

**Response from Countrywide Assured Group plc**

4 March 2003

Mr Paul Ebling  
Accounting Standards Board  
Holborn Hall  
100 Gray's Inn Road  
London WC1X 8AL

Dear Mr Ebling

**"Share-based Payment"**

I refer to the above.

Pressure of work prevents me giving this important subject the detailed response it merits. I shall not specifically be replying to the questions in the FRED. Instead I shall keep my comments to a minimum and rely on the enclosures to express my views far more eloquently than I can.

My Board and Remuneration Committee are strong believers in the value of share options as a motivational tool. The Company's successful competitors are sole traders and partnerships where the more successful the enterprise, the greater the capital reward which accrues to the owners and operators. It is our belief that in order for the Company to be able to attract and retain those employees who would otherwise join our competitors, or set up in competition with us, we should attempt to emulate these conditions through share option schemes. Under these proposals, such would be the impact on our reported profit that this opportunity will, realistically, no longer be available to us.

I can put forward no better case against the commercial and against the underlying intellectual and accounting arguments behind this proposal than the paper enclosed written by Donald Nordberg, which I reproduce with his permission. Please read it very carefully - it is the real world!

As to the law of unintended consequences, I enclose a copy of, and endorse, the submission from ProShare.

I also enclose a copy of, and endorse, the response to the IASCX/G4+1 Discussion Paper from the Quoted Companies Alliance.

Speaking as a qualified accountant, albeit of some years, many of the arguments I advanced in my letter of 25 October 2000, in response to the previous proposals on this subject, apply equally to this proposal. I enclose a copy.

Finally, and in no way an acceptance of the underlying argument, could I please enter a plea on behalf of small companies everywhere. If something like this FRED is adopted, please, please make it simpler to apply. I appreciate that the complexity is due in large measure to the somersaults required to intellectually justify the proposal, but there must be an easier way!

Yours sincerely

Michael C Nower  
Group Finance Director