NEWS RELEASE

Annual Financial Report

10/23/2013

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Wolseley PLC
23 October 2013

WOLSELEY PLC
(the "Company")

Publication Announcement: Annual Report and Accounts 2013 and Notice of Annual General Meeting 2013

Further to the release of the Company's preliminary results announcement on 1 October 2013, the Company announces that it has today published its Annual Report and Accounts 2013 ("**Annual Report 2013**"). The Company also announces that it has today posted to shareholders the Notice of Annual General Meeting to be held on Tuesday, 26 November 2013 (the "**Notice**").

The Annual General Meeting will take place at 1pm Swiss time (12 noon, UK time) on Tuesday, 26 November 2013 at Parkhotel, Industriestrasse 14, CH-6304, Zug, Switzerland with an audio-visual link proposed to be available at the

offices of Freshfields Bruckhaus Deringer LLP, 26-28 Tudor Street, London EC4Y 0BQ, United Kingdom.

In accordance with LR 9.6.1 copies of the documents listed below have been submitted to the National Storage Mechanism and will shortly be available for inspection at www.Hemscott.com/nsm.do:

- Annual Report and Accounts 2013; and

- Notice of Annual General Meeting to be held on Tuesday, 26 November 2013.

In compliance with DTR 6.3.5(3) those documents can also be downloaded in pdf format form the Company's website at **www.wolseley.com/index.asp?pageid=72** and from 25 October 2013 an online version of the Annual Report can be accessed at **www.annualreport2013.wolseleyplc.com**.

Special Dividend and Share Consolidation

On 1 October 2013, the Company announced its intention to return approximately £300 million to shareholders via a Special Dividend and Share Consolidation. The Notice sets out full details of the proposed Special Dividend and associated Share Consolidation.

Special Dividend

It is proposed that the amount of the Special Dividend is 110 pence per Existing Ordinary Share. The Board is proposing to pay the Special Dividend to Shareholders who are on the Register at 5.00pm (UK time) on 29 November 2013. The Special Dividend is expected to be paid to Shareholders on 16 December 2013.

Share Consolidation

It is proposed that the payment of the Special Divided be accompanied by a consolidation of the Company's ordinary share capital. The Share Consolidation will replace every 31 Existing Ordinary Shares with 30 New Ordinary Shares. Upon the Share Consolidation becoming effective, the nominal value of the Existing Ordinary Shares will change from 105/11 pence to 1053/66 pence per New Ordinary Share. Fractional entitlements arising from the Share Consolidation will be aggregated and sold in the market as soon as practicable after the Share Consolidation for the best price reasonably obtainable on behalf of the relevant Shareholders. The net proceeds of the sale, after the deduction of the expenses of the sale, are expected to be paid in due proportion to the relevant Shareholders on 13 December 2013. The value of any Shareholder's fractional entitlement will not exceed the value of one New Ordinary Share.

As at the close of business on 21 October 2013 (being the latest practicable date prior to the publication of the

Notice) when the closing mid-market price per Existing Ordinary Share was 3304 pence and there were 274,368,935 Existing Ordinary Shares in issue, the total amount of the Special Dividend was equivalent to approximately 3.33 per cent. of the market capitalisation of the Company. The effect of the Share Consolidation will be to reduce the number of Existing Ordinary Shares in issue by approximately the same percentage.

As all ordinary shares will be consolidated, each Shareholder's shareholding as a proportion of the total number of issued ordinary shares in the share capital of the Company will be the same immediately before and after the implementation of the Share Consolidation (save in respect of fractional entitlements).

The expected timetable for the Final Dividend, Annual General Meeting, the Special Dividend and Share Consolidation are set out below:

