when issued and fully paid, rank pari passu in all respects with the Existing Shares and Placees will also be Qualifying Shareholders for the purpose of the Rights Issue. The price per Placing Share has been set at a discount to the closing price of the Existing Shares on the last Business Day before the Share Issue was announced to the market. The Issue Price per New Ordinary Shares under the Rights Issue has been set at a deep discount to the theoretical ex-rights price under the Rights Issue.

The Placing, and the obligations of Placees to subscribe for the Placing Shares, are conditional only on the Resolutions being duly passed at the General Meeting and the Underwriting Agreement not having been terminated by the time at which the Resolutions are passed. Assuming the Resolutions are passed, the Placing Shares will be issued to the Placees following the General Meeting and registered in their names before the Record Date.

Applications will be made for the Placing Shares to be admitted to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Placing Admission will become effective and dealings in the Placing Shares will commence at 8.00 a.m. on 2 April 2009.

The Placing Shares will, when issued and fully paid, rank pari passu in all respects with the Existing Shares, including the right to receive all dividends or other distributions declared, made or paid after the date of their issue. As a result, the Placing Shares will be subject to the Capital Reorganisation and the Placees will also be Qualifying Shareholders for the purposes of the Rights Issue.

The Placing Shares will be in registered form and capable of being held in certificated form or uncertificated form in CREST.

The Placing is fully underwritten by Deutsche Bank, UBS and RBS Hoare Govett.

5 Details of the Capital Reorganisation

As at 5 March 2009, the last Business Day before the announcement of the Share Issue, the closing price of an Existing Share was 165.4 pence. If the Capital Reorganisation was not implemented, it would be necessary to issue new Existing Shares at 40 pence per share in order to raise the Rights Issue proceeds at an equivalent discount to the theoretical ex-rights price at which the Rights Issue is being made. In order to seek to reduce volatility in the price of the Company's Ordinary Shares which may have arisen as a result and to seek to ensure that, following the Share Issue, the price of the Ordinary Shares, and their nominal value, are appropriate for a company of Wolseley's size in the UK market, the Directors propose to implement the Capital Reorganisation in conjunction with the Share Issue.

Under the proposed Capital Reorganisation, which comprises both the Subdivision and the Consolidation:

- each Existing Share of 25 pence nominal value will be subdivided and converted into one Interim Share of 1 penny nominal value and one Deferred Share of 24 pence nominal value; and
- immediately thereafter, the Interim Shares will be consolidated on a one for 10 basis into 10p Ordinary Shares.

The effect of the Capital Reorganisation will be that Shareholders on the Company's register of members at the Record Date (which will include Placees) will, on implementation of the Capital Reorganisation, hold:

one 10p Ordinary Share and 10 Deferred Shares for every 10 Existing Shares

and so in proportion for any other number of Existing Shares then held. The proportion of the issued ordinary share capital of the Company held by each Shareholder immediately following the Capital Reorganisation will, save for fractional entitlements, remain unchanged. In addition, apart from having a different nominal value, each 10p Ordinary Share following the Capital Reorganisation will carry the same rights as set out in the Articles that currently apply to the Existing Shares.

To effect the Capital Reorganisation, it may be necessary to issue an additional number of Ordinary Shares so that the Company's issued share capital following the Capital Reorganisation is rounded up to the nearest whole 10 pence.

Any fractional entitlements arising on the Capital Reorganisation will be placed in the market on behalf of the relevant Shareholders so entitled save that when the net proceeds are less than £5 per entitled shareholder the net proceeds of such placing will be retained by the Company and donated to charity.

New share certificates in respect of the 10p Ordinary Shares are expected to be posted at the risk of Shareholders by 9 April 2009 to those Shareholders who, at the Record Date, hold their shares in certificated form. These will replace existing certificates which should then be destroyed. Pending the receipt of new certificates, transfers of 10p Ordinary Shares held in certificated form will be certified against the register of members of the Company. All uncertificated 10p Ordinary Shares will be credited to stock accounts in CREST at 8.00 a.m. on 2 April 2009.

The Deferred Shares created on the Capital Reorganisation becoming effective will have no voting or dividend rights and, on a return of capital, will have the right to receive the amount paid up thereon only after the holders of the 10p Ordinary Shares have received, in aggregate, the amount paid up thereon plus £10 million per 10p Ordinary Share. No share certificates will be issued in respect of the Deferred Shares, nor will CREST accounts of Shareholders be credited in respect of any entitlement to Deferred Shares, nor will they be listed on the Official List or admitted to trading on the London Stock Exchange or any other investment exchange. It is the Board's intention, at the appropriate time, to effect a repurchase of the Deferred Shares or to make an application to the High Court for the Deferred Shares to be cancelled. The Interim Shares created as part of the Capital Reorganisation will, immediately after they arise, be consolidated on a one for 10 basis into 10p Ordinary Shares and no share certificates will be issued in respect of the Interim Shares.

The Rights Issue is conditional upon, among other matters, the completion of the Capital Reorganisation.

A request will be made to the UK Listing Authority and to the London Stock Exchange to reflect, on the Official List and the London Stock Exchange's main market for listed securities respectively, the subdivision of the Existing Shares into Interim Shares and the consolidation of the Interim Shares into 10p Ordinary Shares.

6 Principal terms of the Rights Issue

The Rights Issue is intended to raise gross proceeds of £780.5 million. The Rights Issue has been fully underwritten (other than in respect of the Directors' entitlements and those relating to unexercised options) by Deutsche Bank, UBS, RBS Hoare Govett, BNP PARIBAS, ING and Calyon. Deutsche Bank, UBS, RBS Hoare Govett and BNP PARIBAS are acting as Joint Bookrunners to Wolseley in relation to the Rights Issue. ING and Calyon are acting as Joint Lead Managers. Rothschild is acting as Financial Adviser and Deutsche Bank and UBS are acting as Joint Sponsors to Wolseley in relation to the Rights Issue.

Subject to the fulfilment of, amongst others, the conditions described below, the Company is expected to offer 195,137,478 New Ordinary Shares by way of rights at 400 pence per share, payable in full on acceptance. The Rights Issue will be on the basis of:

11 New Ordinary Shares for every 50 Existing Shares

held by and registered in the names of Qualifying Shareholders (other than, subject to certain exceptions, Qualifying Shareholders with registered addresses in any of the Excluded Territories) on the Record Date and so in proportion to the number of Existing Shares then held and otherwise on the terms and conditions set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Qualifying Non-CREST Shareholders with registered addresses in any of the Excluded Territories) only, the Provisional Allotment Letter. Holdings of Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. In effect, taking into account the Capital Reorganisation, the Rights Issue is being made on the following basis:

11 New Ordinary Shares for every 5 10p Ordinary Shares

that a Qualifying Shareholder will hold and at the Issue Price of 400 pence per New Ordinary Share. Placees will be Qualifying Shareholders for the purposes of the Rights Issue. The Issue Price of 400 pence per New Ordinary Share, which is payable in full on acceptance by no later than 11.00 a.m. on 21 April 2009, represents, in effect:

- a 38% discount to the theoretical ex-rights price (calculated by reference to the issue price of 120 pence per Placing Share);
- a 49% discount to the theoretical ex-rights price (calculated by reference to the closing price of 165.4 pence per Existing Share on 5 March 2009, the last Business Day prior to the announcement of the Share Issue);
- a 47% discount to the theoretical ex-rights price (calculated by reference to the closing price of 165.4 pence per Existing Share on 5 March 2009, as adjusted to take account of the Placing at 120 pence per share); and
- a 76% discount to the closing price of 165.4 pence per Existing Share on 5 March 2009.

The Prospectus containing details and the terms and conditions of the Rights Issue (including details of Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the New Ordinary Shares and including certain general taxation considerations for Qualifying Shareholders) was published on the date hereof.

Fractions of New Ordinary Shares arising under the Rights Issue will not be allotted to Qualifying Shareholders and, where necessary, fractional entitlements will be rounded down to the nearest whole number of New Ordinary Shares. Such fractions will be aggregated and, if possible, placed in the market as soon as practicable after commencement of dealings in the New Ordinary Shares, nil paid. The net proceeds of such placings (after deduction of expenses) will be retained by the Company and donated to charity.

Applications will be made for the New Ordinary Shares to be admitted to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and dealings will commence (nil paid) in the New Ordinary Shares at 8.00 a.m. on 3 April 2009.

The latest time and date for acceptance and payment in full under the Rights Issue will be 11.00 a.m. on 21 April 2009, unless otherwise announced by the Company via a Regulatory Information Service.

The Rights Issue is conditional, inter alia, upon:

(i) the passing, without amendment, of the Resolutions at the General Meeting;

(ii) Admission becoming effective by not later than 8.00 a.m. on 3 April 2009 (or such later time and date as the parties to the Underwriting Agreement may agree, not being later than 29 April 2009); and

(iii) the Underwriting Agreement having become unconditional in all respects save for the condition relating to Admission and not having been terminated in accordance with its terms.

The New Ordinary Shares will, when issued and fully paid, rank pari passu in all respects with the 10p Ordinary Shares, including the right to receive all future dividends and other distributions declared, made or paid after the date of their issue. Assuming no further Shares are issued as a result of options under any Wolseley Employee Share Schemes between 6 March 2009 and the Record Date, the Rights Issue will result in the issue of 195,137,478 New Ordinary Shares, which will form approximately 69% of the Shares in issue immediately following the Rights Issue.

The New Ordinary Shares will be in registered form and can be held in certificated form or in uncertificated form via CREST.

7 Structure of the Rights Issue

The Rights Issue has been structured in a way that is expected to have the effect of realising distributable reserves approximately equal to the net proceeds of the Rights Issue less the par value of the New Ordinary Shares issued by the Company, although the structure will have no impact on Qualifying Shareholders and their right to participate in the Rights Issue. The structure involves the Company and the Newco Subscriber agreeing to subscribe for ordinary shares in Newco. The Newco Subscriber will pay monies that the Underwriters receive from Qualifying Shareholders or renouncees taking up New Ordinary Shares under the Rights Issue, after deducting expenses and commissions, to an account with the Receiving Agent, which proceeds will be used to subscribe for redeemable preference shares in Newco.

The Company will allot and issue the New Ordinary Shares to those persons entitled thereto in consideration of the Newco Subscriber transferring its holding of ordinary shares and redeemable preference shares in Newco to the Company. Accordingly, instead of receiving cash as consideration for the issue of the New Ordinary Shares, at the conclusion of the Rights Issue the Company will own the entire issued share capital of Newco whose only asset will be its cash reserves, which will represent an amount equivalent to the net proceeds of the Rights Issue. The Company should be able to utilise this amount by redeeming the redeemable preference shares it will then hold in Newco.

The realisation of distributable reserves will facilitate any potential return of capital to Shareholders by way of dividend.

8 Current trading and prospects

Overall, Wolseley continues to trade in line with its expectations against the backdrop of deteriorating macro-economic conditions, which continue to adversely affect the Group's markets. The Board believes that the downturn in the UK, Irish and Nordic economies is likely to be generally more severe than that experienced in continental Europe.

9 Dividend Policy

In light of prevailing economic conditions, Wolseley announced on 16 July 2008 that it did not intend to pay a final dividend for the financial year ended 31 July 2008, and consequently no final dividend was paid. As a result of this decision, the Group improved its annualised cashflow by approximately £225 million. In the Half Year Announcement, the Directors also announced that they would not pay an interim dividend for the year ending 31 July 2009.

The Board remains committed to a progressive dividend policy and Wolseley will resume dividend payments when markets stabilise and it is prudent to do so. Following the Share Issue, the Directors' decision as to when to declare a dividend and the amount to be paid will take into account the Group's underlying earnings, cash flows and capital investment plans, the requirement to maintain an appropriate level of dividend cover and the then prevailing market outlook.

10 Governance and Management

Throughout the year ended 31 July 2008 and during the period from 1 August 2008 to 6 March 2009 (being the latest practicable date prior to publication of this document), the Company complied with all of the provisions of the Combined Code.

11 Working Capital Statement

Wolseley is of the opinion that, taking into consideration the net proceeds of the Share Issue and the bank and other facilities available to the Group, the working capital of the Group is sufficient for its present requirements, that is, for at least 12 months following the date of this document.

12 Overseas Shareholders

New Ordinary Shares will be provisionally allotted (nil paid) to all Shareholders on the register at the Record Date, including Overseas Shareholders. However, Provisional Allotment Letters will only be sent to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Qualifying Non-CREST Shareholders with registered addresses, in any of the Excluded Territories) and the CREST stock accounts of Qualifying CREST Shareholders (other than, subject to certain exceptions, Qualifying CREST Shareholders with registered addresses, in any of the Excluded Territories), will be credited.

Notwithstanding any other provision of this document, the Prospectus or the Provisional Allotment Letter, the Company reserves the right to permit any Shareholder on the register at the Record Date to take up his rights if the Company in its sole and absolute discretion is satisfied that the transaction in question will not violate applicable laws.

13 General Meeting

Completion of the Capital Reorganisation and the Share Issue is conditional, amongst other things, upon Shareholders' approval for the Resolutions being obtained at the General Meeting. Accordingly, you will find set out at the end of this document a Notice convening a General Meeting to be held at Deutsche Bank, Winchester House, 1 Great Winchester Street, London EC2N 2DB at 9.00 a.m. on 1 April 2009, at which the Resolutions will be proposed.

14 Summary and Explanation of the Resolutions

A summary and explanation of the Resolutions is set out below. Please note that this section does not contain the full text of the Resolutions and you should read this section in conjunction with the Resolutions contained in the Notice at the end of this circular. Each of the Resolutions is conditional upon the other Resolutions being duly passed. **Accordingly, if any of the Resolutions is not passed by the requisite majority, neither the Capital Reorganisation nor the Share Issue will proceed.**

Resolution 1:

Increase in authorised share capital If the resolution is approved it will increase the Company's authorised, but unissued, share capital by the creation of 200,000,000 new ordinary shares of 25 pence each (which represents an increase of 25 per cent. in the authorised ordinary share capital of the Company).

Resolution 2:

Authority to allot the Placing Shares If the resolution, which is a special resolution, is approved it will approve the terms of the Placing (including the discount at which the Placing Shares are being issued) and authorise and empower the Directors to allot the Placing Shares in connection with the Placing and to do so otherwise than in accordance with Section 89 of the Companies Act 1985.

Resolution 3:

Subdivision of Existing Shares and authorised but unissued 25p Ordinary Shares If the resolution is approved it will result in:

(a) each Existing Share in issue at the Record Date (including the Placing Shares) being subdivided and converted into one Interim Share of one penny, having the same rights and ranking pari passu in all respects with the Existing Shares, and one Deferred Share of 24 pence with the rights more particularly set out in the resolution; and

(b) each of the authorised but unissued ordinary shares of 25 pence each in the capital of the Company being subdivided and converted into 25 Interim Shares of one penny each having the same rights and ranking pari passu with the Existing Shares.

