

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(b) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2004**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number **333-08354**

Reuters Group PLC

(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English)

England

(Jurisdiction of incorporation or organization)

85 Fleet Street, London EC4P 4AJ, England

(Address of Principal Executive Offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Ordinary Shares of 25p each

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary Shares of 25p each	1,435,492,506
Founders Share of £1	1

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17

Item 18



Tell it straight

Reuters Annual Report and Form 20-F 2004



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FINANCIAL HIGHLIGHTS

Reuters Group	2004 £m	Restated³ 2003 £m	% change
Revenue	2,885	3,235	(11%)
Operating profit	197	130	51%
Profit before tax	437	56	–
Profit after tax	364	34	–
Return on equity (%)	112.5%	15.7%	–
Net funds/(debt)	326	(77)	–
Basic earnings per ordinary share	25.1p	3.6p	–
Diluted earnings per share	24.5p	3.5p	–
Earnings per ADS ^{1,2}	288.9c	41.3c	–
Dividends per ordinary share	10.0p	10.0p	–
Dividends per ADS ¹ (see page 82)	60.0p	60.0p	–

Notes:

1 Each American Depositary Share (ADS) represents six ordinary shares.

2 A nominal exchange rate of US\$1.92 = £1 has been used for convenience.

3 Restated following the adoption of Urgent Issues Task Force (subsequently referred to as UITF) 17 and UITF38 and the reclassification of transaction-related regulatory fees following recently issued SEC guidance (see 'Accounting Basis' on page 72).

This report comprises the annual report of Reuters Group PLC in accordance with the United Kingdom requirements and its annual report on Form 20-F in accordance with the requirements of the United States Securities and Exchange Commission (SEC) for 2004. A cross-reference guide setting out the information in this report that corresponds to the Form 20-F items is provided on pages 94-95.

As used in this report, 'Reuters Group' and 'Group' refer to Reuters Group PLC and its subsidiary undertakings, including Instinet Group Incorporated (Instinet Group), joint ventures and associates. The 'company' refers to the parent Reuters Group PLC. 'Reuters' refers to Reuters Group excluding Instinet Group.

The consolidated financial statements of Reuters Group included in this report are presented in pounds sterling (£). On 31 December 2004, the noon buying rate in New York City for cable transfers in foreign currencies as announced for customs purposes by the Federal Reserve Bank of New York (Noon Buying Rate) was US\$1.92 = £1; on 4 March 2005 the Noon Buying Rate was US\$1.92 = £1. For additional information on exchange rates between the pound sterling and the US dollar, see exchange rates on page 85.

Reuters Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United Kingdom (UK GAAP). UK GAAP differs in certain respects from accounting principles generally accepted in the United States (US GAAP). The material differences between UK GAAP and US GAAP relevant to Reuters Group are explained on pages 74-80.

This report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Reuters Group's financial condition, results of operations, business and management strategy and plans and objectives. For a discussion of risks associated with these statements see 'Risk Factors' on pages 23-25.

Reuters, the sphere logo and Reuters product names referred to in the report are trade marks or registered trade marks of the Reuters Group of companies around the world. Other trade marks of third parties are used in this report for the purpose of identification only.

CHAIRMAN'S STATEMENT

It is a privilege to follow in the footsteps of Sir Christopher Hogg. I am grateful for the warm and open welcome I have received from Tom Glocer and his team and my Board colleagues. I hope to justify their confidence.

Reuters is one of the world's great brands. The principles which govern the company are special. The people who work here are a unique blend. And yet the business stumbled. But a resolute team has fought back, focused again on the core and rebuilt confidence and strength. The benefits of Fast Forward are clear and will grow. Momentum will be maintained in 2005 but we must also put in place a strategic framework for sustained growth in the years ahead. There is growth potential in our core business, in adjacent markets and in new sectors and geographies. Our task is to identify opportunities which play to our competitive strengths and encompass risk which we understand.

In doing so we must start with the extraordinary brand that is Reuters. What does it stand for today and to what can it realistically aspire? How do we grow the company to fill the space occupied by the brand? Where are the multiple skills and special values of Reuters people best deployed? When can this deliver value to our shareholders and worth to society?

As Chairman, my role is to lead the Board in a manner that allows the CEO to run the company effectively. This requires the correct balance between detachment, thereby avoiding interference, and being sufficiently engaged to know when to intervene. Our Board discussions should always be open, candid and trusting. We must be prepared to challenge, confront, disagree and probe. But always in a way that is constructive and supportive of the business agenda. As a Board we should be judged through the sustained success of the business. I am excited by the challenge, yet humbled by the responsibility.

“We must put in place a strategic framework for sustained growth in the years ahead.”



Niall FitzGerald, KBE
Chairman

CHIEF EXECUTIVE'S REVIEW

ONE TO ONE WITH TOM GLOCER

Our CEO answers the key questions about Reuters

Q What was the high point of 2004?

We increased Group operating profit by 51% to £197 million as our sales began to recover. User accesses also started to climb again during the year, reaching 328,000, an increase of 14,000 since the end of the first quarter.

... and the low point?

Unfortunately, our journalists and photographers are all too often exposed to danger as they report world events. I deeply regret that in the last year, three have lost their lives: Adlan Khasanov in Chechnya and Dhia Najim and Rashid Khaled in Iraq. Their deaths are a searing reminder of the heroism of Reuters journalists who put their lives on the line to report the reality of conflict to those of us who live in a safer environment.

Q You say Reuters is being transformed – from what to what?

In short, from a company at the edge to a great company again. The Reuters of three years ago was at a crisis point. Our revenues were falling rapidly, we were losing market share, our costs were too high, and our organisation was too complex. Today, two-thirds of the way through Fast Forward, I'm pleased with our progress. We have strengthened our product line, we are meeting our cost savings targets and we have done much to simplify the company and reduce our portfolio. It's a tough process, and one that will continue this year, but it's worth it because I truly believe we are on the way to making Reuters a great company again.

Q What is being done to improve Reuters products?

The answer, and our approach, begins with identifying and understanding customer needs. I think we are doing a much better job at this, and the results show in new or significantly improved products such as Reuters 3000 Xtra, Reuters Knowledge and Reuters Station. What I believe we need to improve is speed of execution and responsiveness to customers. Part of the answer lies in the cultural transformation we have underway at Reuters, and part lies in organising ourselves better. Towards this end, we reorganised our Development and Operations groups at the beginning of 2005 to integrate our software developers directly into the Customer Segment business teams and focus on Customer Service.

Q What more can be done to improve customer satisfaction?

Our customer satisfaction score continued to improve during 2004, and I am proud of the way the Reuters culture is changing to put the customer at the heart of everything we do. However, our customer satisfaction took a hit in the fourth quarter in the wake of the power disruption we experienced last October at our London data centre. It brought home to me just how integral we are to the way our customers run their businesses and how we can create a competitive advantage for Reuters by increasing our investment in business continuity and disaster recovery.

Q Where do you expect Reuters growth to come from in the next few years?

Our dialogue with customers, investors and Reuters own staff has shifted from one of recovery to growth. This is a challenge I take up eagerly. We are hard at work on an ambitious growth strategy which will follow the completion of the Fast Forward transformation plan in 2005.

We start from a good base. Our financial services market is returning to growth after several difficult years; we will seek to outgrow the market by increasing share. We are launching innovative trading systems to grow usage revenues alongside subscription revenues. We are investing in parts of our business with high growth potential such as risk management systems and enterprise information products, and we are expanding our business in emerging markets such as China and India. Finally, as we take steps to reinforce the power of the Reuters brand, we believe there is more we can aspire to in the provision of information direct to consumers.

"I am proud of the way the Reuters culture is changing to put the customer at the heart of everything we do."



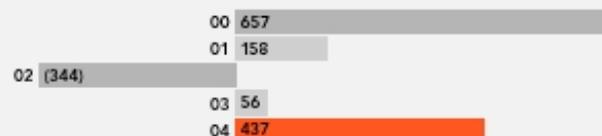
Tom Glocer
CEO

REUTERS GROUP FIVE YEAR SUMMARY

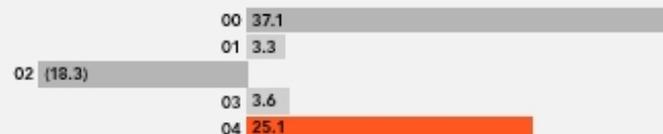
REVENUE – £m



PROFIT/(LOSS) BEFORE TAX – £m



BASIC EARNINGS/(LOSS) PER ORDINARY SHARE – Pence



DIVIDENDS PER ORDINARY SHARE – Pence



REUTERS CUSTOMER SEGMENTS AND INSTINET GROUP THREE YEAR REVENUE SUMMARY

SALES & TRADING – £m



RESEARCH & ASSET MANAGEMENT – £m



ENTERPRISE – £m



MEDIA – £m



INSTINET GROUP – £m



2003 and 2002 revenues, profit/(loss) before tax and earnings/(loss) per ordinary share have been restated following the adoption of UITF17 and UITF38, and the reclassification of transaction-related regulatory fees following recently issued SEC guidance (see 'Accounting Basis' on page 72).

Reuters customer segment revenues exclude recoveries (see note 1 on page 44).

SELECTED FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL DATA

The selected financial information set out below is derived, in part, from the consolidated financial statements. The selected data should be read in conjunction with the financial statements and related notes, as well as the Operating and Financial Review.

The consolidated financial statements are prepared in accordance with UK GAAP, which differs in certain respects from US GAAP. For a summary of the material differences between UK and US GAAP and related information relevant to Reuters Group, see pages 74-80 of this report.

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 December

	Notes	2004	Restated ^{3,4} 2003	Restated ^{3,4} 2002	Restated ^{3,4} 2001	Restated ^{3,4} 2000
		£m (except per share data)				
Amounts in accordance with UK GAAP:						
Revenue		2,885	3,235	3,593	3,885	3,592
Operating profit/(loss)		197	130	(142)	302	411
Profit/(loss) on ordinary activities before taxation		437	56	(344)	158	657
Profit/(loss) on ordinary activities after taxation		364	34	(367)	51	521
Basic earnings/(loss) per ordinary share		25.1p	3.6p	(18.3p)	3.3p	37.1p
Diluted earnings/(loss) per ordinary share		24.5p	3.5p	(18.3p)	3.2p	36.5p
Basic earnings/(loss) per ADS		150.5p	21.5p	(109.7p)	19.7p	222.8p
Diluted earnings/(loss) per ADS		146.9p	21.2p	(109.7p)	19.3p	219.1p
Dividends declared per ordinary share	1	10.0p	10.0p	11.1p	11.1p	17.8p
Dividends declared per ADS:	1					
Expressed in UK currency		60.0p	60.0p	66.7p	66.7p	106.7p
Expressed in US currency	2	112.0c	103.2c	105.1c	95.6c	157.7c
Weighted average number of ordinary shares (in millions)		1,400	1,396	1,395	1,404	1,404
Amounts in accordance with US GAAP:						
Revenue		3,037	3,421	3,789	4,045	3,704
Operating profit/(loss)		395	1	(271)	(215)	462
Income/(loss) before taxes on income		565	(51)	(233)	207	656
Net income/(loss)		436	(23)	(111)	93	537
Basic earnings/(loss) per ordinary share		31.1p	(1.6p)	(7.9p)	6.6p	38.2p
Diluted earnings/(loss) per ordinary share		30.4p	(1.6p)	(7.9p)	6.5p	37.6p
Basic earnings/(loss) per ADS		186.9p	(9.5p)	(47.6p)	39.7p	229.4p
Diluted earnings/(loss) per ADS		182.4p	(9.5p)	(47.6p)	38.9p	225.5p
Dividends declared per ordinary share	1	10.0p	10.0p	11.1p	18.0p	16.3p
Dividends declared per ADS:	1					
Expressed in UK currency		60.0p	60.0p	66.7p	108.0p	97.7p
Expressed in US currency	2	105.8c	105.1c	99.6c	155.3c	150.8c
Weighted average number of ordinary shares (in millions)		1,400	1,396	1,395	1,404	1,404

CONSOLIDATED BALANCE SHEET DATA at 31 December

	2004	Restated ^{3,4} 2003	Restated ^{3,4} 2002	Restated ⁴ 2001	Restated ⁴ 2000	
		£m				
Amounts in accordance with UK GAAP:						
Total assets	2,459	2,869	3,456	4,538	3,870	
Long-term debt and provisions for charges (excluding deferred tax)	561	663	572	526	394	
Net assets	612	407	659	1,273	1,153	
Shareholders' equity	412	212	428	1,109	1,153	
Share capital	359	358	358	358	357	
Amounts in accordance with US GAAP:						
Total assets	2,725	3,031	3,542	4,382	3,787	
Long-term debt	528	568	552	572	458	
Net assets	817	468	793	1,131	1,189	
Shareholders' equity	619	266	551	965	1,189	

Notes:

- 1 Under UK GAAP, dividends declared are those declared in respect of the year for which selected financial data is presented. Under US GAAP, dividends declared are those formally declared within each calendar twelve-month period. Dividends declared for 2000-2002 include UK tax credits. Dividends declared for 2003 and 2004 exclude UK tax credits. Amounts receivable could be higher for US shareholders who have elected to retain the benefits of the old US/UK tax treaty. For further information relating to dividends and the UK taxation of dividends see pages 85-86.
- 2 Dividends expressed in US\$ have been converted at the actual exchange rates used in the payment of dividends to US shareholders, except that the final dividend declared in respect of 2004, payable to US ADS holders on 5 May 2005, has been converted at the Noon Buying Rate on 4 March 2005 for convenience.
- 3 Restated following the adoption of UITF17 and UITF38, and the reclassification of transaction-related regulatory fees following recently issued SEC guidance (see 'Accounting Basis' on page 72).
- 4 The Group has restated its 2003 and 2002 US GAAP financial information to give effect to differences between UK and US GAAP concerning foreign exchange gains on cross currency interest rate swaps and the capitalisation of certain costs related to internal use software. For further explanation see 'Summary of differences between UK and US generally accepted accounting principles (GAAP)', on page 74. The impact of the restatement on the US GAAP financial information in 2001 and 2000 was to increase net income by £1million and £3 million respectively, and to increase shareholders' equity by £6 million and £3 million respectively.

COMPANY INFORMATION

OVERVIEW

Reuters Group incorporates Reuters core financial business and Instinet Group, a 62%-owned public subsidiary which operates an institutional broker and INET®, the electronic market place.

At Reuters we specialise in providing indispensable information tailored for professionals in the financial services, media and corporate markets. We also provide news and information direct to the consumer. We provide the content, analytics, trading and collaboration tools needed by financial professionals and news in the form of text, graphics, video and pictures, to media organisations across the globe. Our trusted information drives decision-making around the world, based on our reputation for speed, accuracy and independence.

We provide tools to enable traders to perform fast and accurate analysis of financial data and to manage trading risk. Our electronic trading services connect financial communities, helping them to gain access to the best prices and to trade efficiently and cost effectively.

At 31 December 2004, we had approximately 14,500 staff in 91 countries, including some 2,300 editorial staff in 196 bureaux serving 129 countries, making Reuters the largest multimedia news agency. In addition, Instinet Group had approximately 1,000 employees in ten countries.

01 THE MARKETS WE SERVE

Reuters serves the global financial and media markets. In 2004, these markets continued to recover after a three year decline, with the rate of progress faster in the US than in other regions. Key performance indicators and market drivers include industry headcount, trading volumes, regulation and levels of consolidation.

Employment levels at our key customers increased in 2004 after significant declines in 2002 and 2003. For example, in the US, the Securities Industry Association recorded a 4% increase in industry headcount in 2004. However, headcount recovery remains fragile, with more job losses announced in the banking industry in the fourth quarter of 2004. Employment is not currently predicted to return to the peak levels seen in 2001. We are making our business less dependent on industry headcount as we align it more closely with growth areas like electronic trading.

Growth in electronic trading is being driven by lower spreads in traditional cash equities markets and a quest for greater efficiency as firms seek to grow their trading platforms to handle an ever-increasing number of trades whilst employing fewer people. On the New York Stock Exchange (NYSE), programme trading rose from 41% of total trading volume at the beginning of the year to 54% by the end of 2004.

A notable driver in our market place is increased regulation. Proposed Regulation NMS in the United States and the Markets in Financial Instruments Directive (MiFID) in Europe are likely to change the way many instruments are traded. Worldwide, markets are undergoing greater levels of regulatory scrutiny and we are positioned to benefit with our increased focus on our risk business and enterprise data products as our customers spend more on compliance.

Concentration of trading liquidity and increased regulation are in turn driving the trend towards consolidation. We see a polarising market, where big customers are getting bigger but at the same time, smaller specialised boutiques are also thriving. This applies both to banks and brokers on the sell side, and to investment management firms on the buy side. Our challenge is to supply the right products at the right price for each of these categories of customer.

02 STRATEGY

Reuters goal is to be the information company our customers value most, by offering indispensable content, innovative trading services and great customer service.

There are three stages to achieve this goal:

- First, complete and realise the benefits of Fast Forward, our business transformation programme – **'Fix it'**

- Third, reposition our business over the longer term to take advantage of the structural changes and new opportunities in the global markets – **'Grow it'**.

'Fix it' through Fast Forward

The Fast Forward programme aims to transform Reuters into a more competitive, simpler, more customer service-driven and more efficient organisation. We have now completed two-thirds of the Fast Forward programme and have made real progress in each of these areas.

Our drive to become more competitive delivered a successful defence of our foreign exchange information and trading franchise, where the number of user positions grew in 2004 for the first time in seven years, despite increased competition.

To simplify the way we do business, we have made major changes to our product line and cut the number of products being actively sold by two-thirds, on the way to our target of 50 desktop financial information products.

We also continued to clear out our portfolio, and have now divested over 80 holdings. The most significant of these in 2004 was the sale of the majority of our stake in TIBCO Software Inc. (TSI).

To make Reuters more efficient, we exceeded our cost savings targets. At the end of 2004, we had cumulative savings of £234 million towards our goal of £440 million by the end of 2006.

We conduct an annual survey of 12,000 customers to measure their satisfaction with our products and service. Customer satisfaction continued to increase in 2004, following the trend from 2003, with users of the latest versions of our products ranking us more highly than users of our older products. However, a power disruption at our UK Docklands data centre in October caused a setback in the fourth quarter, and we immediately took corrective action to improve data centre resilience.

'Strengthen it' – expand into related business areas and improve service resilience

We will continue to invest in 2005 to make service resilience a competitive advantage by providing world-class service continuity and back-up. Customers are investing in building greater resilience in their own systems, and are encouraged to see Reuters undertake similar initiatives.

We are continuing to work with our customers to complete the migration from legacy products such as the 2000 and 3000 series to our latest products.

In November, we announced the development of new transactions services for fixed income and equities which build on our successful foreign exchange trading franchise and position us to benefit from the rapid growth in electronic trading. On 21 February 2005 we launched Reuters Trading for Fixed Income with tradeable prices from six banks. Being at the centre of our customers' trading activities will not only make us more competitive, but also allow us to benefit from growth in trading volumes.

Building on the content and expertise we gained through our acquisition of Multex in 2003, we have strengthened our product offer for the buy side and we are increasing our penetration of investment management firms.

Our pending acquisition of Moneyline Telerate (Telerate) would strengthen our fixed income content and end user community. For more details, see the following page.

We are also strengthening our Enterprise Information Products and Risk Management software offerings, to capitalise on increases in compliance spend.

'Grow it' – capitalise on structural changes in global markets

The third element of our strategy involves making inroads into growth areas in the financial markets, transforming our media business from a largely wholesale model to include direct-to-consumer initiatives and exploring opportunities in other markets.

- Second, complete the migration of our customers to our latest products, expand into areas of our market closely related to our current business, and make our business more resilient – **‘Strengthen it’**

China, we believe, is poised for significant financial markets growth. Reuters has operated in China for almost 150 years, and in 2004 we sought to build on our established position so that we can participate in future growth. We reached an agreement with the China Foreign Exchange Trading System (CFETS), the operator of China’s interbank foreign exchange system, to provide an internet-based foreign exchange trading service. We also tapped the growing market for risk management services, selling systems to five banks

and signing an agreement to open a new financial risk research laboratory with the Chinese Academy of Sciences.

Widespread use of the internet is changing the way in which individuals access information. With our trusted global news and information brand, we are well positioned to build our consumer media offer. We have cut back distribution of our highly-respected financial news to other websites in order to draw more visitors directly to our own sites. In 2004, this has contributed to a doubling in the average number of unique visitors per month to 12 million and reinforced the value of our content.

We are taking advantage of the rapid adoption of new media technologies to deliver our content. In 2004, we launched a business information service on Vodafone's UK mobile phone service and an interactive TV news channel in the US on Microsoft's new Windows® XP Media Center, offering packaged business, market and breaking world news in streaming video format.

Pending acquisition of Telerate

On 20 December 2004, we entered into agreements to acquire substantially all of the business of Telerate as well as a subsidiary of QUICK Corp. (Quick) that serves as the exclusive distributor of Telerate products in Japan. Based in New York, Telerate is a global provider of benchmark content for the capital markets primarily focused on money markets, fixed income, foreign exchange and over-the-counter derivatives, and providing services to more than 3,500 customers with more than 30,000 user accesses in 85 countries and territories around the world. With the acquisition of Telerate, we would extend our presence among core financial customers, including fixed income, buy side firms and regional dealers. The acquisition is expected to provide further impetus to our goal to be the best-in-class provider of financial content, electronic transactions and distribution to market participants, and to strengthen our recently-announced effort to add trading capabilities to Reuters desktops, especially in the fixed income markets, where the substantial Telerate client base would benefit our growing trading community. We are uniquely placed to achieve cost synergies from the acquisition because Telerate's information distribution infrastructure already operates on our systems. Both transactions are anticipated to complete in mid-2005, subject to regulatory approvals for the Telerate acquisition and other customary conditions. For more information, see pages 20 and 89.

03 OUR MARKETS DRIVE OUR ORGANISATIONAL STRUCTURE

At Reuters, we operate our business through our four Customer Segments, which are closely aligned with the user communities they serve.

- **Sales & Trading** focuses on salespeople and traders who deal in the foreign exchange, fixed income, equities, commodities and energy and related markets.
- **Research & Asset Management** focuses on supporting portfolio managers, wealth managers, brokers, investment bankers and research analysts who make complex financial decisions outside the core sales and trading environment.
- **Enterprise** targets the complete business enterprise, as distinct from the end-user.
- **Media** focuses on the needs of the world's newspapers, television and cable networks, radio stations, websites and consumers. It is also working to create a new avenue of growth in direct-to-consumer services, principally through the reuters.com family of websites.

Customer Segment businesses also include the management of recoveries, which arise when Reuters recharges costs, primarily exchange fees and communication costs, to customers. The revenues received from customers almost exactly match the exchange fees and communications costs incurred within the Channel.

During 2005, the Segments will evolve into business divisions with full profit and loss responsibility.

The software development teams who build and support our products and infrastructure are being integrated with the business divisions, to

The infrastructure development team provides Reuters with its shared infrastructure design to provide scale efficiencies and compliance with standards and the Chief Technology Office drives standards and technical coherence in our technical architecture and brings innovation into the business through technology leadership.

Geographic Sales and Service Channel

We serve our customers through a global Sales and Service Channel split into geographic regions: the Americas, Asia, and Europe, Middle East and Africa. In addition our Focus Group Accounts team serves our largest customers with truly global relationship management. Locally, members of our sales and service teams work with customers to build relationships and to identify the correct products to meet customer needs. Through regular training visits, our customer training staff work with end-users to ensure they get full value from our products. We also offer a help desk service and pro-active telephone support out of three regional support hubs, one based in each time zone. The Channel supplies feedback to the Customer Segments on how products are performing and how they could be enhanced to meet future customer needs.

During 2005 the Operations group, which manages our data centres, central systems and distribution networks, will be integrated into the Sales and Service Channel to bring our customer service and support activities under a single unified management team. We believe this and other initiatives will improve the service we offer to customers across the world.

Revenues for the three years to 31 December 2004 are analysed by segment on pages 18-19 of the Operating and Financial Review and by geography and by segment on pages 44-45 in note 1 on the consolidated profit and loss account.

Communications networks

We distribute our products using multiple communications networks. During 2004, we continued to migrate our main products on to global IP-based networks, principally provided by Radianz Limited (Radianz), in order to deliver greater resilience, capability and flexibility, achieved through the use of industry standards.

We have major technical centres in the Asian, European and American time zones, supported by many smaller local data centres. The data centres are linked by communications services provided principally by Radianz and SAVVIS Communications Corporation (Savvis), using a range of communications technologies. Communications between data centres and subscribers are provided by Radianz in 20 countries and by Reuters directly or by third parties elsewhere.

Radianz was formed in 2000 to develop a secure extranet network for use by the financial services industry, as a joint venture between Reuters and the Equant Group BV (Equant). Radianz connects all categories of market participants: brokers, institutions, exchanges, custodians, and clearing and settlement houses. For further information regarding Radianz and our relationship with Radianz, see 'Related party transactions and material contracts – Radianz' on page 87. In November 2004, we purchased Equant's stake in Radianz with a view to selling Radianz to BT Group PLC (BT). See 'Pending transactions – Proposed disposal of Radianz' on page 10.

The services agreements with Radianz and with Savvis are important to our ability to deliver products and services to customers. Although we take reasonable steps with Radianz and Savvis to ensure continuity of service, any failure or interruption of such systems could have a significant effect on our business. See 'Risk Factors' on pages 23-25. Summaries of these network services agreements are given on pages 87 and 89.

04 PRODUCTS

Millions of consumers see and hear news from Reuters in the world's media and over 300,000 financial professionals across the globe each day receive market data, in-depth news, quotes, statistics and analytics on financial and commodities markets from Reuters. We are the largest financial information provider in the world.

We collect financial information from an array of sources such as exchanges, over-the-counter markets, research services and other contributors such as energy and fixed income data providers, as well

bring developers closer to customers and improve our responsiveness to consumer needs.

Within Development, product development teams develop, build and maintain our products and delivery platforms, driven by customer requirements.

as from our own news, research and data operations. Our data is available through various delivery platforms such as workstations, datafeeds, internet and wireless solutions.

COMPANY INFORMATION

continued

We offer systems to help our customers manage trade processing, financial content and internal business processes more effectively throughout their organisations.

Our customers have access to a trading community of around 18,000 foreign exchange and money market traders globally, and can use Reuters large equities order routing network to gain electronic access to a variety of brokers.

Product families

We group our products into 'families', each of which serves the needs of a distinct set of customers.

Financial desktop products

- **Reuters Xtra family** – targeted at the most sophisticated end-users within sales, trading and portfolio management. It includes cross-asset class, cross-geography information, advanced integrated analytics and trading capabilities.
- **Reuters Trader family** – targeted at sales staff and traders who do not need the sophistication and full integration capability offered by the Reuters Xtra family of products, including those who focus on domestic and regional financial instruments. In 2004, we launched new browser-based Reuters Trader products, and we are working with our customers to migrate them from older products such as the 2000 and 3000 series.
- **Reuters Knowledge family** – targeted at the research and advisory business (including investment bankers and analysts), portfolio managers, and others focused on company and industry-specific research. Reuters Knowledge offers an integrated package of public and proprietary fundamental information about companies along with basic access to markets information, news and other content.
- **Reuters Wealth Manager family** – targeted at private client advisors and retail brokers who require products that can be integrated closely with their in-house systems. The Reuters Wealth Manager family includes portfolio management tools and information on a wide range of managed funds. In 2004, our Lipper subsidiary strengthened its offering by acquiring Fitzrovia International PLC, which analyses mutual fund fees and expenses.

Enterprise products

- **Datafeeds** – broad-ranging, in-depth data in machine-readable format – from high-volume exchange data to deep company estimates and fundamental data – which companies use to power mission-critical systems like programme trading and portfolio management.
- **Market Data Systems** – provides the enterprise with a range of applications, tools and infrastructure components to manage financial content in real-time across the customer trading environment with a high degree of scalability and resilience.
- **Enterprise Information Products** – feeds of reference data often used for compliance purposes, including end-of-day and intra-day instrument prices, corporate actions, price histories and terms and conditions.
- **Risk Management** – provides the enterprise with a range of products to help manage order flow, make trade decisions and control risk.

Media products

These products target our traditional publishing and broadcasting customers – newspapers and magazines, news and information websites and TV channels – with comprehensive, accurate and immediate broadcast news, video and photographic coverage.

Our consumer products target business professionals, individual investors and world citizens with fast, accurate news and financial

Customers

Customers generally pay for Reuters products and services in one of three ways: subscription fees to cover accesses and maintenance fees for software (recorded as recurring revenue); one-off software purchases (outright revenue); and fees based on transaction volumes (usage revenue). In 2004, 92% of Reuters revenue was recurring, 4% was outright and 4% usage. Our increasing focus on transactions means that we anticipate a shift in the mix of subscription and usage revenues over time. The numbers of accesses for Reuters at the end of the last three years are shown below. During 2004, user accesses increased for the first time in three years after dipping to 314,000 in March.

	31 December		
	2004	Restated 2003	Restated 2002
	000s	000s	000s
Accesses by product family			
Reuters Xtra family	108	88	70
Reuters Trader family	100	133	194
Reuters Knowledge & Wealth Manager families	120	117	124
Total	328	338	388

2002 and 2003 user accesses have been restated, to reflect the exclusion of mobile and other low-cost accesses.

05 RESOURCES

Our business is built on three key resources: our brand, our people and our content. Our ability to realise the potential of these assets determines the extent to which we can achieve our strategic goals.

Brand

The starting point for growth is the Reuters brand and the relationship it has with our stakeholders. Financial and media professionals make critical decisions every day with confidence because they trust the accuracy of the information that they get from Reuters. Millions of consumers see and hear news, information and pictures attributed to Reuters in the world's media as we report on important events unfolding around the world. Reuters news and information is trusted for its objectivity and authenticity because the Reuters Trust Principles safeguard the integrity of everything that we do. Financial institutions also rely upon Reuters to feed their financial applications directly with market data so that they can keep pace with the significant growth of programme trading, electronic pricing and risk management.

These traditional brand strengths provide the springboard for growth within core markets as well as new sectors and new geographies. People increasingly access information through a variety of new media channels. There is a growing distrust in the accuracy of some sectors of the media and an increasing scepticism in the independence of investment research. With our reputation as a trusted source, we have the opportunity to build and develop the Reuters brand for individual people as well as businesses. We will focus particularly on growing in financial markets such as China and India, where the media opportunity will be significant.

In all of these developments we will be giving the Reuters brand more impact, making it more inspirational and using it more consistently. This will ensure that the brand is playing its full part in the future vision of the Reuters business.

People

Our people are critical to the success of our business, notwithstanding the reductions we have made over the last several years to our headcount, and we are committed to retaining and developing the talent we need. To do this effectively, we have remuneration, organisation and people development systems and processes to ensure that we have the right people in the right jobs, equipped with the necessary skills. We place a significant emphasis on leadership

data, enabling them to stay informed about world events, manage their financial portfolios and perform better professionally. Advertising services is a relatively new business offering advertising space in our consumer products, such as the reuters.com network of websites.

Factiva, our 50% owned joint venture with Dow Jones, provides a broad range of global news and a deep historical archive of business information which client organisations can integrate into their business applications and intranet portals. Around 70% of Factiva's revenue is derived from sources outside the financial services sector.

and, in keeping with the Reuters Trust Principles, we have extensive fair employment practices in place.

If we are to achieve the business transformation we have undertaken with Fast Forward, every part of the organisation must be aligned with our strategy. Our objective-setting process for employees is fundamental to this alignment. The CEO's mission and goals form the starting point of this process, flowing through the members of our Group Management Committee and then translating into an appropriate set of objectives for each business unit and each employee.

We have created learning and development programmes to raise our employees' levels of product and market knowledge and ensure that they have access to the latest developments in their areas of specialism. We have a process to review talent, organisational capability and succession planning for key positions. We also have a long-established relationship with the University of Michigan for the development and delivery of leadership development programmes.

We regularly undertake employee surveys to evaluate morale and to identify any employee issues that need to be addressed. These surveys measure opinion in a number of key areas, including leadership, customer orientation, performance culture and career development. Despite the challenges of Fast Forward, the survey showed an improvement in overall employee engagement in 2004. The results are communicated to employees. We place a strong emphasis on communicating with our employees and won a 'Communicators in Business' award for excellence in employee communications during 2004.

We want to ensure that everyone in Reuters has a fair opportunity to contribute to our business, and in 2004 we established a Global Diversity Advisory Council, chaired by the CEO, to advise on diversity issues and to help drive related initiatives. For additional information concerning our people, see Employees on page 26.

Content

Content brings together all of Reuters news, data and other information. The role of our editorial group is to cover and edit the news to the highest standards of accuracy and timeliness. Our journalists and photographers file over two and a half million news items a year to customers in the form of text, pictures, TV, video and graphics and we publish news in 18 languages. Our data group is responsible for acquiring, producing, packaging and delivering an extensive range of content, including research, market data and other information. Our coverage includes data from over 300 exchanges, more than 1.2 million bonds, 250,000 foreign exchange and money market instruments and award-winning commodities and energy content. This is further complemented by data from over 4,000 contributors. In addition, our fundamentals and estimates data is recognised as a leading source of high quality financial information covering over 35,000 companies worldwide.

In 2004, we opened a new content facility in Bangalore, India, where over 500 highly-skilled data staff have already taken on the task of managing some of our content and are developing our new investments in data. The investment in our Bangalore data management operation is achieving operational efficiencies in line with our Fast Forward objectives. Additional activities will be migrating to Bangalore in 2005 as we build on our initial success and continue our investment in new content to meet our customers' needs.

06 INSTINET GROUP

Our subsidiary, Instinet Group, is the largest global electronic agency securities broker and has been providing investors with electronic trading solutions and execution services for more than 30 years. Instinet Group operates two major businesses: Instinet, the institutional broker, and INET, the electronic market place.

Instinet Group completed an initial public offering in May 2001 and its common stock is listed on the NASDAQ Stock Market (symbol INGP.O). As a result of the initial public offering, exercise of stock options, and acquisitions in which Instinet Group shares were used as consideration, the largest of which was the purchase of Island ECN (Island) in 2002, our shareholding of Instinet Group is approximately 62%.

Instinet is a global electronic agency securities broker that provides sophisticated electronic trading solutions and execution services to enable buyers and sellers worldwide to trade securities directly and anonymously with each other. Instinet also gives customers the opportunity to use its sales-trading expertise and sophisticated technology tools to interact with global securities markets, improve their trading and investment performance and lower their overall trading costs. Through Instinet's electronic platforms, customers can access other US trading venues, including NASDAQ and NYSE, and

to trade securities directly and anonymously with each other. INET represents the consolidation of the order flow of the former Instinet ECN and former Island ECN, providing its US broker-dealer customers one of the largest liquidity pools in NASDAQ-listed securities.

In November 2004, we announced that we would consider opportunities to extract value from our holding in Instinet Group. Reuters and Instinet Group are considering strategic alternatives, including a possible sale, merger or other business combination or corporate transaction. There can be no assurance that any transaction will be effected at all (for any particular value) or in any specific time period. See 'Risk Factors – Reuters Group may not be able to realise the anticipated benefits of existing or future acquisitions or disposals' on page 24.

07 COMPETITORS

We face significant competition in all the market sectors and geographical areas in which we operate. We actively monitor the competitive landscape in order to be able to respond to market developments.

Bloomberg, Thomson Financial (a division of The Thomson Corporation), Telerate, Quick, Telekurs, IDC, Dow Jones and Factset, plus a number of smaller local and regional competitors, offer information products for the financial markets. Several exchanges compete with our datafeed business by providing low-latency real time feeds of their data direct to banks and financial institutions.

Our Lipper funds information business competes with Morningstar, the Micropal unit of Standard & Poor's, a division of the McGraw-Hill Companies, Value Line and The Thomson Corporation's CDA Weisenberger.

Our foreign exchange spot dealing services compete with voice brokers and with the Electronic Broking Service and Bloomberg, which have formed an alliance in this area.

Competitors in the supply of risk products and market data systems or related components include Algorithmics, Murex, Summit Systems, Sungard Data Systems, IBM, TSI, GL TRADE and a large number of smaller firms.

Our main competitors in the supply of news to the media are Associated Press, Agence France Presse, Dow Jones and Bloomberg News.

Instinet Group competes with the following, among others: market makers and other traditional broker-dealers acting as agent or principal; traditional and electronic trading methods in use on US and international exchanges, including NYSE specialists and the electronic matching systems of international exchanges; the trading platform for the NASDAQ market.

08 GOVERNMENT REGULATION

We are regulated by several bodies in the various jurisdictions in which we operate:

The UK Financial Services Authority (FSA) under the Financial Services and Markets Acts 2000 regulates Reuters Limited, our principal operating company, as a service company. Reuters Transaction Services Limited (RTSL), through which Dealing 3000 Spot, Forwards, FX Options, Matching for Interest Rates and our new suite of next generation transaction products such as Reuters Trading for Fixed Income are operated, is subject to regulation by the FSA equivalent to that applied to broking participants in the London market. In addition, from 1 April 2004 RTSL has been classified by the FSA as an Alternative Trading System (ATS). RTSL provides services throughout the European Economic Area (EEA) in accordance with the provisions of the EU Investment Services Directive. RTSL's operations in Singapore and Hong Kong are approved and subject to oversight by the Monetary Authority of Singapore and the Hong Kong Monetary Authority, respectively. In 2004 RTSL was granted an Australian Market Licence by the Australian Securities and Investments Commission.

almost 30 securities markets throughout the world, including stock exchanges in Frankfurt, Hong Kong, London, Paris, Sydney, Tokyo, Toronto and Zürich. Instinet's customers primarily consist of institutional investors, such as mutual funds, pension funds, insurance companies and hedge funds. INET is an electronic communications network (ECN) that provides execution and routing services to US broker-dealer customers and enables buyers and sellers

Reuters Global Routing Services Limited (RGRS UK), is the Group's other authorised firm in the UK. It is responsible for an order routing and indications of interest network. Under the passporting provisions of the ISD, RGRS UK may provide its services across the EEA. The RGRS UK order routing network is also offered in the US through Reuters Global Routing Services (US) LLC (RGRS US) where it is subject to regulation by the SEC and the National Association of Securities Dealers, Inc. (NASD). Under the passporting provisions of the EU Investment Services Directive, RGRS UK may provide its services across the EEA

COMPANY INFORMATION continued

and, in addition, introduce UK and EU clients directly to our subsidiary, Bridge Trading Company (Bridge Trading) in the US. For information regarding the pending sale of Bridge Trading to Instinet Group, see 'Pending Transactions', below.

In order to comply with anti-money laundering regulations and to reduce the opportunity for Reuters trading products to be used as a conduit for money laundering operations, all regulated firms have put in place appropriate 'know your customer' systems and controls.

As registered broker-dealers, members of self-regulatory organisations in the US and other countries in which they operate and, in the case of the Instinet ATs and the INET ATS, as operators of electronic communications networks and/or alternative trading systems in the US, Instinet Group, Bridge Trading and RGRS US are subject to regulation under the US securities laws and their equivalents in other countries, including but not limited to net capital requirements, and to possible increased levels of regulation in the future.

In December 2001, Island ECN submitted to the SEC an application in draft form for registration as a national securities exchange. INET submitted a new draft application to the SEC for registration as a national securities exchange in May 2004 and continues to work with the SEC towards the filing of a formal application. See 'Related party transactions and material contracts – Instinet Group – Corporate Agreement' on page 89 and 'Risk Factors – Changes in the regulatory environment could have an adverse effect on Instinet Group's business' on page 24.

09 PENDING TRANSACTIONS

For information about the pending acquisition of Telerate, see page 7.

Proposed disposal of Radianz

Initially, Radianz was a joint venture with Equant, in which Reuters owned 51% of the voting shares and Equant owned 49%. However, through shareholders' agreements, Reuters shared effective control with Equant and therefore did not consolidate Radianz as a subsidiary for accounting purposes.

On 16 November 2004, Reuters purchased Equant's entire stake in Radianz for £60 million (US\$110 million) in cash, together with the release of future funding obligations and, as a result, all joint venture arrangements came to an end. Reuters also announced that exclusive discussions were taking place with BT to secure a long-term agreement for the provision of network services, involving the sale of Radianz to BT. Both the commercial arrangements and the sale are subject to due diligence, regulatory approvals and the negotiation of definitive agreements. These transactions are expected to complete during the first half of 2005. For more information, see 'Related party transactions and material contracts – Radianz' on page 87.

Pending disposal of Bridge Trading

On 28 February 2005 Reuters entered into an agreement to sell Bridge Trading, its soft dollar institutional broker, to Instinet Group. Reuters acquired Bridge Trading in 2001 as part of its acquisition of certain businesses and assets of Bridge Information Systems (Bridge). This sale combines the Reuters Group's equity brokerage business into one unit and is consistent with the Fast Forward strategy of divesting non-core assets. The transaction is expected to complete by the end of April 2005, subject to approval from the NASD and other customary conditions. For more information, see 'Related party transactions and material contracts – Instinet Group – sale of Bridge Trading' on page 88.

10 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Reuters Group will be required to comply with IFRS with effect from 1 January 2005. An evaluation of the impact on the financial statements of Reuters Group, and on its financial processes and systems, has been made. A programme of work is underway to enable the preparation of financial statements, which comply with IFRS, for the

year ended 31 December 2004, as well as from 1 January 2005 onwards. For more information, see pages 22-23.

OPERATING AND FINANCIAL REVIEW

REVIEW OF YEAR END RESULTS

Under US law, all statements other than statements of historical fact included in this review are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Certain important factors that could cause actual results to differ materially from those discussed in such forward-looking statements are described under Section 9 'Risk Factors' on pages 23-25 as well as elsewhere in this review. All written and oral forward-looking statements made on or after the date of this report and attributable to Reuters are expressly qualified in their entirety by such factors.

01 KEY FINANCIAL PERFORMANCE MEASURES

Reuters Group measures its performance by reference to revenue and profit, operating margin, earnings per share (EPS) and cash flow.

To supplement these UK GAAP measures, Reuters undertakes further analysis to break them out into their component parts, which results in the creation of certain non-GAAP measures. The rationale for this analysis is outlined below and reconciliations of the non-GAAP measures used to UK GAAP are included within the review of results. These measures are used by management to assess the performance of the business and should be seen as complementary to, rather than replacements for, reported statutory results.

Underlying results

Period-on-period change in Reuters is measured both in overall terms (i.e. actual reported results under UK GAAP) and in underlying terms. Underlying change is calculated by excluding the impact of currency fluctuations and the results of acquisitions and disposals.

The impact of currency fluctuations is excluded from underlying results to enable period-on-period comparison of the operating results of Reuters on a like-for-like basis. Variations in currency exchange rates impact the results because Reuters generates revenues and incurs costs in currencies other than its reporting currency. Year-on-year, currency exchange rate movements will influence the reported numbers to a greater or lesser extent, and therefore they are discussed separately from the underlying results to make clear their impact on the overall growth or decline in operations. Underlying results are calculated by restating the prior periods' results using the current period's exchange rates. This also reflects the variables over which management has control, as business units do not manage currency exposure, and business unit operating performance is managed against targets set on a constant currency basis. Currency exposure is described in Section 6 'Treasury Policies, Financing and Foreign Exchange' on pages 21-22.

The impact of acquisitions and disposals is also excluded from underlying results to enable period-on-period comparison of the operating results of Reuters on a like-for-like basis. Underlying results are calculated by excluding the results of entities acquired or disposed of during either the current or prior period from the results of each period under review. Underlying results reflect the operating results of the ongoing elements of each business unit, and measure the performance of management against variables over which they have control, without the year-on-year impact of a step change in revenue and costs that can result from acquisition or disposal activity.

Underlying figures also allow investors to compare the reported Reuters results with the forward-looking guidance issued by Reuters to the investor community. Because Reuters is not able to forecast currency movements or the exact timing and impact of acquisition and disposal activity, it communicates its revenue guidance to investors on an underlying basis. Therefore, providing the underlying results in addition to the actual reported results assists investors in making their own assessment of Reuters performance against the guidance given by management.

Exclusion of restructuring charges

Reuters results are reviewed before and after the impact of Reuters business transformation plan, which includes the Fast Forward programme. Under the Fast Forward programme, Reuters is incurring restructuring costs relating

primarily to headcount reduction and rationalisation of the company's property portfolio. Fast Forward is a three-year programme implemented to accelerate and expand on Reuters five-year business transformation plan which was launched in 2001; the programme is scheduled to complete in 2005 as originally envisaged.

The Fast Forward programme is centrally managed, and its performance against targets is evaluated separately from the normal day-to-day business of Reuters.

As the restructuring charges are incurred as part of centrally managed programmes of activity, they do not form part of Reuters ongoing business. Restructuring charges are therefore excluded from certain profit and margin measures, so as to provide a more detailed analysis and understanding of the ongoing business. Restructuring charges are considered exceptional under UK GAAP and are separately identified in note 2 on the consolidated profit and loss account, but because the charges are being incurred over more than two years they are considered 'recurring'. However, because of their time-limited and defined nature, Reuters believes presenting certain profit measures both including and excluding such charges gives investors a more detailed insight into the performance of management and the business. In addition, Reuters management uses both measures to assess the performance of management and the business.

Exclusion of amortisation of goodwill and other intangibles, impairments and disposals

For certain cost, profit, margin and earnings per share measures, Reuters analyses its results both before and after the impact of restructuring, amortisation of goodwill and other intangibles, impairments and disposals. The rationale for isolating restructuring charges is explained above. Reuters also isolates the impact of income and charges in respect of its investments. These charges relate to goodwill and other intangibles, amortisation and impairments of subsidiaries, associates and joint ventures and amounts written off investments.

Income and charges from investments relate to pre-tax profits and losses on disposal of subsidiaries, associates, joint ventures and investments. The non-GAAP EPS measure also eliminates the earnings impact of non-recurring tax charges and credits related to impairments, reorganisations and disposals. Such charges and income arise from corporate acquisition and disposal activity, rather than from the ongoing operations of the business units. These are analysed and reviewed separately from ongoing operations, as this is consistent with the manner in which Reuters sets internal targets, evaluates its business units and issues guidance to the investor community. Acquisition and disposal activity does not form part of the operations controlled by business unit management, and decisions around such activity are usually determined centrally.

Presenting earnings before amortisation of goodwill and other intangibles, impairments and disposals and the above non-recurring tax items also helps investors measure performance in relation to the Group's dividend policy. In 2001, Reuters Group defined the long-term goal of its dividend policy to be a dividend cover of at least two times, based on Reuters earnings before amortisation of goodwill and other intangibles, impairments and disposals.

Free cash flow

Reuters free cash flow is used as a performance measure and to assess the extent of the Group's dividend cover from a cash perspective. Free cash flow is intended to measure all Reuters cash movements other than those which are both discretionary in nature and unrelated to ongoing operating activities such as purchases of shares by the Employee Share Option Trusts (ESOTs), loans to associates and dividends paid by the Group. Whilst Reuters believes that free cash flow is an important performance measure in respect of its cash flows, it is not used in isolation, but rather in conjunction with other cash flow measures as presented in the financial statements.



OPERATING AND FINANCIAL REVIEW continued

02 FINANCIAL AND BUSINESS OVERVIEW

Reuters Group revenue decline slowed significantly during 2004

- Reuters Group revenue in 2004 was £2,885 million, falling 11% compared to 2003, driven in large part by US dollar depreciation and continued difficult trading conditions.
- Reuters revenue was £2,361 million, down 11% of which 5 percentage points were due to the impact of currency, primarily US dollar weakness. Underlying revenue decline was 5% in 2004.
- Instinet Group revenue was £530 million, 8% lower than 2003 but slightly higher if adjusted to reflect the negative impact of the weaker US dollar on revenue.

Reuters Group operating profit increased by 51%

- Reuters Group operating profit in 2004 was £197 million compared to £130 million in 2003, representing a margin of 6.8% compared with 4.0% in 2003.
- In Reuters, £234 million of cumulative Fast Forward savings helped to deliver an operating profit (before amortisation of goodwill and intangibles, impairments and restructuring) of £357 million, with a margin of 15.1%. Reuters took a restructuring charge of £120 million in 2004, which along with other non-trading costs reduced operating profit to £168 million at a margin of 7.1%.
- Instinet Group operating costs continued to fall at a faster rate than revenue, driven by a 17% reduction in headcount. As a result, operating profit was £29 million compared to an operating loss of £48 million in 2003.

Reuters Group profit before taxation increased by £381 million

- Reuters Group profit before taxation was £437 million in 2004 compared to £56 million in 2003.
- Reuters profit before taxation increased by £279 million, driven mainly by profits on disposals, which included the majority of Reuters stake in TSI as well as its holdings in GL TRADE, Riskmetrics, TowerGroup, Yankee Group Research Inc. (Yankee) and ORT SAS Group (ORT).
- Instinet Group profit before taxation was £56 million in 2004 compared to a loss of £46 million in 2003, mainly driven by a return to operating profit and profits on disposal of its stakes in Euronext, the London Stock Exchange and Archipelago.

Reuters Group earnings per share (EPS) increased

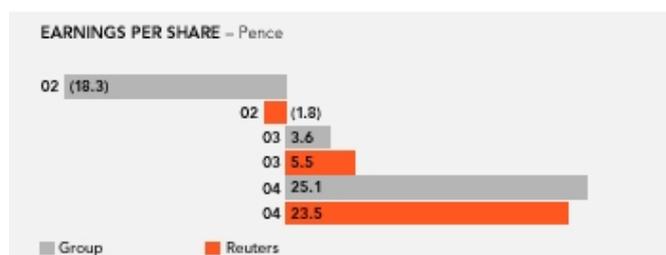
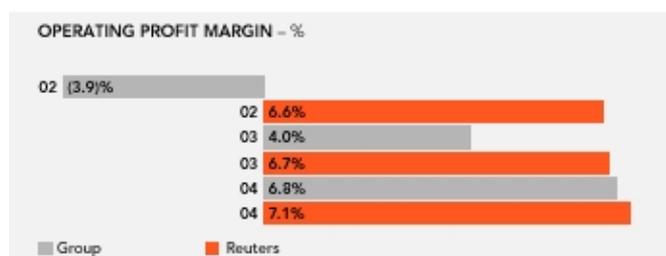
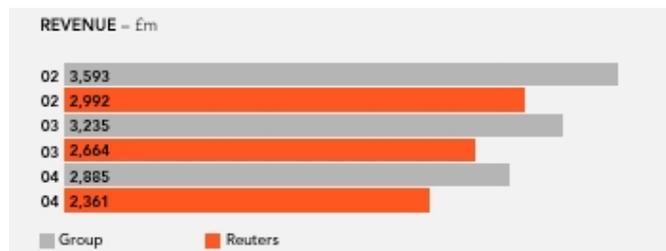
- Reuters Group EPS in 2004 was 25.1 pence compared to 3.6 pence in 2003.
- Reuters EPS in 2004 was 23.5 pence compared to 5.5 pence in 2003.
- Instinet Group EPS was 1.6 pence in 2004 compared to a loss of 1.9 pence in 2003.

Reuters Group dividend per share maintained at 10 pence

- A final dividend of 6.15 pence has been proposed which, when added to the interim dividend of 3.85 pence, amounts to 10 pence per share, consistent with both 2003 and 2002.

Reuters Group net debt became net funds

- Reuters Group net funds increased significantly in 2004 to £326 million compared to net debt of £77 million in 2003.
- Reuters net debt reduced significantly to £169 million from £610 million in 2003, mainly driven by net disposal proceeds.
- Instinet Group net funds decreased from £533 million in 2003 to £495 million in 2004.



For information concerning the market environment during 2004, see 'Company information – The markets we serve' on page 6.

RECONCILIATION OF NON-GAAP OPERATING PROFIT AND MARGIN MEASURES

	Year to 31 December					
	£m	2004 %	£m	Restated ¹ 2003 %	£m	Restated ¹ 2002 %
Reuters Group operating profit/(loss)/margin	197	6.8%	130	4.0%	(142)	(3.9%)
Exclude Instinet Group operating (profit)/loss/margin	(29)	(5.4%)	48	8.2%	339	55.6%
Reuters operating profit/margin	168	7.1%	178	6.7%	197	6.6%
Exclude:						
Restructuring charges	120	5.1%	134	5.0%	112	3.7%
Amortisation of goodwill and other intangibles	55	2.3%	89	3.3%	86	2.9%
Impairment of goodwill and other intangibles	14	0.6%	7	0.3%	–	–
Reuters operating profit/margin before amortisation of goodwill and other intangibles, impairments and restructuring	357	15.1%	408	15.3%	395	13.2%

RECONCILIATION OF NON-GAAP PROFIT BEFORE TAXATION

	Year to 31 December		
	2004 £m	Restated ¹ 2003 £m	Restated ¹ 2002 £m
Reuters Group profit/(loss) before taxation	437	56	(344)
Exclude:			
Amortisation of goodwill and other intangibles	63	108	118
Impairments	18	32	289
Disposals	(243)	(2)	28
Reuters Group profit before taxation, amortisation of goodwill and other intangibles, impairments and disposals	275	194	91
Reuters Group profit/(loss) before taxation	437	56	(344)
Exclude Instinet Group (profit)/loss before taxation	(56)	46	370
Reuters profit before taxation	381	102	26
Exclude:			
Amortisation of goodwill and other intangibles	56	96	97
Impairments	18	17	43
Disposals	(223)	(3)	30
Reuters profit before taxation, amortisation of goodwill and other intangibles, impairments and disposals	232	212	196

RECONCILIATION OF EPS

	Year to 31 December		
	2004 pence	Restated ¹ 2003 pence	Restated ¹ 2002 pence
Reuters Group EPS	25.1	3.6	(18.3)
Exclude:			
Amortisation of goodwill and other intangibles	4.5	7.7	8.5
Impairments	1.3	2.3	20.7
Disposals	(17.4)	(0.1)	2.0
Adjustment to tax charge for non-recurring tax effects of impairments, reorganisations and disposals	0.6	(1.4)	0.7
Adjustment to minority interest for effect of amortisation of goodwill and other intangibles, impairments and disposals	0.2	(0.7)	(6.7)

Reuters Group EPS before amortisation of goodwill and other intangibles, impairments, disposals and non-recurring tax effects of impairments, reorganisations and disposals	14.3	11.4	6.9
Reuters Group EPS	25.1	3.6	(18.3)
Exclude: Instinet Group EPS	(1.6)	1.9	16.5
Reuters EPS	23.5	5.5	(1.8)
Exclude:			
Amortisation of goodwill and other intangibles	4.0	6.8	6.9
Impairments	1.3	1.3	3.1
Disposals	(15.9)	(0.2)	2.1
Adjustment to tax charge for non-recurring tax effects of impairments, reorganisations and disposals	0.1	(1.3)	0.6
Reuters EPS before amortisation of goodwill and other intangibles, impairments, disposals and non-recurring tax effects of impairments, reorganisations and disposals	13.0	12.1	10.9

Note:

Restated following the adoption of UITF17 and UITF38 and the reclassification of transaction-related regulatory fees following recently issued SEC guidance. (see 'Accounting Basis' on page 72)

OPERATING AND FINANCIAL REVIEW

continued

03 FINANCIAL REVIEW

Year to 31 December

Summary of results	2004 £m	Restated ¹ 2003 £m	Restated ¹ 2002 £m
Revenue:			
Reuters	2,361	2,664	2,992
Instinet Group	530	578	610
Intra-Group	(6)	(7)	(9)
Reuters Group revenue	2,885	3,235	3,593
Operating costs:			
Reuters	(2,193)	(2,486)	(2,795)
Instinet Group	(501)	(626)	(949)
Intra-Group	6	7	9
Reuters Group operating costs	(2,688)	(3,105)	(3,735)
Operating profit/(loss):			
Reuters	168	178	197
Instinet Group	29	(48)	(339)
Reuters Group operating profit/(loss)	197	130	(142)
Affiliates/investment income	6	(28)	(62)
Net interest payable	(4)	(29)	(20)
Amortisation/impairment of affiliate intangibles and investments	(5)	(19)	(92)
Profit/(loss) on disposals	243	2	(28)
Profit/(loss) before taxation:			
Reuters	381	102	26
Instinet Group	56	(46)	(370)
Reuters Group profit/(loss) before taxation	437	56	(344)
Taxation	(73)	(22)	(23)
Profit/(loss) after taxation			
Reuters	329	77	(26)
Instinet Group	35	(43)	(341)
Reuters Group profit/(loss) after taxation	364	34	(367)
EPS	25.1p	3.6p	(18.3p)

Note:

¹ Restated following the adoption of UITF17 and UITF38 and the reclassification of transaction-related regulatory fees following recently issued SEC guidance (see 'Accounting Basis' on page 72).

2004 RESULTS COMPARED WITH 2003
Reuters Group
Revenue

Reuters Group revenue in 2004 was £2,885 million, falling 11% compared to 2003, driven largely by US dollar depreciation which had an adverse impact on both Reuters and Instinet Group revenue.

Non-operating income/(costs)

Reuters Group share of affiliates' losses of £28 million in 2003 was turned into a profit of £6 million in 2004. This reflected the Reuters Group portfolio rationalisation programme and the improvement in performance at Radianz. Lower restructuring and impairment charges within the affiliates compared to 2003 were also significant drivers.

Reuters Group net interest charge reduced from £29 million in 2003 to £4 million in 2004, due to the movement from net debt in 2003 to net

Operating costs

As a consequence of declining revenues over the past three years, actions have been taken at both Reuters and Instinet Group to reduce the operating cost base. Cost savings were primarily driven by greater cost discipline across all functions including a reduction in staff numbers of 7% at Reuters and 17% at Instinet Group. 2004 Reuters Group restructuring costs reduced by £50 million to £128 million. In addition, impairment charges and goodwill amortisation dropped from £121 million to £76 million due to the decision to dispose of certain non-core subsidiaries in 2004 and impairments taken in 2003. As a result, Reuters Group operating costs were £2,688 million in 2004, a reduction of 13% compared to 2003.

Operating profit and margin

Reuters Group operating profit in 2004 was £197 million, an increase of 51% compared to 2003. This improvement was primarily driven by a return to operating profit by Instinet Group, where an operating loss of £48 million in 2003 was turned into an operating profit of £29 million in 2004.

Reuters Group operating margin was 6.8% in 2004, compared to 4.0% in 2003. The improvement was primarily driven by a reduction in other non-trading operating costs.

funds in 2004. This was primarily driven by the portfolio rationalisation and reduced capital expenditure.

Amortisation/impairment of affiliates intangibles and investments have decreased from £19 million in 2003 to £5 million in 2004. Charges in 2004 included a £3 million impairment charge relating to Radianz.

Reuters Group profits on disposals were £243 million in 2004 compared to £2 million in 2003. The disposals included the majority of Reuters stake in TSI as well as its holdings in GL TRADE, Riskmetrics, TowerGroup, Yankee and ORT. Instinet Group disposed of its stakes in Euronext, the London Stock Exchange and Archipelago.

Profit before taxation

Reuters Group reported a profit before taxation of £437 million in 2004 compared to £56 million in 2003, comprising a £381 million profit in Reuters and a £56 million profit in Instinet Group. The improvement was primarily driven by a return to operating profit in Instinet Group and profits on disposals generated by the portfolio rationalisation programme in Reuters.

Taxation charge

Reuters Group taxation charge for 2004 was £73 million, up from £22 million in 2003, reflecting the higher level of profit before taxation at Reuters and Instinet Group's return to profitability. The rate of increase in taxation was lower than the growth in profitability due to the lower level of taxation payable on asset disposals (£9 million charge). A reconciliation of the actual taxation charge to the taxation charge expected by applying the standard 30% UK rate of corporation tax to the reported profits is provided in note 4 on the consolidated profit and loss account.

EPS

Reuters Group recorded basic earnings per share of 25.1 pence in 2004 as compared to 3.6 pence per share in 2003. This follows the higher level of Group profit after taxation of £364 million (2003: £34 million).

Reuters Revenue

	Year to 31 December		
	2004 £m	2003 £m	2002 £m
Revenue	2,361	2,664	2,992

Reconciliation of UK GAAP percentage change to underlying 2004 over 2003

	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Revenue	(5%)	(5%)	(1%)	(11%)

Reuters revenue was £2,361 million, a decrease of 11% compared to the previous year. On an underlying basis, the decline was 5% compared to 12% in 2003. Exchange rate movements accounted for 4.7 of the 6.3 percentage point difference between actual and underlying declines in 2004.

Operating costs

	Year to 31 December		
	2004 £m	Restated ¹ 2003 £m	Restated ¹ 2002 £m
Trading costs	2,004	2,256	2,597
Restructuring costs	120	134	112
Amortisation of goodwill and other intangibles of subsidiaries	55	89	86
Impairment of subsidiaries	14	7	–
Operating costs	2,193	2,486	2,795

Note:
1 Restated following adoption of UITF17 and UITF38. (See 'Accounting Basis' on page 72)

Reconciliation of UK GAAP percentage change to underlying 2004 over 2003

	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Operating costs	(5%)	(5%)	(2%)	(12%)

Reuters operating costs were £2,193 million in 2004, a decrease of 12% from 2003, or 5% on an underlying basis. Costs reduced as Reuters delivered a further £159 million of Fast Forward savings in

Reuters operating profit of £168 million was down 5% against 2003. Cost efficiencies and lower restructuring and impairment charges mitigated the impact of reduced revenues at the operating profit level.

As a result, Reuters operating margin was 7.1% in 2004 compared to 6.7% in 2003.

Profit before taxation

	Year to 31 December		
	2004 £m	Restated 2003 £m	Restated 2002 £m
Affiliates/investment income	5	(28)	(61)
Net interest payable	(10)	(34)	(26)
Amortisation/impairment of affiliate intangibles and investments	(5)	(17)	(54)
Profit/(loss) on disposals	223	3	(30)
Profit before taxation	381	102	26

Reuters share of income from affiliates and investments was £5 million in 2004. This was a £33 million improvement on the £28 million operating loss reported in 2003. The most important contributor to this turnaround was Radianz, where losses fell from £27 million in 2003 to £6 million in 2004. Other factors were a profit of £4 million from Factiva (2003: £4 million), a profit of £3 million from TSI (2003: £10 million loss) and a profit of £2 million from GL TRADE (2003: £5 million profit), which was sold during the year. Other associates contributed a profit of £2 million in aggregate (2003: £nil).

Reuters total amortisation and impairment of affiliate intangibles and investments was £5 million. The reduction from prior years largely reflects the disposal of companies from Reuters portfolio.

Profit on disposals at Reuters totalled £223 million. As part of the Fast Forward programme, the portfolio of companies continues to be scaled back. During 2004, Reuters sold its holdings in a number of companies including TowerGroup, Yankee, ORT, GL TRADE and Riskmetrics and significantly reduced its stake in TSI.

Reuters net interest expense was £10 million in 2004. The reduction from prior years primarily relates to lower net debt as a result of proceeds from the rationalisation of the portfolio of companies.

In 2004, Reuters profit before taxation was £381 million, up from £102 million in 2003. This growth was primarily driven by a £220 million increase in profits from asset disposals, a £33 million improvement in affiliate and investment income, lower net interest charges (£24 million) and reductions in amortisation and impairment charges (£12 million).

EPS

Reuters recorded basic earnings per share of 23.5 pence in 2004, compared to 5.5 pence in 2003. This follows the higher level of Reuters profit after taxation of £329 million (2003: £77 million).

Instinet Group

Revenue, operating costs, operating result and margin

	Year to 31 December		
	2004 £m	Restated 2003 £m	Restated 2002 £m
Revenue	530	578	610
Trading costs	(486)	(557)	(624)
Restructuring costs	(8)	(44)	(96)
Amortisation of goodwill and other intangibles of subsidiaries	(7)	(12)	(21)
Impairment of subsidiaries	–	(13)	(208)
Operating costs	(501)	(626)	(949)

2004. Currency movements, particularly the weak US dollar, contributed £113 million of the decline. Operating costs, excluding restructuring charges, amortisation of goodwill and other intangibles and goodwill impairment, reduced by 11%.

Amortisation charges of £55 million in 2004 were lower than in 2003, principally due to the disposals of TowerGroup, Yankee and ORT. There was a £14 million charge related to Bridge Trading for the impairment of subsidiaries in 2004 (2003: £7 million).

Operating profit and margin

	2004 £m	2003 Restated £m	2002 Restated £m
Operating profit	168	178	197
Operating margin	7.1%	6.7%	6.6%

Operating profit/(loss)	29	(48)	(339)
Operating margin	5.4%	(8.2%)	(55.6%)

Note:

1 Restated following the reclassification of transaction-related regulatory fees following recently issued SEC guidance (See 'Accounting Basis' on page 72).

OPERATING AND FINANCIAL REVIEW

continued

Instinet Group's revenue was £530 million in 2004, 8% lower than 2003, reflecting improved trading performance offset by the negative impact of a weaker US dollar. Revenue rose in the fourth quarter of 2004, both at Instinet, the institutional broker, and at INET, the electronic market place, reflecting higher equity market volumes.

Operating costs continued to fall, driven by a 17% reduction in headcount to around 1,000 people at year end.

In 2004, restructuring charges totalled £8 million, down from £44 million in the prior year. Amortisation and impairment of subsidiaries goodwill was £7 million, compared to £25 million in 2003. The higher 2003 charge primarily reflected impairment charges taken against Island ECN technology assets.

Instinet Group's 2004 operating profit was £29 million, compared to a loss of £48 million in 2003. This reflects strong cost control ensuring that efficiency gains exceeded the decline in revenues. The operating margin at Instinet Group was 5.4% in 2004 and represents an improvement over 2003.

Profit/(loss) before taxation

	Year to 31 December		
	2004 £m	Restated 2003 £m	Restated 2002 £m
Affiliates/investment income	1	–	(1)
Net interest receivable	6	5	6
Amortisation/impairment of affiliate intangibles and investments	–	(2)	(38)
Profit/(loss) on disposals	20	(1)	2
Profit/(loss) before taxation	56	(46)	(370)

Instinet Group reported £1 million of income from affiliates and investments (2003: £nil). This relates to dividends received from the London Stock Exchange.

Net interest income was £6 million in 2004, compared to income of £5 million in 2003, due to higher US dollar interest rates in the second half of 2004.

Instinet Group reported no amortisation or impairment of affiliate intangibles and investments in 2004 (2003: £2 million). The 2003 results contained impairment charges relating to Tradeware and Instinet Group Exchange, both of which were written down in 2003 to nil carrying value.

Instinet Group reported £20 million of profit on disposals in 2004 compared to a £1 million loss in 2003. The 2004 sales are of stakes in Euronext, the London Stock Exchange and Archipelago.

Instinet Group's profit before taxation was £56 million in 2004, compared to a loss of £46 million in 2003. This movement is largely due to improvements in operating profit combined with higher profit from disposals.

2004 CASH FLOW

Summarised Reuters Group cash flow

	Year to 31 December	
	2004 £m	2003 £m
Net cash inflow from operating activities	253	429
Dividends received from joint ventures and associates	4	3
Returns on investments and servicing of finance	(10)	(28)
Taxation paid	(43)	(33)

Reuters Group

Reuters Group had net funds of £326 million as at 31 December 2004 (2003: net debt of £77 million) consisting of net funds in Instinet Group of £495 million (a significant portion of which is required to be held for regulatory capital and/or business purposes) and net debt in Reuters of £169 million.

Reuters Group net cash inflow from operating activities was £253 million compared to £429 million in 2003. This difference was mainly due to working capital movements arising from a decrease in creditors due to a reduction in operating costs at Reuters of 12%, a reduction in provisions, and movements in counterparty debtors and creditors in Instinet Group. Additionally, Reuters experienced an increase in debtors of £18 million relating to an interim funding payment in connection with the pending acquisition of Telerate (see 'Related party transactions and material contracts – Other material contracts – Telerate acquisition agreement' on page 89).

Reuters

Reuters net debt position as at 31 December 2004 was £169 million, compared to £610 million as at 31 December 2003. The movement of £441 million was primarily due to net cash proceeds from disposals of £434 million, with the largest contributor being the sale of a majority of the holding in TSI. The net debt position was also improved by: reduced capital expenditure due to a reduction in subscriber equipment spend and the phasing of some major project expenditure; cash inflows from property disposals in connection with the relocation of Reuters London operations to Canary Wharf; cash inflows from property sale and leaseback transactions in the US; lower interest payments due to the reduction in net debt; and reduced taxation payments. These cash flows offset the reduction in net cash inflow from operating activities and cash payments for acquisitions of £78 million, with the largest contributor being the purchase of the remaining 49% of Radianz.

Instinet Group

Instinet Group's net funds position reduced by £38 million from £533 million as at 31 December 2003 to £495 million as at 31 December 2004. This movement was driven by net cash outflows from operating activities, increased capital expenditure and increased taxation payments offset by proceeds from the disposal of fixed asset investments.

Reuters free cash flow

Reuters generated free cash flow of £211 million in 2004 (2003: £197 million), providing funds of 1.5 times the dividend of £140 million. The interim funding payment represents payments made to Telerate in respect of the planned acquisition (see 'Telerate Acquisition Agreement' on page 89). A reconciliation of net cash inflow from operating activities to free cash flow is shown below:

Reuters Group reconciliation of net cash inflow from operating activities to free cash flow	Year to 31 December 2004		
	Reuters £m	Instinet Group £m	Reuters Group £m
Net cash inflow/(outflow) from operating activities	287	(34)	253
Dividends received from joint ventures and associates	4	–	4
Returns on investment and servicing of finance	(19)	9	(10)
Taxation paid	(38)	(5)	(43)
Capital expenditure and financial investments	(41)	22	(19)
Interim funding payment	18	–	18
Free cash flow	211	(8)	203

Year to 31 December 2003

Capital expenditure and financial investment	(19)	(110)
Acquisitions and disposals	362	(106)
Equity dividends paid	(140)	(140)
Proceeds from the issue of shares	6	–
Other movements ¹	(10)	(26)
Movement in net funds/(debt)	403	(11)
Opening net debt	(77)	(66)
Closing net funds/(debt)	326	(77)

Net cash inflow from operating activities	401	28	429
Dividends received from associates	3	–	3
Returns on investment and servicing of finance	(35)	7	(28)
Taxation paid	(65)	32	(33)
Capital expenditure and financial investments	(107)	(3)	(110)
Free cash flow	197	64	261

Notes:

- ¹ Other movements relates to net debt/funds arising on acquisition/disposals, non-cash movements and translation differences (see the 'Reconciliation of net cash flow to movement in net funds/(debt)' on page 50).

2003 RESULTS COMPARED WITH 2002

Reuters Group

Revenue

Reuters Group revenue declined by 10% in 2003 to £3,235 million.

Operating costs

Reuters Group operating costs in 2003 were £3,105 million, a reduction of 17% over 2002. This was the result of actions taken at both Reuters and Instinet Group in 2003 to reduce the operating cost base. Impairment and goodwill amortisation also fell from £315 million in 2002 to £121 million in 2003.

Operating profit and margin

Reuters Group operating loss of £142 million in 2002 was converted to a £130 million profit in 2003. Reuters Group operating margin was 4.0% in 2003.

Profit before taxation

Reuters Group share of affiliates' losses decreased from £62 million in 2002 to £28 million in 2003. The main driver of this was a £31 million improvement in TSI, due to stronger cost control, minimal restructuring charges compared to 2002 and a £2 million gain on investments compared to a £4 million loss in 2002. The other key affiliates, Radianz and Factiva, contributed a broadly similar performance in 2003 as in 2002.

The net interest charge increased from £20 million in 2002 to £29 million in 2003. This was partly due to the Multex acquisition and also to a £4 million reduction in the interest receivable by affiliates due to the falling value of US dollar interest earnings. Included in the interest charge was a write-off of front-end fees of £4 million attached to Reuters syndicated loan facility.

Impairment charges and net disposal losses decreased from £109 million in 2002 to £10 million in 2003. Losses in 2003 included a £17 million provision in respect of the disposal of two London-based properties as part of the Fast Forward programme. In 2002, there were £81 million of charges taken to reflect a reduction in the carrying value of various investments held by the Group and net losses on disposal of £28 million. The losses included a £19 million loss on the deemed disposal of a portion of the Group's investment in Instinet Group, following the Island acquisition.

Reuters Group reported a profit before taxation of £56 million in 2003 compared to a loss of £344 million in 2002. The 2003 profit was made up of a £102 million profit in Reuters, partly offset by a £46 million loss in Instinet Group. Excluding amortisation of goodwill and other intangibles, impairments and disposals, Reuters Group profit before taxation was £194 million, up from £91 million in 2002.

Taxation charge

The taxation charge for 2003 was £22 million, £1 million lower than 2002, when a charge arose due to the non-deductible nature of amortisation charges, and certain write downs, as well as from a dividend paid by Instinet Group.

EPS

Reuters Group recorded basic earnings per share of 3.6 pence, as compared to a 18.3 pence loss per share in 2002. The 2003 EPS reflected the Reuters Group's return to a net profit. The loss in 2002 primarily reflected the £317 million non-cash impairment charges in that year.

Reuters Group EPS before amortisation of goodwill and other intangibles, impairment of goodwill, disposals and non-recurring tax effects of impairments, reorganisations and disposals was 11.4 pence (2002: 6.9 pence). The improvement in EPS was largely due to cost savings outstripping revenue decline.

Cash Flow

Reuters Group had net debt of £77 million as at 31 December 2003, an increase of £11 million from 2002. This consisted of net funds in Instinet Group of £533 million (2002: £518 million) and net debt in Reuters of £610 million (2002: £584 million). Reuters Group net cash inflow from operating activities was £429 million in 2003 compared to £355 million in 2002. The improvement in Reuters Group net cash

Reuters

Revenue

Reuters revenue was down 11% to £2,664 million in 2003, reflecting weak trading conditions in global financial markets.

Operating costs

Reuters operating costs were £2,486 million in 2003, a reduction of £309 million (11%) from 2002. This decrease was driven by savings from Fast Forward and earlier transformation programmes.

Operating profit and margin

Reuters operating profit decreased by £19 million in 2003 to £178 million, largely driven by an increase in restructuring charges. Excluding amortisation of goodwill and other intangibles, impairments and restructuring charges, Reuters generated an operating profit of £408 million (2002: £395 million), with the 3% increase reflecting strong cost control across all business units.

Reuters operating margin was 6.7% in 2003 on an actual basis (2002: 6.6%), and increased from 13.2% to 15.3% before amortisation of goodwill and other intangibles, impairments and restructuring.

Instinet Group

Revenue

Instinet Group revenue was down 5% to £578 million, largely reflecting the adverse impact of the weaker US dollar on Instinet Group revenues.

Operating loss

Instinet Group's operating loss decreased from £339 million in 2002 to £48 million in 2003, mainly due to once-off goodwill amortisation and impairment charges of £229 million in 2002.

04 OPERATING REVIEW

Reuters

Revenue

Revenue by type	Year to 31 December		
	2004 £m	2003 £m	2002 £m
Recurring	2,164	2,456	2,707
Usage	108	103	122
Outright	89	105	163
Total Reuters	2,361	2,664	2,992

Reconciliation of UK GAAP percentage change to underlying 2004 over 2003

	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Recurring	(5%)	(5%)	(2%)	(12%)
Usage	11%	(11%)	5%	5%
Outright	(10%)	(5%)	–	(15%)
Total Reuters	(5%)	(5%)	(1%)	(11%)

Reuters classifies revenue into three distinct types – recurring, outright and usage. Recurring revenue, which makes up approximately 92% of Reuters 2004 revenues, refers to the sale of subscription products and includes maintenance fees from solutions sales. Recurring revenue declined by 11.9% on an actual basis to £2,164 million and by 5.4% on an underlying basis, reflecting a gradually improving market environment. This compares with a decline in the previous year of 9.3% on an actual basis and 10.2% on an underlying basis.

Outright revenue, comprising approximately 4% of Reuters 2004 revenues, is principally derived from the sale of software and hardware solutions. Outright revenue declined by 15% on an actual

inflow was due to a £117 million increase in Instinet Group's net cash inflow, due to movements in net counterparty debtors and creditors. Reuters net cash inflow of £401 million was £43 million lower than in 2002, mainly due to lower revenues.

basis, or 10% on an underlying basis, to £89 million as we exited bespoke solutions sales as part of Fast Forward and market conditions continued to be difficult.

Usage revenue, approximately 4% of Reuters 2004 revenues, is principally derived from Dealing Matching and Bridge Trading products where revenue is generated based on trading volumes. In 2004, usage revenue grew by 5% on an actual basis and 11% on an underlying basis, to £108 million.

OPERATING AND FINANCIAL REVIEW

continued

Trends in user accesses and average revenue per access (ARPA)

User accesses declined by approximately 10,000 over the year as a whole. However, they have increased since a low point at the end of Q1, increasing by 14,000 since March 2004. User accesses were restated to reflect the exclusion of mobile and other low-cost accesses. ARPA decreased 1% on an actual basis, but increased 2% on an underlying basis over 2003, reflecting a higher proportion of premium products, primarily due to upgrades and the removal of accesses at the lower end of the price range.

Revenue by customer segment

	Year to 31 December		
	2004 £m	Restated 2003 £m	Restated 2002 £m
Sales & Trading	1,180	1,300	1,461
Research & Asset Management	235	290	283
Enterprise	481	560	666
Media	144	153	155
Recoveries	321	361	427
Total Reuters	2,361	2,664	2,992

Prior year comparatives have been restated to reflect the organisational structure in place during 2004.

Reconciliation of UK

GAAP

percentage change to underlying 2004 over 2003

	Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
Reuters Xtra	12%	(5%)	–	7%
Reuters Trader	(25%)	(4%)	–	(29%)
Sales & Trading	(4%)	(5%)	–	(9%)
Reuters Xtra	9%	(7%)	–	2%
Reuters Trader	(43%)	(2%)	–	(45%)
Knowledge	56%	(4%)	(91%)	(39%)
Wealth Manager	2%	(7%)	–	(5%)
Research & Asset Management	2%	(6%)	(15%)	(19%)
Datafeeds	(15%)	(4%)	–	(19%)
Market Data Systems	(10%)	(3%)	–	(13%)
Risk	(2%)	(4%)	–	(6%)
EIP	57%	(14%)	–	43%
Other	(15%)	(6%)	(6%)	(27%)
Enterprise	(9%)	(4%)	(1%)	(14%)
Media	(2%)	(5%)	1%	(6%)
Recoveries	(7%)	(4%)	–	(11%)
Total Reuters revenue	(5%)	(5%)	(1%)	(11%)

In 2004, Reuters redefined its Customer Segments and organised its products into product families. For details see pages 7-8 in 'Company information'. Revenue from the Xtra product family is divided between Sales & Trading (93%) and Research & Asset Management (7%). For details, see 'Segmental analysis' note on pages 44-45. The

customers. Around 16,000 of the 19,000 additional positions of Reuters 3000 Xtra installed in 2004 were upgrades of existing accesses, with the balance made up by new business. There were around 18,000 Dealing user accesses at the end of the year. Access numbers grew by more than 100 during the year, despite competitive pressure from the EBS/Bloomberg alliance. This reflected the success of the vigorous sales campaign to defend this revenue stream.

ARPA for the Reuters Xtra product family declined by 13% year-on-year on an actual basis, or 9% on an underlying basis. The factors driving this were an increased proportion of Reuters 3000 Xtra accesses (including some upgrades offered on a temporary basis to mitigate the delay in Reuters Trader), more customers moving into higher discount bands as their installed base increased and the impact of the weaker US dollar on revenues generated from some larger customers whose 3000 Xtra accesses are priced in US dollars.

