

COUNTRYWIDE CONSOLIDATES ITS POSITION AS THE UK'S LEADING ESTATE AGENCY NETWORK AND A MAJOR DISTRIBUTOR OF MORTGAGES AND LIFE ASSURANCE

Countrywide announces the acquisition of 104 estate agencies from Friends Provident and a long-term distribution arrangement for the exclusive sale of Friends Provident life assurance products through the Countrywide estate agency network.

Countrywide Assured Group plc ("Countrywide") has agreed to acquire Friends Provident Estate Agencies Limited ("FPEAL") from Friends Provident plc ("Friends Provident") for cash consideration of £12.0 million plus net assets. FPEAL operates 104 estate agency branches in the South of England under the trading names of Carson & Company, Chappell & Matthews, Fulfords and Palmer Snell. As at 31 December 2001 the net assets of FPEAL were £9.0 million and profit before tax for the year ended 31 December 2001 was £2.9 million. FPEAL's profit before tax does not include any contribution from the sale of financial services products.

In addition, Countrywide Assured Financial Services Limited ("CAFS"), a wholly owned subsidiary of Countrywide, has entered into a 15 year distribution agreement under which Friends Provident Life and Pensions Limited, a wholly owned subsidiary of Friends Provident, has been appointed as exclusive provider of life assurance products through the enlarged Countrywide estate agency network.

The distribution agreement brings together one of the UK's leading life assurance providers with the UK's largest estate agency based distribution network.

The distribution agreement is expected to generate payments to the Countrywide group of approximately £275 million on a discounted basis over the next 15 years, including an upfront payment of £25 million. The long-term arrangement provides for enhanced commission terms which will generate significant additional cash profits in.

Countrywide's financial services division. As a consequence of entering into this exclusive tie with Friends Provident, Countrywide Assured plc ("Countrywide Assured"), the wholly owned life assurance subsidiary of Countrywide, will cease to write new mortgage related life assurance business after a transitional period.

Commenting on the announcement, Harry Hill, Managing Director of Countrywide said:

"We are delighted to enhance our core estate agency network with the addition of the 104 Friends Provident agencies. The acquisition strengthens our position as the UK's leading estate agency network and a major distributor of mortgages and life assurance.

Entering into the long-term arrangement with Friends Provident enables us to capitalise on the strength of our distribution network. This distribution arrangement will generate significant cash earnings for Countrywide and will enable the group to benefit from linking with a partner for whom the manufacture of life assurance products is its core activity."

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Lexicon Partners Limited, which is regulated in the United Kingdom by the Financial Services Authority Limited, is acting for Countrywide Assured Group plc in connection with the transaction and is not acting for any other person other than Countrywide Assured Group plc and will not be responsible to any other person other than Countrywide Assured Group plc for providing the protections afforded to customers of Lexicon Partners Limited or for providing advice to any other person in connection with the transaction.

NOTES TO EDITORS:

Countrywide Assured Group plc

Countrywide is a key provider of financial and other services related to the sale and purchase of residential property with a powerful distribution capability arising from its 738 estate agency outlets. The group has five main divisions: Estate Agency, Financial Services, Life Assurance, Commercial and Professional and Conveyancing.

"www.rightmove.co.uk" is the leading property based Internet site launched by the Countrywide in February 2000 and now jointly owned with Halifax, Royal & SunAlliance, and Connell Estate Agents.

TM Property Service, in which Countrywide has a 47% interest, is positioned to take advantage of Sellers' Pack legislation and is presently offering an electronic housing transaction search facility.

Estate Agency

The Estate Agency division consists of 31 autonomous subsidiaries comprising a total of 708 offices, selling houses across the country, exploiting well known brands such as Bairstow Eves, Mann & Co, Taylors, John D Wood & Co. and Faron Sutaria. It also includes Countrywide Residential Lettings, Countrywide Property Management, PKL and Countrywide Property Auctions, which collectively provide a broad range of property and management services to commercial and residential customers.

In addition 30 franchised branches trade under the Bairstow Eves Countrywide banner.

Financial Services

The core distribution of financial products is through mortgage consultants based in estate agency offices. These products include income protection insurance, mortgages, life and general insurance.

Life Assurance

Countrywide's life company - Countrywide Assured plc - has historically provided protection and repayment products primarily to housebuyers, although it will cease to write mortgage related life assurance new business as a result of this transaction. It also has a well established position in the guaranteed income bond market and an IFA salesforce which promotes secure, guaranteed equity release products to the growing market of retired homeowners.

Commercial and Professional

The Commercial and Professional division includes Countrywide Surveyors, which currently employs approximately 550 qualified surveyors, the majority of whom are employed to undertake mortgage valuations and surveys on behalf of most leading lenders and intermediaries.

Conveyancing

Countrywide Property Lawyers was set up in 1997 and now has five regionally based call centres employing over 400 people, who provide customers with a seven days a week telephone based conveyancing service.

Friends Provident plc

With a history dating back to 1832, Friends Provident plc is one of the UK's leading financial services groups and a member of the FTSE 100 Index of leading UK companies with a market capitalisation of £2.6 billion as at 21 August 2002. Friends Provident has two core businesses: the Life and Pensions business with a broadly based range of life and pensions products distributed via Independent Financial Advisers, controlled channels and business partnerships; and Friends Ivory & Sime plc, which manages assets which were valued at some £66 billion at the end of June 2002, and markets a wide range of investment products both to personal and institutional customers. Friends Provident plc has a majority shareholding of 67% in Friends Ivory & Sime plc. Both of Friends Provident's core businesses are in the top 10 of their respective sectors.

On 31 July 2002, Friends Provident reported total life and pensions APE of £182 million in the first half of 2002, an increase of 17% over the first half of 2001.

Friends Provident has also recently announced the acquisition of Royal & SunAlliance's offshore operations based in the Isle of Man in a transaction worth £133 million. That transaction made Friends Provident one of the leading players in the profitable high growth offshore market with an estimated market share of some 9%.

Friends Provident Estate Agencies Limited

Friends Provident Estate Agencies Limited operates 104 offices across the South of England under the trading names of Carson & Company, Chappell & Matthews, Fulfords and Palmer Snell. The business was originally part of the operations of London and Manchester Group plc, acquired by Friends Provident in 1998.

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