Resolution 4:

Consolidation of Interim Shares If the resolution is approved it will result in:

(a) every 10 Interim Shares in issue immediately following the Subdivision being consolidated into one 10p Ordinary Share having the same rights and ranking pari passu in all respects with the Interim Shares; and

(b) every 10 authorised but unissued Interim Shares not in issue immediately following the Subdivision being consolidated into one 10p Ordinary Share.

Resolution 5:

Authority to allot ordinary shares If the resolution is approved it will grant the Directors authority for the purposes of Section 80 of the Companies Act 1985 to allot the new 10p Ordinary Shares in connection with the Rights Issue and allow the Directors to retain sufficient Section 80 authority for general purposes, in line with the authority to allot granted by shareholders at the Annual General meeting on 18 November 2008. This authority will expire on the conclusion of the Company's next Annual General Meeting. Assuming the proposed Rights Issue takes place, the maximum aggregate amount of relevant securities over which the Directors will have authority to allot will then represent approximately 30 per cent. of the total issued ordinary share capital of the Company following the Rights Issue. As at the date of this document, the Company holds no treasury shares.

Resolution 6:

Approval of Rights Issue If the resolution, which is a special resolution, is approved it will approve the terms of the Rights Issue as set out in this circular and give the Directors the authority to implement the Rights Issue on those terms.

15 Wolseley Employee Share Schemes

Participants in the Wolseley Employee Share Schemes will be contacted separately with further information on how their options and awards granted under such plans may be affected by the Rights Issue and the Capital Reorganisation.

16 Action to be Taken

You will find enclosed a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible and in any case so as to be received by Wolseley's registrars, Equiniti Limited, no later than 9.00 a.m. on 30 March 2009. Alternatively, Shareholders may also register their proxy appointment(s) and voting instructions electronically. Please refer to page 56 of this document for further details of how to appoint a proxy or proxies and also how to vote electronically. The completion and return of a Form of Proxy will not prevent you from attending the General Meeting and voting in person if you wish to do so.

17 Importance of the Resolutions and the Share Issue to the Group

If the Share Issue completes, irrespective of whether the disposal or exit from Stock occurs, the Directors expect that the Group will continue to comply with the net debt to Annualised Adjusted EBITDA financial covenant in its existing credit facilities when it is tested at 31 July 2009 and 31 January 2010. However, if the Resolutions are not approved at the General Meeting, the Company will be unable to complete the Share Issue. In these circumstances, the Directors expect that the Group will continue to comply with this covenant when it is tested at 31 July 2009. If the Share Issue is not completed but Stock is disposed of or exited from by 1 August 2009, the Directors expect that the Group will continue to comply with this covenant when it is tested at 31 January 2010. In the highly unlikely scenario that the exit of Stock does not occur by 31 January 2010, and the Share Issue is not completed, the Directors may be required to pursue alternative courses of action in order to avoid breaching this covenant. Such courses of action include (a) implementing further restructuring measures, and/or (b) seeking to obtain a sufficient amount of alternative debt or equity funding from other sources, and/or (c) finding alternative ways of reducing the Group's debt levels such as by way of disposals of selected assets and/or businesses, and/or (d) reducing capital expenditure, and/or (e) reducing inventory.

The ability of the Group to successfully implement any or all of the above actions, or to realise its expectations in the above scenarios where the Share Issue is not completed successfully, is dependent on a number of factors, including general economic, political, equity and debt capital market conditions as well as credit availability. Accordingly, while the Directors believe that pursuing the alternative courses of action set out above would be successful in avoiding any covenant breach in circumstances where the Share Issue has not completed, it is not possible for the Directors to be certain of this fact. Consequently, the Directors believe that if the Share Issue is not completed successfully there remains a material risk that the Company could breach the net debt to Annualised Adjusted EBITDA financial covenant in the Group's existing credit facilities when it is tested at 31 January 2010. If this happened, it could result in a significant proportion of the Group's borrowings becoming repayable immediately.

If such circumstances looked likely to occur, the Directors might also seek to renegotiate the terms of the Group's existing credit facilities. While the Directors believe that they would be successful in such negotiations, the Directors cannot be sure of this and, in addition, believe that in the current financial and economic environment, such amendments would be likely to require significant up front fees as well as impose significantly more onerous obligations and restrictions on the Company than those that currently apply under the Group's existing credit facilities. In the highly unlikely and extreme circumstances in which the above alternative courses of action and the renegotiation of its existing credit facilities fail altogether such that the Group is unable to comply with the financial covenant in its existing credit facilities as at 31 January 2010, the Group ultimately may have to cease trading at that time unless further alternative measures are available at such time.

For these reasons, the Company wishes to proceed with the Share Issue and is seeking Shareholder approval for the Resolutions at the General Meeting. Accordingly, it is very important that Shareholders vote in favour of the Resolutions at the General Meeting.

18 Recommendation

The Board considers the Share Issue and the Capital Reorganisation to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommends Shareholders to vote in favour of the Resolutions, as the Directors intend to do in respect of their beneficial holdings of Shares.

Yours faithfully



John W. Whybrow
Chairman

PART II

THE HALF YEAR ANNOUNCEMENT

The following is the full text of the announcement made on the date of this document by the Company of its half year financial results for the six months ended 31 January 2009:

"NEWS RELEASE
6 March 2009

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, JAPAN OR SOUTH AFRICA

Wolseley plc

Wolseley announces a comprehensive package of measures to strengthen the Group's balance sheet and position it strongly for the future

Unaudited Half Year Financial Results for the six months ended 31 January 2009

Overview

Along with the Half Year Results, a comprehensive package of measures is announced today to strengthen Wolseley's balance sheet and position the Group strongly for the future including:

1. Financial restructuring

- Proposed fully underwritten firm placing and rights issue to raise aggregate net proceeds of approximately £1 billion to reduce net debt.
- Pro forma net debt/EBITDA[1] of 1.9x and pro forma gearing[2] of 36.1% as at 31 January 2009.[3]
- New €1 billion committed 2 year forward start debt facility to be provided by 5 core relationship banks from 1 August 2011 conditional upon completion of the firm placing and rights issue.
- Total committed debt facilities at 31 January 2009 of £4.3 billion providing liquidity headroom of £1.6 billion.

2. Clear strategic focus

- Focus on Wolseley's core businesses of North American Plumbing and Heating, UK and Ireland, Nordic and France, where it has built sufficient scale and can deliver appropriate financial return.
- No further expansionary capital to be allocated to France until financial performance improves.
- Process underway to dispose of or exit Stock by 1 August 2009. The Board's preference is to identify a joint venture partner for the business.
- Central and Eastern Europe business under strategic review.

3. Action to right size the cost base and reduce debt continues

- Since 1 August 2007, the Group has:
  - Implemented restructuring measures, including headcount reductions of around 17,000 and branch closures of 713.
  - Initiated actions up to 31 January 2009 which are expected to deliver annualised cost savings of £572 million.
  - Generated cash from working capital of £789 million including the benefit of receivables funding.

Half Year 2009 Financial Results

- Revenue of £8,284 million, up 3.2% on same period last year (2008: £8,029 million), 12.1% down in constant currency.[4]
- Trading profit of £182 million, down 42.7% on same period last year (2008: £318 million), down 51.4% in constant currency.[4]
- Profit before tax, exceptional items and amortisation and impairment of acquired intangibles down to £97 million, 61.4% down on same period last year, 65.6% in constant currency.
- Operating loss before tax of £880 million after exceptional items of £262 million and impairment and amortisation of acquired intangibles of £800 million.
- Significant working capital inflow in the period of £383 million resulting in net debt at 31 January 2009 of £2,486 million after £409 million adverse effect of currency exchange.
- Group continues to operate within its banking covenants with net debt/EBITDA of 3.1x (31 July 2008: 2.7x).
- Excluding the effects of currency translation, the improvement in working capital cash to cash days at 31 January 2009 compared to FY 2008 is in line with the 10% improvement target for FY 2009.
- Capital expenditure reduced to £87 million (2008: £155 million) and is expected to be around £180 million in FY 2009.
- In light of adverse market conditions no interim dividend to be paid.

Outlook

- The Board is confident that the measures announced today represent a comprehensive package to strengthen the balance sheet and strongly position the Group for the future.
- The Board believes that the downturn in the UK, Irish and Nordic economies is likely to be generally more severe than that experienced in the remainder of Continental Europe.
- If markets deteriorate further than anticipated, the Board will ensure further actions will be taken to mitigate the resulting impact.
- Whilst actions will continue in our core businesses to reduce costs and generate cash, there will be a clear focus on margin management, serving the customer base and developing market opportunities.

Chip Hornsby, Wolseley plc Group Chief Executive said:

"Our markets have been hit hard in recent months and in response we have continued to take prompt and decisive action to reduce both costs and debt.

Following the completion of the comprehensive financial restructuring announced today, the Company's balance sheet will be substantially strengthened. In addition, the clear focus on those core markets where Wolseley has built leading positions will enable the Group to maintain investment in our key most profitable markets and remain strongly positioned to capitalise on future market recovery."

ENQUIRIES:

Analysts/Investors:

Wolseley

Derek Harding	+44 (0)118 929 8764
Director of Group Strategy and Investor Relations	+44 (0)774 089 4578

Media:

Mark Fearon	+44 (0)118 929 8787
Director of Corporate Communications	
Brunswick	+44 (0)20 7404 5959
Andrew Fenwick	
Kate Miller	

There will be an analyst and investor meeting at 0900 (UK time) today at Deutsche Bank, The Auditorium, 1 Great Winchester Street, London EC2N 2DB. A live audio cast and slide presentation of this event will be available at 0900 on www.wolseley.com. We recommend you register at 0845.

Photographs of Chip Hornsby, Group Chief Executive and Steve Webster, Chief Financial Officer are available at: www.newscast.co.uk and www.wolseleyimages.com

Disclaimer

This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security.

This announcement is an advertisement and does not constitute a prospectus or prospectus equivalent document. Nothing in this announcement should be interpreted as a term or condition of the Share Issue. Any decision to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any Provisional Allotment Letter, Nil Paid Rights, Fully Paid Rights, Placing Shares and/or New Shares must be made only on the basis of the information contained in and incorporated by reference into the Prospectus. Copies of the Prospectus will be available on publication from Wolseley's registered office.

The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered in the United States absent registration or pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

NEWS RELEASE
6 March 2009

Wolseley plc

Wolseley announces a comprehensive package of measures to strengthen the Group's balance sheet and position it strongly for the future

Unaudited Half Year financial results for the period ended 31 January 2009

Overview

Given the severity and breadth of the current global macroeconomic crisis, and the current uncertain outlook for the Group's business, the Directors have determined that it is appropriate that the Group should recapitalise its business now, through an issue of equity by way of a share issue, comprising a fully underwritten firm placing and a rights issue, in order to raise in aggregate approximately £1 billion (net of expenses). This will strengthen Wolseley's capital base, to create a more stable position from which the Group can take advantage of any recovery in its markets.

In addition, the Company has arranged a new €1 billion multi currency committed 2 year forward start debt facility to be provided by 5 core relationship banks from 1 August 2011 subject to, among other things, completion of the share issue. This significantly extends the Company's debt maturity profile and reduces any refinancing risk in the period to 1 August 2011.

Wolseley is also announcing today a clear strategic focus on its chosen core businesses of North America Plumbing and Heating, UK and Ireland, Nordic and France, where the Board believes it has built sufficient scale and can deliver an appropriate financial return. The Group historically has achieved higher returns where it has consolidated its position, building strong local brands and a critical mass which delivers significant cost and scale advantages. A process is underway to find a joint venture partner for its US Building Materials business, Stock, or to exit the business by 1 August 2009. In addition, the Board has initiated a strategic review of the Central and Eastern Europe businesses. This approach recognises that the Group needs to prioritise its resources in a challenging economic environment. The measures announced today are intended to enable Wolseley to maintain investment in its core businesses, while remaining well positioned to capitalise on any future market recovery.

Rationale for the share issue

From early 2007 onwards, a continuing deterioration in the US housing market has continued to have an impact on the Group's US Building Materials business and consequently on the Group's trading performance and financial results. In recent months the weakening in the Group's trading environment has intensified as a result of the turmoil that continues to affect global capital markets and the severe impact of this on the wider economy. In particular, the Group's performance has been affected by the continued significant deterioration of the US residential housing market, price deflation in lumber, worsening consumer sentiment arising from global credit restrictions and the consequential weakening of the UK and European construction markets for building materials. In addition, recent weakness of sterling against the euro and the US dollar has had an adverse impact on the Group's net debt position.

The Directors have determined that it is now appropriate that the Group should recapitalise its business through an issue of equity in order to strengthen the Group's capital base, in particular to ensure adequate headroom in respect of the Group's banking covenants, while positioning the Group to take advantage of a future recovery in its markets.

Specifically, the share issue is intended to enable Wolseley to:

- Substantially strengthen its balance sheet and overall financial position.
- Allow the Group to focus on investment in its core businesses.
- Return to a profitable focused growth strategy as markets recover.
- Improve future access to sources of capital.

The Directors have considered a range of alternative options to raising equity, including the negotiation of amendments to the financial covenants in the Group's existing facilities and the possibility of further disposals of businesses. Not withstanding the dilutive impact on the number of shares in issue, the Board has determined that the share issue is necessary to provide the clearest path to achieving financial stability for the Group within an appropriate time frame and in a manner that best preserves long term shareholder value.

Key highlights of the proposed share issue

The £1 billion share issue, which is fully underwritten, comprises a £270 million firm placing at 120p per share and an 11 for 5 rights issue to raise £781 million. The details of the share issue are as follows:

- A firm placing of 225 million new shares of 25p nominal value with institutional investors. The new shares issued as a result of the firm placing will have the right to participate in the rights issue. The firm placing is:
  - subject to approval by shareholders of the firm placing and the rights issue;
  - at a price per existing share of 120p per share at a 27% discount to the closing price of 165p per share on 5 March 2009 (the "Closing Price"); and
  - fully underwritten.
- A capital reorganisation under which:
  - each existing share (including those to be issued under the firm placing) will be subdivided and converted into one interim share of 1p nominal value ("Interim Share") and one deferred share of 24p nominal value; and
  - immediately thereafter, the Interim Shares will be consolidated on a one for 10 basis into new ordinary shares of 10p nominal value ("10p Ordinary Shares").
- A fully underwritten rights issue of 11 new 10p Ordinary Shares for every 5 10p Ordinary Shares at an issue price of 400p per share:
  - the issue price is equivalent to 40p per share pre-capital reorganisation;
  - the issue price represents a discount to the theoretical ex-rights price of:
    - 47% based on the Closing Price, taking account of the firm placing; and
    - 38% based on the firm placing price.
- Pro forma net debt/EBITDA[6] of 1.9x and pro forma gearing[7] of 36.1% as at 31 January 2009.[8]

Deutsche Bank and UBS are acting as Joint Corporate Brokers, Joint Sponsors and Joint Bookrunners. RBS Hoare Govett and BNP Paribas are acting as Joint Bookrunners.