Revenue from the Reuters Trader product family (which comprises Reuters Trader, 2000/3000 series products and regional products), fell by £177 million, to £416 million, a decline of 26% on an underlying basis. This was caused primarily by the migration of users of legacy products to 3000 Xtra and, to a lesser extent, by cancellations and by competitive losses. Recurring revenue from legacy 2000/3000 series products totalled £212 million, falling 42% on an actual basis.

Reuters Trader family accesses declined by 24% during the period. 2000/3000 series product accesses declined by 35% year-on-year, driven by migration activities. The rollout of the new Reuters Trader product in Europe was slower than expected due to post-launch product issues, and further work is underway to optimise overall product performance. In total, there were 4,300 Reuters Trader accesses installed by the end of 2004. ARPA for the Reuters Trader family declined by 4% year-on-year on an actual basis or 2% on an underlying basis.

Usage revenue in Sales & Trading was down 3% on an actual basis but showed growth on an underlying basis compared to 2003. Volatility in the foreign exchange markets and an extension of the product to support trading in derivatives drove 4% growth in Dealing Matching revenues compared to 2003.

Research & Asset Management

Revenue from Research & Asset Management accounts for 10% of Reuters revenues. In 2004, revenue fell by £55 million to £235 million. This reflected the impact of the disposals of ORT, TowerGroup and Yankee which caused actual revenues to decline by 19%. On an underlying basis, the segment's revenue increased by 2%. Within Research & Asset Management, revenue is derived from the Reuters Knowledge and Reuters Wealth Manager product families. The Research & Asset Management segment also generated £73 million in revenue from the Reuters Xtra and Reuters Trader product families.

The Reuters Knowledge product family comprises Reuters Knowledge for Investment Management, Reuters Knowledge for Corporates and Reuters Research. Disposals drove an actual decline of 39% in Knowledge family revenue to £65 million, but a strong product line and a global sales campaign among investment management firms drove excellent underlying growth of 56%. The Reuters Wealth Manager product family includes Reuters Wealth Manager, Reuters Plus and Lipper. Revenue fell by £6 million to £97 million, but increased by 2% on an underlying basis. The actual decline was driven mainly by the effect of the weaker US dollar on Reuters Plus revenue. Reuters Plus revenue increased by 11% on an underlying basis and Lipper revenue by 9% on an underlying basis.

8,400 positions of Reuters Knowledge were installed at the end of 2004. Within the Reuters Wealth Manager family, access growth was level. Good growth in Reuters Plus accesses was offset by a decline in Reuters Market Monitor (RMM) accesses. Reuters Wealth Manager, launched in September 2004, provides a migration path for RMM accesses and achieved around 4,400 sold accesses at the end of the year.

performance of the Xtra product family is discussed under Sales & Trading.

Sales & Trading

Revenue from Sales & Trading, which accounts for 50% of Reuters revenues, was £1,180 million, a decline of 9% on an actual basis and 4% on an underlying basis. Within Sales & Trading, revenues are derived from the Reuters Xtra and Reuters Trader product families.

Revenue from the Reuters Xtra product family (which comprises 3000 Xtra, Dealing, Reuters Station, Reuters Electronic Trading and Securities Transactions) increased by £51 million to £837 million. Total revenue from Reuters 3000 Xtra was £494 million, up 18% on an actual basis. Dealing revenues of £238 million, which include both subscription and matching revenues, decreased by 8% on an actual basis.

The installed base of 3000 Xtra grew steadily through 2004 and reached 88,000 at the end of the year, a 27% year-on-year increase. This reflected increased traction from the enterprise-wide deals signed with some of our largest

ARPA across the Reuters Knowledge and Reuters Wealth Manager families remained the same in 2004 on an actual basis, but increased 8% on an underlying basis, driven by the successful rollout of higher-priced Reuters Knowledge products.

Enterprise

Revenue from the Enterprise segment, which accounts for 20% of Reuters revenues, fell by £79 million to £481 million, a decline of 14% on an actual

basis and 9% on an underlying basis. Within Enterprise, revenues are derived from four product lines, offering customers fully integrated business solutions. Risk Management and Enterprise Information Products both have good potential for growth, and account for 24% of total Enterprise revenues. Datafeeds and Market Data Systems are more established businesses with strategically vital capabilities, that sit at the heart of Reuters new transactions offer.

Enterprise Information Products generated revenue of £34 million and grew by 43% on an actual basis and 57% on an underlying basis in 2004, driven by a solid product offering and renewed market focus on data usage compliance.

Risk Management acquired 30 new customers during 2004 and continued to show good potential despite a 6% actual decline or a 2% underlying decline in revenues this year.

Datafeed revenues showed an annual decline of 19% on an actual basis and 15% on an underlying basis while Market Data Systems declined 13% on an actual basis and 10% on an underlying basis. These declines were driven by Reuters withdrawal from its consulting business as part of Fast Forward, major customers consolidating systems into larger centres and an aggressive campaign by Reuters to migrate small and medium sized customers to newer, desktop-based offerings. Nevertheless, Reuters continues to be uniquely placed to supply sophisticated enterprise solutions to customers with technology-intensive businesses.

Media

Revenue from Media, which accounts for 6% of Reuters revenues, declined by £9 million to £144 million, an actual decline of 6% and an underlying decline of 2%. Within Media, revenues are derived from the Text, Visuals, Consumer and Advertising Services product lines.

The main driver of the decline in Media revenue was Reuters decision to restrict access to premium news distributed through internet content aggregators, and to retain it exclusively for distribution through Reuters own consumer websites. This policy has resulted in an increase in reuters.com site traffic which has helped to increase consumer revenues to £7 million in 2004, compared to £2 million in 2003.

Recoveries

Recurring revenue from recoveries, including exchange fees and 'last mile' communications costs totalled £321 million, a decline of 11% on an actual basis and 7% on an underlying basis.

Operating costs

	Year to 31 December		
	2004 £m	Restated ¹ 2003 £m	Restated ¹ 2002 £m
Customer Segments	166	250	278
Channels	822	940	1,093
Operations & Technology	630	674	728
Content	262	278	295
Corporate services/other	124	114	203
Trading costs	2,004	2,256	2,597
Restructuring costs	120	134	112
Amortisation of goodwill and other intangibles of subsidiaries	55	89	86
Impairment of subsidiaries	14	7	-
Operating costs	2,193	2,486	2,795

Note:
1 Restated to reflect the new management structure and following adoption of UITF17 and UITF38 (see 'Accounting Basis' on page 72).

Reconciliation of UK GAAP percentage

Underlying change	Impact of currency	Impact of acquisitions & disposals	Actual change
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Operating costs were £2,193 million in 2004 compared to £2,486 million in 2003. The principal drivers of the reduction in operating costs of £293 million were the Fast Forward transformation programme and the impact of currency movements. Employee costs fell by a net 10%, with reductions in headcount through Fast Forward initiatives and divestments partly offset by more employees being hired into customer-facing roles and increased numbers of content production and product development staff in lower-cost locations. Property costs reduced by £25 million, or 13% on an actual basis, as consolidation of office space continued. Communications costs declined by £46 million, or 13% on an actual basis, as a result of the weakened US dollar and Fast Forward initiatives. Research and development expenditure totalled £128 million in 2004 compared with £136 million in 2003 and £154 million in 2002. The decline in Reuters research and development costs largely reflects the impact of efficiency and cost reduction measures across the development organisation and has been driven partly by moving development resources into lower-cost locations. In 2004, notable areas of spend included electronic trading systems and enhancements to products within the Xtra Family and Risk.

Customer Segments

Customer Segments expenditure totalled £166 million, and accounted for 8% of trading costs in 2004. This reduced by £84 million over 2003, 33% on an actual basis and 14% on an underlying basis. The reduction was primarily driven by divestment of subsidiaries and net headcount reductions.

Channel

Channel costs totalled £822 million, and accounted for 41% of 2004 trading costs, a reduction of £118 million from 2003, 12% on an actual basis and 8% on an underlying basis. Close to half of Channel costs consist of recoveries and employee-related costs. The majority of underlying cost savings in 2004 came from staff cost reductions. Property rationalisation also contributed to savings. Increased investment in client training and customer support activities was outweighed by streamlining and efficiency gains.

Operations & Technology

Operations & Technology costs totalled £630 million, accounting for 31% of 2004 trading costs, a reduction of £44 million versus the prior year. Costs fell 7% on an actual basis but remained flat on an underlying basis. This compared with an actual reduction in 2003 of 7%. The underlying savings were achieved mainly in product development, principally from headcount reduction and through relocating resources to more cost-efficient locations and continuing to close down certain development facilities.

Content

Content costs, comprising Data and Editorial, totalled £262 million in 2004, representing 13% of trading costs, a decrease of £16 million from the prior year, or 6% on an actual basis and 1% on an underlying basis, compared with a reduction of 6% on an actual basis in 2003. Productivity improvements and efficiencies in third party data expenditure were partly offset by investment in coverage of the year's major news events, such as the US Elections and the Olympics.

Corporate services/other

Costs from Corporate services, which comprises corporate head office functions and internal services, and other costs totalled £124 million, and accounted for 7% of trading costs in 2004. An increase of £10 million from the prior year, or 8% on an actual basis and 15% on an underlying basis, was driven mainly by a reduction in currency gains relative to 2003.

Restructuring

The Fast Forward programme resulted in a restructuring charge of £120 million in 2004 within operating profit. This compared with Fast Forward restructuring charges of £134 million, net of a £10 million release of legacy programme provisions, in 2003, and to previous business transformation plan charges of £112 million in 2002.

In 2004, Fast Forward delivered a further £159 million in cost savings leading to cumulative savings from the programme of £234 million. 900 employees were made redundant during the course of 2004, most

**change to underlying
2004 over 2003**

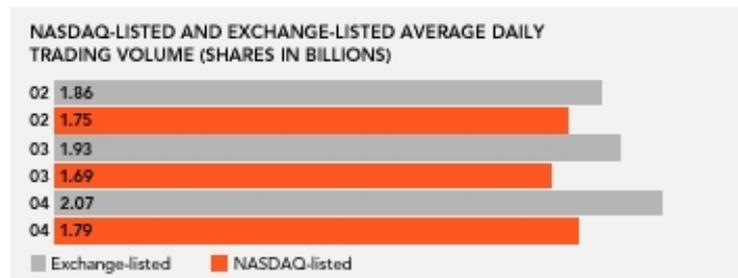
Customer Segments	(14%)	(4%)	(15%)	(33%)
Channels	(8%)	(4%)	–	(12%)
Operations & Technology	–	(7%)	–	(7%)
Content	(1%)	(6%)	1%	(6%)
Corporate services/other	15%	(5%)	(2%)	8%

Trading costs	(4%)	(5%)	(2%)	(11%)
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of whom have already left the company, with the rest expected to leave in 2005.

OPERATING AND FINANCIAL REVIEW

continued

Instinet Group

A key driver of Instinet Group's business is average daily trading volume in the US securities markets, which increased in 2004 after moderate annual decreases over the previous five years. From 2000 through to early 2003, these markets experienced significant volatility and declines in volume associated with the weaker economic climate, a reduction in corporate transactions and a generally more difficult business environment. Overall trading volume increased in 2004 over 2003 levels primarily due to the continuing economic recovery, an increase in the level of corporate transactions and increased investor confidence. Instinet Group's business is also affected, though to a lesser extent, by changes in trading volumes in non-US markets, which experienced considerable volatility and significant declines in volume from 2000 through to 2003, followed by recent increases in stock prices. Overall, non-US markets grew in 2004 compared to 2003, with very strong year-on-year gains in Asian markets.

A significant portion of securities traded in Instinet Group's business are NASDAQ-listed securities. Average daily trading volume in NASDAQ-listed stocks was down 3.7% for the full year 2003 compared to 2002, but increased 6.4% in 2004, and has continued to increase in the first two months of 2005 compared to average 2004 levels. Average daily trading volume in US exchange-listed stocks has grown steadily over the past five years, although the growth has slowed since 2001. For 2004, average daily volume of US exchange-listed stocks increased 9.0% over 2003 levels.

Overall market share for INET, the electronic market place, increased slightly to 13.4% of total US market share volume for 2004 from 13.3% in 2003, while the actual number of shares matched in INET's marketplace increased by 9.2% to 131 billion shares in 2004 compared to 120 billion shares in 2003. In 2002, including the acquisition of Island at the end of the third quarter, INET's overall market share was 8.4%, or 76 billion shares, of total US market share volume. Overall market share for Instinet, the institutional broker, decreased to 2.7%, or 26 billion shares, of total US equity trading volume for 2004 compared to 2.8%, or 25 billion shares, in 2003 and 2.5%, or 23 billion shares in 2002.

The volatility in market share reflects the intense competitive environment within the brokerage business, which has resulted in price reductions since 2001. In September 2001, INET reduced average prices by 11% with a new pricing schedule for US broker-dealer customers. In March 2002, INET began offering broker-dealer rebates. In October 2003, it reduced pricing for routing orders in NASDAQ-listed stocks to other trading venues through its automated smart order-routing system by 37% and introduced tiered pricing

commissions, the decrease of NASDAQ market making and diminished investment banking fee revenues, which have compelled them to spend more time looking for additional profit-generating opportunities. This has led traditional brokerage firms to increase their focus on offering algorithmic trading, program trading and direct market access to institutional customers. These firms now directly compete with Instinet in price and technology to provide these services to customers. As a result, customers have become more demanding and cost conscious. Instinet pricing for US equities, measured in cents per share, declined 2.6% in 2004 and 10.1% in 2003, and pricing for non-US equities, measured as a percentage of the total consideration of the trade, declined 5.4% in 2004 and 1.7% in 2003. Going forward, Instinet expects institutional pricing to continue to decline amid strong competition for customer business.

Instinet Group continues to monitor future price competition and evaluate its pricing structures as part of its ongoing efforts to allow its businesses to remain competitive. The Reuters Group is unable to anticipate whether the changes in trading volumes and pricing are indicative of future trends, although management expectation is that the intense competition may continue, and if it or the other adverse factors continue or intensify, Instinet Group's revenues could be adversely affected.

05 EXPECTED FUTURE PERFORMANCE**Reuters**

Reuters expects underlying recurring revenues for the first quarter of 2005 to decline by around 1.5% compared to the same period in 2004. With net sales off to a good start early in 2005, the company expects further gradual improvement in the decline in recurring revenues in the second quarter.

Reuters will continue to reduce its operating expenditure in 2005, with over £100 million of cost savings expected to be delivered under the Fast Forward transformation programme this year. This will bring the cumulative total cost savings to approximately £340 million by the end of 2005, on track to realise the full £440 million of promised savings by the end of 2006. The Fast Forward restructuring charge for 2005 is expected to be around £80 million. This figure is higher than originally expected because the Fast Forward restructuring charge now includes certain once-off expenditure associated with completing the move of Reuters London operations to Canary Wharf.

In 2005, Reuters expects an increase in capital expenditure to reflect approximately £30 million of fit-out costs for the company's new London headquarters in Canary Wharf and an additional £30 to £40 million to build data centre capacity and improve service resilience.

Instinet Group

Instinet remains committed to bringing down its fixed costs throughout the year. Its cost reduction plan for 2005 includes reducing its spending on technology, consolidating office space and reducing discretionary expenses which collectively are expected to reduce annualised costs (excluding staff costs) by approximately £26 million by the end of the fourth quarter of 2005 when compared to the third quarter of 2004.

Pending acquisition of Telerate

On 20 December 2004, Reuters entered into agreements to acquire substantially all of the business of Telerate as well as a subsidiary of Quick that serves as the exclusive distributor of Telerate products in Japan. The Telerate purchase price will be US\$100 million (£52 million), subject to adjustment for working capital and an increase by an amount currently estimated to be US\$28 million (£15 million) to the extent certain actions Telerate may independently take prior to closing result in corresponding reduction of Reuters anticipated post-closing restructuring costs, plus Reuters 14% stake in Savvis (which is currently convertible into approximately 76 million shares of Savvis common stock). The purchase price for the Quick subsidiary will be JPY1.1 billion (£5 million) in cash, subject to certain adjustments, and Reuters current 4.85% holding in Quick. Telerate's 2003 revenue was US\$292 million (£152 million). For 2004 (unaudited and based on

offering lower prices to customers based on volume levels. In October 2004, INET introduced a new pricing schedule for transactions in US exchange-listed stocks. In January 2005, INET announced that it would share up to 50% of its market data revenue for certain American Stock Exchange transactions.

Instinet also operates in a highly competitive environment. Traditional brokerages have also been severely impacted by tighter spreads, smaller

information from Telerate management), Telerate's revenue was US\$274 million (£143 million), with an operating loss of US\$42 million (£22 million) before depreciation and amortisation. Reuters expects to spend around £40 to £45 million, including approximately £15 million as part of the purchase price described above, to integrate Telerate fully. The result is that the acquisition is expected to be dilutive to Reuters EPS during the integration period. Upon completion of integration, which is expected to take around 18 months, the acquisition is expected to

become accretive to Reuters EPS before amortisation of goodwill and other intangibles, impairments, disposals and non-recurring tax effects of impairments, reorganisations and disposals and to Reuters operating margins before amortisation of goodwill and intangibles, impairments and restructuring charges. Both the EPS and margin calculations are based on UK GAAP per Reuters current reporting. Starting in 2005, Reuters will be reporting under the new IFRS standards, which are not expected to significantly affect the amount of EPS accretion or the impact of margin from the acquisition, but may affect Reuters core EPS calculation. The transactions are expected to complete around mid-2005, subject to regulatory approvals for the Telerate acquisition and other customary conditions. For more information, see pages 7 and 89.

06 TREASURY POLICIES, FINANCING AND FOREIGN EXCHANGE

Reuters Group treasury function is a cost rather than profit centre. As such, all transactions which are undertaken are designed to mitigate risk within the business or to secure committed funding. At no time are speculative transactions undertaken nor transactions without an underlying commercial rationale.

The key objectives of the treasury function are to ensure sufficient liquidity exists to meet funding needs and to manage the interest rate and currency risks arising from Reuters Group's operations and its sources of finance. All treasury activity takes place within a formal control framework under policies approved by the Board. A separate treasury function exists within Instinet Group.

FINANCING

Reuters finances its operations by a mixture of cash flows from operations, short-term borrowings from banks and commercial paper markets, backed up as required by committed bank facilities and finance from capital markets. Reuters manages its net debt position and interest costs to support its continued access to the full range of debt capital markets. Reuters expects to be able to finance its current business plans, including the Telerate acquisition (in connection with which Reuters expects to receive approximately US\$22 million; see 'Related party transactions and material contracts – other material contracts – Telerate transitional services agreement' on page 90), from ongoing operations and its external facilities.

Net cash flows are generally either applied to reduce debt or placed in short-term investments with financial institutions holding strong credit ratings within pre-agreed limits set by the Board. As at 31 December 2004, the Group held cash and short-term investment balances of £836 million, of which £503 million was held by Instinet Group.

Reuters borrows in various currencies, at both fixed and floating rates, and uses derivative contracts to create the desired currency and interest rate basis. The conversion of net investments in overseas subsidiaries into the Group's reporting currency of sterling creates translation exposure. To help mitigate this effect, to the extent that the Group has core debt, it will be held in currencies approximately proportionate to the currency profile of the Group's net assets, including its net investment in Instinet Group.

In broad terms, using the average net funds position, a 1% increase in global interest rates would have reduced profit before tax in the year by approximately £2 million (2003: £2 million, 2002: £1 million) excluding the impact of hedging.

Syndicated credit facility

In April 2003, Reuters entered into a committed syndicated credit facility for £1.0 billion. £520 million of the facility either expired or was voluntarily cancelled in 2004. At 31 December 2004, Reuters had £480 million available under the facility. The facility was undrawn during 2004. The commitment expires and final repayment is due in April 2008.

The facility is generally on customary terms and conditions. Drawings under the facility may be made in sterling, euros or other currencies agreed at the time and bear interest at LIBOR plus a margin, variable according to the long term credit rating of Reuters Group. The facility cross-defaults upon default by Reuters in payment or acceleration of any other borrowings in excess of £20 million. The facility contains two financial covenants: that Reuters operating profit before interest, tax and amortisation (subject to certain adjustments) should be greater than 2.75 times net finance charges and that Reuters net borrowings

Bilateral loan facilities

At the same time as the syndicated credit facility was arranged, committed bilateral facilities of £90 million were also put in place on similar terms. During 2004, £66 million of the facilities either expired or were voluntarily cancelled. At 31 December 2004, Reuters had £24 million available. The facility was undrawn during 2004.

Euro Commercial Paper Programme

A £1.5 billion Euro Commercial Paper Programme is available, in respect of which Reuters had outstanding obligations of £70 million at 31 December 2004, repaid in January 2005. The minimum outstanding during 2004 was £nil and the maximum was £70 million.

The programme is generally on customary terms and conditions, including a condition that the company should not be in default on any other debt or similar obligation. The programme has no final maturity date and there is no requirement to update the programme documentation. Debt is issued at market rates agreed between the issuer and the dealer. The programme documentation contains no financial covenants.

Euro Medium Term Note Programme

Reuters also has available a £1 billion Euro Medium Term Note Programme. At 31 December 2004, Reuters had outstanding obligations of £387 million under the programme, repayable at various dates up to November 2010 including a €500 million public bond, issued in November 2003 and maturing in November 2010. The minimum outstanding during 2004 was £387 million and the maximum was £727 million.

The programme is generally on customary terms and conditions. The programme has no final maturity date but the offering circular, containing financial information, is updated each year to allow issuance to continue. Debt is issued at market rates agreed between the issuer and the dealer. The programme documentation contains no financial covenants and notes in issue have no cross-default provision.

Short-term uncommitted facilities

In addition, Reuters has short-term uncommitted bank borrowing facilities denominated in various currencies, the sterling equivalent of which was approximately £155 million. Drawings under these lines were £45 million at 31 December 2004. Instinet Group has access to the equivalent of US\$189 million short-term uncommitted bank facilities of which US\$15 million were drawn at 31 December 2004.

Contractual financial obligations

The following table summarises Reuters Group's principal contractual financial obligations at 31 December 2004, certain of which are described in the consolidated financial statements and notes. Reuters Group expects to be able to fund such obligations from ongoing operations and its external facilities.

Contractual obligations at 31 December 2004	Total £m	Payments due by period			
		Less than 1 year £m	1-3 years £m	4-5 years £m	After 5 years £m
Short-term debt	181	181	–	–	–
Long-term debt	329	–	24	–	305
Operating leases	756	94	155	128	379
Purchase obligations	285	209	55	15	6
Total contractual obligations	1,551	484	234	143	690

Significant purchase obligations entered into during the year include commitments in respect of outsourcing arrangements, communication networks and contracts in connection with the move of Reuters headquarters to Canary Wharf.

should not be greater than 3.50 times Reuters operating profit before depreciation and amortisation (subject to certain adjustments). As at 31 December 2004, Reuters complied with these covenants.

OPERATING AND FINANCIAL REVIEW

continued

FOREIGN EXCHANGE

Almost 90% of Group revenue is denominated in non-sterling currencies. The Group also has significant costs denominated in foreign currencies with a different mix from revenue. Group profits are therefore exposed to currency fluctuations. The approximate proportions of operating profit excluding goodwill amortisation and currency gains received in each key currency group were as follows:

	Year to 31 December		
	2004 %	2003 %	2002 %
Adjusted Group operating profit by currency			
Euro	137	171	296
US dollar	8	(5)	(71)
Japanese yen	28	32	53
Sterling	(103)	(133)	(283)
Other	30	35	105
Total	100	100	100

Sterling costs exceeded sterling revenue due to the level of restructuring costs and UK-based marketing, development, operational and central services costs.

In broad terms, using the 2004 mix of profits, the impact of an additional unilateral 1% strengthening of sterling would have been a reduction of approximately £5 million in operating profits before hedging (2003: £4 million, 2002: £7 million).

Exchange rate movements in 2004 had an £8 million net impact on operating profit.

Currency impact	Revenue £m	Operating cost £m	Operating profit £m
Impact of:			
Weaker dollar	(159)	157	(2)
Weaker euro	(8)	4	(4)
Other currencies	(12)	8	(4)
Exchange rate movements	(179)	169	(10)
Change in currency mix	(1)	3	2
Total currency movements	(180)	172	(8)

No unremitted profits are hedged with foreign exchange contracts as Reuters judges it inappropriate to hedge non-cash flow translation exposure with cash-based instruments.

Forward foreign exchange contracts, currency options and foreign exchange swaps are used to manage, where appropriate, the effects of transaction exposure and certain intercompany transactions which impact Group profits. Transaction exposure occurs when, as a result of trading activities, an entity receives cash in a currency different from its functional currency.

07 MANAGEMENT OF RISKS

Reuters Group's Board has adopted a process for identifying, evaluating and managing significant risks faced by Reuters Group. The process is described in 'Risk Management, Internal Controls and Disclosure Controls and Procedures' on page 41.

08 ACCOUNTING POLICIES, US GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

Group accounting policies conform with UK GAAP. In accordance with the requirements of Financial Reporting Standard 18 (FRS18), these policies and any applicable estimation techniques have been reviewed

flows of income-generating units or the amounts that could be obtained from the sale of investments. As a result, some current asset investments and goodwill have been written down to net realisable value.

Accounting for long-term incentive plans (LTIP)

The costs of shares acquired to cover LTIP awards are charged in the profit and loss account over the period to which the performance criteria relate. Adjustments are made during the three to five-year vesting period of each plan to reflect changes in the possibility of performance criteria being met. These adjustments are to some extent subjective as performance is based on Reuters Group's Total Shareholder Return (TSR) relative to the TSR of the other companies in the FTSE 100 at the start of the measurement period. As a result of Reuters Group's low TSR ranking for the relevant periods, it has now been assumed that the 2001 and 2002 LTIP schemes are unlikely to deliver any value to the participants, and that the 2003 LTIP scheme is likely to only vest partially. For additional information concerning the LTIP, see 'Equity incentive plans – LTIP' on page 33.

Provisions

The 2004 restructuring charges cover primarily leasehold properties and severances. A number of leasehold properties have been identified as being surplus to requirements. Although efforts are being made to sub-let this vacant space, management recognises that this may not be possible immediately given the current economic climate. Estimates have been made to cover the cost of vacant possession, together with any shortfall arising from sub-leased rental income being lower than lease costs being borne by the Group. A judgement has also been made in respect of the discount factor, based on a risk-free rate, that is applied to the rent shortfalls. For severance provisions, we book amounts where employees have a valid expectation or have already been told of their redundancy. Other provisions are held where the recoverability of amounts is uncertain, where the actual outcome may differ from the resulting estimates.

Allowances for doubtful accounts

For all trade debtors, Reuters management makes a judgement regarding the ability of customers to pay and accordingly establishes an allowance for estimated losses arising from non-payment. In evaluating this allowance, customer credit worthiness, current economic conditions and previous experience are taken into account. If actual collections differ from estimates, this will affect future profit.

Deferred taxation

Under UK and US accounting standards, in assessing which deferred tax assets to record on the balance sheet, management has made subjective judgements over projected future profitability of certain legal entities.

Assets held for sale

As permitted by the Companies Act and UK GAAP, where an acquisition has been made exclusively with a view to subsequent resale and has not previously been consolidated in the Group's accounts, it has been treated as a current asset investment. Where it is not management's intention to retain a long-term interest in a fixed asset investment, the investment has been reclassified as a current asset.

US GAAP

A reconciliation of net income under UK and US GAAP is set out on page 78. A discussion of the relevant US accounting policies which differ materially from UK GAAP is given on pages 74-77 in the 'Summary of differences between UK and US Generally Accepted Accounting Principles'. Details of recent US GAAP accounting pronouncements are given on page 80.

Off-balance sheet arrangements

The Group does not have any off-balance sheet arrangements, as defined by the SEC, that have or are reasonably likely to have a current or future effect on the Group's financial position or results of operations material to investors.

by the directors, who have confirmed them to be the most appropriate for the preparation of the 2004 financial statements.

Critical accounting policies

In preparing these financial statements, management has made its best estimates and judgements of certain amounts included in the financial statements. The most significant judgemental areas in 2004 related to:

The impairment of fixed assets, current asset investments and goodwill

Under UK accounting standards, impairment is measured by comparing the carrying value of an asset with the higher of its net realisable value and value in use. These comparisons sometimes require subjective judgements and estimates to be made by management with regard to projected future cash

International Financial Reporting Standards (IFRS)

Reuters Group, along with all companies listed on an EU Stock Exchange, will be required to prepare its consolidated financial statements in accordance with IFRS in respect of accounting periods commencing on or after 1 January 2005. The first-time adoption rules of IFRS require the comparative financial information presented in the first set of IFRS financial statements to be prepared on a consistent basis. This will require Reuters Group to restate its 2004 financial statements and present a series of reconciliations to the previous reported UK GAAP numbers.

Reuters will provide indicative external guidance on the anticipated impact that IFRS is expected to have on Reuters 2004 performance, excluding Instinet Group (who are yet to quantify fully the impact of IFRS). The material presented will be available on Reuters website from 10 March 2005. This indicative guidance was prepared on the basis of current IFRS standards and interpretations issued by the International Accounting Standards Board (IASB). These standards are subject to ongoing amendment by the IASB and subsequent endorsement by the European Commission and are therefore subject to change. There may also be new standards that Reuters may wish to adopt early. As a result, the numbers reported in Reuters Group's 2005 Annual Report and Form 20-F may vary from those included in the guidance provided.

Our indicative unaudited guidance highlights the following key impacts of IFRS on Reuters 2004 UK GAAP financial statements: (i) no impact on revenue, (ii) an increase of approximately £4 million on 2004 pre-tax profit, (iii) consolidation of Radianz from 16 November 2004 (but treated as a discontinued operation), (iv) no impact on cash flow other than from consolidation of Radianz and (v) an increase of close to £100 million in net assets assuming an adoption date of 1 January 2004 which is subject to approval by the SEC. However, the impact of IFRS on 2005 reported results could be materially different from 2004 due to a number of factors including the following:

- IAS32 and 39, which relate to the recognition of financial instruments, is applicable from 1 January 2005 with no retrospective application. As a result Reuters will be recognising movements in the fair value of financial assets, liabilities and embedded derivatives in 2005 for the first time.
- IFRS 2, relating to share-based payments, provides that only costs associated with options granted after 7 November 2002 and not vested by 1 January 2005 need to be recognised under IFRS. Consequently the full annual impact of this standard will not be seen until 2006.
- The level of impairment of goodwill, which may vary significantly from year to year as it is no longer amortised but subject to annual impairment testing.
- The greater emphasis being placed on recording assets and liabilities at fair value under IFRS, which could lead to increased volatility in the income statement.

Other material issues may become apparent during the transition process and therefore the above list should not be regarded as definitive. Reuters does not expect the change to IFRS to alter the specific future guidance for Reuters as set out on page 20 under 'Expected future performance – Reuters'.

09 RISK FACTORS

Forward-looking statements

This document contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Reuters Group's financial condition, results of operations and business and management's strategy, plans and objectives. In particular, all statements that express forecasts, expectations and projections with respect to certain matters, including trends in results of operations, margins, growth rates, overall financial market trends, product releases, the impact of interest rates or exchange rates, anticipated cost savings and synergies and the completion of strategic transactions or restructuring programmes are all forward-looking statements. These statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the Risk Factors discussed below. Any forward-looking statements made by Reuters Group or on its behalf speak only as of the date they are made. Reuters Group does not undertake to update any forward-looking statements.

Reuters may not be able to realise the anticipated benefits of its Fast Forward transformation plan.

The Fast Forward plan includes investing in new information,

Unfavourable conditions in financial markets may have a significant adverse effect on the Group's business.

Reuters Group's business is dependent upon the health of the financial markets and the participants in those markets. Reuters Group's foreign exchange Dealing products are dependent on the level of activity in the foreign exchange market. Similarly, the businesses of Bridge Trading and Instinet Group are dependent upon the level of activity in the equity markets. While market conditions improved in 2004, the economic downturn which began in 2001 continued to negatively impact Reuters Group's results. If these conditions were to worsen or in the event of significant trading market disruptions or suspensions there could be further adverse effects on Reuters Group's business. In addition, Reuters Group's business could be adversely affected by further consolidations among clients and competitors.

Currency fluctuations and interest rate fluctuations may have a significant impact on the Group's reported revenue and earnings.

Reuters Group reports results in pounds sterling but receives revenue and incurs expenses in more than 70 currencies and is thereby exposed to the impact of fluctuations in currency rates. Currency movements resulted in a small negative impact on Reuters Group operating profit in 2004. A strengthening of sterling from current levels, especially in relation to other currencies in which Reuters Group derives significant revenues or holds significant assets such as the euro or the US dollar, could adversely affect results in future periods. To the extent that these currency exposures are not hedged, exchange rate movements may cause fluctuations in Reuters Group's consolidated financial statements. In addition, an increase in interest rates from current levels could adversely affect the Group's results in future periods.

Reuters Group may experience difficulties or delays in developing or responding to new customer demands or launching new products.

Reuters Group's business environment is characterised by rapid technological change, changing and increasingly sophisticated customer demands and evolving industry standards. If Reuters Group is unable to anticipate and respond to the demand for new services, products and technologies on a timely and cost-effective basis and to respond and adapt to technological advancements and changing standards, its business may be adversely affected. In addition, Reuters Group may delay or halt the launch of new products and services; its existing products and services may cease to be attractive to customers; and new products and services that Reuters Group may develop and introduce may not achieve market acceptance. In the event any of the foregoing occurs, Reuters Group's financial results could be adversely affected.

Reuters Group is dependent on third parties for the provision of certain network and other services.

Reuters Group has outsourced the day-to-day operation of most of its networks to Radianz, which also provides network services to companies in addition to Reuters Group. Although Reuters currently owns all the voting shares of Radianz, it intends to transfer ownership of Radianz to BT and conclude a long-term network services agreement currently being negotiated with BT. Accordingly, Reuters ability to affect the performance of Radianz may be limited and its business could be adversely affected as a result.

In connection with the 2001 acquisition of certain businesses and assets of Bridge, Reuters entered into a network services agreement with Savvis which was the primary provider of network services to Bridge. Reuters currently holds approximately 14% of Savvis' voting share capital, which it has agreed to transfer as partial consideration for Telerate. In addition, Savvis has a network services agreement with Telerate, which Reuters would acquire in its pending acquisition of Telerate. Savvis has a majority controlling shareholder, and Reuters has very limited, if any, ability to affect the performance of Savvis.

Failure or inability of any third party that provides significant services to Reuters Group, such as Radianz or Savvis, to perform its obligations could adversely affect Reuters Group's financial results.

The Group's business may be adversely affected if its networks or systems experience any significant failures or interruptions or cannot accommodate increased traffic.

Reuters Group's business is dependent on the ability to rapidly handle

streamlining the way information is delivered, offering a simpler and segmented product line, rationalising the non-core elements of the business, reshaping the cost base and reinvigorating the company culture. There can be no assurance of achievement of these objectives or of the exact timing or extent to which the anticipated benefits of the Fast Forward programme will be realised.

substantial quantities of data and transactions on its computer-based networks and systems and those of Radianz, Savvis and others. Any significant failure or interruption of such systems, including terrorist activities, could have a material adverse effect on its business and results of its operations. The continuing

OPERATING AND FINANCIAL REVIEW

continued

increase in the update rates of market data may impact product and network performance from time to time. Factors that have significantly increased the market data update rates include: the emergence of proprietary data feeds from other markets; high market volatility; decimalisation; reductions in trade sizes resulting in more transactions; new derivative instruments; increased automatically-generated algorithmic and program trading; market fragmentation resulting in an increased number of trading venues; and multiple listings of options and other securities. While Reuters Group has implemented a number of capacity management initiatives, there can be no assurance that Reuters Group and its network providers will be able to accommodate accelerated growth of peak traffic volumes or avoid other failures or interruptions.

Reuters Group is exposed to a decline in the valuation of companies in which it has invested.

Reuters Group has entered into joint ventures with, and made strategic investments in, a number of companies and also has significant interests in companies and joint ventures such as Instinet Group and Factiva. The value of a number of these companies fluctuated widely from 2002 through to 2004, in part as a result of external market factors. The value of Reuters interests in these companies is dependent on, among other things, the performance of these companies generally, whether such performance meets investors' expectations, and external market and economic conditions. Reuters Group has limited ability to influence the management or performance of these companies.

Significant competition in the financial information and trading industries could adversely affect Reuters Group's business.

Reuters Group faces significant competition in the financial information industry. The availability of public internet technology reduces barriers to entry and increases the availability of commoditised data in less expensive forms and loss of control over intellectual property. Instinet Group and Bridge Trading face competition from securities brokers, trading venues and other financial service providers, including many that are well-capitalised and substantially larger than Instinet Group or Bridge Trading, as the case may be, and have substantially greater financial, technical, marketing and other resources. If Reuters Group is unable to cope effectively with increased competitive pressure arising from the above or any other factors, its financial results could be adversely affected.

Changes in the regulatory environment could have an adverse effect on Reuters business.

The Securities Exchange Act of 1934 authorises brokers to provide research as well as trade executions to their clients in return for brokerage commissions. The payment of brokerage commissions to brokers who also provide proprietary or independent research is sometimes referred to as 'soft dollars'. The SEC has been reviewing the operation and regulation of mutual funds and, as part of that review, may propose rules addressing the scope of information and other services that may be considered 'research' for this purpose. The UK FSA is also reviewing the regulatory requirements addressing the provision to institutional investors of brokerage and other services, including research and information services. The FSA has issued a policy statement on the definition of 'research' expressing its belief that raw data and market information generally do not constitute 'research'. The FSA is expected later this year to propose rule changes to implement this policy.

The SEC and the US Congress are considering changes to the structure of US securities markets. On 15 December 2004, the SEC published for public comment an amended version of proposed 'Regulation NMS'. Among other things, the proposed regulation would address access to and relations between trading centres and update the requirements for consolidating, distributing, and displaying market information. The SEC's efforts in this area could result in additional regulation of or reduced operational flexibility for the provision of US market information by Reuters.

Financial services regulators in the United States and other jurisdictions continue to review business continuity and disaster recovery requirements for the institutions they regulate. To the extent that Reuters provides such institutions with services in areas subject

Changes in regulatory environment could have an adverse effect on Instinet Group's business.

As a result of their compliance with the requirements of Regulation ATS, none of Instinet Group's ATSS is currently required to register as a US national securities exchange. In May 2004, INET submitted a draft application to the SEC for registration as a national securities exchange and continues to discuss with the SEC issues related to the filing of a formal application for exchange registration. If INET or any of Instinet Group's subsidiaries were to register voluntarily as a national securities exchange, or if the SEC were to require INET to do so, Instinet Group could become subject to substantial additional regulation, which might reduce its operational flexibility in ways that could have a material adverse effect on its business. Among other consequences, Instinet Group might be required to comply with fair representation or ownership requirements. These and other requirements could adversely affect its operations and could also result in material limitations or restrictions on Reuters equity interest in Instinet Group or Reuters ability to exercise its voting and other governance rights with respect to Instinet Group. Instinet Group's ATSS are also subject to Regulation ATS and certain other rules, which require ATSS meeting certain trading volume criteria to provide quotation data to an SRO and to provide other broker-dealers execution access to such quotes.

Compliance with Regulation ATS could have an adverse effect on Instinet Group's business, financial condition and operating results. In July 2002, the SEC also took action that resulted in the suspension of market data revenue sharing programmes in which INET (then known as Island ECN) participated and led to INET's suspension of its own programme. These programmes were subsequently reinstated, but only for US exchange-listed securities. Regulation NMS proposes changes to the NMS Plan formulas governing the allocation of market data revenue among SROs, and thus the revenues available for SRO revenue-sharing programmes. The SEC has also indicated that it could allow the reinstatement of such programmes in NASDAQ-listed stocks in the future if its proposed allocation formulas were adopted. In January 2005, INET began sharing with subscribers a portion of the market data revenues it receives from SROs in American Stock Exchange-listed securities. Instinet Group is unable to determine whether the adoption of the proposed formulas would adversely impact the value of INET's market data for purposes of determining an SRO's share of market data revenue, and thus affect the revenues INET would be eligible to receive through SRO revenue sharing programmes. Instinet Group has been from time to time, and is currently, involved in discussions and proceedings with the SEC and some of its customers regarding the application of these and other SEC rules, which may have a material adverse effect on Instinet Group's pricing policies and business operations. Future SEC rule-makings or interpretations relating to equities securities markets and market conditions could adversely affect Instinet Group's business, financial condition and operating results. The NASD regulates the activities of Instinet Group's US broker-dealer subsidiaries and its NASDAQ subsidiary competes with Instinet Group. The NASD, either directly or through subsidiaries, is able to propose, and often obtain SEC approval of rule changes that the Group believes can be to NASDAQ's competitive benefit as a securities marketplace and to Instinet's competitive disadvantage. Reuters Group is unable to predict at this time the impact of any proposed or potential changes to the regulatory environment in which Instinet Group and its affiliates operate, which may include additional changes to the NASDAQ marketplace considered by the NASD or the adoption by authorities in other jurisdictions of new methods for regulating electronic over-the-counter trading.

Reuters Group may be exposed to adverse governmental action in countries where Reuters conducts reporting activities.

As the world's largest news and information company, Reuters Group may suffer discriminatory tariffs or other forms of adverse government intervention due to the nature of its editorial and other reporting activities.

Reuters Group may not be able to realise the anticipated benefits of existing or future acquisitions and disposals.

To achieve its strategic objectives, Reuters Group has acquired, invested in and/or disposed of, and in the future may seek to acquire,

to such requirements, Reuters services may have to meet such requirements.

At this time, Reuters Group is unable to predict the impact on its business or results of operations of any potential or proposed regulatory changes.

invest in and/or dispose of various companies and businesses. No assurance can be given that Reuters Group will realise, when anticipated or at all, the benefits it expects as a result of any acquisition, investment or disposal. Achieving the benefits of acquisitions and investments will depend on many factors, including the successful and timely integration, and in some cases the consolidation of products, technology, operations and administrative functions, of companies

that have previously operated separately. Considering the highly technical and complex nature of Reuters Group's products and services, these integration efforts may be difficult and time-consuming. In particular, the ability of Reuters to complete the Telerate acquisition and realise the anticipated benefits is subject to the risks that necessary regulatory approvals are not obtained; risks related to the integration of the companies' operations and products following completion, including achieving expected synergies; and general risks associated with the companies' businesses.

Achieving benefits of disposals will likewise depend on many factors, including realisation of appropriate value, successful separation of the businesses and operations and management of related costs, and achievement of any benefits sought in connection with the transaction. The ability of Reuters to complete the sale of Radianz to BT and realise the anticipated benefits is subject to the risks that the parties agree to a satisfactory price and other terms, that the conditions to such transactions will not be satisfied and that BT's acquisition and operation of Radianz results in the anticipated benefits and efficiencies to Reuters. There can be no assurance that Reuters will successfully sell all or any part of its stake in Radianz or that it will receive any particular price for it.

Reuters Group may identify issues with controls over financial reporting, as a result of the implementation project to achieve compliance with Sarbanes Oxley Act, section 404.

Reuters Group PLC Annual Report and Form 20-F for the year ended 31 December 2006 will be required to comply with section 404 of the US Sarbanes-Oxley Act of 2002. This requires that companies evaluate and report on their systems of internal control over financial reporting. In addition, Reuters Group's independent auditors must report on management's evaluation of those controls. Reuters Group began working on necessary activities in 2003 and is in the process of documenting and testing its systems of internal controls over financial reporting to provide the basis for its certification. During this process, Reuters Group may identify deficiencies in its system of internal controls over financial reporting that may require remediation. At this stage, due to the ongoing evaluation and testing of Reuters Group's internal controls, there can be no assurance that any such deficiencies identified may not be significant deficiencies or material weaknesses that would be required to be reported. Reuters Group complies with other elements of the Act that are already in force.

Reuters Group's financial reporting will be impacted by compliance with International Financial Reporting Standards (effective 1 January 2005) or other changes mandated by regulatory authorities.

Reuters Group, along with all companies listed on an EU Stock Exchange, will be required to report its consolidated financial statements in accordance with International Financial Reporting standards (IFRS) in respect of accounting periods commencing on or after 1 January 2005. The first-time adoption rules of IFRS require the comparative financial information presented in the first set of IFRS financial statements to be prepared on a consistent basis. This will require us to restate our 2004 financial statements and present a series of reconciliations to the previously reported UK GAAP numbers. For US GAAP reporting, the US SEC has yet to determine whether we are required to present comparatives for the year ended 31 December 2002. Other material issues may become apparent during the conversion process. For additional information, see Section 8 – 'Accounting Policies, US GAAP and International Financial Reporting Standards'.

DIRECTORS' REPORT

The directors submit their annual report and audited financial statements for the year ended 31 December 2004.

01 ACTIVITIES

Reuters Group's business is described on page 6. A detailed review of activities during 2004 and likely future developments is given on pages 6-10. Details of our research and development activity and expenditure is given on page 19.

02 SHARE CAPITAL AND DIVIDENDS

Details of the changes in the authorised and called-up share capital are set out in notes 26 and 27 on pages 66-67. Details of significant shareholdings are given on page 81.

An interim dividend of 3.85 pence per ordinary share was paid on 1 September 2004. The directors recommend a final dividend of 6.15 pence per ordinary share, giving a total of 10.0 pence per ordinary share for the year (2003: 10.0 pence). Subject to shareholders' approval at the annual general meeting (AGM) to be held on 21 April 2005, the final dividend will be paid on 28 April 2005 to members on the register at the close of business on 11 March 2005.

03 EMPLOYEES

The total number of employees at 31 December 2004 was Reuters: 14,465; Instinet Group: 1,010 (31 December 2003: Reuters: 15,521; Instinet Group: 1,223). Details of average number of employees by segment are given on page 49.

Reuters policy is that selection of employees, including for recruitment, training, development and promotion, should be determined solely on their skills, abilities and other requirements which are relevant to the job and in accordance with the laws in the country concerned. Reuters equal opportunities policy is designed to ensure that disabled people are given the same consideration as others and enjoy the same training, development and prospects as other employees.

In the UK, as well as being a member of the Employers Forum for Disability, Reuters has made use of the services of both AbilityNet (which supplies technology for disabled users) and Employment Opportunities (a UK charity helping people with disabilities find and retain work). Reuters has successfully retained staff who have become disabled as well as integrated those who are disabled when they join the company. This has been possible by using innovative technological solutions and re-design of the way that jobs are handled, enabling individuals to contribute actively to business needs.

Reuters makes extensive use of its intranet as a communication tool to provide employees with the information they need to understand and achieve the company's business objectives. Meetings are regularly held between management, employees' union representatives and less formal groups of employees so that the views of employees can be taken into account in making decisions which may affect their interests. Reuters European Employee Forum operates as a pan-European works council. The CEO or other executive directors meet with the Forum regularly. Reuters regularly undertakes employee surveys to evaluate morale and to identify any employee issues that need to be addressed. The results are communicated to employees.

The Board values the courage and professionalism shown by employees operating in zones of conflict. Reuters keeps under review the adequacy of its policies, training and procedures for employees generally and for those working in dangerous places in particular. Reuters has reaffirmed the standing instructions to its employees to avoid risks wherever possible and for hostile environment training, protective equipment and post traumatic stress disorder training programmes to be provided to all employees who may need them.

04 CHARITABLE CONTRIBUTIONS

In 2004, Reuters continued to support community initiatives and charitable causes, mainly through the work of the Reuters Foundation charitable trust. A report on the activities of the Foundation and Reuters wider corporate social responsibility programme can be found in the Reuters Annual Review 2004 on pages 16-19 or at

It is Reuters Group's policy not to make political contributions and none was made in 2004.

05 CREDITOR PAYMENT TERMS

It is Reuters normal procedure to agree terms of transactions, including payment terms, with suppliers in advance. Payment terms vary, reflecting local practice throughout the world. In the UK Reuters has signed up to the Better Payment Practice Code. Reuters policy is to make payments on time, provided suppliers perform in accordance with the agreed terms. Group trade creditors at 31 December 2004 were equivalent to 19 days' purchases during the year (2003: 18 days).

06 AUTHORITY FOR COMPANY TO PURCHASE OWN SHARES

At the AGM held on 22 April 2004, shareholders renewed the company's authority under section 166 of the Companies Act 1985 to make purchases of up to 143,254,000 ordinary shares at a price of not more than 5% above their average middle market quotation in the London Stock Exchange Daily Official List for the five business days prior to the date of purchase. The company did not repurchase any of its own shares during 2004.

07 POST BALANCE SHEET EVENTS

Details of post balance sheet events are given on page 70.

08 DIRECTORS

The names and biographical details of current directors are given on pages 27-28.

The following Board changes occurred during 2004:

22 April 2004 Ken Olisa joined the Board as a non-executive director. Sir John Craven stepped down from the Board and Dick Olver took on his role as senior independent non-executive director.

6 July 2004 Penny Hughes and Lawton Fitt were appointed as non-executive directors and Roberto Mendoza retired from the Board after six years of service.

1 October 2004 Niall FitzGerald succeeded Sir Christopher Hogg as Chairman of the Board.

16 December 2004 Ken Olisa was appointed to the Audit Committee and Ian Strachan joined the Remuneration Committee.

7 February 2005 Ian Strachan stood down from the Audit Committee.

Details of directors' interests in the company's shares, the remuneration of the non-executive directors and information on the service contracts and remuneration of the executive directors are set out on pages 32-40. A non-executive director is not required to hold ordinary shares in order to qualify as a director.

09 AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

By order of the Board



Rosemary Martin

General Counsel and Company Secretary
7 March 2005

www.about.reuters.com/csr. Reuters donated cash totalling £2.4 million during 2004 (2003: £2.5 million). Reuters 2004 donations included a contribution of £500,000 to assist tsunami relief efforts. In addition to these cash contributions, employees are encouraged to give their time and skills to a variety of causes and Reuters provides equipment and information services free of charge.

DIRECTORS AND SENIOR MANAGERS**The directors and senior managers of Reuters Group at 7 March 2005 are:**

Name	Position	Position held since
Directors		
Niall FitzGerald, KBE	Chairman; Director ¹	2004; 2003
Thomas Glocer	CEO; Director	2001; 2000
David Grigson	CFO; Director	2000
Devin Wenig	President of Business Divisions; Director	2003
Lawton Fitt	Director ¹	2004
Penelope Hughes	Director ¹	2004
Edward Kozel	Director ¹	2000
Kenneth Olisa	Director ¹	2004
Richard Olver	Director ¹	1997
Charles Sinclair	Director ¹	1994
Ian Strachan	Director ¹	2000
Senior Managers		
Christopher Hagman	Global Head of Channels	2003
Alexander Hungate	Global Head of Marketing	2001
Geert Linnebank	Editor-in-Chief	2000
Rosemary Martin	General Counsel and Company Secretary	2003; 1999
Michael Sayers	Global Head of Operations & Technology	2003
Susan Taylor-Martin	Global Head of Strategy	2004
Christian Verougstraete	Global Head of Human Resources	2003
Simon Walker	Global Head of Corporate Affairs	2003

Notes:

1 Non-executive director

Directors

Niall FitzGerald, KBE Chairman; Chairman of the Nominations Committee. He is President of the Advertising Association, a Member of the World Economic Forum's Foundation Board, Co-Chairman of The TransAtlantic Business Dialogue, Chairman of The Conference Board, Inc., a Fellow of the Royal Society for the encouragement of Arts, Manufactures & Commerce and the Association of Corporate Treasurers and a non-executive director of the Nelson Mandela Legacy Trust (UK). Former chairman and chief executive officer of Unilever PLC (1996-2004). Former non-executive director of Merck, Ericsson, Bank of Ireland and Prudential PLC. Age 59.

Thomas (Tom) Glocer CEO. Former CEO of Reuters Information (2000) and president & senior company officer, Reuters America (1998-2000). Appointed CEO, Reuters Latin America in 1997 after serving in Reuters legal department from 1993. Formerly practised law in New York, Paris and Tokyo with Davis Polk & Wardwell. Non-executive director of Instinet. Member of the Corporate Council of the Whitney Museum, The Madison Council of the Library of Congress, the Leadership Champions Group (Education) of Business in the Community, The Advisory Board of the Judge Institute of Cambridge University and of the International Advisory Panel of the Monetary Authority of Singapore. Age 45.

David Grigson CFO. Joined Reuters in August 2000 from Emap PLC where he was group finance director and chairman of Emap Digital. He is a qualified chartered accountant and a member of the FSA Practitioners Panel. Formerly held senior finance roles in the UK and US at Saatchi and Saatchi PLC (1984-1989). Held a number of financial positions at Esso UK from 1980 to 1984. Also a non-executive director of Instinet. Age 50.

Devin Wenig Executive director and President of Business Divisions. Former president, Investment Banking & Brokerage Services (2001-2003). Joined Reuters in 1993 as corporate counsel, Reuters America and held a number of senior management positions before being

Penelope (Penny) Hughes Non-executive director; member of the Remuneration Committee. Director of The GAP Inc., Vodafone PLC, Skandinaviska Enskilda Banken, Trinity Mirror PLC, Molton Brown Limited and a Member of the Advisory Board of Bridgepoint Capital. Former president, Coca Cola Great Britain and Ireland. Former director of Bodyshop International PLC (1994-2000), Enodis PLC (1996-2001), SC Johnson (2002-2004) and web-angel (2000-2003). Age 45.

Edward (Ed) Kozel Non-executive director; member of the Remuneration Committee. Managing Director of Integrated Finance Limited, a financial advisory firm based in New York and director of Open Range Ventures LLC. Also a director of Yahoo!, Symbol Technology and Red Hat Inc. Formerly, a non-executive director of Cisco Systems Inc. (2000-2001), where he worked from 1989-2000 in a number of roles, including chief technology officer and senior vice president for business development. Also a former non-executive of TSI (2000-2001) and Narus Inc. (1999-2003). Prior to 1989 he worked with SRI International in California. Age 49.

Kenneth (Ken) Olisa Non-executive director; member of the Audit Committee. Chairman and CEO since February 2000 of Interregnum plc which he founded in 1992. Non-executive director of Adaptive Inc., BioWisdom, Open Text Corporation and Yospace Technologies Ltd. Ken is a Liveryman of the Worshipful Company of Information Technologists; a Freeman of the City of London; Chairman of homelessness charity, Thames Reach Bondway; a Governor of the Peabody Trust. Former Senior Vice President and General Manager of Wang Europe, Africa and the Middle East (1981-1992) and his career began at IBM (1974-1981). Former director of uDate.com and Metapraxix and former Postal Services Commissioner. Age 53.

Richard (Dick) Olver Non-executive director; Chairman of the Audit Committee; member of the Nominations Committee and Senior Independent Director. Chairman of BAe Systems PLC since July 2004. He worked for BP PLC and was deputy group chief executive

appointed President, Investment Banking & Brokerage Services in January 2001. Also a non-executive director of Instinet and Nastech Pharmaceutical Company. Age 38.

Lawton Fitt Non-executive director; member of the Audit Committee. Secretary (Chief Executive) of the Royal Academy of Arts. Non-executive director of CIENA Corporation and Citizen Communications. Previously a partner and managing director in Goldman Sachs & Co. Trustee of several not-for-profit organisations including contemporary arts centres in New York and Berlin. Age 51.

(2003-2004) and CEO of BP Exploration & Production Division (1998-2002). A Member of the Institute of Civil Engineers. A Governor of New Hall School. Age 58.

Charles Sinclair Non-executive director; Chairman of the Remuneration Committee and member of the Nominations Committee. Group Chief Executive of Daily Mail and General Trust PLC since 1988. Joined Associated Newspapers in 1975 and held a number of roles prior to its merger into the Daily Mail Group in 1988. Non-executive director of Euromoney Institutional Investor, SVG Capital PLC and Medialaser. Former non-executive director of Schroders PLC (1999-2004). Fellow of the Institute of Chartered Accountants. Age 56.

DIRECTORS AND SENIOR MANAGERS

continued

Ian Strachan Non-executive director; member of the Remuneration Committee. Chairman of Instinet since 1 January 2003. Non-executive director of Transocean Inc., Johnson Matthey PLC, Xstrata PLC and Rolls Royce Group PLC. Former non-executive director of Harsco Corporation, deputy chairman of Invensys PLC (1999-2000) and chief executive officer of BTR PLC (1996-1999). Former deputy chief executive officer (1991-1995) and chief financial officer (1987-1991) of Rio Tinto PLC. Also a former non-executive director of Commercial Union PLC (1991-1995). Age 61.

Sir John Craven, Roberto Mendoza and **Sir Christopher Hogg** retired from the Board on 22 April 2004, 6 July 2004 and 30 September 2004 respectively.

Sir John Craven Non-executive chairman of Lonmin PLC since 1997. Non-executive chairman of Fleming Family & Partners. Former member of the Board of Managing Directors of Deutsche Bank AG and former executive chairman of Morgan Grenfell Group PLC (1989-1997). Former non-executive director of Gleacher & Co LLC (2000-2003), Rothmans International BV (1998-2000), Ducati SpA (1999-2000) and Société Générale de Surveillance SA. He is a Member of the Canadian and Ontario Institute of Chartered Accountants. Age 64.

Roberto Mendoza Chairman of Egg PLC and non-executive director of Prudential PLC, Vitro SA, The BOC Group PLC and Integrated Finance Limited. Former non-executive director of The BOC Group PLC (2002-2004) vice-chairman and director of JP Morgan & Co Inc. (1990-2000) and managing director of Goldman Sachs & Co (2000). Joined JP Morgan in 1967 with successive assignments in London and New York. Age 59.

Sir Christopher Hogg Chairman until 30 September 2004. Non-executive director of Air Liquide SA. Former non-executive chairman of GlaxoSmithKline PLC (2002-2004) (non-executive director since 1993) and of the Royal National Theatre (1995-2004). Former member of the International Council of JP Morgan (1988-2003). Former chairman of Courtaulds PLC (1980-1996) (chief executive 1979-1991) and of Allied Domecq PLC (1996-2002). Former non-executive director of the Bank of England (1992-1996). Age 68.

Senior managers

Christopher Hagman Global Head of Channels. Christopher joined Reuters in 1987 based in Sweden and has held various senior sales and general business management positions in Sweden, Netherlands and the UK before being appointed to his current post in April 2001. Age 46.

Alexander Hungate Global Head of Marketing. In 1993, Alex joined Reuters in London as a business development executive. From 1996 to 1998, he was executive vice president of Reuters Marketing before being appointed chief operating officer, Reuters America in 1999 and chief executive officer, Reuters America in 2000. Alex is also a Trustee of the Reuters Foundation. Before joining Reuters Alex worked at Booz Allen & Hamilton as a strategy consultant. Non-executive director of British America Business Inc. Age 38.

Geert Linnebank Editor-in-Chief. Geert became Editor-in-Chief in 2000 having held various editorial roles. Before he joined Reuters in 1983 he was a correspondent, EC and Belgium, for AP-Dow Jones – Brussels. Age 48.

Rosemary Martin General Counsel and Company Secretary. Rosemary joined Reuters in 1997 as Deputy Company Secretary and became Company Secretary in 1999. Appointed General Counsel in 2003. Rosemary has been the director of Reuters Foundation since 2000. Former partner at Mayer, Brown, Rowe & Maw for nine years. Member of Financial Services Authority Listing Authority Advisory Committee and a member of the Financial Review Council's Turnbull Review Group. Age 44.

Michael Sayers Global Head of Operations and Technology. Michael joined Reuters in 1977 and has held a number of positions in both information technology and product management including Chief Technology Officer from 1998 until 2003. In 2003 he was appointed

Christian (Chris) Verougstraete Global Head of Human Resources. Chris joined Reuters in 2003. He has executive responsibility for human resources strategy and operations throughout Reuters. Prior to joining Reuters Chris was executive vice president for Human Resources at S.A. Interbrew. Age 54.

Simon Walker Global Head of Corporate Affairs. Simon joined Reuters in 2003. Prior to joining Reuters, Simon was Communications Secretary at Buckingham Palace and director of communications at British Airways PLC. Age 51.

Graham Albutt Former president – Business Programmes. Graham joined Reuters in London in 1987. Held various posts in central and operational business functions. Non-executive director of Datamonitor PLC. Graham stepped down from the General Management Committee at the end of 2004 and left the company on 28 February 2005. Age 51.

Global Head of Operations and Technology. He will be leaving the company during 2005. Age 51.

Susan Taylor-Martin Global Head of Strategy. Susan joined Reuters in 1993 in business development. She has held management positions in UK marketing, global product management and corporate strategy. Susan was appointed to her current role on 1 January 2004. Before joining Reuters, Susan worked in corporate finance for Smith Barney, Harris, Upham & Co. Age 41.

CORPORATE GOVERNANCE

01 STATEMENT ON CORPORATE GOVERNANCE COMPLIANCE

Corporate governance – the system by which the company is directed and controlled – is an important subject for Reuters Group. The strength of the company's corporate values, its reputation and its ability to deliver its business objectives depends, amongst other things, on the effectiveness of its corporate governance system.

External influences on the Group's approach to corporate governance are:

- the laws to which it is subject;
- the rules which apply as a company listed on the London Stock Exchange and on NASDAQ in the US;
- the regulations applied by financial services regulators around the world; and
- the guidance given by investors and others interested in governance best practice.

Reuters monitors and responds to these, particularly in the UK and USA which are where most of the company's shareholders are located, continuously improving the company's internal governance systems as part of its business transformation.

Since 1 January 2004, the company has complied with the Combined Code on Corporate Governance published in July 2003 save that:

- as described below, in 2004 the company modified its approach to performance evaluation of the Board to take account of the fact that a new Chairman and three new non-executive Directors were appointed during the year (code principle A6); and
- no individual member of the Audit Committee has been identified by the Board as having 'recent and relevant financial experience' (code principle C3.1). However, in common with all the non-executive directors, the members of the Audit Committee are all experienced and influential individuals, having the skills described in their biographies in 'Directors' (see pages 27 and 28) and the Board considers that, collectively, the members have the attributes required to discharge properly the Committee's responsibilities.

The company also complies with all SEC and (with the exception of two waivers and one notification described below) NASDAQ governance requirements. The company has received waivers from NASDAQ from two provisions of its governance rules, in both cases on the basis that compliance with the rules would be contrary to standard UK business practice. For approximately fifteen years the company has operated under a waiver of NASDAQ's requirement that all shareholder meetings require a quorum of at least one-third of outstanding voting shares; instead, the company's Articles provide, as is typical for English public companies, that a quorum shall consist of any two shareholders.

The company has also received a waiver from NASDAQ's provisions requiring shareholder approval of employee share-based incentive schemes. The company does seek and has received shareholder approval of its employee share-based incentive schemes to the extent required by UK regulation, including the UKLA Listing Rules. In addition, during 2004 the company notified NASDAQ that for a brief period from April to July 2004 it did not have three Audit Committee members as required by NASDAQ. One of the Audit Committee seats became vacant when Sir John Craven retired at the AGM in April 2004. The vacancy was filled when Lawton Fitt joined the Audit Committee in July 2004. During the interval the Audit Committee, which then comprised Dick Olver and Ian Strachan, met once on routine matters.

02 REUTERS TRUST PRINCIPLES

The company's internal system of governance begins with the Reuters Trust Principles (see 'Information for shareholders – Memorandum

03 THE BOARD

Board composition and directors' independence

Niall FitzGerald chairs the company's Board. He met the independence criteria set out in the Combined Code when he was appointed. His significant commitments, other than Reuters, are being a member of the World Economic Forum's Foundation Board, Co-chairman of the TransAtlantic Business Dialogue and Chairman of The Conference Board. In addition, on 22 November 2004 he was appointed Chairman of the Nelson Mandela Legacy Trust (UK).

Reuters Group's CEO is Tom Glocer, its CFO is David Grigson and its third executive director is Devin Wenig, President of Business Divisions.

There are seven non-executive directors on the Board, including Dick Olver who is the senior independent non-executive director. He is available to shareholders if they have concerns. No shareholder contacted him, or his predecessor, Sir John Craven, during 2004.

The quality of the individual directors, the balance of the Board's composition and the dynamics of the Board as a group, ensure both the Board's effectiveness and the inability of an individual or small group to dominate the Board's decision making. The Board has determined that each of the non-executive directors is independent in character and judgement by reason of his or her personal qualities, and that each of the non-executive directors is 'independent' as that term is defined in NASDAQ and SEC governance requirements.

Each executive director receives a service contract on appointment (see the Remuneration Report for further information) and each non-executive director receives a letter setting out the terms of the appointment and specifying that the appointment is for a term of six years, subject to review after three years. Dick Olver and Charles Sinclair have continued to hold office beyond the initial six year term by agreement with the Board. Copies of the service contracts and non-executive directors' letters of appointment are available to shareholders from the Company Secretary on request.

The articles of association provide that at each AGM any director appointed since the last annual general meeting shall stand for election by the shareholders and one third of the directors shall retire from office by rotation and be eligible for re-election by the shareholders. To recognise that some shareholders prefer all the directors to stand for re-election each year, at the 2005 annual general meeting each of the directors will retire from office and offer himself or herself for re-election.

Role of the Board and its committees

The Board is responsible for the success of the company within a framework of controls which enables risk to be assessed and managed. Its aim is for the group to achieve profitable growth within an acceptable risk profile. It seeks to achieve this by:

- agreeing the strategic framework and keeping it under vigorous review;
- monitoring the implementation of strategy through the operational plans;
- focusing on long-term sustainable value creation;
- safeguarding the longer-term values of the company, including its brand and corporate reputation;
- overseeing the quality of management and how it is maintained at world class levels;
- maintaining a governance framework that facilitates substance and not merely form.

A schedule of matters reserved for the Board's decision identifies those matters that the Board does not delegate. It includes the

and articles of association – the Reuters Trust principles and The Founders Share Company’ on pages 82-83) which are designed to protect Reuters integrity and independence and represent the core values at the heart of Reuters business. They are set out in the company’s constitutional documents and in the Code of Conduct which applies to every Reuters employee. The Trust Principles are a fundamental part of our brand.

The directors are required by the articles to have due regard to the Trust Principles insofar as they are capable of being observed in accordance with their other duties as directors. Thus the Trust Principles are integral to the Board’s approach to the Group’s business.

approval of corporate objectives, strategy and the budget, significant transactions and matters relating to share capital.

The Board is assisted by its committees. Through the Audit Committee, it satisfies itself on the integrity of financial information and that the financial, operational and compliance controls and systems of risk management are robust. Through its Remuneration Committee, the Board determines appropriate levels of remuneration of executive directors and other senior managers. The Nominations Committee is the forum through which the Board discharges its role in nominating new directors and succession planning. These committees are described in more detail below.

CORPORATE GOVERNANCE

continued

There is a clear division of responsibilities between the running of the Board, which is the Chairman's responsibility, and the running of the Reuters Group's business, which is the CEO's responsibility with the Board having oversight. The division of responsibilities is set out in a document approved by the Board.

Directors' induction, training and information

On becoming Chairman, Niall FitzGerald began a comprehensive induction into Reuters Group, building on the knowledge he had previously acquired in his capacity as a non-executive director. Since becoming Chairman, he has met with employees, customers, shareholders and associates of Reuters Group and he has received briefings from the management team on their respective areas of responsibility.

Ken Olisa, Lawton Fitt and Penny Hughes are also receiving information and briefings as part of their induction into Reuters. They have each received a Directors' Manual which provides them with information about Reuters and the operation of the Board and its committees. In addition, a series of briefings and site visits is being undertaken to gain insights into the group and to enable the directors to see business operations first hand. All directors are supplied with Reuters products.

Ongoing training for directors is available as appropriate. The company's legal advisers and auditors provide briefings to the directors from time to time. In 2004 briefing topics included the new ethics and compliance guidelines for companies in the US, Sarbanes-Oxley Act 2002 which affects the company because its securities are registered with the SEC, and the new International Financial Reporting Standards. In addition, guest speakers are occasionally invited to join Board dinners to discuss topics of interest with the directors and opportunities are provided for non-executive directors to meet with shareholders, customers and others involved in Reuters business.

Monthly financial information is provided to the directors. Regular and ad hoc reports and presentations are prepared and circulated to the directors in advance of Board meetings, together with minutes and papers relating to the Board's committees, to ensure the directors are supplied, in a timely fashion, with the information they need. They also have access to the Company Secretary who is responsible for advising the Board through the Chairman on all governance matters. The Company Secretary is appointed by, and can only be removed by, the Board. The directors may take independent professional advice at the company's expense, although no such advice was sought during 2004.

Frequency of meetings

The Board met six times in 2004 and, in addition, held a strategy review meeting in June. The directors attended all the Board meetings in 2004 save that, by prior arrangement, Niall FitzGerald was absent from the February meeting and Roberto Mendoza, Charles Sinclair and Ed Kozel were each absent from one meeting.

Board effectiveness

Usually each year the Chairman meets at least once with the non-executive directors without the executive directors present. No such meeting was held in 2004 because of the change in the chairmanship of the Board but such meetings are being held in 2005.

Also, usually the senior independent non-executive director conducts a chairmanship review meeting at which the Chairman's remuneration and performance are reviewed. However, no such meeting was held in 2004 since it was not considered that it would serve any useful purpose in view of Sir Christopher Hogg's retirement as Chairman in October and replacement by Niall FitzGerald. The review will be reintroduced for 2005.

Each year the Chairman and the non-executive directors review the CEO's performance and the CEO reviews the performance of the other executive directors as part of the company-wide employee performance review process.

The Audit Committee did not conduct an effectiveness review for 2004 since it will be covered by the in-depth review being undertaken in 2005. However, the Remuneration Committee did undertake an evaluation of its performance during 2004. A questionnaire was circulated to the Committee members and the collated responses were discussed by the Committee and reported to the Board. Account will be taken of the results in the way the Committee is managed henceforth.

Board Committees

The Board delegates specific responsibilities to certain committees. Each Committee has its own terms of reference set by the Board. These are available on request from the Company Secretary or at www.about.reuters.com/csr/corporategovernance.

The Audit Committee The Audit Committee reviews and, as appropriate, actively engages in the processes for financial reporting, internal control, risk assessment, audit and compliance assurance, the independence of the company's internal and external auditors and the effectiveness of the company's system of accounting, its internal financial controls and the internal and external audit functions.

Members of the committee during 2004 were Dick Olver (Chairman), Lawton Fitt and Ken Olisa (since their appointments to the committee on 6 July 2004 and 16 December 2004 respectively), and Sir John Craven and Ian Strachan (until their retirements from the committee on 21 April 2004 and 8 February 2005 respectively). Each member of the committee is considered by the Board to be independent including under the SEC and NASDAQ definitions.

The Audit Committee does not include a member who is a 'financial expert', as defined in the Sarbanes-Oxley Act of 2002 and related SEC rules because the Board considers that none of the members clearly meets all the criteria set out in the relevant definitions nor has the Board identified a member of the committee as having recent and relevant financial experience. However, the Board considers that collectively the members have the requisite skills and attributes to enable the committee properly to discharge its responsibilities. The Company Secretary is secretary to the committee.

The Audit Committee's remit, which is set out in its terms of reference, includes responsibility for:

- the oversight responsibilities described in the above paragraphs and for reviewing compliance with laws, regulations, the company's code of conduct and policies;
- approving related party transactions to the extent required under NASDAQ rules;
- monitoring the integrity of the company's financial statements and any announcements relating to the company's financial performance and reviewing significant financial reporting judgements contained in them;
- monitoring and reviewing the effectiveness of the company's internal audit function;
- making recommendations to the Board, for it to put to the shareholders for their approval, regarding the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and the effectiveness of the audit process and developing and implementing policy on the engagement of the external auditor to supply non-audit services; and
- overseeing the receipt, review and treatment of complaints received regarding accounting, internal accounting controls, auditing and

In view of the Board alterations in 2004, namely the change in Chairman, the retirement of three non-executive directors and the appointment of three new non-executive directors, rather than having a retrospective effectiveness review for 2004 the Board concentrated on considering and determining how it should function, going forward. It plans an in-depth review of its effectiveness during 2005 using an external professional facilitator. The facilitated review in 2005 will also cover the effectiveness of the Board's committees.

compliance matters, whether through the company's 'whistleblower' confidential helpline or otherwise.

The committee met four times in 2004 with the CEO, the CFO, other officers and the auditors attending as required. The auditors have unrestricted access to the Audit Committee and, in accordance with usual practice, met twice during the year privately with the committee, as did the Head of Audit.

The Chairman of the Audit Committee meets with the Head of Audit and with the external auditors before each Audit Committee meeting. All members of the Audit Committee attended every committee meeting during the year.

The committee reports its activities and makes recommendations to the Board. During 2004, the committee discharged the responsibilities described above. Its activities included:

- formally reviewing the draft annual report and interim statement respectively and associated announcements, focusing on the main areas of judgement and critical accounting policies;
- reviewing the findings of the external auditors and the report of the Head of Audit on internal audit activities;
- reviewing the effectiveness of internal control systems, the risk management process and the compliance programme (including the whistleblower programme), paying particular attention to the work being undertaken in connection with section 404 of the Sarbanes-Oxley Act;
- receiving the report of the CEO and the CFO on the processes followed prior to certification being given by them in accordance with Sarbanes-Oxley Act;
- reviewing the external audit strategy and the external auditors' report to the committee in respect of the annual report and interim statement;
- keeping under review the proportion of non-audit fees to audit fees paid to the auditors and giving pre-approval to non-audit work undertaken by the auditors;
- reviewing the effectiveness of the auditors and undertaking a competitive audit tender process which resulted in a recommendation being made to the Board to propose to shareholders that PricewaterhouseCoopers be retained as the company's auditors; and
- reviewing a report on the company's corporate social responsibility activities.

The committee adopted a code of conduct for the company's CEO and senior financial officers in 2003, in addition to the company's general code of conduct. No amendments to, or waivers in respect of, either code were made during 2004. A copy of the codes is available on request from the Company Secretary and can be viewed at www.about.reuters.com. Instinet Group has also adopted a code of conduct which can be viewed at www.institutgroup.com

The committee monitors adherence to the company's Auditor Independence policy, which it prohibits Group entities from engaging the auditors in activities prohibited by the SEC. The policy permits the auditors to be engaged for other services provided the engagement is specifically approved in advance by the committee or meets the detailed criteria of specific pre-approved activities and is notified to the committee. However, any services where the expected level of fees is greater than £150,000 or the expected term is longer than one year, must be approved in advance by the committee. The exception to this is Instinet Group, which uses the same auditors as Reuters and, as a US publicly traded company, is separately subject to the auditor independence requirements and has an audit committee which oversees the use by Instinet of the independent auditors, under its own policy.

For details regarding fees paid to the Group's auditors, see note 2 on the consolidated profit and loss account on page 47.

The committee may engage, at the company's expense, independent counsel and other advisers as it deems necessary to carry out its duties. None was engaged during the year.

The **Remuneration Committee** has oversight of executive remuneration policy. Information concerning the Remuneration Committee is set out in the Remuneration Report on page 32.

In 2004, the composition of the committee was Sir Christopher Hogg (until his retirement in October), Dick Olver, Niall FitzGerald and Charles Sinclair (since his appointment to the committee in September 2004). The committee is chaired by Niall FitzGerald. The Board has determined that these directors are independent according to the NASDAQ and SEC definitions. The terms of reference require the committee to meet at least twice a year and it did so in 2004. A director may not attend or be involved in any decision concerning him or his successor. The committee has appointed an external adviser to assist it in its work in identifying potential candidates for non-executive directorships.

During 2004, the Nominations Committee recommended to the Board the appointments of Penny Hughes, Lawton Fitt and Ken Olisa. It also recommended the changes that were made to the Board's committees' membership during 2004 and the appointment of Dick Olver as senior independent non-executive director on Sir John Craven's retirement from the Board.

04 EXECUTIVE COMMITTEES

The Group Management Committee (GMC), which is chaired by the CEO, implements strategy and manages the Group. It comprises the three executive directors and the senior managers listed on page 27. It met twenty-two times in 2004.

A Disclosure Committee, chaired by the CEO was set up in 2002. Its members, comprise the CEO, the CFO, the Global Head of Corporate Affairs, the General Counsel & Company Secretary, the Head of Audit, the Head of Global Finance, the Head of External Reporting, the Area General Counsel for the Americas and the Head of Investor Relations. The Committee meets formally five times a year to review the Group's trading statements and financial results and to consider the adequacy of the Group's disclosure controls and procedures. A sub-committee meets on an ad hoc basis to address disclosure matters arising between reporting periods.

05 RELATIONS WITH SHAREHOLDERS

The executive directors meet regularly with institutional shareholders and analysts. Non-executive directors are offered the opportunity to attend meetings with major shareholders and from time to time some attend the presentations of the annual results to analysts. When Niall FitzGerald became chairman he met with investors who expressed general satisfaction with the direction, performance and governance of the business.

An investor relations department is dedicated to facilitating communications between the company and its shareholders. It provides a regular report on investor relations as part of the routine Board report materials. In 2004 the company's brokers carried out a survey of investors' views and the results of this survey were communicated to the Board.

The company's AGM is used as an opportunity to communicate with private investors. The chairmen of each of the Board committees are available to answer questions at the AGM and all directors are expected to attend the AGM. At the AGM the level of proxies lodged on each resolution and the balance for and against the resolution and the number of votes withheld are announced after the resolution has been voted on. At the 2005 AGM we will be introducing voting by proxy to replace voting by a show of hands as we consider proxy voting gives a better representation of shareholders' views. The results of voting at the AGM in 2005 will be available at www.about.reuters.com

06 DIRECTORS' RESPONSIBILITIES, INTERNAL CONTROLS AND FINANCIAL REPORTING

The directors' responsibilities and information on internal controls and financial reporting can be found on page 41.

The Nominations Committee makes recommendations to the Board about future appointments of non-executive directors, the Chairman and the CEO and considers recommendations from the CEO to the Board about the future appointment of executive directors. The committee gives due consideration to the Combined Code's provisions relating to directors when making appointments to the Board. The terms of reference for the committee are available from the Company Secretary on request and can be viewed at www.about.reuters.com

REMUNERATION REPORT

This report sets out the Reuters Group executive remuneration policy, structure and details of the remuneration received by directors and senior managers in respect of the year ended 31 December 2004. Shareholders will be invited to approve this report at the AGM on 21 April 2005.

01 CONSIDERATION OF REMUNERATION MATTERS

The Board has overall responsibility for determining the framework of executive remuneration and its cost, and is required to take account of any recommendations made by the Remuneration Committee.

Through formal terms of reference, the Board has delegated to the Remuneration Committee oversight of the specific remuneration packages for the executive directors and consideration of executive remuneration issues generally, including the use of equity incentive plans in particular.

The Remuneration Committee consists solely of non-executive directors. All members of the Remuneration Committee have been determined by the Board to be independent as defined by NASDAQ. Its current members are Charles Sinclair (Chairman), Ed Kozel, Penny Hughes (from 6 July 2004) and Ian Strachan (from 16 December 2004). Roberto Mendoza ceased to be a member of the Remuneration Committee on 6 July 2004. The Company Secretary is secretary to the Remuneration Committee. The Remuneration Committee met four times in 2004. All members were present at each meeting.

