WOLSELEY

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Joint Venture Of Stock Building Supply

6 May 2009

This presentation contains certain forward-looking statements. By their nature, such statements involve uncertainty; as a consequence, actual results and developments may differ from those expressed in or implied by such statements.

Background

- Disposal through JV in line with stated strategy announced in March 2009
- Deconsolidates Stock's losses from Wolseley financial statements
- Creates ability for Wolseley shareholders to share in upside value potential
- JV partner will fund future losses and working capital requirements going forward
- Creates additional covenant headroom of £375m

Overview of Transaction

- Agreement signed with The Gores Group LLC to enter into a Joint Venture ("JV") of Stock Building Supply ("NewCo"), with Wolseley retaining a 49% equity interest
- Sale effected with a pre-packaged Chapter 11 reorganisation process to facilitate sale through restructuring; payment in full of all trade creditors
- Wolseley has provided up to $100m Debtor in Possession ("DIP") facility during the Chapter 11 process expected to last between 45-60 days
- Upon successful completion of Chapter 11, Gores will inject $75m of equity and a $125m asset backed working capital facility
- Gores will control NewCo and Wolseley will have 2 Board seats
- Wolseley to retain ownership of the construction loans business; intention to strategically reduce the portfolio over the next 2-3 years

Chapter 11 Pre-Packaged Arrangement

- NewCo has filed a “pre-packaged” (PrePack) Chapter 11 plan of reorganisation
- Bankruptcy expected to last 45 – 60 days with Stock continuing to operate normally
- Reorganisation plan provides for the payment in full of all trade creditors with Wolseley plc and other subsidiaries unaffected
- Wolseley has provided up to $100 million of Debtor in Possession (DIP) financing to NewCo during this process
- DIP facility will be repaid by Gores from proceeds of the $125 million working capital bridge loan facility to be put in place by them upon confirmation of the plan and exit from bankruptcy
- Facility has low credit risk as DIP loan receives a super priority position and would be paid before any other creditors
- Going forward Wolseley has no liability beyond its existing share in the JV

Financial Effects Of Transaction

- Stock deconsolidated from Wolseley financial statements with effect from 5 May 2009
- Wolseley's 49% interest in Stock recognised as an equity interest in an associate company
- Pro forma Net Debt to EBITDA position at 31 January 2009 (after 22 April closing of capital raising) of 1.7 times, increasing headroom by £375 million
- Exceptional loss on disposal expected to be less than £175m for year ending 31 July 2009

Construction Loans

- Construction loans business excluded from the transaction and Wolseley will retain full responsibility for the business
- Construction loan receivables at 31 January 2009 were $US 391 million (£269 million)
- Phased reduction in the portfolio over next 2-3 years with a view to exit when appropriate
- Exceptional provision relating to the impairment of construction loans receivables to be determined in conjunction with year end audit
- Additional operating losses on construction loans portfolio will be included within EBITDA for the covenant calculation

Summary

- Transaction achieves primary objective of exiting the business by 1 August 2009
- Further strengthens financial position
- PrePack positions Stock to weather the remainder of the cycle
- JV structure allows Wolseley shareholders to retain minority interest for future value creation