Rothschild is acting as financial adviser to Wolseley.

Further details of the firm placing, capital reorganisation and rights issue will be set out in a circular expected to be sent to shareholders shortly and in a prospectus which is expected to be published in due course. Both documents will be available on the Company's website www.wolseley.com

New Debt Facilities

The Company has arranged a new €1 billion multi currency committed 2 year forward start debt facility to be provided by 5 core relationship banks from 1 August 2011 subject to, among other things, completion of the rights issue. This significantly extends the Company's debt maturity profile and reduces any refinancing risk in the period to 1 August 2011.

The net debt to EBITDA financial covenant for this new facility is 3.5x in common with Wolseley's other debt facilities. There is an additional financial covenant relating to EBITDA to net interest payable at 4x, which applies in relation to the new facility. The terms of the Company's existing banking facilities are unchanged.

The Company intends to seek an investment grade credit rating by 31 January 2010.

Clear Strategic Focus

Notwithstanding the unfavourable short term outlook, the Directors believe that Wolseley remains well positioned in the medium term and that:

- Wolseley operates in a fundamentally attractive business sector.
- Wolseley is a market leader in a highly fragmented industry, has a strong customer franchise, international operations and strategic positions in its core markets.
- Scale advantages such as Wolseley's distribution network and sourcing activities are key competitive advantages and differentiators in the marketplace.

- Wolseley has a track record of building strong local brands and knowledge drive its performance.

- Ferguson is expected to be an early beneficiary from the US recovery and the Directors believe that a number of its competitors will exit the industry, creating opportunity to increase market share without significantly increasing its footprint.

The Board has now determined that significant shareholder value can be generated through an even greater level of focus on Wolseley's core businesses, which it believes present the best opportunities for return on investment in the longer term. The Group historically has achieved higher returns where it has consolidated its position, achieving strong local brands and a critical mass which delivers significant cost and scale advantages.

- Clear strategic focus

The future strategic focus for the Group will be in the North American Plumbing and Heating (Ferguson and Canada), Nordic, UK and Ireland and French businesses where the Board believes Wolseley has built sufficient scale and can deliver an appropriate financial return.

Current indications are that the US economy will be the first to recover from the economic downturn and the Directors believe that Ferguson should be well positioned to benefit from this. The Directors believe that the business does not need to significantly increase its footprint in order to capitalise on the recovery when it occurs due to the operational leverage in the business. As the current downturn continues, the Directors believe that a number of its competitors will exit the industry which should create the opportunity to increase its market share organically. When appropriate, the Directors also intend to grow the business through selective bolt-on acquisitions as well as through using new formats and routes to market such as eCommerce and expanding the product range. Wolseley Canada is now being integrated into the Ferguson business with opportunities identified to increase trading profit through access to infrastructure, sourcing and pricing matrix management.

In the Nordic region, the Directors expect to see strong growth opportunities to further consolidate DT's leading market positions once the market recovers. The business will be grown organically through the use of new formats and expansion of the product range and, when appropriate, DT will make selective bolt-on acquisitions.

Wolseley UK and Ireland will focus on the current portfolio, where it has critical mass and market strength across several trading brands. The Directors intend to further restructure the business and refine the portfolio. Until this restructuring is completed, no further capital will be allocated for the expansion of the business other than maintenance capital expenditure.

Within Wolseley France the process of repositioning the Lightside (Brossette) business around the heating and renewable energy segments is underway. Across both Lightside and Heavyside, opportunities remain to further consolidate the branch network while the priority is to complete the restructuring and repositioning of the business, so that it generates a sufficient level of return. Until this restructuring is completed, no further capital will be allocated for the expansion of the business other than maintenance capital expenditure.

- Disposal or exit of Stock Building Supply

Given the recent further deterioration in market conditions, the Directors have decided to proceed to exit the US Building Materials business (Stock) a move that will conserve cash, reduce losses and strengthen the Group's overall financial position during the current economic downturn. A number of third parties have recently expressed an interest in the possibility of acquiring part or all of the Stock business. A disposal process has now commenced and is expected to be concluded over the next few months. The Directors' preference is to structure any potential transaction in such a way as to enable shareholders to participate in the long term value potential of the business, while ensuring Stock's operating losses are deconsolidated as well as conserving cash. Should the current disposal process not proceed the Directors have committed to exit the business by 1 August 2009.

- Central and Eastern Europe (CEE) Strategic Review

The Directors have recently commenced a review to determine the future strategy for its businesses contained in Central and Eastern Europe. The business was initially intended to be a growth and investment opportunity with the intention of developing critical mass through acquisitions and new store openings across the region while building common processes and critical mass in the supply chain. However, given market conditions and capital constraints, recent focus has been on intensive restructuring in line with current activity levels and on driving improved working capital efficiency. The Directors expect to announce the outcome of the review by 31 July 2009 and consequently no further expansionary capital will be allocated to the region in the near term.

By announcing these decisions, the Board believes shareholders will benefit from greater clarity and certainty on the Group's future strategy and financial position, enabling Wolseley to protect and focus on its core businesses during the current economic downturn and position the Group to perform strongly as and when markets recover.

Continued focus on cost reduction and cash generation

Within a challenging economic environment, the Directors have taken actions since 1 August 2007, aiming to reduce the Group's cost base, maximise cash generation and protect the balance sheet against currency volatility.

The following actions had been taken in the 18 months between 1 August 2007 and 31 January 2009:

- Restructuring of Group operations, by closing branches and reducing headcount, which resulted in cost savings of £47 million in the year ended 31 July 2008 and £160 million in the six months ended 31 January 2009. A further £291 million saving is expected to be achieved in the remainder of FY 2009 and the expected annualised benefit of all actions initiated to 31 January 2009 is £572 million.
- Improving working capital cash to cash days[9] by 12% between 31 July 2007 and 31 July 2008, from 52 to 46 days, and by a further 7 days or 16%, on a constant currency basis, by 31 January 2009 which has resulted in cash generation from working capital of £789 million in the 18 months.
- Reducing capital expenditure to a maximum spend of approximately £180 million for the year ending 31 July 2009, in constant currency (FY 2008 : £317 million). In the 6 months to 31 January 2009 capital expenditure was £87 million, down from £155 million last year in the first half of FY 2008.
- Entering into receivables funding arrangements in the UK and France, which together have reduced net debt at 31 January 2009 by £217 million.
- Disposing of assets including property, plant and equipment (sold for £179 million, realising a profit of £33 million).
- Disposing of 5 non-core businesses for consideration of £26 million.
- Suspension of acquisitions since February 2008.
- Cancellation of the final FY 2008 dividend.
- Hedging a significant proportion of the Group's debt against further sterling depreciation since late 2008.

Half Year Financial Results 2009

Summary

	As at, and for the six months ended 31 January		
	2009	**2008**	**Change**
Revenue	**£8,284m**	**£8,029m**	**+3.2%**
Operating profit			
— before exceptional items and amortisation and impairment of acquired intangibles	£182m	£318m	**−42.7%**
— exceptional restructuring costs	£(262)m	£(18)m	
— amortisation and impairment of acquired intangibles	£(800)m	£(154)m	
Operating (loss)/profit	**£(880)m**	**£146m**	
Net finance costs	£(85)m	£(67)m	
Profit before tax			
— before exceptional items and amortisation and impairment of acquired intangibles	£97m	£251m	**−61.4%**
— exceptional restructuring costs	£(262)m	£(18)m	
— amortisation and impairment of acquired intangibles	£(800)m	£(154)m	
(Loss)/profit before tax	£(965)m	£79m	
Earnings per share			
— before exceptional items and amortisation and impairment of acquired intangibles	10.93p	28.40p	**−61.5%**
— exceptional restructuring costs	(26.36)p	(1.71)p	
— amortisation and impairment of acquired intangibles	(102.94)p	(16.82)p	
Basic loss per share	(118.37)p	9.87p	
Dividend per share	Nil	11.25p	
Net debt	**£2,486m**	**£2,894m**	
Gearing	**79.7%**	**83.9%**	
Interest cover (times)[10]	**2.3x**	**4.6x**	
Operating cash flow	**£573m**	**£367m**	
Cash conversion[11]	**315%**	**115%**	

Overview

Group revenue for the six months ended 31 January 2009 increased by 3.2% to £8,284 million (2008: £8,029 million). Trading profit was 42.7% lower at £182 million (2008: £318 million) mainly as a result of the trading loss at Stock, the US Building Materials business. The Group's trading margin fell from 4.0% to 2.2%. After deducting exceptional restructuring costs of £262 million (2008 : £18 million) and amortisation and impairment of acquired intangibles of £800 million (2008: £154 million) including an impairment of £735 million relating to Stock (£277 million), DT Group (£349 million), Wolseley UK (£88 million) and Benelux (£21 million), an operating loss of £880 million was recorded (2008: profit of £146 million).

Currency translation increased Group revenue by £1.4 billion (17%) and Group trading profit by £57 million (18%) in the six month period. In constant currency, Group revenue would have been 12% lower and trading profit 51% lower than in the corresponding period in the prior year.

Reported profit before tax and amortisation and impairment of acquired intangibles declined by 61.4% to £97 million (2008: £251 million). Reported loss before tax, after exceptional items and the amortisation and impairment of acquired intangibles, was £965 million (2008: profit of £79 million). Net finance costs of £85 million (2008: £67 million) reflect the higher average debt position and the increased costs of receivables funding. Interest cover was 2.3x (2008: 4.6 times).

The decrease in earnings per share before exceptional items and the amortisation and impairment of acquired intangibles was 61.5%, to 10.93 pence (2008: 28.40 pence), reflecting the lower level of profitability. The basic loss per share was 118.37 pence (2008: earnings per share of 9.87 pence).

Following the significant efforts over the past 6 months to lower net debt, the Group's net borrowings, excluding construction loan borrowings, at 31 January 2009 were £2,486 million compared with £2,894 million at the equivalent time in the prior year and £2,469 million at 31 July 2008. This was achieved as a result of a strong working capital performance and despite adverse currency effects of £409 million. Gearing was 79.7% compared to 73.5% at 31 July 2008 and 83.9% at 31 January 2008. The increase since 31 July 2008 predominantly reflects the strengthening of the euro, in which £540 million of the Group's net debt was denominated on 31 January 2009.

Cash flow conversion improved overall from 115% to 315% due to the ongoing focus on improving working capital and cash flow management throughout the Group. Operating cash flow was higher at £573 million (2008: £367 million). Overall Group working capital cash to cash days were reduced by 7 days or 16%, on a constant currency basis, which is in line with the 10% improvement target for FY2009.

The Group's short term objective remains to ensure the appropriate sizing of the cost base in line with the deteriorating market environment, to drive strong cash flow and to reduce net debt.

Operating Review

Further details of market conditions and financial performance in each of the Group's businesses are set out below.

North America (51% of Group revenue)

The results in Wolseley's North American division were significantly affected by a further slowdown in the US new housing sector and falling consumer confidence.

Reported revenue, in sterling, of the division increased by 6.5% to £4,233 million (2008: £3,973 million), reflecting a 23.2% positive impact of currency translation offsetting an organic revenue decline of 14.3%. Trading profit, in sterling, declined by 20.0% to £123 million (2008: £154 million), 34.7% in constant currency. Cash flow from operations was strong, reflecting the ongoing improvements in working capital. Spot cash to cash days improved by 8% from 60 days to 55 days.

In response to the slowing market conditions, headcount reductions across the division of 6,415, were made. Exceptional costs of £168 million are expected to deliver annualised savings of £245 million. There was a net decrease of 133 branches in North America from 1,921 at 31 July 2008 to 1,788 branches at 31 January 2009, reflecting the closure of branches.

US Plumbing and Heating (37% of Group revenue)

New housing starts have continued to decline and the RMI market has slowed in response to weaker consumer sentiment. The commercial and industrial sectors continued to hold up in the first few months of the financial year although since December the market has weakened due to continued scarcity of finance for projects.

Although Ferguson continued to perform strongly compared to the overall market in the period, local currency revenue in the US Plumbing and Heating operations declined by 11.3% to $4,928 million (2008: $5,554 million) with organic revenue being down 11.6%. Underlying trading profit, excluding property profits, was down by 21.4% to $284 million (2008: $361 million). Despite the challenging conditions the gross margin was marginally up, reflecting internal process improvement, changes of business mix towards higher margin business generated from showrooms, counter sales and private label products. The underlying trading margin was lower at 5.8% (2008: 6.5%).

In response to the slowing markets in the first half, Ferguson reduced its headcount by 2,067. These reductions equate to around 10% of its total employees and will give rise to estimated annualised savings of $181 million. This brings the cumulative headcount reduction in Ferguson to around 18% of its employees over the last 18 months ending 31 January 2009. Action has commenced to close approximately 74 additional locations in the second half of the financial year with an expected headcount reduction of 160 which are expected to result in exceptional costs of $32 million and annualised benefits of $9 million. The Company will continue to evaluate additional locations for closure in line with market conditions.

Ferguson's total branch numbers decreased by 44 to 1,338 locations (31 July 2008: 1,382).

US Building Materials (10% of Group revenue)

The continued decline in the new residential market caused a reduction in volumes, increased price competition as well as keeping lumber and structural panel prices low. These factors have continued to have an adverse impact on Stock's financial performance despite an aggressive cost reduction programme.

The new residential market, which accounted for 68% of the activity in this business in the first half, has continued to deteriorate. Housing starts have fallen by 41% from an average annual rate of 1.2 million for the six months to 31 January 2008 to an average of 0.7 million this half. The annualised housing starts figure in January 2009 was even lower, at 466,000. Lumber prices averaged $237 per thousand board feet for the six months to 31 January 2009 compared with $268 in the equivalent period in the prior year. There continue to be significant regional variations although all markets are showing a decline compared to the prior period.

In local currency, Stock's revenue was down 25.5% to $1,339 million (2008: $1,797 million) principally reflecting a 15.9% decline in like for like sales volumes. The business reported a trading loss of $129 million in the first half, compared with a trading loss of $81 million in the comparable period in the prior year. Stock's gross margin was lower due to pricing pressure in the difficult markets, although the extent of this now seems to be abating benefiting from the closure of the lowest performing stores.

In response, actions to reduce the cost base have continued including the closure of 83 branches and total headcount reductions of 4,330 in the period ended 31 January 2009. Restructuring charges of $230 million were charged in the first half relating to these actions, which are expected to give rise to annualised cost savings of $194 million and brings the cumulative headcount reductions in Stock to around 50% of its employees over the last 18 months. Stock's branch numbers were reduced by 83 during the first half to 202 locations (31 July 2008: 285) and 3 distribution centres were closed. All of Stock's goodwill and other acquired intangibles have now been fully impaired.