The CEO and the Chairman normally attend meetings of the Remuneration Committee. Neither is present at any discussion concerning his own remuneration. During 2004, the Remuneration Committee was advised internally by the Global Head of Human Resources and the Global Head of Performance & Reward. The terms of reference permit the Remuneration Committee to obtain its own external advice on any matter, at the company's expense. These executives take external advice and information from many sources in preparing proposals for the Remuneration Committee and received information from Towers Perrin, Mercer HR Consulting, Watson Wyatt and Kepler Associates in relation to remuneration decisions made during 2004. In addition, to ensure compliance with relevant laws and regulations, executives were provided with advice from Deloitte & Touche LLP, Linklaters and Shearman and Sterling LLP in respect of the two new share plans introduced in 2004, the Annual Bonus Profit Sharing Plan and the Restricted Share Plan.

02 DIRECTORS

The Remuneration Committee aims to ensure that remuneration and incentive arrangements are market-competitive, consistent with best practice and support the interests of shareholders.

In practical terms, this means that the reward structure for directors should attract, motivate and retain high-calibre individuals capable of successful leadership. To achieve this in a global business environment, Reuters executive remuneration must reflect the competitive practices of its principal competitors and the other multi-national businesses with which it competes for talent. The Remuneration Committee believes that market-determined executive compensation, with a heavy emphasis on the variable remuneration elements, is the best way to ensure that Reuters has the high performing executives necessary to achieve its immediate and longer-term strategic objectives. The Remuneration Committee has established a structure that ensures that the quantum of remuneration received by executives is commensurate with returns to shareholders.

Total executive remuneration is calibrated to deliver mid-market rewards at formally targeted levels of personal and corporate performance. Variable reward components provide an opportunity for much higher levels of remuneration where this is supported by above-target performance, whether on an individual level or in relation to short-term and longer-term business priorities. The annual cash bonus plan supports operational objectives over the financial year, while the long-term incentive plan will reward superior performance relative to competitors over the medium term and share options complement growth objectives.

	Fixed		Variable	
	Base pay %	Bonus %	Long-term incentives %	Total %
Tom Glocer	17%	26%	57%	100%
David Grigson	29%	29%	42%	100%
Devin Wenig	29%	29%	42%	100%

Executive directors are required to build and maintain a personal equity stake in the company. The personal shareholding policy requires each executive director to accumulate a personal holding worth twice his basic salary within five years.

03 NON-EXECUTIVE DIRECTORS

Details of non-executive director appointments are contained on page 26.

Non-executive directors have letters of engagement rather than service contracts and are not eligible to participate in executive share plans. Charles Sinclair was invited to join the Board in October 1993, Dick Olver in September 1997, Ed Kozel in February 2000, Ian Strachan in April 2000, Niall FitzGerald in January 2003, Ken Olisa in April 2004, and Penny Hughes and Lawton Fitt in July 2004. Sir John Craven, who had been a non-executive director since February 1997, resigned from the Board on 22 April 2004 and Roberto Mendoza, who had been a non-executive director since February 1998, resigned on 6 July 2004. No letter of engagement contains any provision for compensation in the event of termination outside of the periods referred to above.

The Chairman's remuneration is determined by the Board who, in reaching future decisions on appropriate fee levels, will continue to have regard to the remuneration arrangements of chairmen of other UK listed companies of a similar size and complexity.

Sir Christopher Hogg was Chairman from 1985 until 30 September 2004, when he also retired from the Board. His annual fee was £290,000. In addition, he received a pension entitlement as detailed on page 37. On 1 October 2004, Niall FitzGerald succeeded Sir Christopher Hogg as Chairman. Niall FitzGerald receives an annual fee of £500,000. This fee is fixed until 1 October 2007. The company does not provide a pension contribution to Niall FitzGerald.

Our shareholders determine the remuneration paid to the non-executive directors. From 1 January 2004, this is set at £50,000.

The Board determines the fees payable to each non-executive director who chairs a Board committee. For 2004, these were £15,000 per annum, £10,000 per annum and £5,000 per annum for chairing the Audit, Remuneration and Nominations Committees respectively. Until his retirement on 30 September 2004, Sir Christopher Hogg was Chairman of the Nominations Committee: he waived receipt of any fees. Niall FitzGerald succeeded Sir Christopher Hogg and he has also waived receipt of any committee chairmanship fees. Dick Olver, who replaced Sir John Craven as senior independent non-executive director, receives an additional £5,000 per annum for this role. From 2004, non-executive directors who are resident outside of Europe are eligible to receive a travel allowance of £5,000 for each Board meeting attended in the UK.

04 REMUNERATION STRUCTURE

It is Reuters general policy to construct executive remuneration packages as described below. However, in order to safeguard Reuters ability to recruit and retain the best senior executives, the Remuneration Committee believes it needs to maintain the freedom to negotiate terms of employment on an individual basis, taking account of the circumstances of each case. Where it is necessary, special arrangements will also be made to accommodate the needs of, for example, international executives who are required to relocate.

Reuters continues to ensure that an increasing proportion of executive reward is variable and wholly dependent upon performance. As such, the structure of the individual packages currently in place includes a significant proportion of variable reward that is performance related, with basic pay representing well under a third of the target earnings potential. In 2004, excluding pension entitlements, the targeted composition of each executive director's remuneration was as follows:

Basic salary and benefits

In formulating and reviewing pay packages for the executive directors, the Remuneration Committee receives comparator group information and assistance from independent remuneration consultants. In 2004, the Remuneration Committee reviewed the comparator group and reaffirmed its relevance. Reuters policy is to maintain a salary structure with salary ranges based upon the mid-market of this comparator group of companies. Individual salaries are positioned at an appropriate point within the salary range. In recognition of a reliance on the intellectual capital of its people, where appropriate, actual salaries are centred around the upper quartile position.

The Remuneration Committee takes account of the salary levels of other executives and senior managers. The executive directors indicated that they did not wish to receive a salary increase in 2004 and this was affirmed by the Remuneration Committee.

Non-cash benefits are provided to executive directors and the Chairman in line with normal market practice and detailed on pages 36-37. All executive directors receive a company car or an allowance and private healthcare benefits. Death and disability benefits are also provided to each executive director. Niall FitzGerald does not receive any death and disability or other benefits. Under the terms of Tom Glocer's relocation agreement, Reuters Group provides accommodation in the UK and pays home leave expenses for him and his family.

Pensions

All executive directors participate in defined contribution arrangements. Since April 1999 it has been Reuters policy that all new UK employees, including executive directors, are offered participation in a defined contribution pension plan. In the case of UK executive directors, in lieu of pension provisions above the statutory earnings cap (where applicable) an additional taxable allowance is granted. The Remuneration Committee may substitute certain benefits following changes to UK pensions legislation. However, there is no intention to provide any additional compensation as a consequence of such changes. In the US, all employees are offered participation in a defined contribution (401K) plan. In lieu of a contribution on salary above the tax qualified limit, an additional contribution is granted to a Supplemental Employee Executive Retirement Plan (SERP). The SERP is unfunded.

Annual performance-related bonus

Contractual bonus arrangements are negotiated individually. The Remuneration Committee determines performance targets annually. Bonus payments are non-pensionable.

In 2004, the executive directors were eligible for an annual cash bonus, with a maximum level of 100% of base salary for all but Tom Glocer, whose maximum level was 150% of salary. Bonus targets were set on a sliding scale and included a mix of financial and strategic measures: 60% of the bonus potential was based on performance against financial measures (30% of which was dependent on our budgeted operating profit before restructuring, amortisation of goodwill and other intangibles and impairments – Target Operating Profit; 15% on our budgeted revenue; and 15% on a free cash flow target). The remainder of the bonus potential was divided equally between a target to improve the customer satisfaction survey result and the achievement of the Fast Forward programme transformational targets. In addition, stretch targets were established on the revenue measure and customer satisfaction result where, for significant out-performance, there was the potential for an additional 17.5% of bonus target. In February 2005, the Remuneration Committee considered 2004 performance, relative to the specified targets, and determined that the executive directors had earned bonuses of 99.4% of bonus potential.

Given that 2005 is the final year of the Fast Forward programme, the Remuneration Committee has increased the focus on achieving the financial results associated with the Fast Forward programme. In 2005, the Remuneration Committee will increase the emphasis on financial performance, with 80% of the maximum bonus potential being measured against Target Operating Profit, budgeted revenue and free cash flow targets with the remainder on customer satisfaction results. There is the potential to earn additional bonus payments based on significant out-performance against Target Operating Profit and customer satisfaction targets.

The Remuneration Committee retained the profit threshold, based on Target Operating Profit, below which no bonuses will be paid. The Remuneration Committee reviewed the shareholding requirements for the executive directors. Taking this into account, together with the changes in the tax treatment of deferred compensation in the US, the Remuneration Committee decided that no share-based deferral will apply to bonus payments. However, Tom Glocer has committed to increase his investment in Reuters shares by an amount at least equivalent in value to the post-tax component that would otherwise have been deferred.

Equity incentive plans

The executive directors also participate in a discretionary stock option plan (DSOP) and a long-term incentive plan (LTIP) designed to reward longer-term performance. Details of all share incentive awards outstanding for each executive director serving during 2004 are set out on pages 38 and 39.

All executive directors' future entitlements are subject to the performance conditions applicable to the relevant plan. The Remuneration Committee has initiated a review of remuneration arrangements, including the structure of equity plans, to ensure that these are aligned with the achievement of the objectives to be established in Reuters growth strategy post the Fast Forward programme. Until completion of this review, other than as described below, Reuters has no present intention of making any significant change to the executive directors' existing entitlements under these plans.

In 2004, the Remuneration Committee introduced an Annual Bonus Profit Sharing Plan and a Restricted Share Plan as discussed below.

LTIP: since 1993, Reuters has operated a long-term incentive plan which seeks to encourage and reward long-term growth in shareholder value. It is Reuters practice to make an annual award of contingent share rights to executive directors and to those senior managers most able to influence corporate performance. From 2003, awards have been based on the fair market value per share using option pricing methodology. The fair market value ascribed to each share for LTIP purposes is presently 43.8% of current market value.

The Remuneration Committee considers that relative total shareholder return (TSR) remains the most appropriate measurement criterion for the LTIP. Whilst endorsing relative TSR as a measure, the Remuneration Committee recognises that we do not fall naturally into any one of the existing FTSE industrial sectors. Accordingly, following a review of the comparator group, the Remuneration Committee believes that the FTSE 100 generally, rather than one individual sector or a bespoke peer group e.g. media and photography, remains the most appropriate peer group for comparison purposes.

Under the terms of his service contract, annual equity awards to Tom Glocer will be based on a fair market value, calibrated by reference to the average of the mid-market position of a comparator group of FTSE 100 companies, with significant international operations (excluding the top and bottom five companies measured by market capitalisation) and the mid-market position of a US comparator group comprising media companies. For both comparator groups, the data has been provided by Towers Perrin. LTIP awards will form part of the total equity grant. Details of the grants for 2004 are set out in the table on page 38.

For 2005, it is anticipated that the fair market value of Tom Glocer's LTIP award will be approximately 100% of basic salary. David Grigson and Devin Wenig will receive awards of equivalent value: due to exchange rate fluctuations this represents a fair market value of around 67% and 85% of basic salary for David Grigson and Devin Wenig respectively. To be consistent with the objectives of the plan, and to ensure growth is measured relative to other major UK companies, performance is measured over a three-year period by comparing Reuters TSR with that of other companies comprising the FTSE 100 at the beginning of the period. The companies are ranked according to their TSR for the measurement period with the company having the highest TSR ranked first. As a matter of good practice, the measurements are verified independently before being presented to the Remuneration Committee for approval.

For 2004 awards, Reuters position on the list determines the extent to which plan awards will vest. Reuters must achieve median TSR performance for a proportion of the award to vest: full vesting only occurs for top quartile performance. At the 2004 AGM and from 2004, the shareholders approved the removal of the re-testing provision and accordingly the plan will not permit any extension of the measurement period if the awards do not, or only partially, vest. Awards that do not meet at least the median performance condition on completion of the performance period will lapse. Future awards shall continue to vest in full for top quartile performance, with one-third of the initial award vesting for median performance, with proportionate vesting for incremental performance between these points.

For awards made prior to 2003 that do not vest or only partially vest after three years, the plan permits the measurement period to be extended by up to two years under a re-testing provision. Awards granted in 2000 did not meet the performance condition required for vesting and accordingly, these awards lapsed.

REMUNERATION REPORT

continued

The pre-set vesting criteria for awards which vested during 2004 or which have not yet vested are shown in the table below together with the actual ranking at 31 December 2004 (or on vesting if earlier). Awards granted prior to 2004 that vest under the plan are not released until at least five years from the date of grant.

Date measurement period commenced	Pre-set vesting criteria		Ranking at 31 December 2004
	Rankings for 100% vesting	Rankings for zero vesting	
1 January 2000	1 to 26	66 to 100	85
1 January 2001	1 to 25	51 to 100	85
1 January 2002	1 to 25	51 to 100	94
1 January 2003	1 to 25	51 to 100	70
1 January 2004	1 to 25	51 to 100	1

In order to smooth the opening and closing points of measurement, the average of the daily closing prices for the immediately preceding twelve months is used as the initial and final share prices when calculating the TSR. Shares awarded under the plan will continue to be met from existing shares held by Reuters employee share ownership trusts (ESOTs). The costs are charged to the profit and loss account over the vesting periods.

DSOP: a global discretionary stock option plan was adopted by the Remuneration Committee in October 2000 and approved by shareholders in April 2001. It aims to reward growth in earnings and in the share price. Therefore, the options granted to executive directors can only vest if the percentage growth in our basic earnings per share (EPS) exceeds the percentage growth in the retail price index by more than 9% over the three year performance period. For awards made prior to 2004, if the target is not met, the performance period may be extended by up to two years with an increase of 3% in the hurdle rate of EPS growth for each year added to the performance period. If the target rate is not met by the end of the fifth year, the options will lapse.

These performance conditions were established in 2001 to retain management focus on earnings in a particularly challenging market. The Remuneration Committee believes that it is appropriate to retain these performance conditions for executive directors until the completion of the remuneration review referred to above. The review will determine whether it is appropriate to continue to operate the DSOP and if so, to determine whether an EPS performance condition is appropriate. The review will also consider whether it is more appropriate to use alternative equity related arrangements for the executive directors as Reuters looks beyond the Fast Forward programme. From 2004, the re-testing provisions have been removed and accordingly, new awards will not permit any extension of the measurement period. If the awards do not meet the EPS performance condition upon completion of the initial performance period they will lapse.

The performance conditions have been measured for the 2001 and 2002 grants: the first grants to executive directors with these performance conditions. The performance conditions were not met for either grant.

The executive directors are contractually entitled to participate in the DSOP. Under the terms of his service contract, annual equity awards to Tom Glocer are based on a fair market value using the option pricing methodology which currently ascribes to each share a value of 25.4% of the market price. 2004 awards are detailed in the table set out on page 39. For 2005, it is anticipated that the fair market value of Tom Glocer's DSOP award will be approximately 200% of basic salary. David Grigson and Devin Wenig will receive awards of equivalent value. As the awards are calculated in sterling and Devin Wenig's salary is denominated in US dollars, the proportion of his salary actually awarded is impacted by the exchange rate. At present, these awards represent a fair market value of approximately 133% and 170% of basic salary for David Grigson and Devin Wenig respectively. It is the Remuneration Committee's practice to divide

SAYE Plan: an all-employee international savings related share option plan is offered in which the executive directors are eligible to participate. Participants save a fixed monthly amount of up to £250 (subject to a maximum, established annually for each offer) for three years and are then able to use their savings to buy shares at a price set at a 20% discount to the market value at the start of the savings period. In line with market practice, no performance conditions are attached to options granted under this plan. For the 2004 offer, the fixed monthly savings amount was established at a maximum of £100 per month with a three year savings period.

Legacy plans: the following four plans are legacy plans under which Tom Glocer and Devin Wenig received awards prior to becoming executive directors. It is not intended that executive directors should receive any further awards under these plans.

Performance related share plan (PRSP): this plan operated from 1995 to 2001 and targeted senior executives not participating in the LTIP. Tom Glocer and Devin Wenig hold awards granted before they became executive directors. The performance condition is the same as for the LTIP, although vested shares can be released three years after grant.

Deferred bonus share plan (DBSP): restricted share awards were made in 2000 as a special retention bonus to a total of around 100 senior managers, excluding the executive directors in office at that time. As a retention tool, and in line with the then market practice, they were made conditional only on remaining in employment until the shares vested. These awards vested in February 2002 and February 2003. Tom Glocer has previously deferred the vesting of his shares under the plans: these are due to vest in April 2005. The shares awarded under the plan are satisfied by existing shares from ESOTs.

Executive stock option plan (ESOP): Tom Glocer participated in an executive stock option plan operated in 1993 and 1994 prior to being appointed to the Board. Options under the plan carry no performance conditions and vested automatically on the third anniversary of grant.

Plan 2000: a one-off all-employee option grant was made in 1998 in order to support the retention of employees over the millennium period. In common with such all-employee plans, there is no performance condition to be satisfied. All employees, including the executive directors, were given the opportunity to apply for an option to acquire 2,000 shares at an exercise price of £5.50 per share. These options became exercisable in September 2001 and will normally expire in September 2005. A small supplementary grant was made to new employees in March 1999, at an option price of £8.14 and these will normally expire in March 2006. We may issue new shares to satisfy options granted under this plan.

Annual Bonus Profit Sharing Plan: on 18 December 2003, Reuters announced its intention to introduce a new profit-sharing plan across the all-employee population. This plan was introduced to focus employees on reward for profit growth. Executive directors and members of the GMC did not participate in this plan in 2004. For 2005, participation in this plan will exclude other senior executives. For 2004 performance awards will be made equivalent to 2% of the basic salary. Payments under the plan will typically be made in the form of shares which will normally be subject to a 12 month vesting period.

Restricted Share Plan (RSP): on 17 April 2004, at the AGM, the shareholders approved the introduction in 2004 of the RSP. Currently restricted shares will not normally be granted for long-term incentive purposes to executive directors or members of the GMC. It is intended that, other than for executive directors and GMC members, employees will be eligible to participate in this plan instead of the DSOP. This plan enables Reuters to provide market-competitive remuneration, whilst reducing the dilution impact to shareholders. Other than in 2004, the year of introduction, employees would generally not be eligible to participate in the DSOP and the RSP in the same year. Following the introduction of the Annual Bonus Profit Sharing Plan, for 2005, the number of participants in the RSP will be significantly lower than in 2004. This will reduce the dilutive impact of the RSP.

participants' annual entitlements into two awards, normally made following the announcement of preliminary annual and half-yearly results.

With effect from 2004, to reduce the dilutive impact DSOPs have on shareholders' interests, the number of participants was reduced significantly. Any participation will normally be confined to executive directors and members of the GMC. Other employees may be eligible to participate in the Restricted Share Plan (see following).

05 PERFORMANCE GRAPH

Reuters TSR for the five years to 31 December 2004 compared with the return achieved by the FTSE 100 index of companies is shown below. This index is used as the comparator group for the performance conditions attached to the LTIP and PRSP referred to above. The calculations assume the reinvestment of dividends. Performance in respect of individual awards is shown on page 34.



06 SUBSIDIARY UNDERTAKING SHARE PLANS

A few subsidiary undertakings operate share plans over new or existing shares for their directors and employees. Of these, only the stock option plans operated by the Instinet Group are significant for the Group.

The Instinet 2000 Stock Option Plan permits the grant of options up to a maximum of 44.1 million shares of the common stock outstanding. Options may be granted to directors and employees of Instinet Group at an exercise price of not less than fair market value at the date of grant. Options normally vest in instalments over a three- or four-year period and may not exceed a term of ten years. Approximately 885 employees and directors of Instinet Group participate in the plan. At 31 December 2004, options were outstanding over approximately 25.8 million Instinet Group shares, equivalent to 7.7% of Instinet Group's outstanding common stock. These options have exercise prices ranging from US\$3.25 to US\$18.70 per share with a term of seven years from grant.

As a result of the acquisition by the Instinet Group of Island in 2002, a further 416,406 shares under option were outstanding under the Island stock option plan (and are now exercisable into Instinet Group common stock) as at 31 December 2004. Exercise prices range from US\$0.91 to US\$9.23 (on an adjusted basis) with a term of ten years from grant. In 2004 Instinet obtained shareholder approval for a new Performance Share Plan, whereupon shares may vest to participants if Instinet achieves certain specified performance objectives over a three year period. For 2004 grants, the performance condition related to the achievement of a target return on equity.

07 SERVICE CONTRACTS

It is Reuters policy that new executive directors be offered notice periods of not more than one year. Reuters recognises, however, that, in the case of appointments from outside the company, a longer notice period may initially be necessary, reducing to one year subsequently. The Remuneration Committee ensures that appropriate provisions are in place in the event of the termination of any director's service contract.

Tom Glocer has a service contract, with an effective date of 23 July 2001, normally terminable by him on 90 days' notice or, where due to our fault, on 30 days' notice. We may terminate without cause on 30 days' notice. In the event of termination by Tom Glocer due to our fault or by us without cause, Tom Glocer's compensation will be limited to a maximum of 12 months' accrued benefits being annual salary, annual bonus and pension contributions.

However, in the event of a change in control of the company, Tom Glocer would have been entitled to a maximum amount of compensation based on 20 months' salary, annual bonus and pension contributions, if such change of control had occurred prior to 1 July 2004. He will be entitled to 16 months' salary, annual bonus and pension contributions, if such event occurs prior to 1 July 2005 and 12 months' salary, annual bonus and pension contributions thereafter.

In the event of termination at any time which is not due to the fault of Tom Glocer, he retains the benefit of any outstanding share plan awards as if his employment had not ceased. In addition, Tom Glocer and his family retain the life assurance and private healthcare benefits provided by Reuters for one year following termination.

David Grigson's and Devin Wenig's contracts have effective dates of 21 June 2001 and 17 February 2003 respectively, and can be terminated on one year's notice. Any termination payment will not exceed an amount equal to the sum of annual salary, bonus and 12 months' pension contributions paid by Reuters.

On a change of control of the company, all the executive directors are entitled to terminate their contracts on one month's notice unless the acquiring party has, within three months of the change of control, agreed to adopt and uphold the Reuters Trust Principles (see page 82). Termination payments of a maximum of 12 months' salary, annual bonus and 12 months' pension contributions are payable to David Grigson and Devin Wenig (and to Tom Glocer as previously detailed) in such circumstances.

All executive directors have contractual terms that limit the ability of an executive director to work for a defined list of competitor companies for a period of time. These provisions are in place to protect intellectual property and commercially sensitive information.

08 POLICY ON EXTERNAL APPOINTMENTS

Reuters recognises that executive directors may be invited to become non-executive directors of other companies or to become involved in charitable or public service organisations. As the Board believes that this can broaden the knowledge and experience of directors to its benefit, it is Reuters policy to approve such appointments, provided there is no conflict of interest and the commitment required is not excessive. Board approval is required and directors are permitted to retain cash-only fees paid for such appointments. No executive directors retained any fees for external directorships during 2004 except for Devin Wenig who received fees of US\$19,125, which includes an annual fee of US\$3,000 and US\$16,125 in fees for attending board and committee meetings, and US\$3,913 in travel expenses, in his capacity as director of Natestch Pharmaceutical Company.

REMUNERATION REPORT

continued

09 DIRECTORS' REMUNERATION FOR 2004

						2004	2003
	Salary/ fees £000	Bonus £000	Benefits ⁷ £000	Expense allowances ⁸ £000	Compensation for loss of office £000	Total ¹² £000	Total £000
Chairman							
Sir Christopher Hogg ¹	218	–	66	–	–	284	278
Niall FitzGerald, KBE ²	163	–	–	–	–	163	35
Non-executive directors							
Sir John Craven	19	–	–	–	–	19	45
Lawton Fitt ³	25	–	–	–	–	25	n/a
Penny Hughes ³	25	–	–	–	–	25	n/a
Ed Kozel ⁴	50	–	–	15	–	65	35
Roberto Mendoza	26	–	–	–	–	26	35
Ken Olisa ⁵	35	–	–	–	–	35	n/a
Dick Olver	69	–	–	–	–	69	50
Charles Sinclair	60	–	–	–	–	60	45
Ian Strachan ⁶	243	–	–	–	–	243	204
Executive directors							
Tom Glocer ⁹	816	1,217	289	–	–	2,322	1,898
David Grigson ¹⁰	400	398	6	68	–	872	785
Devin Wenig ¹¹	330	328	17	11	–	686	609
Total emoluments of directors¹²	2,479	1,943	378	94	–	4,894	4,019
Other senior managers as a group (9 persons) (2003: 10 persons)¹³	2,623	1,959	255	189	–	5,026	5,957

Notes: (For disclosure purposes, all amounts have been rounded up to the nearest thousand. The following conversion rates were used: US\$1.82: £1 and CHF2.28: £1).

- Sir Christopher Hogg retired on 30 September 2004. He received benefits comprising a company car benefit of £7,418, medical benefits of £1,470 and tax and national insurance benefits of £26,400. Reuters also made him a gift of his company car, with a value of £30,000.
- Niall FitzGerald became Chairman on 1 October 2004. Prior to that, Niall FitzGerald did not personally receive the non-executive director payment of £37,500 which was made directly to Unilever PLC.
- Penny Hughes and Lawton Fitt joined as non-executive directors on 6 July 2004.
- The £15,000 allowance to Ed Kozel represents travel allowances to attend UK Board meetings.
- Ken Olisa joined as a non-executive director on 22 April 2004. His non-executive director fee was paid directly to Interregnum PLC.
- Fees paid to Ian Strachan include US\$ 350,000 in respect of his position as a non-executive director (Chairman) of Instinet Group and £50,000 in respect of his position as Reuters non-executive director. In 2003 he received 20,718 restricted stock units from Instinet Group which vested in May 2004.
- Items included under Benefits are those provided as goods and services received during the year.
- Items included under Expense allowances are contractual benefits, which are paid in cash rather than as goods and services during the year.
- Non-cash benefits received by Tom Glocer included accommodation costs of £228,204, travel expenses of £29,605 and company car and healthcare benefits totalling £23,675 and long-term disability insurance of £6,525.
- David Grigson received healthcare benefits of £1,913 and long-term disability insurance of £3,200. Allowances consist of a car allowance of £7,420 and a retirement allowance of £59,750.
- Devin Wenig's benefits consist of healthcare and travel benefits of £16,149. Allowances consist of a car allowance of £10,549. Devin Wenig's salary is paid in US dollars and is contractually split between his role as executive director and President of Business Divisions.
- The total aggregate emoluments for the directors for the period 1 January 2004 to 31 December 2004 which excludes termination payments were £4.9 million. The total equivalent emoluments for 2003, which included the emoluments of Philip Green who served until 31 July 2003, were £4.4 million, excluding termination payments of £0.6 million.
- Graham Albutt stood down from the GMC on 31 December 2004 and left the company on 28 February 2005.

Directors' pensions

Tom Glocer, David Grigson and Devin Wenig participate in defined contribution pension arrangements.

Tom Glocer participates in Reuters US pension arrangements and is entitled to a pension allowance of 25% of his base salary during 2004 and 25% of his base salary for 2005. David Grigson is a member of the Reuters Retirement Plan in the UK and receives a contribution in respect of pension benefits equal to 20% of the UK earnings cap. Both are entitled to a lump sum death-in-service benefit, whilst in service, of four times basic salary.

Devin Wenig participates in Reuters US pension arrangements and is entitled to a pension allowance of 6% of his base salary. He is entitled to a lump sum death-in-service benefit of US\$1 million.

Our contributions and allocations (including the cost of life cover) in respect of these directors in 2004 were:

	Age	Company contribution in respect of period £000
Tom Glocer	45	208
David Grigson	50	24
Devin Wenig	38	21

Details of the pension earned by Sir Christopher Hogg during 2004 and the benefits provided on his retirement are as set out in the following table.

	Age	Accrued pension at retirement £000	Director's contributions during the year £000	Increase in accrued pension during the year £000	Increase in accrued pension during the year (net of inflation) £000	Accrued pension at 31 December 2004 ¹ £000	Transfer value of accrued pension 31 December 2003 ¹ £000	Transfer value of accrued pension 31 December 2004 ¹ £000	Change in transfer value over the year, net of director's contributions £000
Sir Christopher Hogg	68	141	–	18	18	–	1,878	–	(1,878)

Notes:

¹ Following Sir Christopher Hogg's retirement on 30 September 2004 and in accordance with the provisions contained in his Pension Deed we elected to pay a lump sum of £2,257,967 in substitution for the pension benefit due. The difference between the lump sum and the transfer value of the accrued pension as at 31 December 2003 represents the increase in the value of Sir Christopher Hogg's accrued benefits during 2004. The amount of the lump sum was calculated by an independent actuary, as the net present value of the pension benefit that would otherwise be payable to Sir Christopher Hogg. There was therefore no remaining obligation in relation to pension benefits at the year-end.

Reuters also paid an amount of £3,600 in respect of life cover for Sir Christopher Hogg.

The information shown complies with requirements under both the UK Listing Authority and the Directors' Remuneration Report Regulations 2002. The transfer value at the start of the year has been calculated in accordance with the guidance note 'GN11' published by the Institute of Actuaries and Faculty of Actuaries.

The total amount of contributions or accruals made in 2004 to provide pension and similar benefits for the directors was £693,315 (2003: £368,000) and for the directors and the other senior managers as a group was £1,622,626 (2003: £1,024,000). These figures include the increase in the value of Sir Christopher Hogg's accrued benefits over the nine months to his retirement and the contribution of £460,000 paid into the Reuters Supplementary Pension Scheme in respect of David Ure (see the past directors section below for further details). These aggregate figures also include an accrual of £58,000 and £65,000 respectively for the investment returns within the US executive pension arrangements. These investment returns are calculated based on each individual's notional fund choices made by reference to actual investment funds and the actual investment returns achieved on these funds.

REMUNERATION REPORT

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Directors' interests in long-term incentive plans⁵

Plan ¹	Date of award	Number at 2004 (or later date of appointment)	Number at 1 January	Number granted during period	Market value per share at grant for awards made during period	Number vested during period ²	Number (exercised) during period	Number (lapsed) during period	Number at 31 December 2004 (or earlier date of departure)	End of qualifying period	Date from which rights are exercisable	Expiry date
Tom Glocer ⁵	PRSP ³	15 Mar 2000 ⁴	33,518	–	–	–	–	–	33,518	31 Dec 04	1 Jan 05	31 Dec 06
	LTIP ³	25 Jun 2001	174,451	–	–	–	–	–	174,451	31 Dec 05	1 Jan 06	31 Dec 07
		20 Feb 2002	234,974	–	–	–	–	–	234,974	31 Dec 05	1 Jan 07	31 Dec 08
		24 Feb 2003	1,731,277	–	–	–	–	–	1,731,277	31 Dec 05	1 Jan 08	31 Dec 09
	DBSP	23 Feb 2004	–	544,094	407p	–	–	–	544,094	31 Dec 06	1 Jan 07	31 Dec 10
		24 Mar 2000 ⁴	75,000	–	–	–	–	–	75,000	15 Feb 02	6 Apr 05	n/a
		30 May 2000 ⁴	60,000	–	–	–	–	–	60,000	15 Feb 03	6 Apr 05	n/a
Total		2,309,220	544,094	–	–	–	–	2,853,314				
David Grigson ⁵	LTIP ³	5 Dec 2000	42,579	–	–	–	–	–	42,579	31 Dec 04	1 Jan 05	31 Dec 06
		25 Jun 2001	26,294	–	–	–	–	–	26,294	31 Dec 05	1 Jan 06	31 Dec 07
		20 Feb 2002	37,205	–	–	–	–	–	37,205	31 Dec 05	1 Jan 07	31 Dec 08
		24 Feb 2003	200,000	–	–	–	–	–	200,000	31 Dec 05	1 Jan 08	31 Dec 09
		23 Feb 2004	–	200,000	407p	–	–	–	200,000	31 Dec 06	1 Jan 07	31 Dec 10
Total		306,078	200,000	–	–	–	–	506,078				
Devin Wenig ⁵	PRSP ³	1 Apr 1999 ⁴	15,489	–	–	–	–	–	15,489	31 Dec 02	1 Jan 03	31 Dec 05
		15 Mar 2000 ⁴	18,166	–	–	–	–	–	18,166	31 Dec 04	1 Jan 05	31 Dec 06
		29 Mar 2001 ⁴	20,704	–	–	–	–	–	20,704	31 Dec 05	1 Jan 06	31 Dec 07
	LTIP ³	25 Jun 2001 ⁴	2,295	–	–	–	–	–	2,295	31 Dec 05	1 Jan 06	31 Dec 07
		20 Feb 2002 ⁴	22,047	–	–	–	–	–	22,047	31 Dec 05	1 Jan 06	31 Dec 08
		24 Feb 2003	200,000	–	–	–	–	–	200,000	31 Dec 05	1 Jan 08	31 Dec 09
		24 Feb 2004	–	200,000	407p	–	–	–	200,000	31 Dec 06	1 Jan 07	31 Dec 10
Total		278,701	200,000	–	–	–	–	478,701				

Other senior managers as a group (9 persons) (2003: 10 persons)⁶

PRSP ³	15 Sep 1998	27,297	–	–	–	(27,297)	–	–	31 Dec 00	1 Jan 01	31 Dec 04
	1 Apr 1999	20,925	–	–	–	–	–	20,925	31 Dec 01	1 Jan 02	31 Dec 05
	15 Mar 2000	88,642	–	–	–	–	–	88,642	31 Dec 04	1 Jan 05	31 Dec 06
	29 Mar 2001	64,741	–	–	–	–	–	64,741	31 Dec 05	1 Jan 06	31 Dec 07

LTIP	25 Jun 2001	5,279	–	–	–	–	–	5,279	31 Dec 05	1 Jan 06	31 Dec 07
	20 Feb 2002	83,372	–	–	–	–	–	83,372	31 Dec 05	1 Jan 06	31 Dec 08
	24 Feb 2003	649,863	–	–	–	–	–	649,863	31 Dec 05	1 Jan 06	31 Dec 09
	4 Aug 2003	208,333	–	–	–	–	–	208,333	31 Dec 05	1 Jan 06	31 Dec 09
	23 Feb 2004	–	477,812	407p	–	–	–	477,812	31 Dec 06	1 Jan 07	31 Dec 10
Total		1,148,452	477,812	–	–	(27,297)	–	1,598,967			

Notes:

- 1 See performance conditions attached to these awards, as described in section 04 above.
- 2 No share awards vested during 2004.
- 3 PRSP awards are available for exercise immediately on vesting. The qualifying period may be extended by up to two years where vesting does not occur or is only partial after the initial three-year period. LTIP awards to executive directors prior to 2004 are subject to a retention period of two years from vesting, save that this is reduced to one year where the performance period has been extended to five years.
- 4 The indicated awards were made prior to the appointment of the relevant individual as an executive director.
- 5 2005 awards are described on page 33.
- 6 Graham Albutt left the company on 28 February 2005.

Directors' share options

	Plan	Date of grant	Exercise price ⁴ (pence)	Number at 1 January 2004 (or later date of appointment)	Number granted during period	Number vested during period ⁵	Number (exercised) during period ⁵	Number (lapsed) during period	Number at 31 December 2004 (or earlier date of departure)	Earliest exercise date	Expiry date
Sir Christopher Hogg	SAYE ³	11 Mar 1999	667	1,011	–	1,011	–	(1,011)	–	21 May 2004	1 Nov 2004
Total				1,011	–	1,011	–	(1,011)	–		
Tom Gloce ⁶	DSOP ³	25 Jun 2001	862	565,113	–	–	–	–	565,113	25 Jun 2005	25 Jun 2011
		20 Feb 2002	528	461,295	–	–	–	–	461,295	20 Feb 2006	20 Feb 2012
		2 Aug 2002	266	915,654	–	–	–	–	915,654	2 Aug 2006	2 Aug 2012
		24 Feb 2003	135	1,307,514	–	–	–	–	1,307,514	24 Feb 2006	24 Feb 2013
		4 Aug 2003	245	706,594	–	–	–	–	706,594	4 Aug 2006	4 Aug 2013
		23 Feb 2004	407	–	789,430	–	–	–	789,430	23 Feb 2007	23 Feb 2014
		27 Aug 2004	321	–	1,000,928	–	–	–	1,000,928	27 Aug 2007	27 Aug 2014
	ESOP ³	9 Feb ¹ 1994 ²	US\$7.28	13,716	–	–	–	–	13,716	9 Feb 1997	9 Feb 2005
	SAYE ³	16 Apr 2003	90	4,200	–	–	–	–	4,200	1 Jun 2006	1 Dec 2006
		7 Apr 2004	314	–	1,200	–	–	–	1,200	1 Jun 2007	1 Dec 2007
	Plan 2000 ³	24 Sep ² 1998	550	2,000	–	–	–	–	2,000	24 Sep ² 2001	4 Sep 2005
Total				3,976,086	1,791,558	–	–	–	5,767,644		
David Grigson ⁶	DSOP ³	25 Jun 2001	862	92,807	–	–	–	–	92,807	25 Jun 2005	25 Jun 2011
		20 Feb 2002	528	75,757	–	–	–	–	75,757	20 Feb 2006	20 Feb 2012
		2 Aug 2002	266	150,375	–	–	–	–	150,375	2 Aug 2006	2 Aug 2012
		24 Feb 2003	135	200,000	–	–	–	–	200,000	24 Feb 2006	24 Feb 2013
		4 Aug 2003	245	200,000	–	–	–	–	200,000	4 Aug 2006	4 Aug 2013
		23 Feb 2004	407	–	122,950	–	–	–	122,950	23 Feb 2007	23 Feb 2014
		27 Aug 2004	321	–	155,892	–	–	–	155,892	27 Aug 2007	27 Aug 2014
	SAYE ³	11 Apr 2002	448	2,216	–	–	–	(2,216)	–	1 Jun 2007	1 Dec 2007
		16 Apr 2003	90	4,200	–	–	–	–	4,200	1 Jun 2006	1 Dec 2006
		7 Apr 2004	314	–	1,200	–	–	–	1,200	1 Jun 2007	1 Dec 2007
Total				725,355	280,042	–	–	(2,216)	1,003,181		
Devin Wenig ⁶	DSOP ³	27 Dec ^{2,3} 2000	1,139	6,913	–	1,729	–	–	6,913	27 Dec 2001	27 Dec 2007
		25 Jun ^{2,3} 2001	862	9,135	–	2,284	–	–	9,135	25 Jun 2002	25 Jun 2011
		20 Feb ^{2,3} 2002	528	25,936	–	6,484	–	–	25,936	20 Feb 2003	20 Feb 2012
		2 Aug ^{2,3} 2002	266	200,000	–	50,000	–	–	200,000	2 Aug 2003	2 Aug 2012
		24 Feb 2003	135	200,000	–	–	–	–	200,000	24 Feb 2006	20 Feb 2013
		4 Aug 2003	245	200,000	–	–	–	–	200,000	4 Aug 2006	4 Aug 2013

		23 Feb 2004	407	–	122,950	–	–	–	122,950	23 Feb 2007	23 Feb 2014
		27 Aug 2004	321	–	155,892	–	–	–	155,892	27 Aug 2007	27 Aug 2014
	SAYE ³	7 Apr 2004	US\$7.27	–	1,200	–	–	–	1,200	1 Jun 2007	1 Dec 2007
	Plan 2000 ³	24 Sep 1998	550	2,000	–	–	–	–	2,000	24 Sep 2001	24 Sep 2005
Total					643,984	280,042	60,497	–	–	924,026	
Other senior managers as a group (9 persons) (2003: 10 persons)⁷											
	SAYE ³	11 Mar 1999	667	1,011	–	1,011	–	(1,011)	–	1 May 2004	1 Nov 2004
		12 Apr 2001	832	814	–	814	–	(814)	–	1 Jun 2004	1 Dec 2004
		11 Apr 2002	448	6,032	–	–	–	(4,760)	1,272	1 Jun 2005	1 Dec 2005
		16 Apr 2003	90	16,800	–	–	–	–	16,800	1 Jun 2006	1 Dec 2006
		7 Apr 2004	314	–	8,400	–	–	–	8,400	1 Jun 2007	1 Dec 2007
	DSOP ³	27 Dec 2000	1,139	34,764	–	8,693	–	–	34,764	27 Dec 2001	27 Dec 2007
		25 Jun 2001	862	5,800	–	1,450	–	–	5,800	25 Jun 2002	25 Jun 2006
		25 Jun 2001	862	43,500	–	10,874	–	–	43,500	25 Jun 2002	25 Jun 2011
		21 Dec 2001	692	2,025	–	506	–	–	2,025	21 Dec 2002	21 Dec 2011
		20 Feb 2002	528	5,697	–	1,424	–	–	5,697	20 Feb 2003	20 Feb 2007
		20 Feb 2002	528	95,484	–	23,871	–	–	95,484	20 Feb 2003	20 Feb 2012
		2 Aug 2002	266	150,000	–	37,500	–	–	150,000	2 Aug 2003	2 Aug 2007
		2 Aug 2002	266	700,000	–	175,000	–	–	700,000	2 Aug 2003	2 Aug 2012
		24 Feb 2003	135	612,315	–	153,078	(56,828)	–	555,487	24 Feb 2004	24 Feb 2013
		1 Apr 2003	108	350,208	–	87,552	–	–	350,208	1 Apr 2004	1 Apr 2013
		4 Aug 2003	245	792,550	–	198,137	(37,500)	–	755,050	4 Aug 2004	4 Aug 2013
		23 Feb 2004	407	–	429,625	–	–	–	429,625	23 Feb 2005	23 Feb 2014
		27 Aug 2004	321	–	487,676	–	–	–	487,676	27 Aug 2005	27 Aug 2014
	Plan 2000 ³	24 Sep 1998	550	14,000	–	–	–	–	14,000	24 Sep 2001	24 Sep 2005
Total					2,831,000	925,701	699,910	(94,328)	(6,585)	3,655,788	

REMUNERATION REPORT

continued

Directors' share options continued

Notes:

- 1 The options indicated are over American Depositary Shares (ADSs). Each ADS represents six ordinary shares, is denominated in US dollars and trades on NASDAQ. For the purposes of this disclosure, ADSs have been converted into the equivalent number of ordinary shares and an equivalent option price.
- 2 The indicated awards were made prior to the appointment of the relevant individual as an executive director. The DSOP options granted prior to the appointment as an executive director have no performance condition.
- 3 Options granted under the SAYE Plan, Plan 2000 and the ESOP have no performance conditions. Save as disclosed in note 2 above, exercise of each DSOP award is conditional on the performance criteria described in the remuneration policy section 2 and no performance conditions were varied during 2004.
- 4 At 31 December 2004, the market price of our shares was 377.50 pence per share and US\$42.95 per ADS. The highest prices during the year were 429.25 pence per share and US\$49.15 per ADS and the lowest were 241.25 pence per share and US\$25.72 per ADS.
- 5 There were gains of £306,526 on the exercise of share options in 2004 (2003: £nil). There were hypothetical gains of £940,231 made on the vesting of shares at the market value share price on the date of vesting.
- 6 2005 awards are described on page 34.
- 7 Graham Albutt left the company on 28 February 2005. He was awarded a cash sum of £28,388 in lieu of a further DSOP grant on 27 August 2004.

10 DIRECTORS' INTERESTS IN ORDINARY SHARES

The total interests of the current directors and other senior management in issued share capital and in shares underlying options and incentive plans are shown below as at 7 March 2005. No director or senior manager beneficially owns 1% or more of our issued share capital. Interests in ordinary shares (excluding options and interests in long-term incentive plans disclosed above) held at 1 January 2004 and 31 December 2004 are also shown for directors in office at 31 December 2003. Directors were the beneficial owners of all shares except for 814 shares, 35,000 shares and 16,875 shares held by family members of Sir Christopher Hogg, Charles Sinclair and David Grigson respectively and for 52,451 shares held by a trust of which Tom Glocer and his family are beneficiaries.

	Interests at		Interests at 7 March 2005		
	1 January 2004 Shares	31 December 2004 Shares ¹	Shares	Options	Long-term incentives
Directors					
Sir Christopher Hogg	63,321	63,321	n/a	–	–
Niall FitzGerald, KBE	30,000	30,000	30,000	–	–
Tom Glocer	217,058	217,113	217,113	5,767,644	2,819,796
David Grigson	48,430	48,430	48,430	1,003,181	463,499
Devin Wenig	78,354	78,354	78,354	924,026	460,535
Sir John Craven	6,846	6,846	n/a	–	–
Lawton Fitt	n/a	–	–	–	–
Penny Hughes	n/a	–	–	–	–
Ed Kozel	90,000	7,500	7,500	–	–
Roberto Mendoza	53,000	53,000	n/a	–	–
Ken Olisa	n/a	–	–	–	–
Dick Olver	10,000	10,000	10,000	–	–
Charles Sinclair	35,000	35,000	35,000	–	–
Ian Strachan	15,500	15,500	15,500	–	–
Other senior managers as a group (9 persons)²	235,721	242,102	162,124	3,220,6642	1,323,5882

As at the date of this report, Tom Glocer, David Grigson, Devin Wenig and Ed Kozel each held 1,000 shares and Ian Strachan held 38,498 shares in Instinet Group. The other senior managers as a group held interests in 3,000 shares of Instinet Group.

None of the directors has notified the company of an interest in any other shares, or other transactions or arrangements which require disclosure. There have been no movements in the interests of the directors in the share capital of the Group companies since 31 December 2004 save as otherwise disclosed in this report.

Notes:

- 1 Or as at date of retirement.
- 2 Other senior managers as a group are 8 persons following the departure of Graham Albutt, on 28 February 2005.

11 PENSION ARRANGEMENTS FOR PAST DIRECTORS

David Ure served as a director between June 1989 and July 2000. He retired from employment on 5 August 2004 and, in accordance with the rules of the Reuters Supplementary Pension Scheme, was entitled to an early retirement pension of two-thirds of final pensionable salary, without reduction. Final pensionable salary under the scheme is defined as the highest basic salary over any twelve months in the five years prior to retirement, with the full-time equivalent of basic salary being used for any periods of part-time employment. Reuters made a special contribution of £460,000 to the Reuters Supplementary Pension Scheme to allow for the funding cost of these early retirement benefits.

Reuters carried out a partial restructuring of its UK approved pension arrangements for senior employees during the year. As part of this rearrangement, the pension liabilities within the Reuters Pension Fund for a number of retired past directors were transferred to the Reuters Supplementary Pension Scheme in November 2004. There was no change to the benefits

payable to the individuals as a result of the transfer. The past directors involved were Sir Peter Job, Jean-Claude Marchand, John Parcell, Robert Rowley, David Ure, André Villeneuve, Geoffrey Weetman and Mark Wood.

On behalf of the Board,



Niall FitzGerald, KBE
Chairman
7 March 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

01 FINANCIAL REPORTING

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the Group as at the end of the financial year and of the profit and cash flows of the Group for the period. Reuters Group is also required to prepare financial statements in accordance with the requirements of the SEC.

Reuters Group has complied with both UK and US disclosure requirements in this report in order to present a true and fair view to all shareholders. In preparing the financial statements, applicable accounting standards have been followed, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made where appropriate.

The directors have reviewed the budget and cash flow forecasts for the Group and the company for the year to 31 December 2005 and outline projections for the subsequent year in the light of the financial position and borrowing facilities at 31 December 2004. On the basis of this review, the directors are satisfied that Reuters Group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

02 RISK MANAGEMENT, INTERNAL CONTROLS AND DISCLOSURE CONTROLS AND PROCEDURES

The directors acknowledge their responsibility for the Group's system of internal control and confirm they have reviewed its effectiveness. In doing so, the Board has taken note of the Guidance on Internal Control (the Turnbull Guidance) contained in the Combined Code.

The Board confirms that it has adopted a process for identifying, evaluating and managing significant risks faced by the Group. This process, which accords with the Turnbull guidance, has been in place for the full financial year and is ongoing. The control system includes:

- objective setting, risk assessment and monitoring of performance at both strategic and business unit levels through a process known within the company as 'mission analysis';
- the use of 'balanced scorecards' to track performance against targets relating to the financial, business, people and customer aspects of the company's business;
- written policies and control procedures;
- monthly financial reporting to the Board and senior management which, amongst other things, tracks performance against the annual budget; and
- systems to communicate rapidly to appropriate managers incidents requiring immediate attention.

In a group of the size, complexity and geographical diversity of Reuters it should be expected that breakdowns in established control procedures might occur. There are supporting policies and procedures for reporting and management of control breakdowns. The Board considers that the control system is appropriately designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The concept of reasonable assurance recognises that the cost of a control procedure should not exceed the expected benefits.

Using a common risk management framework throughout Reuters, each of the principal business and functional units summarises the risks that could impede the achievement of its objectives. For each significant risk, line managers document an overview of the risk, how it is managed and any improvement actions required. A document called a 'risk radar' is created which sets out the main strategic, operational and financial risks that have been identified. This document is reviewed by the Group Management Committee (GMC) and the Board.

At the year end, before producing the statement on internal control in the annual report and Form 20-F, the CEO and CFO meet with members of the GMC and others to consider formally the operation and effectiveness of the company's risk management and financial, operational and compliance internal control systems. This review includes consideration of self-assessment reports from line

Instinet Group, which is listed on NASDAQ, has its own systems of risk management and internal controls on which it reports to its shareholders. Reuters executive directors are members of the Instinet Group board. The boards of Radianz Limited and Factiva, which include Reuters representatives, have responsibility for adopting processes for identifying, evaluating and managing significant risks in their respective businesses. Reuters assessment of the main risks relating to its affiliate companies and Instinet Group are reviewed by the CEO and the CFO who also report on the results of these reviews to the Audit Committee and to the Board.

In addition to the self-assessment and management review procedures, Reuters monitors its internal financial control system through a programme of internal audits. Internal auditors independently review the controls in place to manage significant risks and report to the Audit Committee twice a year. The Audit Committee reviews annually the assurance procedures, including compliance controls, and reports their findings to the Board.

The Group's external auditors, PricewaterhouseCoopers LLP, have audited the financial statements and have reviewed the work of internal auditors and the internal control systems to the extent they consider necessary to support their audit report. The Audit Committee has met the internal auditors and PricewaterhouseCoopers LLP to discuss the results of their work.

During 2004, the directors were not aware of any control breakdowns that resulted in a material loss.

At the end of the period, Reuters management carried out an evaluation of the effectiveness of the design and operation of the Group's disclosure controls and procedures. These are designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 is recorded, summarised and reported within specific time periods. Based on this evaluation, the CEO and the CFO concluded that the design and operation of these disclosure controls and procedures were effective as at 31 December 2004 to a reasonable assurance level (within the meaning of the US federal securities laws).

During the year, two accounting adjustments were identified by management which related to prior accounting periods, and together were considered material. The 2003 and 2002 UK to US GAAP reconciliations have been restated accordingly. These adjustments are discussed on page 74 and have the effect of increasing the Group's profits in each of 2002 and 2003 as stated under US GAAP. No adjustments are required in respect of the Group's primary UK GAAP financial statements and no issues of governance arise as a consequence of making these adjustments. The CEO and the CFO believe that the need for this restatement constitutes a significant control deficiency but not a material control weakness (as such terms are used in the US federal securities laws) for the period under review. This conclusion is based on the fact that control procedures have improved year on year leading to the identification and correction of the issues for the 2004 year end.

No significant changes were made in the Group's internal controls over financial reporting during the period covered by this report that materially affected, or are reasonably likely to affect materially, the Group's internal control over financial reporting.

Instinet Group's annual report for 2004 will contain an internal control report as required by section 404 of the Sarbanes-Oxley Act. Please refer to Instinet's annual report for its internal control report. Reuters Group's Annual Report and Form 20-F for 2006 is also expected to contain an internal control report, so Reuters management and auditors have taken during 2004, and will be taking throughout 2005 and 2006, steps in preparation for the section 404 reporting and attestation requirements that are scheduled to be met in respect of the financial year ending 31 December 2006.

By order of the Board

management and covers each of the most significant risks the company faces and how well these are controlled and managed. The CEO and the CFO report on the results of this review to the Audit Committee and to the Board. The Disclosure Committee (described on page 31) supports the process by reviewing disclosure controls and procedures.



Rosemary Martin
General Counsel and Company Secretary
7 March 2005

UNITED STATES OPINION

UNITED STATES OPINION

Report of Independent Registered Public Accounting Firm

In our opinion, the accompanying consolidated balance sheets and the related consolidated profit and loss account, consolidated cash flow statement and statement of total recognised gains and losses present fairly, in all material respects, the financial position of the Reuters Group PLC and its subsidiaries at 31 December, 2004, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended 31 December, 2004 in conformity with accounting principles generally accepted in the United Kingdom. These financial statements are the responsibility of the Group's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in the Accounting policies, the Group changed its method of accounting for employee share ownership trusts, employee share schemes and transaction-related regulatory fees in 2004, in accordance with accounting principles generally accepted in the United Kingdom. The change has been accounted for by restating comparative information at 31 December 2003 and 2002 and for the years then ended.

Accounting principles generally accepted in the United Kingdom vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in the Summary of differences between UK and US generally accepted accounting principles, as restated in the consolidated financial statements.



PricewaterhouseCoopers LLP

London
7 March 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December

	Notes	2004 £m	Restated 2003 £m	Restated 2002 £m
Revenue:				
Group and share of joint ventures		2,984	3,335	3,700
less share of joint ventures revenue		(99)	(100)	(107)
Group revenue	1	2,885	3,235	3,593
Operating costs	2	(2,688)	(3,105)	(3,735)
Operating profit/(loss)		197	130	(142)
Share of operating losses of joint ventures	16	(2)	(27)	(35)
Impairment of investments in joint ventures	16	–	(8)	(6)
Share of operating profits/(losses) of associates	16	6	(8)	(39)
Impairment of investment in associate	16	–	(1)	–
Profit/(loss) on disposal of subsidiary undertakings	31	9	3	(29)
Profit on disposal of joint ventures and associates	31	206	10	3
Share of profit on disposal of a business by a joint venture	16	9	–	–
Loss on disposal of tangible fixed assets		–	(17)	–
Profit/(loss) on disposal of other fixed asset investments	31	19	6	(2)
Income from fixed asset investments		1	–	1
Amounts written off investments	16	(4)	(3)	(75)
Net interest payable	3	(4)	(29)	(20)
Profit/(loss) on ordinary activities before taxation		437	56	(344)
Taxation on profit/(loss) on ordinary activities	4	(73)	(22)	(23)
Profit/(loss) on ordinary activities after taxation		364	34	(367)
Equity minority interests		(13)	16	112
Profit/(loss) attributable to ordinary shareholders		351	50	(255)
Dividends	5	(140)	(140)	(139)
Retained profit/(loss) for the period		211	(90)	(394)
Basic earnings/(loss) per ordinary share	6	25.1p	3.6p	(18.3p)
Diluted earnings/(loss) per ordinary share	6	24.5p	3.5p	(18.3p)

Consolidated revenue and operating profit derive from continuing operations in all material respects.

The result for the year has been computed on an unmodified historical cost basis.

2003 and 2002 have been restated following the adoption of UITF17 and UITF38, and the reclassification of transaction-related regulatory fees following recently issued SEC guidance (see 'Accounting Basis' on page 72).

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December

	Notes	2004 £m	Restated 2003 £m	Restated 2002 £m
Profit/(loss) attributable to ordinary shareholders		351	50	(255)
Unrealised gain on deemed partial disposal of subsidiary undertakings		–	–	1
Unrealised gain on deemed partial disposal of associates		–	–	12
Unrealised gains on disposal of fixed asset investments		–	–	10
Translation differences taken directly to reserves		(25)	(113)	(95)
Taxation on translation differences taken directly to reserves	4	(10)	–	–
Total recognised gains and losses relating to the year		316	(63)	(327)
Prior period adjustment (see 'Accounting Basis' on page 72)		151	–	–
Total gains and losses since last annual report		467	–	–

2003 and 2002 have been restated following the adoption of UITF17 and UITF38 (see 'Accounting Basis' on page 72).

A detailed statement showing the movement in capital and reserves is set out in note 26.

NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
01 SEGMENTAL ANALYSIS

The tables below show a segmental analysis of revenue, costs and results which reflect the way Reuters was managed during 2004 and the management of Instinet Group as a separate business within the Reuters Group. From 1 January 2004, management changed the structure of its Customer Segments to more closely reflect the communities they serve. This is explained in more detail on pages 7-8. Prior periods have been restated to reflect changes in the management of costs and revenues resulting from the change in segment structure, the adoption of UITF17 and UITF38, and the reclassification of transaction-related regulatory fees following recently issued SEC guidance (see 'Accounting Basis' on page 72).

Reuters revenue is allocated to Customer Segments by reference to product families which map directly to only one Customer Segment with two exceptions. Reuters Xtra family and Reuters Trader family revenues are initially fully attributed to the Sales & Trading Customer Segment. Those revenues earned from Research & Asset Management customers are then re-allocated to that Customer Segment based on management judgement and by reference to the activities at particular customer sites. Recoveries revenues arise when Reuters recharges costs, primarily exchange fees and communication costs, to customers. The revenues received from customers almost exactly match the exchange fees and communication costs incurred within Channel costs.

Segmental revenue less direct Customer Segment costs does not purport to represent segmental profitability. Direct Customer Segment costs include the costs of global Customer Segment management, marketing, non-integrated businesses and specific revenue related activities. The majority of revenue related costs are included within the Channels, Operations & Technology, Content and Corporate Services.

	2004 £m	% change	Restated 2003 £m	% change	Restated 2002 £m
Revenue					
Sales & Trading	1,180	(9%)	1,300	(11%)	1,461
Research & Asset Management	235	(19%)	290	3%	283
Enterprise	481	(14%)	560	(16%)	666
Media	144	(6%)	153	(2%)	155
Recoveries	321	(11%)	361	(15%)	427
Reuters	2,361	(11%)	2,664	(11%)	2,992
Instinet Group	530	(8%)	578	(5%)	610
	2,891	(11%)	3,242	(11%)	3,602
Share of joint ventures revenue	99	(1%)	100	(6%)	107
Intra-Group revenue	(6)	(22%)	(7)	(26%)	(9)
Gross revenue	2,984	(11%)	3,335	(10%)	3,700
Less share of joint ventures revenue	(99)	(1%)	(100)	(6%)	(107)
Group revenue	2,885	(11%)	3,235	(10%)	3,593
Operating costs					
Sales & Trading	(101)	(6%)	(107)	6%	(101)
Research & Asset Management	(75)	(49%)	(148)	10%	(135)
Enterprise	(42)	(44%)	(74)	(26%)	(101)
Media	(17)	(2%)	(17)	(38%)	(27)
Direct customer segment	(235)	(32%)	(346)	(5%)	(364)
Channels	(822)	(12%)	(940)	(14%)	(1,093)
Operations & Technology	(630)	(7%)	(674)	(7%)	(728)
Content	(262)	(6%)	(278)	(6%)	(295)
Corporate Services	(124)	8%	(114)	(43%)	(203)
Reuters	(2,073)	(12%)	(2,352)	(12%)	(2,683)
Instinet Group	(493)	(15%)	(582)	(32%)	(853)
Restructuring costs	(128)	(28%)	(178)	(15%)	(208)
Intra-Group costs	6	(22%)	7	(26%)	9
Group operating costs	(2,688)	(13%)	(3,105)	(17%)	(3,735)
Operating profit					
Sales & Trading	1,079	(9%)	1,193	(12%)	1,360
Research & Asset Management	160	12%	142	(4%)	148
Enterprise	439	(10%)	486	(14%)	565
Media	127	(6%)	136	6%	128

Segmental revenue less direct customer segment costs	1,805	(8%)	1,957	(11%)	2,201
Channels	(501)	(13%)	(579)	(13%)	(666)
Operations & Technology	(630)	(7%)	(674)	(7%)	(728)
Content	(262)	(6%)	(278)	(6%)	(295)
Corporate Services	(124)	8%	(114)	(43%)	(203)
Reuters	288	(8%)	312	1%	309
Instinet Group	37	-	(4)	(98%)	(243)
Restructuring costs	(128)	(28%)	(178)	(15%)	(208)
Group operating profit/(loss)	197	51%	130	-	(142)

Operating costs include amortisation and impairment of goodwill and other intangibles.

01 SEGMENTAL ANALYSIS continued

Revenue is normally invoiced in the geographical area in which the customer is located. Revenue earned, therefore, generally represents revenue both by origin and by destination.

The geographical analysis of performance reflects the revenues earned and operating costs incurred in each area excluding amortisation and impairment of goodwill and other intangibles and net currency gain.

By geography	2004 £m	% change	Restated 2003 £m	% change	Restated 2002 £m
Revenue					
Europe, Middle East and Africa	1,405	(9%)	1,552	(9%)	1,714
The Americas	1,075	(13%)	1,242	(9%)	1,372
Asia/Pacific	405	(8%)	441	(13%)	507
	2,885	(11%)	3,235	(10%)	3,593
Operating costs where incurred					
Europe, Middle East and Africa	(1,349)	(8%)	(1,470)	(5%)	(1,555)
The Americas	(1,024)	(19%)	(1,270)	(19%)	(1,566)
Asia/Pacific	(241)	(5%)	(253)	(18%)	(307)
	(2,614)	(13%)	(2,993)	(13%)	(3,428)
Contribution					
Europe, Middle East and Africa	56	(32%)	82	(48%)	159
The Americas	51	–	(28)	(85%)	(194)
Asia/Pacific	164	(13%)	188	(5%)	200
	271	12%	242	46%	165
Other costs					
Goodwill and other intangibles:					
Amortisation	(62)	(38%)	(101)	(5%)	(107)
Impairment	(14)	(29%)	(20)	(90%)	(208)
Net currency gain	2	(82%)	9	24%	8
Operating profit/(loss)	197	51%	130	–	(142)

United Kingdom and Ireland revenue was £380 million (2003: £428 million, 2002: £485 million). With the exception of Instinet Group, Reuters products are delivered and sold primarily through a common geographical infrastructure and delivered over a number of communications networks.

The impact of the Multex acquisition in 2003 and the Island acquisition in 2002 are reflected primarily in the Americas.

By type	2004 £m	% change	Restated 2003 £m	% change	Restated 2002 £m
Recurring	2,158	(12%)	2,449	(9%)	2,699
Usage	638	(6%)	681	(7%)	731
Outright	89	(15%)	105	(36%)	163
Revenue	2,885	(11%)	3,235	(10%)	3,593

Recurring revenue is derived from the sale of subscription services, including maintenance contracts. Usage revenue is principally derived from Instinet Group, Dealing 2000-2, Dealing 3000 Spot Matching and Bridge Trading Company. Outright revenue comprises one-off sales including information and risk management solutions.

NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

continued

02 OPERATING COSTS

	2004 £m	% change	Restated 2003 £m	% change	Restated 2002 £m
Costs by type					
Salaries, commission and allowances	916	(9%)	1,011	(14%)	1,178
Social security costs	70	(3%)	73	(8%)	79
Pension costs (see note 23)	34	(34%)	50	(21%)	65
Staff costs	1,020	(10%)	1,134	(14%)	1,322
Services	699	(3%)	722	(11%)	811
Depreciation	133	(31%)	193	(15%)	227
Data	257	(14%)	300	(13%)	343
Communications	313	(17%)	376	(10%)	420
Space	202	(25%)	269	(14%)	312
Cost of sales and other	41	(13%)	48	(25%)	64
Goodwill and other intangibles (see note 14):					
Amortisation	62	(38%)	101	(5%)	107
Impairment	14	(29%)	20	(90%)	208
Other operating income	(51)	6%	(48)	(32%)	(71)
Currency hedging activities – net loss/(gain)	–	(100%)	11	–	(10)
Foreign exchange differences – net (gain)/loss	(2)	(92%)	(21)	–	2
Total costs by type	2,688	(13%)	3,105	(17%)	3,735

Prior periods have been restated following the adoption of UITF17 and UITF38, and the reclassification of transaction-related regulatory fees following recently issued SEC guidance (see 'Accounting Basis' on page 72).

The directors believe that the nature of Reuters Group's business is such that the format of the analysis of operating costs required by the Companies Act 1985 is not appropriate. The format has been adopted in a manner consistent with Reuters Group's activities. Services include equipment hire and bought-in services, including consultancy and contractors, advertising and publicity, professional fees and staff-related expenses. Other operating income primarily comprises amounts received from joint ventures in respect of costs incurred by Reuters on their behalf.

	2004 £m	% change	Restated 2003 £m	% change	Restated 2002 £m
Costs by function					
Production and communications	1,519	(9%)	1,661	(15%)	1,947
Selling and marketing	529	(9%)	580	1%	574
Support services and administration	438	(24%)	575	(18%)	699
Goodwill and other intangibles:					
Amortisation	62	(38%)	101	(5%)	107
Impairment	14	(29%)	20	(90%)	208
Restructuring costs	128	(28%)	178	(15%)	208
Net currency gain	(2)	(82%)	(10)	25%	(8)
Total costs by function	2,688	(13%)	3,105	(17%)	3,735
Costs include					
Development expenditure	128	(25%)	171	(15%)	200
Operating lease expenditure:					
Hire of equipment	7	(14%)	8	(11%)	9
Other, principally property	90	(16%)	107	(4%)	112
Loss on disposal of tangible fixed assets	3	–	–	–	1
Advertising	29	(22%)	37	18%	32

02 OPERATING COSTS continued

Fees payable to PricewaterhouseCoopers LLP were as follows:

	2004 £m	% change	2003 £m	% change	2002 £m
Audit services:					
Statutory audit	3.2	7%	3.0	30%	2.3
Audit related services:					
Regulatory reporting	0.2	100%	0.1	(50%)	0.2
Further assurance services	1.7	–	1.7	6%	1.6
Tax services:					
Compliance services	0.3	(63%)	0.8	(11%)	0.9
Advisory services	2.0	150%	0.8	14%	0.7
Other services:					
Management consultancy	–	–	–	–	3.4
Total fees	7.4	16%	6.4	(30%)	9.1
United Kingdom	2.8	8%	2.6	(60%)	5.8
Overseas	4.6	21%	3.8	15%	3.3

The statutory audit fee includes £10,000 (2003: £10,000, 2002: £10,000) in respect of the parent company audit.

Also included above are fees paid to PricewaterhouseCoopers LLP in respect of non-audit services in the UK of £1.4 million (2003: £0.9 million, 2002: £4.9 million).

Further assurance services include assistance with Sarbanes-Oxley S404 compliance (including the attest work in relation to Instinet Group's 2004 reporting requirements under the Act) and conversion to International Financial Reporting Standards (IFRS) as well as due diligence activities related to acquisitions and disposals. Tax compliance services include assistance with corporation and other tax returns. Tax advisory services relate to tax planning and employee-related issues.

Management consultancy fees include amounts earned in 2002 by PwC Consulting, which ceased to be part of PricewaterhouseCoopers LLP on 1 October 2002.

The directors consider it important that Reuters Group has access to a broad range of external advice, including from PricewaterhouseCoopers LLP. Where appropriate, work is put out to competitive tender. The Audit Committee monitors the relationship with PricewaterhouseCoopers LLP, including the level of non-audit fees.

03 NET INTEREST RECEIVABLE/(PAYABLE)

	2004 £m	2003 £m	2002 £m
Interest receivable:			
Listed investments	–	–	1
Unlisted investments	22	13	19
Share of joint ventures and associates interest (see note 16)	1	5	9
Interest receivable	23	18	29
Interest payable:			
Bank loans and overdraft	(2)	(10)	(4)
Other borrowings	(24)	(36)	(45)
Unwinding of discounts	(1)	(1)	–
Interest payable	(27)	(47)	(49)
Total net interest payable	(4)	(29)	(20)

NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
 continued

04 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2004 £m	2003 £m	2002 £m
UK corporation tax			
UK corporation tax on profits of the period	25	68	43
Share of joint ventures and associates tax (see note 16)	1	1	–
Adjustments in respect of prior periods	(32)	(19)	(13)
	(6)	50	30
Double taxation relief	(3)	(4)	(7)
	(9)	46	23
Foreign tax			
Current tax on income for the period	56	26	82
Share of joint ventures and associates tax (see note 16)	2	6	6
Adjustments in respect of prior periods	(9)	(36)	(9)
	49	(4)	79
Current tax charge for the period	40	42	102
Deferred taxation (see note 24)	33	(20)	(79)
Taxation on profit on ordinary activities	73	22	23

A reconciliation of the current tax charge on ordinary activities for the period reported in the profit and loss account is set out below.

	2004 £m	Restated 2003 £m	Restated 2002 £m
Profit/(loss) before tax	437	56	(344)
Corporation tax on pre-tax profit/(loss) at UK nominal rate of 30%	131	17	(103)
Non-tax deductible amortisation and impairment of goodwill and other intangibles	21	30	88
Adjustments in respect of prior years	(41)	(55)	(22)
Permanent differences	11	7	13
Non-taxable investment impairments and disposals	(66)	3	32
Fixed asset related timing differences	(2)	(12)	1
Non-fixed asset related timing differences	(10)	(15)	39
Tax losses (utilised)/not utilised in period	(6)	56	35
Tax on dividend received on acquisition of Island	–	–	10
Other differences	2	11	9
Total current tax	40	42	102

The other differences are primarily due to overseas profits taxed at rates differing from those in the UK and the geographical mix of profits.

Tax paid in the period on disposals was £9 million (2003: £1 million, 2002: £nil). No tax is expected to fall due in respect of the proposed disposal of Radianz.

£10 million of UK corporation tax in respect of unrealised translation differences arising in 2004 is recognised in the Statement of Total Recognised Gains and Losses (2003 and 2002: £nil).

05 DIVIDENDS

	2004 £m	2003 £m	2002 £m
Interim paid	54	54	53
Final (2004 proposed)	86	86	86
	140	140	139
Per ordinary share	Pence	Pence	Pence
Interim paid	3.85	3.85	3.85
Final (2004 proposed)	6.15	6.15	6.15
	10.00	10.00	10.00

06 EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per ordinary share are based on the results attributable to ordinary shareholders and on the weighted average number of those shares in issue during the year. The weighted average number of shares in issue may be reconciled to the number used in the basic and diluted earnings per ordinary share calculations as follows:

Weighted average number in millions	2004	2003	2002
Ordinary shares in issue	1,434	1,432	1,432
Non-vested shares held by employee share ownership trusts	(34)	(36)	(37)
Basic earnings per share denominator	1,400	1,396	1,395
Issuable under employee share schemes	34	18	–
Diluted earnings per share denominator	1,434	1,414	1,395

07 REMUNERATION OF DIRECTORS

Section 9 of the Remuneration Report on pages 36-40 includes details of directors' emoluments, pension arrangements, long-term incentive plans and stock option plans, and forms part of these financial statements.

08 EMPLOYEE INFORMATION

The average number of employees during the year was as follows:

By customer segment	2004	Restated 2003	Restated 2002
Sales & Trading	334	285	143
Research & Asset Management	765	1,353	1,437
Enterprise	324	343	439
Media	70	93	140
Direct customer segment	1,493	2,074	2,159
Channels	5,074	5,431	5,843
Operations & Technology	3,509	3,563	3,633
Content	3,546	3,399	3,348
Corporate Services	1,243	1,533	1,619
Reuters	14,865	16,000	16,602
Instinet Group	1,115	1,345	1,731
Total	15,980	17,345	18,333
By location			
Europe, Middle East and Africa	7,781	8,743	8,920
The Americas	5,378	6,065	6,874
Asia/Pacific	2,821	2,537	2,539
Total	15,980	17,345	18,333

By function

Production and communications	8,868	9,022	9,658
Selling and marketing	4,404	4,846	5,146
Support services and administration	2,708	3,477	3,529
Total	15,980	17,345	18,333
The above include:			
Development staff	2,282	2,123	2,109

The average number of employees during 2004 included 181 temporary staff (2003: 211, 2002: 281). Staff cost information is included in note 2. Prior periods have been restated to reflect changes in the management of the business, as explained in note 1 on page 44.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December

	Notes	2004 £m	2003 £m	2002 £m
Net cash inflow from operating activities	9	253	429	355
Dividends received from joint ventures and associates		4	3	2
Returns on investments and servicing of finance				
Interest received		19	17	20
Interest paid		(30)	(45)	(58)
Income from fixed asset investments		1	–	1
Dividends paid to equity minority interests		–	–	(27)
Net cash outflow from returns on investments and servicing of finance		(10)	(28)	(64)
Taxation paid		(43)	(33)	(73)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(109)	(131)	(168)
Sale of tangible fixed assets		66	13	15
Purchase of fixed asset investments		(1)	(3)	(80)
Sale of fixed asset investments		25	11	22
Net cash outflow on capital expenditure and financial investment		(19)	(110)	(211)
Acquisitions and disposals (including joint ventures and associates)	10	362	(106)	(6)
Equity dividends paid		(140)	(140)	(139)
Cash inflow/(outflow) before management of liquid resources and financing		407	15	(136)
Management of liquid resources				
Net (increase)/decrease in short-term investments	10	(164)	(99)	378
Financing				
Proceeds from the issue of shares	26	6	–	2
Net decrease in borrowings	10	(225)	(13)	(158)
Net cash outflow from financing		(219)	(13)	(156)
Increase/(decrease) in cash	11	24	(97)	86

	Notes	2004 £m	2003 £m	2002 £m
Reconciliation of net cash flow to movement in net funds/(debt)				
Increase/(decrease) in cash		24	(97)	86
Cash outflow from movement in borrowings	10	225	13	158
Cash outflow/(inflow) from movement in liquid resources	10	164	99	(378)
Change in net funds/(debt) resulting from cash flows		413	15	(134)
Net (debt)/funds arising on acquisitions/disposals		(1)	3	1
Non-cash movements		5	–	–
Translation differences		(14)	(29)	(71)
Movement in net funds/(debt)		403	(11)	(204)
Opening net (debt)/funds	11	(77)	(66)	138
Closing net funds/(debt)	11	326	(77)	(66)

NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT
09 NET CASH INFLOW FROM OPERATING ACTIVITIES

Operating profit is reconciled to net cash inflow from operating activities as follows:

	2004 £m	Restated 2003 £m	Restated 2002 £m
Operating profit/(loss)	197	130	(142)
Depreciation	133	193	227
Amortisation and impairment of goodwill and other intangibles	76	121	315
(Increase)/decrease in stocks	(1)	(1)	2
Decrease in debtors	148	316	241
Decrease in creditors	(341)	(316)	(314)
Loss on disposal of tangible fixed assets	3	–	1
Employee share scheme charge/(credit)	18	(16)	1
Other, principally translation differences	20	2	24
Net cash inflow from operating activities	253	429	355

10 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £m	2003 £m	2002 £m
Acquisitions and disposals (including joint ventures and associates)			
Cash consideration:			
Subsidiary undertakings (see note 31)	(66)	(155)	(41)
Joint ventures	–	–	(2)
Loans (repaid to)/from joint ventures and associates (see note 16)	(5)	(3)	6
Deferred payments for acquisitions in prior years	(8)	(11)	(5)
	(79)	(169)	(42)
Less cash disposed (net of cash acquired)	(13)	38	29
	(92)	(131)	(13)
Cash received from disposals (including deemed disposals):			
Subsidiary undertakings	70	10	4
Joint ventures and associates	379	15	3
Instinet (deemed disposal)	5	–	–
Net cash inflow/(outflow) on acquisitions and disposals	362	(106)	(6)
Management of liquid resources			
(Increase)/decrease in term deposits	(39)	(5)	84
Sale of certificates of deposit	–	–	1
Purchase of listed/unlisted securities	(2,083)	(3,582)	(4,587)
Sale of listed/unlisted securities	1,958	3,488	4,880
Net cash (outflow)/inflow from movement in short-term investments	(164)	(99)	378
Financing			
Decrease in short-term borrowings	(168)	(78)	(173)
(Decrease)/increase in long-term borrowings	(57)	65	15
Net cash outflow from movement in borrowings	(225)	(13)	(158)

11 ANALYSIS OF NET FUNDS

	Cash at bank and in hand £m	Overdrafts £m	Total cash and overdrafts £m	Short-term investments £m	Bank/other borrowings		Total £m
					Falling due within one year £m	Falling due after more than one year £m	
31 December 2002	158	(19)	139	570	(422)	(353)	(66)
Cash flow	(86)	(11)	(97)	99	78	(65)	15
Exchange movements	–	1	1	(50)	8	12	(29)

Arising on acquisition	-	-	-	3	-	-	3
31 December 2003	72	(29)	43	622	(336)	(406)	(77)
Cash flow	13	11	24	164	168	57	413
Non-cash movements	-	-	-	5	-	-	5
Exchange movements	(2)	1	(1)	(36)	4	19	(14)
Arising on (disposals)/acquisitions	-	-	-	(2)	-	1	(1)
31 December 2004	83	(17)	66	753	(164)	(329)	326

NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

continued

12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Discussion of the Group's objectives and policies for the management of financial instruments and associated risks together with information relating to hedging activities is included under 'Treasury policies, financing and foreign exchange' in the Operating and Financial Review on pages 21-22.

A substantial portion of Reuters Group revenue is receivable in foreign currencies with terms of payment up to three months in advance. As such, Reuters Group is subject to currency exposure from committed revenue and, additionally, to interest rate risk from borrowing and the investment of cash balances. Reuters Group seeks to limit these risks by entering into a mix of derivative financial instruments.

If the derivative financial instruments were considered separately from the underlying future revenue and interest, Reuters Group would be subject to market risk on these financial instruments from fluctuations in currency and interest rates. Reuters Group only enters into such derivative financial instruments to hedge (or reduce) the underlying exposure described above. There is, therefore, no net market risk on such derivative financial instruments and only a credit risk from the potential non-performance by counterparties. The amount of this credit risk is generally restricted to any hedging gain and not the principal amount hedged.

Derivative instruments held at 31 December were:

	2004			2003			2002		
	Gross contract amounts £m	Carrying value £m	Fair value £m	Gross contract amounts £m	Carrying value £m	Fair value £m	Gross contract amounts £m	Carrying value £m	Fair value £m
Foreign exchange forward contracts:									
Contracts in profit	124	1	1	102	–	1	96	–	7
Contracts in loss	271	(1)	(1)	63	–	(1)	154	–	(6)
Foreign currency options:									
Contracts in profit	–	–	–	23	–	1	194	2	1
Contracts in loss	–	–	–	88	–	(1)	60	–	(1)
Currency and interest rate swaps:									
Contracts in profit	373	54	64	614	26	27	361	12	16
Contracts in loss	5	–	–	67	–	–	203	(14)	(17)
Total	773	54	64	957	26	27	1,068	–	–

The fair values of foreign currency and interest rate management instruments are estimated on the basis of market quotes, discounted to current value using market-quoted interest rates.

The following table provides an analysis by currency of derivative contracts held for currency hedging purposes as at 31 December. Comparatives have been restated to reflect the inclusion of Swiss franc in the analysis.

	2004			Restated 2003			Restated 2002		
	Swaps %	Forwards %	Options %	Swaps %	Forwards %	Options %	Swaps %	Forwards %	Options %
Euro	8	28	–	5	51	100	–	54	100
Japanese yen	3	2	–	9	3	–	–	33	–
Swiss franc	19	15	–	13	3	–	–	–	–
US dollar	70	37	–	73	30	–	–	–	–
Other	–	18	–	–	13	–	–	13	–
Total	100	100	–	100	100	100	–	100	100

Foreign exchange forward contracts mature at dates up to February 2005; currency swaps and interest rate swaps both mature at various dates through to November 2010.

