

News release

Willmott Dixon statement on OFT investigation

22 September 2009 – This morning the Office of Fair Trading has concluded its investigation into ‘cover pricing’ in the construction industry.

‘Cover pricing’ was the term used to describe the situation where a tenderer submitted a bid at a price intended to avoid winning a contract, perhaps because the tenderer already had too many projects or was unhappy with the quality of tender information provided, usually with the intention of not upsetting a client and so staying on future tender lists.

Because the OFT had evidence that ‘cover pricing’ was endemic in the sector, involving thousands of companies right across the country, we understand that for practical reasons it decided to limit the scope of its investigation to a sample of contractors operating within a defined geographical region. As Willmott Dixon Construction’s operations fell within this sample area, we were investigated and, we regret to say, implicated alongside 102 other contractors in the OFT’s findings.

Having received the OFT’s decision this morning, we note that Willmott Dixon Construction has received a fine of £4.5 million payable over three years. Whilst the Group will now need to carefully consider the detail of the OFT’s findings and contemplate whether any further action is required, including any grounds for appeal, we can confirm that:

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- Of the many thousands of tenders we submitted during the six year period in question, Willmott Dixon Construction was implicated in relation to 3 tenders, each of which was submitted several years ago
- In respect of all three incidences, the price paid by the client was not alleged or found to have been increased
- Willmott Dixon Construction did not, and was not found to have made any financial gain whatsoever
- Willmott Dixon Construction was not alleged or found to have made or received any compensatory payments

The practice of 'cover pricing' has always been in contravention of our working practices and since the three incidences were brought to our attention by the OFT, the company has done everything that it can to ensure that breaches will never occur again.

This included the introduction of a more robust Competition Law compliance policy backed by comprehensive Competition Law training of all relevant staff and new recruits. Willmott Dixon has also adopted and fully supports the Competition Law Code of Conduct for the construction industry promoted by the UK Contractors Group.

We hope that our customers, our staff and our shareholders will recognise that to have been implicated in this investigation 'flies in the face' of everything Willmott Dixon Group stands for.

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