A goodwill and other intangible asset impairment of £277 million has been recorded at Stock in the period reflecting the deteriorating conditions.

Wolseley Canada (4% of Group revenue)

In Canada, housing starts fell by 10.9% in January 2009 to an annualised rate of 153,500 (compared to 172,200 in December 2008) with declines evident across all regions. Economic activity was also negative, driven by the impact of global economic uncertainty and, in particular, expected reduced demand for natural resources and commodities.

Against this background, Wolseley Canada's local currency revenue increased by 1.8% to C$697 million (2008: C$684 million), with 1.8% organic revenue growth. Gross margin was marginally lower although trading profit was 14.1% lower at C$33 million (2008: C$39 million).

Branch numbers in Canada were reduced by 6 to 248 (31 July 2008: 254).

Europe (49% of Group revenue)

Reported revenue, in sterling, for Europe decreased by 0.1% to £4,051 million (2008: £4,056 million), (10.6% in constant currency), predominantly driven by an organic revenue decline of 11.1%. Trading profit decreased by 57% (61.5% in constant currency) from £186 million to £80 million driven principally by the deterioration in market conditions in the UK and Ireland & the Nordics. Currency translation increased divisional revenue by £477 million (11.7%) and trading profit by £22 million (11.7%). The overall divisional trading margin declined from 4.6% to 2.0% of revenue.

Cash flow from operations was strong, reflecting the ongoing improvements in working capital, with the UK more than doubling cash flow year on year. Spot cash to cash days improved from 51 days at 31 January 2008 to 28 days at 31 January 2009, although benefiting from the UK and French receivables funding arrangements.

In response to the slowing market conditions, actions taken across the division have resulted in headcount reductions of 3,785 and exceptional restructuring costs of £94 million which are targeting annualised savings of £147 million. In the first six months, a further net 260 branches were closed across the European network, giving a total of 3,129 locations (31 July 2008: 3,389).

UK and Ireland (17% of Group revenue)

In the UK, the new residential market has deteriorated since the summer and the RMI market has weakened in response to worsening consumer sentiment and tighter credit conditions.

The Heavyside building materials brands, mainly Build Center and Brooks, continued to be affected by the rapid deterioration in new residential construction in both the UK and Ireland the Lightside plumbing and heating brands reported deterioration in the first half while continuing to perform at or above the market. Plumb and Parts Center showed some resilience, with more than two thirds of revenues relating to the residential RMI market and, in particular, the heating segment which remained relatively robust. The Commercial and Industrial business continues to be more positive with government expenditure on social housing, health and education remaining positive.

Against this background, Wolseley UK recorded a 12.5% decrease in revenue to £1,401 million (2008: £1,602 million), driven by a 14.1% organic sales decline. The overall gross margin was only slightly lower due to price management and continued growth in private label sales, which accounted for 13.4% of revenues in the six months to 31 January 2009.

Trading profit declined by 76% compared to the prior year, from £85 million to £20 million, due to lower trading volumes and price competition. As a result, the UK and Ireland trading margin fell from 5.3% to 1.4% with the Irish business moving into loss.

A goodwill impairment of £88 million has been recorded at Wolseley UK in the period, reflecting the deteriorating market outlook.

The previously announced restructuring actions are on track to deliver annualised benefits of £95 million and headcount reductions of 2,485 in the UK. Further recent action has been taken to reflect the continuing deterioration of the Irish construction markets. Exceptional costs of €8 million are expected to deliver headcount reductions of 180 and annualised benefits of €5 million.

During the first six months, 161 net locations were closed in the UK and Ireland taking the total number of branches for Wolseley UK to 1,766 (31 July 2008: 1,927).

France (13% of Group revenue)

In France, over the last 12 months, average housing starts decreased by around 15%. Tighter credit conditions and low consumer confidence have led to a generally less positive business environment. Consequently, revenue declined by 5.9% in Wolseley's French operations to €1,255 million (2008: €1,334 million). The overall trading profit for the half declined by 45% to €26 million (2008: €47 million) with the trading margin lower at 2.1% (2008: 3.6%). During the first half, significant price deflation of timber reduced both profit and margins in the Import and Wood solutions business.

Actions continue to reduce costs in line with market conditions and to eliminate complexity in the portfolio, focusing the business on core brands. As planned, the disposals of Réseau Loc (hire centres networks) and Mr Bricolage (DIY network) have been successfully completed in the period for total proceeds of €12 million and realising a profit on disposal of €5 million. The repositioning of the Brossette Lightside business continues to offer a broad range of solutions to professionals in the heating segment and to expand the showroom capability. The renewable energy segment continues to represent a significant opportunity with sales doubling compared to the corresponding period in the prior year.

The restructuring plans launched at the end of FY 2008, are well underway and combined with tight labour cost control are on track to deliver annualised benefits of €14 million. During the first six months, actual headcount has been reduced by 730, with the number of branches in France decreasing by 56 to 792 (31 July 2008: 848).

Nordic (13% of Group revenue)

The Nordic markets slowed during the first quarter of FY2009 and the rate of overall decline has accelerated in recent months. The principal Nordic countries are now seeing much lower levels of activity in new residential construction driven by higher interest rates, the financial mortgage and lending crisis, higher housing inventories and negative GDP trends. This environment has inevitably had an increasingly negative impact on the RMI markets, which accounts for broadly two thirds of DT's business.

In local currency, revenue, including Woodcote, for which management responsibility was recently transferred to the Nordic region from Central and Eastern Europe, was DKK 9,650 million (£1,088 million) compared to DKK 11,383 million (£1,076 million) for the comparative period in the prior year. This was driven by an organic decline of 13.3%. Despite this, the gross margin held up well and ended the half year broadly in line with the prior year. Trading profit decreased from DKK 689 million (£65 million) to DKK 385 million (£44 million) with the trading margin falling from 6.1% to 4.0%.

Restructuring actions including headcount reductions of 860 were implemented in the first half and are on track to deliver annualised benefits of DKK 290 million (£34 million). During the first six months DT Group closed 9 branches and had 269 branches, (excluding 44 Woodcote branches) as at 31 January 2009 (31 July 2008: 278).

Action has recently been initiated to exit the DT Group's DIY business in Sweden trading under the Silvan brand, which was loss making in the 6 months to 31 January 2009. This will result in the closure of 8 branches with the conversion of 3 branches to the Beijer Builders Merchant brand in Sweden. These actions are expected to result in headcount reductions of 222.

A goodwill and other intangible asset impairment of £349 million has been recorded at DT Group in the period, reflecting the deteriorating market outlook.

Central and Eastern Europe (6% of Group revenue)

Across the Group's other Continental European operations, macro economic activity declined over the period in every region, with the new residential construction markets in Holland and Italy particularly badly affected.

Revenue in sterling increased by 16% to £507 million (2008: £436 million). This was due to positive exchange movements offset partially by volume declines in Italy and Benelux. The Swiss business, however, remained relatively robust showing modest like-for-like sales growth in the period.

During the first half, the business incurred a loss of £1 million (2008: profit of £11 million) predominantly as a result of competitive pressure on margins, and an additional impairment of £2 million in respect of the deferral, announced in September, of an IT project. The trading margin declined to -0.2% (2008: 2.4%).

Further action was taken to reduce the cost base of the business resulting in exceptional restructuring charges of £32 million during the period. Headcount reductions of 440 have been completed which are expected to achieve annualised savings of £18 million. In November 2008 action was taken to close Kontinentale Steel and Metal, a small periphery steel stockholding business in Austria. In addition, in February 2009 Wolseley disposed of MART, a small plumbing and heating business based in Hungary to local management.

A goodwill and other intangible asset impairment of £21 million has been recorded at the Benelux business in the period, reflecting the tougher economic conditions forecast in that region.

During the period, 30 net locations were closed in Central and Eastern Europe, taking the total number to 258 (31 July 2008: 288).

Dividend policy

In light of the current adverse trading conditions the Board is recommending that no interim dividend will be paid.

The Board remains committed to a progressive dividend policy and Wolseley will resume dividend payments when markets stabilise and it is prudent to do so. Following the share issue, the Directors' decision as to when to declare a dividend and the amount to be paid will take into account the Group's underlying earnings, cash flows and capital investment plans, the requirement to maintain an appropriate level of dividend cover and the then prevailing market outlook.

Financial Review

Net finance costs were £85 million (2008: £67 million) primarily reflecting movements in foreign exchange, the additional cost of receivables funding arrangements and pension related finance costs. Net interest receivable on construction loans amounted to £6 million (2008: £5 million). Group interest cover for the six months was 2.3 times (2008: 4.6 times).

The underlying effective tax rate, on profit before tax and amortisation and impairment of acquired intangibles and exceptional items, increased marginally from 25.9% to 26.2% due to variations in the territorial mix of profits in the period. This tax rate is consistent with the rate expected for the year ending 31 July 2009.

Before exceptional items and the amortisation and impairment of acquired intangibles, earnings per share decreased by 61.5% to 10.93 pence (2008: 28.40 pence), reflecting the lower level of profitability. The basic loss per share was 118.37 pence (2008: earnings per share of 9.87 pence). The average number of shares in issue during the first half was 656 million (2008: 655 million).

The Group's branch network has been reduced by a net 393 locations, bringing the total to 4,917 (31 July 2008: 5,310).

The Group was fully in compliance with its borrowing covenants at 31 January 2009. It had committed and undrawn banking facilities of £1.6 billion at 31 January 2009. The Group's only financial covenant requires net debt not to exceed 3.5 times annualised EBITDA. At 31 January 2009 the ratio of net debt to annualised EBITDA was 3.1 times.

In the USA construction loan receivables, financed by an equivalent amount of construction loan borrowings, were £269 million (31 July 2008: £237 million). The increase reflects the strengthening of the US dollar in the period. In local currency, construction loan receivables have decreased by 17% reflecting a much more cautious lending approach and some transfers to assets held for sale as properties are foreclosed on. Efforts continue to be made to reduce the level of receivables, whilst carefully managing the recovery position.

The Group's retirement benefit obligations have increased to £320 million from £236 million at 31 July 2008 primarily due to actuarial losses of £75 million. These actuarial losses have arisen as a result of significantly worse than expected investment performance during the period and are not expected to result in any immediate increases in cash contributions.

Outlook

The Board is confident that the measures announced today represent a comprehensive package to strengthen the balance sheet and strongly position the Group for the future.

The Board believes that the downturn in the UK, Irish and Nordic economies is likely to be generally more severe than that experienced in the remainder of Continental Europe. If markets deteriorate further than anticipated, the Board will ensure further actions will be taken to mitigate the resulting impact.

Whilst actions will continue in our core businesses to reduce costs and generate cash, there will be a clear focus on margin management, serving the customer base and developing market opportunities.

Principal risks and uncertainties

The principal risks and uncertainties which could affect the Group for the remainder of the financial year remain those detailed on pages 23 to 26 of the Annual Report and Accounts 2008, a copy of which is available at www.wolseley.com, and are:

- The levels of activity in the Group's markets;
- The level of financial liquidity and flexibility;
- The market price and availability of products distributed by the Group;
- The level of competition in the markets in which the Group operates;
- Increasing demands on the Group's systems and supply chain and logistics infrastructure;
- The identification and successful integration of acquisitions;
- Changes in regulations and laws affecting the Group's operations or its products;
- Potential litigation from third parties;
- Retention of sufficiently qualified, experienced and motivated personnel;
- Risks related to international operations including fluctuations in currency exchange rates, and changes in tax and other regulations and treaties and;
- The risk that customers may not be able to pay outstanding balances.

The level of activity in the Group's markets and the level of financial liquidity and flexibility continue to be the principal risks and uncertainties which have had the most significant affect on the Group in the period.

As detailed above, the weakening of the Group's markets has intensified in the period as a result of the turmoil that continues to affect global capital markets and the severe impact of this on the wider economy. In particular, the US residential housing market has continued to deteriorate and worsening consumer sentiment arising from global credit restrictions has resulted in weaker UK and European construction markets for building materials. In response to this risk, the Group is continuing to restructure its business, focusing on those core markets where it has built leading positions, and today has announced its intention to exit the US Building Materials business and conduct a strategic review of Central and Eastern Europe.

The Group has also announced a proposed fully underwritten firm placing and rights issue to raise aggregate net proceeds of approximately £1 billion and arranged a new €1 billion multicurrency committed two year debt facility

to be provided from 1 August 2011, subject to among other things the completion of the share issue. These measures represent a comprehensive package to strengthen the balance sheet and should provide greater financial liquidity and flexibility for the Group for the future.

The Outlook section of this interim statement provides a commentary concerning the remainder of the financial year.

Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the EU;
- The interim management report includes a fair review of the information required by DTR 4.2.7 R (indication of important events during the first 6 months and description of principal risks and uncertainties for the remaining 6 months of the year); and
- The interim management report includes a fair review of the information required by DTR 4.2.8 R (disclosure of material related party transactions and changes therein).

At the date of this statement, the directors are those listed in the Group's Annual Report and Accounts 2008.

By order of the Board,

Chip Hornsby
Group Chief Executive

Steve Webster
Chief Financial Officer

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1 Net debt/EBITDA is the ratio of net debt to trading profit plus depreciation and the amortisation of software and a full year trading profit of subsidiaries acquired in the period less the trading profit of subsidiaries disposed of in the period.

2 Gearing ratio is the ratio of net debt, excluding construction loan borrowings, to shareholders' funds.

3 Illustrative pro forma net debt/EBITDA and gearing assuming that the anticipated proceeds of the share issue are used to pay down the Group's financial debt as at 31 January 2009.

4 Constant currency percentage changes are calculated by retranslating prior year amounts at the exchange rates used in the preparation of the financial statements for the six months ended 31 January 2009.

5 Trading profit, a term used throughout this announcement, is defined as operating profit before exceptional items and the amortisation and impairment of acquired intangibles. Trading margin is the ratio of trading profit to revenue expressed as a percentage. Organic change is the total increase or decrease in the year adjusted for the impact of exchange rates and the incremental impact of acquisitions in 2008.

6 Net debt/ EBITDA is the ratio of net debt to trading profit plus depreciation and the amortisation of software and a full year trading profit of subsidiaries acquired in the period less the trading profit of subsidiaries disposed of in the period.

7 Gearing ratio is the ratio of net debt, excluding construction loan borrowings, to shareholders' funds.

8 Illustrative pro forma net debt/ EBITDA and gearing assuming that the anticipated proceeds of the share issue are used to pay down the Group's financial debt as at 31 January 2009.