12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

The results of currency and interest rate hedging activities for the three years to December 2004 are as summarised below:

	Year to 31 December		
	2004 £m	2003 £m	2002 £m
Recognised gains/(losses)			
Currency hedging	29	11	10
Interest rate hedging	10	(3)	(2)

Recognised currency hedging gains in 2004 were favourable mainly due to the effect of the weaker US dollar on hedges of the net investment in overseas subsidiaries.

Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised. Unrecognised gains and losses on instruments used for hedging, and the movements, are set out below:

Hedging	Gain £m	(Losses) £m	Net £m
Unrecognised at 1 January 2004	5	(4)	1
Arising in previous years:			
Recognised in 2004	4	(2)	2
Not recognised in 2004	1	(2)	(1)
Arising in 2004:			
Not recognised in 2004	11	–	11
Unrecognised at 31 December 2004	12	(2)	10
Of which:			
Expected to be recognised in 2005	1	(1)	–
Expected to be recognised in 2006 or later	11	(1)	10

Net unrecognised gains on derivatives used for hedging were £10 million at 31 December 2004 compared to £1 million at 31 December 2003 and £nil at 31 December 2002.

The weighted average variable rate payable on the interest rate swaps used to alter the currency and interest rate profile of debt issued at 31 December 2004 was 3% (2003: 3%, 2002: 4%). The weighted average variable rate is based on the rate implied in the yield curve at the balance sheet date.

All derivative instruments are unsecured. However, Reuters Group does not anticipate non-performance by the counterparties who are all banks with recognised long-term credit ratings of 'A3/A-' or higher.

Carrying and fair values of Group financial assets and liabilities at 31 December were:

	2004		2003		2002	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Derivative instruments	54	64	26	27	–	–
Other financial assets:						
Fixed asset investments	28	34	54	73	66	67
Long-term debtors	20	20	21	21	12	12
Investments held for sale (see note 16)	108	194	–	–	–	–
Other short-term investments and cash	836	836	694	694	728	728
Other financial liabilities:						
Short-term borrowings	(181)	(181)	(365)	(365)	(441)	(441)
Long-term borrowings	(329)	(329)	(406)	(406)	(353)	(353)
Other financial liabilities	(97)	(97)	(113)	(113)	(88)	(88)

The fair value of fixed asset investments and investments held for sale is the carrying value unless the investment has a readily determinable market value which is higher.

The fair value of listed short-term investments was based on quoted market prices for those investments. The carrying amount of the other short-term deposits and investments approximated to their fair values due to the short maturity of the instruments held.

The fair value of short-term borrowings approximated to the carrying value due to the short maturity of the investments.

Short-term debtors and creditors have been excluded from the above analysis and all other disclosures in this note, other than the currency risk disclosures.

NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

continued

12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

Financial instrument sensitivity analysis

The analysis below summarises the sensitivity of the fair value of the Group's financial instruments to hypothetical changes in market rates. Fair values are the present value of future cash flows based on market rates at the valuation date.

The estimated adverse changes in the fair value of financial instruments are based on an instantaneous:

- i) 1% increase in the specific rate of interest from the levels effective at 31 December 2004 with all other variables remaining constant; and
- ii) 10% weakening in the value of sterling against all other currencies from the levels applicable at 31 December 2004 with all other variables remaining constant.

	Fair value £m	1% increase in interest rates (adverse) £m	Fair value changes arising from 10% weakening in £ against other currencies (adverse) £m
Currency and interest rate swaps	64	(27)	(10)
Forward contracts	–	–	(16)
Total	64	(27)	(26)

Monetary assets and liabilities by currency, after cross-currency swaps, excluding the functional currency of each operation at 31 December 2004, were:

	Net foreign currency monetary assets/(liabilities)							Total £m
	Sterling £m	US dollar £m	Euro £m	Swiss franc £m	Japanese yen £m	Hong Kong dollar £m	Other £m	
Functional currency of operation:								
Sterling	–	(71)	42	(6)	1	–	22	(12)
US dollar	(15)	–	(21)	(16)	–	–	(2)	(54)
Euro	–	(4)	–	–	–	–	1	(3)
Swiss franc	(23)	2	3	–	(1)	–	–	(19)
Japanese yen	1	–	–	–	–	–	–	1
Hong Kong dollar	1	18	–	–	5	–	–	24
Other	–	4	(1)	–	–	–	–	3
Total	(36)	(51)	23	(22)	5	–	21	(60)

Exchange differences that arise as a consequence of trading transactions and the translation of monetary assets and liabilities are taken to the profit and loss account. In accordance with the Group's accounting policy, exchange differences attributable to long-term foreign currency borrowings used to finance the Group's foreign currency investments are taken directly to reserves. Consequently, long-term foreign currency borrowings have been excluded from the above table.

The currency and interest rate profile of the Group's financial assets at 31 December 2004 was:

	Cash and short-term investments				Fixed rate investments	
	Total £m	Non-interest bearing assets £m	Floating rate investments £m	Fixed rate investments £m	Weighted average interest rate at 31 December %	Weighted average time for which rate is fixed Years
Sterling	416	80	336	–	–	–
US dollar	469	58	411	–	–	–
Euro	33	7	26	–	–	–
Other	74	11	58	5	–	3
31 December 2004	992	156	831	5	–	3
31 December 2003	769	75	673	21	2%	1

Interest on floating rate investments is earned at rates based on local money market rates. Floating rate investments include £370 million (2003: £303 million, 2002: £135 million) of money market deposits which mature within three months of the balance sheet date.

Fixed rate investments are those investments which have an interest rate fixed for a period of greater than one year.

12 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS continued

The currency and interest rate profile of the Group's financial liabilities, after allowing for interest rate and cross-currency swaps, at 31 December 2004 was:

	Total £m	Other financial liabilities £m	Borrowings
			Floating rate borrowings £m
Sterling	280	60	220
US dollar	271	21	250
Euro	25	13	12
Swiss franc	27	2	25
Other	4	1	3
31 December 2004	607	97	510
31 December 2003	884	113	771
31 December 2002	882	88	794

The floating rate borrowings comprise bank loans and overdrafts bearing interest at rates based on local money market rates, commercial paper and medium-term notes. The weighted average interest rate on borrowings at 31 December 2004 was 4% (2003: 4%, 2002: 4%). The above analysis excludes creditors falling due within one year which are of a non-financial nature.

Total financial liabilities are repayable as follows:

	2004		2003		2002	
	Borrowings £ m	Other financial liabilities £m	Borrowings £m	Other financial liabilities £m	Borrowings £m	Other financial liabilities £m
Within one year	181	32	365	55	441	35
Between one and two years	19	19	58	19	282	23
Between two and five years	5	18	24	39	71	30
Over five years	305	28	324	—	—	—
Total	510	97	771	113	794	88

In April 2003, Reuters entered into a committed syndicated credit facility for £1.0 billion. £520 million of the facility either expired or was voluntarily cancelled in 2004. At 31 December 2004, Reuters had £480 million available under the facility. The facility was undrawn during 2004. The commitment expires and final repayment is due in April 2008.

At the same time as the syndicated credit facility was arranged, committed bilateral facilities of £90 million were also put in place on similar terms. During 2004, £66 million of the facilities either expired or were voluntarily cancelled. At 31 December 2004, Reuters had £24 million available, all of which was undrawn. No loans were outstanding under this facility during 2004.

In addition, at 31 December 2004, the Group had unused, short-term, uncommitted bank borrowing facilities denominated in various currencies, the sterling equivalent of which was approximately £200 million, at money market rates varying principally between 2% and 6%, depending on the currency.

CONSOLIDATED BALANCE SHEET

at 31 December

	Notes	2004 £m	Restated 2003 £m	Restated 2002 £m
Fixed assets				
Intangible assets	14	268	375	418
Tangible assets	15	355	481	601
Investments	16			
Investments in joint ventures:				
Share of gross assets		110	108	207
Share of gross liabilities		(50)	(56)	(110)
		60	52	97
Share of net assets of associates		23	230	266
Other investments		28	54	66
		734	1,192	1,448
Current assets				
Stock	17	3	2	1
Debtors	18	544	708	1,019
Deferred taxation	24	234	273	260
Investments:				
Investments held for sale	16	108	–	–
Other short-term investments	19	753	622	570
Cash at bank and in hand		83	72	158
		1,725	1,677	2,008
Creditors: Amounts falling due within one year	20	(1,257)	(1,766)	(2,198)
Net current assets/(liabilities)		468	(89)	(190)
Total assets less current liabilities		1,202	1,103	1,258
Creditors: Amounts falling due after more than one year	21	(348)	(425)	(354)
Provisions for liabilities and charges				
Pensions and similar obligations	23	(49)	(63)	(59)
Deferred taxation	24	(29)	(33)	(27)
Other provisions	25	(164)	(175)	(159)
Net assets		612	407	659
Capital and reserves	26			
Called-up share capital		359	358	358
Share premium account		96	91	91
Other reserve		(1,717)	(1,717)	(1,717)
Capital redemption reserve		1	1	1
Profit and loss account reserve		1,673	1,479	1,695
Shareholders' equity		412	212	428
Equity minority interests		200	195	231
Capital employed		612	407	659

Restated following the adoption of UITF17 and UITF38 (see 'Accounting Basis' on page 72).

The balance sheet of Reuters Group PLC is shown on page 71.

The financial statements on pages 43-73 and the 'Summary of differences between UK and US generally accepted accounting principles' on pages 74-80 were approved by the directors on 7 March 2005.



Tom Glocer
CEO

David Grigson
CFO

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 31 December

	2004 £m	Restated 2003 £m	Restated 2002 £m
Retained profit/(loss) for the period	211	(90)	(394)
Unrealised gain on deemed partial disposal of subsidiary undertakings	–	–	1
Unrealised gain on deemed partial disposal of associates	–	–	12
Unrealised gain on disposal of fixed asset investments	–	–	10
Translation differences taken directly to reserves	(25)	(113)	(95)
Taxation on translation differences taken directly to reserves	(10)	–	–
Shares issued during the year	6	–	2
Amounts credited/(charged) in respect of employee share schemes	18	(13)	1
Purchase of own shares	–	–	(65)
Net movement in shareholders' equity	200	(216)	(528)
Opening shareholders' equity as previously stated	286	496	1,109
Prior period adjustment (see 'Accounting Basis' on page 72)	(74)	(68)	(153)
Opening shareholders' equity as restated	212	428	956
Closing shareholders' equity	412	212	428

NOTES ON THE CONSOLIDATED BALANCE SHEET
13 SEGMENTAL ANALYSIS

The tables below show total assets and non-interest bearing net assets by Customer Segment and by location on a basis consistent with the segmental analysis of profit in note 1. For the reasons discussed in that note, the assets in any location are not matched with the revenue earned in that location.

	Total assets			Non-interest bearing net assets		
	2004 £m	Restated 2003 £m	Restated 2002 £m	2004 £m	Restated 2003 £m	Restated 2002 £m
By customer segment						
Sales & Trading	157	303	353	59	173	197
Research & Asset Management	130	111	132	82	29	30
Enterprise	39	34	54	11	(8)	5
Media	32	118	145	12	47	79
Total Customer Segment	358	566	684	164	241	311
Channels	135	355	395	21	204	223
Operations & Technology	317	258	378	201	155	190
Content	22	27	27	(51)	(55)	(66)
Corporate Services	57	98	117	30	61	68
Central	652	411	511	(109)	(113)	(80)
Instinet Group	918	1,154	1,344	30	(9)	79
Total assets/non-interest bearing net assets	2,459	2,869	3,456	286	484	725
Interest bearing net assets/(liabilities)				326	(77)	(66)
Total net assets				612	407	659

Central total assets by customer segment consist principally of Reuters cash and short-term investments.

	Total assets			Non-interest bearing net assets		
	2004 £m	Restated 2003 £m	Restated 2002 £m	2004 £m	Restated 2003 £m	Restated 2002 £m
By location						

Europe, Middle East and Africa	647	974	1,381	(40)	203	633
The Americas	1,072	1,323	1,660	269	117	253
Asia/Pacific	157	157	192	57	42	40
Central	583	415	223	-	122	(201)
<hr/>						
Total assets/non-interest bearing net assets	2,459	2,869	3,456	286	484	725
<hr/>						
Fixed assets	734	1,192	1,448			
Current assets	1,725	1,677	2,008			
<hr/>						
Total assets	2,459	2,869	3,456			
<hr/>						

Central total assets by location consist principally of those assets held by head office operations together with unamortised goodwill and other intangibles.

NOTES ON THE CONSOLIDATED BALANCE SHEET

continued

14 INTANGIBLE ASSETS

	Goodwill £m	Trade names £m	Technology know-how £m	Total £m
Cost				
31 December 2003	1,036	39	161	1,236
Exchange differences	(30)	–	(7)	(37)
Additions	6	–	1	7
Disposals	(82)	–	–	(82)
Adjustments (see note 31 on page 69)	(6)	–	–	(6)
31 December 2004	924	39	155	1,118
Amortisation and impairment				
31 December 2003	(798)	(11)	(52)	(861)
Exchange differences	16	–	3	19
Disposals	68	–	–	68
Charged in the year:				
Amortisation	(38)	(3)	(21)	(62)
Impairment	(14)	–	–	(14)
31 December 2004	(766)	(14)	(70)	(850)
Net book amount				
31 December 2004	158	25	85	268
31 December 2003	238	28	109	375

15 TANGIBLE ASSETS

	Freehold property £m	Leasehold property £m	Computer systems equipment £m	Office equipment and motor vehicles £m	Total £m
Cost					
31 December 2003	245	214	1,040	247	1,746
Exchange differences	(6)	(12)	(34)	(10)	(62)
Additions	1	32	69	9	111
Disposals	(83)	(47)	(215)	(53)	(398)
31 December 2004	157	187	860	193	1,397
Depreciation					
31 December 2003	(97)	(112)	(853)	(203)	(1,265)
Exchange differences	6	3	32	5	46
Charged in the year	(9)	(11)	(97)	(16)	(133)
Disposals	27	27	208	48	310
31 December 2004	(73)	(93)	(710)	(166)	(1,042)
Net book amount					
31 December 2004	84	94	150	27	355
31 December 2003	148	102	187	44	481

Net book amount of leasehold property	£m	£m
Long-term leaseholds	32	44
Short-term leaseholds	62	58
Total leasehold property	94	102
Contracted capital commitments not provided	37	14

16 INVESTMENTS

	Interests in joint ventures £m	Interests in associates £m	Interests in own shares £m	Other investments £m	Total £m
Fixed asset investments					
Net assets/cost					
31 December 2003 as previously stated	52	226	74	54	406
Prior period adjustment	–	–	(74)	–	(74)
31 December 2003 as restated	52	226	–	54	332
Reclassifications	–	(31)	–	–	(31)
Exchange differences	–	(6)	–	(1)	(7)
Arising in year – share of:					
Operating (losses)/profits	(2)	7	–	–	5
Profit on disposal of business	9	–	–	–	9
Interest receivable	1	–	–	–	1
Taxation	(1)	(2)	–	–	(3)
Dividends received	(2)	(2)	–	–	(4)
Loans repaid to joint ventures (see note 29)	5	–	–	–	5
Disposals (see note 31)	–	(172)	–	(24)	(196)
Impairment	–	–	–	(1)	(1)
Shareholder taxes	(2)	–	–	–	(2)
31 December 2004	60	20	–	28	108
Goodwill					
31 December 2003	–	4	–	–	4
Charged in the year	–	(1)	–	–	(1)
31 December 2004	–	3	–	–	3
Net book amount					
Net assets/cost	60	20	–	28	108
Goodwill	–	3	–	–	3
31 December 2004	60	23	–	28	111
Net book amount					
Net assets/cost as previously stated	52	226	74	54	406
Prior period adjustment	–	–	(74)	–	(74)
Net assets/cost as restated	52	226	–	54	332
Goodwill	–	4	–	–	4
31 December 2003 as restated	52	230	–	54	336
Fixed asset listed investments at 31 December 2004					
Carrying value	–	–	–	13	13
Market value	–	–	–	19	19
Current asset investments					
Cost					
31 December 2003	–	–	–	–	–
Reclassifications	–	–	–	31	31
Additions	–	–	–	82	82
Exchange differences	–	–	–	(2)	(2)
Impairment	–	–	–	(3)	(3)
31 December 2004	–	–	–	108	108
Current asset listed investments at 31 December 2004					

Carrying value	–	–	–	29	29
Market value	–	–	–	115	115

Prior to the adoption by the Group of UITF38 'Accounting for ESOP Trusts', the shares held in Reuters Group PLC by the Reuters ESOTs were held as a fixed asset investment. In accordance with the requirements of UITF38, these shares have been deducted from shareholders' equity. This change has been accounted for as a prior period adjustment and previously reported figures have been restated accordingly (see note 26 on page 66).

Fixed asset other investments consist principally of small equity investments. Impairment write downs have been made when, based on directors' valuations, a permanent diminution in the carrying value of the investment has occurred.

The reclassification of investments from interests in associates within fixed asset investments to other investments within current asset investments arises from the part-disposal of Reuters interest in TSI (see note 31 on page 69), and reflects management's intention to dispose of its remaining shareholding.

NOTES ON THE CONSOLIDATED BALANCE SHEET

continued

16 INVESTMENTS continued

On 16 November 2004, Reuters purchased the 49% of the voting shares of Radianz that it did not already own from Equant, thereby increasing its shareholding from 51% to 100% of voting shares. The acquisition of the additional 49% stake is included within current asset investments. The 49% was acquired with a view to resale, and the stake has not been previously consolidated in the Group financial statements. As permitted by the Companies Act, Radianz has not been consolidated at 31 December 2004. The original investment has continued to be equity accounted in accordance with FRS 9 'Associates and Joint Ventures', as shown in the table above. The aggregated capital and reserves of Radianz as at 31 December 2004 were £96 million and the loss for the year was £7 million. Balances between Reuters and Radianz as at 31 December 2004 and details of the nature and extent of transactions between the two parties during the year are given in note 29 'Related Party Transactions'. During 2004, Reuters wrote down the carrying value of its investment in Radianz by £3 million.

Had all listed investments been disposed of on 31 December 2004, no tax would have been payable on the assumption that none of the earnings would be repatriated. 1.0 million TSI shares subject to in-the-money options held by Reuters employees who worked at TIBCO Finance Technology Inc., a former Reuters subsidiary which was incorporated into other Reuters businesses in 2001, have been included in the market value of current asset investments at the value of the option proceeds.

17 STOCK

	2004 £m	2003 £m	2002 £m
Contract work in progress	3	2	2
Less progress payments	–	–	(2)
	3	2	–
Equipment stock	–	–	1
Total stock	3	2	1

18 DEBTORS

	2004 £m	2003 £m	2002 £m
Amounts falling due within one year			
Trade debtors	162	211	249
Less allowance for doubtful accounts	(31)	(41)	(52)
	131	170	197
Instinet counterparty debtors	216	356	514
Amounts owed by joint ventures and associates	11	21	81
Other debtors	96	84	149
Prepayments and accrued income	70	56	66
	524	687	1,007
Amounts falling due after more than one year			
Other debtors	15	16	12
Prepayments and accrued income	5	5	–
Total debtors	544	708	1,019

19 OTHER SHORT-TERM INVESTMENTS

	2004 £m	2003 £m	2002 £m
Listed			
Government securities:			
UK	–	10	23
Overseas	13	18	29
Other deposits:			
Overseas	5	109	329
	18	137	381
Unlisted			

Certificates of deposit:			
UK	–	1	2
Term deposits:			
UK	84	47	47
Overseas	32	32	29
Other deposits:			
UK	247	24	4
Overseas	372	381	107
	735	485	189
Total other short-term investments	753	622	570

20 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £m	2003 £m	2002 £m
Trade creditors	71	95	103
Accruals	337	446	519
Instinet counterparty creditors	197	389	545
Deferred income	23	29	57
Amounts owed to joint ventures and associates	45	29	86
Other creditors	27	33	37
Other taxation and social security	36	40	65
	736	1,061	1,412
Bank overdrafts	17	29	19
Bank loans	37	1	11
Other borrowings	127	335	411
Current UK corporation and overseas taxation	254	254	259
Proposed dividend	86	86	86
Total creditors falling due within one year	1,257	1,766	2,198
Current UK corporation and overseas taxation comprises:			
UK corporation tax	153	170	125
Overseas taxes	101	84	134
Total current UK corporation and overseas taxation	254	254	259

21 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £m	2003 £m	2002 £m
Term notes	329	406	353
Accruals and deferred income	17	19	–
Other creditors	2	–	–
Amounts owed to joint ventures	–	–	1
Total creditors falling due after more than one year	348	425	354

The maturity profile of all bank overdrafts, bank loans and other borrowings is given in note 12.

22 CONCENTRATION OF CREDIT RISK

Reuters Group is exposed to concentrations of credit risk. Reuters Group invests in UK and US government securities and with high credit quality financial institutions. Reuters Group limits the amount of credit exposure to any one financial institution. The Group is also exposed to credit risk from its trade debtors, which are concentrated in the financial community. Reuters Group estimates that approximately 72% of its subscribers are financial institutions, 17% are corporations in other sectors of the business community, 4% are from the news media and 7% are government institutions and individuals worldwide (2003: 70%, 16%, 6% and 8% respectively, 2002: 68%, 19%, 6% and 7% respectively).

In addition, Instinet Group is exposed to the possibility of trades between its counterparties failing to settle. Due to the settlement mechanisms employed, the maximum exposure is generally limited to the market movement between the trade date and the settlement date. There are no material unprovided off-balance sheet exposures or positions in respect of trades undertaken on or prior to 31 December 2004.

23 PENSIONS AND SIMILAR OBLIGATIONS

Reuters Group has established various pension arrangements covering the majority of its employees. In all plans, except those which are internally funded, the assets are held separately from those of the Group and are independently administered.

Defined contribution plans

Reuters Group operates 34 defined contribution plans covering approximately 67% of its employees, of which the largest plans are: the Reuters Pension Fund, the Reuters Retirement Plan and the Reuters 401K Pension Plans. The percentage of employees covered and the company contribution to these plans were:

	% of employees	Company contribution % of basic salary
Reuters Pension Fund	10.3%	9.5%
Reuters Retirement Plan	16.1%	7.0%
Reuters 401K Pension Plans	24.8%	6.0%

NOTES ON THE CONSOLIDATED BALANCE SHEET

continued

23 PENSIONS AND SIMILAR OBLIGATIONS continued

Defined benefit plans

The Group also operates 33 defined benefit plans covering approximately 24% of employees. Individually, these plans are of a relatively minor nature. The 17 largest plans are valued under SSAP 24 by independently qualified actuaries using the projected unit credit method. The SSAP 24 provision is reviewed annually based on locally reported information, with the most recent review being at 1 January 2004. The smaller remaining plans are subject to regular valuations based on accepted actuarial practice and standards within the country in which the plan is established. The largest plans are directly invested and others are invested in insurance contracts. The remainder are internally funded in accordance with local practice, with provisions in the subsidiary undertakings to recognise the pension obligations.

Funding policy is set in accordance with local requirements.

The largest defined benefit plans are the UK Supplementary Pension Scheme (SPS) and those in Switzerland, Japan and Hong Kong. The charges in respect of these plans in 2004 were £2 million, £3 million, £2 million and £1 million respectively (2003: £2 million, £5 million, £3 million and £2 million respectively). Details of the SSAP 24 valuation results in respect of these plans are given below.

	UK SPS	Switzerland	Japan	Hong Kong
Percentage of employees covered	0.2%	4.2%	2.4%	1.0%
Assumptions:				
Investment return: pre-retirement	6.9%	4.5%	3.0%	7.0%
Investment return: post-retirement	5.4%	4.5%	3.0%	7.0%
Salary growth	3.9%	3.0%	3.0%	5.0%
Pension increases	2.4%	1.5%	2.0%	–
Market value of assets (£m)	37	69	15	14
Present value of past service liabilities (£m)	44	68	21	13

Post-retirement medical benefits

In the US, the Group closed its post-retirement medical plan with effect from 1 July 2002. A total of 190 employees, retirees and covered spouses retain entitlement to post-retirement medical benefits which remain unfunded. The principal assumptions used in the most recent actuarial valuation undertaken at 1 January 2004 were a discount rate of 8% and that the growth in healthcare costs would decrease from 9% per annum in 2004 to 6% by 2007 and remain at 5% thereafter.

Movement on pension provisions and similar obligations

	2004 £m	2003 £m	2002 £m
Opening balance	63	59	58
Profit and loss account (see note 2):			
Defined contribution plans	28	35	47
Defined benefit plans	9	18	18
Post-retirement medical benefits	(3)	(3)	–
	34	50	65
Utilised in the year	(48)	(46)	(64)
Closing balance	49	63	59

£40 million of the £49 million closing balance relates to schemes valued in accordance with SSAP 24 (2003: £52 million, 2002: £47 million).

FRS 17: Fourth year transitional disclosures

Composition of the schemes

Full actuarial valuations were carried out at various dates between 1 January 2003 and 31 December 2004 and updated to 31 December 2004, where necessary, by independent qualified actuaries in accordance with FRS 17. The major assumptions used by the actuary at 31 December 2004 were:

	UK plans			Overseas plans			Post-retirement medical benefits		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
Discount rate	5.25%	5.50%	5.50%	3.63%	4.03%	4.10%	5.75%	6.25%	6.75%
Inflation assumption	2.75%	2.50%	2.25%	1.46%	1.44%	1.52%	2.00%	2.00%	2.00%
Rate of increase in salaries	4.00%	3.75%	4.00%	2.56%	2.55%	3.06%	–	–	–
Rate of increase in pensions in payment	2.75%	2.50%	2.25%	1.59%	1.42%	1.69%	–	–	–

The assets in the scheme and expected return on assets were:

Expected rate of return on assets

Equities	8.25%	8.25%	8.25%	7.12%	7.23%	7.60%	–	–	–
Bonds	4.50%	5.00%	5.00%	3.04%	3.76%	3.86%	–	–	–
Property	6.50%	6.67%	6.60%	–	–	–	–	–	–
Cash	4.00%	3.75%	3.50%	2.18%	2.83%	2.65%	–	–	–
Other	–	–	–	4.95%	4.77%	5.25%	–	–	–

Market value (£m)

Equities	35	23	19	61	60	50	–	–	–
Bonds	79	11	7	47	43	40	–	–	–
Property	9	1	1	–	–	–	–	–	–
Cash	–	2	6	4	6	3	–	–	–
Other	–	–	–	12	7	4	–	–	–

23 PENSIONS AND SIMILAR OBLIGATIONS continued

The following amounts at 31 December were measured in accordance with the requirements of FRS 17:

	UK plans			Overseas plans			Post-retirement medical benefits			Total		
	2004 £m	2003 £m	2002 £m	2004 £m	2003 £m	2002 £m	2004 £m	2003 £m	2002 £m	2004 £m	2003 £m	2002 £m
Total market value of assets	123	37	33	124	116	97	–	–	–	247	153	130
Present value of scheme liabilities	(159)	(57)	(63)	(158)	(140)	(132)	(3)	(5)	(6)	(320)	(202)	(201)
Deficit in the scheme	(36)	(20)	(30)	(34)	(24)	(35)	(3)	(5)	(6)	(73)	(49)	(71)
Related deferred tax asset	11	6	9	10	8	10	1	2	2	22	16	21
Net pension liability	(25)	(14)	(21)	(24)	(16)	(25)	(2)	(3)	(4)	(51)	(33)	(50)

The assets and liabilities reported under UK plans cover a small UK scheme with 35 active members together with unfunded early retirement and retirement benefit schemes, the liabilities of which are covered through book reserves. The figures do not include Reuters Pension Fund, as this is a defined contribution plan and its assets and liabilities are not required to be disclosed under FRS 17.

If the above amounts had been recognised in the financial statements, the Group's net assets and profit and loss reserve at 31 December would be as follows:

	2004 £m	Restated 2003 £m	Restated 2002 £m
Net assets per consolidated balance sheet	612	407	659
Net pension liability already recognised in net assets	27	30	24
Net assets before impact of FRS 17	639	437	683
Net pension liability under FRS 17	(51)	(33)	(50)
Net assets after impact of FRS 17	588	404	633
Consolidated profit and loss account reserve	1,673	1,479	1,695
Net pension liability already recognised in profit and loss account reserve	27	30	24
Profit and loss account reserve before impact of FRS 17	1,700	1,509	1,719
Net pension liability under FRS 17	(51)	(33)	(50)
Profit and loss account reserve after impact of FRS 17	1,649	1,476	1,669

Under the requirements of FRS 17, the following amounts would have been recognised in the performance statements in the year to 31 December:

	2004				2003			
	UK plans £m	Overseas plans £m	Post- retirement medical benefits £m	Total £m	UK plans £m	Overseas plans £m	Post- retirement medical benefits £m	Total £m
Analysis of amount charged to operating profit								
Current service cost	2	10	–	12	1	11	–	12
Past service cost	(1)	–	–	(1)	–	1	–	1
Total operating charge	1	10	–	11	1	12	–	13
Analysis of amount credited to other finance income								
Expected return on pension scheme assets	4	6	–	10	2	6	–	8
Interest on pension scheme liabilities	(4)	(5)	–	(9)	(3)	(5)	–	(8)
Net return	–	1	–	1	(1)	1	–	–



NOTES ON THE CONSOLIDATED BALANCE SHEET

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23 PENSIONS AND SIMILAR OBLIGATIONS continued

Amounts that would have been recognised in performance statements under FRS 17 (continued):

	2004				2003			
	UK plans £m	Overseas plans £m	Post- retirement medical benefits £m	Total £m	UK plans £m	Overseas plans £m	Post- retirement medical benefits £m	Total £m
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)								
Actual return less expected return on pension scheme assets	(1)	(1)	–	(2)	2	10	–	12
Experience (losses)/gains arising on the scheme liabilities	(11)	5	1	(5)	8	(2)	1	7
Changes in assumptions underlying the present value of the scheme liabilities	(8)	(14)	–	(22)	(1)	5	–	4
Actuarial (loss)/gain recognised in the STRGL	(20)	(10)	1	(29)	9	13	1	23
Movements in deficit during the year								
Deficit in the scheme at beginning of the year	(20)	(24)	(5)	(49)	(30)	(35)	(6)	(71)
Movement in the year:								
Current service cost	(2)	(10)	–	(12)	(1)	(11)	–	(12)
Employer contributions	5	10	1	16	3	10	–	13
Past service costs	1	–	–	1	–	(1)	–	(1)
Other finance income	–	1	–	1	(1)	1	–	–
Actuarial (loss)/gain recognised in the STRGL	(20)	(10)	1	(29)	9	13	1	23
Effect of currency translation	–	(1)	–	(1)	–	(1)	–	(1)
Deficit in scheme at end of year	(36)	(34)	(3)	(73)	(20)	(24)	(5)	(49)
History of experience gains and losses								
Difference between the expected and actual return on scheme assets								
Amount (£m)	(1)	(1)	–	(2)	2	10	–	12
Percentage of scheme assets at period end (%)	0.8%	0.8%	–	0.8%	5.4%	8.6%	–	7.8%
Experience gains and losses of scheme liabilities								
Amount (£m)	(11)	5	1	(5)	8	(2)	1	7
Percentage of the present value of the scheme liabilities at period end (%)	6.9%	3.2%	33.3%	1.6%	14.1%	1.4%	20.0%	3.4%
Total amount recognised in the STRGL								
Amount (£m)	(20)	(10)	1	(29)	9	13	1	23
Percentage of the present value of the scheme liabilities at period end (%)	12.6%	6.3%	33.3%	9.1%	15.8%	9.3%	20.0%	11.4%

	2002			
	UK plans £m	Overseas plans £m	Post- retirement medical benefits £m	Total £m
History of experience gains and losses (continued)				
Difference between the expected and actual return on scheme assets				
Amount (£m)	(9)	(17)	–	(26)
Percentage of scheme assets at period end (%)	27.8%	17.9%	–	20.4%
Experience gains and losses of scheme liabilities				

Amount (£m)	–	(9)	(3)	(12)
Percentage of the present value of the scheme liabilities at period end (%)	–	5.4%	46.3%	5.7%
<hr/>				
Total amount recognised in the STRGL				
Amount (£m)	(9)	(47)	(1)	(57)
Percentage of the present value of the scheme liabilities at period end (%)	14.8%	35.1%	27.9%	28.3%
<hr/>				

Two of the overseas plans are closed to new entrants, therefore under the projected unit credit method, the current service cost will increase as a percentage of payroll as members of the scheme approach retirement. The service cost for these schemes totals £2 million in 2004.

Contributions to funded plans in 2005 are expected to increase slightly on 2004 levels.

The Group is anticipating that a further overseas plan may be closed to new entrants in 2005. Existing members will retain accrued benefits in the scheme, but transfer future contributions into a new defined contribution scheme.

24 DEFERRED TAXATION (ASSETS)/LIABILITIES

	2004 £m	2003 £m	2002 £m
Opening balance	(240)	(233)	(154)
Exchange differences	2	13	–
Profit and loss account	33	(20)	(79)
Closing balance	(205)	(240)	(233)
The closing balance is analysed below:			
Timing differences:			
Fixed asset related	(45)	(41)	(39)
Tax losses	(45)	(52)	(55)
Other	(115)	(147)	(139)
	(205)	(240)	(233)

Reuters Group has provided for deferred tax liabilities in respect of dividends which are either accrued as receivable or where there is a binding agreement to remit the earnings of overseas subsidiary undertakings, joint ventures and associates. To the extent that earnings of its overseas subsidiary undertakings, joint ventures and associates are not expected to be remitted in the foreseeable future, no tax is expected to be payable.

	Assets £m	Valuation allowance £m	Liabilities £m	Net £m
Total timing differences at 31 December 2004				
Fixed asset related	(73)	16	12	(45)
Tax losses	(159)	114	–	(45)
Other	(132)	–	17	(115)
	(364)	130	29	(205)

The valuation allowance of £16 million in respect of fixed assets is made against assets in respect of which it is uncertain that suitable taxable income will be available when the timing differences reverse (2003: £16 million).

Similarly, the valuation allowance of £114 million in respect of losses is made where it is uncertain that suitable taxable income will arise. It has increased by £11 million in 2004.

Other timing differences include reorganisation costs, accrued employee costs (including pension costs) and other provisions.

Reuters does not recognise the potential future tax benefit of capital losses.

The net closing deferred tax balance has been analysed as:

	2004 £m	2003 £m	2002 £m
Deferred tax asset:			
Amounts falling due within one year	(132)	(143)	(113)
Amounts falling due after more than one year	(102)	(130)	(147)
	(234)	(273)	(260)
Deferred tax liability (included in provisions for liabilities and charges)	29	33	27

NOTES ON THE CONSOLIDATED BALANCE SHEET

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25 OTHER PROVISIONS

The movement in other provisions during 2004 was as follows:

	Rationalisation £m	Legal/ compliance £m	Other property £m	Other £m	Total £m
31 December 2003	165	1	2	7	175
Translation differences	(4)	–	–	–	(4)
Charged against profit	131	3	1	6	141
Utilised in the year	(131)	(1)	(1)	(1)	(134)
Released	(10)	–	–	(4)	(14)
Reclassification	–	1	–	(1)	–
31 December 2004	151	4	2	7	164

Included within the rationalisation provision at the end of 2004 are obligations related to the Reuters Fast Forward and Instinet Group restructuring programmes, which were first announced in 2003 and include headcount reduction and property rationalisation. Severance-related provisions are expected to be utilised during 2005 and property-related provisions will be utilised over the remaining lease periods.

The legal/compliance provision represents the expected cost of settling disputes arising from contractual arrangements with third-party suppliers and individuals.

Other property provisions reflect Reuters contractual liability at the balance sheet date to make good dilapidations under ongoing rental agreements outside the rationalisation programmes.

26 CAPITAL AND RESERVES

	Called-up share capital £m	Capital redemption reserve £m	Share premium account £m	Other reserve £m	Profit and loss account reserve £m	Share- holders' equity £m
31 December 2001 as previously stated	358	1	89	(1,717)	2,378	1,109
Prior period adjustment (see 'Accounting Basis' on page 72)	–	–	–	–	(153)	(153)
31 December 2001 as restated	358	1	89	(1,717)	2,225	956
Shares issued during the year	–	–	2	–	–	2
Unrealised gains on disposal of fixed asset investment	–	–	–	–	10	10
Unrealised gain on deemed partial disposal of subsidiary undertaking	–	–	–	–	1	1
Unrealised gain on deemed partial disposal of associates	–	–	–	–	12	12
Purchase of own shares	–	–	–	–	(65)	(65)
Amounts credited in respect of employee share schemes	–	–	–	–	1	1
Translation differences	–	–	–	–	(95)	(95)
Loss for the year as restated	–	–	–	–	(394)	(394)
31 December 2002 as restated	358	1	91	(1,717)	1,695	428
Amounts charged in respect of employee share schemes	–	–	–	–	(13)	(13)
Translation differences	–	–	–	–	(113)	(113)
Loss for the year as restated	–	–	–	–	(90)	(90)
31 December 2003 as restated	358	1	91	(1,717)	1,479	212
Shares issued during the year	1	–	5	–	–	6
Amounts credited in respect of employee share schemes	–	–	–	–	18	18
Translation differences	–	–	–	–	(25)	(25)
Taxation on translation differences	–	–	–	–	(10)	(10)
Retained profit for the year	–	–	–	–	211	211
31 December 2004	359	1	96	(1,717)	1,673	412

During 2004, £6 million (2003: £nil, 2002: £2 million) was received by Reuters Group PLC on the issue of shares in respect of the exercise of options awarded under various share option plans.

Cumulative translation losses at 31 December 2004 totalled £188 million (2003: £163 million, 2002: £50 million).

In 1998, a court-approved capital reorganisation took place. In exchange for every 15 ordinary shares in Reuters Holdings PLC, shareholders received pro-rata 13 ordinary shares in Reuters Group PLC plus £13.60 in cash. The difference between the proforma nominal value of shares in issue of Reuters Group PLC immediately prior to the reorganisation and the previously reported capital and reserves of Reuters Holdings PLC, excluding the profit and loss reserve, represents the merger difference which has since been reflected in the Other reserve.

As at 31 December 2004, the deduction from shareholders' equity in respect of treasury stock held by the ESOTs was £209 million (2003: £225 million, 2002: £235 million). The number of unvested shares held by the ESOTs as at 31 December 2004 was 32.0 million (2003: 34.4 million, 2002: 35.9 million). These shares had a market value of £121 million as at 31 December 2004 (2003: £81 million, 2002: £64 million).

27 SHARE CAPITAL

	2004 £m	2003 £m	2002 £m
Authorised			
One Founders Share of £1	–	–	–
2,100 million ordinary shares of 25 pence each	525	525	525
	525	525	525
Allotted, called-up and fully paid			
One Founders Share of £1	–	–	–
Ordinary shares of 25 pence each	359	358	358
	359	358	358
Number of ordinary shares of 25 pence each (millions)	1,435.5	1,432.5	1,432.5
Shares allotted during the year (millions)	2004	2003	2002
2,951,607 shares in Reuters Group PLC were issued for cash under employee share schemes at prices ranging from 90p to 397p per share	3.0	–	0.4

The rights attaching to the Founders Share are set out on page 83. The consideration for shares allotted during the period was £6 million (2003: £nil, 2002: £2 million).

28 EMPLOYEE SHARE OPTION PLANS

Reuters Group PLC operates share plans for the benefit of employees as explained in the Remuneration Report. Since the flotation of Reuters Holdings PLC in 1984, 107 million shares have been issued under these plans.

Activity relating to share options to subscribe for new shares for the three years ended 31 December 2004 was as follows:

	Save as-you-earn plans	Discretionary employee and executive plans	Plan 2000	Total	Weighted average exercise price £
Ordinary shares under option in millions (including ADSs):					
31 December 2001	10.4	7.7	20.0	38.1	6.55
Granted	7.2	31.8	–	39.0	4.04
Exercised	(0.2)	–	(0.2)	(0.4)	5.39
Expired, cancelled or lapsed	(6.7)	(0.9)	(3.1)	(10.7)	6.76
31 December 2002	10.7	38.6	16.7	66.0	5.10
Granted	28.0	25.8	–	53.8	1.53
Exercised	–	–	–	–	–
Expired, cancelled or lapsed	(8.5)	(8.0)	(2.6)	(19.1)	4.77
31 December 2003	30.2	56.4	14.1	100.7	3.24
Granted	4.6	10.3	–	14.9	2.87
Exercised	(0.5)	(2.5)	–	(3.0)	2.09
Expired, cancelled or lapsed	(4.4)	(5.0)	(2.7)	(12.1)	4.15
31 December 2004	29.9	59.2	11.4	100.5	3.11
Number of participants at 31 December 2004	7,939	7,238	5,690		

The following table summarises information relating to the number of shares under option and those which were exercisable at 31 December 2004:

	Total shares under option (million)	Weighted average period remaining to full vesting (months)	Weighted average exercisable price	Options exercisable at 31 December 2004 (million)	Exercisable weighted average exercise price
Range of exercise prices					
Ordinary shares (£)					
0.25-2.00	32.8	17	£0.95	1.9	£1.33
2.01-5.00	38.0	18	£2.96	9.2	£2.63
5.01-7.00	18.9	8	£5.53	14.2	£5.56
7.01-9.00	6.3	6	£8.56	3.8	£8.51
9.01-11.00	0.5	4	£9.74	0.2	£9.75

ADs (US\$)					
10.01-30.00	3.4	17	US\$10.66	-	-
30.01-50.00	0.6	26	US\$44.58	-	-
	100.5			29.3	

NOTES ON THE CONSOLIDATED BALANCE SHEET

continued

28 EMPLOYEE SHARE OPTION PLANS continued

In August 1990, January 1994 and August 2004, Reuters established ESOTs with the power to acquire shares in the open market. The trustee of these trusts is an offshore independent professional trustee. Shares purchased by the trusts, which are included within reserves on the consolidated balance sheet, will be used either to meet obligations under the company's restricted share plans described in the Remuneration Report on pages 32-40 or to satisfy the exercise of options granted, or to be granted, under other employee share option plans. Alternatively, new shares may be issued to satisfy these option obligations.

SAYE options are issued at a 20% discount to the market price at the time of granting the options. This does not give rise to a charge against profit as Reuters has taken advantage of the exemption allowed under UITF17 'Employee Share Schemes'.

29 RELATED PARTY TRANSACTIONS

During the year, Reuters Group carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. Details of these transactions are shown below:

	31 December 2003 £m	Services provided/ (received) £m	Amounts (collected)/ paid £m	31 December 2004 £m
Amounts receivable:				
Radianz	15	66	(73)	8
Factiva	4	23	(24)	3
Other	2	5	(7)	–
Amounts receivable	21	94	(104)	11
Amounts payable:				
Radianz	(22)	(277)	288	(11)
Factiva	–	(9)	8	(1)
Other	(6)	(32)	38	–
Amounts payable	(28)	(318)	334	(12)

The above amounts relate to the rendering or receiving of services between both parties, including agency arrangements and licence agreements. The other amounts principally relate to TSI and the Reuters building at 3 Times Square.

In addition to the above amounts, Reuters also has the following related party transactions:

1. Reuters had a promissory note payable to Factiva with a balance of £1 million outstanding at the start of 2004, which was repaid during the year.
2. Reuters also held an interest bearing loan of £5 million payable to Factiva at the start of 2004. This was repaid during the year and a further interest bearing loan of £11 million was taken out during the year.
3. As part of the transaction to acquire 49% of Radianz voting shares from Equant, Reuters assumed a liability of £22 million due to Radianz, which, prior to the sale, represented capital contributions due from Equant.

30 OPERATING LEASE COMMITMENTS

Minimum payments for non-cancellable operating leases for terms in excess of one year from 31 December are as follows:

	2004 £m	2003 £m	2002 £m
Year ended 31 December			
2003	–	–	91
2004	–	97	81
2005	94	83	68
2006	81	73	62
2007	74	63	57
2008	67	54	47
2009	61	45	40
Thereafter	379	282	289
Total minimum lease payments	756	697	735

At 31 December, the Group had commitments to make payments during the following year under non-cancellable operating leases as follows:

	Land and buildings			Other		
	2004 £m	2003 £m	2002 £m	2004 £m	2003 £m	2002 £m
Operating leases which expire:						
Within one year	8	7	11	1	2	2
In the second to fifth years	34	43	37	6	6	4
Over five years	54	48	50	–	–	–

31 ACQUISITIONS AND DISPOSALS

Acquisitions

On 11 March 2004, Reuters acquired the 50% shareholding in Icor Brokerage Ltd that it did not already own and, on 22 October 2004, acquired Fitzrovia International plc.

	Book value £m	Fair value adjustments £m	Total £m
Intangible fixed assets	–	1	1
Current assets	1	–	1
Current liabilities	(1)	–	(1)
Provisions for liabilities and charges	(1)	–	(1)
Net assets acquired	(1)	1	–
Cash consideration			(6)
Goodwill			6

The fair value adjustment relates to trademarks held by Fitzrovia International plc, which were not recognised on that company's balance sheet. The aggregate post-acquisition contribution of the acquired entities to turnover and operating profit was immaterial.

In addition, on 16 November 2004, Reuters Group acquired Equant's entire stake in Radianz for £60 million in cash, together with the release of future funding obligations of £22 million. The accounting treatment of Radianz is described in note 16.

Disposals

During 2004, Reuters disposed of a number of subsidiary undertakings, including: TowerGroup; Yankee; ORT; Reuters Investment (Bermuda) Ltd; Reuters Funds Investments Ltd; Reuters (UGS Property) Ltd; plus a number of small wholly-owned subsidiaries. These disposals resulted in a net profit of £10 million.

Losses on deemed partial disposal of Reuters interest in Instinet Group, arising on the exercise of Instinet share awards by Instinet Group employees during the year, amounted to £1 million.

During the year, Reuters made disposals of certain equity investments. In February 2004, Reuters reduced its stake in TSI from 48.4% to 8.8% (6.2% fully diluted) through a combination of public offering and a sale of shares back to TSI, for aggregate net proceeds of £310 million, realising a profit of £151 million. Reuters disposed of its 34.2% stake in GL TRADE, realising a gain of £48 million. Other disposals of joint ventures and associates realised net profits of £7 million.

In June 2004, Radianz disposed of its voice service business; the Reuters share of the gain arising on the disposal was £9 million.

In 2004, Reuters disposed of a number of small fixed asset investments, realising a net loss on disposal of £1 million. Instinet Group made disposals of certain fixed asset investments during 2004, including: the disposal of its stake in Euronext; a further part-disposal of its stake in Archipelago; the disposal of its stake in the London Stock Exchange; and other disposals of small fixed asset investments. The net gain arising from these disposals was £20 million.

Realised net gains, all of which were recorded in the 2004 profit and loss account, were:

	£m
On disposal of subsidiary undertakings	10
On deemed partial disposal of subsidiary undertaking	(1)
On disposal of joint ventures and associates	206
On disposal of business by joint venture	9
On disposal of other fixed asset investments	19
Recorded in the profit and loss account	243

Adjustments to goodwill

Adjustments of £6 million have been made to goodwill during the year (see note 14 on page 58). These relate to the re-negotiation of earn out agreements in relation to the acquisitions of AVT Technologies Limited and Capital Access International LLC, and also to the finalisation of fair value adjustments in respect of the acquisition of Multex. The fair value adjustments are based on an independent valuation performed by professionally-qualified valuers.

NOTES ON THE CONSOLIDATED BALANCE SHEET

continued

32 SUBSIDIARY UNDERTAKINGS, JOINT VENTURES AND ASSOCIATES

The principal subsidiary undertakings, joint ventures and associates at 31 December 2004, all of which are included in the consolidated financial statements, are shown below. Radianz became a subsidiary on 16 November 2004, when Reuters acquired the 49% voting stake owned by Equant. The accounting treatment of Radianz is described in note 16 on pages 59-60.

Subsidiary undertakings	Country of incorporation	Principal area of operation	Percentage of equity shares held
Bridge Trading Company	USA	USA	100
Instinet Group Incorporated	USA	USA	62
Radianz Limited ²	UK	Worldwide	100
Reuters AG	Germany	Germany	100
Reuters America LLC	USA	USA	100
Reuters Australia Pty Limited	Australia	Australia	100
Reuters BV	Netherlands	Netherlands	100
Reuters Canada Limited	Canada	Canada/USA	100
Reuters Europe SA	Switzerland	Spain/Portugal	100
Reuters Finance PLC ¹	UK	UK	100
Reuters Holdings Limited ¹	UK	UK	100
Reuters Hong Kong Limited	Cook Islands	Hong Kong	100
Reuters Italia SpA	Italy	Italy	100
Reuters Japan Kabushiki Kaisha	Japan	Japan	100
Reuters Limited	UK	Worldwide	100
Reuters Middle East Limited	Cook Islands	Middle East	100
Reuters Nederland BV ¹	Netherlands	Netherlands	100
Reuters SA	Switzerland	Worldwide	100
Reuters Services SA	France	France	100
Reuters Singapore Limited	Singapore	Singapore	100
Reuters Transaction Services Limited	UK	Worldwide	100

Notes:

1 Denotes investment companies. All others are operating companies.

2 Reuters owns 100% of the voting ordinary share capital of Radianz Limited. Radianz also has 'C' ordinary shares which are held by an Employee Share Ownership Trust.

Joint ventures and associates	Country of incorporation	Principal area of operation	Percentage of equity shares held
Factiva LLC	USA	Worldwide	50
3 Times Square Associates, LLC	USA	USA	50

The financial years for all the above undertakings end on 31 December.

Factiva is a 50% joint venture with Dow Jones, providing a broad range of global news and a deep historical archive of business information which client organisations can integrate into their business applications and intranet portals.

3 Times Square Associates is a venture with Rudins Times Square Associates LLC, formed to acquire, develop and operate the 3 Times Square property and building.

33 POST BALANCE SHEET EVENTS

On 28 February 2005, Reuters and Instinet Group entered into an agreement for Instinet Group to acquire Bridge Trading Company for US\$21.5 million in Instinet Group stock. The transaction is subject to NASD approval and other customary conditions, and is expected to close by the end of April 2005. The transaction will be accounted for as a transfer of net assets between Group companies at fair value, with consequent impact on the minority interest in Instinet Group. There is no tax on the transaction.

Since the year end, Reuters has reduced its holding in TSI to 7.4%, generating total net proceeds of £9 million. No tax is expected to be payable as a result of this transaction.

BALANCE SHEET OF REUTERS GROUP PLC

at 31 December

	Notes	2004 £m	2003 £m	2002 £m
Fixed asset investment	34a	5,246	5,246	2,672
Current assets				
Debtors falling due within one year:				
Prepayments and accrued income		1	–	–
Amounts owed by Group undertakings		716	–	1,861
Debtors falling due after more than one year:				
Prepayments and accrued income		2	–	–
Deferred taxation		3	–	–
Other debtors		48	–	–
Current liabilities				
Creditors: amounts falling due within one year:				
Amounts owed to Group undertakings		(3,736)	(2,499)	(1,227)
Other borrowings	34b	(127)	(139)	(411)
Proposed dividends	5	(86)	(86)	(86)
Net current (liabilities)/assets		(3,179)	(2,724)	137
Total assets less current liabilities		2,067	2,522	2,809
Other borrowings due after more than one year	34b	(25)	(228)	(352)
Net assets		2,042	2,294	2,457
Capital and reserves	34c			
Called-up share capital	27	359	358	358
Capital redemption reserve		1	1	1
Share premium account		96	91	91
Other reserve		706	699	699
Profit and loss account reserve		880	1,145	1,308
Capital employed		2,042	2,294	2,457
(Loss)/profit attributable to ordinary shareholders		(125)	(23)	27

This balance sheet was approved by the directors on 7 March 2005.



Tom Glocer
CEO



David Grigson
CFO

Advantage has been taken of the provisions of Section 230(3) of the Companies Act 1985 not to present a separate profit and loss account for Reuters Group PLC.

34 NOTES ON THE BALANCE SHEET OF REUTERS GROUP PLC

a. Fixed asset investment

The majority of the investment represents the shareholding of Reuters Group PLC in Reuters Holdings Limited.

b. Borrowings

Other borrowings falling due within one year relate to issues of £70 million of Euro Commercial Paper, which was repaid in January 2005, and £57 million of Euro Medium Term Notes, repayable at various dates between April 2005 and May 2005. Other borrowings falling due after more than one year relate to Euro Medium Term Notes issued, which are repayable at various dates between 2006 and 2008. These borrowings have a weighted average interest rate payable of 5%, after allowing for interest rate and cross currency swaps.

c. Capital and reserves

	Called-up share capital £m	Capital redemption reserve £m	Share premium account £m	Other reserve £m	Profit and loss account reserve £m	Total £m
31 December 2003	358	1	91	699	1,145	2,294

Amounts receivable in respect of unissued shares	–	–	–	7	–	7
Shares allotted during the year	1	–	5	–	–	6
Loss for the year	–	–	–	–	(265)	(265)
31 December 2004	359	1	96	706	880	2,042

Following the approval of a High Court Scheme of Arrangement, the majority of the issued share capital of Reuters Holdings PLC was acquired by Reuters Group PLC in February 1998.

The loss for the year mainly represents interest and revaluation on intercompany borrowings, and dividends paid to shareholders.

During the year, Reuters Group PLC granted an option to the Reuters Group PLC 2004 Employee Trust. The Trust will use the option in order to satisfy awards granted to Reuters employees outside of the UK under the Restricted Share Plan, once the scheme vests (see page 34). The movement in the Other reserve represents the option proceeds received.

ACCOUNTING POLICIES

Accounting basis

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

UITF38 'Accounting for ESOP Trusts' has been adopted for the first time in the 2004 financial statements. As a result, shares in Reuters Group PLC held by ESOTs have been reclassified from fixed asset investments and are now treated as a deduction from Shareholders' Equity. No new shares have been acquired by the ESOTs during the year. In addition, revisions to UITF17 'Employee Share Schemes' have changed the basis on which the costs of employee share schemes are charged to the profit and loss account.

The impact of both these changes in accounting treatment has resulted in prior period adjustments and previously reported figures have been restated accordingly. The reclassification of shares acquired by the Reuters ESOTs from fixed asset investments to Shareholders' Equity has reduced net assets by £74 million as at 31 December 2003, by £68 million as at 31 December 2002 and by £153 million as at 31 December 2001. The impact of adopting the amendment to UITF17 was to decrease profit before tax by £2 million for the year to 31 December 2004, and to increase profit before tax by £7 million for the year to 31 December 2003 and £149 million for the year to 31 December 2002. The prior period adjustment in the Statement of Total Recognised Gains and Losses of £151 million reflects the change in the basis on which charges to the profit and loss account are determined, and the reversal of previous impairment charges.

Following recently issued SEC guidance, Reuters Group has determined that transaction-related regulatory fees in Instinet Group are more appropriately reclassified and shown gross within revenue, rather than offset within brokerage, clearing and exchange fees. For the years ended 31 December 2004, 31 December 2003 and 31 December 2002, the regulatory fee expenses were £30 million, £38 million and £18 million respectively. This adjustment has no impact on profit before tax.

The acquisition of the remaining equity interests in Multex Investor Europe and Multex Investor Japan in 2003 was accounted for in accordance with FRS 2 'Accounting for Subsidiary Undertakings', which represented a departure from the requirements of the Companies Act 1985.

Basis of consolidation

The consolidated financial statements include:

- the financial statements of Reuters Group PLC and its subsidiaries to 31 December. The results of subsidiaries are included for the period during which they are a member of the Group;
- Reuters Group's share of the post-acquisition results of joint ventures and associates. Investments in joint ventures and associates are included at the Group's share of the net assets and unamortised goodwill at the dates of acquisition plus the Group's share of post-acquisition reserves.

Foreign currency translation

On consolidation, the profit and loss accounts and cash flow statements of entities with non-sterling functional currencies are translated into sterling at the average rates for the year. Exchange differences arising on consolidation as a result of the translation of the profit and loss account from the average rate to the year-end rate are accounted for through reserves.

Exchange differences that arise as a consequence of trading transactions and the translation of monetary assets and liabilities are taken to the profit and loss account. Foreign currency investments (including subsidiary undertakings, joint ventures and associates) are translated at the 31 December rate, and the associated exchange differences are taken directly to reserves. Exchange differences

The derivative contracts are treated from inception as an economic hedge of the underlying financial instrument, with matching accounting treatment and cash flows. The derivative contracts have high correlation with the specific underlying risks being hedged both at inception and throughout the hedge period.

Reuters uses financial instruments to hedge a portion of its interest exposure. Profits and losses on financial instruments are reported as part of profit for the period to which they relate.

Financial instruments hedging the risk on foreign currency assets are revalued at the balance sheet date and the resulting gain or loss offset against that arising from the translation of the underlying asset into sterling.

The Group does not hold or issue derivative financial instruments for speculative purposes.

Revenue

Revenue represents the turnover, net of discounts, derived from services provided to subscribers and sales of products applicable to the year.

Revenue from sales of subscription-based real-time and historical information services are recognised rateably over the term of the subscription.

Revenue from contracts for the outright sale of systems-based product solutions, which include the sale of fully developed software licences, is recognised at the time of client acceptance. Short-term contracts are accounted for on a completed contract basis. Long-term contracts are accounted for in accordance with the contractual terms either on a percentage of completion basis or on a time and materials as incurred basis.

Revenue from associated maintenance and support services is recognised rateably over the term of the maintenance contract. Where contracts allow Reuters to recharge costs from communications suppliers and exchanges onwards to subscribers, this income is recognised as revenue.

Transaction products usage revenue is accounted for on a trade date basis.

Securities transactions

Securities transactions between Instinet Group counterparties which pass through Instinet Group and in its role as agency brokers, are recorded on a settlement date basis and, therefore, are only reflected in the balance sheet if there is a failure to settle. Revenues and related expenses arising from such securities transactions are accrued from the date of the transaction.

Development

Development expenditure is charged against profit in the year in which it is incurred.

Pensions and similar obligations

The expected costs of defined benefit pensions and post-retirement medical benefits are charged against profit so as to spread the cost over the service lives of the employees affected.

For defined contribution schemes the charge to the profit and loss account represents contributions payable by Reuters Group during the period.

Restricted share and Instinet long-term incentive plans

Costs of the restricted share and Instinet long-term incentive plans are charged to profit over the vesting period of the awards.

Tangible fixed assets

Depreciation is calculated on a straight line basis so as to write down the assets to their residual values over their expected useful lives:

attributable to foreign currency borrowings used to finance the Group's foreign currency investments are taken directly to reserves.

Treasury

Reuters Group receives revenue and incurs expenses in more than 70 currencies and uses financial instruments to hedge a portion of its net cash flow and operating profit.

Freehold land	Not depreciated
Freehold buildings	Normally 50 years
Leasehold property	Over the term of the lease
Computer systems equipment, office equipment and motor vehicles	2 to 5 years

Stock and contract work in progress

Stock and contract work in progress are valued at the lower of cost and net realisable value less progress payments received and receivable from clients. Progress payments in excess of the value of work carried out are included within creditors.

Cost is calculated on a first in first out basis by reference to the invoiced value of supplies and attributable costs of bringing stocks to their present location and condition.

Net realisable value is the estimated market value less selling costs.

Short-term investments

Government securities are stated in the balance sheet at the lower of cost plus accrued capital appreciation and market value. Income from these securities and any adjustment for changes in their market value during the year is reported as part of profit.

Movements in short-term investments are reported under the heading of management of liquid resources in the cash flow statement.

Debt issuance

Medium-term notes and commercial paper are stated at the amount of the net proceeds plus accrued interest or any discount or premium. Discounts or premia to the nominal value are amortised over the term of the issue. Costs associated with debt issuance are charged against profit over the life of the instrument.

Foreign currency swap agreements and forward contracts are used to convert non-sterling debt into sterling. Interest rate swaps, swaptions and forward rate agreements are used to manage interest rate exposures. Amounts payable or receivable in respect of these derivatives are recognised as adjustments to interest expense over the period of the contract.

Leasing

Operating lease rentals are charged against profit on a straight line basis over the period of the lease.

Operating lease incentives received are initially deferred and subsequently recognised over the minimum contract period.

Deferred taxation

Tax deferred or accelerated by the effect of timing differences is accounted for to the extent that a transaction or an event that has occurred at the balance sheet date gives rise to an obligation to pay more tax in the future or a right to pay less tax in the future. Deferred taxation is recognised on an undiscounted basis.

However, deferred tax assets are only recognised to the extent that, based on all available evidence, it is more likely than not that suitable taxable profits will arise from which the reversal of the asset can be deducted.

Goodwill and other intangible assets

Goodwill is calculated as the difference between the fair value of the consideration paid and the fair value of the Group's share of the net assets at the date of acquisition. No value is attributed to internally generated intangible assets.

Purchased goodwill and other intangibles are capitalised and amortised through the profit and loss account on a straight line basis over their estimated useful economic lives, which are up to 20 years depending on the nature of the business acquired. Impairment reviews are carried out at the end of the first financial year after acquisition and where there is any indication of impairment.

Impairment is measured by comparing the carrying value of the asset with the higher of the net realisable value and the value in use. Any impairment charges are recognised in the profit and loss account for the period in which they arise.

Interest in shares of Reuters Group PLC

Shares held by the employee share ownership trusts are recorded in the balance sheet as a deduction from Shareholders' Equity at cost less shares unconditionally vested.

Fixed and current asset investments

Fixed asset investments are held at cost net of permanent diminution in values as assessed by the directors. Where it is Reuters Group's intention to dispose of an investment in the short-term, the investment is treated as a current asset, and valued at the lower of cost and net realisable value.

SUMMARY OF DIFFERENCES BETWEEN UK AND US

Generally Accepted Accounting Principles (GAAP)

01 ACCOUNTING PRINCIPLES

These consolidated financial statements have been prepared in accordance with UK GAAP, which differ in certain significant respects from US GAAP.

Prior period restatements

In November 2003, the Group entered into cross currency interest rate swaps to hedge fixed rate Euro debt into floating rate other currencies, principally US dollars. These instruments have a maturity date of November 2010. Under UK GAAP, the resulting US dollar foreign currency debt has been designated as a net investment hedge and, foreign currency translation gains and losses arising on the instrument are recorded directly to equity and included in the statement of total recognised gains and losses. During the year, as part of an overall review of complex derivative instruments, the Group concluded that under US GAAP the gains or losses on these instruments are required to be included in the income statement. The amounts for 2003 have been restated to remove the amount recorded directly to equity and include the amount within the income statement under US GAAP.

Under UK GAAP, computer software licences acquired and other direct internal costs incurred for internal use software are expensed as incurred. The Group has reviewed its accounting for such items during the year and has concluded that the same treatment should not be applied under US GAAP, which requires capitalisation of certain internal use software costs. The Group has restated prior years to properly reflect the capitalisation and related amortisation of these costs under US GAAP.

The impact on the net loss, basic and diluted earnings per ADS, and Shareholders' Equity in accordance with US GAAP of these restatements is as follows:

Net loss in accordance with US GAAP	2003 £m	2002 £m
Net loss in accordance with US GAAP as reported	(38)	(127)
Foreign exchange gain on derivative	18	–
Capitalisation of internal use software costs	4	22
Tax effect of adjustments	(7)	(6)
Net loss in accordance with US GAAP as restated	(23)	(111)
Basic/diluted earnings per ADS before accounting change	2003 pence	2002 pence
Basic/diluted earnings per ADS before accounting change as reported	(16.3)	(49.5)
Basic/diluted earnings per ADS before accounting change as restated	(9.5)	(42.8)
Basic/diluted earnings per ADS after accounting change		
Basic/diluted earnings per ADS after accounting change as reported	(16.3)	(54.3)
Basic/diluted earnings per ADS after accounting change, as restated	(9.5)	(47.6)
Shareholders' equity in accordance with US GAAP	2003 £m	2002 £m
Shareholders' equity in accordance with US GAAP as reported	245	528
Foreign exchange gain on derivative	–	–
Capitalisation of internal use software costs	31	32

previously reported UK GAAP figures for 2003 and 2002 have been restated accordingly. The summary of adjustments between UK and US GAAP has therefore been restated to reflect the restated UK GAAP figures, and also changes to the differences between UK and US GAAP, as explained below:

Shares held by employee share ownership trusts (ESOTs)

Under UK GAAP, shares in Reuters Group PLC held by ESOTs are now shown as a deduction from Shareholders' Equity until such time as share options vest un-conditionally in employees, whereas previously they were shown as a fixed asset investment. Under US GAAP, shares held by ESOTs are shown as a deduction from Shareholders' Equity until share options are exercised by employees.

Employee Share Schemes

Under UK GAAP, compensation charges relating to employee share schemes are based on the intrinsic value of the awards at the date of grant, calculated as the market value of the shares, less any option price to employees. Previously, awards satisfied by the issuance of shares from ESOTs, primarily certain stock-based long-term incentive plans, were expensed to the profit and loss account based on the original cost of shares held by the ESOTs less impairment. Under US GAAP, the compensation charge of long-term incentive plans is based on the value of the awards at the balance sheet date. Under both UK and US GAAP, the total compensation charge is adjusted to take account of performance conditions and the compensation charge is spread over the service period. The adjustment arising from this difference is classified within 'Employee costs'.

A description of the relevant accounting principles which differ materially is given below.

a. Revenue recognition

Under UK GAAP, revenue from contracts for the outright sale of systems-based product solutions, which include the sale of fully developed software licences, is recognised at the time of client acceptance. Under US GAAP, specific rules establish the criteria that must be met for revenue recognition. Under these rules, certain contracts with multiple elements require an amount of revenue to be deferred until all criteria are met for revenue to be recognised.

The UK to US GAAP adjustments in 2003 and 2002 arise from the release of revenue deferred in prior years. No revenue has been deferred for the purposes of US GAAP in 2004.

Under UK GAAP, soft dollar revenues are netted against operating costs in the profit and loss account. Under US GAAP, soft dollar revenues are presented gross in revenues and operating costs (2004: £148 million, 2003: £169 million, 2002: £192 million). There is no difference in net income as a result of the classification.

Under UK and US GAAP, interest income arising on cash provided as security on stock-borrowing transactions related to Instinet Group's clearing business is recorded in revenue. Under UK GAAP, interest on fixed income securities and on cash balances is recorded below operating activities in the profit and loss account. Under US GAAP, this interest is recorded in revenue.

b. Software

Under UK GAAP, costs of developing computer software products and websites are usually expensed in the year in which they are incurred. Under US GAAP, the costs of developing computer software products subsequent to establishing technical feasibility are capitalised. Additionally, certain costs relating to website development incurred subsequent to the planning stage are also capitalised. The amortisation of the capitalised costs is based on the estimated future revenues or remaining estimated useful economic lives of the products involved.

Under UK GAAP, computer software licences acquired for internal use are expensed the year they are incurred. Under US GAAP, certain costs relating to computer software licences acquired for internal use

Tax effect of adjustments	(10)	(9)
Shareholders' equity in accordance with US GAAP as restated	266	551

Revised accounting for ESOTs and employee share schemes in 2004

Under UK GAAP, the Group adopted Urgent Issues Task Force (UITF) Abstract 38 'Accounting for ESOP Trusts' for the 2004 financial statements as explained in the accounting policies note on pages 72-73. As a result, shares in Reuters Group PLC held by employee share ownership trusts (ESOTs) have been reclassified from fixed asset investments and are now treated as a deduction from Shareholders' Equity. In addition, revisions to UITF Abstract 17 'Employee Share Schemes' have changed the basis on which the costs of employee share schemes are charged to the profit and loss account. The impact of these changes in accounting treatment has resulted in prior period adjustments and

are capitalised. Computer software costs that are incurred in the preliminary project stage are expensed as incurred. Once the capitalisation criteria have been met, external direct costs of licences and services consumed and internal employee costs incurred in developing or obtaining internal use software are capitalised. Costs capitalised are amortised over the life of the licence.

c. Joint ventures and associates

Under UK GAAP, the difference between the book value and fair value of

the assets contributed to joint ventures and associates is recognised in the statement of total recognised gains and losses. Under US GAAP, the difference is released to the income statement over the anticipated life of the assets contributed to the venture.

Under UK GAAP, stock compensation expenses are not required to be recorded in respect of certain joint ventures' and associates' stock option plans. Under US GAAP, the Group's share of the results of joint ventures and associates has been adjusted to reflect stock compensation charges where appropriate.

Under US GAAP, the Group's share of the results of joint ventures and associates is adjusted to reflect the non-amortisation of goodwill since 1 January 2002.

d. Gains on deemed disposal of subsidiary undertakings and associates

Under UK GAAP, gains on the deemed partial disposal of subsidiary undertakings and associates involving non-qualifying consideration are recorded in the statement of total recognised gains and losses. Under US GAAP, these gains are recorded in the income statement and are calculated using asset and consideration values as determined under US GAAP.

e. Gain/loss on disposal of subsidiary undertakings

Under UK GAAP, goodwill is amortised on a systematic basis whereas under US GAAP goodwill is not amortised but tested for impairment on an annual basis. Under US GAAP, therefore, the carrying value of goodwill can be higher, and result in a different gain or loss on disposal of subsidiary undertakings. Under UK GAAP, the gain or loss on disposal of an overseas subsidiary is calculated with reference to assets translated to sterling at the foreign currency exchange rate prevailing at the date of disposal. Under US GAAP on disposal of a foreign currency subsidiary, the amount attributable to that entity and accumulated in the translation adjustment component of equity is removed from the separate component of equity and is reported as part of the gain or loss on sale of the subsidiary.

f. Gain on disposal of associates

Under UK GAAP, equity accounting for associates is based on results prepared in accordance with UK GAAP. Under US GAAP, the Group's share of results of associates is adjusted to be based on results prepared in accordance with US GAAP. Under UK GAAP, goodwill is amortised on a systematic basis, whereas under US GAAP, goodwill is not amortised but written down when an impairment arises. These differences result in the carrying value of associates being different under US GAAP, and therefore different gains and losses arise on disposal.

Under UK GAAP, the gain or loss on disposal of an investment in an associate held in a foreign currency is calculated with reference to the investment translated to sterling at the foreign currency exchange rate prevailing at the date of disposal. Under US GAAP on disposal of a foreign currency associate, the amount attributable to that entity and accumulated in the translation adjustment component of equity is removed from the separate component of equity and is reported as part of the gain or loss on sale of the associate.

g. Fixed asset investments

Under UK GAAP, fixed asset investments are held in the balance sheet at cost net of permanent diminution in value as assessed by the directors. Under US GAAP, fixed asset investments which are available for sale are stated at fair value with unrealised gains or losses included in the statement of other comprehensive income. Under US GAAP, traded fixed asset investments are stated at fair value with movements in fair value included in the income statement.

h. Goodwill and other intangibles

Under UK GAAP, goodwill and other intangible assets are amortised. Under US GAAP, prior to 1 July 2001, goodwill was amortised over its estimated useful life consistent with UK GAAP. In 2002, Reuters adopted the provisions of Financial Accounting Standard No. 142 (FAS 142) 'Goodwill and Other Intangible Assets' and as a result goodwill is no longer subject to amortisation under US GAAP. In addition, the non-amortisation of goodwill provisions of FAS 142 were effective immediately for goodwill arising on all acquisitions completed after 30 June 2001.

Under US GAAP, the Group performed a transitional impairment test effective 1 January 2002, as required by FAS 142. Goodwill impairment reviews are also conducted whenever the Group considers there to be an indication of impairment. Beginning in 2002, the Group also completes an annual goodwill impairment test, as required by FAS 142.

Under US GAAP, where the carrying value of a reporting unit exceeds its fair value then a goodwill impairment is recorded based on the excess of the carrying value of goodwill in a reporting unit over the implied fair value of that goodwill.

Under UK GAAP, the fair value of quoted securities issued to effect a business combination is measured at the market price at the date of closing the acquisition. Under US GAAP, the fair value of the securities issued is determined using the market price for a reasonable period before and after the date that the terms of the acquisition are agreed to and announced.

Under UK GAAP, contingent consideration arising as part of a business combination is included within goodwill and recorded as a liability at the time of the acquisition. Under US GAAP, contingent consideration is recorded as an adjustment to goodwill at the time it is realised. Under UK GAAP, liabilities recorded in respect of contingent consideration are discounted to net present value and included within goodwill at the time of the business combination. Under US GAAP, as the liability is recorded when the contingency is resolved, the value taken to goodwill can be different.

Both UK GAAP and US GAAP require purchase consideration in respect of subsidiaries acquired to be allocated on the basis of fair values to the various net assets of the acquiree at the date of acquisition. The excess of purchase consideration over the fair value assigned to the net assets is treated as goodwill. Both UK GAAP and US GAAP require separately identifiable intangible assets to be held separately from goodwill. Under US GAAP a different definition of intangible assets applies, therefore additional intangible assets may be identified under US GAAP.

i. Current asset investments

Under UK GAAP, current asset investments are held in the balance sheet at the lower of historical cost and net realisable value. Under US GAAP, available for sale current asset investments are stated at fair value, with unrealised gains and losses included in the statement of other comprehensive income.

j. Employee costs

Reuters grants options under save-as-you-earn (SAYE) plans at a 20% discount. Under UK GAAP, the share issues are recorded at their discounted price when the options are exercised. Under US GAAP, the discount is regarded as employee compensation and is accrued over the vesting period of the grants.

Under US GAAP, if a SAYE scheme is offered at a lower price than those offered previously and participants are able to transfer out of an existing scheme into the new scheme, variable accounting rules apply. Under these rules, a compensation charge is recorded on issue of the option for the intrinsic value of the award at the grant date, and any subsequent movement in the share value results in a re-measuring of the compensation charge, which continues until the option is exercised. Variable plan accounting applies to all options in existing higher priced schemes and also to options in lower priced schemes to the extent that those options have been transferred from a higher priced scheme.

Under UK GAAP, no compensation charge is recorded when the vesting terms of an option award are accelerated, or when an option plan is amended with substantially similar terms as the old plan. Under US GAAP, additional compensation cost is recognised when the vesting of an option has been accelerated and those options would otherwise have been forfeited unvested. Additional compensation cost is also recognised where a new measurement date is established following the amendment of a stock option plan where the exercise price is less than the market value of the underlying shares on the new measurement date.

Under UK GAAP, the liability for national insurance on stock options is accrued based on the intrinsic value of the options on the date of grant

Under UK GAAP, goodwill impairment reviews are carried out at the end of the first financial year after acquisition and where there is any indication of impairment. Impairment is measured by comparing the carrying value of the business with the higher of the net realisable value and the value in use.

and adjusted for subsequent changes in the market value of the underlying shares. Under US GAAP, this expense is recorded when the liability crystallises upon exercise of the stock options.

SUMMARY OF DIFFERENCES BETWEEN UK AND US

Generally Accepted Accounting Principles (GAAP) continued

Under UK GAAP, compensation charges relating to employee share schemes are based on the intrinsic value of the awards at the date of grant, calculated as the market value of the shares, less any option price to employees. Under US GAAP, the cost of long-term incentive plans is remeasured to the value of the awards at the balance sheet date until the final measurement date. Under both UK and US GAAP, the total compensation charge is adjusted to take account of the performance conditions and the compensation charge is spread over the service period.

Under UK GAAP, costs relating to employee share schemes dependent on company performance in a particular period are recognised in full in that year, regardless of when the options vest. Under US GAAP, the cost of such schemes is spread over the period from the date of grant to the vesting date of the options.

Under UK GAAP, the expected costs under defined benefit pension and post-retirement arrangements are spread over the service lives of employees entitled to those benefits. Variations from regular cost are spread on a straight line basis over the expected average remaining service lives of relevant current employees. Under US GAAP, the annual pension cost comprises the estimated cost of benefits accruing in the period adjusted for the amortisation of the surplus arising when FAS 87 'Employers' Accounting for Pensions' was adopted. The valuation assumptions used to determine the annual pension cost under US GAAP are the same as those used to determine the FRS 17 cost as set out in note 23 on pages 61-64.

Under UK GAAP, the transfer of employees that held unvested stock option awards to a joint venture does not give rise to a charge against profit. Under US GAAP, the stock awards are considered to be held by non-employees and accordingly a stock option expense relating to the fair value of the unvested awards is included in 'share of operating profit/loss in joint ventures' over the remaining vesting period.

k. Restructuring

In 2003, under US GAAP, Reuters adopted the provisions of Financial Accounting Standard No. 146 (FAS 146) 'Accounting for Costs Associated with Exit or Disposal Activities.' FAS 146 has been applied in respect of employee severance provisions and property cost provisions. US GAAP requires that employee severance costs that are not one-time termination charges be recognised when it is probable that these costs will be incurred and the amount is capable of being estimated. Under UK GAAP, Reuters recognises provisions for employee severance charges once the Group has a constructive obligation to incur the costs. A constructive obligation is considered to exist when a detailed formal plan is in place and a valid expectation has been raised in those affected.

Under UK GAAP, Reuters recognises provisions for costs associated with the exit of a property once the intention to exit has been announced. Under US GAAP, charges for costs associated with the exit of properties are recognised upon vacation of the property or legal termination of the lease contract.

l. Derivative instruments

Under US GAAP, the Group adopted FAS 133 'Accounting for Derivative Instruments and Hedging Activities' as amended by FAS 138, on 1 January 2001. FAS 133 introduced new rules in respect of hedge accounting and the recognition of movements in fair value through the income statement. As a result of the adoption, all derivatives and embedded derivative instruments, whether designated in hedging relationships or not, are carried on the balance sheet at fair value.

The company has not designated any of its derivative instruments as qualifying hedge instruments under FAS 133. Accordingly, changes in the fair value of derivative and embedded derivative instruments have been included within current earnings under US GAAP.

Under current UK GAAP, the company has continued to apply hedge accounting and is not required to record its derivative instruments or any of its embedded derivative instruments on the balance sheet at fair value.

as a net investment hedge and therefore foreign currency translation gains and losses arising on the instrument may in some cases be recorded in the income statement.

m. Consolidation of subsidiary undertakings

Under UK GAAP, investments in certain subsidiaries are treated as financing arrangements in substance and the net investment reflected within short-term investments. Under US GAAP, such subsidiaries are consolidated under the voting interest model and assets are reflected within the appropriate accounts. This has resulted in a reclassification between asset categories within current assets in the current year.

On 16 November 2004, Reuters purchased the 49% voting stake of Radianz that it did not already own from Equant, thereby increasing its shareholding from 51% to 100% of the voting shares. Under UK GAAP, the acquisition of the additional 49% stake is included within current asset investments at the lower of cost and net realisable value. As this 49% was acquired with a view to resale, and the stake has never been treated as a long-term investment, in the opinion of the directors it does not represent a continuing investment in Radianz and is therefore included within current asset investments. The original investment has continued to be accounted for using equity accounting.

Under US GAAP, Radianz is treated as a joint venture of Reuters Group for the period 1 January 2004 to 16 November 2004 and for the years ended 31 December 2003 and 2002. The acquisition of the additional 49% stake in Radianz has been accounted for as a step acquisition and Radianz has therefore been fully consolidated as a subsidiary from the date of acquisition. Under US GAAP such subsidiaries are consolidated under the voting interest model and the assets and liabilities are recorded within the appropriate balance sheet categories. This has resulted in a reclassification from current assets to other balance sheet line items in the current year. It is the opinion of the directors that Radianz meets the criteria set forth in FAS 144 as a disposal group and is therefore classified as an asset held for sale.