	2013
Existing Ordinary Shares marked ex-entitlement to the Final Dividend	9 October
Record date for entitlement to the Final Dividend	5.00pm (UK time) on 11 October
Latest time and date for election to participate in the DRIP for the Final Dividend	5.00pm (UK time) on 8 November
Latest time and date for receipt by the ADR Depositary of completed voting instruction cards from holders of ADRs	10.00am (New York time) on 19 November
Latest time and date for receipt of Forms of Proxy from Shareholders	1.00pm on 24 November
Annual General Meeting	1.00pm on 26 November
Record date for entitlement to the Special Dividend and for the Share Consolidation	5.00pm (UK time) on 29 November
ADR record date for entitlement to the Special Dividend	5.00pm (UK time) on 29 November
Existing Ordinary Shares marked ex-entitlement to the Special Dividend	2 December
Commencement of dealings in New Ordinary Shares	8.00am (UK time) on 2 December
Commencement of dealings in new ADSs	8.00am (UK time) on 2 December
CREST accounts credited with New Ordinary Shares	2 December
Payment of the Final Dividend to Shareholders	2 December
Purchase of New Ordinary Shares for participants in the DRIP in respect of the Final Dividend	2 December
Latest time and date for election to participate in the DRIP for the Special Dividend	5.00pm (UK time) on 5 December

New Ordinary Shares purchased pursuant to the DRIP in respect of the Final Dividend credited to CREST accounts	6 December
Payment (where applicable) of fractional entitlements for New Ordinary Shares; despatch (where applicable) of certificates for New Ordinary Shares	13 December
Payment of the Special Dividend to Shareholders	16 December
Purchase of New Ordinary Shares for participants in the DRIP in respect of the Special Dividend	16 December
New Ordinary Shares purchased pursuant to the DRIP in respect of the Special Dividend credited to CREST	20 December

References to times in the above timetable are to Swiss time unless otherwise stated. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by an announcement to a Regulatory Information Service. All definitions used in the Notice have the same meaning when used in this announcement.

Annual Report 2013

A condensed set of Wolseley plc financial statements and information on important events that have occurred during the year and their impact on the financial statements were included in the Company's final results announcement on 1 October 2013. That information together with the information set out below which is extracted from the Annual Report 2013 constitute the requirements of DTR 6.3.5 which is to be communicated via an RIS in unedited full text. This announcement is not a substitute for reading the full Annual Report 2013. Page and note references in the text below refer to page numbers in the Annual Report 2013. To view the final results announcement, visit the Company website: **www.wolseley.com**.

Principal risks and uncertainties

The nature of the industry in which we operate and our chosen strategy expose the Group to a number of risks. There are areas of the Group's business where it is necessary to take risks to achieve a satisfactory return for shareholders. The Board has considered the nature and extent of the significant risks it is willing to take in achieving the Group's strategic objectives. The materialisation of these risks could have an adverse effect on the Group's results or financial condition. If more than one of these risks occur, the combined overall effect of such events may be compounded. Various mitigation strategies are employed to reduce these inherent risks to an acceptable level - these are summarised on the following pages. Some risk factors remain beyond the direct control of the Company and the risk management programme can only provide reasonable but not absolute assurance that key risks are managed to an acceptable level. The Group faces many other risks which, although

important and subject to regular review, have been assessed as less significant and are not listed here. These include, for example, major incidences of fraud, bribery or corruption or health and safety risks. Further information on financial risks and their management is contained on page 41. More information on health and safety can be found on page 53.