9 Spot cash to cash days is the net of spot inventory days plus spot receivables days less spot payables days.

10 Interest cover is trading profit divided by net finance costs, excluding net pension related finance costs.

11 Cash conversion is the ratio of operating cash flow to trading profit.

Condensed Group Income Statement (unaudited)

	Half year to 31 January 2009 Before Exceptional items	Half year to 31 January 2009 Exceptional items (note 3)	Half year to 31 January 2009	Half year to 31 January 2008 Before Exceptional items	Half year to 31 January 2008 Exceptional items (note 3)	Half year to 31 January 2008
	£m	£m	£m	£m	£m	£m
Revenue (note 2)	8,284	—	8,284	8,029	—	8,029
Cost of sales	(6,029)	(22)	(6,051)	(5,821)	—	(5,821)
Gross profit	2,255	(22)	2,233	2,208	—	2,208
Distribution costs	(1,716)	(224)	(1,940)	(1,529)	(12)	(1,541)
Administrative expenses: amortisation of acquired intangibles	(65)	—	(65)	(65)	—	(65)
Administrative expenses: impairment of acquired intangibles	(735)	—	(735)	(89)	—	(89)
Administrative expenses: other	(383)	(16)	(399)	(371)	(6)	(377)
Administrative expenses: total	(1,183)	(16)	(1,199)	(525)	(6)	(531)
Other income	26	—	26	10	—	10
Operating (loss)/profit (note 2)	(618)	(262)	(880)	164	(18)	146
Finance revenue (note 4)	38	—	38	42	—	42
Finance costs (note 4)	(123)	—	(123)	(109)	—	(109)
(Loss)/profit before tax	(703)	(262)	(965)	97	(18)	79
Tax credit/(expense) (note 5)	99	89	188	(20)	6	(14)
(Loss)/profit for the period attributable to equity shareholders	(604)	(173)	(777)	77	(12)	65
(Loss)/earnings per share (note 7)						
Basic (loss)/earnings per share			(118.37)p			9.87p
Diluted (loss)/earnings per share			(118.37)p			9.86p
Non-GAAP measures of performance (note 8)						
Trading profit	182			318		
Profit before tax, exceptional items and the amortisation and impairment of acquired intangibles	97			251		
Basic earnings per share before exceptional items and the amortisation and impairment of acquired intangibles	10.93p			28.40p		
Diluted earnings per share before exceptional items and the amortisation and impairment of acquired intangibles	10.93p			28.35p		
Translation rates						
US dollars			1.6221			2.0214
Euro			1.1897			1.4159

Condensed Group Statement of Recognised Income and Expense (unaudited)

	Half year to 31 January 2009	Half year to 31 January 2008
	£m	£m
(Loss)/profit for the period	(777)	65
Net exchange adjustments offset in reserves	603	103
Fair value gains and losses on cash flow hedges	(35)	(10)
Actuarial losses on retirement benefits	(75)	(22)
Change in fair value of available-for-sale investments	—	(5)
Tax credit not recognised in the income statement	43	8
Net gains not recognised in the income statement	536	74
Total recognised (expense)/income attributable to shareholders	(241)	139

Condensed Group Balance Sheet (unaudited)

As at 31 July 2008 £m		As at 31 January 2009 £m	As at 31 January 2008 £m
	ASSETS		
	Non-current assets		
1,995	Intangible assets: goodwill (note 9)	1,621	1,995
841	Intangible assets: other (note 9)	807	855
1,842	Property, plant and equipment ("PPE") (note 9)	1,995	1,830
52	Deferred tax assets	216	8
96	Trade and other receivables	113	97
4	Financial assets: available-for-sale investments	4	7
4,830		4,756	4,792
	Current assets		
2,025	Inventories	2,170	2,143
2,804	Trade and other receivables	2,477	2,700
18	Current tax receivable	45	27
5	Financial assets: trading investments	7	5
16	Derivative financial assets	92	26
237	Financial receivables: construction loans (secured)	269	272
321	Cash and cash equivalents	446	216
5,426		5,506	5,389
43	Assets held for sale	86	18
10,299	**Total assets**	10,348	10,199
	Liabilities		
	Current liabilities		
2,956	Trade and other payables	2,737	2,578
219	Current tax payable	236	159
237	Borrowings: construction loans (unsecured)	269	272
276	Bank loans and overdrafts	171	496
19	Obligations under finance leases	23	18
8	Derivative financial liabilities	40	7
60	Provisions (note 10)	118	31
22	Retirement benefit obligations	28	22
3,797		3,622	3,583
	Non-current liabilities		
68	Trade and other payables	76	64
2,440	Bank loans	2,728	2,551
68	Obligations under finance leases	69	69
235	Deferred tax liabilities	169	258
118	Provisions (note 10)	274	116
214	Retirement benefit obligations	292	109
3,143		3,608	3,167
6,940	**Total liabilities**	7,230	6,750
3,359	**Net assets**	3,118	3,449
	Shareholders' equity		
165	Called up share capital	165	165
949	Share premium account	949	948
(52)	Foreign currency translation reserve	538	(78)
2,297	Retained earnings	1,466	2,414
3,359	**Equity shareholders' funds (note 11)**	3,118	3,449

Condensed Group Cash Flow Statement (unaudited)

	Half year to 31 January 2009	Half year to 31 January 2008
	£m	£m
Cash flows from operating activities		
Cash generated from operations	573	367
Interest received	37	44
Interest paid	(129)	(104)
Tax paid	(31)	(57)
Net cash generated from operating activities	450	250
Cash flows from investing activities		
Acquisition of businesses (net of cash acquired)	(8)	(148)
Disposals of businesses (net of cash disposed of)	10	—
Purchases of property, plant and equipment	(59)	(116)
Proceeds from sale of property, plant and equipment	95	36
Purchases of intangible assets	(28)	(39)
Net cash generated from/(used in) investing activities	10	(267)
Cash flows from financing activities		
Proceeds from the issue of shares to shareholders	—	2
Proceeds from new borrowings	49	256
Repayments of borrowings and derivatives	(414)	(31)
Finance lease capital payments	(12)	(8)
Dividends paid to shareholders	—	(141)
Net cash (used in)/generated from financing activities	(377)	78
Net cash generated	83	61
Effects of exchange rate changes	75	(9)
Net increase in cash, cash equivalents and bank overdrafts	158	52
Cash, cash equivalents and bank overdrafts at the beginning of the period	203	60
Cash, cash equivalents and bank overdrafts at the end of the period	361	112

Reconciliation of Profit to cash generated from operations (unaudited)

	Half year to 31 January 2009	Half year to 31 January 2008
	£m	£m
(Loss)/profit for the period	(777)	65
Net finance costs	85	67
Tax (credit)/expense	(188)	14
Depreciation and impairment of property, plant and equipment	131	101
Amortisation and impairment of non-acquired intangibles	9	7
Profit on disposal of businesses	(4)	—
Profit on disposal of property, plant and equipment and assets held for sale	(17)	(4)
Amortisation and impairment of acquired intangibles	800	154
Decrease in inventories	226	58
Decrease in trade and other receivables	807	279
Decrease in trade and other payables	(650)	(378)
Increase in provisions and other liabilities	151	6
Share based payments and other non cash items	—	(2)
Cash generated from operations	573	367

Notes to the interim financial statements for the six months ended 31 January 2009

1 Basis of preparation

The interim financial statements for the six months ended 31 January 2009 were approved by the Board of Directors on 6 March 2009. The interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34) as adopted by the EU.

The interim financial statements have been prepared on a going concern basis. The Directors of Wolseley are of the opinion that, taking into consideration the net proceeds of the rights issue and firm placing, in addition to the bank and other facilities available to the Group, the working capital of the Group is sufficient for its present requirements, that is, for at least 12 months following the date of this report.

The Directors have considered the following key risks associated with the rights issue and firm placing in arriving at this opinion:

- The rights issue and firm placing require shareholder approval at an Extraordinary General Meeting. Whilst there is a risk that shareholder approval may not be granted, the Directors have had the opportunity to discuss the rights issue and firm placing with a number of major shareholders in the Company and with its advisors and are confident that shareholder approval will be obtained.

- The rights issue and firm placing are both fully underwritten. The underwriters have the right to terminate the underwriting contract if there is a material adverse change in the circumstances of the Group, or in overall market or economic conditions. The directors consider the risk of a material adverse change occurring to be remote.

The Directors are therefore confident that the rights issue and firm placing will be completed and that the net proceeds received, taken together with the bank and other facilities available to the Group, will provide sufficient resources for its operational needs and will enable the Group to remain in compliance with the financial covenant in its bank facilities for at least the next 12 months.

The accounting policies applied by the Group in these interim financial statements are the same as those set out in the Group's Annual Report and Accounts 2008. IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" is effective for the Group in the financial year ending 31 July 2009, but has had no material impact on the results or the financial position of the Group for the six months ended 31 January 2009.

The interim financial statements are unaudited. The financial information for the year ended 31 July 2008 does not constitute the full financial statements within the meaning of section 434 of the Companies Act 2006. The full financial statements for that year have been reported on by the Group's auditors and filed with the Registrar of Companies. The audit report was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

2 Segmental analysis of results

Wolseley's reportable segments, which are those reported to the Board, are the operating businesses overseen by distinct continental and divisional management teams responsible for their performance. All reportable segments derive their revenue from a single business activity, the distribution and supply of construction materials and services.

In 2009 management responsibility for heavy-side businesses in Eastern Europe was transferred from Central and Eastern Europe to the Nordic management team. These businesses are therefore now included in the Nordic segment results and comparative figures for 2008 revenue have been restated by £41 million. The effect on trading profit and on operating profit is not material.

The Group reported exceptional items in its financial statements for the year ended 31 July 2008. The amounts shown for the half year to 31 January 2008 have therefore been restated by the amounts shown in note 3 to separately show the effect of exceptional items on that period.

The Group's business is not highly seasonal but revenue and trading profit are normally slightly higher in the second half. The Group's customer base is highly diversified, with no individually significant customer.

The revenue, trading profit and operating profit of the Group's reportable segments are detailed in the following three tables.

Revenue by segment

	Half year to 31 January 2009	Half year to 31 January 2008 (restated)
	£m	£m
UK and Ireland	1,401	1,602
France	1,055	942
Nordic	1,088	1,076
Central and Eastern Europe	507	436
Europe	4,051	4,056
US Plumbing and Heating	3,038	2,748
US Building Materials	826	889
Canada	369	336
North America	4,233	3,973
Total revenue	8,284	8,029

Trading profit by segment

	Half year to 31 January 2009	Half year to 31 January 2008 (restated)
	£m	£m
UK and Ireland	20	85
France	22	33
Nordic	44	65
Central and Eastern Europe	(1)	11
European central costs	(5)	(8)
Europe	80	186
US Plumbing and Heating	188	179
US Building Materials	(80)	(40)
Canada	18	19
North American central costs	(3)	(4)
North America	123	154
Group central costs	(21)	(22)
Total trading profit (note 8)	182	318

Operating profit by segment

	Half year to 31 January 2009	Half year to 31 January 2008 (restated)
	£m	£m
UK and Ireland	(137)	76
France	22	28
Nordic	(335)	40
Central and Eastern Europe	(55)	10
European central costs	(5)	(9)
Europe	(510)	145
US Plumbing and Heating	150	160
US Building Materials	(511)	(147)
Canada	15	16
North American central costs	(3)	(4)
North America	(349)	25
Group central costs	(21)	(24)
Total operating (loss)/profit	(880)	146

Analysis of movement in revenue

	2008 (restated)	Exchange	Divestments	Acquisitions Increment 2008	Organic Change		2009
	£m	£m	£m	£m	£m	%	£m
UK and Ireland	1,602	27	—	1	(229)	(14.1)	1,401
France	942	179	(8)	21	(79)	(7.0)	1,055
Nordic	1,076	181	—	—	(169)	(13.4)	1,088
Central and Eastern Europe	436	90	—	8	(27)	(5.1)	507
Europe	4,056	477	(8)	30	(504)	(11.1)	4,051
US Plumbing and Heating	2,748	676	—	11	(397)	(11.6)	3,038
US Building Materials	889	219	—	26	(308)	(27.9)	826
Canada	336	26	—	—	7	1.8	369
North America	3,973	921	—	37	(698)	(14.3)	4,233
Group	8,029	1,398	(8)	67	(1,202)	(12.8)	8,284

Analysis of movement in trading profit

	2008 (restated)	Exchange	Divestments	Acquisitions Increment 2008	Organic Change		2009
	£m	£m	£m	£m	£m	%	£m
UK and Ireland	85	—	—	—	(65)	(76.4)	20
France	33	7	—	1	(19)	(47.4)	22
Nordic	65	13	—	—	(34)	(44.2)	44
Central and Eastern Europe	11	2	—	—	(14)	(109.2)	(1)
European central costs	(8)	—	—	—	3		(5)
Europe	186	22	—	1	(129)	(62.2)	80
US Plumbing and Heating	179	44	—	1	(36)	(16.2)	188
US Building Materials	(40)	(10)	—	4	(34)	(67.0)	(80)
Canada	19	2	—	—	(3)	(14.1)	18
North American central costs	(4)	(1)	—	—	2		(3)
North America	154	35	—	5	(71)	(37.6)	123
Group central costs	(22)	—	—	—	1		(21)
Group	318	57	—	6	(199)	(53.1)	182

3 Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the income statement to enable a full understanding of the Group's financial performance. These exclude impairments of acquired intangibles which are also presented separately in the income statement.

In the six months ended 31 January 2009, the Group recognised exceptional restructuring costs of £262 million before tax. The costs comprise staff redundancy costs of £29 million and other costs, including provisions for future lease rentals on closed branches and asset write-downs, of £233 million.