The summarised results of Radianz under UK GAAP for the period 1 January 2004 to 16 November 2004 and for the years ended 31 December 2003 and 2002 are set out below:

	1 Jan- 16 Nov 2004 £m	2003 £m	2002 £m
Summary income statement			
Revenue	257	327	331
Operating costs	(275)	(381)	(446)
Loss from continuing operations	(20)	(58)	(121)
Profit from discontinuing operations	2	5	5
Net loss	(5)	(59)	(165)

The summarised balance sheet information for Radianz under UK GAAP as at 31 December 2003 is set out below:

	2003 £m
Summary balance sheet	
Current assets	90
Non-current assets	84
Current liabilities	(68)
Non-current liabilities	(3)
Net assets	103

n. Sale and leaseback

Under UK GAAP, property sale and leaseback transactions where the leaseback meets the criteria of an operating lease are accounted for as an operating sale and leaseback, regardless of any sub-lease of the leased property.

Under US GAAP, where a portion of the leased property is sub-let and that sub-lease is not minor, the sale and leaseback is accounted for as financing. The asset is retained on the balance sheet at its written

Under UK GAAP, compound derivative instruments that have multiple underlyings can be designated as a net investment hedge and, where this treatment is applied, foreign currency translation gains and losses arising on the instrument are recorded in the statement of total recognised gains and losses. Under US GAAP, such instruments cannot in all cases be designated

down value and depreciated over the term of the lease. The proceeds received from the sale of the property are deferred on the balance sheet as a financing liability, whilst lease rental payments are offset against the liability as made, the difference between the initial proceeds received and the rental payments is recorded as financing cost over the term of the lease.

o. Interest

Under UK GAAP, liabilities recorded in respect of contingent consideration

NOTES ON SUMMARY OF DIFFERENCES BETWEEN UK AND US

Generally Accepted Accounting Principles (GAAP)

arising as part of business combinations are discounted to net present value. The discount is unwound through the profit and loss account over the life of the liability. Under US GAAP, no liability is recorded in respect of contingent consideration, therefore the interest charge is adjusted as appropriate.

p. Taxation

Under UK GAAP, FRS 19 'Deferred Taxation' requires deferred taxes to be accounted for on all timing differences. Deferred tax assets are to be recognised to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Assets not recognised are shown by way of a valuation allowance in the balance sheet. Under US GAAP, deferred taxes are accounted for in accordance with FAS 109 'Accounting for Income Taxes' on all timing differences and a valuation allowance is established in respect of those deferred tax assets where it is more likely than not that some portion will remain unrealised.

This has not given rise to a significant adjustment in the UK to US GAAP reconciliation. The adjustment is primarily the result of the deferred tax impact of the other US GAAP adjustments made in the reconciliation.

q. Dividends

Under UK GAAP, dividends are provided for in the year in respect of which they are declared or proposed. Under US GAAP, dividends are recognised only in the period in which they are formally declared.

The effects of these differing accounting principles are shown in notes 36-39.

02 CASH FLOW STATEMENT

The cash flow statement set out on pages 50-55 has been prepared in conformity with UK FRS 1 (Revised) 'Cash Flow Statements'.

Set out below is a summary consolidated cash flow statement under US GAAP:

	Notes	2004 £m	Restated 2003 £m	Restated 2002 £m
Net cash inflow from operating activities	1	218	385	276
Net cash inflow/(outflow) from investing activities	2	230	(366)	(37)
Net cash outflow from financing activities	3	(370)	(142)	(450)
Net increase/(decrease) in cash and cash equivalents under US GAAP		78	(123)	(211)
Net increase/(decrease) in cash under UK GAAP		24	(97)	86

The principal differences between the UK GAAP cash flow statement and the cash flow statement presented in accordance with FAS 95 are as follows:

Notes:

1 Under UK GAAP, net cash inflow from operating activities is determined before considering (a) net cash outflow from returns on investments and servicing of finance (2004: £10 million, 2003: £28 million, 2002: £64 million), (b) dividends received from associates (2004: £4 million, 2003: £3 million, 2002: £2 million) and (c) taxes paid (2004: £43 million, 2003: £33 million, 2002: £73 million). Under US GAAP, net cash inflow from operating activities is determined after these items. Net cash inflow from operating activities under US GAAP also includes £10 million cash inflow in respect of Radianz Limited.

equivalents. Only short-term investments with a maturity of over three months (2004: £107 million increase, 2003: £136 million increase, 2002: £144 million decrease) are classified as investing activity. Net cash inflow/(outflow) from investing activities under US GAAP also includes £2 million cash outflow in respect of Radianz Limited.

Under UK GAAP, cash outflow from the acquisition of computer software licences and other direct internal costs incurred for internal use software (2004: £4 million, 2003: £14 million, 2002: £29 million) have been included in net cash inflow from operating activities. Under US GAAP, this expenditure has been capitalised and therefore the cash outflow has been included in the net cash inflow/(outflow) from investing activities.

3 Under UK GAAP, dividends paid (2004: £140 million, 2003: £140 million, 2002: £139 million) are classified separately while under US GAAP dividends paid are classified as financing activities. Under UK GAAP, the purchase of Reuters shares by the ESOTs (2004: £nil, 2003: £nil, 2002: £65 million) is classified as investing activities whereas under US GAAP this is classified as financing activities.

Under UK GAAP, cash flows relating to the movement in bank overdrafts (2004: £11 million inflow, 2003: £11 million outflow, 2002: £63 million outflow) are classified as movements in cash while under US GAAP they are classified as a financing activity.

2 Under UK GAAP, net cash flow from capital expenditure, financial investments and acquisitions and disposals (2004: £343 million inflow, 2003: £216 million outflow, 2002: £217 million outflow) are classified separately while under US GAAP they are classified as investing activities.

Under UK GAAP, movements in short-term investments (2004: £164 million increase, 2003: £99 million increase, 2002: £378 million decrease) are not included in cash but classified as management of liquid resources. Under US GAAP, short-term investments with maturity of three months or less at the date of acquisition (2004: £57 million increase, 2003: £37 million decrease, 2002: £234 million decrease) are included in cash and cash

NOTES ON SUMMARY OF DIFFERENCES BETWEEN UK AND US

Generally Accepted Accounting Principles (GAAP) continued

36 ADJUSTMENTS TO NET INCOME

	2004 £m	Restated 2003 £m	Restated 2002 £m
Profit/(loss) attributable to ordinary shareholders in accordance with UK GAAP	351	50	(255)
US GAAP adjustments:			
a. Revenue recognition	–	11	3
b. Software	(7)	4	21
c. Joint ventures and associates	(5)	24	18
d. Gains on deemed disposal of subsidiary undertakings and associates	–	–	104
e. Gain/loss on disposal of subsidiary undertakings	(24)	(2)	–
f. Gain on disposal of associates	(25)	(1)	–
g. Fixed asset investments	(19)	–	–
h. Goodwill and other intangibles	45	52	(34)
j. Employee costs	8	(32)	(3)
k. Restructuring	105	(150)	–
l. Derivative instruments	58	(15)	(28)
m. Consolidation of subsidiary undertaking	(8)	–	–
n. Sale and leaseback	(1)	–	–
o. Interest	1	1	–
p. Taxation	(52)	32	36
Minority interest in US GAAP adjustments	9	3	38
Income/(loss) before cumulative effect of change in accounting principle	436	(23)	(100)
Cumulative effect of change in accounting principle for FAS 142	–	–	(13)
Minority interest effect of change in accounting principle	–	–	2
Net income/(loss) attributable to ordinary shareholders in accordance with US GAAP	436	(23)	(111)
	2004 pence	Restated 2003 pence	Restated 2002 pence
Earnings and dividends			
Before accounting change			
Basic earnings per ADS in accordance with US GAAP	186.9	(9.5)	(42.8)
Diluted earnings per ADS in accordance with US GAAP	182.4	(9.5)	(42.8)
After accounting change			
Basic earnings per ADS in accordance with US GAAP	186.9	(9.5)	(47.6)
Diluted earnings per ADS in accordance with US GAAP	182.4	(9.5)	(47.6)
Dividend paid per ADS (including UK tax credit for 2002)	60.0	60.0	66.7
Weighted average number of shares used in basic EPS calculation (millions)	1,400	1,396	1,395
Dilutive shares	34	18	–
Used in diluted EPS calculation	1,434	1,414	1,395

37 ADJUSTMENTS TO SHAREHOLDERS' EQUITY

	2004 £m	Restated 2003 £m	Restated 2002 £m
Capital employed before minority interest in accordance with UK GAAP	412	212	428
US GAAP adjustments:			
a. Revenue recognition	–	–	(11)
b. Software	22	31	32
c. Joint ventures and associates	(23)	(13)	(37)
g. Fixed asset investments	5	20	19
h. Goodwill and other intangibles	145	120	71
h. Contingent consideration	–	24	29
i. Current asset investments	84	–	–
j. Employee costs	(38)	(44)	(39)
k. Restructuring	(45)	(150)	–
l. Derivative instruments	(8)	(47)	(14)
m. Consolidation of subsidiary undertakings	(10)	–	–
n. Sale and leaseback	(1)	–	–
p. Taxation	(12)	34	(3)
q. Dividends	86	86	86
Minority interest in US GAAP adjustments	2	(7)	(10)
Shareholders' equity in accordance with US GAAP	619	266	551

38 STATEMENT OF OTHER COMPREHENSIVE INCOME

	2004 £m	Restated 2003 £m	Restated 2002 £m
Net income/(loss) in accordance with US GAAP	436	(23)	(111)
Other comprehensive income/(loss), net of tax:			
Unrealised gains on certain fixed asset investments:			
arising during year	91	2	(21)
less amounts taken to net income, net of losses	(4)	–	3
Foreign currency translation differences	(52)	(136)	(94)
Adjustments to reflect minimum pension liability	(2)	4	(4)
Comprehensive income/(loss) in accordance with US GAAP	469	(153)	(227)

NOTES ON SUMMARY OF DIFFERENCES BETWEEN UK AND US

Generally Accepted Accounting Principles (GAAP) continued

39 SUMMARISED BALANCE SHEET (US GAAP BASIS)

	2004 £m	Restated 2003 £m	Restated 2002 £m
Assets			
Fixed tangible assets	479	823	1,012
Current assets	1,645	1,531	1,850
Other assets	121	151	159
Goodwill and other intangibles	480	526	521
Total assets	2,725	3,031	3,542
Liabilities and shareholders' equity			
Current liabilities	1,339	1,985	2,167
Long-term liabilities	528	568	552
Deferred taxes	41	10	30
Minority interest	198	202	242
Shareholders' equity before deductions	830	511	804
Shares held by employee share ownership trusts	(211)	(245)	(253)
Total shareholders' equity	619	266	551
Total liabilities and shareholders' equity	2,725	3,031	3,542

Radianz Limited, a subsidiary of Reuters Group, has been treated as a disposal group held for sale. At 31 December 2004, assets of £142 million and liabilities of £55 million were held within the balance sheet in respect of Radianz.

Goodwill and other intangibles are net of accumulated amortisation of £658 million (2003: £620 million, 2002: £578 million).

03 ADDITIONAL DISCLOSURES REQUIRED BY US GAAP**Derivative instruments**

The current year gain on derivative instruments is £58 million (2003: £15 million loss, 2002: £28 million loss). At 31 December 2004, the balance sheet includes a derivative asset of £45 million. The current year gain includes a gain of £21 million (2003: £26 million loss, 2002: £19 million loss) relating to currency forward contracts embedded within long-term customer contracts.

Recent Accounting Pronouncements**FAS 123(R)**

In December 2004, the FASB issued FASB Statement No. 123 (revised 2004) 'Share Based Payment' (FAS 123 (R)). The statement is a revision of FASB Statement No. 123 'Accounting for Stock-Based Compensation' and supersedes APB Opinion No. 25 'Accounting for Stock Issued to Employees' and its related implementation guidance. FAS 123 (R) establishes standards for accounting for transactions in which an entity exchanges its equity instruments for goods and services, primarily employee services. The statement requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments to be based on the grant date fair value of the award, as determined using an option pricing model which considers the unique characteristics of those instruments. The cost should be recognised over the period during which an employee is required to provide service in exchange for the award. FAS 123 (R) is applicable to the Group from the start of the first interim and annual reporting period beginning after 15 June 2005. The implementation of FAS 123 (R) will require the Group to establish the grant date fair value for all its employee share option plans. The Group is in the process of assessing these fair values and the resulting impact on the Group's financial position.

FAS 153

In December 2004, the FASB issued FASB Statement No. 153 'Exchanges of Non-monetary Assets' (FAS 153) as an amendment to APB Opinion No. 29 'Accounting for Non-monetary Transactions'.

The guidance in APB Opinion No. 29 is based on the principle that exchanges on non-monetary assets should be measured based on the fair value of the assets exchanged, with certain exceptions to that principle. FAS 153 amends APB Opinion No. 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges on non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if future cash flows of the entity are expected to change significantly as a result of the exchange.

FAS 153 is effective for non-monetary exchanges occurring in fiscal periods beginning after 15 June 2005. This accounting pronouncement is not expected to have a significant impact on the Group's financial position or the results of its operations.

EITF 03-01

In June 2004, the Emerging Issues Task Force (EITF) issued EITF 03-01 'The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments'. The issue includes determining the meaning of other than temporary impairment and its application to debt and equity securities within the scope of FAS 115, Accounting for Certain Investments in Debt and Equity securities and equity securities that are not subject to the scope of FAS 115 and not accounted for under the equity method of accounting. The Group is in the process of assessing the impact of this pronouncement on the Group's financial position.

INFORMATION FOR SHAREHOLDERS

01 ORDINARY SHARES

As of 2 March 2005, there were 1,403,957,850 ordinary shares outstanding, excluding 32,550,175 ordinary shares owned by certain employee share ownership trusts (see note 28 on the consolidated balance sheet on pages 67-68).

02 MAJOR SHAREHOLDERS

The company had received notice under section 198 of the UK Companies Act 1985, as at 2 March 2005 that the following parties held notifiable interests in its shares:

	Number of shares (March 2005)	Number of shares (March 2004)	Percentage of issued share capital (March 2005)
Fidelity Investments	130,364,252	94,238,074	9.08
Legal & General Investment Management	58,006,887	43,076,669	4.04
Barclays PLC	53,902,608	46,046,872	3.75
Merrill Lynch Investment Managers	48,978,642	48,978,642	3.48

The company's major shareholders do not have any different voting rights from the other ordinary shareholders. Brandes Investment Partners and Franklin Templeton Investments decreased their holdings during the first half of 2004 and no longer hold a notifiable interest. Barclays PLC acquired a notifiable holding during 2004 and its holding has fluctuated around the 4% mark throughout 2004. As shown above, Fidelity Investments has increased its shareholding during 2004 by around 36 million shares. There were relatively few other movements in the major shareholders.

The Founders Share

Independence, integrity and freedom from bias in the gathering and dissemination of news and information are fundamental to Reuters Group. Reuters Founders Share Company Limited (the Founders Share Company) was established to safeguard those qualities and holds a single Founders Share. This share may be used to outvote all ordinary shares if other safeguards fail and there is an attempt to effect a change in control of the company. 'Control', for this purpose, means 30% of the ordinary shares. The directors of the Founders Share Company have a duty to ensure, as far as they are able by the proper exercise of the powers vested in them, that the Reuters Trust Principles are observed (see page 82-83).

The Founders Share Company's directors are nominated by a Nomination Committee which includes certain serving directors of the Founders Share Company, one person nominated by each of four news associations, two people appointed by the Chairman of Reuters Group PLC and two people appointed after consultation with the European Court of Human Rights. A director of the Founders Share Company may not be a director or employee of Reuters Group.

The current directors of the Founders Share Company are as follows:

	Trustee since
Leonard Berkowitz	1998
The Honourable Mrs Anson, GBM, CBE, JP	2002
Sir Michael Checkland	1994
Bertrand Collomb	2004
Uffe Ellemann-Jensen, MP	2001
Dr Frene Ginwala	2004
Pehr Gyllenhammar (Chairman)	1997
Toyoo Gyohten	2000
Joseph Lelyveld	2004
John McArthur	2001
Sir Christopher Mallaby, GCMG, GCVO	1998
Mammen Matthew	2002
The Right Hon The Baroness Noakes, DBE	1998
Sir William Purves, CBE, DSO	1998

anniversary of his or her nomination or last renomination and will be eligible for renomination (unless he or she has reached the age of 75).

Except as described above, to the best of Reuters Group's knowledge, the company is not directly or indirectly owned or controlled by another corporation, by any foreign government or by any other natural or legal person, severally or jointly, and currently there are no arrangements that may, at a subsequent date, result in a change in control of the company.

03 CORPORATE STRUCTURE

The Reuters Group conducts its business through a portfolio of companies, including wholly and partly-owned subsidiary undertakings, joint ventures and associates. Information concerning the most significant companies is contained in note 32 on the consolidated balance sheet, on page 70.

04 TRADING MARKETS

The company's ordinary shares are traded on the London Stock Exchange. American Depositary Shares (ADSs), each representing six ordinary shares, are traded on the NASDAQ Stock Market. The ADSs are evidenced by American Depositary Receipts (ADRs) issued by JPMorgan Chase Bank, as Depositary under a Deposit Agreement, dated 18 February 1998 (the Deposit Agreement), among the company, the Depositary and ADR holders.

The table below sets out, for the periods indicated (i) the reported high and low sales prices for the ordinary shares based on the Daily Official List of the London Stock Exchange and (ii) the reported high and low sales prices of the ADSs on NASDAQ.

	The London Stock Exchange Pounds per share		NASDAQ US dollars per ADS	
	High	Low	High	Low
Annual market prices:				
2000	16.20	7.59	153.63	74.25
2001	11.58	5.26	103.44	46.00
2002	7.47	1.61	64.36	15.12
2003	2.68	0.96	27.09	9.59
2004	4.29	2.41	49.15	25.72
Quarterly market prices:				
2003				
First quarter	2.04	0.96	19.65	9.59
Second quarter	2.00	1.04	20.27	9.92
Third quarter	2.67	1.70	25.06	17.52
Fourth quarter	2.68	2.19	27.09	22.47
Quarterly market prices:				
2004				
First quarter	4.29	2.41	49.15	25.72
Second quarter	4.15	3.33	45.01	35.38
Third quarter	3.56	2.89	39.40	31.75
Fourth quarter	4.09	3.23	45.30	34.92
Monthly market prices:				
2004				
August	3.28	2.89	35.41	31.75
September	3.49	3.12	37.31	33.92
October	3.75	3.23	41.46	34.92
November	4.09	3.66	45.30	40.78
December	3.89	3.60	45.14	41.35
Monthly market prices:				
2005				
January	3.99	3.64	44.93	40.83
February	4.22	3.98	48.40	44.82
March (to 2 March)	4.22	4.17	48.67	47.60

Jaakko Rauramo
Dr Mark Wössner

1999
2001

Jacques de Larosière de Champfeu, KBE, and Robert Erburu retired as trustees in October 2004.

Each Founders Share Company director is normally required to retire at the annual general meeting of the Founders Share Company following the fifth

Analysis of shareholders

As of 2 March 2005, there were 1,403,957,850 Reuters ordinary shares in issue, including the shares referred to below but excluding ordinary shares held by employee share ownership trusts. There were 28,180 shareholders on the ordinary share register analysed in the chart below.

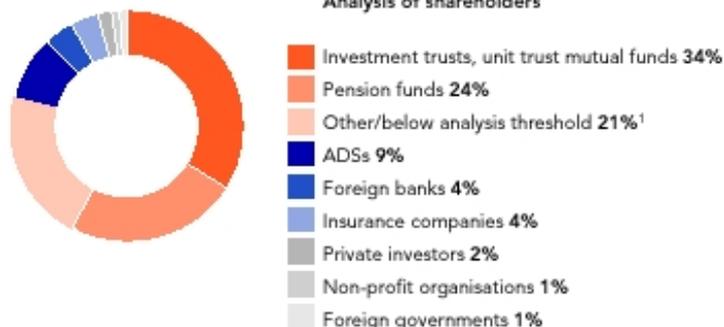
As of the same date, 815,268 ordinary shares and 22,321,434 ADSs (representing 133,928,604 ordinary shares) were held on the record in the US. These ordinary shares and ADSs were held by 243 record holders and 2,119 record holders, respectively and represented 0.058% of evidenced ADSs

INFORMATION FOR SHAREHOLDERS

continued

respectively, representing 9.54% respectively of the total number of ordinary shares outstanding. Since certain of these ordinary shares and ADSs were held by brokers or other nominees, the number of record holders in the US may not be representative of the number of beneficial holders or of where the beneficial holders are resident.

Analysis of shareholders



Note:

¹ Includes all holdings below 100,000 shares, except for private investors, whose holdings are analysed below this level.

Dividends

The table below sets forth the amounts of interim, final and total dividends (excluding any associated UK tax credit discussed on pages 85-86) paid in respect of each fiscal year indicated. Pound sterling amounts per share have been translated into US cents per ADS (each representing six ordinary shares) at the actual rates of exchange used for each of the respective payments of interim and final dividends.

	Pence per share			Cents per ADS		
	Interim	Final	Total	Interim	Final	Total
Dividends in accordance with UK GAAP						
2000	3.65	12.35	16.00	31.56	106.44	138.00
2001	3.85	6.15	10.00	33.29	53.56	86.85
2002	3.85	6.15	10.00	36.05	58.46	94.51
2003	3.85	6.15	10.00	36.08	64.88	100.96
2004 ¹	3.85	6.15	10.00	40.94	–	–

Notes:

¹ The final dividend in respect of 2004 is payable on 28 April 2005 to holders of ordinary shares on the register at 11 March 2005 and on 5 May 2005 to holders of ADSs on the record at 11 March 2005 and will be converted into US dollars from sterling at the rate prevailing on 5 May 2005.

See page 11 for a discussion of the Group's dividend policy.

05 HISTORY AND DEVELOPMENT

The ultimate holding company for the Group, Reuters Group PLC, was incorporated in England and Wales on 24 December 1996, though its predecessor was formed in London in 1851. Reuters Group PLC's registered office and corporate headquarters are located at 85 Fleet Street, London EC4P 4AJ, UK (telephone: +44 (0)20 7250 1122), and will be moving in 2005 to 30 South Colonnade, Canary Wharf, London E14 5EP, UK.

06 MEMORANDUM AND ARTICLES OF ASSOCIATION

The following description summarises certain material rights of holders of the company's ordinary shares of 25 pence each and material provisions of the company's Memorandum and Articles of Association (the Articles), the Memorandum and Articles of Association of Reuters Founders Share Company Limited (the Founders Share Company) and English law. The following description is a summary only and is qualified in its entirety by reference to the Articles (which have been filed with the SEC and Companies House) and the Companies Act.

All of the outstanding ordinary shares are fully paid. Accordingly, no further contribution of capital may be required from the holders of such

In this description, the term 'holder' refers to the person registered in the register of members as the holder of the relevant share and the term 'beneficial owner' refers to a person other than the holder who has a beneficial interest in the relevant share. JPMorgan Chase Bank, which acts as Depositary under the Deposit Agreement relating to the American Depositary Shares, or ADSs, is the holder of the ordinary shares represented by the outstanding ADSs.

General

Reuters Group PLC is incorporated under that name and is registered in England and Wales with registered number 3296375. Its objects are set out in the fourth clause of its Memorandum of Association and cover a wide range of activities, including the following:

- collecting information and supplying news and information services and products;
- acquiring and operating wireless installations, satellites and other means of communication;
- utilising the Group's communications capabilities to provide various financial and securities markets services; and
- carrying on any other business supplemental to the foregoing or capable of enhancing the Group's profitability or capitalising on the Group's expertise.

The Memorandum of Association provides a broad range of corporate powers to effect these objectives.

The Reuters Trust Principles and the Founders Share Company

The Articles contain two sets of restrictions relating to the ownership of Reuters shares. These restrictions are intended to ensure continued compliance with the following principles (the Reuters Trust Principles) set out in the Article F.114:

- that Reuters shall at no time pass into the hands of any one interest, group or faction;
- that the integrity, independence and freedom from bias of Reuters shall at all times be fully preserved;
- that Reuters shall supply unbiased and reliable news services to newspapers, news agencies, broadcasters and other media subscribers and to businesses, governments, institutions, individuals and others with whom Reuters has or may have contracts;
- that Reuters shall pay due regard to the many interests which it serves in addition to those of the media; and
- that no effort shall be spared to expand, develop and adapt the news and other services and products of Reuters so as to maintain its leading position in the international news and information business.

For the purposes of the Reuters Trust Principles, the Articles define the term Reuters to mean Reuters Group PLC and every subsidiary of it from time to time supplying news services.

The first set of restrictions contained in the Articles applies to persons that become 'interested' in 15% or more of the ordinary shares outstanding at any time (excluding any shares held by Reuters Group as treasury shares). The term 'interested' is defined in the Articles by reference to provisions of the Companies Act which require persons to disclose to public companies interests in voting shares in excess of a prescribed percentage. Subject to certain exceptions, all shares held by a person who reaches the 15% limit will be disenfranchised and the shares exceeding the 15% limit must be disposed of. This set of restrictions is more fully described below under 'Rights and restrictions attaching to shares – Restrictions on ownership – Disenfranchisement and disposals of excess interests.'

shares by Reuters.

Second, the company's share capital includes the Founders Share, which is held by the Founders Share Company, a company limited by guarantee consisting of individuals, referred to as the Reuters Trustees, who constitute both its members and directors. The Founders Share empowers the Founders Share Company to cast such number of votes as will pass any resolution supported by and defeat any resolution opposed by, the Founders Share Company if it believes that any person or persons have obtained, or are seeking to obtain, control of Reuters Group. Control for these purposes is

defined as the ability to control the exercise of 30% or more of the votes that may be cast on a poll at general meetings. Under the Articles, the special rights attaching to the Founders Share may not be varied or abrogated in any respect without the prior written consent of the Founders Share Company. The rights attaching to the Founders Share are described in more detail below under 'Rights and restrictions attaching to shares – Voting rights – Rights conferred by Founders Share.'

The restrictions on interests in ordinary shares and the extraordinary voting rights of the Founders Share may be characterised as anti-takeover provisions to the extent they may have the effect of preventing a bid for control of Reuters Group. Tender offers or other non-market acquisitions of shares are usually made at prices above the prevailing market price of a company's shares. Acquisitions of shares by persons attempting to acquire control through market purchases may support the price of shares at market levels higher than otherwise would be the case. The restrictions and extraordinary voting rights summarised in this section may be expected to preclude such offers.

Directors

The company's Articles provide for a board of directors consisting of not fewer than five nor more than 15 directors. The Articles require that, in performing their duties, the directors have due regard for the Reuters Trust Principles insofar as, by the proper exercise of their powers and in accordance with their other duties as directors, the directors may do so.

The Articles contain provisions that require the board of directors to include at least five non-executive directors before a new executive director can be appointed.

Under the Articles, a director may not vote in respect of any contract, arrangement or proposal in which the director, or any person connected with the director, has any material interest other than by virtue of the director's interests in securities of, or otherwise in or through, the company. This is subject to certain exceptions relating to proposals (a) giving the director any guarantee, security or indemnity in respect of obligations incurred at the request of or for the benefit of Reuters Group, (b) giving any guarantee, security or indemnity to a third party in respect of obligations of Reuters Group for which the director has assumed responsibility under an indemnity or guarantee, (c) relating to an offer of securities of Reuters Group in which the director may be entitled to participate or will be interested as an underwriter, (d) concerning any other company in which the director is beneficially interested in less than 1% of the issued shares of any class of the company or the voting rights available to its shareholders, (e) relating to the adoption, modification or operation of any employee benefits plan which will provide the director with the same benefits as other employees and (f) relating to any liability insurance that Reuters is empowered to purchase for its directors or employees in respect of actions undertaken as directors or officers of Reuters Group.

The directors are empowered to exercise all the powers of Reuters Group to borrow money, subject to the limitation that the aggregate principal amount outstanding in respect of monies borrowed by the Reuters Group shall not exceed a sum equal to the higher of two-and-a-half times the company's share capital and aggregate reserves, calculated in the manner described in the Articles and £5,000 million, unless sanctioned by an ordinary resolution of the company's shareholders.

At each annual general meeting of Reuters shareholders at least one-third of the directors (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. The directors to retire by rotation at the annual general meeting include any director who is due to retire at the meeting by reason of age. A retiring director shall be eligible for re-election subject to the requirements of the Combined Code. Starting at this year's annual general meeting the Board will ask all directors to stand for re-election on an annual basis. For additional information see the Directors' Report and Corporate Governance which appear on pages 26 and 29-31.

Directors are not required to hold shares in order to qualify as a director. A director not holding any shares may nevertheless attend and speak at general meetings of the company.

Rights and restrictions attaching to shares Dividends

Holders of ordinary shares are entitled to participate in the payment of dividends pro rata to their holdings. The Founders Share is not entitled to participate in the payment of dividends nor will any dividend be paid on any shares held by Reuters in treasury. The Board may propose and pay interim dividends and recommend a final dividend, in respect of any accounting period out of the profits available for distribution under English law.

A final dividend may be declared by the shareholders in general meeting by ordinary resolution, but no dividend may be declared in excess of the amount recommended by the Board.

The company may allot ordinary shares in lieu of cash dividends, subject to shareholder approval at the time the relevant dividend is declared. In addition, the company may declare and pay equivalent dividends to shareholders outside the United Kingdom in local currencies and pay such dividends to the Depositary for value on the payment date.

Voting rights

Rights conferred by ordinary shares Voting at a general meeting of shareholders is by show of hands unless, before or on making known the result, a poll is demanded in accordance with the Articles. If voting is by show of hands, each holder of ordinary shares who is present in person has one vote. On a poll, every holder of ordinary shares who is present in person or by proxy has one vote for every ordinary share held. This year the Board has decided that voting on all resolutions will be carried out by way of a poll. This approach is consistent with the recommendations of the recently published Myners Report to the Shareholder Voting Working Group.

Holders of a substantial number of ordinary shares may be disenfranchised under the circumstances described under 'Restrictions on ownership' below.

Rights conferred by Founders Share The Founders Share confers upon the Founders Share Company the right to cast such number of votes as are necessary to defeat any resolution which would vary or abrogate the rights of the Founders Share. The Articles provide that the alteration of specified articles relating to the Founders Share and the Reuters Trust Principles are deemed to constitute a variation of the rights of the Founders Share. In addition, any resolution proposing the winding up of Reuters Group voluntarily, by the Court, or any reconstruction of Reuters Group, or any resolution which would attach to any share voting rights not identical in all respects with those of the ordinary shares, is deemed to be a variation of the rights of the Founders Share.

Additionally, if there are, in the opinion of the Founders Share Company, reasonable grounds for believing that any person and his associates have obtained or are attempting to obtain, directly or indirectly, control of Reuters Group, the Founders Share Company is entitled in its absolute discretion to serve Reuters with a written notice (a Founders Share Control Notice) to that effect. Control is defined for these purposes as the ability to control the exercise of 30% or more of the votes which may be cast on a poll at a general meeting. At all times after the service of a Founders Share Control Notice and pending its rescission, the Founders Share confers upon the Founders Share Company the right to cast on a poll such number of votes as are necessary to ensure the effective passing of any resolution in favour of which it votes and to ensure the defeat of any resolution against which it votes. The Articles provide that the opinion of the Founders Share Company in respect of the service or rescission of a Founders Share Control Notice shall be final and binding and may not be challenged on any grounds whatsoever.

The Founders Share Company is entitled at any time to serve Reuters with a written request for an extraordinary general meeting and the directors are obliged to comply with such request. If they do not comply, the Founders Share Company is entitled to convene an extraordinary general meeting. If a Founders Share Control Notice has been served, however, the Founders Share Company can convene an extraordinary general meeting without first requesting that the directors do so.

Four Reuters Trustees present at the relevant Trustees' meeting can bind all the Founders Share Company directors to exercise the voting

rights attaching to the Founders Share so as to defeat a resolution that would be deemed to

INFORMATION FOR SHAREHOLDERS

continued

be a variation of the rights attached to the Founders Share. However, the vote of a majority of the Reuters Trustees (the chairman of the Founders Share Company having a casting vote in the event of equality of votes) is required to determine whether a Founders Share Control Notice should be served and, if so, the manner in which the voting rights attaching to the Founders Share shall be exercised (excluding the vote of any Reuters Trustee who is associated with or materially financially interested in the person attempting to obtain control of Reuters).

Restrictions on ownership

Ordinary shares Under the Articles, a person is 'interested' in shares if, among other things, he is interested directly, or through his family or one or more companies, or through an interest in association with others pursuant to an agreement or understanding, or through a trust or if he controls the voting rights of others. The definition of 'interest in shares' in the Articles is made by reference, with specified variations, to certain provisions of the Companies Act.

Disclosure of interests in ordinary shares The Articles provide for the disclosure of interests in Reuters ordinary shares by reference to the Companies Act provisions mentioned above, with specified variations. Under these provisions as currently in force, if a person acquires an 'interest' in voting shares of a public company amounting to 10% or more of the voting shares of any class, or if he increases or reduces such holding by at least 1% or if he ceases to have such holding, he is obliged to notify the company within two days of the day on which he acquired 10% or any such change in his interest took place. Further, if his interest is a 'material interest' the 10% referred to above is reduced to 3%.

The Articles provide for disenfranchisement of shares which are the subject of a notice under Section 212 of the Companies Act (which allows a company to require disclosure of certain details concerning ownership of its shares) if the person served with the notice is in default in answering it. The Articles also provide for the imposition of restrictions on transferability of the shares concerned and on the right to receive dividends if such shares represent at least 0.25% of the class concerned. Such restrictions cannot, however, be imposed until the expiry of 14 days after the date of the Section 212 notice. Any such restrictions cease if the shares concerned are sold pursuant to a takeover offer or to an unconnected third party or through the London Stock Exchange. The restrictions on transferability only apply to certificated shares. Where a holder of uncertificated shares is in default in answering a Section 212 notice, the Articles provide that the Founders Share Company may require the Group's directors to apply to the Court for such order as may be appropriate.

Disenfranchisement and disposals of excess interests Subject to certain exceptions described below, certain restrictions apply to persons that become 'interested' (as defined in the Articles) in 15% or more of the ordinary shares. If any person becomes interested in 15% or more of the outstanding shares (excluding any shares held by Reuters as treasury shares) (the 'Relevant Shares'), the directors are required to serve a Restriction Notice on that person, on any other person known to the directors to have an interest in the Relevant Shares and, if different, on the registered holder of the Relevant Shares. While a Restriction Notice in respect of Relevant Shares is in force, a registered holder of the Relevant Shares is not entitled to attend or vote, either in person or by proxy, at any general meeting or at any meeting of the holders of any class of Reuters shares. In addition, a Restriction Notice will require such person to dispose of any Relevant Shares exceeding the 15% limit and supply evidence to the company that such disposal has occurred within 21 days or such longer period as the directors consider reasonable. If such disposition is not made within the specified period, the directors must, as far as they are able, dispose of any shares exceeding the 15% limit. Under the Articles, any belief, resolution, decision or action of the directors held, made or taken pursuant to any of the provisions concerning restrictions on ownership shall be conclusive, final and binding on all persons concerned and may not be challenged on any grounds whatsoever.

The Founders Share Ownership of the Founders Share is restricted to the Founders Share Company. Under its Memorandum of Association, the Founders Share Company is not permitted, directly or indirectly, to dispose of the Founders Share or of any interest therein, or to grant any rights in respect of the Founders Share or any interest therein.

Treasury Shares Reuters may acquire and thereafter hold up to 10% of its issued listed share capital in treasury. Any such acquisition must be financed from the distributable profits of Reuters. Subject to certain limited exceptions, the rights attaching to shares while held in treasury will be suspended. Treasury shares may only be subsequently disposed of by Reuters by way of cash sale, transfer for the purposes of or pursuant to an employees' share scheme or cancellation.

Pre-emptive rights, new issues of shares, sale of treasury shares and repurchase of shares

Holders of ordinary shares have no pre-emptive rights under the Articles. However, the ability of the directors to cause the company to issue shares, securities convertible into shares or rights to shares, or to sell treasury shares, otherwise than pursuant to an employee share scheme, is restricted.

Under the Companies Act, the directors are, with certain exceptions, unable to allot any equity securities without express authorisation, which may be contained in the Articles or given by its shareholders in general meeting, but which in either event cannot last for more than five years. The Companies Act imposes further restrictions on the issue of equity securities for cash or sale of treasury shares for cash other than by offering them first to existing shareholders unless the statutory requirement is displaced or modified by the shareholders in general meeting or under the company's Articles.

At Reuters annual general meeting to be held on 21 April 2005, a resolution will be proposed to authorise the directors to allot relevant securities, as defined in the Companies Act, including any equity securities, up to an aggregate nominal amount of £108,000,000 until the earlier to occur of the annual general meeting in 2006 or 21 July 2006. A resolution will also be proposed to authorise equity securities as defined in the Companies Act to be issued within this limit by way of a rights offer, or otherwise pro rata to existing shareholders, but other issues of equity securities, except for shares issued pursuant to employee share schemes, will be limited to an aggregate of £17,000,000 in nominal value.

Subject to applicable provisions of English law, the company may purchase its ordinary shares. Currently, it has general authority to repurchase up to 143,254,000 ordinary shares at prices ranging from 25 pence and not more than 5% above the average of the middle market quotations taken from the Daily Official List of the London Stock Exchange for the five business days before the purchase is made. At the Reuters annual general meeting on 21 April 2005, a resolution will be proposed to increase this authority to 143,540,000 ordinary shares. The directors would only make such purchases after considering the effects on earnings per share and the benefits for shareholders generally.

Rights in a winding up

If Reuters Group PLC is wound up, the liquidator may, with the authority of an extraordinary resolution, divide among the holders of ordinary shares and the Founders Share, pro rata to their holdings, Reuters assets (after satisfaction of liabilities to creditors), provided, however, that the Founders Share Company may receive up to £1 and no more.

Variation of rights and alteration of share capital

If, at any time, the company's share capital is divided into different classes of shares, the rights attached to any class may be varied, subject to the provisions of the Companies Act, with the consent in writing of holders of three-quarters in value of the shares of that class or upon the adoption of an extraordinary resolution passed at a separate meeting of the holders of the shares of the class. At every such separate meeting, all of the provisions of the Articles relating to

The restrictions are subject to certain modifications where a person becomes interested in 15% or more of the issued shares of any class by reason of a rights issue or an underwriting in the ordinary course of its business.

proceedings at a general meeting apply, except that the quorum is to be the number of persons (which must be two or more) who hold or represent by proxy not less than one-third in nominal value of the issued shares of the class.

The company can increase its share capital by ordinary resolution in conformity with the provisions of the Companies Act. However, new shares cannot have voting rights, which are not identical to those of ordinary shares without the prior written consent of the Founders Share Company. Furthermore, the company may issue shares with preferred and other special rights or restrictions, provided that the prior written consent of the Founders Share Company has been sought for issuing any shares with rights not identical to those of ordinary shares. The company can consolidate, divide and cancel any of its shares (other than the Founders Share) by extraordinary resolution and can reduce its share capital (other than the Founders Share).

Annual general meetings and extraordinary general meetings

Annual general meetings must be convened upon advance written notice of 21 days. An extraordinary general meeting must be convened upon advance written notice of 21 days for the passing of a special resolution and 14 days for any other resolution, depending on the nature of the business to be transacted. The notice must specify the nature of the business to be transacted if it is other than routine business or if an extraordinary or a special resolution is proposed. The notice may also specify a time, not more than 48 hours prior to the time fixed for the meeting, by which a person must be entered on the company's register in order to have the right to attend and vote at the meeting.

Limitations on voting and shareholding

There are no limitations imposed by English law or the company's Articles on the right of non-residents or foreign persons to hold or vote ordinary shares or ADSs, other than the limitations that would generally apply to all of Reuters shareholders.

07 EXCHANGE CONTROL

Under English law and the Articles, persons who are neither residents nor nationals of the UK may freely hold, vote and transfer their ordinary shares in the same manner as UK residents or nationals.

There are currently no UK foreign exchange control restrictions on remittances of dividends to non-resident holders of ordinary shares or on the conduct of Reuters operations.

08 EXCHANGE RATES

The following table sets forth, for the periods indicated, the average or the high and low Noon Buying Rates for pounds sterling in US dollars per £1.

Fiscal year ended 31 December	Average ¹	Month	High	Low
2000	1.52	August 2004	1.85	1.79
2001	1.44	September 2004	1.81	1.77
2002	1.51	October 2004	1.84	1.78
2003	1.64	November 2004	1.91	1.83
2004	1.84	December 2004	1.95	1.91
2005 (to 4 March)	1.91	January 2005	1.91	1.86
		February 2005	1.92	1.86

Notes:

¹ The average exchange rates have been calculated using the Noon Buying Rates on the last trading day of each calendar month during the period.

On 4 March 2005 the Noon Buying Rate was US\$1.92 per £1.

Fluctuations in the exchange rate between the pound sterling and the US dollar will affect the US dollar amounts received by holders of the ADSs upon conversion by the depositary of cash dividends paid in pounds sterling on the ordinary shares and represented by the ADSs. Also, fluctuations in the exchange rate may affect the relative market prices of the ADSs in the US and the ordinary shares in the UK.

For the effect on the Group's results of operations of fluctuations in the exchange rates between the pound sterling and the other major currencies (including the US dollar) in which revenues are received and expenditures are made by us, see the 'Operating and financial review' on pages 11-25.

09 TAXATION INFORMATION FOR US SHAREHOLDERS

The following is a summary of the material US federal income tax and UK tax consequences of the ownership of ordinary shares or ADSs by a US holder who holds the ordinary shares or ADSs as capital assets. The summary does not purport to be a complete technical analysis or listing of all potential tax effects relevant to a decision to acquire the company's ordinary shares or ADSs. Nor does it take into account the specific circumstances of any particular investors, some of which may be subject to special rules, such as dealers in securities, US holders who hold directly or indirectly 10% or more of the voting stock or US holders who elected to apply the provisions of the former income tax convention between the United States and the United Kingdom. In addition, the summary is based in part upon the representations of the Depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms. The summaries of US and UK tax laws are based on the US Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, current tax laws, current UK Inland Revenue published practice and the terms of the UK/US double tax treaty which came into effect on 31 March 2003 (the Treaty), as appropriate, all of which are subject to change at any time, possibly with retrospective effect.

For the purposes of this discussion, a 'US holder' is any beneficial owner of ordinary shares or ADSs that is (i) a citizen or resident for tax purposes of the US, (ii) a corporation organised under the laws of the US or any US State, (iii) an estate the income of which is subject to US federal income tax without regard to its source, or (iv) a trust if a court within the US is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust.

Taxation of dividends

UK taxation

Under current UK taxation legislation, no withholding tax will be deducted from dividends paid by the company. A shareholder that is a company resident for UK tax purposes in the UK will not generally be taxable on any dividend it receives from the company. A shareholder who is an individual resident for tax purposes in the UK is entitled to a tax credit on cash dividends paid on ordinary shares or ADSs equal to one-ninth of the cash dividend or 10% of the dividend plus the tax credit. Such shareholders will be taxable on the total of the dividend and the related tax credit, which will be regarded as the top slice of the shareholder's income. The tax credit may be set off against a UK resident individual shareholder's total income tax liability, but no cash refund will be available. A US holder will not be entitled to any tax credit from the UK Inland Revenue in respect of a dividend although there will be no further UK tax to pay in respect of that dividend.

US federal income taxation

The gross amount of any dividend paid to a US holder will generally be subject to US federal income taxation. Such a dividend will not be eligible for the dividends-received deduction generally allowed to US corporations with respect to dividends from other US corporations. The amount of the dividend to be included in income will be the US dollar value of the pound sterling payments made, determined at the spot pound sterling/US dollar rate on the date of the dividend distribution, regardless of whether the payment is in fact converted into US dollars.

Qualified dividend income

An individual US holder's 'qualified dividend income' is subject to tax at a reduced rate of tax of 15% provided that the ordinary shares or ADSs are held for at least 61 days of the 121 day period beginning on the date which is 60 days before the ex-dividend date and the holder meets other holding period requirements. Dividends will not however qualify for the reduced rate if the company were to be treated for the tax year in which dividends are paid (or for the prior year), as a 'foreign investment company,' a 'foreign personal holding company,' or a 'passive foreign investment company' (a PFIC) for US federal income tax purposes. Recently enacted legislation repealed the foreign investment company and foreign personal holding company provisions for tax years beginning after 31 December 2004. Reuters Group does not believe that it would be treated as a foreign investment company or a foreign personal holding company for 2004, or that it is a PFIC or was a PFIC for 2004.

INFORMATION FOR SHAREHOLDERS

continued

Accordingly, Reuters Group considers that dividends paid with respect to the ordinary shares or ADSs will be 'qualified dividend income' and, subject to the US holder's satisfaction of the holding period requirements described above, should be eligible for the reduced 15% US federal income tax rate. Reuters Group's dividends generally will be foreign source passive income for US foreign tax credit purposes.

Taxation of capital gains

UK taxation

Upon a sale or other disposal by a holder of ordinary shares or ADSs, a gain or loss may be recognised for UK capital gains tax purposes equal broadly to the difference between the sterling value of the disposal proceeds and the holder's tax basis in the relevant ordinary shares or ADSs (and subject to the availability of any applicable exemptions). Under the Treaty, capital gains on disposals of ordinary shares or ADSs will generally be subject to tax only in the jurisdiction of residence of the relevant holder as determined for the purposes of the Treaty, unless the ordinary shares or ADSs are held as part of the business property of a permanent establishment of that holder in the UK in which case such capital gains may be subject to tax in both jurisdictions. The Treaty also contains an anti-avoidance rule which will be relevant to individuals who are residents of either the UK or the US and who have been resident of the other jurisdiction (the US or the UK, as the case may be) at any time during the six years immediately preceding the relevant disposal of ordinary shares or ADSs. The Treaty provides that, in such circumstances, capital gains arising from the disposal may be subject to tax not only in the jurisdiction of which the holder is resident at the time of the disposal, but also in that other jurisdiction.

US federal income taxation

Upon a sale or other disposal by a US holder of ordinary shares or ADSs, a gain or loss may be recognised for US federal income tax purposes equal broadly to the difference between the US dollar value of the disposal proceeds and the US holder's tax basis (determined in US dollars) in the relevant ordinary shares or ADSs. Generally, such gain or loss will be regarded as a capital gain or loss and, as a long-term capital gain or loss, if the US holder's holding period for such ordinary shares or ADSs exceeds one year. Long-term capital gains of a non-corporate US holder are generally subject to a maximum tax rate of 15%.

Any such gain or loss will generally be income or loss from sources within the US for foreign tax credit limitation purposes. The deductibility of a capital loss is subject to limitations since the ADSs and ordinary shares are publicly traded, their disposal will be considered to occur on the 'trade date,' regardless of the US holder's method of accounting. In addition, a US holder that receives foreign currency upon the sale or exchange of ordinary shares or ADSs and subsequently converts the foreign currency into US dollars, will have a foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the US dollar. Foreign exchange gain or loss will generally be US source ordinary income or loss. Deposits and withdrawals of ordinary shares by US holders in exchange for ADSs will not result in the realisation of a gain or loss for US federal income tax purposes.

Additional tax considerations

UK inheritance tax

An individual who is domiciled in the US for the purposes of the UK/US Estate and Gift Tax Convention (the Convention) and who is not a national of the UK for the purposes of the Convention, will not generally be subject to UK inheritance tax in respect of ordinary shares or ADSs on the individual's death, or on a transfer of ordinary shares or ADSs during the individual's lifetime provided that any applicable US federal gift or estate tax is paid. However, such an individual will be subject to UK inheritance tax if the ordinary shares or ADSs are part of the business property of a permanent establishment of the individual in the UK, or pertain to a fixed base in the UK of an individual who performs independent personal services. Special rules apply to ordinary shares or ADSs held in trust. In the exceptional case, where the disposition is subject both to UK inheritance tax and to US

UK stamp duty and stamp duty reserve tax

No UK stamp duty or stamp duty reserve tax (SDRT) will be payable on the transfer of an ADS, or agreement to transfer an ADS, provided that the instrument of transfer, or written agreement, is executed and retained outside the UK and does not relate to any matter or thing done, or to be done, in the UK.

UK stamp duty will generally be payable on conveyances or transfers of ordinary shares, at the rate of 0.5% of the amount or value of the consideration, if any, for the transfer (rounded up to the next multiple of £5). SDRT will be imposed, at the rate of 0.5% of the amount or value of the consideration for the transfer if an agreement is made for the transfer of ordinary shares, unless an instrument of transfer of the ordinary shares in favour of the purchaser, or its nominee, is executed and duly stamped within six years of the day that the agreement is made (or, in a case where the agreement is conditional, the day that the condition is satisfied) in which case, any SDRT paid will be repaid (together with interest where the SDRT is not less than £25) on a claim for repayment or, to the extent not paid, the charge to SDRT will be cancelled. SDRT is in general payable by the purchaser of ordinary shares, but there are regulations which provide for collection from other persons in certain circumstances, including from CREST where the relevant ordinary shares are held in CREST. UK stamp duty or SDRT will generally be imposed on any instrument transferring ordinary shares to a person, or to a nominee or agent for such a person, whose business is or includes issuing depository receipts (such as the ADSs) for relevant securities. In these circumstances, stamp duty or SDRT will be charged at the rate of approximately 1.5% of the amount or value of the consideration for the conveyance or transfer on sale or, otherwise, 1.5% of the value of the security transferred at the date the instrument is executed. A transfer into CREST will not be subject to this charge.

An agreement to transfer ordinary shares will normally give rise to a charge to SDRT at the rate of 0.5% of the amount or value of the consideration for the ordinary shares. However, if a duly stamped instrument of transfer of the ordinary shares is executed in pursuance of the agreement and duly stamped within six years of the date on which the agreement is made (or, in a case where the agreement is conditional, the date that the condition is satisfied) any SDRT paid will be repaid. To the extent the SDRT has not already been paid, the charge to SDRT will be cancelled.

SDRT is in general payable by the purchaser of ordinary shares. However, there are regulations which provide for collection from other persons in certain circumstances.

US PFIC status

If a foreign company is a PFIC, then certain distributions and gains can be allocated ratably over a US holder's holding period, with the effect that the amount allocated to the current taxable year and any taxable year before the company became a PFIC would be taxable as ordinary income in the current year and the amount allocated to other taxable years would be taxed at the highest rate in effect for that year on ordinary income. The tax is also subject to an interest charge to recover the deemed benefit from the deferred payment of the tax attributable to each such year. As stated above under the heading 'Taxation of capital gains – US federal income taxation', the company reasonably believes that it was not a PFIC in 2004 and does not anticipate becoming a PFIC. However, the tests for determining PFIC status are applied annually and it is difficult to make accurate predictions of future income and assets, which are relevant to this determination. Accordingly, Reuters Group cannot assure US holders that the IRS would agree with its belief, nor can the company assure US holders that it will not become a PFIC. US holders are urged to consult their own tax advisors about the PFIC rules, including the consequences to them of making a mark-to-market election with respect to Reuters Group's ordinary shares and ADSs in the event that it qualifies as a PFIC.

federal gift or estate tax, the Convention generally provides for any tax paid in the UK to be credited against tax liable to be paid in the US, or for tax paid in the US to be credited against the tax payable in the UK, based on priority rules set out in the Convention.

US information reporting and backup withholding

A US holder is generally subject to information reporting requirements with respect to dividends paid in the US on ordinary shares or ADSs and disposal proceeds realised from the sale, exchange, redemption or other disposal of ordinary shares or ADSs. In addition, a US holder is subject to backup withholding (currently at a rate of 28%) on dividends paid in the US on ordinary shares or ADSs and disposal proceeds realised from the sale, exchange, redemption or other disposal of ordinary shares or ADSs unless the US holder is a corporation, provides an IRS Form W-9 or otherwise establishes a basis for exemption. Backup withholding is not an additional tax. The amount of any backup withholding will be allowed as a credit against a US holder's US federal income tax liability and may be refunded, provided that certain information is furnished to the IRS.

10 RELATED PARTY TRANSACTIONS AND MATERIAL CONTRACTS

Related party transactions – General

Related party transactions are principally with Radianz, Factiva, TSI and Instinet Group, each as described below. Reuters Group has entered into arrangements with many of its subsidiary undertakings, joint ventures and associates, and has in addition provided financial information services to, and purchased services from, many of the companies with which it shares a common director. Except as otherwise indicated, all of these transactions are in the normal course of business on commercial terms. Excluding transactions with Radianz, Factiva, TSI and Instinet Group, services provided to related parties totalled £5 million and services purchased totalled £19 million.

Only in the case of the transactions with Radianz, Factiva, 3 Times Square Associates LLC (3XSQ Associates), TSI and Instinet Group were any of the amounts involved material to either party. These services are ongoing and continued at historical levels to the date of this report.

Radianz

During 2004 and in accordance with inter-company agreements including those described below, Radianz provided the Group with network services totalling £277 million (2003: £304 million, 2002: £284 million). In 2004, Reuters Group provided Radianz with certain technical, field engineering, IT systems, property and human resource services for a total cost of £66 million (2003: £82 million, 2002: £126 million).

Network Services Agreement To secure the long-term availability of the Radianz network for the Reuters Group, Reuters entered into a Network Services Agreement (the NSA) with Radianz in May 2000 in connection with the formation of Radianz. The NSA had an initial term ending on 1 July 2005 and thereafter would remain in full force and effect for successive one-year periods unless either party gave six months' notice prior to the expiration. Radianz agreed to provide reasonable assistance to Reuters in the event of termination of the NSA, to ensure that Reuters could migrate the services from Radianz to a third-party company. The NSA remains in effect following Reuters purchase of the Equant Group's entire stake in Radianz. However, in connection with Reuters exclusive discussions with BT to secure a long-term network services agreement, Reuters has served formal notification of its intention to terminate the NSA at the 1 July 2005 expiry of the initial term.

The standards for performance of services provided in the NSA have been agreed between Reuters and Radianz. In addition, the NSA sets out the processes and procedures for managing the contract going forward. In particular, the NSA sets out details for monthly performance reviews to review capacity service levels, operational changes and orders, introduction of new services and ongoing requirements by Reuters. There is also provision for quarterly meetings to discuss the contract and its operation and technical matters relating to the business continuity plans.

Reuters generally agreed to continue to use Radianz for its network services in support of global and strategic products during the term of the agreement. Detailed provisions in respect of rates and charges were agreed between Radianz and Reuters. Radianz agreed that it shall provide the network services to Reuters on terms which are no less favourable than reasonably comparable services offered to any other customer of Radianz, and Reuters agreed to spend an agreed amount with Radianz annually.

Purchase of Equant Stake On 21 October 2004, Reuters entered into an agreement to purchase Equant's entire stake in Radianz for £60 million (US\$110 million) in cash together with the release of future funding obligations. The transaction completed on 16 November 2004. The purchase agreement included standard corporate representations and warranties by each of Equant and Reuters as to itself, and was otherwise generally on customary terms and conditions for a transaction of this nature. At the same time as Reuters announced its agreement to purchase Equant's stake, Reuters also announced that it was in exclusive discussions with BT to secure a long-term agreement for the provision of network services, which is expected to involve the sale of Radianz to BT. For more information, see 'Our markets drive our organisational structure – Communications networks' on page 7.

Factiva

Factiva and Reuters each provide a variety of services to the other. Factiva hosts and maintains Reuters pictures archiving service under a rolling one-year contract. Under a three-year agreement commencing on 1 January 2003, Factiva permits Reuters to incorporate Factiva content in certain Reuters products. Under a separate licence, Factiva also permits Reuters staff to access Factiva content. The total cost of the services provided by Factiva to Reuters in 2004 was £9 million (2003: £7 million, 2002: £19 million).

Reuters provides Factiva with technical and administrative support services, including use of Reuters premises, facilities, finance and payroll services, subject to termination by Factiva on six months' written notice or Reuters on twelve months' written notice. Reuters also provides content, including its newswires, to Factiva for incorporation in Factiva services for a royalty payment. This agreement is currently being renegotiated. In 2004, Reuters granted Factiva an additional trademark licence permitting Factiva to use Reuters name for an annual fee based on a percentage, increasing in the next calendar year, of Factiva's gross revenues. The licence continues until breach, insolvency, dissolution of the joint venture or Reuters owning less than 50% of Factiva. The total cost of the services provided by Reuters to Factiva in 2004 was £23 million (2003: £47 million, 2002: £61 million).

Under the terms of the agreement with Dow Jones & Co. relating to the formation of the Factiva joint venture, Reuters has agreed that it will only supply its content in accordance with its written policy regarding distribution of content to third parties and that in the event that it makes its proprietary content available to any service that competes or would reasonably be deemed to compete with Factiva then any revenue from such sale shall be paid to Factiva. Such terms also apply to Dow Jones.

In connection with the formation of the Factiva joint venture, Reuters agreed to invest US\$20 million in cash in the venture over a period of five years by means of an interest-free promissory note. At the beginning of 2004, this stood at £1 million. It was repaid during the year.

At 31 December 2003, Reuters held a loan of £5 million (2002: £7 million) repayable to Factiva, for the settlement of trading balances between Reuters and Factiva. This bore interest at LIBOR and was repaid during the year. A further loan of £11 million repayable to Factiva, on which interest is payable at LIBOR, was taken out by Reuters during the year and remained payable at 31 December 2004. This is a short-term deposit of surplus cash.

TSI

On 3 February 2004, Reuters Group reduced its stake in TSI from 48.4% to 8.8%. During 2004, Reuters Group purchased £13 million of services from TSI (2003: £16 million, 2002: £5 million).

Licences Reuters owns the underlying intellectual property and technology that was in existence at 31 December 1996 and that is incorporated into many of TSI's products. Reuters licenses this technology to TSI. TSI owns all technology and related intellectual property rights independently developed by TSI since 1 January 1997, including enhancements and improvements to the licensed technology, which TSI itself licenses to Reuters.

Through the third quarter of 2003, Reuters had a licence, distribution and maintenance agreement with TSI pursuant to which Reuters was

required to pay TSI certain minimum distribution fees related to sales of TSI's products to

INFORMATION FOR SHAREHOLDERS

continued

financial services market customers. Under this agreement, Reuters obligations with respect to the minimum distribution fees were to expire at the end of 2003, and TSI was restricted until May 2004 from selling its products and providing consulting services directly to companies in the financial services market, except in limited circumstances, if Reuters continued to pay the minimum distribution fees until that date. In October 2003, Reuters entered into a revised commercial agreement with TSI. Pursuant to the revised agreement, TSI has the right to market and sell its products to customers in the financial services market, except that TSI will not be able to market or sell risk management applications or market data systems for financial services companies or to sell to financial services customers through four specified resellers until May 2008. Reuters will continue to have the right to use TSI technology internally and embedded within its products, and TSI will provide certain fee-based support services to Reuters. The agreement provided that Reuters and TSI would work together to migrate Reuters existing customers' maintenance contracts to TSI, and that Reuters rights to re-sell ended in October 2003, subject to completion of a limited number of then in progress opportunities. From October 2003 until March 2005, Reuters made quarterly payments of US\$5 million to TSI, subject to reduction based on TSI's direct revenues from products and support sold to financial services customers.

On 27 February 2005, Reuters and TSI entered into an amendment to the commercial agreement under which TSI granted Reuters new rights to resell a defined set of TSI software products solely in conjunction with the sale by Reuters of its market data delivery solutions in return for Reuters paying TSI licence fees in minimum annual amount of US\$11 million. The reseller rights have an initial term of one year which Reuters may elect to extend for two further one-year terms. The amendment also extended the time during which Reuters has the right to use TSI technology internally and embedded within its products by one year, to 31 December 2012.

Repurchase by TSI At the same time as the licence agreement revision in October 2003, Reuters and TSI entered into an agreement pursuant to which TSI agreed to register sales by Reuters of its TSI shares under US securities laws, and to repurchase up to US\$115 million of its shares from Reuters upon Reuters completing a single public offering of at least US\$100 million of TSI shares. In February 2004, Reuters completed a registered public offering of 69 million TSI shares for US\$473 million (£261 million), and TSI repurchased an additional 17 million shares for US\$115 million, resulting in aggregate net proceeds to Reuters, after underwriting and transaction fees, of approximately US\$563 million (£310 million).

3XSQ Associates

Reuters is party to a lease entered into in 1998 with 3XSQ Associates, an entity owned by Reuters and Rudin Times Square Associates, LLC formed to acquire, develop and operate the 3 Times Square property and building. Pursuant to the lease, which has been amended from time to time, Reuters leases approximately 692,000 square feet for a term of approximately 20 years expiring in 2021, with an option to terminate 10 years early as to 77,000 square feet and three successive ten-year renewal options as to the entirety of the space. During 2002, 2003 and 2004, Reuters made payments to 3XSQ Associates in respect of rent, operating expenses, taxes, insurance and other obligations in the amounts of US\$32.7 million, US\$33.3 million and US\$32.9 million, respectively. The lease is supported by a US\$120 million letter of credit provided by Reuters.

Instinet Group

Reuters and Instinet Group are party to numerous agreements and arrangements, including those described below, under which they provide each other with various products, services, licences and other transactions.

Sale of Bridge Trading On 28 February 2005, Reuters entered into an agreement to sell Bridge Trading to Instinet Group for US\$21.5 million in Instinet Group stock, subject to adjustment for working capital and net capital. The transaction is anticipated to complete by the end of

'soft dollar' credits generated by trading activity. In addition, Reuters has agreed for a period of one year not to operate a US broker dealer which allows its customers to pay for Reuters Station on a soft dollar basis, and not to solicit Bridge Trading employees, in each case subject to certain exceptions. The agreement otherwise includes representations and warranties, covenants and other terms customary for a transaction of this nature. Following the sale, Reuters will continue to provide certain transitional services to Bridge Trading for a period through to 31 December 2005, including a lease arrangement for space currently occupied by Bridge Trading, various administrative, technology and other support services, and a royalty-free licence to the Bridge Trading trademark. Other than the licence, such arrangements include fees generally based on allocated or attributable costs.

RGRS Under agreements between Reuters and Instinet Group, Instinet Group customers gain the ability to submit orders to Instinet Group and to receive indications of interest from Instinet Group over the RGRS network. Instinet Group is not required to pay for orders it receives through RGRS. The US agreement (covering global orders submitted via a US connection) term is to 17 December 2005 subject to annual renewal thereafter, and is subject to termination rights if Reuters ceases to own a majority of Instinet Group's voting stock. The UK agreement (covering global orders submitted via a UK connection) will continue until terminated by either party on six months' notice.

In addition, under a development agreement Reuters develops enhancements to the RGRS interface so that customers can better access Instinet Group's proprietary trading functionality. The current term runs through to 19 September 2005 subject to annual renewal thereafter and terminable by either party on a change of control of Instinet Group, including if Reuters ceases to own a majority of Instinet Group's voting stock.

NewportSM Under an agreement with Instinet Group, Reuters has the exclusive right to provide the real-time market data for Instinet Group's NewportSM (patent pending) program trading application. The current agreement term is to 19 September 2005 subject to annual renewal thereafter and is terminable by either party on a change of control of Instinet Group, including if Reuters ceases to own a majority of Instinet Group's voting stock.

Market data Reuters had been entitled to redistribute certain proprietary equity securities data from Instinet Group under two data distribution agreements. Under a data distribution agreement entered into at the time of the Instinet IPO in May 2001, Reuters had the limited right to be the exclusive data vendor distributing some of Instinet Group's proprietary equity securities data; however, this agreement terminated on 17 May 2004. Under a separate agreement originally entered into with Island ECN (which was acquired by Instinet Group in September 2002), Reuters has the right to redistribute a broader set of proprietary equity securities data from Instinet Group. This agreement, which continued in effect notwithstanding the termination of the exclusive arrangement described above, has a term until 28 June 2005 subject to annual renewal thereafter. Reuters is not required to make payments in connection with any such redistribution.

Customer agreement Instinet Group has entered into an agreement for certain Reuters information services and related hardware, software and support on terms to Reuters independent third-party customers, as well as an addendum under which Reuters has granted Instinet Group the right to redistribute certain information both internally and to its customers subject to termination upon 180 days' notice by either party.

Preferred soft-dollar arrangement This agreement establishes a preferred commercial and soft-dollar arrangement for Instinet Group customers that purchase Reuters products and services. This is available to certain customers who are increasing their level of business with Instinet Group, Reuters or both. Reuters compensates Instinet Group's sales personnel for new sales of Reuters products and services, and Instinet Group will pay Reuters an annual fee for

April 2005, subject to approval from the NASD and other customary conditions. Pursuant to the agreement, until 31 December 2005 Bridge Trading will continue to have exclusive rights to allow its existing clients to pay for Reuters Station through

various administrative and marketing services related to training of Instinet Group's personnel. The current agreement term is to 19 September 2005 subject to annual renewal thereafter and is terminable by either party on a change of control of Instinet Group, including if Reuters ceases to own a majority of Instinet Group's voting stock.

Commission sharing agreement Instinet Group has agreed to open accounts for some institutional clients that Bridge Trading introduces to Instinet Group, and to rebate Bridge Trading portions of the commissions these customers pay at a commercially reasonable rate. This agreement is terminable at will by either party.

Triad Under an agreement with Bridge Trading, Instinet Group has the ability to deliver indications of interest and advertised trades to its customers and potential customers through Reuters Triad network. Instinet Group pays standard commercial rates for indications of interest and advertised trades it delivers through Triad. The current term of the agreement is to 22 July 2005, subject to annual renewal thereafter.

Patent licensing agreement Reuters has granted Instinet Group a patent licence permitting Instinet Group to make, use and sell products that include a system with functionality that identifies counterparties to a transaction and enables communication between the counterparties to negotiate the terms of the transaction. This licence is for the life of the patent, although it may be terminated under customary conditions. In addition, Reuters has the right to terminate in the event that Instinet uses the patent to create products that compete with any of Reuters products. Reuters also has the right to terminate the licence generally if it ceases to own a majority of Instinet Group's voting stock, subject to Instinet retaining some rights to the patent for products existing on or before the date of such termination. Instinet has also agreed that if it obtains a patent for a system with substantially similar functionality, it would grant Reuters a licence to that patent on terms no worse than the terms of this licence.

Global Solutions Agreement This agreement enables Instinet Group to license software from Reuters, usually on a one-time fee basis, on a worldwide basis. Reuters has also agreed to provide software support for the licensed products.

Fixed income technology licence Instinet Group has granted Reuters a royalty free, non-exclusive, non-assignable worldwide right and licence to use some technology that is owned by or licensed to Instinet Group related to its fixed income securities platform. This agreement will automatically terminate, subject to Reuters retention of some rights with respect to specified products and enhancements, once Reuters ceases to own more than 50% of Instinet Group's common stock.

Research & Analytics In September 2001, Reuters purchased Instinet Group's Research and Analytics (R&A) product, an analytic software application that incorporates quotes, news and access to an INET trading application. Following the R&A purchase, Instinet Group was permitted to continue to make available soft-dollar payment options to its customers in connection with their use of the R&A product and any replacement product, and Reuters agreed until 18 June 2003 not to provide any soft dollar payment options to certain R&A customers, directly or through a third party, other than through Instinet Group. Reuters and Instinet Group each agreed to provide various transitional services relating to the R&A product to the other until 30 April 2003 although Instinet Group continued to provide transitional services until 31 July 2004. In addition, Instinet Group agreed to provide Reuters assistance in migrating R&A customers to a Reuters desktop product under an incentive arrangement scheme. The migration was completed in July 2004, with all migrating customers being transferred to the Reuters Station product.

3 Times Square sublease Instinet Group is subject to an agreement with Reuters to sublease 368,000 square feet of office space at 3 Times Square in New York City. The sublease term is until 2021, with a one-time right of termination in 2011 as to approximately half the space.

Corporate agreement Reuters and Instinet Group are parties to a corporate agreement providing for, among other things: (i) Reuters rights to nominate directors to the Instinet Group board; (ii) consent rights by Reuters with respect to specified significant transactions so long as Reuters beneficially owns at least 35% but less than a majority of Instinet Group's voting stock; (iii) consent rights with respect to Instinet Group incurring more than US\$400 million net indebtedness, other than in the ordinary course of its brokerage or similar

businesses, so long as Reuters holds a majority of Instinet Group's outstanding voting stock; (iv) restrictions on Instinet Group voluntarily taking any action reducing Reuters ownership to less than 51%; and (v) restrictions on Instinet Group becoming registered as a national securities exchange, without Reuters prior consent, if such registration would materially affect Reuters ability to exercise its voting and other rights related to its ownership of Instinet common shares, so long as Reuters beneficially owns more than 30% of Instinet Group's voting stock.

Stockholder agreement In connection with Instinet Group's acquisition of Island in 2002, Reuters entered into various agreements with Instinet Group and certain stockholders of Island providing for, among other things, director nomination rights and voting, restrictions on purchases, sales and issuances of Instinet Group shares, approval rights regarding certain transactions, and registration rights. Reuters is limited from acquiring additional shares of Instinet Group without the consent of Instinet Group's Board until September 2005, with certain exceptions and subject to earlier termination in some circumstances.

Other material contracts

Savvis Network Services Agreement In connection with the Bridge acquisition in 2001, Reuters entered into a binding term sheet with Savvis, Bridge's network service provider, under which Savvis agreed to provide internet protocol network services, internet access and co-location services necessary to continue network services for the Bridge business and customers Reuters was acquiring. The term sheet was formalised by an agreement entered into by the parties in September 2001, which has subsequently been amended at various times. The agreement, which has a five-year term, contained minimum spend commitments for each year. As a result of various set-offs and other reductions under the agreement, for the nine-month period ending 30 September 2005, Reuters will be required to spend a minimum of US\$32.1 million, subject to adjustment and reduction under certain circumstances; thereafter, Reuters will have no further minimum spend commitments to Savvis. If Savvis does not meet certain required quality of service levels, Reuters is entitled to credits and, in the event of a material breach of such quality of service levels, Reuters is entitled to terminate the agreement. In addition, upon successful completion of its acquisition of Telerate, Reuters would acquire Telerate's network services agreement with Savvis, relating to Telerate services.

Telerate Acquisition Agreement On 20 December 2004, Reuters entered into an agreement to acquire substantially all of the business of Telerate for base consideration of US\$100 million and Reuters 40,870 shares of Series A Convertible Preferred Stock in Savvis. The purchase price is subject to adjustment for working capital and an increase by an amount currently estimated to be US\$28 million (£15 million) to the extent certain actions Telerate may independently take prior to closing result in corresponding reduction of Reuters anticipated post-closing restructuring costs. Under the agreement, Reuters has provided US\$34 million (£18 million) in funding to Telerate, which, together with interest, will be applied against the purchase price upon the closing or repaid through a draw on a letter of credit in the event the deal acquisition does not proceed.

The agreement generally is on customary terms including representations, warranties, covenants, conditions (including regulatory approvals) and indemnities by each of the parties. A portion of the purchase price, consisting of US\$30 million cash (subject to increase in connection with an estimate of closing working capital) and US\$15 million worth of Savvis stock valued at the closing, will be put into escrow for two years to serve, in general, as the sole source of funding for any post-closing claims by Reuters. The agreement may be terminated in certain circumstances, including: upon mutual agreement; if the closing has not occurred by 20 December 2005 so long as the failure to close was not the result of the terminating party's material breach; upon material breach by either party; if any condition shall become impossible to satisfy; if completion is prohibited by final court order; or if any of Telerate's US subsidiaries shall enter bankruptcy proceedings. For more information on the pending Telerate acquisition, see pages 7 and 20, as well as the discussion below.

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continued

Telerate Transitional Services Agreement Reuters is party to a Transitional Services Agreement (TSA) with Telerate and certain of its subsidiaries dated as of 2 June 2003. The TSA arises from Reuters and Telerate's respective acquisitions of certain assets out of bankruptcy from Bridge in late 2001 and formalises a term sheet the parties had been operating under since that time. Because the businesses Telerate acquired – the global Telerate business and certain businesses of Bridge in Europe and Asia – were dependent on the software, systems and support capabilities acquired by Reuters and because some of the operations acquired by Reuters in Europe and Asia were to a lesser extent dependent on the assets and operations acquired by Telerate, the parties entered into the TSA pursuant to which each agreed to provide the other with certain software and/or services for a transitional period.

Under the TSA, Telerate has a limited right to sublicense to its own clients certain proprietary software acquired by Reuters from Bridge. Reuters also provides Telerate with a variety of services – including data management, central system software development, technical operations and back office support – associated with management of the Bridge Data Network acquired by Reuters. Telerate had provided Reuters with facilities and maintenance for equipment supporting the data collection function of the Bridge Data Network in Europe and Asia, among other services, although these have largely been terminated over time as Reuters now provides these functions for itself.

For the term of the TSA, Telerate is restricted in its ability to sell equities information products in North America where Reuters acquired the business of Bridge. The term of the TSA originally commenced on 18 October 2001 and ran to 18 October 2005, but has been extended as described below. Each party has a right to terminate services it is receiving under the TSA prior to the TSA's expiration. In addition, there is an obligation for each party to cancel services it is receiving if it is able to provide those services for itself or to contract for the services with a third party. Each party has a right to terminate the TSA in the event of a material breach by the other party.

In connection with discussions relating to and the execution of the definitive agreement for Reuters acquisition of Telerate, the parties agreed to extend the expiration date of the TSA while the acquisition is pending, and, in the event the acquisition is terminated without completion, to extend the expiration date further to approximately 27 months from the date of termination of the acquisition. The parties have agreed that upon the successful completion of the acquisition, any outstanding invoicing and payment disputes under the TSA will be settled for a payment to Reuters of approximately \$22 million, including the release to Reuters of approximately \$12 million escrowed under the TSA from payments of disputed amounts made by each of Reuters and Telerate during the term of the TSA.

Financing arrangement. For a discussion of other material contracts, see 'Treasury Policies, Financing and Foreign Exchange' on pages 21-22.

11 CAPITAL INVESTMENTS, EXPENDITURE AND DIVESTMENTS

Since the beginning of 2002, Reuters Group has made a number of acquisitions and has invested in several new and existing businesses. In keeping with its Fast Forward goal to simplify business operations, Reuters has also disposed of or closed over 80 units during the period. The principal acquisitions, investments and disposals (none of which exceeded a cost or proceeds of £50 million, save where otherwise stated) were:

Acquisitions

2004

- Fitzrovia International plc, a leading investment fund research company, was acquired in October 2004 by Lipper Ltd – a wholly owned subsidiary of Reuters.
- Radianz Ltd, in which Reuters acquired the 49% voting interest it did not already own from Equant in November 2004, for £60

On 20 December 2004, Reuters entered into agreements to acquire substantially all of the business of Telerate as well as a subsidiary of Quick that serves as the exclusive distributor of Telerate products in Japan. Both transactions are anticipated to complete mid-2005, subject to regulatory approvals for the Telerate acquisition and other customary conditions. For more information, see 'Pending acquisition of Telerate' on page 7.

2003

- Multex.com, Inc., a leading provider of investment research, was acquired in March 2003 for £158 million.

2002

- Island Holding Company Inc., was acquired by Instinet Group in September 2002 for stock consideration, having a value at the closing of £194 million.
- Capital Access International LLC, a provider of fixed income holdings information, was acquired in November 2002.
- AVT Technologies Limited, a specialist in automated dealing technology for foreign exchange transactions, was acquired in December 2002.

Divestments

2004

Reuters disposed of or closed a total of 12 units in 2004 for consideration totalling £474 million. The principal disposals or closures in 2004 were:

- TSI, in which Reuters Group reduced its stake from 48.4% to 8.8% in February 2004 through completion of a public offering of 69 million TSI shares and sale of an additional 17 million shares back to TSI for aggregate net proceeds of approximately £310 million.
- GL TRADE, a financial software company in which Reuters held a 34.2% shareholding, was divested in June 2004 for a consideration of £59 million.
- ORT SAS, a wholly-owned credit rating subsidiary of Reuters, was sold in June 2004 for a total consideration of £29 million.
- TowerGroup, a financial services research company in which Reuters held a 98% holding, was sold in February 2004.
- Yankee, a wholly-owned telecommunications research company, was sold in May 2004.
- Riskmetrics, a company specialising in portfolio credit risk evaluation, in which Reuters held a 24% stake, was divested in January and June 2004.
- Reuters remaining Greenhouse Fund investment portfolio was sold in June 2004 to a company established by RVC, the independent fund management company created by former Reuters employees in 2001 to manage the Greenhouse Fund.

On 28 February 2005, Reuters entered into an agreement to sell Bridge Trading to Instinet Group for US\$21.5 million in Instinet Group shares, subject to adjustment for working capital and net capital. The transaction is anticipated to complete by the end of April 2005, subject to customary conditions.

million (\$110 million).

Total capital expenditure for acquisitions, investments in joint ventures and associates and other investments during 2004 was £78 million (2003: £161 million, 2002: £317 million).

2003

Reuters disposed of or closed a total of 17 units in 2003 for consideration totalling £41 million. The principal disposals in 2003 were:

- Syntex Solutions Limited, a joint venture focusing on data management solutions, sold in January 2003;
- Wall Street on Demand, a wholly-owned subsidiary providing research, acquired as part of the acquisition of Bridge, sold in March 2003;
- Informa SA, a provider of on-line credit and financial information, in which Reuters held a 40% shareholding, sold in September 2003;
- Datamonitor plc, a research company specialising in industry analysis in which Reuters held a 20.5% ordinary shareholding, sold on a piecemeal basis between July 2003 and November 2003;
- The Thai Apex services business, a domestic equities information service in Thailand, sold into a new joint venture formed by Reuters and Systex Corporation in December 2003; and
- Agence de Presse Médicale International SAS, a health information provider in France, a wholly-owned subsidiary, sold in December 2003.

In addition, Multex Investor Europe Limited was liquidated in July 2003. The company had surplus assets of approximately £10 million which have been absorbed into the Group.

2002

Reuters disposed of or closed a total of 56 units in 2002 for consideration totalling £29 million. The principal disposals or closures in 2002 were:

- London News Radio, in which Reuters held a 20% shareholding, sold in September 2002;
- Diagram Asset Management and Diagram EDI, two non-core units providing software solutions for the financial markets that were acquired as part of the acquisition of Diagram fip SA in 2001, were sold in September 2002 and November 2002 respectively;
- Sila Communications, a wireless information provider in which Reuters held a 40% shareholding, was sold in December 2002; and
- Atriax, an electronic, internet-based foreign exchange market place, which ceased operations during 2002 is currently in the process of being liquidated.

Further information relating to investments, acquisitions, joint ventures and disposals in 2004 is provided in notes 16 and 31 on the consolidated balance sheet on pages 59-60 and 69.

13 PROPERTY, PLANT AND EQUIPMENT

The computer equipment that Reuters uses to create, manage and deliver its products to customers across the world forms the bulk of its tangible fixed assets. This equipment is distributed across global sites with greater concentration at the major global and regional technical centres. As Reuters extends its use of hosting services and browser delivery for its products, the quantity of equipment located at customer sites is being reduced.

The Group's principal facilities are:

- the corporate headquarters (100,000 sq. ft.) in Fleet Street, London;

In September 2003, Reuters announced arrangements to consolidate its London-based operations into a new building at Canary Wharf during 2005. Under the agreement, Reuters has taken a lease on a 281,000 sq. ft. office building and transferred

- the technical centres in London (324,000 sq. ft.), Hazelwood, Missouri (109,000 sq. ft.), Geneva (144,000 sq. ft.), which also includes the regional office for EMEA, Singapore (180,000 sq. ft.), which also includes the regional office for Asia, and Hauppauge, New York (50,000 sq. ft.); and
- the four corporate office buildings located in St. Louis County, Missouri (aggregate of 211,000 sq. ft.).

