

Bellway plc
Interim Management Statement
5th June 2008

Bellway is today updating the market on current trading conditions by issuing this Interim Management Statement.

Since the announcement of the Group's Interim Results on Wednesday 26th March, there has been no sign of the normal spring selling surge. Whilst conditions vary from region to region, the Midlands, Yorkshire and the North West have been particularly hard hit. Thames Gateway and Scotland have been resilient but the restricted mortgage supply, combined with a sapping of consumer confidence, is leading to further market weakness.

Since 1st February the deterioration in the market has resulted in net reservations, taken in this shorter period, being down 31%. This low level of activity means that our expectations of volume for the year ending 31st July 2008 have now been revisited and whilst we had anticipated a fall of around 5 - 10% in the number of homes sold, compared to last year's level of 7,638, it is now expected that the fall will be in the range of 10 - 15%. Furthermore, lower volumes combined with the wider use of incentives will also result in the operating margin being eroded by 1 - 1.5% when compared with the figure for last year of 18.7%. The total order book of reservations today presently stands at £706 million (2007 - £845 million). This position is underpinned by our increasing exposure to social housing, an area where we should see output increasing on a year on year basis.

Overhead and work in progress levels have and continue to be reviewed in light of these changing conditions in an effort to give the company a leaner cost base.

New land opportunities are still being procured but only on a highly selective basis and with the emphasis on housing rather than flatted schemes. Whilst gearing is largely dependant on our expenditure in this area, we anticipate the position should remain at a comfortable level below 30% at the end of July.

Controlling cash outlay and securing a low cost base remains the Group's key priorities at the present time.

The preliminary announcement of the results for the year to 31st July 2008 will be issued on Tuesday 14th October.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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