Exceptional items before tax are analysed by segment as follows:

	Half year to 31 January 2009	Half year to 31 January 2008
	£m	£m
UK and Ireland	(62)	—
France	2	(3)
Nordic	(2)	—
Central and Eastern Europe	(32)	—
European central costs	—	(1)
Europe	(94)	(4)
US Plumbing and Heating	(23)	(6)
US Building Materials	(142)	(4)
Canada	(3)	(2)
North American central costs	—	—
North America	(168)	(12)
Group central costs	—	(2)
Group	(262)	(18)

4 Net finance costs

	Half year to 31 January 2009	Half year to 31 January 2008
	£m	£m
Interest receivable	38	40
Net pension finance income	—	2
Finance revenue	38	42
Interest payable		
— Bank loans and overdrafts	(110)	(106)
— Finance lease charges	(3)	(2)
— Discount charge on receivables funding arrangements	(7)	—
Net pension finance cost	(4)	—
Valuation gains/(losses) on financial instruments		
— Derivatives held at fair value through profit and loss	75	36
— Loans in a fair value hedging relationship	(73)	(37)
— Change in fair value of available-for-sale investment	(1)	—
Finance costs	(123)	(109)
Net finance costs	(85)	(67)

5 Taxation

The tax credit on ordinary activities for the half year has been calculated at the rate which it is expected will apply for the year ending 31 July 2009 adjusted for the tax credit related to the impairment of goodwill which has been fully recorded in the tax charge for the period. The tax credit comprises the following elements:

	Half year to 31 January 2009	Half year to 31 January 2008
	£m	£m
Tax credit/(charge) on profit for the period		
— UK	(28)	(23)
— Overseas	2	(32)
	(26)	(55)
Deferred tax credit	214	41
Tax credit/(expense)	188	(14)

6 Dividends

	Half year to 31 January 2009	Half year to 31 January 2008
	£m	£m
Final paid for 2006/7 of 21.55 pence per share	—	141
Final paid for 2007/8 of nil	—	—
	—	141
Proposed interim for 2008/9 of nil (2007/8: 11.25 pence per share)	—	74

7 (Loss)/earnings per share

Basic loss per share of 118.37 pence (31 January 2008: earnings per share of 9.87 pence) is calculated on the loss for the period attributable to equity shareholders of £777 million (31 January 2008: profit of £65 million) on a weighted average number of ordinary shares in issue, excluding those held by Employee Benefit Trusts, during the year of 656 million (31 January 2008: 655 million). As detailed in note 8 below, the Group believes that profit measures before exceptional items and the amortisation and impairment of acquired intangibles provide valuable additional information for users of the financial statements. Basic earnings per share, before exceptional items and the amortisation and impairment of acquired intangibles, have, therefore, been presented in the following table.

	Half year to 31 January 2009 Pence per share	Half year to 31 January 2008 Pence per share
Before exceptional items and the amortisation and impairment of acquired intangibles	10.93 p	28.40 p
Exceptional items (net of tax)	(26.36)p	(1.71)p
Amortisation and impairment of acquired intangibles (net of deferred tax)	(102.94)p	(16.82)p
Basic (loss)/earnings per share	(118.37)p	9.87 p

Potentially dilutive share options do not significantly affect the weighted average number of shares in issue and so do not reduce the earnings per share before exceptional items and the amortisation and impairment of acquired intangibles for the six months ended 31 January 2009.

For the six months ended 31 January 2008, the impact of potentially dilutive share options on earnings per share would be to increase the weighted average number of shares in issue to 656 million and therefore reduce basic earnings per share to 9.86 pence and reduce earnings per share before exceptional items and the amortisation and impairment of acquired intangibles to 28.35 pence.

8 Non-GAAP measures of performance

Trading profit is defined as operating profit before exceptional items and the amortisation and impairment of acquired intangibles. It is a non-GAAP measure. Exceptional items are material non-recurring items which are excluded from trading profit to enable a clear and consistent presentation of the Group's underlying financial performance. In addition, the current businesses within the Group have arisen through internal organic growth and through acquisition. Operating profit includes only the amortisation and impairment of acquired intangibles arising on those businesses that have been acquired subsequent to 31 July 2004 and as such does not reflect equally the performance of businesses acquired prior to 31 July 2004 (where no amortisation or impairment of acquired intangibles was recognised), businesses that have developed organically (where no intangibles are attributed) and those businesses more recently acquired (where amortisation and impairment of acquired intangibles is charged).

The Group believes that trading profit provides valuable additional information for users of the financial statements in assessing the Group's performance since it provides information on the performance of the business that local managers are more directly able to influence and on a basis consistent across the Group. The Group uses trading profit, and certain key performance indicators calculated by reference to trading profit, for planning, budgeting and reporting purposes and for its internal assessment of the operating performance of individual businesses within the Group.

	Half year to 31 January 2009	Half year to 31 January 2008
	£m	£m
Operating profit	(880)	146
Add back: amortisation and impairment of acquired intangibles	800	154
Add back: exceptional items	262	18
Trading profit	182	318
Profit before tax	(965)	79
Add back: amortisation and impairment of acquired intangibles	800	154
Add back: exceptional items	262	18
Profit before tax, exceptional items and the amortisation and impairment of acquired intangibles	97	251
Tax credit/(expense)	188	(14)
Add back: deferred tax credit on the amortisation and impairment of acquired intangibles	(125)	(45)
Add back: tax credit on exceptional items	(89)	(6)
Tax expense before the effect of exceptional items and the amortisation and impairment of acquired intangibles	(26)	(65)

9 Tangible and intangible assets

	Goodwill	Other Intangible assets	Property, plant and equipment	Total tangible and intangible assets
	£m	£m	£m	£m
Net book value at 1 August 2008	1,995	841	1,842	4,678
Additions	—	41	58	99
Disposals	—	—	(68)	(68)
Property reclassified as held for sale	—	—	(8)	(8)
Depreciation and amortisation	—	(72)	(116)	(188)
Impairment of acquired intangibles	(630)	(105)	—	(735)
Impairment of software	—	(2)	—	(2)
Impairment of property, plant & equipment	—	—	(15)	(15)
Exchange rate adjustment	256	104	302	662
Net book value at 31 January 2009	**1,621**	**807**	**1,995**	**4,423**

The Group tests goodwill and other intangible assets annually for impairment, or more frequently if there are indications that these assets might be impaired.

Since 31 July 2008, the performance of several of the Group's businesses has deteriorated due to the economic downturn. This has been regarded as an indication of impairment for certain cash generating units (CGUs) and accordingly the Group has performed impairment reviews for CGUs comprising 53% of consolidated revenue in the six months ended 31 January 2009.

The recoverable amounts of the CGUs were estimated from value in use calculations. These calculations used cash flow projections based on five year financial forecasts approved by management. The key assumptions for these forecasts were those regarding revenue growth, trading margin and the level of working capital required to support trading, which management estimated based on past experience and expectations of future changes in the market. To prepare value in use calculations, the cash flow forecasts were extrapolated after the forecast period at an estimated average long-term nominal growth rate for each market (in the range of 2 to 4 per cent), and discounted back to present value. The discount rate assumptions use an estimate of the Group's weighted average cost of capital, based on the five-year historic volatility of Wolseley shares and on benchmark interest rates, and are risk

adjusted to reflect the risks associated with the cash flows of individual CGUs. The pre-tax discount rate ranges from 11 per cent to 14 per cent.

These impairment reviews have resulted in the recording of an impairment charge of £735 million in respect of goodwill and acquired intangible assets held by the following businesses:

DT Group

DT Group is now forecasting a significant downturn in its markets over the short and medium terms, and a gradual recovery to levels of activity below those it experienced in recent years. As a result of reflecting these reduced expectations in its value in use calculations, the Group has recognised a goodwill impairment charge of £349 million in respect of the Stark, Silvan and Starkki divisions of DT Group.

Stock

The Group has announced its intention to exit the US Building Materials sector by 31 July 2009. Accordingly, the Group now regards Stock as a single CGU and has considered it appropriate to write off all the remaining goodwill and intangible assets of the business, resulting in an impairment charge of £277 million (goodwill £173 million and other intangible assets £104 million).

UK

The UK is now forecasting a further deterioration in its markets over the short and medium term. As a result of reflecting these reduced expectations in its value in use calculations, the Group has recognised a goodwill impairment charge of £88 million in respect of the Electric Center, Build Center, Brandon Hire, and Encon Ireland divisions of the UK and Ireland.

Benelux

The Group's business in Benelux has performed below expectations at the time of the acquisition of the Centratec business in Belgium, and the Group has reappraised the likely levels of revenue and margin that can be achieved in the long term. An impairment loss of £21 million (goodwill £20 million and other intangible assets £1 million) has been calculated on a value in use basis.

In addition impairment charges of £2 million for software intangible assets and £15 million for property, plant and equipment have been recorded in the period. These relate to the deferral of an IT project in Central and Eastern Europe and to assets in branches that have been closed in the period.

Authorised capital expenditure which was contracted for but not provided in these accounts amounted to £22 million (31 July 2009: £27 million).

10 Provisions

	Environmental and legal	Wolseley Insurance	Restructuring	Other provisions	Total provisions
	£m	£m	£m	£m	£m
At 1 August 2008	42	51	50	35	178
Utilised in the period	—	(8)	(45)	—	(53)
Charge for the period	1	13	184	3	201
Unearned premium	—	11	—	—	11
Exchange difference	14	17	23	1	55
At 31 January 2009	57	84	212	39	392

Environmental and legal provisions include the estimated liability for asbestos claims on a discounted basis. This liability has been actuarially determined as at 31 January 2009 based on advice from independent professional advisors. Asbestos related litigation is covered by insurance and accordingly an equivalent insurance receivable has been included in receivables. The level of insurance cover available significantly exceeds the expected level of future claims and no material profit or cash flow impact is therefore expected to arise in the foreseeable future. There were 289 (31 July 2008: 293) claims outstanding at 31 January 2009.

11 Reconciliation of movements in capital and reserves

	Half year to 31 January 2009	Half year to 31 January 2008
	£m	£m
(Loss)/profit for the period attributable to equity shareholders	(777)	65
Exchange gain on translation of overseas operations	1,021	305
Exchange loss on translation of borrowings designated as hedges of overseas operations	(418)	(202)
Valuation loss on interest rate swaps	(22)	(10)
Valuation loss on currency swaps	(13)	—
Actuarial loss on retirement benefits	(75)	(22)
Change in fair value of available-for-sale investments	—	(5)
Tax credit not recognised in the income statement	43	8
Total recognised income and expense	(241)	139
New share capital subscribed	—	2
Charge to equity for share based payments	—	(2)
Dividends paid	—	(141)
Net reduction in shareholders' funds	(241)	(2)
Opening shareholders' funds	3,359	3,451
Closing shareholders' funds	3,118	3,449

12 Analysis of change in net debt

	At 31 July 2008	Cashflow	New finance leases	Fair value adjustments and other movements	Exchange movement	At 31 January 2009
	£m	£m	£m	£m	£m	£m
Cash and cash equivalents	321	(13)	—	—	138	446
Bank overdrafts	(118)	96	—	—	(63)	(85)
	203	83	—	—	75	361
Financial assets: trading investments	5	—	—	—	2	7
Derivative financial instruments	8	—	—	38	6	52
Bank loans	(2,598)	365	—	(105)	(476)	(2,814)
Obligations under finance leases	(87)	12	(1)	—	(16)	(92)
Total net debt	(2,469)	460	(1)	(67)	(409)	(2,486)

The currency analysis of net debt after taking into account currency swaps is as follows:

	At 31 January 2009		At 31 July 2008	
	£m	%	£m	%
Sterling	(1,523)	61	170	(7)
US dollars	(164)	7	(625)	25
Euros	(540)	22	(1,826)	74
Other currencies	(259)	10	(188)	8
Total	(2,486)	100	(2,469)	100

13 Disposals

During the half year ended 31 January 2009, the Group disposed of 2 non-core businesses for a consideration of £10 million.

	2009 Assets disposed of £m
Property, plant and equipment	3
Inventories	3
Total	6
Consideration received	10
Profit on disposal	4

14 Related party transactions

There are no related party transactions requiring disclosure under IAS 24, Related Party Disclosures, other than the compensation of key management personnel which will be disclosed in the Group's Annual Report for the year ending 31 July 2009.

15 Exchange rates

The results of overseas subsidiaries have been translated into sterling using average rates of exchange. The period end rates of exchange have been used to convert balance sheet amounts.

The average profit and loss account translation rate for the first six months was $1.6221 to the £1 compared to $2.0214 for the comparable period last year, a strengthening of the dollar by 24.6%, and €1.1897 to the £1 compared to €1.4159 a strengthening of the Euro by 19.0%.

Should the exchange rates between the US$ and £, and the € and the £, remain at the 31 January 2009 spot rates ($1.4503 and €1.1346) then the averages for the year as a whole would be $1.5317 and €1.1616 and this would have the effect of increasing revenue and trading profit for the first half by £262 million and £7 million, respectively.

Independent review report to Wolseley plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-year financial report for the six months ended 31 January 2009, which comprises the income statement, balance sheet, statement of recognised income and expense, cash flow statement and related notes. We have read the other information contained in the half-year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-year financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in the group accounting policies, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-year financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-year financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-year financial report for the six months ended 31 January 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
6 March 2009
London

Notes:

(a) The maintenance and integrity of the Wolseley plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the web site.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

- ENDS -

Notes to Editors

1. About Wolseley

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 to the professional markets. Group revenue for the year ended 31 July 2008 was approximately £16.5 billion and trading profit was £683 million. At 31 January 2009, Wolseley had around 63,000 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 plc is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies.

Certain information included in this announcement is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this release are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

2. Disclaimer

Each of Deutsche Bank AG, London Branch ("Deutsche Bank"), UBS Limited ("UBS" or "UBS Investment Bank"), RBS Hoare Govett Limited ("RBS Hoare Govett"), N M Rothschild & Sons Limited ("Rothschild"), BNP Paribas, ING and Calyon is acting exclusively for the Company and no-one else in relation to the Share Issue and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Share Issue or any other matter referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Deutsche Bank, UBS, RBS Hoare Govett, BNP Paribas, ING and Calyon (together, the "Underwriters") and Rothschild (together with the Underwriters, the "Banks") by the FSMA, each of Deutsche Bank, UBS, RBS Hoare Govett, BNP Paribas, ING, Calyon and Rothschild accepts no responsibility whatsoever and makes no representation or warranty, express or implied, for the contents of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with Wolseley, the New Shares, the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the Share Issue, and nothing in this announcement is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Deutsche Bank, UBS, RBS Hoare Govett, BNP Paribas, ING, Calyon and Rothschild accordingly disclaim to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this announcement or any such statement.

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin — Federal Financial Supervisory Authority) and authorised and subject to limited regulation by the Financial Services Authority. Details about the extent of Deutsche Bank AG's authorisation and regulation by the Financial Services Authority are available on request.

The Underwriters may, in accordance with applicable legal and regulatory provisions and subject to the Underwriting Agreement, engage in transactions in relation to the Nil Paid Rights, the Fully Paid Rights, the Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise. Except as required by applicable law or regulation, the Underwriters do not propose to make any public disclosure in relation to such transactions.

No person has been authorised to give any information or to make any representations other than those contained in this announcement and, if given or made, such information or representations must not be relied on as having been authorised by Wolseley or any of the Banks. Subject to the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules, the issue of this announcement shall not, in any circumstances, create any implication that there has been no change in the affairs of the Wolseley Group since the date of this announcement or that the information in it is correct as at any subsequent date.

The information contained herein is restricted and is not for release, publication or distribution, directly or indirectly, in whole or in part, in or into the United States, Australia, Japan or South Africa or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. The securities referred to herein

have not been and will not be registered under the securities laws of such jurisdictions and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an exemption from and in compliance with any applicable securities laws.