Reuters owns the land on which its London and Hauppauge technical centres are situated, whereas its buildings in Geneva and Singapore were built on leased land. The leases, including periods covered by options to extend, expire in 2095 and 2050, respectively.

The Reuters Building at 3 Times Square is owned, and was developed, by 3XSQ Associates, which is owned by Reuters and Rudins Times Square Associates LLC. In May 2001 Reuters commenced its lease of 692,000 sq. ft. from the venture, of which 368,000 sq. ft. is subleased to Instinet Group, which in turn has subleased 180,000 sq. ft. to third parties. The principal part of Reuters lease will expire in 2021. See '3XSQ Associates' sublease on page 88 for further information.

In 2003, the major technical centre building in Hazelwood, Missouri was acquired from Savvis for a total consideration of £24 million. Reuters subsequently entered into a sale and leaseback for the facility, receiving £23 million under a 20 year arrangement.

During 2004, Reuters extended its facilities in Bangkok to 100,000 sq. ft. In Bangalore, a second facility adjacent to the company's existing offices was secured, providing approximately 150,000 sq. ft. of office accommodation.

14 LEGAL PROCEEDINGS

Except as described below, Reuters Group is not subject to any legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the company's financial performance or profitability. Instinet Group is a party to certain legal proceedings including the following:

The Island ECN Inc. v. Archipelago LLC and REDIBook ECN LLC; Archipelago Securities LLC v. Instinet Group Incorporated

On 20 September 2002, Island ECN commenced an arbitration proceeding against respondents Archipelago LLC (Archipelago) and REDIBook ECN LLC (REDIBook) before the NASD. Island alleged that each respondent entered into a subscriber agreement with Island which prescribed certain fees and, despite Island's demand that each respondent abide by the terms of its contract, each respondent refused to pay such fees. Island is seeking damages of US\$5.2 million from Archipelago and US\$4 million from REDIBook. Archipelago and REDIBook have answered and counterclaimed against Island by denying the substantive allegations of Island's statement of claim, asserting certain affirmative defences and counterclaims against Island, alleging that Island engaged in unfair, discriminatory pricing practices against these respondents and asserting claims involving breach of contract, breach of obligations of good faith, and attempted monopolisation and conspiracy to restrain trade under the US Sherman Act. The counterclaims allege damages of no less than US\$30 million before trebling, for a total of no less than US\$90 million treble damages pursuant to the federal antitrust laws. Archipelago is also seeking attorney's fees.

Additionally, on 19 February 2003, Archipelago commenced a separate action against Instinet Group before the NASD, in which it alleged that Instinet Group also engaged in unfair, discriminatory pricing practices against it and asserted claims involving breach of contract, breach of obligation of good faith, and attempted monopolisation and conspiracy to restrain trade under the US Sherman Act. Archipelago seeks no less than US\$41 million before trebling for a total of no less than US\$123 million trebled damages. Instinet Group has answered and intends to defend the proceeding vigorously.

These two actions have been consolidated by agreement of the parties and are in the discovery phase.

approximately 340,000 sq. ft. of redundant offices, including 85 Fleet Street, to Canary Wharf Group for cash consideration of approximately £30 million, leasing back 85 Fleet Street on a temporary basis pending the move to Canary Wharf, which is expected to be completed by the end of 2005.

- the US headquarters at 3 Times Square in New York City (692,000 sq. ft.)

INFORMATION FOR SHAREHOLDERS

continued

NexTrade Holdings, Inc. v. ProTrader Group, LP, ProTrader Securities Corp., ProTrader Technologies LP, ProTrader Trading LLC, ProTrader Services LP and ProTrader.com LP. and Instinet Group Incorporated.

On 4 February, 2003, NexTrade Holdings, Inc. commenced an action against certain subsidiaries of ProTrader Group LP, a business acquired by Instinet Group in 2001, in the United States District Court, Middle District of Florida, Tampa Division. The complaint alleges that these subsidiaries adopted and used the mark 'ProTrader' in violation of § 32(1) of the US Lanham Act. The complaint further alleges that these subsidiaries' use of the ProTrader mark is likely to cause confusion, mistake or deception among purchasers of software, services and goods bearing the name 'ProTrader,' which allegedly constitutes false designation of origin and unfair competition in violation of § 43(a) of the US Lanham Act. The complaint also alleges that these subsidiaries' use constitutes trademark infringement in violation of Florida state statutes and its common law, and unfair competition based on trademark infringement in violation of the common law of Florida. Finally, the complaint alleges fraud in the inducement based on defendants' alleged deceitful negotiations to resolve the dispute. Plaintiff seeks to recover all of these subsidiaries' profits, gains and advantages resulting from the unauthorised use of the 'ProTrader' mark, damages sustained by the plaintiff of no less than US\$15 million before trebling and that such damages be trebled, and exemplary and punitive damages of not less than US\$90 million. Defendants have answered the complaint by denying the substantive allegations, asserting certain affirmative defences and by counterclaiming against NexTrade, seeking a cancellation of the 'Pro-Trade' trademark on the ground that it is descriptive and Plaintiff committed fraud on the Patent and Trademark Office during the prosecution of its application. In June 2004, the Court ordered that Instinet Group as well as certain former officers of the ProTrader entities be named as additional defendants in the action. Instinet Group and NexTrade all filed motions for summary judgment on 15 June, 2004 and then filed renewed motions for summary judgment on 31 August, 2004. On 15 October 2004, the Court granted ProTrader and Instinet Group's motion with respect to their claim that NexTrade failed to demonstrate that it had sustained damages as a result of any alleged infringement and further decided that any profits of ProTrader and Instinet to which NexTrade may be entitled, if any, are to be offset by their losses which may be aggregated over the years of alleged infringement. The Court also granted Plaintiff's motion for summary judgment dismissing Defendants' counterclaims, but decided that Defendants' counterclaims are a valid defence to Plaintiff's trademark infringement claims. On 21 January 2005, the Court ruled that neither party will be permitted to introduce evidence regarding Instinet Group's profits. On 16 February 2005, the parties reached a settlement in the action and on 17 February 2005 the Court issued an order dismissing the action with prejudice subject to the right by any party to re-open the action within sixty days of the date of the order.

ELEVEN YEAR CONSOLIDATED FINANCIAL SUMMARY

for the year ended 31 December

	2004 £m	2003 £m	2002 £m	2001 £m	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m	1995 £m	1994 £m
Results											
Revenue	2,885	3,235	3,593	3,885	3,592	3,125	3,032	2,882	2,914	2,703	2,309
Net interest (payable)/receivable	(4)	(29)	(20)	(9)	3	(4)	2	80	61	60	51
Profit/(loss) before tax	437	56	(344)	158	657	632	580	626	652	558	510
Taxation	73	22	23	107	136	196	196	236	210	185	162
Profit/(loss) attributable to ordinary shareholders	351	50	(255)	46	521	436	384	390	442	373	347
Net assets											
Fixed assets	734	1,192	1,448	1,963	1,868	1,205	1,098	1,046	1,026	999	687
Net current assets/(liabilities)	468	(89)	(190)	(134)	(293)	(170)	(577)	790	525	387	176
Long-term creditors	(348)	(425)	(354)	(344)	(310)	(284)	(16)	(37)	(41)	(135)	(87)
Provisions	(242)	(271)	(245)	(212)	(112)	(88)	(116)	(120)	(51)	(39)	(36)
	612	407	659	1,273	1,153	663	389	1,679	1,459	1,212	740
Tangible fixed assets											
Additions	111	130	154	276	282	244	296	361	372	304	319
Depreciation	133	193	227	246	276	310	331	312	283	250	221
Development expenditure	128	171	200	294	323	197	200	235	202	191	159
	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Ratios											
Earnings/(loss) per ordinary share	25.1p	3.6p	(18.3p)	3.3p	37.1p	30.9p	26.7p	24.0p	27.3p	23.2p	21.7p
Dividends per ordinary share	10.0p	10.0p	10.0p	10.0p	16.0p	14.65p	14.4p	13.0p	11.75p	9.8p	8.0p
Book value per ordinary share ¹	29.4p	15.2p	30.7p	68.2p	73.7p	40.5p	23.3p	99.9p	88.3p	73.7p	44.7p
Profit/(loss) before tax as a percentage of revenue (%)	15.2	1.7	(9.6)	4.1	18.3	20.2	19.1	21.7	22.4	20.6	22.1
Return on tangible fixed assets ² (%)	87.3	6.3	(56.8)	7.8	78.3	59.1	48.2	49.0	60.0	55.2	57.6
Return on equity ³ (%)	112.5	15.7	(36.8)	4.6	65.0	92.2	78.5	25.6	33.7	34.8	50.8
UK corporation tax rate	30	30	30	30	30	30	31	32	33	33	33
Infrastructure											
Shares issued (millions)	1,436	1,433	1,433	1,431	1,429	1,423	1,422	1,694	1,689	1,677	1,668
Employees	14,500	16,744	17,414	19,429	18,082	16,546	16,938	16,119	15,478	14,348	13,548
User accesses	328,000	338,000	388,000	592,000	558,000	520,858	482,380	429,000	362,000	327,100	296,700

Notes:

2003 and 2002 have been restated following adoption of UITF17 and UITF38, and the reclassification of transaction-related regulatory fees following recently issued SEC guidance (see 'Accounting Basis' on page 72).

2003 and 2002 user accesses have been restated, to reflect the exclusion of mobile and other low-cost accesses. 1997 and 1998 have been restated to reflect changes to reporting user accesses in 1999.

1999 and 2000 have been restated following adoption of FRS 19.

1995 and 1996 have been restated to reflect the effect of FRS 10 issued in 1997 which required purchased goodwill and intangible assets to be capitalised and amortised through the profit and loss account.

1994 fixed assets have been restated to reflect the effect of UITF abstract 13 issued in 1995.

Ratios:

1 Book value per ordinary share represents adjusted shareholders' equity divided by the number of shares in issue after deducting shares held by employee share ownership trusts. In 1994 to 1997 shares in Reuters Holdings PLC held by Group companies are also deducted. In 1994 to 1997 shares in Reuters Holdings PLC held by Group companies are also deducted from shares in issue. Adjusted shareholders' equity is calculated after deducting the carrying value of interests in shares of Reuters Holdings PLC (1994 to 1997).

2 Return on tangible fixed assets represents profit after taxation as a percentage of average tangible fixed assets. The average is calculated by adding tangible fixed assets at the start and the end of each year and dividing by two.

3 Return on equity represents profit attributable to ordinary shareholders divided by the average adjusted shareholders' equity. The average is calculated by adding adjusted shareholders' equity at the start and the end of each year and dividing by two. In 1998 a weighted average has been used to reflect the capital reorganisation.

CROSS-REFERENCE GUIDE TO FORM 20-F

The information in this document that is referenced in the following table, constitutes Reuters annual report on Form 20-F for the year 2004 and shall be deemed to be filed with the Securities and Exchange Commission for all purposes. No other information is included in the 2004 Form 20-F.

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GLOSSARY

Term used in annual report	US equivalent or brief description
Allotted	Issued
Associates	Affiliates accounted for under the equity method
Called-up share capital	Ordinary shares, issued and fully paid
Capital allowances	Tax term equivalent to US tax depreciation allowances
Cash at bank and in hand	Cash
Class of business	Industry segment
Combined Code	A set of corporate governance principles and detailed codes of practice
Creditors	Accounts payable
Creditors: Amounts falling due after more than one year	Long-term debt
Creditors: Amounts falling due within one year	Current liabilities
Debtors	Accounts receivable
Destination (of revenue)	The geographical area from which goods or services are supplied
Freehold	Ownership with absolute rights in perpetuity
Interest receivable	Interest income
Origin (of revenue)	The geographical area from which goods or services are supplied to a third party or another geographical area
Profit	Income

Profit and loss account (statement)	Income statement
Profit and loss account reserve (under 'capital and reserves')	Retained earnings
Profit attributable to ordinary shareholders	Net income
Proposed dividend	Dividend declared by directors but not yet approved by shareholders
Share capital	Ordinary shares, capital stock or common stock issued and fully paid
Share premium account	Additional paid-in capital or paid-in surplus (not distributable)
Shares in issue	Shares outstanding
Stocks	Inventories
Tangible fixed assets	Property and equipment

FINANCIAL DIARY FOR 2005

Wednesday 20 April

First quarter trading statement issued

Thursday 21 April

Annual General Meeting

Time: 11:30 am

Venue: Cabot Hall, Canary Wharf, London E14 5AB

Thursday 28 April

Final dividend for 2004 payable to ordinary shareholders on the register as at 11 March 2005

Thursday 5 May

Final dividend payable to ADS holders on the record as at 11 March 2005

Tuesday 26 July

Results for first six months of 2005 announced

Wednesday 3 August

Ordinary shares go ex-dividend

Wednesday 3 August

ADSs go ex-dividend

Wednesday 31 August

Interim dividend for 2005 payable to ordinary shareholders on the register as at 5 August 2005

Wednesday 7 September

Interim dividend payable to ADS holders on the record as at 3 August 2005

Thursday 27 October

Third quarter trading statement issued

Documents on display

Documents referred to in this report are filed in the US with the SEC and can be read and copied at the SEC's public reference room located at 450 Fifth Street, NW Washington, DC 20549. Information on the operation of the public reference room can be obtained in the US by calling the SEC at 1-800-SEC-0330. Reuters Group public filings with the SEC are also available on the website maintained by the SEC at www.sec.gov or through various Reuters products.

WHERE TO FIND US

Corporate headquarters

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London EC4P 4AJ
Tel: 44 (0)20 7250 1122
www.about.reuters.com

In June 2005 we shall be moving to our new corporate headquarters:

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Canary Wharf
London E14 5EP
Tel: 44 (0)20 7250 1122

Registered in England
No: 3296375

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Fax: 1 646 223 5238
Email:
stephen.naru@reuters.com

Registrar/Depositary

For dividend queries, duplicate mailings and changes of address

Ordinary shares

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA
UK
Tel: 44 (0)870 600 3970
(for callers within the UK)
Tel: 44 (0)121 415 7047
(for callers outside the UK)
Fax: 44 (0)1903 833482

American Depositary Shares

JPMorgan Chase Bank, N.A.
P.O. Box 43013
Providence, RI 02940-3013
USA
Toll free for callers within the US:
(800) 990-1135
For callers outside the US: 1
(781) 575-4328
Fax: 1 (781) 575 4082
Website:
www.adr.com/shareholder
Email: adr@jpmorgan.com

Electronic copies

The Annual Report and Form 20-F and the annual review are available on the internet at www.about.reuters.com/ar2004

Listings

London Stock Exchange (RTR.L) and NASDAQ (RTRSY.O)

Options on ordinary shares are traded on the Euronext Liffe. Futures contracts on ordinary shares are traded on the Euronext Liffe Universal Stock Futures market. The American Stock Exchange in New York lists options on American Depositary Shares of Reuters. Options on American Depositary Shares are traded on the Pacific Exchange.

Corporate brokers

JPMorgan Cazenove Limited
Citigroup

Financial PR

Brunswick Group Limited

Picture on cover

March 8 2004. A Palestinian refugee woman wearing a prayer dress looks out from her home in a refugee camp. Reuters photographer: Ali Jarekji

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Exhibit Index

- [1.1](#) [Memorandum and Articles of Association of Reuters Group PLC](#)
 - 2.1 Deposit Agreement, dated 18 February 1998 among Reuters Group PLC, Morgan Guaranty Trust Company of New York, as depositary, and all holders from time to time of American Depositary Receipts issued thereunder (incorporated by reference to Exhibit 2.2 to the Annual Report on Form 20-F filed by Reuters Group PLC with respect to the fiscal year ended 31 December 1997)
 - 4.1.1 Second Amended and Restated License, Maintenance and Distribution Agreement, dated October 1, 2003, between Reuters Limited and TIBCO Software Inc. (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-3 File No. 333-110304, filed by TIBCO on November 6, 2003, as amended)
 - [4.1.2](#) [Amendment No. 1, dated February 27, 2005, to Second Amended and Restated License, Maintenance and Distribution Agreement, dated October 1, 2003, between Reuters Limited and TIBCO Software Inc. \(portions of this exhibit have been omitted pursuant to a request for confidential treatment\)](#)
 - 4.1.3 Registration and Repurchase Agreement dated 7 October 2003, between Reuters Limited and TIBCO Software Inc. (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-3 File No. 333-110304, filed by TIBCO on November 6, 2003, as amended)
 - 4.2 Network Services Agreement, dated 22 May 2000, between Reuters Limited and Proholdco Limited (subsequently renamed Radianz Limited) (incorporated by reference to Exhibit 4.4 to Amendment No. 1 to the Annual Report on Form 20-F filed by Reuters Group PLC with respect to the fiscal year ended 31 December 2000)
 - 4.3 Network Services Agreement, dated 28 September 2001, between Reuters Limited and SAVVIS Communications Corporation, as amended (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by SAVVIS on 29 November 2001, Exhibit 10.57 to the Annual Report on Form 10-K filed by SAVVIS on 28 February 2003, Exhibits 10.1 and 10.2 to the Quarterly Report on Form 10-Q filed by SAVVIS on 12 August 2003, Exhibits 10.2 through 10.5 to the Quarterly Report on Form 10-Q filed by SAVVIS on 30 October 2003, and Exhibits 10.28 and 10.29 to the Annual Report on Form 10-K filed by SAVVIS on 24 February 2004)
 - [4.3.1](#) [Letter Agreement between Reuters Limited and SAVVIS Communications Corporation, dated 22 October 2004, regarding settlement of certain credits and offsets under the Network Services Agreement](#)
 - 4.4* Transitional Services Agreement (“TSA”) dated 2 June 2003 between Reuters Limited and Moneyline Telerate Holdings
 - [4.4.1](#) [Amendment No. 1 dated 8 June 2004 to TSA \(portions of this exhibit have been omitted pursuant to a request for confidential treatment\)](#)
 - [4.4.2](#) [Amendment No. 2 dated 20 December 2004 to TSA \(portions of this exhibit have been omitted pursuant to a request for confidential treatment\)](#)
 - 4.5* Deed of Covenant dated 11 October 2002 made by Reuters Group PLC relating to the £1,500,000,000 Euro-commercial Paper Programme
-

- 4.5.1* Amended and Restated Note Agency Agreement dated 11 October 2002 among Reuters Group PLC (as Issuer), Citibank, N.A. (as Issue Agent and Principal Paying Agent) and Dexia Banque Internationale a Luxembourg S.A. (as Paying Agent)
 - 4.5.2* Dealer Agreement dated 11 October 2002 among Reuters Group PLC (as Issuer), Citibank International plc (as Arranger) and the various Dealers named therein
 - 4.6* Amended and Restated Programme Agreement dated 7 November 2003 among Reuters Group PLC (as Issuer and Guarantor), Reuters Finance PLC (as Issuer) and the various Initial Dealers named therein relating to the November 2003 update of the £1,000,000,000 Euro Medium Term Note Programme
 - 4.6.1* Amended and Restated Trust Deed dated 7 November 2003 between Reuters Group PLC (as Issuer and Guarantor), Reuters Finance PLC (as Issuer) and Citicorp Trustee Company Limited (as Trustee)
 - 4.6.2* Amended and Restated Agency Agreement dated 7 November 2003 between Reuters Group PLC (as Issuer and Guarantor), Reuters Finance PLC (as Issuer), Citibank NA (as Agent), Citibank AG and BNP Paribas Luxembourg (as Paying Agents) and Citicorp Trustee Company Limited (as Trustee)
 - 4.6.3* Pricing Supplement dated 17 November 2003 relating to the issue by Reuters Finance PLC of €500,000,000 4.625% Guaranteed Notes due 19 November 2010 under the £1,000,000,000 Euro Medium Term Note Programme
 - 4.6.4* Form of Permanent Global Note in respect of the issue by Reuters Finance PLC of €500,000,000 4.625% Guaranteed Notes due 19 November 2010 under the £1,000,000,000 Euro Medium Term Note Programme
 - 4.6.5* Pricing Supplement dated 24 March 1999 relating to the issue by Reuters Group PLC of £200,000,000 5.375% Notes due 26 November 2004 under the £1,000,000,000 Euro Medium Term Note Programme
 - 4.6.6* Permanent Global Note dated 24 March 1999 relating to the issue by Reuters Group PLC of £200,000,000 5.375% Notes due 26 November 2004 under the £1,000,000,000 Euro Medium Term Note Programme
 - 4.7* Syndicated Credit Facility Agreement, dated 25 April 2003, among Reuters Group PLC, HSBC Bank plc and J.P. Morgan plc, as arrangers, the financial institutions listed therein and HSBC Investment Bank Plc, as agent
 - [4.8 Acquisition Agreement dated 21 October 2004 among Equant Proton Holdings Limited, Equant N.V., Equant Inc., and Reuters Limited](#)
 - 4.9 Amended and Restated Agreement and Plan of Merger dated 24 February 2003 by and among Reuters Group PLC, Proton Acquisition Corporation and Multex.com, Inc. (incorporated by reference to the Tender Offer Statement on Schedule TO-T filed by Reuters Group PLC on 26 February 2003)
 - 4.10.1* Service Agreement of Thomas H. Glocer with Reuters Group PLC dated 10 February 2004
 - 4.10.2* Service Agreement of David Grigson with Reuters Group PLC dated 21 June 2001, as amended 3 March 2004
 - 4.10.3* Service Agreement of Devin Wenig with Reuters Group PLC dated 3 March 2004
-

- 4.10.4* Service Agreement of Devin Wenig with Reuters America LLC dated 3 March 2004
- 4.10.5* Engagement Letter of Niall FitzGerald with Reuters Group PLC dated 2 March 2004
- 4.10.6 Non-Executive Chairman Compensation Letter between Instinet Group Incorporated and Ian Strachan, dated January 1, 2003 (incorporated by reference to Exhibit 10.6 to the Annual Report on Form 10-K filed by Instinet Group on 28 March 2002)
- [4.11 Rules of The Reuters Group PLC Long-Term Incentive Plan 1997](#)
- 4.12* Rules of the Reuters Group PLC Discretionary Stock Option Plan, as amended
- [4.13 Stock and Asset Purchase Agreement dated as of 20 December 2004 by and among Reuters Limited, Reuters S.A, Moneyline Telerate Holdings, Inc., the subsidiaries of Moneyline Telerate Holdings named therein and One Equity Partners LLC \(portions of this exhibit have been omitted pursuant to a request for confidential treatment\)](#)
- 8.1 See Note 32 of the Notes to the Consolidated Financial Statements of Reuters Group PLC contained in the Annual Report.
- [10.1 Consent of PricewaterhouseCoopers for incorporation by reference in the Registration Statements on Form S-8 of Reuters Group PLC of their report dated 7 March 2005](#)
- [12.1 Certification of Thomas H. Glocer filed pursuant to 17 CFR 240.13a-14\(a\)](#)
- [12.2 Certification of David J. Grigson filed pursuant to 17 CFR 240.13a-14\(a\)](#)
- [13.1 Certification of Thomas H. Glocer furnished pursuant to 17 CFR 240.13a-14\(b\) and 18 U.S.C. §1350](#)
- [13.2 Certification of David J. Grigson furnished pursuant to 17 CFR 240.13a-14\(b\) and 18 U.S.C. §1350](#)
- [15 Consolidated Financial Statements and notes thereto for Radianz Limited for the fiscal year ended December 31, 2003](#)

* Incorporated by reference to the identically numbered exhibit to the Annual Report on Form 20-F filed on 16 March 2004 by Reuters Group PLC with respect to the fiscal year ended 31 December 2003.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign the annual report on its behalf.

REUTERS GROUP PLC
(Registrant)

Date: 9 March 2005

By: /s/ David Grigson
David Grigson,
Chief Financial Officer

Exhibit Index

- [1.1](#) [Memorandum and Articles of Association of Reuters Group PLC](#)
 - 2.1 Deposit Agreement, dated 18 February 1998 among Reuters Group PLC, Morgan Guaranty Trust Company of New York, as depositary, and all holders from time to time of American Depositary Receipts issued thereunder (incorporated by reference to Exhibit 2.2 to the Annual Report on Form 20-F filed by Reuters Group PLC with respect to the fiscal year ended 31 December 1997)
 - 4.1.1 Second Amended and Restated License, Maintenance and Distribution Agreement, dated October 1, 2003, between Reuters Limited and TIBCO Software Inc. (incorporated by reference to Exhibit 99.1 to the Registration Statement on Form S-3 File No. 333-110304, filed by TIBCO on November 6, 2003, as amended)
 - [4.1.2](#) [Amendment No. 1, dated February 27, 2005, to Second Amended and Restated License, Maintenance and Distribution Agreement, dated October 1, 2003, between Reuters Limited and TIBCO Software Inc. \(portions of this exhibit have been omitted pursuant to a request for confidential treatment\)](#)
 - 4.1.3 Registration and Repurchase Agreement dated 7 October 2003, between Reuters Limited and TIBCO Software Inc. (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-3 File No. 333-110304, filed by TIBCO on November 6, 2003, as amended)
 - 4.2 Network Services Agreement, dated 22 May 2000, between Reuters Limited and Proholdco Limited (subsequently renamed Radianz Limited) (incorporated by reference to Exhibit 4.4 to Amendment No. 1 to the Annual Report on Form 20-F filed by Reuters Group PLC with respect to the fiscal year ended 31 December 2000)
 - 4.3 Network Services Agreement, dated 28 September 2001, between Reuters Limited and SAVVIS Communications Corporation, as amended (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by SAVVIS on 29 November 2001, Exhibit 10.57 to the Annual Report on Form 10-K filed by SAVVIS on 28 February 2003, Exhibits 10.1 and 10.2 to the Quarterly Report on Form 10-Q filed by SAVVIS on 12 August 2003, Exhibits 10.2 through 10.5 to the Quarterly Report on Form 10-Q filed by SAVVIS on 30 October 2003, and Exhibits 10.28 and 10.29 to the Annual Report on Form 10-K filed by SAVVIS on 24 February 2004)
 - [4.3.1](#) [Letter Agreement between Reuters Limited and SAVVIS Communications Corporation, dated 22 October 2004, regarding settlement of certain credits and offsets under the Network Services Agreement](#)
 - 4.4* Transitional Services Agreement (“TSA”) dated 2 June 2003 between Reuters Limited and Moneyline Telerate Holdings
 - [4.4.1](#) [Amendment No. 1 dated 8 June 2004 to TSA \(portions of this exhibit have been omitted pursuant to a request for confidential treatment\)](#)
 - [4.4.2](#) [Amendment No. 2 dated 20 December 2004 to TSA \(portions of this exhibit have been omitted pursuant to a request for confidential treatment\)](#)
 - 4.5* Deed of Covenant dated 11 October 2002 made by Reuters Group PLC relating to the £1,500,000,000 Euro-commercial Paper Programme
-

- 4.5.1* Amended and Restated Note Agency Agreement dated 11 October 2002 among Reuters Group PLC (as Issuer), Citibank, N.A. (as Issue Agent and Principal Paying Agent) and Dexia Banque Internationale a Luxembourg S.A. (as Paying Agent)
 - 4.5.2* Dealer Agreement dated 11 October 2002 among Reuters Group PLC (as Issuer), Citibank International plc (as Arranger) and the various Dealers named therein
 - 4.6* Amended and Restated Programme Agreement dated 7 November 2003 among Reuters Group PLC (as Issuer and Guarantor), Reuters Finance PLC (as Issuer) and the various Initial Dealers named therein relating to the November 2003 update of the £1,000,000,000 Euro Medium Term Note Programme
 - 4.6.1* Amended and Restated Trust Deed dated 7 November 2003 between Reuters Group PLC (as Issuer and Guarantor), Reuters Finance PLC (as Issuer) and Citicorp Trustee Company Limited (as Trustee)
 - 4.6.2* Amended and Restated Agency Agreement dated 7 November 2003 between Reuters Group PLC (as Issuer and Guarantor), Reuters Finance PLC (as Issuer), Citibank NA (as Agent), Citibank AG and BNP Paribas Luxembourg (as Paying Agents) and Citicorp Trustee Company Limited (as Trustee)
 - 4.6.3* Pricing Supplement dated 17 November 2003 relating to the issue by Reuters Finance PLC of €500,000,000 4.625% Guaranteed Notes due 19 November 2010 under the £1,000,000,000 Euro Medium Term Note Programme
 - 4.6.4* Form of Permanent Global Note in respect of the issue by Reuters Finance PLC of €500,000,000 4.625% Guaranteed Notes due 19 November 2010 under the £1,000,000,000 Euro Medium Term Note Programme
 - 4.6.5* Pricing Supplement dated 24 March 1999 relating to the issue by Reuters Group PLC of £200,000,000 5.375% Notes due 26 November 2004 under the £1,000,000,000 Euro Medium Term Note Programme
 - 4.6.6* Permanent Global Note dated 24 March 1999 relating to the issue by Reuters Group PLC of £200,000,000 5.375% Notes due 26 November 2004 under the £1,000,000,000 Euro Medium Term Note Programme
 - 4.7* Syndicated Credit Facility Agreement, dated 25 April 2003, among Reuters Group PLC, HSBC Bank plc and J.P. Morgan plc, as arrangers, the financial institutions listed therein and HSBC Investment Bank Plc, as agent
 - [4.8 Acquisition Agreement dated 21 October 2004 among Equant Proton Holdings Limited, Equant N.V., Equant Inc., and Reuters Limited](#)
 - 4.9 Amended and Restated Agreement and Plan of Merger dated 24 February 2003 by and among Reuters Group PLC, Proton Acquisition Corporation and Multex.com, Inc. (incorporated by reference to the Tender Offer Statement on Schedule TO-T filed by Reuters Group PLC on 26 February 2003)
 - 4.10.1* Service Agreement of Thomas H. Glocer with Reuters Group PLC dated 10 February 2004
 - 4.10.2* Service Agreement of David Grigson with Reuters Group PLC dated 21 June 2001, as amended 3 March 2004
 - 4.10.3* Service Agreement of Devin Wenig with Reuters Group PLC dated 3 March 2004
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- 4.10.4* Service Agreement of Devin Wenig with Reuters America LLC dated 3 March 2004
- 4.10.5* Engagement Letter of Niall FitzGerald with Reuters Group PLC dated 2 March 2004
- 4.10.6 Non-Executive Chairman Compensation Letter between Instinet Group Incorporated and Ian Strachan, dated January 1, 2003 (incorporated by reference to Exhibit 10.6 to the Annual Report on Form 10-K filed by Instinet Group on 28 March 2002)
- [4.11 Rules of The Reuters Group PLC Long-Term Incentive Plan 1997](#)
- 4.12* Rules of the Reuters Group PLC Discretionary Stock Option Plan, as amended
- [4.13 Stock and Asset Purchase Agreement dated as of 20 December 2004 by and among Reuters Limited, Reuters S.A, Moneyline Telerate Holdings, Inc., the subsidiaries of Moneyline Telerate Holdings named therein and One Equity Partners LLC \(portions of this exhibit have been omitted pursuant to a request for confidential treatment\)](#)
- 8.1 See Note 32 of the Notes to the Consolidated Financial Statements of Reuters Group PLC contained in the Annual Report.
- [10.1 Consent of PricewaterhouseCoopers for incorporation by reference in the Registration Statements on Form S-8 of Reuters Group PLC of their report dated 7 March 2005](#)
- [12.1 Certification of Thomas H. Glocer filed pursuant to 17 CFR 240.13a-14\(a\)](#)
- [12.2 Certification of David J. Grigson filed pursuant to 17 CFR 240.13a-14\(a\)](#)
- [13.1 Certification of Thomas H. Glocer furnished pursuant to 17 CFR 240.13a-14\(b\) and 18 U.S.C. §1350](#)
- [13.2 Certification of David J. Grigson furnished pursuant to 17 CFR 240.13a-14\(b\) and 18 U.S.C. §1350](#)
- [15 Consolidated Financial Statements and notes thereto for Radianz Limited for the fiscal year ended December 31, 2003](#)

* Incorporated by reference to the identically numbered exhibit to the Annual Report on Form 20-F filed on 16 March 2004 by Reuters Group PLC with respect to the fiscal year ended 31 December 2003.

No. 3296375

THE COMPANIES ACTS 1985 AND 1989

A PUBLIC COMPANY LIMITED BY SHARES

Articles of Association

OF

Reuters Group PLC

(adopted pursuant to a Special Resolution passed on 16 December 1997
and amended pursuant to special resolutions passed on 21 April 1998,
24 April 2001 and 22 April 2004)

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THE COMPANIES ACTS 1985 AND 1989

A PUBLIC COMPANY LIMITED BY SHARES

Articles of Association

OF

Reuters Group PLC

(adopted pursuant to a Special Resolution passed on 16 December 1997)

PRELIMINARY

1. Table A not to apply

The regulations in Table A in the Companies (Tables A to F) Regulations 1985 shall not apply to the Company.

F.2 Definitions and Interpretation

(I) In these Regulations (if not inconsistent with the subject or context) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively:-

address in relation to electronic communications, includes any number or address used for the purpose of such communications;

the Act The Companies Act 1985.

ADR Custodiana custodian (or depositary), approved by the Company, under arrangements whereby such custodian (or depositary) holds shares in the Company and either itself or some other person issues American Depositary Receipts evidencing American Depositary Shares which represent such shares in the Company (or evidence of a right to receive the same).

Certificated Share a share which is recorded in the Register as being held in certificated form.

the Company	Reuters Group PLC
the Deed of Mutual Covenant	the Deed of Mutual Covenant referred to in Clause 4(16) of the Memorandum of Association as amended from time to time.
Director	a Director for the time being of the Company.
electronic signature	anything in electronic form which the Directors require to be incorporated into or otherwise associated with an electronic communication for the purpose of establishing the authenticity or integrity of the communication;
F Regulation	any of these Regulations to the number of which the letter "F" is prefixed.
the Founders Share	the Founders Share of £1 of the Company.
the Founders Share Company	Reuters Founders Share Company Limited in its capacity as the holder of the Founders Share.
month	calendar month.
the Office	the registered office of the Company from time to time.
Operator	has the meaning given to that expression in the Uncertificated Securities Regulations.
Ordinary Shares	the ordinary shares of 25p each of the Company.
Paid	paid or credited as paid.
Participating Issuer	participating issuer, as defined in the Uncertificated Securities Regulations.
Participating Security	a share or class of shares or a renounceable right of allotment of a share, title to which is permitted to be transferred by means of a Relevant System in accordance with the Uncertificated Securities Regulations.
Register	Unless the context otherwise requires, the register of members kept pursuant to section 352 of the Act and any register maintained by the Company of persons holding any renounceable right of allotment of a share

Relevant System	relevant system, as defined in the Uncertificated Securities Regulations.
Reuters News Services	any news services which may from time to time be supplied by Reuters.
Reuters	the Company and every subsidiary undertaking of the Company from time to time supplying news services.
the Reuters Group	the Company and its subsidiary undertakings from time to time.
the Reuter Trustees	the members and directors from time to time of the Founders Share Company.
Seal	the Common Seal of the Company.
Securities Seal	an official seal kept by the Company by virtue of section 40 of the Act.
the Statutes	the Act and every act and subordinate legislation (including, but not limited to, the Uncertificated Securities Regulations) from time to time in force concerning companies (whether or not a company within the meaning of the Act) and affecting the Company.
these Regulations	these articles of association as amended from time to time.
the London Stock Exchange	London Stock Exchange Limited.
the Transfer Office	the place where the Register is situate from time to time.
the Uncertificated Securities Regulations	the Uncertificated Securities Regulations 1995 (S.I. 1995 no. 3272) including any modification thereof or any regulations in substitution therefor made under section 207 of the Companies Act 1989 and for the time being in force.
Uncertificated Share	a share title to which is recorded in the Register as being held in uncertificated form and title to which may, by virtue of the Uncertificated Securities Regulations, be transferred by means of a Relevant System.
the United Kingdom	Great Britain and Northern Ireland.
year	calendar year.

(II) In these Regulations (if not inconsistent with the subject or context):-

- (A) The expression "Employees' Share Scheme" shall have the meaning given to it by section 743 of the Act;
- (B) The word "Secretary" shall include any person appointed by the Directors to perform any of the duties of the Secretary, and where two or more persons are appointed to act as Joint Secretaries shall include any one or more of those persons;
- (C) The expression "debenture" shall include debenture stock;
- (D) The expressions "recognised clearing house" and "recognised investment exchange" shall mean any clearing house or investment exchange (as the case may be) granted recognition under the Financial Services Act 1986;
- (E) The word "company" shall include any body corporate incorporated or registered in any part of the world and the expressions "subsidiary undertaking" and "parent undertaking" shall have the respective meanings given to them by section 258 of the Act;
- (F) References to a document being "signed" or to "signature" include references to it being executed under hand or under seal or by any other method and, in the case of an electronic communication, are to its bearing an electronic signature;
- (G) References to "writing" and to any form of "written" communication include references to any method of representing or reproducing words in a legible and non-transitory form including by way of electronic communications where specifically provided in a particular Regulation or where permitted by the Directors in their absolute discretion but exclude such method in respect of consent or notices given to or by the Founders Share Company;
- (H) If the Founders Share Company is to give or to be given any notice pursuant to these Regulations then, even if that notice is given electronically or otherwise in accordance with the Act or the Electronic Communications Act 2000, such notice must also be given in writing and be delivered personally and will be deemed delivered when the written notice would be deemed to be delivered to the Founders Share Company in accordance with Regulation F.146;
- (I) Such of the provisions of these Regulations as apply to paid-up shares shall apply to stock, and the words "share" and "shareholder" shall be construed accordingly;

- (J) Words denoting the singular shall include the plural and vice-versa; words denoting the masculine gender shall include the feminine gender; and words denoting persons shall include bodies corporate; and
- (K) Any reference to any statute or statutory provision shall be construed as including a reference to any statutory modification or re-enactment thereof from time to time in force.
- (L) For the purposes of these Regulations, references to a Relevant System shall be deemed to relate to the Relevant System on which the particular share or class of shares or renounceable right of allotment of a share concerned in the capital of the Company is a Participating Security for the time being and any references in these Regulations to the giving of an instruction by means of a Relevant System shall be deemed to relate to a properly authenticated dematerialised instruction given in accordance with the Uncertificated Securities Regulations. Such instructions shall only be given to the extent:
 - (i) permitted by the Uncertificated Securities Regulations;
 - (ii) permitted by and practicable under the rules and practices from time to time of the Operator of the Relevant System; and
 - (iii) practicable under and in accordance with the facilities and requirements of the Relevant System.
- (M) The headings in these Regulations do not affect the interpretation of these Regulations.
- (III) Subject as aforesaid or as otherwise expressly provided by these Regulations any words or expressions defined in the Act or in the Uncertificated Securities Regulations shall (if not inconsistent with the subject or context) bear the same meanings in these Regulations.
- (IV) The written consent of the Founders Share Company shall be deemed to have been given for any of the purposes of these Regulations if, and only if, a certificate signed on behalf of the Founders Share Company by not less than two of the Reuter Trustees shall have been received at the Office confirming that a resolution giving the consent in question has been duly passed at a meeting of the Reuter Trustees (in their capacity as directors of the Founders Share Company).
- (V) A Special or Extraordinary Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Regulations.

SHARE CAPITAL

3.

(A) Amount of capital

The share capital of the Company is £525,000,001 divided into 2,100,000,000 Ordinary Shares of 25p each and one Founders Share of £1.

(B) Rights attaching to shares

The rights, as regards participation in the profits and assets of the Company, respectively attaching to the above-mentioned shares, shall be as follows:-

- (1) Subject to any special rights which may be attached to any other class of shares and to the provisions of the Statutes, the profits of the Company available for distribution and resolved to be distributed shall be distributed by way of dividend among the holders of the Ordinary Shares rateably according to the number of shares held by them respectively;
- (2) On a return of assets on a winding-up, the assets of the Company available for distribution among the members shall be applied, subject to any provision made under section 719 of the Act and any special rights which may be attached to any other class of shares, in repaying to the holders of the Founders Share and the Ordinary Shares rateably according to the number of shares held by them respectively (save that the Founders Share shall for this purpose count as four shares) the amounts paid up on such shares, and subject thereto shall belong to and be distributed among the holders of the Ordinary Shares rateably according to the number of such shares held by them respectively; and
- (3) The Founders Share shall carry no right to receive any of the profits of the Company available for distribution by way of dividend or otherwise.

VARIATION OF RIGHTS

F.4

(A) Consents required for variation

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Statutes, be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up but so that the rights attached to the Founders Share shall not be capable of being varied or abrogated in any respect whatsoever without the prior written consent of the Founders Share Company. To every such separate General Meeting all the provisions of these Regulations relating to General Meetings of the Company and to the proceedings thereat shall apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) (but that at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum) and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall, subject as otherwise provided by these Regulations, on a poll have one vote for every share of the class held by him. The foregoing provisions of this Regulation shall, subject to paragraph (B) below, apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

(B) When shares not a separate class

Shares of a class shall not be treated as forming a separate class from other shares of that class merely because any of the following apply to them:-

- (1) the restrictions set out in section 454 of the Act;
- (2) suspension of voting rights or rights to receive dividends or other distributions pursuant to these Regulations;
- (3) any requirement pursuant to these Regulations that a person dispose of such shares or any interest in them;
- (4) any provisions of these Regulations enabling the Directors to dispose of such shares or requiring the Directors not to register transfers of such shares;
- (5) they are enabled or permitted in accordance with the Uncertificated Securities Regulations to become a Participating Security, or cease to be a Participating Security; or
- (6) any shares of that class are from time to time held in uncertificated form.

F.5 Rights not varied by issue of further shares or permission of transfer of Uncertificated Shares; exception for Founders Share

The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto, or by the Company permitting, in accordance with the Uncertificated Securities Regulations, the holding and transfer of shares of any class in uncertificated form by means of a Relevant System. The special rights attached to the Founders Share shall be deemed to be varied by the creation or issue of any further Founders Share.

ALTERATION OF SHARE CAPITAL

F.6 **Company may increase capital; Founders Share Company consent required for creation of shares with voting rights not identical to those of Ordinary Shares**

The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. All new shares created on any such increase of capital shall be subject to the provisions of the Statutes and of these Regulations with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise. No such new share shall, without the prior written consent of the Founders Share Company, have attached thereto (either at the time of the creation thereof or at any subsequent time) any rights in respect of voting which are not identical in all respects with those attached to the Ordinary Shares.

F.7

(A) **Company may consolidate, cancel (other than the Founders Share) and subdivide shares**

The Company may by Extraordinary Resolution:-

- (1) Consolidate and divide all or any of its capital (other than the Founders Share) into shares of larger amounts than its existing shares;
- (2) Cancel any shares (other than the Founders Share) which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;
- (3) Sub-divide its shares, or any of them (other than the Founders Share), into shares of smaller amount than is fixed by the Memorandum of Association (subject nevertheless to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares.

(B) **Fractional entitlements to shares**

If, as the result of consolidation and division or sub-division of shares, members become entitled to fractions of a share, the Directors may on behalf of the members deal with the fractions as they think fit. In particular, the Directors (treating holdings of the same member or members of Certificated Shares and Uncertificated Shares of the same class as if they were separate holdings, unless the Directors otherwise determine) may:

- (i) sell fractions of a share to a person (including, subject to the Statutes, to the Company) for the best price reasonably obtainable and distribute the net proceeds of sale in due proportion amongst the persons entitled (except that if the amount due to a person is less than £3, or such other sum as the board may decide, the sum may be retained for the benefit of the Company). To give effect to a sale the Directors may authorise a person to execute an instrument of transfer of Certificated Shares or, in respect of Uncertificated Shares, the Directors may exercise any of the powers conferred on the Company by Regulation F.17 to effect transfer of the shares to the purchaser or his nominee, and may cause the name of the purchaser or his nominee to be entered in the Register as the holder of the shares. The purchaser is not bound to see to the application of the purchase money and the title of the transferee to the shares is not affected by an irregularity or invalidity in the proceedings connected with the sale; or
- (ii) subject to the Statutes, issue to a member credited as fully paid by way of capitalisation the minimum number of shares required to round up his holding of shares to a number which, following consolidation and division or sub-division, leaves a whole number of shares (such issue being deemed to have been effected immediately before consolidation or sub-division, as the case may be). The amount required to pay up those shares may be capitalised as the Directors think fit out of amounts standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, and applied in paying up in full the appropriate number of shares. A resolution of the Directors capitalising part of the reserves has the same effect as if the capitalisation had been declared by ordinary resolution of the Company pursuant to Regulation 140. In relation to the capitalisation the board may exercise all the powers conferred on it by Regulation 140 without an ordinary resolution of the Company.

F.8 Company may purchase its own shares (other than the Founders Share)

Subject to the provisions of the Statutes the Company may purchase, or enter into a contract under which it may become entitled or obliged to purchase, any of its own shares (including any redeemable shares) other than the Founders Share. Every contract for the purchase by the Company of, or under which it may become entitled or obliged to purchase, its own shares shall, in addition to such authorisation as may be required by the Statutes, be sanctioned by an Extraordinary Resolution passed at a separate General Meeting of the holders of each class of shares in issue convertible into equity share capital of the Company.

F.9 Company may reduce its capital – exception regarding the Founders Share

The Company may reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law but this Regulation shall not apply in any way whatsoever to the Founders Share.

SHARES

F.10

(A) Company may issue shares with whatever rights or restrictions, but Founders Share Company consent required for issue of shares not identical to Ordinary Shares

Subject as otherwise provided by these Regulations and without prejudice to the rights attached to any shares or class of shares from time to time issued, any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights, or be issued subject to or have attached such restrictions, whether as regards dividend, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes the Company may issue any shares which are, or at the option of the Company or the holders are liable, to be redeemed Provided always that, without the prior written consent of the Founders Share Company, no share shall be capable of being issued having attached thereto any rights which are not identical in all respects with those attached to the Ordinary Shares.

(B) Directors may issue shares, but Founders Share Company consent required for issue of shares not identical to Ordinary Shares

Subject to the provisions of the Statutes, of these Regulations and of any resolution of the Company in general meeting passed pursuant thereto, all unissued shares and shares held as treasury shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper. Provided always that, without the prior written consent of the Founders Share Company, the Directors shall not allot, grant any option over or otherwise dispose of any share having attached thereto any rights in respect of voting which are not identical in all respects with those attached to the Ordinary Shares.

11.

(A) Section 80 authority for allotments of relevant securities

The Directors have general and unconditional authority, pursuant to section 80 of the Act, to exercise all powers of the Company to allot relevant securities up to an aggregate nominal amount equal to the section 80 amount, for each prescribed period.

(B) Disapplication of Section 89(1) (pre-emption) to allotments under Section 80 authority

The Directors have general power for each prescribed period to allot equity securities pursuant to the authority conferred by paragraph (A) above and to sell treasury shares wholly for cash:

- (1) in connection with a rights issue; and
- (2) up to an aggregate nominal amount equal to the section 89 amount otherwise than in connection with a rights issue;

as if section 89(1) of the Act does not apply to any such allotment or sale.

(C) By the authority and power conferred by paragraphs (A) and (B) above, the board may during a prescribed period make an offer or agreement which would or might require equity securities or other relevant securities to be allotted after the prescribed period and may allot securities in pursuance of that offer or agreement.

(D) In this Regulation:

- (1) "prescribed period" means any period for which the authority conferred by paragraph (A) above is given by ordinary or special resolution stating the section 80 amount and/or the power conferred by paragraph (B) above is given by special resolution stating the section 89 amount;
- (2) "rights issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders (other than the Company) of equity securities on the Register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory) and, for the purposes of this definition, where the Company makes an offer of equity securities which are, or are shares of the same class as, qualifying shares in the Company then the terms of the offer may entitle the Company to satisfy its obligations in relation to any acceptance of the offer:
 - (a) by allotting shares of that class; or
 - (b) by selling shares of that class which immediately before the sale were held as treasury shares, or in any combination of the above, and the Company need not be obliged to satisfy all acceptances of the offer in the same such manner;

- (3) "section 80 amount" means for any prescribed period, the amount stated in the relevant ordinary or special resolution or, in either case, another amount fixed by resolution of the Company;
- (4) "section 89 amount" means for any prescribed period, the amount stated in the relevant special resolution;
- (5) the nominal amount of securities is, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of shares which may be allotted pursuant to those rights.

12. Company may pay commissions and brokerages

The Company may exercise the powers of paying commissions conferred by the Statutes to the full extent thereby permitted. The Company may also on any issue of shares or sale of shares in the Company (if, immediately before the sale, the shares were held by the Company as treasury shares) pay such brokerage as may be lawful.

13. Company may recognise renunciations of allotments

The Directors may at any time after the allotment of any share but before any person has been entered in the Register as the holder recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

14. Company not bound to recognise trusts of shares

Except as required by law, or pursuant to any of the provisions of these Regulations, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any shares, or any interest in any fractional part of a share, or (except only as by these Regulations or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder.

LIMITATION OF SHAREHOLDINGS

F.15

(A) Definitions and interpretation

In this Regulation and subject as hereinafter provided:-

- (1) except in paragraphs (J), (K) and (Q) below, references to Part VI of and to sections of the Act are references to the same as in force at 11 April 1995 notwithstanding any later repeal, amendment or re-enactment thereof;

- (2) an "Included Interest" means an interest referred to in section 209(1)(a) of the Act except that of a bare trustee under the law of England or of a simple trustee under the law of Scotland or any analogous interest arising under the law of any other jurisdiction;
- (3) a person shall be treated as having an interest in shares and as being interested in them whenever in accordance with Part VI of the Act he would be taken either to have an interest or to be interested in them for the purposes of sections 198 to 202 of the Act save that any Included Interest shall be taken into account for all purposes instead of being disregarded and save that section 203(3) of the Act shall be taken to read as follows:-

"Where a person is entitled to exercise or control the exercise of or is deemed by this subsection to be able to exercise (in aggregate) one half or more of the voting power at general meetings of a body corporate and that body corporate is entitled to exercise or control the exercise of any of the voting power at general meetings of another body corporate ("the effective voting power"), then, for the purposes of subsection (2) (b) above and this subsection, the effective voting power shall be deemed to be exercisable by that person.";

- (4) "Relevant Person" means any person who is interested in 15 per cent. or more of the issued shares of any class of the Company, other than the Founders Share, provided that, for the purpose of calculating whether or not any person is interested in 15 per cent. or more of the issued shares of any class of the Company:
 - (a) holdings of Certificated Shares and Uncertificated Shares of such class in which such person is interested shall be aggregated; and
 - (b) shares of such class held by the Company as treasury shares shall be disregarded;
- (5) "Relevant Shares" means shares of the Company in which a Relevant Person is interested; and
- (6) "Required Disposal" means a disposal of such number and class of Relevant Shares as will cause a Relevant Person to cease to be a Relevant Person.

(B) Part VI of the Act to apply, save as provided

Without prejudice to the Statutes, the Company, its members and all persons interested in issued shares of the Company shall have the rights and obligations provided for in Part VI of the Act save that:-

- (1) Included Interests shall not be disregarded;
 - (2) a person shall be subject to such obligations notwithstanding that he is outside the United Kingdom and that the event giving rise to an obligation occurs outside the United Kingdom;
 - (3) such rights and obligations shall apply as if section 203(3) of the Act read as set out in paragraph (A) (3) above;
 - (4) this paragraph (B) shall not apply to an ADR Custodian in its capacity as such;
 - (5) notwithstanding any Regulations made under section 210A(1)(b) of the Act, if the percentage giving rise to a notifiable interest referred to in section 199(2)(a) of the Act shall exceed 3 per cent. or in section 199(2)(b) of the Act shall exceed 10 per cent., such rights and obligations shall apply as though such percentages were 3 per cent. and 10 per cent. respectively;
 - (6) notwithstanding section 199(2A) of the Act, the following interests shall be deemed to be material interests:
 - (a) interests mentioned in sections 199(2A)(a) and 199(2A)(b) of the Act;
 - (b) interest falling within section 199(2A)(c) of the Act which would fall to be disregarded by virtue of section 209(10)(c) of the Act; and
 - (c) any interest of another person which a person is taken to have by virtue of the application of section 203 or 205 of the Act where the interest of that other person falls within sub-paragraphs (a) or (b) above;
 - (7) if a notification is given in compliance with such rights and obligations and some or all of the shares in the Company to which it relates are the subject of such a notification only because of the provisions of sub-paragraph (1) and/or (3) above, then such notification shall state that some or all (as the case may be) of the shares to which it relates are the subject of such a notification only because of such provisions and, if it states that some of the said shares are so subject only because of such provisions, shall specify the class and number of such shares (or if they are of more than one class, the classes and numbers of shares of each class);
 - (8) Included Interests and other interests which would not require to be notified to the Company under statute shall when notified to the Company be entered by the Company in a separate Register to be kept by it for that purpose and to which the provisions of sections 217(1) to (6) and 218(1) and (2) of the Act shall apply; and
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- (9) there shall be deemed to be excluded from the definition of “relevant share capital” set out in section 198(2) of the Act any shares in the Company held as treasury shares and there shall be deemed to be added to the end of section 214(1) of the Act the words “(excluding any shares in the company held as treasury shares)”.

(C) Service of Restriction Notice on Relevant Person

If after 18 February 1998 any person has become or becomes a Relevant Person, the Directors shall cause the Company to serve a notice (hereinafter called a "Restriction Notice") on that Relevant Person and on all those (so far as known to them) having interests in, and, if different, on the registered holders of, his Relevant Shares. A Restriction Notice shall (subject as hereinafter provided):-

- (1) set out the restrictions provided for by paragraph (D) below; and
- (2) subject to paragraphs (T) and (U) below, call for a Required Disposal to be made and for reasonable evidence of it to be supplied to the Company within twenty one days or such longer period as the Directors consider reasonable.

The Directors may in their absolute discretion extend such twenty one days or longer period.

(D) Disenfranchisement of shares under Restriction Notice

Subject to paragraph (T) below, from the serving of a Restriction Notice in respect of Relevant Shares until any such time as the restrictions specified in this paragraph (D) (hereinafter called "the Voting Restrictions") cease to apply in accordance with the later provisions of this Regulation, a registered holder of such Relevant Shares shall not be entitled in respect of such shares to receive notice of or to attend or vote (in person or by proxy) at any General Meeting of the Company or any meeting of the holders of any class of shares of the Company.

(E) Directors' power to make Required Disposal

If a notice calling for a Required Disposal is not complied with to the satisfaction of the Directors within the time appointed the Directors shall, so far as they are able, make a Required Disposal (hereinafter called a "Directors' Disposal") and shall give notice in writing of it to the registered holders of the shares sold.

(F) Manner of making Directors' Disposal

The manner, timing and terms of any Directors' Disposal (including, but not limited to, the price or prices at which the same is made and the extent to which assurance is obtained that no transferee thereunder is or would thereby become a Relevant Person) shall be such as the Directors determine. The Directors may take advice from bankers, brokers or other persons considered by them to be appropriate as to such manner, timing and terms and shall not be liable to any person for the consequences of reliance on such advice. The Directors shall be entitled to make such disposal without delay.

(G) Relevant shares of multiple holders or of certificated and Uncertificated Shares to be sold pro rata in Directors' Disposal

If on a Directors' Disposal Relevant Shares are held:

- (1) by more than one registered holder (treating joint holders of any Relevant Shares as a single holder) the Directors shall, so far as is practicable, cause the same proportion of each holding as is known to them to be sold; or
- (2) as Certificated Shares and Uncertificated Shares, the Directors may in their absolute discretion vis à vis any Relevant Person, but in consultation with the Founders Share Company, treat such holdings of Certificated Shares and Uncertificated Shares as if they were separate holdings and, in such event, shall cause to be sold such proportion of either or both holdings of Certificated Shares and Uncertificated Shares as the Directors may, in exercise of their discretion as aforesaid, direct.

(H) Transfers, certificates and disposal of sale proceeds in Directors' Disposal

For the purpose of effecting any Directors' Disposal, the Directors may authorise in writing any officer or employee of the Company to execute any necessary transfer on behalf of any registered holder of Certificated Shares and may notwithstanding that no share certificate has been lodged enter the name of the transferee in the Register and issue a new certificate to the purchaser for the Certificated Shares so transferred or, in respect of Uncertificated Shares, the Directors may exercise any of the powers conferred on the Company by Regulation F.17 to effect valid transfer of such shares. The net proceeds of such disposal shall be received by the Company, whose receipt shall be a good discharge for the purchase money, and shall be paid (without any interest being payable thereon) to the former registered holder, in the case of Uncertificated Shares, as soon as practicable, and, otherwise, on surrender by him of the certificate for the Certificated Shares formerly held by him and so sold.

(I) Cesser of voting restrictions

The Voting Restrictions shall cease to apply:-

- (1) to any shares sold by a Directors' Disposal;
- (2) to any Relevant Shares if the Directors resolve that they are satisfied that the Relevant Person concerned has ceased to be interested in them; and
- (3) if the Directors resolve that they are satisfied that a Required Disposal has been made, to the shares comprised in such disposal and to any other shares in which the former Relevant Person concerned continues to be interested;

from the date of such sale or resolution, as the case may be, but without prejudice to their imposition again if the Directors serve a new Restriction Notice in respect of them.

(J) Directors' resolution as to a person being Relevant Person conclusive

If the Directors resolve that they have reasonable cause to believe that a person is or may be a Relevant Person and that they have made reasonable enquiries (whether by way of notices under section 212 of the Act or otherwise) to establish whether he is or not but that such enquiries have not been answered or fail to establish whether he is or not, he shall for all the purposes of this Regulation be deemed to be a Relevant Person from the date of such resolution until any such time as the Directors resolve that they are satisfied that he is not a Relevant Person.

(K) Directors' resolution as to shares being shares of a Relevant Person conclusive

If the Directors resolve that they have reasonable cause to believe that any shares of the Company are or may be shares in which a Relevant Person (whether he is such by virtue of paragraph (J) above or otherwise) is interested and that they have made reasonable enquiries (whether by way of notices under section 212 of the Act or otherwise) to establish whether they are or not but that such enquiries have not been answered or fail to establish whether they are or not, such shares shall for all the purposes of this Regulation be deemed to be shares in which such Relevant Person is interested from the date of such resolution until any such time as the Directors resolve that they are satisfied that such shares are not shares in which such Relevant Person is interested.

(L) Notices under Regulation F.15 to be in writing

All notices provided for by this Regulation shall be in writing.

(M) No obligation to serve notice if address unknown

Neither the Company nor the Directors shall be obliged to serve any notice provided for by this Regulation on any person if they do not know either his identity or his address. Subject as aforesaid, the Directors shall give notice of any resolutions referred to in paragraphs (I), (J) and (K) above to the Relevant Person concerned.

(N) Regulations on notices to apply

Regulations F.146, 148 and 149 shall apply to the service of any notice required by this Regulation to be served by the Company on any member of the Company.

(O) Service of notices on non-members

Any notice required by this Regulation to be served by the Company on any person who is not a member of the Company may be served on or delivered to him either personally or by placing it in the post in the United Kingdom in a pre-paid cover addressed to him at such address as the Directors believe to be his address or by delivering it to such address. Where such notice is served or sent by post as aforesaid, service or delivery shall be deemed to be effected at the time when the same would be received in the ordinary course of post and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.

(P) Directors' decisions conclusive

Any belief, resolution or decision of the Directors which is held or made in pursuance or purported pursuance of any of the provisions of this Regulation shall be conclusive, final and binding on all persons concerned, and the validity of any act or thing which is done or caused to be done by the Directors in pursuance or purported pursuance of any of such provisions shall not be capable of being impeached by anyone on the ground that there was not any basis or reasonable basis on which the Directors could have arrived at any such belief or made any such resolution or decision, or on the ground that any conclusion of fact on which the Directors relied or might have relied for the purposes of arriving at any such belief or making any such resolution or decision was incorrect, or on any other ground whatsoever.

(Q) Company register of share interests

Without prejudice to the provisions of the Statutes, the Directors may assume without enquiry that a person is not a Relevant Person unless the information contained in the Registers kept by the Company under section 211 of the Act and under paragraph (B) (8) above indicates to the contrary or they have reason to believe otherwise. In the latter case the Directors shall make reasonable enquiries to discover whether anyone is a Relevant Person.

(R) Directors to inform other Directors regarding Relevant Persons

If a Director has reason to believe that anyone is a Relevant Person he shall without delay inform the other Directors of that fact.

(S) ADR Custodians and ADS holders

An ADR Custodian in its capacity as such shall not be a Relevant Person. A person who has an interest in American Depositary Shares evidenced by an American Depositary Receipt representing shares held by an ADR Custodian shall be treated for all the purposes of this Regulation as having an interest in the number and class of shares in the Company represented by such American Depositary Shares and evidenced by such American Depositary Receipt and not (in the absence of any other reason why he should be so treated) in the remainder of the shares in the Company held by the ADR Custodian.

(T) Rights issues and limitation of shareholdings

In this paragraph (T):-

- (1) "**rights issue**" means an offer by or on behalf of the Company of shares in the Company to persons (other than the Company in respect of shares held as treasury shares) who already hold shares in the Company (other than the Founders Share) under which (subject to any exclusion from the offer of persons which the Directors may deem necessary to deal with fractional entitlements or problems with such offer arising in any overseas territory) the number of shares offered to each offeree is as nearly as practicable proportionate to the number of shares already held by him; and
- (2) "**basic entitlement**" means the number of shares so offered to an offeree and does not include any shares for which he makes an excess application, that is, an application for shares so offered to other shareholders but not taken up by them.

If a person (hereinafter in this paragraph (T) called "**the said person**") becomes interested in 15 per cent. or more of the issued shares of any class of the Company (excluding any shares of that class held as treasury shares) solely because on a rights issue a holder of shares in the Company (whether he is the said person or not) accepts up to his basic entitlement of the shares comprised in such issue and the said person does not thereafter become interested in any further shares of that class (except solely because of the same occurring on a further rights issue), a Required Disposal shall not be required, the Voting Restrictions shall apply only to shares in excess of such 15 per cent. and any Restriction Notice given to him shall be modified accordingly.

(U) Underwriting of share issues and limitation of shareholdings

If a person becomes interested in 15 per cent. or more of the issued shares of any class of the Company (excluding any shares of that class held as treasury shares) solely by underwriting an offer of shares in the Company in the ordinary course of a business which includes underwriting offers of securities, then so long as he does not become interested in any further such shares (except solely by so underwriting any further such offer) he shall be allowed one year or such longer period as the Directors consider reasonable (either of which the Directors may in their absolute discretion extend) in which to make the Required Disposal and supply reasonable evidence of it to the Company, and any Restriction Notice shall be modified accordingly.

UNCERTIFICATED SHARES

16.

(A) Directors may permit shares to be a Participating Security

Subject to the Statutes and the rules of any Relevant System, the Directors may permit the holding and transfer of any class of shares in uncertificated form by means of a Relevant System and, subject as aforesaid, the Directors may at any time determine that any class of shares shall cease to be a Participating Security.

(B) Shares may be changed from uncertificated to certificated form and vice versa

Where any class of shares in the capital of the Company is a Participating Security, any share in such class may be changed from an Uncertificated Share to a Certificated Share and from a Certificated Share to an Uncertificated Share in accordance with and subject to the provisions of the Uncertificated Securities Regulations and the rules and procedures of the Relevant System.

(C) Uncertificated Shares are not a separate class

Subject to the Statutes, Uncertificated Shares shall not be regarded as forming a separate class of shares from Certificated Shares of the same class.

(D) Disapplication of inconsistent Regulations

In relation to any class of shares which is a Participating Security, and for so long as that class of shares or any part of that class of shares remains a Participating Security, these Regulations shall (notwithstanding anything contained in these Regulations) only apply to Uncertificated Shares to the extent that they are consistent with:-

- (1) the holding of shares in that class in uncertificated form;
- (2) the transfer of title to shares in that class by means of a Relevant System; and
- (3) the Uncertificated Securities Regulations.

POWER OF SALE OF UNCERTIFICATED SHARES

F.17 Powers of Company in respect of procuring sales of Uncertificated Shares

Where any class of shares in the capital of the Company is a Participating Security and the Company is entitled under any provisions of the Statutes or the rules of any Relevant System or under these Regulations to dispose of, forfeit, enforce a lien over or sell or procure the sale of any shares of such class which are held in uncertificated form, the Directors shall have the power (to the extent permitted by and subject to the provisions of the Uncertificated Securities Regulations and the rules and procedures of the Relevant System) to take such steps as may be required, by instruction given by means of a Relevant System or otherwise, to effect such disposal, forfeiture, enforcement or sale and such powers shall (subject as aforesaid) include, but shall not be limited to, the power to:

- (1) request or require the deletion of any computer-based entries in the Relevant System relating to such shares;
 - (2) alter such computer-based entries so as to divest the registered holder of such shares of the power to transfer them to any person other than a transferee identified by the Company;
 - (3) require by notice in writing any holder of such shares:
 - (a) to change his holding of such shares into certificated form within such period as may be specified in the notice; or
 - (b) direct the holder to take such steps as may be necessary to sell or transfer such shares;
 - (4) appoint any person to take such steps in the name of the holder of such shares as may be required to effect transfer of such shares and such steps shall be as effective as if they had been taken by the registered holder of the shares concerned.
- In this Regulation references to notice and to in writing include the use of electronic communications subject to any terms and conditions decided on by the Directors.

THE FOUNDERS SHARE

F.18

(A) Founders Share may defeat resolution to vary or abrogate its rights

Without prejudice to paragraph (A) of Regulation F.4, on any poll on any resolution of the Company in General Meeting, being a resolution the passing of which by the requisite majority of votes would be, or be deemed to be, a variation or abrogation of the rights attached to the Founders Share, the Founders Share Company, if it opposes such resolution, shall have the right to cast such number of votes as shall be necessary to ensure the defeat of such resolution, and such right may be exercisable either by a representative appointed by the Founders Share Company in accordance with section 375(1)(a) of the Act, or by a proxy for the Founders Share Company.

(B) Deemed variations or abrogations of Founders Share rights

For all of the purposes of these Regulations the passing by the requisite majority of any of the following kinds of resolution by the Company in General Meeting shall be deemed to be a variation or abrogation of the rights attached to the Founders Share:-

- (1) any Special Resolution the effect of which, if duly passed, would be to alter, or to delete, or in any way to derogate from the effect of, any F Regulation or to remove the prefix "F" from any F Regulation;
- (2) any resolution to wind up the Company voluntarily or pursuant to paragraph (a) of section 122 of the Insolvency Act 1986;
- (3) any resolution for, or approving or sanctioning, any reconstruction of the Company;
- (4) any resolution the effect of which, if duly passed, would be to attach or to authorise the attachment to any share (whether issued or unissued) of any voting rights which are not identical in all respects with those attached to the Ordinary Shares;
- (5) any resolution to amend any such resolution as is described in any of the preceding sub-paragraphs of this paragraph (B).

(C) Action without consent of Founders Share Company a deemed variation or abrogation

For all of the purposes of these Regulations the doing of any act or thing which, in accordance with any provision of these Regulations requires the prior written consent of the Founders Share Company shall be deemed to be a variation or abrogation of the rights attached to the Founders Share.

F.19

(A) Definition and interpretation as regards "Control" of Company

For the purposes of this Regulation:-

- (1) where a person would in accordance with Part VI of the Act (as in force at 11 April 1995 notwithstanding any later repeal, amendment or re-enactment thereof) and/or Regulation F.15 be taken to be interested in shares in which another person is interested or would in accordance therewith be taken to be interested, such other person shall be deemed to be his associate;

- (2) in addition, two or more persons shall be deemed to be associates if there are, in the opinion of the Founders Share Company, reasonable grounds for believing that they have or are attempting to obtain Control pursuant (either wholly or in part) to some arrangement between them;
- (3) arrangement means any agreement, understanding or arrangement of any kind, whether formal or tacit, and whether or not legally binding, other than the Deed of Mutual Covenant;
- (4) "Control" means the ability to control the exercise of 30 per cent. or more of the votes which can be cast on a poll at a General Meeting of the Company (disregarding the rights of the Founders Share Company and disregarding any suspension of the voting rights of any shares pursuant to the Statutes or these Regulations).

(B) Directors to inform other Directors (and Directors to inform Founders Share Company) of attempts to gain Control

If any Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company taking the view that a person and his associates (if any) has or have obtained or is or are attempting to obtain, directly or indirectly, Control, he shall without delay inform the other Directors of such facts and the Directors shall forthwith give written notice of such facts to the Founders Share Company.

(C) Founders Share Control Notices

If there are, in the opinion of the Founders Share Company, reasonable grounds for believing that any person and his associates (if any) has or have obtained or is or are attempting to obtain, directly or indirectly, Control, the Founders Share Company, whether it has received any notice pursuant to paragraph (B) above or not, shall be entitled in its absolute discretion to serve or cause to be served at the Office a notice in writing (hereinafter called a "Founders Share Control Notice"), signed by any one or more of the Reuter Trustees, to the effect that the Founders Share Company is of that opinion.

(D) Rescission of Founders Share Control Notice

If at any time after the service of a Founders Share Control Notice, the Founders Share Company becomes of the opinion that no person or no person and his associates has or have obtained or is or are attempting to obtain, directly or indirectly, Control, then the Founders Share Company shall as soon as practicable thereafter (provided that it is still of that opinion) serve or cause to be served at the Office a notice in writing, signed by any one or more of the Reuter Trustees, rescinding such Founders Share Control Notice, but the service of any such notice in writing pursuant to and in accordance with this paragraph (D) (in this Regulation called a "Rescission Notice") shall be without prejudice to the entitlement of the Founders Share Company subsequently to serve or cause to be served at the Office another Founders Share Control Notice pursuant to and in accordance with paragraph (C) above.

(E) Voting rights of Founders Share whilst Founder Share Control Notice in force

At all times after the service at the Office of any Founders Share Control Notice, until any Rescission Notice rescinding that Founders Share Control Notice is served, the Founders Share shall confer upon the Founders Share Company the right to cast, on any poll which shall be taken on any Ordinary, Special, Extraordinary or other Resolution which is proposed at any General Meeting of the Company, such number of votes as shall be necessary to ensure the effective passing of such Resolution if those votes are cast in favour thereof or (as may be appropriate) to ensure the defeat of such resolution if those votes are cast against such Resolution, and such right may be exercisable either by a representative appointed by the Founders Share Company in accordance with section 375(1)(a) of the Act, or by any proxy for the Founders Share Company.

(F) Founders Share Company decisions conclusive

Any opinion of the Founders Share Company, which is expressed in and for the purposes of any Founders Share Control Notice, or which is manifested by any Rescission Notice, shall be conclusive, final and binding on all persons concerned, and the validity of any Founders Share Control Notice or of any Rescission Notice shall not be impeached by any person on the ground that there was not any basis or any reasonable basis upon which the Founders Share Company could have arrived at any such opinion, or on the ground that any conclusion of fact which the Founders Share Company relied on or might have relied on in or for the purpose of arriving at any such opinion was incorrect, or on any other ground whatsoever.

F.20

(A) Founders Share Company may requisition Extraordinary General Meetings

The Founders Share Company shall be entitled at any time and from time to time to serve upon the Company at the Office, a requisition in writing, signed on behalf of the Founders Share Company, requiring the Directors:-

- (1) to convene an Extraordinary General Meeting of the Company for the purposes specified in such requisition; and
- (2) to ensure that every copy of any notice by which an Extraordinary General Meeting is convened pursuant to such requisition shall be accompanied by a copy of such statement in writing (if any) of not more than five thousand words as shall be attached to such requisition.

(B) Directors to convene requisitioned meeting and circulate any statement of the Founders Share Company

In the event of any such requisition being served as aforesaid at the Office the Directors shall, not later than the expiration of the period of seven days next following such service, duly convene an Extraordinary General Meeting of the Company for the purposes specified in such requisition (and so that any Extraordinary General Meeting shall be convened on such minimum period of notice as shall be sufficient, having regard to the purposes so specified and to the provisions of the Statutes and of these Regulations relative to notices of Extraordinary General Meetings), and shall ensure that every copy of any notice by which such Extraordinary General Meeting is convened shall be accompanied by a copy of such statement (if any) as shall have been attached to such requisition in accordance with the provisions of sub-paragraph (2) of paragraph (A) of this Regulation. In this Regulation references to notice include the use of electronic communications and publications on a web site in accordance with the Act and the Electronic Communications Act 2000.

(C) Founders Share Company may convene meeting if Directors in default

If the Directors do not, before the expiration of the period of seven days next following the service at the Office of any such requisition as aforesaid, duly convene an Extraordinary General Meeting in accordance with the provisions of paragraph (B) of this Regulation and otherwise comply in all respects with those provisions, the Founders Share Company shall be entitled at any time after such expiration to convene an Extraordinary General Meeting of the Company for the purposes specified in such requisition, and so that:-

- (1) any Extraordinary General Meeting which is so convened by the Founders Share Company shall be convened in the same manner, as nearly as possible, in which Extraordinary General Meetings of the Company are to be convened by the Directors pursuant to paragraph (B) of this Regulation, but so that the requirement as to minimum notice referred to in such paragraph (B) shall not apply; and
- (2) the Founders Share Company shall be entitled to procure that each copy of the notice by which any such Extraordinary General Meeting is convened by the Founders Share Company shall be accompanied by a copy of such statement of not more than five thousand words as the Founders Share Company shall in its absolute discretion think fit, and so that the Founders Share Company shall have this entitlement whether or not such requisition had attached thereto, in accordance with sub-paragraph (2) of paragraph (A) of this Regulation, any copy of any statement.

In this Regulation references to notice include the use of electronic communications and publications on a web site in accordance with the Act and the Electronic Communications Act 2000.

(D) Founders Share Company may convene Extraordinary General Meetings while Founders Share Control Notice in force

In addition and without prejudice to the rights conferred upon the Founders Share Company by the preceding paragraphs of this Regulation, so long as any Founders Share Control Notice which has been served at the Office pursuant to and in accordance with the provisions of paragraph (C) of Regulation F.19 shall not have been rescinded by a Rescission Notice served at the Office pursuant to and in accordance with the provisions of paragraph (D) of Regulation F.19, the Founders Share Company shall be entitled at any time and from time to time to convene an Extraordinary General Meeting of the Company for such purposes as the Founders Share Company shall in its absolute discretion think fit, and shall also be entitled to cause every copy of any notice by which any Extraordinary General Meeting is so convened to be accompanied by a copy of such statement in writing of not more than five thousand words as the Founders Share Company shall in its absolute discretion think fit. Any Extraordinary General Meeting which is convened by the Founders Share Company pursuant to this paragraph (D) shall be convened in such manner, as nearly as possible, in which Extraordinary General Meetings are to be convened by the Directors pursuant to paragraph (B) of this Regulation, but so that the requirement as to minimum notice referred to in paragraph (B) of this Regulation shall not apply.

F.21 Founders Share Company may receive notice of and attend and speak at General Meetings

The Founders Share Company shall be entitled:-

- (A) to receive notice of every General Meeting of the Company, and of every separate General Meeting of the holders of the shares of any class in the Company's issued share capital; and
- (B) to attend, either by a representative appointed in accordance with section 375(1)(a) of the Act, or by any proxy, at any such General Meeting or separate General Meeting; and
- (C) through any such representative or proxy, to speak at any such General Meeting or separate General Meeting;

but the Founders Share Company shall not, save as provided in Regulations F.18 and F.19, be entitled to vote at any General Meeting of the Company, and shall in no circumstances be entitled to vote at any such separate General Meeting other than a separate General Meeting of the Founders Share Company.

F.22

(A) Consultation between Directors and Reuter Trustees

The Reuter Trustees shall be entitled, at the invitation of the Directors, to attend meetings of the Directors and to confer with the Directors, and the Reuter Trustees shall generally be available to act in a consultative capacity with the Directors.

(B) Reuter Trustees entitled to receive reports from and make representations to the Directors

The Reuter Trustees shall be entitled to receive or be sent from the Directors periodical reports of the activities of the Reuters Group, and shall be entitled to make such representations (if any) to the Directors, on matters of general interest affecting the Reuters Group, as the Reuter Trustees may from time to time think fit. For the purposes of this Regulation references to a document being sent includes using electronic communications and publication in a web site in accordance with the Act and the Electronic Communications Act 2000.

F.23

(A) Company to reimburse Founders Share Company for expenses of Reuter Trustees

The Company will pay to the Founders Share Company on demand all such sums of money as the Founders Share Company shall from time to time certify are required by it:-

- (1) to indemnify the Reuter Trustees in respect of their travelling, hotel and other reasonable expenses incurred in attending and returning from all meetings of the Reuter Trustees as directors and members of the Founders Share Company and in carrying on the functions of the Founders Share Company, including (but without limitation) the exercise of the rights, powers and duties exercisable by the Founders Share Company and the Reuter Trustees;
- (2) to indemnify the Founders Share Company in respect of all disbursements, fees and expenses which have been incurred or paid or will or may become liable to be incurred by it including in particular (but without limitation) all expenses incurred in enforcing the Reuter Trust Principles as contained and defined in the Deed of Mutual Covenant and any other provisions contained in the Deed of Mutual Covenant and in carrying out the objects of the Founders Share Company, whether by judicial proceedings or otherwise; and
- (3) to comply with all statutory requirements in force (and whether arising under taxation statutes or statutes relating to companies or otherwise) and applicable to the Founders Share Company.

(B) Company to fund or procure company secretarial and administrative services for Founders Share Company

The Company will pay to the Founders Share Company on demand the cost of (or at the option of the Founders Share Company procure the provision without cost to the Founders Share Company of) all company secretarial services and other ancillary administrative services which the Founders Share Company may from time to time request.

SHARE CERTIFICATES

24. Contents of share certificates

Every share certificate shall specify the number and class of shares to which it relates and the amount paid up thereon. No certificate shall be issued representing shares of more than one class. No certificate shall normally be issued in respect of shares held by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange.

25. Certificates for joint holders

In the case of a share held jointly by several persons the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of joint holders shall be sufficient delivery to all.

26. Entitlement of members holding Certificated Shares to share certificates

Any person (subject as aforesaid) whose name is entered in the Register as a holder of any Certificated Shares of any one class upon the issue or transfer thereof shall be entitled without payment to a certificate therefor (in the case of issue) within one month (or such longer period as the terms of issue shall provide) after allotment of Certificated Shares or (in the case of a transfer of fully paid shares) within fourteen days after lodgment of a transfer or (in the case of a transfer of partly paid shares) within two months after lodgment of a transfer of Certificated Shares.

27. Entitlement to balancing certificates

Where some only of the shares comprised in a share certificate are transferred the old certificate shall be cancelled and a new certificate for the balance of such Certificated Shares shall be issued in lieu without charge.

28.

(A) Entitlement to consolidating certificates

Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate for such Certificated Shares issued in lieu without charge.

(B) Directors may issue split certificates

If any member shall surrender for cancellation a share certificate representing shares held by him and shall request the Company to issue in lieu two or more share certificates representing such Certificated Shares in such proportions as he may specify, the Directors may, subject to the provisions of Regulation 29 below, if they think fit, comply with such request.

(C) Replacement of damaged, lost or stolen certificates

If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares must be issued without charge (other than the exceptional out of pocket expenses (if any) referred to below) to the holder upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) upon compliance with such conditions as to evidence and indemnity and the payment of any exceptional out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.

(D) Requests for replacement certificates for joint holders

In the case of shares held jointly by several persons any such request may be made by any one of the joint holders.