Inherent risk and trend	Definition	Mitigation
Economic downtown		
Inherent risk level: High Trend: Stable	The Group's results depend on the levels of activity in new construction and property repair and remodelling markets. In light of the suppressed market conditions in Europe and Canada, there continues to be a risk that markets may fluctuate rapidly or experience further downturns. Factors influencing this risk include: the general rate of GDP growth; consumer confidence; the availability of credit to finance customer investment; mortgage and other interest rates; the level of government initiatives to stimulate economic activity; inflation; and unemployment. These factors are out of the Group's control and are difficult to forecast. Traditional processes for producing management information may need enhancing to enable the Company to respond to such rapidly-changing markets.	The Group believes it has effective measures in place to respond to market conditions. Our mitigation strategy is to reinforce existing measures in place. These include: the development of our business models; resource allocation processes; planning, budgeting and forecasting processes; cost reduction, pricing and gross margin management initiatives, including a focus on customer service and productivity improvement; improvements in monthly management information; diversification into other sectors which present new opportunities; and further restructuring of the Group's operations in markets with suppressed levels of economic activity.
Pressure on margins		
Inherent risk level: High Trend: Stable	Market conditions in many geographies continued to drive greater competition during the period under review. If not mitigated, this could lead to downward pressure on sales prices and profit margins. There is a risk that such competitive pressures will continue and could be exacerbated by factors such as the arrival of new competitors, customer or supplier consolidation, manufacturers shipping directly to customers, other changes in the route to market, and changes in technology.	The Group continues to strengthen mitigation actions in place. Gross margin improvement initiatives remain a priority for all businesses. We believe that high levels of customer service and product availability play a fundamental role in maintaining competitive advantage. The Group has continued with its programme of work to improve levels of customer service and inventory. A number of local initiatives have been undertaken by Wolseley businesses in the last 12 months, including: the development of our business models; continued focus on improving terms with our customers; and improved compensation plans for sales teams in some markets.
Litigation		
Inherent risk level: Medium/high Trend: Stable	The international nature of Wolseley's operations exposes it to the potential for litigation from third parties, and such exposure is considered to be greater in the USA than in Europe. Wolseley's strengths include its employees, its products and the terms it negotiates with its suppliers. It is in these areas where the potential risk of litigation may be greatest. During the year, there has been no material change in the level of litigation to which the Group is exposed. For more information on specific litigation affecting the Group, see pages 111, 132 and 143.	Levels of litigation are monitored by individual operating companies and by Group functions. To reduce its exposure to product-related claims, the Group is reviewing the level of product-related risk in all business units. This includes improvements in how we mitigate product-related exposures and how we monitor performance in this area. Internal audits of rebate calculations and supplier contracts were completed in 2012/13. The Group has completed a review of its working practices in the USA. Improvement opportunities are being identified and will be introduced during the next financial year. In the case of claims related to exposures to asbestos, Wolseley employs independent professional advisers to actuarially determine its potential gross liability. Wolseley has insurance which exceeds the current estimated liability relating to asbestos claims.

Systems and infrastructure capabilities and resilience

Inherent risk level: Medium
Trend: Risk is rising

The Group can only carry on business as long as it has the information technology and the physical infrastructure to do so. The safe and continued operation of such systems and infrastructure is threatened by natural and man-made perils and is affected by the level of investment available to improve them. For example: the level and sophistication of IT security threats are increasing; some of the Group's businesses are earning greater revenues via e-commerce channels; some of the Group's physical assets are located in areas exposed to natural catastrophe risks; we remain reliant on a number of different technology systems across the Group, some of which have been operating for many years; and to optimise costs and supply chain efficiency, some companies within the Wolseley Group have also centralised their distribution network and are therefore reliant on a smaller number of larger distribution centres.

Core IT systems and data centres for the Group's material businesses, including the principal e-commerce businesses have documented disaster recovery plans which are tested annually. In the USA, significant improvements have been made in the recovery times for core systems and our business there has been certified as Payment Card Industry compliant. The Group's building materials business in France strengthened its IT disaster recovery capabilities during 2012/13. The Company operates an IT governance framework including dedicated IT security policies. Specific operational controls for IT security include intrusion prevention and detection, penetration testing, wireless remediation of issues, log and configuration management and in-flight projects to reduce the likelihood of an incident. The Group's Chief Information Security Officer has this year undertaken a review of information security capabilities across the Group. The loss of a physical site is naturally hedged by the diversified nature of our locations, customers and suppliers. The Group has formally documented and tested plans for those distribution centres, head office buildings and data centres where the risk is deemed to be greatest. The UK business undertook a comprehensive review of its business continuity priorities during the year and is addressing the findings. A comprehensive insurance programme is purchased, including coverage for "cyber" risks.

Employee motivation and retention

Inherent risk level: Medium
Trend: Risk is falling

Wolseley's ability to provide products and services to customers depends on retaining sufficiently qualified, experienced and motivated people. In order to increase productivity, and be able to take growth opportunities when markets improve, Wolseley must maintain the skills and experience of its existing employees and continue to develop the managers of the future. While staff turnover rates are stable at present the current difficult conditions experienced in certain markets, and the Group's response to them, may demotivate remaining employees.