The distribution of this announcement, the Circular, the Prospectus and/or the Provisional Allotment Letters and/or the transfer or offering of the Placing Shares, Nil Paid Rights, Fully Paid Rights or New Shares into jurisdictions other than the United Kingdom is or may be restricted by law. Persons into whose possession this announcement or any such document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The information contained herein is restricted and is not for release, publication or distribution, directly or indirectly, in whole or in part, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia). This announcement and the information contained herein does not contain or constitute an offer for sale or the solicitation of an offer to purchase any securities in the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any other securities authority of any state in the United States, and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered in the United States absent registration or pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act. There will be no public offer of the securities referred to herein in the United States.

No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per share for the current or future financial years would necessarily match or exceed the historical published earnings per share.

Prices and values of, and income from, securities may go down as well as up and an investor may not get back the amount invested. It should be noted that past performance is no guide to future performance. Persons needing advice should consult an independent financial adviser.

Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

This announcement has been prepared for the purposes of complying with applicable law and regulation in the United Kingdom and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom.

Cautionary note regarding forward-looking statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terms such as "believes", "estimates", "anticipates", "expects", "intends", "plans", "annualised" "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the intentions, beliefs or current expectations of the Directors, Wolseley or the Wolseley Group concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of the Wolseley Group and the industries in which they operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Group's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, dividend policy and the development of the industries and markets in which it operates may differ materially from the impression created by the forward-looking statements contained in this announcement and/or the information incorporated by reference into this announcement. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Group, and the development of the industries and markets in which it operates, are consistent with the forward-looking statements contained in this announcement and/or the information incorporated by reference into this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to: changes in general economic conditions (such as rising unemployment, slower growth in personal income, changes in consumer spending, changes in the availability of consumer credit and mortgage financing, changes in the rate of housing turnover, and other factors which can negatively affect the Group's customers as well as the Group itself), including, in particular, the general strength or

weakness of the plumbing, heating and building materials segments in North America and Europe, in both the private (residential and commercial) and public sectors; factors related to the Group's financial indebtedness and financial covenants; factors related to the Group's strategy; fluctuations in product and commodities pricing; factors related to the Group's international operations; factors related to the Group's supply chain, logistics infrastructure or IT systems; the ability of the Group to manage its growth; actions of competitors and suppliers; risks related to litigation in the jurisdictions in which the Group operates; the ability of the Group to identify, finance and successfully integrate acquisitions; the ability of the Group to retain and attract personnel; changes to government regulations in countries in which the Group has operations; exposure to greater than anticipated tax liabilities; the ability of the Group to effect restructurings, achieve disposals and realise anticipated cost savings; and changes in exchange rates and other factors.

You are advised to read this announcement and, once available, the Circular, the Prospectus and the information incorporated by reference therein, in their entirety for a further discussion of the factors that could affect the Wolseley Group's future performance and the industries in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules), neither Wolseley nor any of the Banks undertakes any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

- ENDS -"

PART III

SOME QUESTIONS AND ANSWERS ON THE CAPITAL REORGANISATION

1. What is the Capital Reorganisation?

In conjunction with the Share Issue, Wolseley is proposing to restructure its share capital. This will reduce the number of Ordinary Shares in issue by a factor of ten and establish a new nominal value of 10 pence per Ordinary Share.

2. Why is it being done?

The Capital Reorganisation is being undertaken in order to seek to reduce volatility in the price of the Company's Ordinary Shares and to seek to ensure that, following the Share Issue, the price of the Ordinary Shares, and their nominal value, are appropriate for a company of Wolseley's size in the UK market. As the number of Ordinary Shares in issue following the Capital Reorganisation will have reduced by a factor of ten and, as there will be no change in the economic value of the business as a result of the Capital Reorganisation, when the 10p Ordinary Shares and the Nil Paid Rights begin trading, it is anticipated that they should trade at an opening price ten times higher than the price that they would have traded at if the Capital Reorganisation had not happened.

3. How is it being done?

There are two steps that will be involved in the Capital Reorganisation:

(a) first, each Existing Share with a nominal value of 25 pence (including the Placing Shares) will be subdivided into one Interim Share with a nominal value of 1 penny and one Deferred Share with a nominal value of 24 pence; and

(b) immediately after that, the Interim Shares will be consolidated on a one for 10 basis, so that every ten Interim Shares of 1 penny will become one 10p Ordinary Share with a nominal value of 10 pence.

As a result, a Shareholder holding, for example, 50 Existing Shares at the date of this document will, after the Capital Reorganisation is implemented (and before the Rights Issue is effected), instead hold five 10p Ordinary Shares (on which the Rights Issue will be based), and 50 Deferred Shares that it is expected will have little or no economic value.

4. How does it impact my shareholding in the Company?

The proportion of the issued ordinary share capital of the Company held by each Shareholder and each Shareholder's economic interest in the Company will, save for fractional entitlements, not change as a result of the Capital Reorganisation. In addition, apart from having a different nominal value, each 10p Ordinary Share following the Capital Reorganisation will carry the same rights as set out in the Articles that currently apply to the Existing Shares. Accordingly, the Capital Reorganisation will have no impact on your proportionate holding in the Company, other than you may receive cash for any fractional entitlement arising (i.e. if the number of Existing Shares that you hold is not divisible by 10) as a result of the Capital Reorganisation.

5. Why will there be Deferred Shares?

The Deferred Shares will arise on the subdivision of the Existing Shares simply in order to ensure that the aggregate nominal value of the Company's share capital after the Capital Reorganisation is the same as before it. However, the Deferred Shares will have no voting or dividend rights and only very limited rights on a return of capital. As a result, they will have no impact on a shareholder's voting or other rights and they will not be capable of being traded. Assuming that the Capital Reorganisation is approved, the Company intends in due course to repurchase or otherwise cancel the Deferred Shares.

DEFINITIONS

The following definitions apply in this document, unless the context requires otherwise.

"10p Ordinary Shares"	the ordinary shares of 10 pence each in the capital of the Company following the Capital Reorganisation becoming effective;
"Admission"	the admission to listing on the Official List of the New Ordinary Shares (nil paid or fully paid, as the case may require) becoming effective and the admission of such shares (nil paid or fully paid, as the case may require) to trading on the London Stock Exchange's main market for listed securities (in accordance with the Standards) becoming effective;
"ADR Holders"	the holders of any ADRs from time to time and "ADR Holder" means any one of them;
"ADRs"	American Depositary Receipts evidencing American Depositary Shares issued by The Bank of New York in its capacity as the ADR depositary under the Deposit Agreement;
"Annualised Adjusted EBITDA"	the total consolidated operating profit of the Group for the preceding 12-month period, before interest, tax and exceptional items, after adding back all amounts provided for depreciation, amortisation and for write-downs and impairment of intangible fixed assets in such period, and adjusted on a pro forma basis to give effect to any acquisitions and disposals that occurred during such period as if they had taken place on the first day of such period;
"Annualised savings"	in respect of restructuring actions announced in a certain period, the reduction in operating costs for a full year that is estimated to result from the actions, primarily in the form of reduced employee costs and branch rentals, net of the gross profit on a full year's sales estimated to be lost as a result of the closure of outlets;
"Articles"	the articles of association of the Company in force at the date of this document;
"Board"	the board of directors of Wolseley from time to time;
"BNP PARIBAS"	BNP PARIBAS of 16 boulevard des Italiens, 75009 Paris, France;
"Business Day"	any day other than a Saturday or Sunday or public holiday on which banks in London are open for normal business;
"Calyon"	Calyon of 9, quai du president Paul Doumer, 92920 Paris, La Defense Cedex, France;
"Capital Reorganisation"	together the Subdivision and the Consolidation;
"certificated" or "in certificated form"	in relation to a share or other security, a share or other security which is not in uncertificated form (that is, not in CREST);
"Companies Act"	together, the UK Companies Act 1985 (as amended) and the UK Companies Act 2006 (as amended), or either of them as the context shall so require;
"Company" or "Wolseley"	Wolseley plc, a public limited company incorporated in England and Wales with registered number 00029846, having its registered office at Parkview 1220, Arlington Business Park, Theale, Reading, Berkshire RG7 4GA, United Kingdom;
"Consolidation"	the proposed consolidation of every 10 Interim Shares resulting from the Subdivision into one 10p Ordinary Share, as more particularly described in paragraph 5 of Part I of this document;

"CREST"	the computerised system for the paperless settlement of sales and purchases of securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations;
"CREST Manual"	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear UK & Ireland on 15 July 1996 and as amended since);
"CREST Member"	a person who has been admitted by Euroclear UK & Ireland as a system member (as defined in the CREST Regulations);
"CREST Personal Member"	a CREST Member admitted to CREST as a personal member;
"CREST Sponsor"	a CREST Participant admitted to CREST as a CREST Sponsor;
"CREST Sponsored Member"	a CREST Member admitted to CREST as a sponsored member;
"Deferred Shares"	the non-voting deferred shares of 24 pence each in the capital of the Company resulting, along with the Interim Shares, from the Subdivision;
"Deposit Agreement"	the amended and restated deposit agreement dated 2 February 2004 between the Company, The Bank of New York and holders from time to time of ADRs;
"Deutsche Bank"	Deutsche Bank AG, London Branch of Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom;
"Directors"	the directors of the Company at the date of this document and "Director" means any one of them;
"Disclosure and Transparency Rules", or "DTRs"	the disclosure and transparency rules relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such a market has been made, as published by the Financial Services Authority of the United Kingdom;
"Euroclear UK & Ireland"	Euroclear UK & Ireland Limited (formally known as CRESTCo Limited), the operator of CREST;
"Excluded Territories"	the Commonwealth of Australia, its territories and possessions, Japan, the Republic of South Africa and the United States, and ''Excluded Territory" means any one of them;
"Existing Shares"	the ordinary shares of 25 pence each in the capital of the Company;
"Form of Proxy"	the form of proxy for use in connection with the General Meeting;
"FSA"	the Financial Services Authority of the United Kingdom;
"FSMA"	the Financial Services and Markets Act 2000 as amended;
"Fully Paid Rights"	rights to acquire the New Ordinary Shares fully paid;
"General Meeting"	the general meeting of Wolseley to be held at 9.00 a.m. on 1 April 2009 and any adjournment of that meeting, notice of which is set out in this document;
"Group"	the Company and its subsidiary undertakings;
"Half Year Announcement"	the announcement by the Company on 6 March 2009 of, amongst other things, its unaudited consolidated Half Year financial results for the six month period ended 31 January 2009;

"ING"	ING Bank N.V. of Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands;
"Interim Shares"	the ordinary shares of 1 penny each in the capital of the Company resulting, along with the Deferred Shares, from the Subdivision;
"Issue Price"	400 pence per New Ordinary Share;
"Listing Rules"	the rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority under the Financial Services Markets Act 2000, and contained in the UK Listing Authority's publication of the same name;
"London Stock Exchange"	the London Stock Exchange plc;
"members"	members of Wolseley on the register of members at any relevant date and "member" shall be construed accordingly;
"Newco"	Theale Capital (Jersey) Limited, a private company incorporated in Jersey with registered number 102723, having its registered address at Whiteley Chambers, Don Street, St Helier, Jersey JE4 9WG;
"Newco Subscriber"	UBS or a third party to whom the rights and obligations of UBS (as subscriber for shares in Newco), are novated;
"New Ordinary Shares"	the new 10p Ordinary Shares proposed to be issued by Wolseley pursuant to the Rights Issue;
"Nil Paid Rights"	New Ordinary Shares in nil paid form provisionally allotted to all Qualifying Shareholders pursuant to the Rights Issue;
"Non-CREST Shareholders"	Shareholders whose Shares are in certificated form;
"Notice"	the notice convening the General Meeting at the end of this document;
"Official List"	the Official List of the UK Listing Authority;
"Ordinary Shares" or "Shares"	the Existing Shares or, following the Capital Reorganisation becoming effective, the 10p Ordinary Shares, as the context requires;
"Overseas Shareholders"	Qualifying Shareholders who have registered addresses outside the United Kingdom;
"Placees"	means persons who subscribe for Placing Shares pursuant to the Placing;
"Placing"	means the subscription by Placees for the Placing Shares at 120 pence per share as more particularly described in paragraph 4 of Part I of this document;
"Placing Admission"	the admission to listing on the Official List of the Placing Shares becoming effective and the admission of such shares to trading on the London Stock Exchange's market for listed securities (in accordance with the Standards) becoming effective;
"Placing Shares"	the new ordinary shares of 25 pence nominal value to be issued to Placees pursuant to the Placing or, if the context so requires, following the Capital Reorganisation, the resulting 10p Ordinary Shares;
"Prospectus"	the prospectus to be published by the Company on its website at www.wolseley.com relating to the Share Issue;
"Prospectus Rules"	the rules and regulations made by the FSA in its capacity as the UKLA under Part VI of FSMA, and contained in the UKLA's publication of the same name;
"Provisional Allotment Letter(s)"	the renounceable provisional allotment letter relating to the Rights Issue, expected to be dispatched on 2 April 2009 to Qualifying Non-CREST Shareholders other than (subject to certain exceptions)

	Shareholders with a registered address in, or who are resident or located (as applicable) in, Excluded Territories and ADR Holders;
"Qualifying Non-CREST Shareholders"	Qualifying Shareholders whose Existing Shares on the register of members of Wolseley at the Record Date are in certificated form;
"Qualifying Shareholders"	Shareholders on the register of members of Wolseley at the Record Date;
"RBS Hoare Govett"	RBS Hoare Govett Limited of 250 Bishopsgate, London EC2M 4AA;
"Record Date"	the close of business on 1 April 2009;
"Registrar" or "Receiving Agent"	Equiniti Limited, Aspect House, Spencer Road, Lancing,West Sussex BN99 6DA, United Kingdom;
"Regulations"	Uncertificated Securities Regulations 2001;
"Resolutions"	the resolutions numbered 1, 2, 3, 4, 5 and 6 to be proposed at the General Meeting in connection with the Capital Reorganisation and the Share Issue, notice of which is set out in this document;
"Rights Issue"	the proposed issue of the New Ordinary Shares to Qualifying Shareholders by way of rights on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letters;
"Rothschild"	N M Rothschild & Sons Limited of New Court, St Swithin's Lane, London EC4P 4DU, United Kingdom;
"Shareholders"	the holders of any Shares from time to time and "Shareholder" means any one of them;
"Share Issue"	together the Placing and the Rights Issue:
"Standards"	the current edition of the Admission and Disclosure Standards produced by the London Stock Exchange;
"Stock"	Stock Building Supply Holdings, Inc.;
"Subdivision"	the proposed subdivision and conversion of the existing ordinary shares of 25 pence each in the capital of the Company into Interim Shares and Deferred Shares as more particularly described in paragraph 5 of Part I of this document;
"subsidiary" or "subsidiary undertaking"	has the meaning given in the Companies Act;
"UBS Limited" or "UBS"	UBS Limited of 1 Finsbury Avenue, London EC2M 2PP, United Kingdom;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"UKLA" or "UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to listing on the Official List otherwise than in accordance with Part VI of FSMA;
"uncertificated" or "in uncertificated form"	in relation to a share or other security, a share or other security title to which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to

	which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"Underwriting Agreement"	the agreement dated 6 March 2009 (as amended and restated on 9 March 2009) between Wolseley, UBS, Deutsche Bank, BNP PARIBAS, RBS Hoare Govett, ING and Calyon relating to the underwriting of the Placing and the Rights Issue; and
"Wolseley Employee Share Schemes"	the Wolseley Long Term Incentive Scheme 2002, the Wolseley Share Option Plan 2003, the Wolseley Restricted Share Plan 2006, the Wolseley Executive Share Option Scheme 1984, the Wolseley Executive Share Option Scheme 1989, the Wolseley Employee Savings Related Scheme 1981, the Wolseley Irish Sharesave Scheme 2000, the Wolseley Employee Share Purchase Plan 2001, and the Wolseley European Sharesave Plan 2001.