29.

(A) Entitlement to certificate for shares changed to Certificated Shares

Subject to the Statutes, these Regulations and the requirements of the London Stock Exchange, where any Uncertificated Share is changed to certificated form, the holder (other than a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange referred to in Regulation 24) is entitled, unless the terms of issue of the shares provide otherwise, without charge, to one certificate in respect of all the Uncertificated Shares so changed to certificated form.

(B) No entitlement to certificate in respect of Uncertificated Shares

The provisions of Regulations 24 to 29 (inclusive) shall not apply so as to require the Company to issue to any person a certificate in respect of any share where such person holds such share in uncertificated form.

CALLS ON SHARES

30. Directors may make calls for amounts unpaid on shares

The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

31. Obligation to pay calls

Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

32. Interest on unpaid calls

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding 15 per cent. per annum) as the Directors determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.

33. Calls deemed to be made when so provided by terms of issue of shares

Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these Regulations be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of these Regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

34. Directors' discretion as to amounts and times of calls on issue of shares

The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.

35. Directors may accept and pay interest on moneys in advance of calls

The Directors may if they think fit receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the share or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish to the extent of the payment the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding 15 per cent. per annum) as the member paying such sum and the Directors may agree.

FORFEITURE AND LIEN

36. Directors may serve payment notice in respect of unpaid calls

If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.

37. Notice to provide for forfeiture of shares

The notice shall name a further day (not being less than seven days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.

38. Forfeiture of shares

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

39. Forfeited or surrendered share the property of the Company

A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such other person as aforesaid.

40. Ex-member to remain liable for moneys unpaid on forfeited shares

A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at 15 per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until such payment and the Directors may at their absolute discretion enforce payment without allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part.

41. Company to have lien on shares not fully paid

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share. The Directors may waive any lien which has arisen and may resolve that any shares for some limited period be exempt wholly or partially from the provisions of this Regulation.

42. Company's power of sale under lien

The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

43. Application of sale proceeds

The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities in respect whereof the lien exists so far as the same are then payable and any residue shall, upon surrender to the Company for cancellation of the certificate for the share sold or the provision of any indemnity (with or without security) required by the Directors as to any lost or destroyed certificate and subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale, be paid to the person entitled to the share at the time of the sale. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer the share sold to, or in accordance with the directions of, the purchaser.

44. Title to shares sold under lien or after forfeiture

A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

45.

(A) Requirements as to form of transfers of Certificated Shares

All transfers of Certificated Shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee.

(B) Requirements as to transfers of Uncertificated Shares

A member may transfer all or any of his Uncertificated Shares in the manner provided for in the rules and procedures of the Operator of the Relevant System and in accordance with and subject to the Uncertificated Securities Regulations.

(C) Transferor to remain holder until transfer actually registered

The transferor of a share shall remain the holder of the share concerned until the name of the transferee is entered in the Register in respect thereof.

46. Directors may suspend registration of transfers

Subject to the Statutes, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine and either generally or in respect of any class of shares, provided that the Company shall not close any Register relating to a Participating Security without the consent of the Operator of the Relevant System. The Register shall not be closed for more than thirty days in any year.

47.

(A) Directors may refuse to register certain renunciations and transfers of Certificated Shares

The Directors may refuse to register an allotment or a transfer of Certificated Shares (whether fully paid or not) in favour of more than four persons jointly. If the Directors refuse to register a renounceable letter of allotment or a transfer of a Certificated Share they shall within two months after the date on which the letter of allotment or transfer was lodged with the Company send to the allottee or transferee notice of the refusal.

(B) Directors may refuse to register transfers of Certificated Shares of more than one class of share, unstamped transfers or transfers unaccompanied by proof of transferor's title

The Directors may also decline to recognise any instrument of transfer in respect of Certificated Shares (which for the purposes of these Regulations shall include a renunciation of a renounceable letter of allotment) unless the instrument of transfer is in respect of only one class of share, is duly stamped (if required) and is lodged at the Transfer Office accompanied by the relevant share certificate(s) (except in the case of a renunciation and as described below) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do). In the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange the lodgment of share certificates will only be necessary if and to the extent that certificates have been issued in respect of the shares in question.

48.

(A) Registration of transfers of Uncertificated Shares

The Company shall register a transfer of title to any Uncertificated Share or any renounceable right of allotment of a share which is a Participating Security held in uncertificated form, but so that the Directors may refuse to register such a transfer in favour of more than four persons jointly or in any other circumstance permitted by the Uncertificated Securities Regulations.

(B) Directors to notify refusals to register transfers of Uncertificated Shares

If the Directors refuse to register the transfer of an Uncertificated Share or of any renounceable right of allotment of a share which is a Participating Security held in uncertificated form the Company shall, within two months after the date on which the transfer instruction relating to such transfer was received by the Company, send notice of the refusal to the transferee.

49. Company may retain registered transfers

All instruments of transfer which are registered may be retained by the Company.

50. No fee for registration of transfers or related documents

No fee will be charged by the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document or instruction relating to or affecting the title to any shares or otherwise for making any entry in the Register affecting the title to any shares.

51. Company may destroy documents after certain periods

The Company shall be entitled to destroy all instruments of transfer or other documents which have been registered or on the basis of which registration was made at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of an instrument of transfer or other such document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that:-

- (1) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

- (2) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Regulation;
- (3) reference herein to the destruction of any document include references to disposal thereof in any manner.

TRANSMISSION OF SHARES

52. Personal representatives of deceased holders entitled to shares but liabilities of estate continue

In case of the death of a shareholder, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing in this Regulation shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.

53.

(A) Registration of persons entitled to shares by operation of law

Any person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire of his or transfer such share to some other person.

(B) Registration of other persons

If he elects to have another person registered, he shall:

- (1) in the case of a Certificated Share, execute an instrument of transfer of the Certificated Share to that person; or
- (2) in the case of an Uncertificated Share, either procure that instructions are given by means of the Relevant System to effect the transfer of such Uncertificated Share to that person in accordance with the Uncertificated Securities Regulations, or procure that the Uncertificated Share is changed to certificated form and execute an instrument of transfer of that Certificated Share to that person.

(C) Limitations apply to such transfers

All the limitations, restrictions and provisions of these Regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer executed or instruction given by such member.

54. Entitlement to share rights pending registration of persons entitled to shares by operation of law

Save as otherwise provided by or in accordance with these Regulations, a person becoming entitled to a share in consequence of the death or bankruptcy of a member or otherwise by operation of law (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in respect of the share.

UNTRACED SHAREHOLDERS

55.

(A) Company may sell shares of untraced holders after certain periods

The Company shall be entitled to sell the shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if and provided that:-

- (1) during the period of twelve years prior to the date of the publication of the advertisements referred to in paragraph (2) below (or, if published on different dates, the first thereof) no communication has been received by the Company from the member or the person entitled by transmission and no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the member or to the person entitled by transmission to the shares at his postal address on the Register or otherwise the last known postal address given by the member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed or no payment made by the Company by any other means permitted by these Regulations has been claimed or accepted and at least three dividends in respect of the shares in question have become payable and no dividend in respect of those shares has been claimed; and
- (2) the Company shall on expiry of the said period of twelve years have inserted advertisements in both a national daily newspaper and in a newspaper circulating in the area in which the last known postal address of the member or the postal address at which service of notices may be effected in the manner authorised by these Regulations is located giving notice of its intention to sell the said shares; and

- (3) during the said period of twelve years and the period of three months following the publication of the said advertisements the Company shall have received no communication from such member or person; and
- (4) notice shall have been given to the London Stock Exchange in London of its intention to make such sale.

(B) Power of sale to extend to additional shares

In addition to the power of sale conferred by paragraph (A) above, if during the period of 12 years referred to in paragraph (A)(1) above or a further period ending on the date when all the requirements of paragraphs (A)(1) to (4) above have been satisfied additional shares have been issued in right of those shares held at the beginning of, or previously so issued during, those periods and all the requirements of paragraphs (A)(1) to (4) have been satisfied in respect of the additional shares, the Company shall be entitled to sell the additional shares of the relevant member or the relevant person entitled by transmission, as the case may be.

(C) Procedures for exercise of power of sale

To give effect to any such sale the Company may appoint any person to execute as transferor an instrument of transfer of Certificated Shares or, in respect of any Uncertificated Shares, the Directors may exercise any of the powers conferred on the Company by Regulation F.17 to effect transfer of the shares, and such instrument or exercise of such powers (as the case may be) shall be as effective as if it had been executed or exercised by the registered holder of or person entitled by transmission to such shares, and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount which shall be a permanent debt of the Company. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company or its parent undertaking, if any) as the Directors may from time to time think fit.

GENERAL MEETINGS

56. Annual General Meetings to be held

An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.

57. Directors to convene Extraordinary General Meetings

The Directors may whenever they think fit, and shall on any requisition made in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

NOTICE OF GENERAL MEETINGS

F.58

(A) Periods of notice for General Meetings

An Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty one days' notice in writing at the least, and any other Extraordinary General Meeting by fourteen days' notice in writing at the least. In this Regulation references to written notice include the use of electronic communications and publication on a web site in accordance with the Act and the Electronic Communications Act 2000. The period of notice shall in each case be exclusive of the day on which it is served or in the case of an electronic communication, the day it is received or deemed to be served or received and of the day on which the meeting is to be held and shall, subject as provided in paragraph (B) of this Regulation F.58, be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of these Regulations entitled to receive such notices from the Company. Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-

- (1) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat which for this purpose shall include the Founders Share Company; and
- (2) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, and by the Founders Share Company.”

(B) Determination of record date for serving notices of meetings

For the purposes of serving notices of meetings, whether under section 370(2) of the Act or any other enactment or under these Regulations, the Directors may determine that persons entitled to receive such notices are those persons entered on the Register at the close of business on a day determined by the Directors, provided that, if the Company is a participating issuer, the day determined by the Directors may not be more than 21 days before the day that the relevant notice of meeting is sent.

(C) Accidental non-delivery of notice to or non-receipt of notice by any person (except Founders Share Company) not to invalidate proceedings at meeting

The accidental omission to give notice to or the non-receipt of notice by any person entitled thereto (other than in each case the Founders Share Company) shall not invalidate the proceedings at any General Meeting.

59.

(A) Contents of notices of General Meetings

Every notice of a General Meeting shall specify the principal meeting place and the satellite meeting places (if any) and the day and hour of the meeting and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.

(B) Notice of Annual General Meeting

In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

(C) Notices to identify special business

In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and, if any resolution is to be proposed as an Extraordinary Resolution or as a Special Resolution, the notice shall contain a statement to that effect.

(D) Determination of record date for entitlement to attend and vote at general meetings

For the purposes of determining which persons are entitled to attend or vote at any General Meeting, the notice may also specify a time (which shall not be more than 48 hours before the time fixed for the meeting) by which a person must be entered on the Register in order to have the right to attend or vote at the meeting. Changes to entries on the Register after the time so specified in the notice shall be disregarded in determining the rights of any person to so attend or vote.

60. Routine business of Annual General Meetings

Routine business shall mean and include any business transacted at an Annual General Meeting of the following classes:-

- (1) declaring dividends;
- (2) receiving and/or adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;
- (3) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (4) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);
- (5) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
- (6) granting, renewing or varying authority under section 80 of the Act or disapplying section 89 of the Act.

PROCEEDINGS AT GENERAL MEETINGS

61.

(A) Chairmanship of General Meetings

The Chairman of the Directors, failing whom one of the Deputy Chairmen, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.

(B) Directors may attend and speak at General Meetings

A Director is entitled to attend and speak at a General Meeting and at a separate General Meeting of the holders of a class of shares or debentures whether or not he is a member.

F.62

(A) Directors may make provision for persons (other than Founders Share Company) to attend General Meetings at satellite venues

The Directors may resolve to enable persons entitled to attend a General Meeting (other than the representative or proxy of the Founders Share Company) to do so by attending at a satellite meeting place anywhere in the world and the members present in person or by proxy at satellite meeting places shall be counted in the quorum for and entitled to vote at the meeting, and the meeting shall be duly constituted and its proceedings valid provided that (a) in the case of any General Meeting falling within the proviso to paragraph (A) of Regulation F.63, the Founders Share Company has given its prior written consent, and (b) the chairman of the General Meeting is satisfied that adequate facilities are available throughout the General Meeting to ensure that members attending at all the meeting places are able to (i) participate in the business for which the meeting has been convened, (ii) hear and see all persons present at and who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) in the principal meeting place, any satellite meeting place or elsewhere in accordance with paragraph (D) below, and (iii) be heard and seen by all other persons so present in the same way. The chairman of the General Meeting shall be present at, and the meeting shall be deemed to take place at, the principal meeting place.

(B) Discretion of Chairman to interrupt or adjourn General Meetings

If it appears to the chairman of the General Meeting that the facilities at the principal meeting place or any satellite meeting place have become inadequate for the purposes referred to in paragraph (A) above, then the chairman may, without the consent of the meeting, interrupt or adjourn the General Meeting for such time and/or to such other place as the chairman of the General Meeting may in his absolute discretion determine. All business conducted at that General Meeting up to the time of such adjournment shall be valid.

(C) Directors may arrange for persons to hear, see and speak at General Meetings by audio-visual means

The Directors may make arrangements for persons entitled to attend a General Meeting to be able to view and/or hear the proceedings of any General Meeting and/or to speak at the meeting (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise), by attending a venue anywhere in the world not being a satellite meeting place and those attending any such venue shall not be regarded as present and shall not be entitled to vote at the meeting at or from that venue and the inability for any reason of any member present in person or by proxy at such a venue to view and/or hear all or any of the proceedings of the meeting and/or to speak at the meeting shall not in any way affect the validity of such proceedings.

(D) Validity of meetings if accommodation inadequate

If it appears to the chairman of the General Meeting that any principal meeting place or satellite meeting place specified in the notice convening the meeting is inadequate to accommodate all members entitled and wishing to attend, the meeting shall be duly constituted and its proceedings valid if (a) in the case of any General Meeting falling within the proviso to paragraph (A) of Regulation F.63, any representative or proxy of the Founders Share Company is allowed to be present at the principal meeting place, and (b) the chairman is satisfied that adequate facilities are available to ensure that any other member who is unable to be accommodated is able to (i) participate in the business for which the meeting has been convened, and (ii) hear and see all persons present at and who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise), in the principal meeting place, any satellite meeting place or elsewhere in accordance with this paragraph (D), and (iii) be heard and seen by all other persons so present in the same way.

(E) Rights of members to take part in General Meetings

For the purposes of this Regulation, the right for a member to participate in the business of any General Meeting shall include, without limitation, the right to: speak; vote on any show of hands; vote on any poll; be represented by a proxy; and the right to have access to all documents which are required by the Statutes and these Regulations to be made available at the meeting.

F.63

(A) Quorum for General Meetings

No business (other than the appointment of a chairman) shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Any two members present in person or by proxy and entitled to vote or the Founders Share Company, present either by a representative appointed in accordance with section 375(1)(a) of the Act or by proxy, shall constitute a quorum for all purposes at any General Meeting. Provided that at any General Meeting:-

- (1) the business of which includes the consideration of any such resolution as is mentioned in Regulation F.18, or
- (2) which is held at a time when a Founders Share Control Notice, which has been served at the Office pursuant to and in accordance with paragraph (C) of Regulation F.19, has not been rescinded by any Rescission Notice served at the Office pursuant to and in accordance with paragraph (D) of that Regulation, or
- (3) which is called by shorter notice than the twenty one days or fourteen days (as the case may be) specified in Regulation F.58,

a quorum shall not be present for any purpose unless the Founders Share Company is present thereat, either by a representative appointed as aforesaid or by proxy.

(B) Meetings where no quorum present

If within five minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the General Meeting, if convened pursuant to any of the provisions of section 368 of the Act or of Regulation F.20, shall be dissolved. In any other case it shall stand adjourned to such other day and such time and such principal meeting place and satellite meeting places as may have been specified for the purpose in the notice convening the General Meeting or (if not so specified) as the chairman of the General Meeting may determine and in the latter case not less than seven days' notice of the adjourned meeting shall be given, subject always to the provisions of paragraph (B) of Regulation F.58, in like manner as in the case of the original meeting. At any such adjourned meeting all of the provisions of paragraph (A) of this Regulation shall apply as though every reference in that Regulation to a General Meeting included a reference to any such adjourned meeting. In this Regulation references to notice include the use of electronic communications and publications on a web site in accordance with the Act and the Electronic Communications Act 2000.

(A) Adjournment of General Meetings

The chairman of any General Meeting at which a quorum is present may with the consent of the General Meeting (and shall if so directed by the General Meeting) adjourn the meeting from time to time and from place to place or for an indefinite period, provided that in the case of any General Meeting falling within the proviso to paragraph (A) of Regulation F.63 any such adjournment will be subject to the consent of any representative or proxy of the Founders Share Company.

(B) Chairman's power to adjourn in certain circumstances

Without prejudice to any other power which he may have under the provisions of these Regulations or at common law, the chairman of any General Meeting may (without the consent of the meeting but, in the case of any General Meeting falling within the proviso to paragraph (A) of Regulation F.63, subject to the consent of any representative or proxy of the Founders Share Company) interrupt or adjourn a meeting if he is of the opinion that it has become necessary to do so in order to (i) secure the proper and orderly conduct of the meeting, or (ii) give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting, or (iii) ensure the proper disposal of the business of the meeting. Any such adjournment may be for such time as the chairman of the meeting may in his absolute discretion determine, and the chairman of the meeting shall have power to specify some other place for holding the meeting, notwithstanding that by reason of such adjournment some members may be unable to be present at the adjourned meeting. Any such person may nevertheless execute a form of proxy for the adjourned meeting and if he shall do so and shall deliver the same to the chairman of the adjourned meeting or to the Secretary of the Company, such proxy shall be valid notwithstanding that it is given at less notice than would otherwise be required under these Regulations. In this Regulation references to notice include the use of electronic communications and publications on a web site in accordance with the Act and the Electronic Communications Act 2000.

(C) Business at adjourned General Meetings

No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Business transacted at any adjourned meeting shall be treated as business transacted at the General Meeting which had been adjourned. Where a meeting is adjourned for an indefinite period, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or for an indefinite period, not less than seven days' notice of the adjourned meeting shall be given, subject always to the provisions of paragraph (B) of Regulation F.58, in like manner as in the case of the original meeting. At any adjourned meeting held pursuant to any of the provisions of this Regulation all of the provisions of Regulation 60 and Regulation F.63 shall apply as though every reference in those Regulations to a General Meeting included a reference to any such adjourned meeting. In this Regulation references to notice include the use of electronic communications and publications on a web site in accordance with the Act and the Electronic Communications Act 2000.

65. Notice of adjournment not required

Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

66. Amendments to resolutions

If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special or Extraordinary Resolution no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

F.67 Votes by show of hands unless poll demanded and requisitionists required for poll

At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-

- (A) the chairman of the meeting; or
- (B) not less than three members present in person or by proxy and entitled to vote; or
- (C) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (D) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or

(E) the Founders Share Company, present either by a representative appointed in accordance with section 375(1)(a) of the Act or by proxy.

Provided that:-

- (1) any such resolution as is mentioned in Regulation F.18, and
- (2) any resolution which is proposed at a General Meeting at a time when a Founders Share Control Notice, which has been served at the Office pursuant to and in accordance with paragraph (C) of Regulation F.19, has not been rescinded by any Rescission Notice served at the Office pursuant to and in accordance with paragraph (D) of that Regulation,

shall, in the absence of the written consent of the Founders Share Company to the contrary, be a resolution on which a poll must be taken, and in the event that a poll shall not be taken on any such resolution as aforesaid the result of any show of hands on that resolution shall be deemed to be invalid for all purposes.

68.

(A) Withdrawal of demand for poll

A demand for a poll may be withdrawn only with the approval of the General Meeting. Unless a poll is duly demanded, or is required to be taken, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is duly demanded, or is required to be taken, it shall be taken in such manner (including the use of ballot or other voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was so demanded or required to be taken. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

(B) Procedure for polls

A poll which is duly demanded (or which is required to be taken) on the choice of a chairman or on a question of adjournment shall be taken forthwith. A poll which is duly demanded (or which is required to be taken) on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The fact that a poll shall have been duly demanded (or shall be required to be taken) on any question (other than on the choice of a chairman or an adjournment) shall not prevent the continuance of the meeting for the transaction of any business other than that question.

69. Chairman to have casting vote

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.

F.70 Arrangements for security of General Meetings

The Directors and, at any General Meeting, the chairman may make any arrangement and impose any restriction they consider appropriate to ensure the security and orderly conduct of a General Meeting including, without limitation, the searching of the personal property of persons attending the meeting and the restriction of items that may be taken into the meeting place. The Directors and, at any General Meeting, the chairman is entitled to refuse entry to a meeting to a person (other than any representative or proxy of the Founders Share Company) who refuses to comply with these arrangements or restrictions.

VOTES OF MEMBERS

71. Votes on show of hands and on polls

Subject as otherwise provided by these Regulations, at any General Meeting of the Company:-

- (1) on any show of hands every member entitled to vote at such General Meeting other than the Founders Share Company who is present in person shall have one vote;
- (2) on any poll every holder of Ordinary Shares shall have one vote for every Ordinary Share of which he is the holder.

72. Votes of joint holders

In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the share.

73. Votes by receivers and others on behalf of members suffering from mental disorder

Where in England or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.

(A) No members to vote if sums unpaid on shares

No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting or meeting of the holders of any class of shares of the Company either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company or of the holders of any class of shares of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.

(B) Direction Notices to members and others not entitled to vote because in default under Section 212

If any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 212 of the Act and is in default for the prescribed period in supplying to the Company the information thereby required, then the Directors may in their absolute discretion at any time thereafter by notice (a "**Direction Notice**") to such member direct that:-

- (1) in respect of the shares in relation to which the default occurred (the "**Default Shares**") the member shall not be entitled to attend or vote (either in person or by proxy) at a General Meeting or at a separate general meeting of the holders of a class of shares or on a poll;
- (2) where the Default Shares represent at least 0.25 per cent. of the class of shares concerned (excluding any shares of that class held as treasury shares), then the Direction Notice may additionally direct that any of the following shall be effected:-
 - (a) in respect of the Default Shares any dividend or other money which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the member and any shares issued in lieu of dividend be withheld by the Company;
 - (b) no transfer of any Default Shares which are held in certificated form shall be registered unless the transfer is an approved transfer or:-
 - (i) the member is not himself in default as regards supplying the information requested; and

- (ii) the transfer is of part only of the member's holding and when presented for registration is accompanied by a certificate by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer;
- (c) if the Directors so determine, the Company shall be entitled to require the holder of any such Default Shares which are held in uncertificated form, by notice in writing to the holder concerned, to change his holding of uncertificated Default Shares to certificated form within such period as may be specified in the notice and require such holder to continue to hold such Default Shares in certificated form for so long as the default subsists. The Directors may also appoint any person to take such other steps, by instruction by means of a Relevant System or otherwise, in the name of the holder of such Default Shares, to effect conversion of such shares to certificated form and such steps shall be as effective as if they had been taken by the registered holder of the uncertificated Default Shares.

The Company shall send to each other person appearing to be interested in the shares the subject of any Direction Notice a copy of the notice, but the failure or omission by the Company to do so shall not invalidate such notice.

(C) Cesser of effect of Direction Notices

Any Direction Notice shall cease to have effect seven days after the earlier of:

- (1) receipt by the Company of notice of an approved transfer, but only in relation to the shares transferred; and
- (2) receipt by the Company, in a form satisfactory to the Directors, of all the information required by the section 212 notice.

(D) Direction Notices and depositaries

Where any person appearing to be interested in any shares has been served with a notice under section 212 of the Act and such shares are held by a recognised depositary, the provisions of this Regulation shall be deemed to apply only to those shares held by the recognised depositary in which such person appears to be interested and references to default shares shall be construed accordingly.

(E) Obligations of depositary under Direction Notice

Where the member on whom a notice under section 212 of the Act has been served is a recognised depositary, the obligations of the recognised depositary acting in its capacity as such shall be limited to disclosing to the Company such information relating to any person appearing to be interested in the shares held by it as has been recorded by the recognised depositary pursuant to the arrangements entered into by the Company or approved by the Directors pursuant to which it was appointed as a recognised depositary.

(F) Interpretation of Regulation F.74

For the purposes of this Regulation:-

- (1) a person shall be treated as appearing to be interested in any shares if the member holding such shares has given to the Company a notification under the said section 212 which either (a) names such person as being so interested or (b) fails to establish the identities of those interested in the shares and (after taking into account the said notification and any other relevant section 212 notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;
- (2) the prescribed period in respect of any particular member is 14 days from the date of service of the said notice under the said section 212;
- (3) a transfer of shares is an approved transfer if but only if:-
 - (a) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a takeover offer (as defined in section 428(1) of the Act); or
 - (b) the Directors are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with the member and with other persons appearing to be interested in such shares; or
 - (c) the transfer results from a sale made through a recognised investment exchange as defined in the Financial Services Act 1986 or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded.
- (4) a recognised depository is an ADR Custodian or a trustee (acting in his capacity as such) of any Employee's Share Scheme established by the Company where such scheme has been approved by the Directors for the purposes of this Regulation.

(G) Saving for Directors powers under Section 216

Nothing contained in this Regulation shall limit the power of the Directors under section 216 of the Act.

F.75 Founders Share Company may require Directors to serve Section 212 notice or Direction Notice or to apply to Court under Section 216

The Founders Share Company shall be entitled in its absolute discretion at any time and from time to time to serve or cause to be served upon the Company at the Office a requisition in writing requiring the Directors:

- (1) to serve in accordance with section 212 of the Act such notice or notices upon such person or respective persons as shall be specified in such requisition; and/or
- (2) to serve in accordance with paragraph (B) of Regulation F.74 a Direction Notice or Notices upon such person or respective persons and applying such of the provisions of paragraph (B) of Regulation F.74 as shall be specified in such requisition; and/or
- (3) to apply to the Court under section 216 of the Act for such order against such person or respective persons as shall be specified in such requisition,

and the Directors shall be bound to comply with any such requisition as soon as practicable after service thereof as aforesaid.

F.76 Objections to admissibility of votes to be raised only at the relevant meeting – saving for votes of Founders Share

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive save that no such decision shall be capable of prejudicing the effect of any valid exercise of any of the voting rights attached by these Regulations to the Founders Share.

F.77 Votes on a poll may be given personally or by proxy

On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

F.78 Proxy need not be a member

A proxy need not be a member of the Company.

F.79 Requirements as to form of appointment of proxy

The appointment of a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve:-

- (A) in the case of an individual shall be signed by the appointor or his attorney; and

- (B) in the case of a corporation shall be either executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, or in the case of the Founders Share Company may be signed by any one of the Reuter Trustees.

The signature on such appointment need not be witnessed. Where an appointment of a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the appointment of the proxy pursuant to the next following Regulation, failing which the chairman of the meeting may treat the instrument as invalid. In this Regulation references to in writing include the use of electronic communications subject to any terms and conditions decided on by the Directors.

80. Procedure for appointment of proxy

An appointment of a proxy which is not contained in an electronic communication must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Transfer Office) not less than forty eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. An instrument of proxy which is contained in an electronic communication must be received at an address specified for the purpose of receiving electronic communications in the notice of the meeting or in the appointment of a proxy itself not less than forty eight hours before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The appointment shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates. Provided that an appointment of a proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered or, in the case of an electronic communication, when it is received for the purposes of any meeting shall not require again to be delivered or received for the purposes of any subsequent meeting to which it relates. When two or more valid but differing instruments of proxy are delivered or received for the same share for use at the same meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. The appointment of a proxy does not prevent a member attending and voting in person at the meeting or an adjournment of the meeting or on a poll in which case no proxy shall be entitled to attend or vote in place of that member.

81. Proxy may join in demand for poll but not otherwise speak at meeting

The appointment of a proxy shall be deemed to include the right to demand or join in demanding a poll but shall not confer any further right to speak at the meeting, except with the permission of the chairman of the meeting.

82. Validity of votes by proxies

A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Transfer Office at least one hour before the commencement of the meeting or (in the case of a poll taken other than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of a poll at which the vote is cast. In this Regulation references to in writing include the use of electronic communications subject to any terms and conditions decided on by the Directors.

CORPORATIONS ACTING BY REPRESENTATIVES

F.83

(A) Requirements for appointment of representative by corporation

Any corporation which is a member of the Company may, in accordance with the provisions of section 375(1)(a) of the Act, by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. A Director, the Secretary or other person authorised for the purpose by the Secretary may require the representative to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers.

(B) Representatives of Founders Share Company

A person who in accordance with the Articles of Association of the Founders Share Company from time to time in force is deemed to be such a representative as aforesaid shall be treated as such for the purposes of these Regulations.

(C) Powers of representatives of corporations

Any person so authorised or treated as so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these Regulations be deemed to be present in person at any such meeting if a person so authorised or treated as so authorised is present thereat.

DIRECTORS

84. **Number of Directors**

The Directors shall not be less than five nor more than fifteen in number, but the Company in General Meeting may at any time and from time to time by Ordinary Resolution alter the minimum number and/or the maximum number of Directors.

85. **No share qualification – Directors may attend and speak at General Meetings**

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

86. **Remuneration of non-executive Directors**

Directors of the Company not holding executive office shall each be entitled to ordinary remuneration of such sum as shall be determined either before or after the adoption of these Regulations by an Ordinary Resolution of the Company in General Meeting.

87. **Executive Directors – numbers and remuneration**

Any Director who holds an executive office (including for this purpose the office of Chairman or Deputy Chairman whether or not such office is held in an executive capacity) may be paid such remuneration by way of salary, commission or otherwise as the Directors may determine. Any other Director who serves on any committee of the Directors or otherwise performs services which in the opinion of the Directors are outside the ordinary duties of a non-executive Director may be paid such remuneration, in addition to his ordinary remuneration, by way of salary, commission or otherwise as the Directors may determine. The maximum number of the Directors who may hold an executive office shall be the maximum number of Directors prescribed pursuant to Regulation 84 less five, provided that, if at any time there are less than such maximum number of Directors, no Director may be appointed who holds executive office or to an executive office unless there are at least five Directors not holding any executive office.

88. **Directors' expenses**

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.

89.

(A) Powers to give pensions to Directors

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(B) Power to arrange Directors and Officers insurance

Without prejudice to the provisions of Regulation 155 the Directors shall have power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees or auditors of the Company, or of any other company which is its parent undertaking or in which the Company or such parent undertaking or any of the predecessors of the Company or of such parent undertaking has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company or any such other company, subsidiary undertaking or pension fund.

90. Directors may be interested in contracts with the Company and in companies party to such contracts

A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary undertaking thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

91.

(A) Directors may appoint Managing Director

The Directors may from time to time appoint (subject to the provisions of Regulation 87) one or more of their body to be the holder of any executive office (including, where considered appropriate, the office of Managing or Joint Managing or Deputy or Assistant Managing Director or Chief Executive) on such terms and for such periods as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.

(B) Appointment as Managing Director to cease with Directorship

The appointment of any Director to the office of Managing or Joint Managing or Deputy or Assistant Managing Director or Chief Executive shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

(C) Appointment to any other executive office not to cease with Directorship unless contract so provides

The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

92. Directors may delegate powers to executive Directors

The Directors may entrust to and confer upon any Director holding any executive office any of the powers exercisable by them as directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

93. Section 293 to apply to the Company

The provisions of section 293 of the Act shall apply to the Company.

94. Vacation of office as Director:

The office of a Director shall be vacated in any of the following events, namely:-

(A) *if prohibited from acting by law:*

If he shall become prohibited by law from acting as a Director;

(B) *on resignation:*

If he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer;

(C) *on insolvency:*

If he shall have a receiving order made against him or shall compound with his creditors generally or shall apply to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;

(D) *as a consequence of mental disorder:*

If in England or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; and/or

(E) *on removal by co-Directors:*

If he shall be removed from office by notice in writing served upon him signed by all his co-Directors, but so that if he holds an appointment to an executive office which thereby automatically determines such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

In this Regulation references to notice and to in writing include the use of electronic communications subject to any terms and conditions decided on by the Directors.

95. Directors to retire by rotation

At each Annual General Meeting of the Company the greater of (i) one-third of the Directors (or, if the number of Directors is not a multiple of three, the number nearest to but not greater than one-third) and (ii) the number of Directors required to retire pursuant to Article 96 shall retire from office by rotation.*

96. Which Directors to retire

The Directors to retire by rotation at an Annual General Meeting shall comprise any Director who: (i) is due to retire at the meeting by reason of age; (ii) wishes to retire and not offer himself for re-election; or (iii) shall not have retired from office by rotation in the period of three years ending on the date of the meeting.*** Any further Directors so to retire shall be those of the Directors who have been longest in office since their last re-election or appointment and so that as between persons who become or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

97. Appointment of Directors by Company

The Company at the meeting at which a Director retires under any provision of these Regulations may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected except in any of the following cases:-

* Amended by Special Resolution passed on 21 April 1998.

** Amended by Special Resolution passed on 21 April 1998.

- (1) Where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost;
- (2) Where such Director has given notice in writing to the Company that he is unwilling to be re-elected;
- (3) Where the default is due to the moving of a resolution in contravention of the next following Regulation;
- (4) Where such Director has attained any retiring age applicable to him as Director.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

In this Regulation references to notice and to in writing include the use of electronic communications subject to any terms and conditions decided on by the Directors.

98. Resolutions to appoint two or more Directors to be subject to consent of General Meeting

A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this Regulation shall be void.

99. Notice of candidature for Directorship

No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any General Meeting unless not less than seven nor more than forty two days (inclusive of the date on which the notice is given) before the date appointed for the meeting there shall have been lodged at the Office notice in writing signed by some member (other than the person to be proposed) duly qualified to attend and vote in respect of the appointment of such person at the meeting concerned or by the Founders Share Company of his or its intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be appointed or reappointed. In this Regulation references to notice and to in writing include the use of electronic communications subject to any terms and conditions decided on by the Directors.

100. Company may remove and replace Directors by Ordinary Resolution

The Company may, in accordance with and subject to the provisions of the Statutes, by Ordinary Resolution of which special notice has been given remove any Director from office (notwithstanding any provision of these Regulations or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement) and appoint another person to be a Director in place of the Director so removed from office and any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last elected such a Director. In default of such appointment the vacancy arising upon the removal of a Director from office may be filled as a casual vacancy.

101. Company and Directors may fill casual vacancies and appoint additional Directors

Subject to the maximum numbers of Directors and of Directors who may hold an executive office fixed by or in accordance with these Regulations:-

- (1) the Company may by Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director; and
- (2) without prejudice to paragraph (1) above the Directors may at any time appoint any person to be a Director either to fill a casual vacancy or as an additional Director.

Any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, but he shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

ALTERNATE DIRECTORS

102.

(A) Directors may appoint alternates

Any Director may by signed notice in writing deposited at the Office, or delivered or received at a meeting of the Directors, appoint any person (including another Director) to be his alternate Director and may in like manner at any time terminate such appointment. Such appointment, unless previously approved by the Directors, shall have effect only upon and subject to being so approved. In this Regulation references to in writing include the use of electronic communications subject to any terms and conditions decided on by the Directors.

(B) Alternateships to determine with Directorship of appointor

The appointment of an alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if his appointor ceases to be a Director.

(C) Rights and powers of alternates

An alternate Director shall be entitled to receive or be sent notices of meetings of the Directors and shall be entitled to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all functions of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Regulations shall apply as if he (instead of his appointor) were a Director. If he shall be himself a Director or shall attend any such meeting as an alternate for more than one Director, his voting right shall be cumulative. To such extent as the Directors may from time to time determine in relation to any committees of the Directors the foregoing provisions of this paragraph shall also apply to any meeting of any such committee of which his appointor is a member. An alternate Director shall not (save as aforesaid) have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Regulations. In this Regulation references to notices include the use of electronic communications and publications on a web site in accordance with the Act and the Electronic Communications Act 2000.

(D) Alternates may be interested in contracts, be paid expenses and be indemnified

An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.

MEETINGS AND PROCEEDINGS OF DIRECTORS

103.

(A) Directors may meet and regulate proceedings – determining resolutions

Subject to the provisions of these Regulations the Directors may meet together for the despatch of business, adjourn and otherwise regulate their proceedings as they think fit. Without prejudice to the generality of the foregoing, the Directors may determine by resolution (a "**determining resolution**") that questions on certain matters may only be determined by a special majority of votes. To be valid a resolution varying or revoking a determining resolution will require the same special majority of votes as is required to determine questions on matters which are the subject of the determining resolution.

(B) Directors may summon meetings of Directors

At any time any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of the Directors. Any Director may waive notice of any meeting and any such waiver may be retroactive. In this Regulation references to notice include the use of electronic communications and publications on a web site in accordance with the Act and the Electronic Communications Act 2000.

104. Quorum for Directors' meetings

The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number shall be five. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions from time to time exercisable by the Directors.

105. Questions to be determined by majority voting

Subject to Regulations 103 and 109, questions arising at any meeting of the Directors shall be determined by a majority of votes.

106.

(A) Directors' interests in contracts – general prohibition on voting

Save as herein provided, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has an interest which (together with any interest of any person connected with him within the meaning of section 346 of the Act) is, to his knowledge, a material interest, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company.

(B) Exceptions to prohibition on voting

Subject to the provisions of the Statutes a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote in respect of any resolution concerning any of the following matters, namely:-

- (1) The giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (2) The giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (3) Any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or is to be interested as a participant in the underwriting or sub-underwriting thereof;

- (4) Any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with persons connected with him within the meaning of section 346 of the Act) does not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the Act) representing one per cent. or more of the issued shares of any class of such company (excluding any shares of that class held as treasury shares) (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Regulation to be a material interest in all circumstances); and/or
- (5) Any proposal concerning the adoption, modification or operation of any pension, superannuation or similar scheme or retirement, death or disability benefits scheme or Employees' Share Scheme which has been approved by the Inland Revenue or is conditional upon such approval or does not award him any privilege or benefit not awarded to the employees to whom such scheme relates; and/or
- (6) Any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any Directors of the Company or for persons who include Directors of the Company.

(C) Directors voting on executive appointments

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of the appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under paragraph (B)(4) of this Regulation) shall be entitled to vote in respect of each resolution except that concerning his own appointment.

(D) Chairman to rule on materiality of a Director's interest

If any question shall arise at any time as to the materiality of a Director's interest or as to the entitlement of any Director (other than the chairman of the meeting) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interest of such Director has not been fairly disclosed.

(E) Directors to resolve as to the materiality of a Chairman's interest

If any question shall arise at any time as to the materiality of the interest of the chairman of the meeting or as to the entitlement of the chairman to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be decided by resolution of the Directors or committee members present at the meeting (excluding the chairman) whose majority vote shall be final and conclusive, except in a case where the nature or extent of the interest of the chairman has not been fairly disclosed.

(F) Interests of the appointor of an alternate to be treated as the interests of the alternate

For the purposes of this Regulation, in relation to an alternate Director, the interest of his appointor shall be treated as the interest of the alternate Director in addition to any interest which the alternate Director otherwise has. This Regulation applies to an alternate Director as if he were a Director otherwise appointed.

107. Directors may act notwithstanding vacancies – limited powers if below minimum number

The continuing Directors may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Regulations the continuing Directors or Director may act for the purpose of filling such vacancies or of summoning General Meetings, but not for any other purpose. If there be no Directors or Director able or willing to act, then any two members may summon a General Meeting for the purpose of appointing Directors.

108.

(A) Chairmanship of Directors

The Directors may elect from their number a Chairman and a Deputy Chairman (or two or more Deputy Chairmen) and determine the period for which each is to hold office. If no Chairman or Deputy Chairman shall have been appointed or if at any meeting of the Directors no Chairman or Deputy Chairman shall be present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.

(B) Rights of Deputy Chairmen to act

If at any time there is more than one Deputy Chairman the right in the absence of the Chairman to preside at a meeting of the Directors or of the Company shall be determined as between the Deputy Chairmen present (if more than one) by seniority in length of appointment or otherwise as resolved by the Directors.

(A) Resolutions of Directors in writing

A resolution in writing of the Directors shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened and held where:

- (i) the resolution is signed or approved by all the Directors, in which case the resolution shall have effect at the time and date when the resolution is last signed or approved by a Director; or
- (ii)
 - (a) the resolution has been served on all the Directors and alternate Directors entitled to receive notice of a meeting of Directors (being at least such number of Directors as would constitute a quorum of a meeting of Directors);
 - (b) the resolution is signed or approved in accordance with paragraph (B) below by three-quarters of the Directors who would be entitled to vote on the resolution if it were considered at a meeting of Directors (or, if their number is not a multiple of four, the number nearest to but not less than three-quarters); and
 - (c) no Director has within forty-eight hours of the time (the "**service time**") at which the resolution is served on him, or deemed to have been served on him in accordance with paragraph (E) below, notified the Secretary that he requires the resolution to be considered by a meeting of Directors,

in which case the resolution shall, subject to the terms of the resolution, have effect at the expiry of the later of (aa) the period of forty-eight hours following the service time in respect of the Director or alternate Director on whom the resolution is served or deemed to have been served last, (bb) the date and time when the resolution is signed or approved by the last Director required to constitute the necessary majority.

(B) Form of written resolutions

Such a written resolution may consist of several documents in like form, each signed by one or more Directors, and/or may be approved by one or more Directors by one or more telex, facsimile or electronic mail messages sent to the Secretary by them or at their request and specifically identifying the resolution seen and approved by them.

(C) Powers of alternates as to written resolutions

If the appointor of an alternate Director is for the time being absent from the United Kingdom or temporarily unable to act through ill-health or disability the signature or approval of his alternate Director to any resolution in writing of the Directors or his alternate Director notifying the Secretary pursuant to paragraph (A)(ii)(c) above that he requires any such resolution to be considered by a meeting of Directors, shall be as effective as the signature, approval or notification of his appointor for all purposes under this Regulation.

(D) Resolutions in writing by committees

This Regulation shall also apply to resolutions in writing of a committee of the Directors in which case each reference in this Regulation to a Director or Directors should be read as a reference to a member or members of the committee, each reference in this Regulation to an alternate Director or alternate Directors should be read as a reference to an alternate Director or alternate Directors appointed by a Director or Directors who is or are a member or members of the committee and each reference in this Regulation to a meeting or meetings of the Directors should be read as a reference to a meeting or meetings of the committee.

(E) Service on Directors of resolutions to be passed in writing

Any resolution required under paragraph (A)(ii) above to have been served on a Director or alternate Director shall be delivered personally or sent by facsimile, telex, electronic mail or pre-paid first class post (air mail if overseas) to the facsimile or telex number or address to which notices of a meeting of Directors may be properly served on such person in accordance with the Regulations prescribed by the Directors from time to time pursuant to Regulation 103 or, if the Director or alternate Director has otherwise notified the Secretary of another facsimile or telex number or address or electronic mail address anywhere in the world for the service of such resolutions or notices during a specified or indefinite period, during such period to such number or address and, in the absence of evidence of earlier receipt, the resolution shall be deemed to have been duly given (a) if delivered personally, when left with the Director or alternate Director or at such address; (b) if sent by facsimile, on completion of its transmission; (c) if sent by telex, when the proper answer-back is received; (d) if sent by electronic mail receipt requested, when the receipt is received by the sender of the resolution; (e) if sent by post other than air mail, twenty-four hours after posting it; and (f) if sent by air mail, six days after posting it.

(F) Electronic Communications

In this Regulation references to in writing include the use of electronic communications subject to any terms and conditions decided on by the Directors.

F.110 Directors may delegate to committees

The Directors may delegate any of their powers or discretions to committees consisting of one or more members of their body and (if thought fit) one or more other persons co-opted as hereinafter provided. Any committee so formed shall in the exercise of the powers so delegated conform to any Regulations which may from time to time be imposed by the Directors. Any such Regulations may provide for or authorise the co-option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee.

111. Meetings and proceedings of committees

The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions of these Regulations regulating the meetings and proceedings of the Directors, so far as the same are not superseded by any Regulations made by the Directors under Regulation F.110. To the extent that any such power or discretion is so delegated any reference in these Regulations to the exercise by the Directors of such power or discretion shall be read and construed as if it were a reference to such committee.

112.

(A) Validity of acts of Directors or committees

All acts done by any meeting of Directors, or of any such committee, or by any person acting as a Director or as a member of any such committee, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any of the persons acting as aforesaid, or that any such persons were disqualified or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of the committee and had been entitled to vote.

(B) Participation in meetings by audio-visual means

A Director or his alternate Director may participate in a meeting of the board or a committee of the board through the medium of conference telephone, video conferencing or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Statutes, all business transacted in this way by the board or a committee of the board is for the purposes of these Regulations deemed to be validly and effectively transacted at a meeting of the board or a committee of the board although fewer than two Directors or alternate Directors are physically present at the same place. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

BORROWING POWERS

113

(A) Directors may exercise borrowing powers of Company

Subject to the following provisions in this Regulation 113, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

(B) Limit on exercise of borrowing powers

The Directors shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to ensure (as regards subsidiary undertakings, to the extent possible) that the aggregate principal amount outstanding in respect of moneys borrowed by the Reuters Group does not at any time without the previous sanction of an Ordinary Resolution of the Company exceed a sum equal to the higher of two and a half times the Adjusted Capital and Reserves and £5,000 million (or its equivalent from time to time) or such greater amount as the Company in general meeting may decide.

(C) Definition of "Adjusted Capital and Reserves"

In this Regulation the expression "**Adjusted Capital and Reserves**" means at any material time a sum equal to the aggregate of:-

- (1) the amount paid up (or credited as or deemed to be paid up) on the issued share capital of the Company;
- (2) the amount standing to the credit of the capital and revenue reserves of the Reuters Group (including without limitation any share premium account or capital redemption reserve) after adding thereto or deducting therefrom any balance outstanding to the credit or debit of the profit and loss account or any reserve of the Reuters Group; and
- (3) the amount standing to the credit of the revaluation reserves of the Reuters Group (in accordance with Schedule 4 of the Act);

based on a consolidation of the then latest audited balance sheet of the Reuters Group, after excluding reserves and any balances on profit and loss account of companies other than members of the Reuters Group and after:-

- (a) making such adjustments as may be appropriate in respect of any variation in the amount of such paid up share capital or any such capital reserves subsequent to the relevant balance sheet date; and so that for the purpose of making such adjustments, if any issue or proposed issue of shares by the Company for cash has been underwritten, then such shares shall be deemed to have been issued and the amount (including any premium) of the subscription moneys payable in respect thereof (not being moneys payable later than six months after the date of allotment) shall, to the extent so underwritten be deemed to have been paid up on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, on the date when it became unconditional);

- (b) making such adjustments as may be appropriate in respect of any distributions declared, recommended or made by the Company or its subsidiary undertakings (otherwise than attributable directly or indirectly to the Company) out of profits earned up to and including the date of the latest audited balance sheet of the Company or its subsidiary undertakings (as the case may be) to the extent that such distribution is not provided for in such balance sheet;
- (c) making such adjustments as may be appropriate in respect of any variation in the interests of the Company in its subsidiary undertakings since the date of the last audited balance sheet of the Company;
- (d) making such adjustments, if the calculation is required for the purposes of or in connection with a transaction under or in connection with which any company is to become or cease to be a subsidiary undertaking, as would be appropriate if such transaction had been carried into effect;
- (e) adding back an amount equal to the value of any goodwill arising on acquisitions made after 1 January 1990 and written off against reserves of the Reuters Group in such consolidation provided that an amount equal to only such part of such goodwill shall be added back which would have remained unamortised had such goodwill been written off in accordance with United States generally accepted accounting principles; and
- (f) excluding minority interests in subsidiary undertakings.

The determination of the Auditors as to the amount of the Adjusted Capital and Reserves at any time shall be conclusive and binding on all concerned, and for the purposes of their computation, the Auditors may at their discretion make such further adjustments (if any) as they think fit. Nevertheless, for the purposes of this Regulation, the Directors may act in reliance on a bona fide estimate of the amount of the Adjusted Capital Reserves at any time and, if in consequence the limit hereinbefore contained is inadvertently exceeded, an amount of borrowed moneys equal to the excess may be disregarded until the expiration of three months after the date on which by reason of a determination of the Auditors or otherwise the Directors become aware that such a situation has or may have arisen.

(D) Interpretation of Regulation 113

For the purpose of the foregoing limit the following provisions shall apply:-

- (1) there shall be deemed, subject as hereinafter provided, to have been borrowed and to be outstanding as borrowed moneys of the relevant member of the Reuters Group (to the extent that the same would not otherwise fall to be taken into account):-
 - (a) the principal amount of all debentures of any member of the Reuters Group which are not for the time being beneficially owned within the Reuters Group;
 - (b) the outstanding amount of acceptances (not being acceptances of trade bills in respect of the purchase or sale of goods in the ordinary course of trading) by any member of the Reuters Group or by any bank or accepting house under any acceptance credit opened on behalf of and in favour of any member of the Reuters Group;
 - (c) the nominal amount of any issued and paid up share capital (other than equity share capital) of any subsidiary undertaking of the Company not for the time being beneficially owned by other members of the Reuters Group;
 - (d) the nominal amount of any other issued and paid up share capital and the principal amount of any other debentures or other borrowed moneys (not being shares or debentures which or borrowed moneys the indebtedness in respect of which is for the time being beneficially owned within the Reuters Group) the redemption or repayment whereof is guaranteed or wholly or partly secured by any member of the Reuters Group;
 - (e) any fixed or minimum premium payable on final redemption or repayment of any debentures, share capital or other borrowed moneys falling to be taken into account;
- (2) moneys borrowed by any member of the Reuters Group for the purpose of repaying or redeeming (with or without premium) in whole or in part any other borrowed moneys falling to be taken into account and intended to be applied for such purpose within six months after the borrowing thereof shall not during such period, except to the extent so applied, themselves be taken into account;
- (3) any amounts borrowed by any member of the Reuters Group from bankers or others for the purpose of financing any contract up to an amount not exceeding that part of the price receivable under such contract which is guaranteed or insured by the Export Credits Guarantee Department or other like institution carrying on a similar business shall be deemed not to be borrowed moneys;

- (4) moneys borrowed by a partly owned subsidiary undertaking and not owing to another member of the Reuters Group shall be taken into account subject to the exclusion of a proportion thereof equal to the minority proportion and moneys borrowed and owing to a partly owned subsidiary undertaking by another member of the Reuters Group shall be taken into account to the extent of a proportion thereof equal to the minority proportion; for the purposes aforesaid "minority proportion" shall mean the proportion of the issued equity share capital of such partly owned subsidiary undertaking which is not attributable to the Company;
- (5) borrowed moneys of any member of the Reuters Group expressed in or calculated by reference to a currency other than sterling shall be translated into sterling by reference to the rate of exchange used for the conversion of such currency in the latest audited balance sheet of the relevant member of the Reuters Group or, if the relevant currency was not thereby involved, by reference to the rate of exchange or approximate rate of exchange ruling on such date and determined on such basis as the Auditors may determine or approve.
- (D) In establishing the amounts of all monies borrowed by the Reuters Group referred to in this Regulation 113 there shall be set against the gross borrowings of the Reuters Group cash deposits (including certificates of deposit and similar instruments having a maturity of less than one year), and other marketable investments of the Reuters Group (other than shares in the Company and investments held by a company in the Reuters Group in a capacity other than for its own account or for that of any other undertaking in the Reuters Group).
- (E) No person dealing with the Company or any of its subsidiary undertakings shall be concerned to see or enquire whether the said limit is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or security given, express notice that the said limit had been or would thereby be exceeded.
- (F) If a Director or other employee of the Company or any of its subsidiary undertakings so authorised by the Directors confirms in writing that a particular borrowing or grant of security will not cause the said limit to be exceeded, such certificate shall be conclusive for all purposes and may be relied on by the recipient for all purposes.

POWERS AND DUTIES OF DIRECTORS

F.114 Directors to observe Reuter Trust Principles

The Directors shall in the performance of their functions have due regard to the principles set out in sub-paragraphs (1) to (5) below in so far as by the proper exercise of their powers as Directors (including the proper exercise of all such powers as they may have to control the affairs of all undertakings which shall from time to time be subsidiary undertakings of the Company) and in accordance with their other duties as Directors of the Company those principles are capable of being observed by the Directors:-

- (1) that Reuters shall at no time pass into the hands of any one interest, group or faction;
- (2) that the integrity, independence and freedom from bias of Reuters shall at all times be fully preserved;
- (3) that Reuters shall supply unbiased and reliable news services to newspapers, news agencies, broadcasters and other media subscribers and to businesses, governments, institutions, individuals, and others with whom Reuters has or may have contracts;
- (4) that Reuters shall pay due regard to the many interests which it serves in addition to those of the media; and
- (5) that no effort shall be spared to expand, develop and adapt the news and other services and products of Reuters so as to maintain its leading position in the international news and information business.

115. Business and powers of Company to be managed and exercised by Directors

The business and affairs of the Company shall be managed by the Directors, who may exercise all such powers of the Company as are not by the Statutes or by these Regulations required to be exercised by the Company in General Meeting, subject nevertheless to any of these Regulations, to the provisions of the Statutes and to such Regulations, being not inconsistent with the aforesaid Regulations or provisions, as may be prescribed by Special Resolution of the Company, but no Regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such Regulation had not been made.

116. Non-limitation of Regulation 115 powers by other authorities or powers

The general powers given by Regulation 115 shall not be limited or restricted by any special authority or power given to the Directors by any other Regulation.

117. Directors may establish local boards or agencies

The Directors may establish any local boards or agencies for managing any of the affairs of the Company, either in the United Kingdom or elsewhere, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and may authorise the members of any local boards, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no persons dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

118. Directors may appoint attorneys

The Directors may from time to time and at any time by power of attorney or otherwise appoint any person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Regulations) and for such period and subject to such conditions, as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

119. Directors may elect a President of the Company

The Directors may from time to time elect a President of the Company and may determine the period for which he shall hold office. Such President may be either honorary or paid such remuneration as the Directors in their discretion shall think fit, and need not be a Director but shall, if not a Director, be entitled to receive notice of and attend and speak, but not to vote, at all meetings of the Board of Directors.

120. Mode of signing cheques and other instruments

All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

REGISTERS

121.

(A) Entries on Registers of numbers of Uncertificated Shares and Certificated Shares

Subject to the Statutes, the Company shall enter on the Register how many Certificated Shares and Uncertificated Shares each member holds.

(B) Directors may keep branch Registers

Subject to and to the extent permitted by the Statutes, the Company, or the Directors on behalf of the Company, may cause to be kept in any territory a branch Register of members resident in such territory, and the Directors may make and vary such Regulations as they think fit respecting the keeping of any such Register, provided however that those members who hold Uncertificated Shares may not be entered as holders of those shares on an overseas branch Register.

SECRETARY

122. **Directors to appoint and may remove Secretary; Joint Secretaries and Assistant Secretaries**

The Secretary shall be appointed by the Directors on such terms and for such period as they may think fit. Any Secretary so appointed may at any time be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between him and the Company. If thought fit two or more persons may be appointed as Joint Secretaries. The Directors may also appoint from time to time on such terms as they may think fit one or more Assistant Secretaries.

THE SEAL

123.

(A) **Directors' authority required for use of Seal and any Securities Seal**

The Directors shall provide for the safe custody of the Seal and any Securities Seal and neither shall be used without the authority of the Directors or of a committee authorised by the Directors in that behalf.

(B) **Mode of affixing Seal and Securities Seal**

Each of the Seal and the Securities Seal may be properly affixed to any document by impressing it by mechanical means or by printing it or a facsimile of it on such document, or by applying it or a facsimile of it by any other means to such document.

(C) **Signing of sealed documents**

Every instrument to which the Seal shall be affixed shall be signed autographically by one Director and the Secretary or by two Directors save that as regards any certificates for shares or debentures or other securities of the Company the Directors may by resolution determine that such signatures or either of them shall be dispensed with or that facsimiles of such signatures or either of them shall be printed or applied by any other means to any such certificates.

(D) **Use of Securities Seal**

The Securities Seal shall be used only for sealing securities issued by the Company in certificated form and documents creating and evidencing securities so issued. Any such securities or documents sealed with the Securities Seal shall not require to be signed.

(E) Execution of Deeds not under Seal

Where the Statutes so permit any instrument signed by one Director and the Secretary or by two Directors and expressed to be executed by the Company shall have the same effect as if executed under the Seal.

(F) Deeds to be authorised by Directors

No instrument shall be signed pursuant to Regulation 123(E) which makes it clear on its face that it is intended by the person or persons making it to have effect as a deed without the authority of the Directors or of a committee authorised by the Directors in that behalf.

124. Company may provide for an official seal for use abroad

The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

AUTHENTICATION OF DOCUMENTS

125. Procedure for and manner of authentication of documents

Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of the meeting, of the Company or of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

RESERVES

126. Directors may create reserves

The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special fund into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions of the Statutes.

DIVIDENDS

127. **Company may declare dividends not exceeding Directors' recommendation**

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

128. **Directors may declare and pay fixed and interim dividends**

If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

F.129

(A) Dividends to be paid pro rata to amounts paid on shares

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Regulation no amount paid on a share in advance of calls shall be treated as paid on the share.

(B) Directors may pay dividends to ADR Custodians in currencies other than sterling

The Directors may at their discretion make provision to enable such ADR Custodian and/or member as they shall from time to time determine to receive dividends duly declared in a currency or currencies other than sterling. For the purposes of the calculation of the amount receivable in respect of any dividend, the rate of exchange to be used to determine the foreign currency equivalent of any sum payable as a dividend shall be such market rate selected by the Directors as they shall consider appropriate ruling at the close of business (in London) on the date which is the business day last preceding (a) in the case of a dividend to be declared by the Company in General Meeting, the date on which the Directors publicly announce their intention to recommend that specific dividend and (b) in the case of any other dividend, the date on which the Directors publicly announce their intention to pay that specific dividend.

130. **Distributable reserves**

No dividend shall be paid otherwise than out of profits available for distributions under the provisions of the Statutes.

131. Pre-acquisition profits distributable

Subject to the provisions of the Statutes, where any asset, business or property is bought by the Company as from a past date the profits and losses thereof as from such date may at the discretion of the Directors in whole or in part be carried to revenue account and treated for all purposes as profits or losses of the Company. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest, such dividend or interest may at the discretion of the Directors be treated as revenue and it shall not be obligatory to capitalise the same or any part thereof.

132. No dividends to bear interest against the Company

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

133.

(A) Directors may make deductions from dividends

The Directors may deduct from any dividend or other moneys payable on or in respect of a share all sums of money (if any) presently due and payable by the holder thereof to the Company on account of calls or otherwise.

(B) Directors may retain dividends on shares of persons entitled by operation of law pending registration

The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

134. Waivers of Dividends

The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

135.

(A) Returned or uncashed dividends

If, in respect of a dividend or other amount payable in respect of a share on any one occasion:-

- (1) a cheque, warrant or order is returned undelivered or left uncashed, or
- (2) a transfer made by a bank or other funds transfer system is not accepted,

and reasonable enquiries have failed to establish another address or account of the person entitled to the payment, the Company is not obliged to send or transfer a dividend or other amount payable in respect of that share to that person until he notifies the Company of an address or account to be used for that purpose. If the cheque, warrant or order is returned undelivered or left uncashed or transfer not accepted on two consecutive occasions, the Company may exercise this power without making any such enquiries.

(B) Directors not trustees of unclaimed dividends

The payment by the Directors of any unclaimed dividend or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof and any dividend unclaimed after a period of twelve years from the date such dividend became due for payment shall be forfeited and shall revert to the Company.

F.136 Directors may pay dividends in kind

The Company may with the prior written consent of the Founders Share Company and upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

137.

(A) Delivery of dividends and other payments

Any dividend or other moneys payable in cash or in respect of a share may be paid (i) by cheque or warrant sent through the post to the registered address of the member or person entitled thereto (or, if two or more persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct, or (ii) by a bank or other funds transfer system to an account designated in writing by the person entitled to the payment or (iii) by such other method as the Directors may in their absolute discretion think fit including but not limited to payments in respect of Uncertificated Shares being made through the Relevant System (subject always to the facilities and requirements of the Relevant System, these Regulations and any other legal requirements). Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. If payment is made by bank or other funds transfer, or by another method at the direction of the person entitled to payment, the Company is not responsible for amounts lost or delayed in the course of transfer or in carrying out those directions.

(B) Payments in respect of shares

Notwithstanding any other provision of these Regulations relating to payments in respect of shares, where:

- (i) the Directors determine to make payments in respect of Uncertificated Shares through the Relevant System, they may also determine to enable any holder of Uncertificated Shares to elect not to so receive payments through the Relevant System and, in such event, establish procedures to enable such holder to make, vary or revoke any such election; and
- (ii) the Company receives an authority in respect of such payments in respect of shares in a form satisfactory to it from a holder of any share (whether such authority is given in writing or by means of the Relevant System or otherwise), the Company may make, or procure the making of, such payments in accordance with such authority and any payment made in accordance with such authority shall constitute a good discharge therefor.

(C) Payment of foreign currency dividends to ADR Custodians

Where an ADR Custodian approved by the Directors for the purposes of this Regulation has elected or agreed pursuant to provision made under these Regulations to receive dividends in a foreign currency the Directors may in their discretion approve the entering into of arrangements with such ADR Custodian to enable payment of the dividend to be made to such ADR Custodian in such foreign currency for value on the date on which the relevant dividend is paid, or such later date as the Directors may determine.

138. Receipts for dividends to joint holders

If two or more persons are registered as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.

F.139 Dividend resolution may specify record date at any time

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the respective rights of transferors and transferees of any such shares in respect of such dividend.

CAPITALISATION OF PROFITS AND RESERVES

140. Directors may make capitalisation issues of shares

Subject to the Statutes, the Directors may, with the sanction of an Ordinary Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts (including any share premium account, capital redemption reserve, revaluation reserve pursuant to Schedule 4 to the Act or other undistributable reserve) or any sum standing to the credit of any profit and loss account by appropriating such sum to the holders of each class of shares on the Register at the close of business on the date of the Resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares of that class and applying such sum on their behalf in paying up in full, subject to any special rights previously conferred on any shares or class of share for the time being issued and subject to the other provisions of these Regulations, unissued shares of that class for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid but so that such provisions shall not apply in respect of the Founders Share. Any Ordinary Resolution proposed pursuant to this Regulation may stipulate that an allotment of bonus shares shall not be made to the Company in respect of shares held by the Company as treasury shares and, in that event, no bonus shares shall be allotted to the Company in respect of those shares and those shares shall be disregarded for the purposes of calculating proportions of holdings of shares under this Regulation. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

SCRIP DIVIDENDS

141.

(A) Directors may offer shares in lieu of dividends with authority of Ordinary Resolution

The Directors may, with the prior sanction of an Ordinary Resolution of the Company, offer the holders of Ordinary Shares the right to elect to receive in respect of all or part of their holding of Ordinary Shares, additional Ordinary Shares credited as fully paid ("additional Ordinary Shares") instead of cash in respect of all or part of such dividend or dividends and (subject as hereinafter provided) upon such terms and conditions and in such manner as may be specified in such Ordinary Resolution.

(B) Period and other terms of authority for scrip dividends

The said Ordinary Resolution may specify that such right to elect shall apply in respect of all or part of a particular dividend or in respect of all or any dividends (or any part of such dividends) declared or paid within a specified period but such period may not end later than the date of the fifth Annual General Meeting next following the date of the general meeting at which such Ordinary Resolution is passed, subject nevertheless to the provisions of the Statutes and provided nevertheless that the Directors may in their absolute discretion if it shall in their opinion seem expedient suspend or terminate (whether temporarily or otherwise) such right to elect and may do such acts and things considered necessary or expedient with regard to, or in order to effect, any such suspension or termination.

(C) Offer to be communicated to shareholders

When such right to elect is to be offered to holders of Ordinary Shares pursuant to this Regulation, the Directors shall notify such holders of the said right and shall make available or provide to such holders forms or other method of election (in such form as the Directors may approve) whereby such holders may exercise such right.

(D) Number of shares to which shareholders entitled

Each holder of Ordinary Shares who elects to receive additional Ordinary Shares shall be entitled to receive such number of additional Ordinary Shares, calculated at the Relevant Price for each such share, as is nearly as possible equal to (but not in excess of) the cash amount of the relevant dividend which such holder would otherwise have received. For the purposes of this Regulation, the "Relevant Price" of an additional Ordinary Share shall be such price as is equal to the average of the middle market prices for the Ordinary Shares of the Company, ascertained by reference to the Daily Official List of the London Stock Exchange during the period of three dealing days commencing on the day when such Ordinary Shares are first quoted "ex" the relevant dividend or to the par value of an Ordinary Share (whichever is the higher).

(E) No fractional entitlements

The basis of allotment shall be such that no member may receive a fraction of an Ordinary Share. The Directors may make such provisions as they may think fit for any fractional entitlements which may or would arise (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned).

(F) Directors may capitalise profits and reserves for issue of scrip dividends

Subject to any right of the Directors to retain any dividend or other moneys payable on or in respect of shares pursuant to these Regulations, the cash amount of a dividend on or in respect of an Ordinary Share in respect whereof the holder thereof has made an election pursuant to this Regulation shall not be payable and in lieu thereof additional Ordinary Shares shall be allotted to such holders on the basis of allotment hereinbefore specified. For such purpose, the Directors may (without prejudice to their powers under Regulation 140) capitalise out of such of the sums standing to the credit of any of the Company's reserve accounts (including any share premium account, capital redemption reserve or any other undistributable reserve) or any of the profits available for distribution under the provisions of the Statutes which would otherwise have been applied in paying dividends in cash as the Directors may determine a sum equal to the aggregate nominal amount of the additional Ordinary Shares to be so allotted and shall apply the same in paying up in full the appropriate number of unissued Ordinary Shares for allotment and distribution credited as fully paid to and amongst the relevant holders of Ordinary Shares. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would or might arise (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(G) Scrip dividend shares to rank pari passu with existing shares

The additional Ordinary Shares so allotted shall rank *pari passu* in all respects with the fully paid Ordinary Shares then in issue save only as regards participation in the relevant dividend (or share election in lieu).

(H) Directors may determine terms and conditions of offers of scrip dividends

Without prejudice to (but notwithstanding) the foregoing provisions of this Regulation, the Directors may on any occasion determine that such rights of election shall be subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory.

ACCOUNTS

142. Accounting records to be kept at Office; members' right of inspection

Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes shall be kept at the Office, or at such other place as the Directors think fit, and shall always be open to inspection by the officers of the Company. Subject as aforesaid no member of the Company or other person shall have any right of inspecting any account or book or document of the Company except as conferred by statute or ordered by a court of competent jurisdiction or authorised by the Directors.

143. Balance sheets and profit and loss accounts to be sent to members and others

A copy of every balance sheet and profit and loss account which is to be laid before a General Meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto) shall not less than twenty one days before the date of the meeting be sent to every member of, and every holder of debentures of, the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Statutes or of these Regulations. Provided that this Regulation shall not require a copy of these documents to be sent to more than one of joint holders or to any person of whose address the Company is not aware, but any member or holder of debentures to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office and provided further that if the Statutes so permit the Company need not send copies of such documents to members who do not wish to receive them but may send them such summary financial statement or other documents as may be authorised by the Statutes. If all or any of the shares or debentures of the Company shall for the time being be listed or dealt in on the London Stock Exchange there shall be forwarded to the appropriate officer of the London Stock Exchange such number of copies of such documents as may from time to time be required under its Regulations or practice. For the purposes of this Regulation references to a document being sent includes using electronic communications and publication in a web site in accordance with the Act and the Electronic Communications Act 2000.

AUDITORS

144. Validity of acts of Auditors

Subject to the provisions of the Statutes, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently disqualified.

145. Auditors entitled to notice of and to attend and be heard at General Meetings

An Auditor shall be entitled to attend any General Meeting and to receive all notices of and other communications relating to any General Meeting which any member is entitled to receive and to be heard at any General Meeting on any part of the business of the meeting which concerns him as Auditor.

NOTICES

F.146 Mode of delivery of notices; when notices deemed delivered

Any notice or document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it through the post in a prepaid cover addressed to such member at his registered address, if any, within the United Kingdom supplied by him to the Company as his address for service of notices, or by delivering it to such address addressed as aforesaid. In the case of a member holding Certificated Shares registered on a branch Register any such notice or document may be posted either in the United Kingdom or in the territory in which such branch Register is maintained. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the expiration of twenty four hours (or, where second class mail is employed, forty eight hours) after the time when the cover containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted. Provided always that every notice or other document which is required to be served or delivered, or capable of being delivered to the Founders Share Company shall, so long as the Founders Share Company has a registered address within fifteen miles of Charing Cross, be personally delivered to the Founders Share Company at that address. The accidental failure to send, or the non receipt by any person entitled to any notice of or other document relating to any meeting or other proceeding shall not invalidate the relevant meeting or other proceeding, unless the person so entitled is the Founders Share Company. A notice or document (other than a notice or document to be served on or delivered to the Founders Share Company) not sent by post but left at a registered address or address for service in the United Kingdom is deemed to be given on the day it is left. Where appropriate the Company can also send any notice or other document by using electronic communications and by publication on a web site in accordance with the Act and the Electronic Communications Act 2000. If a notice or document is sent by the Company using a form of electronic communication it is treated as being received twenty four hours after the time it was sent. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given. Any notice given electronically or otherwise in accordance with the Act or the Electronic Communications Act 2000 to or by the Founders Share Company pursuant to these Regulations must also be given in writing and be delivered personally and will only be deemed delivered to the Founders Share Company for the purposes of this Regulation F.146 when written notice would be deemed to be delivered in accordance with this Regulation.

147. Transferees and persons entitled by operation of law bound by notices in respect of shares pending registration

A person who becomes entitled to a share by transmission, transfer or otherwise is bound by a notice in respect of that share (other than a notice served by the Company under section 212 of the Act) which, before his name is entered in the Register, has been properly served on a person from whom he derives his title. A person who is entitled by transmission to a share, upon supplying the company with an address for the purposes of electronic communications for the service of notices may, at the absolute discretion of the board, have sent to him at such address any notice or document to which he would have been entitled if he were the holder of that share.

148. Notices to joint holders

Any notice given to that one of the joint holders of a share whose name stands first in the Register in respect of the share shall be sufficient notice to all the joint holders in their capacity as such. For such purpose a joint holder having no registered address in the United Kingdom and not having supplied an address within the United Kingdom for the service of notice shall be disregarded.

149. Persons entitled following death or bankruptcy entitled to delivery of notices pending registration

A person entitled to a share in consequence of the death or bankruptcy of a member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also an address within the United Kingdom for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Alternatively, a person who is entitled to that member's shares by law and who proves this to the reasonable satisfaction of the Directors, can give the Company an address for the purposes of electronic communication. If this is done, notices or documents may be sent to him at that address, but, this will be at the absolute discretion of the Directors. Save as aforesaid any notice or document delivered or sent by post to or left at the address of any member in pursuance of these Regulations, shall, notwithstanding that such member be then dead or bankrupt or in liquidation, and whether or not the Company has notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such member as sole or first named joint holder.

150. No entitlement to receipt of notices outside the United Kingdom

A member who has no registered address within the United Kingdom and has not supplied to the Company an address within the United Kingdom for the service of notices shall not be entitled to receive notices from the Company.

151. Notices of General Meetings by advertisement

If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a General Meeting by notices sent through the post, a General Meeting may be convened by a notice advertised on the same date in at least one national daily newspaper and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

152. Serving for statutory requirements

Nothing in any of the preceding six Regulations shall affect any requirement of the Statutes or of any other provision of these Regulations that any particular offer, notice or other document be served in any particular manner.

WINDING UP

F.153 **Directors may petition court for winding up with consent of Founders Share Company**

The Directors shall have power, with the prior consent in writing of the Founders Share Company (but not otherwise), to present to the Court a petition, in the name of and on behalf of the Company, for the Company to be wound up.

154. **Directors may distribute assets in kind on a winding up**

If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of an Extraordinary Resolution, divide among the members in specie or in kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved. No contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

INDEMNITY

155. **Directors and Officers entitled to indemnity**

Subject to the provisions of and so far as may be consistent with the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company out of its own funds against all costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.

THE REUTERS NEWS SERVICES

F.156 **Entitlement of certain members to receive Reuters News Services**

The Press Association Limited, the Newspaper Publishers Association Limited, AAP Information Services Proprietary Limited and New Zealand Press Association Limited shall be entitled to receive the Reuters News Services upon payment of such consideration as may be agreed from time to time. Upon and subject to the terms of any such agreement:-

- (i) The Press Association Limited shall be entitled to receive Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any subsidiary undertaking of such members respectively
- (ii) The Newspaper Publishers Association Limited shall be entitled to receive Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any subsidiary undertaking of such members respectively.
- (iii) AAP Information Services Proprietary Limited shall be entitled to receive Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any subsidiary undertaking of such members respectively.
- (iv) New Zealand Press Association Limited shall be entitled to receive Reuters News Services for the use of its members, such use to be limited to the incorporation thereof in newspapers owned by such members or any subsidiary undertaking of such members respectively.

Amendment #1

This Amendment 1 ("Amendment 1") to the Second Amended And Restated License, Maintenance And Distribution Agreement, effective as of the 1st day of October, 2003 (the "Distribution Agreement"), is made by and between Reuters Limited, a company organized under the laws of England and Wales, with offices at 85 Fleet Street, London EC4P 4AJ, United Kingdom ("Reuters") and TIBCO Software, Inc., a Delaware corporation, with offices at 3303 Hillview Avenue, Palo Alto, CA 94304 ("TSI"). This Amendment 1 shall be effective as of the last date signed below (the "AM1 Effective Date"). All capitalized Terms used herein and not otherwise defined are defined in the Distribution Agreement.

1. **Distribution License.** The following new section 6.7 is hereby added to Article 6 of the Distribution Agreement:

6.7 Distribution License.

(a) Without prejudice to the provisions of Article 2, TSI hereby grants to Reuters the additional right and license (the "Distribution License") during the first AM1 Term (as defined below) to sublicense and otherwise distribute on the terms and conditions set forth in Amendment 1 to this Agreement ("Amendment 1"), the TSI products (the "AM1 Products") listed on Exhibit A to Amendment 1 ("Exhibit AM1A") solely in conjunction with the sale by Reuters of its market data delivery solutions to end users solely for the internal use of those end users. The grant of rights under this section 6.7 does not convey any right of internal use upon Reuters other than as set out in Article 2 of the Distribution Agreement. Reuters may notify TSI of its opportunities relating to the sale of the AM1 Products, including the name of the end user, the anticipated value of the transaction and the anticipated date the transaction will close.

(b) (i) Reuters shall pay TSI minimum annual license fees in respect of licensing revenue recognized by Reuters in respect of the AM1 Products of \$11 million (the "Annual Minimum"). The Annual Minimum will be due on the AM 1 Effective Date (as defined in Amendment 1) and payable within 30 days of that date. Included within the Annual Minimum is Updates Only maintenance in accordance with Exhibit B of this Agreement.

(ii) At all times during which Reuters distributes any AM1 Products pursuant to this Amendment 1, Reuters shall calculate, on a quarterly basis, a license fee ("License Fee") in respect of TSI Products equal to [~~* *~~]% (or such lower rate as is mutually agreed by Reuters and TSI from time to time in writing) of the license revenues attributable to the AM1 Products recognized by Reuters in the prior quarter in accordance with GAAP or its foreign equivalents (less any discounts not already deducted from revenues and less any withholding taxes included in such revenues), excluding revenues attributable to TSI Products that are Embedded in Reuters products pursuant to clause 2.6(a)(2) of the Distribution Agreement. At the point in time during the AM1 Term that the cumulative License Fees exceed the Annual Minimum, Reuters shall pay such excess (the "Excess License Fees") within 30 days of the end of the first calendar quarter in which the cumulative License Fees exceeded the Annual Minimum. Thereafter, Reuters shall pay to TSI the Excess License Fees due for sales in a calendar quarter during the AM1 Term within 30 days of the end of the applicable calendar quarter.

(c) (i) Once Reuters begins to pay Excess License Fees, Reuters shall also purchase Updates Only maintenance in association with those Excess License Fees at a rate of 0.83% of the relevant License Fees (the "Excess Maintenance Fee") for each month that remains in the AM1 Term.

(ii) TSI shall provide all maintenance and support directly to end users of the AM1 Products in accordance with the provisions of the Distribution Agreement. Reuters shall refer the end users to TSI who will attempt to enter into maintenance agreements with the end users in accordance

Amendment #1

with TSI's standard maintenance and support offerings. On a case by case basis, Reuters and TSI shall mutually and reasonably agree the terms under which Reuters shall provide first level support to an end user under this section 6.7. Reuters will then provide first level support in accordance with its standard provisions for maintenance and support and TSI shall provide back-up, second and third level support in accordance with its standard maintenance and support offerings, unless otherwise agreed between Reuters and TSI in writing. In the event Reuters sells maintenance and support to an end user and provides first level support to that end user, Reuters and TSI anticipate that 70% of the maintenance and support charged by Reuters will be paid to TSI in exchange for TSI providing second and third level support. In mutually agreeing what the terms of direct maintenance and support to an end user by Reuters is, the parties acknowledge that TSI's standard practice is to attempt charge VSOE.

(d) The audit rights contained in section 5.3(a) of this Agreement shall apply to the AM1 Products and associated License Fees.

(e) In order to allocate fairly revenues relating to the AM1 Products and Reuters products, services or any other item and the provision of related support, unless otherwise mutually and reasonably agreed between the parties, such revenues shall be determined in accordance with the following:

(i) Reuters shall allocate fees fairly as between the AM1 Product license and support fees, on the one part, and any Reuters' products, services or any other item, sold in connection with any customer transaction or series of related transactions. Such fair allocation shall be based on a presumption that the AM1 Product license or support fees have not been discounted at a greater rate (based on standard list price) than any Reuters products, support, services or any other item, sold in connection with any customer transaction or series of related transactions.

(ii) Reuters shall not structure any customer transaction or series of transactions with the purpose of reducing the pricing or allocation of AM1 Product License Fees or TSI Share fees in relation to any such Reuters products or services or other items. For example, in a transaction that includes AM1 Products and Reuters products or services, Reuters shall fairly allocate product and service fees only for services actually performed and shall not, in connection with the determination of the amount properly allocable to sales of products, deem AM1 Product License Fees to have been discounted in a proportionate amount greater than the proportionate amount that such Reuters products or services have been discounted.

(f) The term of the Distribution License shall be one year from the AM1 Effective Date (the "AM1 Term"). Reuters may renew the AM1 Term upon the first and second anniversary of the AM1 Effective Date by notifying TSI in writing at least 30 days prior to each anniversary of the AM1 Effective Date of its desire to renew the Distribution License, and by paying to TSI within 30 days of each of the first and second anniversaries of the Effective Date the Annual Minimum. The provisions of section 6.7(a) through (e) shall apply to each renewal of the AM1 Term.

2. Referral Fees. The parties hereby agree that the "Comp Percentage to Partner" to be paid in connection with a "**Category 1 – Exclusive Qualified Project Referral for Joint Solution**," as described in Exhibit B to the Joint Marketing and Referral Agreement, which constitutes Exhibit C to the Distribution Agreement, shall be changed from "20%" to "30%". Should TSI close a transaction which Reuters identifies under Section 6.7(a), either as the same transaction or as part of a larger transaction, within the time frame identified by Reuters to close the transaction, TSI shall pay to Reuters a referral fee equal to 50% of the amount Reuters identified under Section 6.7(a) as the value of the transaction, so

Amendment #1

long as that amount does not exceed 50% of the amount TSI collects from the end user for the applicable transaction.