The Group monitors voluntary turnover rates and employee engagement scores. Employee engagement scores increased in almost all businesses and remain high compared to industry averages. The People Strategy that was agreed by the Board in 2011 sets out key principles and practices for people management, which operating companies implement in their businesses. Effective personal performance management underpins the People Strategy. The quality of individuals' performance reviews remains a high priority and is being monitored and improved in all areas of the business. For more information on people development, see page 52. During 2012/13, future people needs were defined by each business and succession planning exercises were undertaken. The Group's most talented and promising individuals are identified and continually developed. Career mobility has been increased, providing more employees with the opportunity to work in different areas of the Group. The Group believes that employee participation in community and charity events enhances employee skills and increases engagement levels. These activities are actively supported across the Group. Specific examples of activity in business units includes a new Leadership Development Committee in Ferguson, USA and a fast-track development programme in Wolseley UK.

New business models

Inherent risk level: Medium
Trend: NEW

To respond to changing customer needs the Group is introducing new business models. This will involve the development of new technologies, updated flexible employment patterns and different ways of working. The Group's ability to successfully execute these changes will affect its ability to grow profitably in the future. The Group must successfully implement these changes without disrupting existing operations.

Each business unit has a clear strategy for continuously developing its business model and a defined programme of work to execute the strategy. Programmes of work are defined, resourced and implemented locally, according to customers' needs and market conditions. Businesses undergoing the greatest change have dedicated programme and change management capability with associated KPIs. Progress in implementing these changes is reviewed during the Group's regular performance management

		review, held by the Group CEO and CFO with each business unit.
Governmental regulations		
Inherent risk level - Medium/low Trend - Stable	The Group's operations are affected by various statutes, regulations and laws in the countries and markets in which it operates. The amount of such regulation and the penalties can change. While the Group is not engaged in a highly regulated industry, it is subject to the laws governing businesses generally, including laws relating to competition, international trade, fraud, bribery and corruption, land usage, zoning, the environment, health and safety, transportation, labour and employment practices (including pensions), data protection, payment terms and other matters. The Group's compliance with laws to prevent anti-competitive behaviour and to combat bribery and corruption remain a priority. Building codes or particular tax treatments may affect the products Wolseley's customers are allowed to use and, consequently, changes in these may affect the saleability of some Wolseley products.	The Group monitors regulations across its markets to ensure that the effects of changes are minimised and that compliance with all applicable regulation is continually sought. During the year, the Group has undertaken a comprehensive review of its anti-fraud, bribery and corruption practices. Improvements have been made to existing risk assessment and due diligence procedures. Further information on our ethics programme and legal compliance can be seen on page 55. The Group is well positioned to comply with the new regulation regarding carbon data reporting, having collected the relevant data for a number of years. See page 58 for more information.

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 is set out in the following table:

Key management personnel compensation (including Directors)	2013 £m	2012 £m
Salaries, bonuses and other short-term employee benefits	8	8
Termination and post-employment benefits	4	-
Share-based payments	4	4
Total compensation	16	12

More detailed disclosures on the remuneration of the Directors are provided in the Remuneration report on pages 89 to 104.

Directors' Responsibilities Statement

This statement is repeated here solely for the purpose of complying with DTR 6.3.5. This statement relates to and is extracted from the Annual Report 2013. It is not connected to the extracted information presented in this announcement or the preliminary results announcement released on 1 October 2013.

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. The Directors have prepared the Directors' Remuneration Report as if the Company were required to do so in accordance with the UK Companies Act 2006. Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Directors are also responsible for preparing parent company financial statements in accordance with United Kingdom Accounting Standards, and for being satisfied that the Consolidated and Company financial statements give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

· select suitable accounting policies and then apply them consistently;

· make judgements and accounting estimates that are reasonable and prudent;

· state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Consolidated and Company financial statements respectively; and

· prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Consolidated financial statements comply with the Companies (Jersey) Law 1991 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Jersey legislation and United Kingdom regulation, governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on pages 66 and 67, confirm that, to the best of their knowledge:

· the Consolidated financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole; and

· the Performance review contained in the report of the directors includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

For further information please contact

Wolseley plc

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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 in North America, the UK and Continental Europe. Group revenue for the year ended 31 July 2013 was £13,154 million and trading profit was £725 million. Wolseley has approximately 39,000 employees, is listed on the London Stock Exchange (LSE: WOS) and is in the FTSE 100 index of listed companies. For more information, please visit **www.wolseley.com** or follow us on Twitter **https://twitter.com/wolseleyplc**.

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