Wolseley plc

(Incorporated in England and Wales with registered number 00029846)

NOTICE OF GENERAL MEETING

of

WOLSELEY PLC

NOTICE IS HEREBY GIVEN that a General Meeting (the **"General Meeting"**) of Wolseley plc (the **"Company"**) will be held at Deutsche Bank, Winchester House, 1 Great Winchester Street, London EC2N 2DB at 9.00 a.m. on 1 April 2009 for the purpose of considering and, if thought fit, passing the following resolutions of which the second and sixth shall be proposed as special resolutions:

Increase in authorised share capital

1. THAT, subject to and conditional upon Resolutions 2, 3, 4, 5 and 6 being passed, the authorised share capital of the Company be and is hereby increased from £200,000,000 to £250,000,000 by the creation of an additional 200,000,000 ordinary shares of 25 pence each having the same rights and privileges and ranking pari passu in all respects with the existing shares in the capital of the Company.

Authority to allot the Placing Shares

2. THAT, subject to and conditional upon Resolutions 1, 3, 4, 5 and 6 being passed:

   (a) the terms of the Placing (as described and defined in the circular of which this notice forms part), including the issue price of 120 pence per share which is a discount of 27% to the closing market price of 165.4 pence per share on 5 March 2009 (the last trading day prior to announcement of the Placing) be and are hereby approved;

   (b) the directors of the Company be and are hereby unconditionally authorised for the purposes of section 80 of the Companies Act 1985 to exercise all of the powers of the Company to allot relevant securities (within the meaning of section 80(2) of that Act) in connection with the Placing up to an aggregate nominal amount of £56,250,000; and

   (c) the directors of the Company be empowered to allot equity securities (as defined in section 94(2) of the Companies Act 1985) of the Company pursuant to the authority conferred by paragraph (b) of this Resolution for cash as if section 89(1) of that Act did not apply to any such allotment.

Subdivision of share capital

3. THAT, subject to and conditional upon Resolutions 1, 2, 4, 5 and 6 being passed, and the Underwriting Agreement (as described and defined in the circular of which this notice forms part) not having been terminated in accordance with its terms, at 7.00 a.m. on the first dealing day following the date of the General Meeting:

   (a) each of the ordinary shares of 25 pence each in the share capital of the Company (the "25p Ordinary Shares") then in issue be subdivided and converted into one ordinary share of one penny (an "Interim Share"), having the same rights as a 25p Ordinary Share, and one deferred share of 24 pence (a "Deferred Share"), each Deferred Share having attached thereto the following rights and restrictions:

      (i) on a winding-up or other return of capital, the Deferred Shares shall entitle the holders of the shares only to payment of the amounts paid up on those shares, after repayment to the holders of any and all ordinary shares then in issue of the nominal amount paid up on those ordinary shares held by them respectively and the payment in cash or in specie of £10,000,000 on each of those ordinary shares;

      (ii) the Deferred Shares shall not entitle the holders of such shares to receive any dividend or other distribution (other than pursuant to paragraph (a)(i) of this Resolution 3) or to receive notice of, or to attend, speak or vote at, any general meeting of the Company;

      (iii) the Deferred Shares shall not, save as provided in paragraph (a)(iv) of this Resolution 3, be transferable;

(iv) the Company shall have an irrevocable authority from each holder of the Deferred Shares at any time to do all or any of the following without obtaining the sanction of the holder or holders of the Deferred Shares:

(A) to appoint any person to execute on behalf of any holder of Deferred Shares a transfer of all or any of those shares and/or an agreement to transfer the same (without making any payment for them) to such person or persons as the Company may determine and to execute any other documents which such person may consider necessary or desirable to effect such transfer, in each case without obtaining the sanction of the holder(s) and without any payment being made in respect of such acquisition;

(B) to purchase all or any of the shares in accordance with the Companies Act 1985 and the Companies Act 2006, as relevant (the "Act") without obtaining the consent of the holders of those shares in consideration of the payment to the holders whose shares are purchased of an amount not exceeding one penny in respect of all the Deferred Shares then being purchased;

(C) for the purposes of any such purchase, to appoint any person to execute a contract for the sale of any such shares to the Company on behalf of any holder of Deferred Shares;

(D) to cancel all or any of the Deferred Shares purchased in accordance with the Act; and

(E) pending any such transfer, purchase or cancellation, to retain the certificates (if any) for all or any of the Deferred Shares; and

(v) the reduction of capital paid up on the Deferred Shares and/or the creation or issue of further shares in the capital of the Company ranking in priority for payment of a dividend or in respect of capital or which confer on the holders voting rights more favourable than those conferred by the Deferred Shares shall be deemed not to vary or abrogate the rights attaching to the Deferred Shares; and

(b) each of the authorised but unissued 25p Ordinary Shares shall be subdivided and converted into 25 Interim Shares each ranking equally in all respects with the Interim Shares created pursuant to paragraph (a) of this Resolution 3.

Consolidation of share capital

4. THAT, subject to and conditional upon Resolutions 1, 2, 3, 5 and 6 being passed, immediately following the subdivision and conversion of the 25p Ordinary Shares into Interim Shares pursuant to Resolution 3 becoming effective:

(a) all the Interim Shares in the capital of the Company then in issue be consolidated into ordinary shares of 10 pence each in the capital of the Company (the "10p Ordinary Shares") on the basis of every ten Interim Shares being consolidated into one 10p Ordinary Share, each 10p Ordinary Share having the same rights as the Interim Shares provided that, where such consolidation results in any member being entitled to a fraction of a 10p Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a 10p Ordinary Share to which other members of the Company may be entitled and the directors of the Company be and are hereby authorised to place (or appoint any other person to place) to any person, on behalf of the relevant members, all the 10p Ordinary Shares representing such fractions at the best price reasonably obtainable, and to pay the proceeds of the placing (net of expenses) in due proportion among the relevant members entitled thereto (save that any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company and save that the Company may retain the net proceeds of the placing of such 10p Ordinary Shares representing such fractions where the individual amount of proceeds to which any member is entitled is less than £5.00) and that any director of the Company (or any person appointed by the directors of the Company) shall be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of the relevant members and to do all acts and things that the directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares; and

(b) all authorised but unissued Interim Shares shall be consolidated into 10p Ordinary Shares, provided that where such consolidation would otherwise result in a fraction of a 10p Ordinary Share, that number of 10p Ordinary Shares which would otherwise constitute such fraction shall be cancelled pursuant to section 121(2)(e) of the Companies Act 1985.

Authority to allot shares

5. THAT, subject to and conditional upon Resolutions 1, 2, 3, 4 and 6 being passed, and the consolidation of the Interim Shares into 10p Ordinary Shares pursuant to Resolution 4 becoming effective, the authority conferred on the directors of the Company by Article 10.1 of the articles of association of the Company to allot relevant securities be and is hereby renewed for a period expiring (unless previously renewed, varied or revoked) at the end of the next Annual General Meeting of the Company after the date on which this Resolution is passed and for that period the section 80 amount shall be (i) £20,604,321 (equivalent to 206,043,210 10p Ordinary Shares) in connection with one or more issues of relevant securities under the Rights Issue (as described and defined in the circular of which this notice forms part), and (ii) in addition, £8,700,000 (equivalent to 87 million 10p Ordinary Shares).

Authority to implement Rights Issue

6. THAT, subject to and conditional upon Resolutions 1, 2, 3, 4 and 5 being passed, the terms of the Rights Issue (as described and defined in the circular of which this notice forms part) be and are hereby approved and the directors of the Company be and are hereby directed to implement the Rights Issue on the basis described in the circular and generally and unconditionally authorised to exercise all the powers of the Company to the extent they determine necessary to implement the Rights Issue.

By order of the Board

Richard Shoylekov
Group Company Secretary and General Counsel

Dated: 9 March 2009

Wolseley plc
Registered No. 29846, England
Parkview 1220
Arlington Business Park
Theale
Reading RG7 4GA

Important Notes

1. Entitlement to attend and vote

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 30 March 2009 (or, if the General Meeting is adjourned, 6.00 p.m. on the day two days prior to the day fixed for the adjourned meeting) shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Subsequent changes to the entries on the register will be disregarded in determining the rights of any person to attend or vote at the General Meeting.

2. Appointment of proxies

2.1 Shareholders entitled to attend and vote at the General Meeting convened by the Notice set out above are entitled to appoint a proxy or proxies to attend, speak and vote in their place. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice and instructions for its use are shown on the Form. The appointment of a proxy or proxies does not preclude members from attending the General Meeting and voting if they so wish.

2.2 The appointment of a proxy, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should be: (a) deposited with the Company's Registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6RN or received via the Sharevote service, not later than 9.00 a.m. on 30 March 2009, or 48 hours before the time appointed for holding any adjourned meeting or (in the case of a poll not taken on the same day as the General Meeting or adjourned meeting) for the taking of the poll at which it is to be used, or (b) lodged using the CREST proxy voting service (see Note 4 below). If more than one proxy appointment is returned in respect of the same holding of shares, either by paper or by electronic communication (save as described in Note 2.1), that proxy received last by the Registrar before the latest time for the receipt of proxies will take precedence.

3. Electronic proxy voting

Shareholders may register the appointment of their proxy or proxies or voting directions electronically via the www.sharevote.co.uk website, where full details of the procedure are given. This electronic address is provided solely for the purpose of enabling shareholders to register their appointment of a proxy or proxies for the General Meeting or submit their voting directions electronically. The Company will not accept any other document or information relating to proceedings of the General Meeting which may be sent by electronic means to this address. Shareholders are advised to read the terms and conditions of use carefully and will need the Reference Number, Card ID and Account Number set out on the enclosed Form of Proxy. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged. The Company will not accept any communication that is found to contain a computer virus.

4. Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 1 April 2009 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Equiniti (ID 7RA01) by no later than 9.00 a.m. on 30 March 2009. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which our Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated directly to the appointee through other means. CREST Members and, where applicable, their CREST Sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the

responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Personal Member or CREST Sponsored Member or has appointed a voting service provider(s), to procure that his CREST Sponsor or voting service provider(s) take) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Corporate representatives

In order to facilitate voting by corporate representatives at the General Meeting, arrangements will be put in place at the General Meeting so that: (i) if a corporate shareholder has appointed the Chairman of the General Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the General Meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the General Meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are recommended to read the guidance issued by the Institute of Chartered Secretaries and Administrators ('ICSA') on proxies and corporate representatives at www.icsa.org.uk for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above. Should you have any queries in relation to proxy appointments or corporate representatives, please contact Equiniti on 0871 384 2934*.

6. Nominated persons

Any person to whom this Notice is sent, who is not a shareholder but is a person nominated by a shareholder under section 146 of the Companies Act 2006 to enjoy information rights (a 'nominated person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed as a proxy for the General Meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1-4 above does not apply to nominated persons. The right described in these paragraphs can only be exercised by shareholders of the Company.

7. Voting rights

As at 6 March 2009, being the last practicable date prior to the printing of this circular, the Company's issued share capital consisted of 661,988,537 ordinary shares, with each ordinary share carrying one vote. The Company holds no shares in treasury and therefore the total number of voting rights in Wolseley plc as at 6 March 2009 was 661,988,537.

General Meeting information

Time of the General Meeting

The General Meeting will be held at Winchester House, 1 Great Winchester Street, London. Doors will be open at 8.30 a.m. and the General Meeting will start promptly at 9.00 a.m. If you are planning to attend the General Meeting, 1 Great Winchester Street is located in the City of London and a map is printed on the reverse of the Form of Proxy, which accompanies the Notice of General Meeting.

Attending the General Meeting

If you are coming to the General Meeting, please bring your attendance card/Form of Proxy with you. It authenticates your right to attend, speak and vote at the General Meeting and will speed your admission. You may find it useful to also bring this Notice of General Meeting and circular in order that you may refer to them at the General Meeting. All joint shareholders may attend and speak at the General Meeting. However, only the first shareholder listed on the Register of Members is entitled to vote. All shareholders and their proxies will have the opportunity to ask questions at the General Meeting. When invited by the Chairman, if you wish to ask a question,

please wait for a Company representative to bring you a microphone. It would be helpful if you could state your name before you ask your question.

Not attending the General Meeting

Whoever you appoint as a proxy can vote, speak or abstain from voting as he or she decides on any other business, which may validly come before the General Meeting. This includes proxies appointed using the CREST Service. Details of how to complete the appointment of a proxy either electronically or on paper are given in the notes to this Notice or on the accompanying Form of Proxy.

Venue arrangements

For security reasons, all hand baggage will be subject to examination. Please note that laptop computers, tape recorders, cameras and similar such equipment may not be brought into the General Meeting. Briefcases, umbrellas and other bulky items should be deposited in the cloakroom, situated on the ground floor of 1 Great Winchester Street. Smoking inside the venue is not permitted. Please ensure that mobile telephones and pagers are switched off throughout the General Meeting. Tea and coffee will be available in the reception area before the General Meeting.

The following facilities will be available:

- sound amplification/hearing loop; and
- wheelchair access.

Anyone accompanying a shareholder in need of assistance will be admitted to the General Meeting. If any shareholder with a disability has any question regarding attendance at the General Meeting, please contact the Group Company Secretariat at Parkview 1220, Arlington Business Park, Theale, Reading, RG7 4GA or on 0118 929 8700 prior to the date of the General Meeting.

Enquiries

Equiniti Registrars maintain the Company's share register. They also provide a telephone helpline service. If you have any enquiries about the General Meeting or about your Wolseley plc shareholding, you may contact Equiniti:

by telephone to the Shareholder helpline

(from the UK) — 0871 384 2934*
(from outside the UK) — + 44 (0)121 415 7011

*Please note that calls to this number are charged at 8 pence per minute from a BT landline. Other telephony providers' costs may vary.

or in writing to —

Equiniti (0049)
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Data protection statement

Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data are to be processed. The Company and any third party to which it discloses the data (including the Company's Registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.