3. Maintenance Services. Section 5.2 of the Distribution Agreement is hereby amended by reducing the Reuters Internal Support Fees from \$2,000,000 to \$1,000,000 effective as of the AM1 Effective Date.

4. Term of Agreement. Reuters and TSI hereby agree that all references in the Distribution Agreement, including all exhibits thereto, to “December 31, 2011” are hereby amended to read “December 31, 2012.”

5. Maintenance Letter. Reuters and TSI hereby agree that the letter agreement signed by and between Reuters and TSI on or about November 26, 2003, including any and all payment obligations thereunder, shall cease from and after March 31, 2005. The parties jointly agree that they will work together to transfer the 56 remaining Reuters end users covered by that letter and section 5.3 of the Distribution Agreement to TSI in an appropriate manner. TSI and Reuters acknowledge that some of these end users will not transfer directly to TSI and for others it is not practical for the end user to transfer to TSI and in those situations, Reuters will maintain their relationship with the end user, provide first level support to the end user, collect the maintenance and support fees directly from the end user and pass through to TSI 70% of the actual maintenance and support fees relating to that end user to TSI.

6. Agreement. Except for the specific modifications and amendments contained in this Amendment 1, all other terms and conditions of the Distribution Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment 1 to be signed by their respective duly authorized officers or representatives as of the date first above written.

REUTERS LIMITED

By: /s/ Tom Glocer
Name: Tom Glocer
Title: CEO
Date: 27-2-05

TIBCO SOFTWARE, INC.

By: /s/ William R. Hughes
Name: William R. Hughes
Title: EVP, General Counsel & Secretary
Date: 2/27/05

Amendment #1**Exhibit AM1A
AM1 Products**

AM1 Products	Platform(s)
TIBCO Rendezvous Developer	All currently available
TIBCO Rendezvous Workstation	All currently available
TIBCO Rendezvous Server	All currently available
TIBCO Enterprise Message Service-Full Edition	All currently available
TIBCO Hawk- Server	All currently available
TIBCO Hawk-Workstation	All currently available
TIBCO Hawk JMX Plug-in	All currently available
TIBCO Hawk Adapter for Tivoli	All currently available
TIBCO Hawk Database Adapter	All currently available
TIBCO Hawk SNMP Adapter	All currently available
TIBCO Enterprise Management Advisor	All currently available
TIBCO Rendezvous Network Analysis Kit	All currently available
TIBCO BusinessWorks	All currently available
TIBCO BusinessWorks EJB Plug-in	All currently available
TIBCO BusinessWorks COBOL Copybook Plug-in	All currently available
TIBCO BusinessWorks SmartMapper Plug-in	All currently available
TIBCO SmartMapper Enterprise Server	All currently available
TIBCO DataExchange	All currently available
TIBCO BusinessWorks Workflow	All currently available
TIBCO Substation ES	All currently available
TIBCO CICS Interface for Substation ES	All currently available
TIBCO IMS Interface for Substation ES	All currently available
TIBCO Adapter for CICS	All currently available
TIBCO Adapter SDK	All currently available
TIBCO Adapter for Active Database	All currently available
TIBCO Adapter for Files –UNIX/Windows	All currently available
TIBCO Adapter for Files-OS/390	All currently available
TIBCO Adapter for Files-AS/400	All currently available
TIBCO Adapter for IBM-AS/400	All currently available
TIBCO Adapter for R/3 (SAP)	All currently available
TIBCO Adapter for PeopleSoft	All currently available
TIBCO Adapter for Siebel	All currently available
TIBCO Adapter for Clarify	All currently available

TIBCO Adapter for JDE OneWorld Xe	All currently available
TIBCO Adapter for Remedy	All currently available
TIBCO Adapter for Lotus Notes	All currently available
TIBCO Adapter for Teradata	All currently available
TIBCO Adapter for Tuxedo	All currently available
TIBCO Adapter for Oracle Applications	All currently available
TIBCO Adapter for COM	All currently available
TIBCO Adapter for EJB	All currently available

Amendment #1

TIBCO Adapter for SWIFT	All currently available
TIBCO Adapter for CORBA	All currently available
TIBCO Adapter for LDAP	All currently available
TIBCO Adapter for MQSeries	All currently available
TIBCO Adapter for Infranet	All currently available
TIBCO Adapter for Arbor/BP	All currently available
TIBCO BusinessFactor	All currently available
TIBCO OpsFactor	All currently available
TIBCO PortalBuilder	All currently available
TIBCO BusinessEvents Enterprise and Inference Editions	All currently available
TIBCO TURBO XML – Enterprise	All currently available
TIBCO XML Transform-Enterprise License	All currently available
TIBCO XML Canon	All currently available
TIBCO XML Validate	All currently available
TIBCO Staffware iProcess Engine –Oracle/SQL	All currently available
TIBCO Staffware EAI WebServices (Weblogic), JAVA, COM, SDK Plug-ins	All currently available
TIBCO Staffware Process Clients –Windows, ASP, JSP	All currently available
TIBCO Staffware Process Objects Server	All currently available
TIBCO Staffware Process Object Clients – COM, Java, C++	All currently available
TIBCO Staffware Server Object Clients –.NET, EJB	All currently available
TIBCO Staffware Interchange Manager	All currently available
TIBCO Staffware Enterprise Adapters for eLink	All currently available
TIBCO Staffware SWIP Monitor/SDK	All currently available
TIBCO Staffware Process Definer	All currently available
TIBCO Staffware COM Orchestrator	All currently available
TIBCO General Interface	All currently available
TIBCO General Interface Builder	All currently available

22 October 2004

SAVVIS Communications Corporation
1285 Worldgate Drive
Herndon, VA 20170
Attn: Executive Vice President, Strategic Development

Re: Network Services Agreement

Ladies and Gentlemen:

Reference is made to the Network Services Agreement by and between Savvis Communications Corporation (“Savvis”) and Reuters Limited (“Reuters”), dated as of September 28, 2001 (together with subsequent amendments thereto, the “Agreement”). The purpose of this letter is to set forth the parties’ agreement regarding any credits, payments or offsets, including but not limited to those against Domestic or International MMCs, due as a result of Reuters’ making of any Bankruptcy Payments, as provided in Sections 3.6.2, 3.6.7 and 11.2 of the Agreement. The Parties intend by this Agreement to compromise, settle, resolve and discharge all claims, contracts and liabilities between them regarding the Bankruptcy Payments or any credits arguably due as a result of Bankruptcy Payments upon the terms and conditions hereinafter set forth in order to avoid further expense, inconvenience and unnecessary litigation without any admission, assumption or finding of liability by or against either Party. Capitalized terms used, but not defined, herein shall have the meaning set forth in the Agreement.

Notwithstanding anything in the Agreement to the contrary, as the sole result of Reuters’ making any Bankruptcy Payments, the Domestic MMC shall be adjusted as follows:

- a) All MMC obligations shall cease as of October 1, 2005.
 - b) Reuters will receive a monthly credit against its Domestic Shortfall Payment obligation for each month from January 1, 2005 through September 30, 2005 equal to the greater of (i) \$388,889 and (ii) 60% of the Domestic Shortfall Payment for such month *provided that* such credit(s) shall never exceed \$667,667 in any single month or \$6 million in the aggregate. For the avoidance of doubt, the preceding does not affect the calculation of the Domestic Monthly Spend, but only the amount of the Domestic Shortfall Payment that Reuters is required to pay to Savvis
-

In consideration for the credits specified herein, Reuters on behalf of itself and all affiliates waives its right to make any further claim for Bankruptcy Payments, or to obtain any further payment, credit or offsets for Bankruptcy Payments, and Savvis, on behalf of itself and all affiliates, waives its right to claim that any Bankruptcy Payments credits or offsets agreed to herein were improperly paid to Reuters or to obtain any refund of such. Please sign and return both copies of this letter to confirm your acceptance of the above. One copy will be returned to you in due course for your records.

Very truly yours,

Reuters Limited

By: /s/ Barry Woodward

Name: Barry Woodward

Title: Head of Infrastructure Development & Networking

Accepted as of the day and year first above written:

SAVVIS Communications Corporation

By: /s/ Grier C. Raclin

Name: Grier C. Raclin

Title: Chief Legal Officer

Date: October 25, 2004

AMENDMENT TO TRANSITIONAL SERVICES AGREEMENT

This AMENDMENT (the "**Amendment**") is entered into as of June 8, 2004, by and among **REUTERS LIMITED** ("**Reuters**"), a company organized under the laws of England and Wales under registered number 3918478, having its principal place of business at 85 Fleet Street, London, EC4P 4AJ; and **MONEYLINE TELERATE HOLDINGS, MONEYLINE TELERATE, and MONEYLINE TELERATE INTERNATIONAL** (collectively, "**Moneyline**"), corporations organized under the laws of Delaware, and each having its principal place of business at 233 Broadway, 24th Floor, New York, NY 10279.

WHEREAS, Reuters and Moneyline entered into a Transitional Services Agreement as of June 2, 2003, and effective as of October 18, 2001, as amended by that certain Settlement Agreement, dated as of October 16, 2003, between Reuters, Moneyline and One Equity Partners, LLC ("**OEP**") (the "**TSA**");

WHEREAS, pursuant to a letter of intent dated as of May 20, 2004 (the "**LOI**"), Reuters expressed a preliminary non-binding indication of interest in engaging in an acquisition, business combination or other transaction with Moneyline Telerate Holdings (the "**Transaction**");

WHEREAS, to ensure that Moneyline is focused as much as possible on completion of the Transaction and the ongoing operation of its business in the ordinary course while the Transaction is negotiated or pending, the parties have agreed, pursuant to Section 24.10 of the TSA, to extend the term of the TSA and the term of the software licenses therein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. The following definitions are hereby added to Section 1.01 of the TSA:

"**Definitive Agreement**" means a mutually agreed definitive agreement providing for a Transaction executed between Reuters and Moneyline or affiliates thereof in which the parties thereto explicitly acknowledge that such agreement shall be considered a Definitive Agreement hereunder.

"**Extension Period**" means a term equal to three (3) months (or, if a Definitive Agreement has been executed, an additional six (6) months for a total of nine (9) months) plus one (1) additional month for each one (1) month period (or portion thereof) that elapses between the LOI Date and the earlier of:

- (i) if a Definitive Agreement is executed, the date of termination of such Definitive Agreement in accordance with its terms;
-

(ii) prior to execution of a Definitive Agreement, the date on which Moneyline or OEP provides written notice terminating discussions with respect to the Transaction pursuant to paragraph 8 of the LOI; and

(iii) prior to execution of a Definitive Agreement, the date on which Reuters provides written notice terminating discussions with respect to the Transaction.

“**LOI**” means the letter of intent dated as of the LOI Date, in which Reuters expressed a preliminary non-binding indication of interest in engaging in a Transaction.

“**LOI Date**” means May 20, 2004.

“**Transaction**” shall have the meaning ascribed to such term in the LOI.

2. The definition of “Software License Term” in Section 1.01 of the TSA is hereby deleted in its entirety and replaced with the following:

“**Software License Term**” means the following, subject in each case to earlier termination in accordance with this Agreement:

(i) for Add-On Software, TelerateFeed and TelerateFeed SDK, BridgeFeed and BridgeFeed SDK, and Telerate Channel, the period commencing on the Moneyline Closing Date and ending on the date that is three years from the Effective Date plus the Extension Period;

(ii) perpetual, in the case of Telerate Workstation Version 6.x, and BridgeStation Version 6.x;

(iii) for all other Software listed on Exhibit F and Exhibit G, the lesser of (x) the period commencing on the Moneyline Closing Date and ending on the date that is four years from the Effective Date plus the Extension Period, and (y) the period during which Reuters is providing the services set forth in Reuters Market Data Services and Data Management Schedule in connection with which the Software is designed to operate; and

(iv) with respect to the Software set forth on Exhibit I, for the extended term set forth in Section 6.06.

3. Section 6.04(a) of the TSA is hereby deleted in its entirety and replaced with the following:

(a) Supply of Releases. During the applicable Software License Term for the Exhibit F and Exhibit G Software (not including any extension thereof pursuant to Section 6.06) and for three years from the Moneyline Closing Date plus the Extension Period for Telerate Workstation Version 6.x or BridgeStation Version 6.x, Reuters will provide Moneyline with

generally available (i) maintenance releases (including fixes and patches but excluding new functionality) (“**Releases**”) and (ii) enhancements for use with the licensed versions (but not to any other versions) (“**Enhancements**”) of the Exhibit F and 6.02(b)(i) Software and the Object Code form of Telerate Workstation Version 6.x and BridgeStation Version 6.x (but not to any other versions), and also other enhancements to the foregoing Software as may be necessary to maintain software compatibility and functionality with the Reuters Network, at the same time they are generally implemented or made generally available to Reuters customers as part of Reuters own business as a commercially launched (rather than an Alpha or Beta or similar test release) product to customers.

4. Section 6.04(d)(1) of the TSA is hereby deleted in its entirety and replaced with the following:

(1) Reuters maintenance and support obligations with respect to Telerate Workstation Version 6.x and BridgeStation Version 6.x shall terminate on the date that is three years from the Moneyline Closing Date plus the Extension Period.

5. Section 6.07(a) of the TSA is hereby deleted in its entirety and replaced with the following:

(a) Reuters hereby grants to Moneyline for a period of three (3) years from the Moneyline Closing Date plus the Extension Period, and subject to the terms and conditions of this Agreement (including Sections 4.02, 6.05 and 14 hereof), the limited, non-exclusive, non-assignable and non-transferable right to receive and use the content which Reuters distributes generally to its clients in connection with the EJV Software to the extent that Reuters has self-sourced any such content without any receipt from or any obligation to, any other third parties in relation to the use, access, storage, or redistribution thereof (“**EJV Self-Sourced Content**”) and, in all cases, solely in relation to the operation by Moneyline of the Telerate Business. The license shall be non-sublicensable, except as part of its standard services and only in accordance with Sections 6.02(e) or 6.03, as applicable. Moneyline shall ensure that all members of the Moneyline Group, Permitted Distributors or Moneyline Clients, conform to the requirements set forth in Exhibits A and B as applicable including accurate reporting of users and the designation of Reuters as a third party beneficiary and which agreement is subject to the audit provisions set forth in Section 9.03. Moneyline shall be primarily liable for the compliance of all members of the Moneyline Group, Permitted Distributors and Moneyline Clients.

6. Section 15.01 of the TSA is hereby deleted in its entirety and replaced with the following:

Section 15.01. Term. Except where a shorter term is set forth in a Schedule for a particular Service or for a particular Software License Term and subject to Section 15.07, the term of this Agreement shall commence on the Effective Date and shall remain in effect for a period equal to four (4) years from the Effective Date plus the Extension Period, unless earlier terminated pursuant to Section 11.01(b), 11.02(b), or the terms of this Article XV (the “**Term**”).

Neither party may terminate this Agreement for any reason or on any basis other than as expressly set forth in this Article XV.

7. The chart in Section 4(A)(i) of the Reuters Cost and Resource Schedule is hereby deleted in its entirety and replaced with the following:

Year	Period	Monthly Ticker Plant Charges
First	October 18, 2001-October 17, 2002	[* * *]
Second	October 18, 2002-October 17, 2003	[* * *]
Third	October 18, 2003- October 17, 2004	[* * *]
Fourth	October 18, 2004- October 17, 2005	[* * *]
Extension Period	From and after October 18, 2005	[* * *]

8. Section 5(A)(vi) of the Reuters Cost and Resource Schedule is hereby deleted in its entirety and replaced with the following:

(vi) Notwithstanding the foregoing, the License Fees will be discounted as follows: [* * *]

9. The chart in Section 5(C) of the Reuters Cost and Resource Schedule is hereby deleted in its entirety and replaced with the following:

[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]

10. The chart in Section 5(D) of the Reuters Cost and Resource Schedule is hereby deleted in its entirety and replaced with the following:

[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]

11. Miscellaneous Provisions.

(a) As amended hereby, the TSA is ratified and confirmed in all respects and the TSA as so supplemented by this Amendment shall be read, taken and construed as one and the same instrument.

(b) Any term or provision of this Amendment that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(c) This Amendment constitutes the complete and exclusive understanding between the parties, and supersedes any prior understandings (including paragraph 3 of the LOI, which upon execution hereof shall be null and void), agreements, or representations by or among the parties, written or oral, regarding the subject matter herein; provided, however, that nothing contained herein shall be deemed to supercede any obligation of the parties hereto under that certain Settlement Agreement, dated as of October 16, 2003, between Reuters, Moneyline and OEP, including, but not limited to, OEP's Guaranteed Obligations under Section 3 thereof, which OEP acknowledges shall apply fully to the TSA as amended hereby.

(d) This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(e) No amendment of any provision of this Amendment shall be valid unless the same shall be in writing and signed by Reuters and Moneyline.

(f) This Amendment shall be governed by and construed in accordance with the domestic laws of the State of New York, as such laws are applied to agreements made, entered into, performed entirely within New York by New York residents without regard to the actual residence or domicile of the parties and without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be executed as of the date first above written.

MONEYLINE TELERATE HOLDINGS

By: /s/ Christopher Feeney
Name: Christopher Feeney
Title: CEO

MONEYLINE TELERATE

By: /s/ Christopher Feeney
Name: Christopher Feeney
Title: CEO

MONEYLINE TELERATE INTERNATIONAL

By: /s/ Christopher Feeney
Name: Christopher Feeney
Title: CEO

ONE EQUITY PARTNERS (solely for purposes of Section 11(c))

By: /s/ David Walsh
Name: David Walsh
Title: Partner

REUTERS LIMITED

By: /s/ David Grigson
Name: David Grigson
Title: Director

***Portions marked with asterisks within brackets have been omitted pursuant to a request for confidential treatment, and have been filed separately in connection with such request.

AMENDMENT NO. 2 TO TRANSITIONAL SERVICES AGREEMENT

This **AMENDMENT** (this "**Amendment**") is entered into as of December 20, 2004 by and among REUTERS LIMITED ("**Reuters**"), a company organized under the laws of England and Wales under registered number 3918478, having its principle place of business at 85 Fleet Street, London, EC4P 4AJ; ONE EQUITY PARTNERS LLC ("**OEP**"), a Delaware limited liability company, having its principal place of business at 320 Park Avenue, New York, NY 10022; and MONEYLINE TELERATE HOLDINGS, INC., MONEYLINE TELERATE and MONEYLINE TELERATE INTERNATIONAL (collectively, "**Moneyline**"), corporations organized under the laws of Delaware, and each having its principal place of business at 233 Broadway, 24th Floor, New York, NY 10279, and this Amendment shall be effective on the date on which OEP delivers the Letter of Credit (as defined herein) to Reuters, except Section 8 of this Amendment which shall be effective as of the date hereof. Any capitalized term used but not defined herein shall have the meaning ascribed thereto in the TSA (as hereinafter defined), except as otherwise provided.

WHEREAS, Reuters and Moneyline entered into a Transitional Services Agreement, dated as of June 2, 2003, and effective as of October 18, 2001 (as amended by (i) that certain Settlement Agreement, dated as of October 16, 2003, among Reuters, Moneyline and OEP ("**Settlement Agreement**") and (ii) that certain Amendment to Transitional Services Agreement, dated as of June 8, 2004, among Reuters, Moneyline and OEP, and as amended hereby, the "**TSA**");

WHEREAS, in connection with the Purchase Agreement (as defined below), Reuters, Moneyline and OEP desire to amend the TSA to reflect changes in certain pricing terms and the settlement of certain obligations thereunder at the time of the Closing (as defined in the Purchase Agreement);

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. The following definitions are hereby added to Section 1.01 of the TSA:

"**Moneyline Fixed Fee**" means the monthly fee, which is comprised of the charges set forth on Schedule A, of (i) [* * *] for each invoice issued from October 18, 2004 through March 2005, (ii) [* * *] for each invoice issued in April and May 2005, and (iii) [* * *] for each invoice issued from June 2005. No charges other than the Moneyline Fixed Fee shall be payable by Moneyline to Reuters under the Agreement, except with respect to Additional Services or Extraordinary Costs, if any.

“**Purchase Agreement**” means the Stock and Asset Purchase Agreement, dated as of December 20, 2004 among Reuters, Reuters S.A., MTH, the subsidiaries of MTH named in the Purchase Agreement, and OEP (for the limited purposes set forth therein).

“**Reuters Fixed Fee**” means the monthly fee of [* * *], which is comprised of the charges set forth on Schedule B. No charges other than the Reuters Fixed Fee shall be payable by Reuters to Moneyline under the Agreement, except with respect to Additional Services or Extraordinary Costs, if any.

2. The following Section 14 is hereby added at the end of Schedule 8.01(A) to the TSA entitled “Reuters Cost and Resource Schedule”:

14. Interim Cost Methodology

(A) Notwithstanding anything to the contrary provided in this Reuters Cost and Resource Schedule, effective from October 18, 2004 through the earlier to occur of the Closing Date (as defined in the Purchase Agreement) or the termination of the Purchase Agreement, in lieu of the amounts and invoicing procedures set forth in this Schedule 8.01(A) to the Agreement, except the amounts and invoicing procedures set forth in Section 10 of this Schedule 8.01(A) to the Agreement, Moneyline or a member of the Moneyline Group shall, with respect to any period after October 18, 2004, be invoiced the Moneyline Fixed Fee on the first Business Day of each month in advance. Each amount so invoiced shall be paid directly to Reuters no later than thirty (30) days after the date of the invoice.

(B) For each month in respect of which the Moneyline Fixed Fee is to be invoiced as provided in clause (A) above, Reuters shall provide to Moneyline its calculation of the difference between (i) those amounts that would have been invoiced for the relevant month pursuant to the Reuters Cost and Resource Schedule in the absence of this Section 14, provided that if Moneyline fails to provide the information required to permit Reuters to calculate the amount set forth in this clause (i) as required under the Agreement, Reuters shall be entitled to assume that the relevant information shall be the same as that used in calculations for the then-prior month, and (ii) the Moneyline Fixed Fee (each such difference being referred to as a “**Moneyline Deferred Amount**” and the aggregate amount of such differences being referred to as the “**Aggregate Moneyline Deferred Amount**”). Each Moneyline Deferred Amount shall be reduced to the extent Moneyline makes payment, if any, in respect of such month (other than for Additional Services or Extraordinary Costs) in excess of the Moneyline Fixed Fee. The Aggregate Moneyline Deferred Amount shall not be due or payable by Moneyline or any member of the Moneyline Group, except as expressly set forth in Section 14(C) in this Schedule 8.01(A) to the Agreement.

(C) In the event that the Purchase Agreement is terminated, or this Agreement is terminated prior to the Closing under the Purchase Agreement, the Aggregate Moneyline Deferred Amount (together with interest accrued on each Moneyline Deferred Amount at an annual interest rate equal to 5.75% from the date the Moneyline Fixed Fee in relation to such Moneyline Deferred Amount was paid or, if earlier, due to be paid, to the date of payment of such Moneyline Deferred Amount) shall become immediately due and payable by Moneyline.

All rights under Article VIII, IX and XVII (including Section 17.02 entitled “Article Eight Disputes”) of this Agreement shall survive in accordance with the terms of this Agreement.

3. The following Section 8 is hereby added at the end of Schedule 8.01(B) to the TSA entitled “Moneyline Cost and Resource Schedule”:

8. Interim Cost Methodology

(A) Notwithstanding anything to the contrary provided in this Moneyline Cost and Resource Schedule, effective from October 18, 2004 through the earliest to occur of the Closing Date or the termination of the Purchase Agreement, in lieu of the amounts and invoicing procedures set forth in this Schedule 8.01(B) to the Agreement, except the amounts and invoicing procedures set forth in Section 6 of this Schedule 8.01(B) to the Agreement, Reuters shall, with respect to any period after October 18, 2004, be invoiced the Reuters Fixed Fee on the first Business Day of each month in advance. Each amount so invoiced shall be paid directly to Moneyline no later than thirty (30) days after the date of the invoice.

(B) For each month in respect of which the Reuters Fixed Fee is to be invoiced as provided in clause (A) above, Moneyline shall provide to Reuters its calculation of the difference between (i) those amounts that would have been invoiced for the relevant month pursuant to the Moneyline Cost and Resource Schedule in the absence of this Section 8, provided that if Reuters fails to provide the information required to permit Moneyline to calculate the amount set forth in this clause (i) as required under the Agreement, Moneyline shall be entitled to assume that the relevant information shall be the same as that used in calculations for the then-prior month, and (ii) the Reuters Fixed Fee (each such difference being referred to as a “**Reuters Deferred Amount**” and the aggregate amount of such differences being referred to as the “**Aggregate Reuters Deferred Amount**”). Each Reuters Deferred Amount shall be reduced to the extent Reuters makes payment, if any, in respect of such month (other than for Additional Services or Extraordinary Costs) in excess of the Reuters Fixed Fee. The Aggregate Reuters Deferred Amount shall not be due or payable by Reuters or any member of the Reuters Group, except as expressly set forth in Section 8(C) in this Schedule 8.01(B) to the Agreement.

(C) In the event that the Purchase Agreement is terminated or this Agreement is terminated prior to the Closing under the Purchase Agreement, the Aggregate Reuters Deferred Amount (together with interest accrued on each Reuters Deferred Amount at an annual interest rate equal to 5.75% from the date the Reuters Fixed Fee in relation to such Reuters Deferred Amount was paid or, if earlier, due to be paid, to the date of payment of such Reuters Deferred Amount) shall become immediately due and payable by Reuters. All rights under Article VIII, IX and XVII (including Section 17.02 entitled “Article Eight Disputes”) of this Agreement shall survive in accordance with the terms of this Agreement.

4. Disputes.

(a) The provisions of Sections 8.04 and 9.01, and Article XVII of the TSA, including, without limitation, with respect to any claim or dispute that arose prior to the date of this Amendment, shall have no force and effect from the date of this Amendment until the termination, if any, of the Purchase Agreement; provided, however, that the provisions of

Section 8.04(a) of the TSA shall continue to remain in full force and effect with respect to the Moneyline invoices for Moneyline Transitional Services from April 18, 2004 through October 17, 2004. The obligation to notify the other party in the event of a dispute pursuant to Section 8.04 of the TSA shall be tolled until the termination, if any, of the Purchase Agreement.

(b) During the period from the date of this Amendment to the termination, if any, of the Purchase Agreement, none of Moneyline, Reuters or OEP, or any person or entity acting on their respective behalves (including, but not limited to, all present and former affiliates, partners, officers, directors, agents, employees, shareholders, successors, assigns, executors, administrators and attorneys thereof) shall commence any litigation, arbitration or other legal proceeding of any kind, in any forum, against another party, or prosecute that part of any litigation, arbitration or other legal proceeding of any kind, in any forum, against any party, relating to any billing or payment dispute under the TSA (other than for non-payment of the amounts specified herein). The parties agree that all statutes of limitation, statutes of repose, the doctrines of laches, waiver, estoppel or any other doctrine or rule that is premised in whole or in part upon delay in filing, prosecuting, notifying or in taking any action preparatory or incidental to the prosecution of any claim, cause of action, cross-claim, counterclaim, demand or other legal action or proceeding with respect to any billing or payment dispute under the TSA (other than for non-payment of the amounts specified herein) (collectively, the “**Limitations Defenses**”) shall be waived and tolled during the period from the date of this Amendment to the termination, if any, of the Purchase Agreement (the “**Toll Period**”), and the Toll Period shall be excluded in calculating any time period applicable to such Limitations Defense. Except as specifically provided herein, the rights, obligations, positions, claims and defenses, including but not limited to any of the Limitations Defenses, of any of the parties shall in no way be affected by this Agreement and all such rights, obligations, positions, claims and defenses are specifically reserved.

5. Settlement and Release of Claims.

(a) Upon the Closing of the Purchase Agreement and in consideration of the mutual promises contained herein, Moneyline, OEP and Reuters for themselves and on behalf of their parents, affiliates, subsidiaries, officers, directors, employee, agents, predecessors, successors, and assigns each hereby forever and unconditionally releases and discharges, and covenants not to sue directly or in any other capacity or respect, the other, and the other’s parent, affiliates, subsidiaries, officers, directors, employee, agents, predecessors, successors, and assigns, from any and all claims, demands, causes of action, obligations, damages and liabilities (including, without limitation, settlement amounts, penalties, losses, costs, expenses, reasonable attorney’s fees, accountant’s fees, court costs and other actual out of court expenses) of any nature whatsoever, contingent or certain, known or unknown, which it ever had, now has, or may have, or claim to have, in the future, against the other arising from or relating to any act, omission, failure to act, dealing, statement, occurrence, representation, practice, contract, event, matter, transaction, agreement (whether written or oral) or understanding prior to the Closing Date (as defined in the Purchase Agreement) relating to or arising from the TSA (except with respect to any obligation of the parties hereto under the Settlement Agreement, as expressly set forth in Section 9(c) of this Amendment). Each party agrees and acknowledges that the claims, demands, causes of action, obligations, damages and liabilities released hereby are not limited to matters relating to or arising from the TSA which are known or have been disclosed at the time

of execution of this Amendment, and that any and all claims, demands, causes of action, obligations, damages and liabilities relating to or arising from the TSA not known or understood differently by any party are hereby released. It is acknowledged and agreed by the parties that nothing in this Section 5 or this Amendment generally shall limit, restrict or otherwise modify the rights of the parties to make claims and seek remedies in respect of matters arising out of, resulting from or incurred in connection with the Purchase Agreement, including, without limitation, the rights of the parties to seek indemnification for Damages (as defined in the Purchase Agreement) under Article IX of the Purchase Agreement.

(b) The parties expressly agree and acknowledge that this Amendment is executed pursuant to a compromise and settlement entered into by each party hereto without any admission of liability to the other, but solely for the purpose of avoiding costly litigation on disputed claims as well as further uncertainty, controversy, and legal expense. Without limiting the foregoing, neither the settlement of these disputes nor any consideration paid by either party therefor, nor anything contained in this Amendment, nor any statements made in any negotiations or discussions between the parties shall be taken or construed to be an admission, an inference of an admission or an acknowledgment by any party or otherwise with respect to any claim or as any evidence of any wrongful conduct, fault, liability or damages whatsoever and this provision reflects an independent agreement of the parties hereto, which shall survive any revocation or termination of this Amendment.

(c) This Amendment is executed voluntarily. Each party represents that each has read, understands, and is fully aware of the contents of this Amendment, and each party has been represented by counsel who have fully advised them with respect to the legal effect of this Amendment.

6. Section 15.01 of the TSA is hereby deleted in its entirety and replaced with the following:

Section 15.01. Term. Except where a shorter term is set forth in a Schedule for a particular Service or for a particular Software License Term and subject to Section 15.07, the term of this Agreement shall commence on the Effective Date and shall remain in effect until the earlier to occur of the Closing (as defined in the Purchase Agreement) and four (4) years from the Effective Date plus the Extension Period; unless earlier terminated pursuant to Section 11.01(b), 11.02(b) or the terms of this Article XV (the "**Term**").

Neither party may terminate this Agreement for any reason or on any basis other than as expressly set forth in this Article XV.

7. The following paragraph (j) is hereby added to Section 15.07 of the TSA:

(j) At the Closing (as defined in the Purchase Agreement), in full settlement and satisfaction of all pending claims for payment arising out of this Agreement, as amended through the date of such Closing, and the Settlement Agreement, (i) Moneyline shall be obligated to pay Reuters an amount equal to (A) Ten Million Dollars (\$10,000,000) plus (B) the aggregate amount of any unpaid Moneyline Fixed Fees in respect of periods prior to the Closing (prorated for partial months), plus interest thereon to the extent past due, minus (C) the aggregate amount of any unpaid Reuters Fixed Fees in respect of periods prior to the Closing, plus interest thereon

to the extent past due, which amount may be deducted from the Preliminary Purchase Price (as defined in the Purchase Agreement) in accordance with Section 2.1 of the Purchase Agreement, and (ii) Moneyline and Reuters shall take such actions as may be required under the Escrow Agreement entered into by the parties on September 26, 2003 (“**Escrow Agreement**”) to cause the Escrow Agent (as defined in the Escrow Agreement) to disburse to Reuters all amounts then held in the escrow account.

8. As promptly as practicable after the execution and delivery of this Amendment, OEP shall deliver to Reuters an irrevocable standby letter of credit in the form attached as Exhibit I hereto with a date of expiry of January 15, 2006 (the “**Letter of Credit**”) upon which Reuters may draw, by delivery of a certificate by an officer of Reuters certifying either that (i) the Purchase Agreement has terminated or (ii) the TSA has terminated, an amount, if any, equal to the aggregate amount due and owing to Reuters pursuant to Section 14 of Schedule 8.01(A) to the TSA on the date of such draw, net of the aggregate amount due from Reuters pursuant to Section 8 of Schedule 8.01(B) to the TSA on the date of such draw. Reuters hereby agrees that it shall not draw the Letter of Credit in an amount in excess of the aggregate amount due and owing to Reuters pursuant to Section 14 of Schedule 8.01(A) to the TSA on the date of draw, net of the aggregate amount due from Reuters pursuant to Section 8 of Schedule 8.01(B) to the TSA on the date of draw. Nothing herein shall restrict, limit or otherwise modify the right of the parties to dispute the aggregate amount due and owing to Reuters pursuant to Section 14 of Schedule 8.01(A) to the TSA and/or the aggregate amount due from Reuters pursuant to Section 8 of Schedule 8.01(B) after any such draw upon such letter of credit by Reuters.

9. Miscellaneous Provisions.

(a) As amended hereby, the TSA is ratified and confirmed in all respects and the TSA as so supplemented by this Amendment shall be read, taken and construed as one and the same instrument; provided, however, that upon the termination of the Purchase Agreement, (i) this Amendment, other than the provisions of Section 8 of this Amendment, and the provisions of Section 14(C) of Schedule 8.01(A) to the TSA and Section 8(C) of Schedule 8.01(B) to the TSA, shall become void and have no effect, and (ii) the rights and obligations of the parties to the TSA in respect of the subject matter thereof shall be governed by the provisions of the TSA as in effect immediately prior to the execution of this Amendment.

(b) Any term or provision of this Amendment that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(c) This Amendment constitutes the complete and exclusive understanding between the parties, and supersedes any prior understandings, agreements or representations by or among the parties, written or oral, regarding the subject matter herein; provided, however, that, except as provided in this Amendment, this Amendment shall not be deemed to supersede any other obligation of the parties hereto under the Settlement Agreement, including, but not

limited to, OEP's Guaranteed Obligations under Section 3 thereof, which OEP acknowledges shall apply fully to the TSA as amended hereby.

(d) This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(e) No amendment of any provision of this Amendment shall be valid unless the same shall be in writing and signed by Reuters, Moneyline and OEP.

(f) This Amendment shall be governed by and construed in accordance with the domestic laws of the State of New York, as such laws are applied to agreements made, entered into, performed entirely within New York by New York residents without regard to the actual residence or domicile of the parties and without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be executed as of the date first above written.

MONEYLINE TELERATE HOLDINGS, INC.

By: /s/ Alexander Russo
Name: Alexander Russo
Title: CEO

MONEYLINE TELERATE

By: /s/ Bernard F. Battista
Name: Bernard F. Battista
Title: President

MONEYLINE TELERATE INTERNATIONAL

By: /s/ Bernard F. Battista
Name: Bernard F. Battista
Title: President

ONE EQUITY PARTNERS LLC

By: /s/ Daniel Selmonosky
Name: Daniel J. Selmonosky
Title: Partner

REUTERS LIMITED

By: /s/ Eric Lint
Name:
Title:

Schedule A**Moneyline Fixed Fee****October 18, 2004 – March 31, 2005**

Invoicing Section	Cost Category	Amount
Section 4	Fixed Costs	\$ [* * *]
Section 5	License Fees	\$ [* * *]
Section 7	Transitional Employees	\$ [* * *]
Section 8	Communications Costs	\$ [* * *]
Section 11	Facilities Costs	\$—
Section 12	Help Desk Calls	\$—
	Total Moneyline Fixed Fee	\$ [* * *]

April 1, 2005 – May 31, 2005

Invoicing Section	Cost Category	Amount
Section 4	Fixed Costs	\$ [* * *]
Section 5	License Fees	\$ [* * *]
Section 7	Transitional Employees	\$ [* * *]
Section 8	Communications Costs	\$ [* * *]
Section 11	Facilities Costs	\$—
Section 12	Help Desk Calls	\$—
	Total Moneyline Fixed Fee	\$ [* * *]

June 1, 2005 – Close / Termination

Invoicing Section	Cost Category	Amount
Section 4	Fixed Costs	\$ [* * *]
Section 5	License Fees	\$ [* * *]
Section 7	Transitional Employees	\$ [* * *]
Section 8	Communications Costs	\$ [* * *]
Section 11	Facilities Costs	\$—
Section 12	Help Desk Calls	\$—
	Total Moneyline Fixed Fee	\$ [* * *]

Schedule B

Reuters Fixed Fee

Invoicing Section	Cost Category	Amount
Section 5	Communications Costs	[* * *]
	Total Reuters Fixed Fee	[* * *]

EQUANT PROTON HOLDINGS LIMITED

EQUANT N.V.

EQUANT INC.

and

REUTERS LIMITED

AGREEMENT

for the acquisition of Equant Proton Holdings Limited's interest in the issued share capital of Radianz Limited and Equant N.V.'s and Equant Inc.'s interests in the preference shares in Radianz Americas Inc.

CLEARY, GOTTlieb, STEEN & HAMILTON

City Place House,
55 Basinghall Street,
London EC2V 5EH
SJ/CIJ

THIS AGREEMENT is made on October , 2004

BETWEEN:-

- (1) **Equant Proton Holdings Limited**, a company resident for tax purposes in the United Kingdom and incorporated under the laws of the Cayman Islands whose registered office is at Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands (the “**Equant Proton**”);
- (2) **Equant N.V.**, a company incorporated under the laws of The Netherlands with registered number 33 26 7383, whose registered office is at Heathrowstraat 10, 1043 CH Amsterdam, The Netherlands (“**Equant**”);
- (3) **Equant Inc.**, a company incorporated under the laws of Delaware with registered number EIN 54-186-9506 whose registered office is at 1209 Orange Street, County of New Castle, Wilmington, DE 19801 (“**Equant Inc**”, and together with Equant Proton and Equant, the “**Vendors**”); and
- (4) **Reuters Limited**, a company incorporated in England with registered number 145516, whose registered office is at 85 Fleet Street, London EC4P 4AJ, England (the “**Purchaser**”).

WHEREAS:-

- (A) Radianz Limited (the “**Company**”) is a company incorporated in England with registered number 3918478, whose registered office is at Fleet Place House, 2 Fleet Place, London EC4M 7RY, England. At the date of this Agreement, the Company has an authorised share capital of £1,175 divided into 510 “A” Ordinary Shares of £1 each, 490 “B” Ordinary Shares of £1 each and 35,000,000 “C” Ordinary Shares of 0.0005 pence each all of which have been allotted and issued and are fully paid or credited as fully paid.
- (B) Radian Americas Inc. (the “**US Company**”) is a company incorporated under the laws of the State of Delaware, USA whose principal place of business is 575 Lexington Avenue, New York, New York 10022 U.S.A.. At the date of this Agreement, the US Company has a share capital 10,200 shares of common stock of US\$0.01 each and 15,800 shares of preference shares of US\$1 each all of which have been issued and are fully paid or credited as fully paid.
- (C) Equant Proton is the owner and registered holder of all of the B Ordinary Shares. Equant is the owner and registered holder of 7,634 Preference Shares and Equant Inc is the owner and registered holder of 266 Preference Shares.
- (D) The Vendors have agreed to sell and the Purchaser has agreed to purchase the Shares in each case upon and subject to the terms and conditions of this Agreement.

- (E) The parties have agreed to procure the termination, novation and/or amendment of the Joint Venture Agreements, the Service Agreements and the Subscription Agreement (in each case, as defined in this Agreement) and certain other agreements and arrangements in each case on the terms and subject to the conditions of this Agreement.
- (F) The Purchaser may sell its shares in the Group (as defined in this Agreement) and the Shares (or any of them) to BT (or its Affiliates or any of them) following Completion.

1. INTERPRETATION

1.1 In this Agreement, the following words and expressions have the meanings set opposite them:-

“Act”	Companies Act 1985;
“Affiliate”	any holding company or subsidiary undertaking of any company or any subsidiary undertaking of any such holding company;
“Agreement”	this Agreement including its recitals and Schedules;
“ARC”	the Act against Restraints of Competition of the Federal Republic of Germany;
“B OrdinaryShares”	all of the “B” ordinary shares of £1 each in the capital of the Company;
“BT”	BT Group plc;
“BT Maximum Consideration”	the Consideration divided by 49 multiplied by 100;
“Business Day”	any day (excluding a Saturday or Sunday) when commercial banks are open for business in London;
“Business Information”	all information, know-how and records (whether or not confidential and in whatever form held) including (without limitation) all formulas, designs, specifications, drawings, data, manuals and instructions and all customer lists, sales information, business plans and forecasts, and all technical or other expertise and all computer software and all accounting and tax records, correspondence, orders and inquiries;
“Completion”	completion of the sale and purchase of the Shares pursuant to Clause 6;

“Completion Date”	means 2 Business Days after the day on which the condition in Clause 3.1 (Condition to Completion) shall have been satisfied or waived or such other date as the parties may agree but, in any event, no later than 2 January 2005;
“Consideration”	the total consideration payable to the Vendors for the purchase of the Shares hereunder, as set out in Clause 6;
“Contribution Agreement”	the contribution agreement as amended and restated on June 30, 2000 between the Purchaser, Equant Finance B.V., Equant Proton, the Company, Radianz Global Network Operations Limited, Equant Network Services Limited and the Radianz Proton Limited (formerly Equant Proton Limited);
“Encumbrance”	any option, right to acquire, mortgage, charge (whether legal or equitable and whether fixed or floating), lien, pledge or other form of security, encumbrance, equity or third party interest;
“Equant Group”	together Equant and its subsidiaries;
“FCO”	the German Federal Cartel Office;
“Field Services Supplement”	the field services supplement to the partner services agreement between the Company and Equant Network Services International Limited together with the addendum to the field services supplement dated January 1, 2003;
“Group”	together the Company and its Subsidiaries;
“Joint Venture Agreements”	together, the Contribution Agreement, the Shareholders’ Agreement and the Supplemental Agreement;
“Joint Venture Termination Deed”	the deed to effect the termination of the Joint Venture Agreements to be entered into on the date hereof between the Purchaser, Equant Finance B.V., Equant Proton, Equant Network Services Limited, the Company, Radianz Proton Limited and Radianz Global Network Operations Limited in the agreed form;
“Novation Agreement”	the agreement to be entered into on the date hereof between Equant Finance B.V., Equant Proton, Equant Network Services International Limited, the Company and the Purchaser in the agreed form relating to the novation of certain of the obligations of Equant Proton Holdings Limited under the Subscription Agreement;
“Partner Services Agreement”	the partner services agreement dated May 22, 2000 between Equant Network Services International Limited and the Company (formerly Proholdco Limited);

“Preference Shares”	all of the non-redeemable preference shares of \$1 each in the capital of the US Company held by or on behalf of the Equant Group;
“Purchaser’s Warranties”	the warranties set out in Schedule 2;
“Reuters Group”	together Reuters Group PLC and its subsidiaries;
“Services Variation Agreement”	the agreement between Equant Network Services International Limited and the Company to be entered into on the date hereof in the agreed form relating to the amendment of the Partner Services Agreement and the Field Services Supplement;
“Shareholders’ Agreement”	the amended and restated shareholders’ agreement dated June 30, 2004 relating to the Company, between the Purchaser, Equant Finance B.V., Equant Proton and the Company;
“Shares”	the B Ordinary Shares and the Preference Shares;
“Subscription Agreement”	the subscription, loan and services agreement dated June 26, 2000 between Equant Finance B.V., Equant Proton, the Company and Equant Network Services International Limited;
“Subsidiaries”	the subsidiaries of the Company which, for the avoidance of doubt shall include the US Company;
“Supplemental Agreement”	the supplemental agreement dated 30 June 2000 between the Purchaser, Equant Finance BV and the Company;
“Tripartite Waiver Agreement”	the agreement between Equant Network Services International Limited, the Purchaser and the Company to be entered into on the date hereof in the agreed form in relation to termination of, and certain waivers under, various service agreements;
“US\$” or “\$”	United States Dollars;
“VAT”	value added tax;
“Vendor’s Solicitors”	Cleary, Gottlieb, Steen and Hamilton at City Place House, 55 Basinghall Street, London EC2V 5EH; and
“Warranties”	the warranties set out in Schedule 1.

1.2 References in this Agreement to recitals, Schedules and Clauses are to recitals and Schedules to and Clauses of this Agreement, and references in this Agreement to numbered paragraphs are to numbered paragraphs of the Clause in which such reference is made or otherwise of the Schedules to this Agreement, unless specified otherwise.

- 1.3 References to this Agreement or to any other document include a reference to this Agreement or such other document as varied, amended, modified, novated or supplemented from time to time.
- 1.4 References to persons include individuals, bodies corporate, associations, partnerships, trusts or agencies, whether or not having a separate legal personality.
- 1.5 References to the word “include” or “including” are to be construed without limitation.
- 1.6 References to “writing” or “written” include any non-transient means of representing or copying words legibly, including by facsimile and electronic mail.
- 1.7 References to any English legal term for any action, remedy, proceeding, document, court, official, status, concept, state of affairs or thing include, in respect of any jurisdiction other than England, a reference to the nearest equivalent in such jurisdiction to the English term.
- 1.8 References to times of day are to London times.
- 1.9 References to a document in the agreed terms means in the form agreed between the Vendors and the Purchaser signed by or on behalf of each of them for the purposes of identification.
- 1.10 The words “company”, “subsidiary”, “subsidiary undertaking” and “holding company” have the same meanings in this Agreement as defined in the Act.
- 1.11 Without prejudice to Clause 15, references in this Agreement to any party shall include, or be deemed to be references to, (as may be appropriate) its respective successors and permitted assignees or transferees.
- 1.12 In this Agreement, any undertaking by a party not to do or to omit to do any act or thing includes an undertaking not to allow, cause or assist in the doing of or omission of such act or thing.
- 1.13 The Schedules form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement, and any reference to this Agreement shall include the Schedules.

2. SALE AND PURCHASE OF SHARES

Sale and Purchase

- 2.1 Upon and subject to the terms and conditions of this Agreement:
 - (a) Equant Proton hereby agrees to sell, and the Purchaser agrees to purchase the B Ordinary Shares; and

(b) Equant and Equant Inc hereby agree to sell, and the Purchaser agrees to purchase the Preference Shares,

in each case free from all Encumbrances and together with all rights and advantages which are at the date of this Agreement or at any time hereafter attached or accruing to the Shares (including the right to receive all dividends and distributions declared, made or paid).

2.2 The Vendors have the right to transfer legal and beneficial title to the Shares.

All of the Shares

2.3 None of the parties hereto shall be obliged to complete the sale and purchase of any of the Shares hereunder unless the sale and purchase of all of the Shares hereunder is completed simultaneously. This sub-clause shall not limit any other clause of this Agreement and in particular Clause 17.

Waiver of Pre-emption Rights

2.4 The Vendors with effect from Completion waive any rights of pre-emption which they may have under the articles of association of the Company, the By-laws of the US Company, the Shareholders' Agreement or otherwise and undertake to take all steps necessary to ensure that any rights of pre-emption over any of the Shares are waived.

Exclusion of Property (Miscellaneous Provisions) Act 1994

2.5 For the avoidance of doubt, Part 1 Law of Property (Miscellaneous Provisions) Act 1994 shall not apply for the purposes of this clause.

3. CONDITION

3.1 The obligations of the Purchaser to purchase the Shares are in all respects conditional upon the following:

- (a) confirmation having been received from the FCO that the concentration has been cleared without requiring any material amendment to this Agreement that is not accepted by the Purchaser in its discretion acting reasonably or any assurances, conditions or undertakings of the Purchaser that are not accepted by the Purchaser in its discretion acting reasonably; or
- (b) the applicable time limits set out in Section 40 (1),(2) of the ARC have expired without the parties having been notified by the FCO that it has initiated main examination proceedings or taken a final decision on the transaction, as the case may be.

3.2 The Purchaser with the assistance of the Vendors shall use best endeavours to obtain a clearance of the sale and purchase contemplated by this Agreement as soon as is reasonably practicable without the FCO initiating main examination proceedings.

In particular, the Purchaser shall use its best efforts to make all appropriate filings with the FCO within 5 Business Days from the date of this Agreement and shall thereafter respond as promptly as is reasonably practicable to all requests for information made by the FCO.

- 3.3 If the condition set out in Clause 3.1 is not fulfilled (notwithstanding the required best endeavours in Clause 3.2) on or before 31 December 2004 the Purchaser or the Vendors may terminate this Agreement by notice in writing to other parties.
- 3.4 If this Agreement is terminated in accordance with Clause 3.3 (and without limiting the Purchaser's right to claim damages) all obligations of the parties under this Agreement shall end except for those expressly stated to continue without limit in time but (for the avoidance of doubt) all rights and liabilities of the parties which have accrued before termination shall continue to exist.
- 3.5 For the avoidance of doubt but without limiting Clause 16, the Purchaser's and the Vendors' respective rights to terminate this Agreement in accordance with Clause 3.3 is not exclusive of any rights, powers and remedies provided by law.

4. **ANCILLARY AGREEMENTS**

4.1 On execution of this Agreement:

(a) the Vendors shall:

- (i) deliver to the Purchaser a copy of the minutes of a meeting of the board of each of the Vendors, at which this Agreement, each of the documents referred to in this Clause 4.1 to which the relevant Vendor is a party and the transactions contemplated herein are approved and this Agreement and each of the documents referred to in it to which the relevant Vendor is a party are authorised to be executed;
- (ii) deliver to the Purchaser a copy of the minutes of a meeting of the board of each member of the Equant Group (other than the Vendors) which is a party to any of the documents to be executed and delivered pursuant to this Clause 4.1 of this Agreement, at which such documents are approved and their execution authorised.

(b) Equant Proton shall execute and deliver to the Purchaser a counterpart of each of the Joint Venture Termination Deed and the Novation Agreement;

(c) the Vendors shall procure that:

- (i) each of Equant Finance B.V. and Equant Network Services Limited execute and deliver to the Purchaser a counterpart of the Joint Venture Termination Deed;

- (ii) each of Equant Finance B.V. and Equant Network Services International Limited execute and deliver to the Purchaser a counterpart of the Novation Agreement; and
 - (iii) Equant Network Services International Limited executes and delivers to the Purchaser a counterpart of each of the Services Variation Agreement and the Tripartite Waiver Agreement;
- (d) the Purchaser shall:
- (i) deliver to the Vendors a written resolution of the board of the Purchaser, approving this Agreement, each of the documents to be executed and delivered pursuant to Clause 4.1 to which the Purchaser is a party and the transactions contemplated herein and therein and authorising the execution of this Agreement and each of the documents to be executed and delivered pursuant to Clause 4.1 to which the Purchaser is a party; and
 - (ii) execute and deliver to Equant Proton its counterpart of each of the Joint Venture Termination Deed, the Novation Agreement and the Tripartite Waiver Agreement; and
- (e) the Vendors and the Purchaser shall procure
- (i) that: each of the Company, Radianz Proton Limited and Radianz Global Network Operations Limited execute and deliver to each of Equant Proton and the Purchaser a counterpart of the Joint Venture Termination Deed;
 - (ii) the Company shall execute and deliver to the Purchaser a counterpart of the Novation Agreement; and
 - (iii) the Company executes and delivers a counterpart of the Services Variation Agreement to Equant Inc and a counterpart of the Tripartite Waiver Agreement to each of the Purchaser and Equant Inc.

5. PERIOD BETWEEN SIGNING AND COMPLETION

Conduct of Business etc.

5.1 The Vendors hereby undertake to the Purchaser that in the period prior to Completion:

- (a) they shall not, without the prior written consent of the Purchaser, do anything or agree or resolve to do anything to prevent the business of the Company or any of the Subsidiaries being carried on in the ordinary course save to the extent agreed in the Novation Agreement or Services Variation Agreement;
- (b) they shall procure that none of the directors of the Company appointed by any member of the Equant Group shall do or agree or resolve to do anything, to prevent the business of the Company or any of the Subsidiaries being carried on

in the ordinary course save to the extent agreed in the Novation Agreement or Services Variation Agreement or with the prior written consent of the Purchaser provided that nothing in this Clause 5.1(b) shall require the Vendors to procure that any such directors act or refrain from acting in a manner that is incompatible with their fiduciary duties to the Company; and

(c) they shall assist and shall procure that their Affiliates assist, to the extent that the Purchaser reasonably requests, and will not interfere with, such due diligence on the Company or the Group that may be carried on by or on behalf of BT (or any of its Affiliates) and provided that the Vendors shall not be obliged to disclose to BT or its Affiliates any confidential information of the Equant Group which is proprietary to, and exclusively, Equant Group confidential information.

5.2 The Purchaser hereby undertakes to the Vendors that in the period prior to Completion it shall not, without the prior written consent of the Vendors, agree or resolve to do anything to prevent the businesses of the Company and each of the Subsidiaries being carried on in the ordinary course save to the extent agreed in the Novation Agreement or Services Variation Agreement and that nothing in this Clause 5.2 shall restrict the Purchaser (or any member of the Reuters Group) from taking such action as is reasonably necessary or desirable to facilitate a sale of its interest in the Group to BT (or any of its Affiliates).

6. **CONSIDERATION**

6.1 The Consideration (exclusive of VAT and transfer taxes):

(a) for the B Ordinary Shares is the cash sum of US\$92 million; and

(b) for the Preference Shares is the cash sum of US\$18 million.

6.2 The Consideration shall be paid on Completion by the Purchaser to the Vendors in accordance with Clause 7.7.

6.3 Payment by telegraphic transfer for the amount stated in Clause 6.1 in accordance with Clause 7.7 shall constitute payment of the consideration for the Shares and shall discharge the obligations of the Purchaser under Clause 2 and the Purchaser shall not be concerned to see that the moneys transferred are applied in paying the Vendors in accordance with their respective entitlements.

7. **COMPLETION**

Completion

7.1 Completion shall take place on the Completion Date at the offices of the Vendors' Solicitors (or at such other place as the parties may agree).

Purchaser's obligation to complete

7.2 The Purchaser shall not be obliged to complete this Agreement unless the Vendors have complied fully with the requirements of Clause 4.1 and comply fully with the requirements of Clauses 7.4 to 7.6, in each case, so far as they relate to the Vendors (or any of them). If the obligations of the Vendors under Clause 4.1 and Clauses 7.4 to 7.6, are not complied with on the Completion Date the Purchaser may:

- (a) defer Completion (so that the provisions of Clause 7 shall apply to Completion as so deferred); or
- (b) proceed to Completion as far as practicable (without limiting its rights under this Agreement); or
- (c) terminate this Agreement by 10 Business Days' notice to the Vendors but on terms that if the Vendors shall have by then remedied their failure to comply with the requirements of Clauses 4.1 and Clauses 7.4 to 7.6, Completion shall take place forthwith.

For the avoidance of doubt (but without limiting Clause 17), the Purchaser's right to terminate this Agreement in accordance with this Clause 7.2 is not exclusive of any rights, powers and remedies provided by law.

Vendors' obligation to complete

7.3 The Vendors shall not be obliged to complete this Agreement unless the Purchaser has complied fully with the requirements of Clause 4.1 and complies fully with the requirements of Clauses 7.5 to 7.7, in each case, so far as they relate to the Purchaser. If the obligations of the Vendors under Clause 4.1 and Clauses 7.5 to 7.7, are not complied with on the Completion Date the Purchaser may:

- (a) defer Completion (so that the provisions of Clause 7 shall apply to Completion as so deferred); or
- (b) proceed to Completion as far as practicable (without limiting its rights under this Agreement); or
- (c) terminate this Agreement by 10 Business Days' notice to the Purchaser but on terms that if the Purchaser shall have by then remedied its failure to comply with the requirements of Clauses 4.1 and 7.4 to 7.7, Completion shall take place forthwith.

For the avoidance of doubt (but without limiting Clause 17), the Vendors' right to terminate this Agreement in accordance with this Clause 7.3 is not exclusive of any rights, powers and remedies provided by law.

Delivery of Documents etc. by the Vendors

7.4 On or before Completion, the Vendors shall:-

- (a) deliver to the Purchaser duly executed transfers of the Shares in favour of the Purchaser or its nominees (as the Purchaser may direct) together with the relevant share certificates or an indemnity in a form satisfactory to the Purchaser in respect of any missing certificate;
- (b) deliver to the Purchaser duly executed irrevocable powers of attorney in the agreed terms to enable the same to exercise all voting and other rights attaching to the Shares (including the right to appoint proxies) pending registration as the holder(s) thereof; or
- (c) procure that Howard Ford, resign his office as "B" Director of the Company and any other members of the Group (if any) and relinquish any rights which he may have against any member of the Group under any contract of employment or letter or appointment or under any statutory provision including any right to damages for wrongful dismissal, redundancy payment or compensation for loss of office or unfair dismissal.

Board Meeting of the Company

7.5 On or before Completion, the Vendors and the Purchaser shall procure that there shall be held a meeting of the board of the Company at which:-

- (a) the resignation referred to in Clause 7.4(c) shall be accepted, with effect from the end of the meeting;
- (b) the transfer of the B Ordinary Shares to the Purchaser shall be approved for registration, subject only to the same being duly stamped (which shall be at the expense of the Purchaser); and
- (c) the despatch of the written resolution referred to in Clause 7.6 shall be approved.

Written Resolution of the Company

7.6 On or before Completion the parties shall procure that a written resolution of the Company shall be passed to amend the articles of association of the Company (in a form satisfactory to the Purchaser), and signed copies of such resolution shall be delivered to the Purchaser.

Completion

7.7 Subject to compliance by the Vendors with Clauses 7.4 to 7.6 (in so far as they relate to the Vendors), the Purchaser shall by electronic transfer for same day value, pay the sum of US\$110 million into the account of Equant N.V. with JP MorganChase, London, swift code CHASGB2L, account number 22.88.48.01.

8. VENDORS' WARRANTIES

Warranties

- 8.1 The Vendors warrant to the Purchaser that each of the Warranties is accurate in all respects at the date of this Agreement and that if for any reason there is any interval of time between the time of this Agreement and Completion, the Warranties will continue to be accurate in all respects up to and including the Completion Date.

Reliance upon Warranties

- 8.2 The Vendors accept that the Purchaser is entering into this Agreement upon the basis of, and in reliance upon, representations in the terms of the Warranties made by the Vendors with the intention of inducing the Purchaser to enter into this Agreement and that accordingly the Purchaser has been induced to enter into this Agreement.

Warranties Separate and Independent

- 8.3 Each of the Warranties shall be construed as a separate and independent warranty and shall not be limited or restricted by reference to or inference from the terms of any other Warranty or any other term of this Agreement.

No Claims against the Company etc.

- 8.4 Without prejudice to Clause 21, the Purchaser agrees that (in the absence of fraud) it has no rights against and shall not make any claim against any director, officer, employee or agent of any member of the Equant Group on whom it may have relied before agreeing to any term of, or entering into, this Agreement or any other document referred to herein.
- 8.5 The Vendors undertake (if any claim is made against any of them in connection with the sale of the Shares to the Purchaser) not to make any claim against any member of the Group or any director, employee or adviser of any member of the Group on whom any of them may have relied before agreeing to any terms of this Agreement.

9. PURCHASER'S WARRANTIES

- 9.1 The Purchaser warrants to the Vendors that each of the Purchaser's Warranties is accurate in all respects at the date of this Agreement and that if for any reason there is any interval of time between the time of this Agreement and Completion, the Purchaser's Warranties will continue to be accurate in all respects up to and including the Completion Date.
- 9.2 The Vendors have entered into this Agreement upon the basis of, and in reliance upon, the Purchaser's Warranties.
- 9.3 Each of the Purchaser's Warranties shall be separate and independent and shall not be limited by reference to any other of them or by any other provision in this Agreement.

9.4 The Purchaser confirms that the total amount (whether to be settled in cash or otherwise) receivable by the Reuters Group in consideration for the sale of its entire holding of shares in the capital of the Company to BT (or any of its Affiliates) agreed prior to the date which is 12 months after the date of this Agreement shall not exceed an amount equal to the BT Maximum Consideration (or, in relation to the sale of less than the Reuters Group's entire holding of shares in the capital of the Company to BT (or any of its Affiliates) a proportionate amount thereof) and to the extent that it does, the Purchaser will account to the Vendors for 49 per cent. of such excess and this will be the Vendors' exclusive remedy for breach of this Clause 9.4.

10. POST-COMPLETION MATTERS

Tax Matters

10.1 Each party shall give reasonable assistance and supply or procure to be supplied all such information and documents as any other party may reasonably request for the purpose of making enquiries of, and returns to, Taxation Authorities and to negotiate any liability of any person to Taxation.

Accounting Matters

10.2 The Purchaser shall procure (and if the Company is sold to BT, shall ensure that BT shall procure) that the Company shall prepare such unaudited accounting returns for the Group as the Vendors may reasonably require in order to satisfy its statutory reporting requirements for the period from the date of such last returns to the Completion Date and shall procure that the same shall be delivered to the Vendors within 30 Business Days of Completion.

11. CONFIDENTIALITY

11.1 The Vendors shall, and shall procure that each member of the Equant Group shall, treat as strictly confidential:

- (a) all information received or obtained as a result of entering into or performing this Agreement and any documents referred to herein or through its interest in the Company or any of its businesses or assets, which information relates exclusively to:
 - (i) the business or affairs of, any member of the Reuters Group; or
 - (ii) the subject matter or provisions of, or transactions or matters contemplated by, or negotiations leading to, this Agreement; and
- (b) all proprietary information which relates to, or to the business, assets, intellectual property, know-how or technical or other expertise of, any member of the Group

save that this Clause 11.1 shall not extend to those matters set out in Clause 11.3.

11.2 The Purchaser shall, and shall procure that each member of the Reuters Group shall, treat as strictly confidential all information received or obtained as a result of entering into or performing this Agreement and any documents referred to herein or through its interest in the Company or any of its businesses or assets, which information relates exclusively to:

- (a) the business or affairs of, any member of the Equant Group; or
- (b) the subject matter or provisions of, or transactions or matters contemplated by, or negotiations leading to, this Agreement

save that this Clause 11.2 shall not extend to those matters set out in Clause 11.3.

11.3 Clauses 11.1 and 11.2 shall not extend to:-

- (a) any information which is in or enters the public domain other than through (directly or indirectly) any breach by the disclosing party of Clause 11.1 or 11.2 (as the case may be); or
- (b) any disclosure required to be made by any applicable law or regulation, any court or governmental, administrative, securities exchange or regulatory authority competent to require the same to which that party is subject or submits, wherever situated, including (amongst other bodies) the UK Listing Authority, the London Stock Exchange, the U.S. Securities and Exchange Commission or the Panel on Takeovers and Mergers, whether or not the requirement for information has the force of law, provided that such disclosure is only made:-
 - (i) to the extent required by such law or regulation or court or authority; and
 - (ii) (unless prohibited by such law or regulation or court or authority) after being discussed with:
 - (A) Equant Proton in the case of disclosure by the Purchaser; and
 - (B) the Purchaser in the case of disclosure by the Vendors (or any of them);
- (c) any disclosure required to vest the full benefit of this Agreement in that party provided that such disclosure is only made to the extent so required; or
- (d) any disclosure to its professional advisers, auditors and bankers or to tax authorities; or
- (e) the disclosure by the Reuters Group of this Agreement and the documents referred to in it to BT (or any of its Affiliates) under appropriate conditions of confidentiality in connection with the proposed sale by the Reuters Group's interest in the Company to BT (or its Affiliates); or
- (f) any disclosure if and to the extent:

- (A) Equant Proton has given prior written consent to the disclosure in the case of disclosure by the Purchaser; and
- (B) the Purchaser has given prior written consent to the disclosure in the case of disclosure by the Vendors (or any of them);

such consent not to be unreasonably withheld or delayed.

11.4 The restrictions contained in this Clause 11 shall apply without limit in time.

12. PENSIONS

Each of the parties shall comply with the requirements pertaining to that party set out in Schedule 3 (Pensions).

13. ANNOUNCEMENTS

Restrictions on Announcements

13.1 No announcement, statement, press conference or other communication shall be (or be authorised to be) made, released, issued or held by or on behalf of the parties hereto or their respective directors, officers, employees, agents or advisers before, on or after Completion concerning this Agreement, or the subject matter or provisions of, or transactions or matters referred to in or contemplated by, or negotiations leading to, this Agreement, save as provided in Clause 13.2.

13.2 Clause 13.1 shall not apply:-

(a) as may be agreed in writing by:

- (i) Equant Proton in the case of an announcement, statement, press conference or other communication made, released, issued or held by or on behalf of the (i) Purchaser; and
- (ii) the Purchaser in the case of an announcement, statement, press conference or other communication made, released, issued or held by or on behalf of the Vendors (or any of them);

(such agreement not to be unreasonably withheld or delayed); or

(b) to any announcement, statement, press conference or other communication required to be made by any applicable law or regulation or court or governmental, administrative, regulatory or other authority or any securities exchange or regulatory body (including (amongst other bodies) the UK Listing Authority, the London Stock Exchange plc, the U.S. Securities and Exchange Commission or the Panel on Takeovers and Mergers), whether or not the requirement has the force of law provided that such announcement is only made:-

- (i) to the extent required by such law or regulation or court, authority, exchange or regulatory body; and
- (ii) (unless prohibited by such law or regulation or court, authority, exchange or regulatory body) after being discussed with:
 - (A) Equant Proton in the case of an announcement, statement, press conference or other communication made, released, issued or held by or on behalf of the Purchaser; and
 - (B) the Purchaser in the case of an announcement, statement, press conference or other communication made, released, issued or held by or on behalf of the Vendors (or any of them).

13.3 The restrictions contained in this Clause 13 shall apply without limit in time.

14. FURTHER ASSURANCE

14.1 The Vendors shall from time to time at their own cost, on being required to do so by the Purchaser, now or at any time in the future, do or procure the doing of all such acts and/or execute or procure the execution of all documents in a form reasonably satisfactory to the Purchaser which the Purchaser may reasonably consider necessary for giving full effect to this Agreement and securing to the Purchaser the full benefit of the rights, powers and remedies conferred upon the Purchaser in this Agreement.

14.2 For so long as it continues to control the Company, the Purchaser shall use its reasonable endeavours to procure that the Vendors and their directors, officers, employees, agents and advisers shall be given such reasonable access, upon reasonable notice and during normal business hours, to relevant directors, officers, employees, agents and (at the cost of the Vendors) advisers of the Group and to any books and records held by the Purchaser or any of its Affiliates relating to the Company and each of the Subsidiaries, as the Vendors may from time to time reasonably require for the purposes of accounting for the Vendors' interest in the Group.

15. ASSIGNMENT

Prohibition on Assignment

15.1 Subject to Clauses 15.2 and 15.3, the Purchaser shall not nor shall it purport to (save with the consent of Equant) and the Vendors shall not nor shall they purport to (save with the consent of the Purchaser) assign, transfer, delegate, sub-contract, mortgage, charge, put into trust or otherwise deal with:-

- (a) this Agreement;
- (b) all or any of its rights or obligations arising under or out of this Agreement; or
- (c) the benefit of all or any of the other party's obligations under this Agreement.

Each party is entering into this Agreement for its benefit and not for the benefit of another person.

Permitted Assignments

15.2 The Vendors may assign all or any of its rights arising under or out of this Agreement and the benefit of all or any of the other parties' obligations hereunder to any of its Affiliates provided that it shall procure that any such Affiliate shall assign such rights or benefits back to it immediately prior to its ceasing to be its Affiliate.

15.3 The Vendors acknowledge that the Purchaser or its Affiliates intend to sell the Shares to a third party and may give representations, warranties and undertakings in connection with such sale, and that such sale shall not affect the Purchaser's rights to claim in relation to the Warranties and any other terms of this Agreement.

Successors in Title

15.4 Subject to the other provisions of this Clause 15, this Agreement shall be binding upon and enure for the benefit of the successors in title and permitted assignees and transferees of each of the parties hereto.

16. VARIATION

No variation of this Agreement shall be effective unless made in writing and signed by or on behalf of each of the parties to this Agreement.

17. WAIVER

No Waiver by Omission etc.

17.1 No failure or delay by the parties hereto to exercise any right, power or remedy provided by law or under this Agreement or any other documents referred to in it shall affect or operate as a waiver of the same or of some other right, power or remedy nor shall any partial exercise thereof preclude any further exercise of the same or of some other right, power or remedy. The rights and remedies provided under this Agreement are cumulative and are not exclusive of any rights and remedies provided by law or otherwise.

Waiver to be in Writing

17.2 Any waiver of any right, power or remedy under this Agreement must be in writing and may be given subject to such conditions as the grantor may in its absolute discretion decide. Any such waiver (unless otherwise specified) shall only be a waiver in the particular instance and for the particular purpose for which it was given.

18. INVALIDITY

Modification of Provisions

18.1 The Vendors confirm that they have each, and the Purchaser confirms that it has, received independent legal advice relating to all the matters provided for in this Agreement and each of the parties confirm that they consider the provisions of this Agreement, including Clause 21, to be reasonable and necessary in all the circumstances, but if for any reason one or more of such provisions or undertakings shall be held to be invalid but would have been held to be valid if part of the wording of the same was deleted or the period or scope of the same reduced then the said provision shall apply with such deletion or modification as may be necessary to make them valid and effective.

Illegality of Provisions

18.2 Without prejudice to Clause 18.1, each of the provisions of this Agreement, including Clause 21, is severable. If any such provision or part thereof is or becomes illegal, invalid or unenforceable in any respect, such provision or undertaking or part shall to that extent be deemed not to form part of this Agreement but the legality, validity and enforceability of the remaining provisions and undertakings hereunder shall not in any way be affected or impaired thereby.

19. REMEDIES

Each of the parties acknowledges and agrees that the only remedy available to it for breach of any provision of this Agreement shall be for damages in breach of contract under the terms of this Agreement and not rescission of this Agreement or damages in tort or under any statute (whether under the Misrepresentation Act 1967 or otherwise) nor any other remedy. Nothing in this Clause 19 shall however exclude or limit any liability or remedy arising as a result of fraud.

20. CONTINUANCE AFTER COMPLETION

The provisions of this Agreement (including the Warranties) and of all other documents referred to herein shall not (save where the context otherwise requires) be extinguished or otherwise affected by Completion but shall, to the extent capable of being performed after and not performed at or before Completion, continue to have full force and effect notwithstanding Completion.

21. ENTIRE AGREEMENT

This Agreement and any documents entered into pursuant hereto constitute the entire agreement between the parties hereto in relation to the purchase and sale of the Shares and supersede and extinguish, and each party in entering into this Agreement and such other documents agrees that it does not rely on and shall have no remedy in respect of, all prior drafts and all prior agreements, understandings, undertakings, arrangements, representations and warranties (of any nature whatsoever, of any person whether party to this Agreement or not and whether written or oral) in relation to such subject matter other than as, and only to the extent, expressly set out in this Agreement, save that nothing in this Agreement shall exclude or limit any liability or remedy arising as a result of fraud.

22. COSTS

22.1 Each party shall pay its own costs and expenses in relation to the negotiation, preparation, execution and implementation of this Agreement and the documents referred to herein.

22.2 Without prejudice to Clause 22.1, the Purchaser shall pay all stamp, transfer, registration and other similar taxes, duties and charges payable in connection with the sale and purchase of the Shares hereunder.

23. INTEREST

If any party defaults in the payment when due of any sum payable under this Agreement such sum shall bear interest at the rate of 2 per cent. per annum over the base rate from time to time of Barclays Bank plc, calculated on a daily basis for the period from the due date up to and including the date of actual payment (after as well as before judgment).

24. PAYMENTS

All payments to be made under this Agreement shall be made in full without any set-off or counterclaim and free from any deduction or withholding save as may be required by law in which event such deduction or withholding shall not exceed the minimum amount which it is required by law to deduct or withhold and the payer shall simultaneously pay to the payee such additional amounts as will result in the receipt by the payee of a net amount equal to the full amount which would otherwise have been receivable had no such deduction or withholding been required.

25. THIRD PARTY RIGHTS

25.1 Clause 11 is intended by the parties to be enforceable by the Company by virtue of the Contracts (Rights of Third Parties) Act 1999 (the “**Contracts Act**”).

25.2 Save in respect of Clause 11, pursuant to Section 1(2) of the Contracts Act the parties do not intend that any person who is not a party to this Agreement shall have a right under the Contracts Act to enforce any term of this Agreement.

25.3 Notwithstanding the provisions of Clause 25.1, this Agreement maybe rescinded or varied in any way and at any time by the parties to this Agreement without the consent of the Company.

26. NOTICES

Addresses etc.

26.1 Any notice or other communication (in this Clause 26, a “notice”) to be given under this Agreement shall be in writing. Faxes are permitted, email and telexes are not. Such notices or other communications shall be sent:

in the case of any notices or other communications to any of the Vendors to:

Equant N.V.
c/o Equant Inc.
2355 Dulles Corner Boulevard
Herndon, Virginia 20171
U.S.A.
Attn: General Counsel
Facsimile: +1 571 643 7680

in the case of any notices or other communications to the Purchaser to:-

Reuters Limited
85 Fleet Street
London EC4P 4AJ
Attn: General Counsel
Facsimile: +44 (0) 207 542 6848

or to such other address as either party may from time to time notify to the other (to be effective not less than five Business Days from the date of deemed service under Clause 26.2).

Deemed Receipt

26.2 Notices sent as set out in Clause 26.1 shall be deemed to have been received:

- (a) if sent by courier, at the time that their receipt is signed for, whether or not the person signing for such receipt has authority so to do;
- (b) if sent by first class post, two clear Business Days after the date of posting;
- (c) if sent by facsimile, when despatched.

Applicability to Proceedings

26.3 Save as provided in Clause 0, the provisions of this Clause 26 shall also apply to the service of any claim form, order, judgement or other document relating to or in connection with any proceeding, suit or action arising out of or in connection with this Agreement.

Service of Proceedings

Neither Clause 26.3 nor Clause 27 shall affect the right of either party hereto to serve process in any other manner permitted by law.

27. PROCESS AGENTS

Appointment of Vendors' Agent

27.1 Each of the Vendors irrevocably appoints Equant Holdings UK Limited (Attention: Legal Department) of Betjeman Place, 217 Bath Road, Slough SL1 4AA, as its agent for service of process in England in relation to any proceeding, suit or action arising out of or in connection with this Agreement (“**Proceedings**”) and agrees that service of any claim form, order, judgement or other notice of legal process issued out of the courts of England and Wales or other document relating to or in connection with any Proceedings shall be deemed to have been duly served on it if served upon such agent. Service by fax, writing on the screen of a visual display unit and e-mail are not permitted.

Change of Vendors' Agent

27.2 If the agent at any time ceases for any reason to act as such or ceases to have an address in England or Wales each of the Vendors (as relevant) shall appoint a replacement agent having an address for service in England or Wales and shall inform the Purchaser in writing of such change within 14 days of the agent ceasing to act or have an address in England or Wales. Failing such appointment and notification, the Purchaser shall be entitled by notice to a Vendor to appoint a replacement agent to act on its behalf. The provisions of this Clause 27 applying to service on an agent apply equally to service on a replacement agent.

28. COUNTERPARTS

This Agreement may be executed in any number of counterparts and by the parties on different counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall be deemed an original, but all the counterparts shall together constitute one and the same agreement.

29. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with English law. The parties irrevocably agree that any dispute, claim or matter arising under or in connection with this Agreement or the legal relationships established by this Agreement shall be subject to the non-exclusive jurisdiction of the English courts to which the parties hereby irrevocably submit and agree to submit.

Signed by the parties on the date above stated:

SCHEDULE 1

Warranties

1. CAPACITY OF THE VENDORS

Incorporation

- 1.1 Equant Proton is a company duly incorporated and validly existing under the laws of the Cayman Islands, Equant is a company duly incorporated and validly existing under the laws of The Netherlands and Equant Inc is a company duly incorporated and validly existing under the laws of Delaware.

Power to Contract

- 1.2 Each Vendor has the legal right and capacity and full power and authority to enter into and perform this Agreement and any other documents to be executed by the Vendors pursuant to or in connection with this Agreement and, when executed, this Agreement and other documents will constitute valid and binding obligations on the Vendors in accordance with their respective terms.

Power to Sell the Shares

- 1.3 Equant Proton is the sole legal and beneficial owner of the B Ordinary Shares. The B Ordinary Shares are free from all Encumbrances and there is no Encumbrance on, over or affecting the B Ordinary Shares or any of them and there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any.
- 1.4 Equant is the sole legal and beneficial owner of 7,634 of the Preference Shares which are free from all Encumbrances and there is no Encumbrance on, over or affecting such Preference Shares or any of them and there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any.
- 1.5 Equant Inc is the sole legal and beneficial owner of 266 of the Preference Shares which are free from all Encumbrances and there is no Encumbrance on, over or affecting such Preference Shares or any of them and there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any.
- 1.6 The execution and delivery of, and the performance by each Vendors of its obligations under, this Agreement and each document to be delivered by that Vendor at Completion will not:
- (a) result in a breach of any provision of the memorandum or articles of association of any Vendor; or
 - (b) result in a breach of, or constitute a default under, any instrument by which any Vendor is bound; or

- (c) result in a breach of any order, judgment or decree of any court or governmental agency by which any Vendor is bound; or
- (d) require the consent of the shareholders of any Vendor, or the shareholders of the Company or of any other person.

SCHEDULE 2

Purchaser's Warranties and Undertakings.

2. CAPACITY OF THE PURCHASER

Incorporation

2.1 At the date of this Agreement the Purchaser is a company duly incorporated and validly existing under the laws of England.

Power to Contract

2.2 At the date of this Agreement, the Purchaser has the legal right and capacity and full power and authority to enter into and perform this Agreement and any other documents to be executed by it pursuant to or in connection with this Agreement and, when executed, such Agreement and other documents will constitute its valid and binding obligations in accordance with their respective terms.

SCHEDULE 3

PENSIONS

1. INTERPRETATION

1.1 For the purposes of this Schedule:-

- (a) **“Company Group”** means the Company or any of its subsidiaries;
- (b) **“Eligible Employees”** means those Relevant Employees who at Completion are members of the Vendor’s Scheme;
- (c) **“1995 Act”** means the Pensions Act 1995;
- (d) **“Inland Revenue”** means the Inland Revenue Savings, Share Services and Pensions Division;
- (e) **“Relevant Employee”** means an employee or former employee of the Company or any Company Group;
- (f) **“Transfer Date”** means (i) the date falling 12 months after the Completion Date or (ii) such earlier date nominated by the Purchaser or (iii) such other date as the Vendor and the Purchaser agree in writing or (iv) (if the Purchaser does not make any election pursuant to paragraph 2.4) the Completion Date;
- (g) **“Transitional Period”** means, if the Purchaser elects in writing that a Transitional Period shall apply pursuant to paragraph 2.4 below, the period commencing on the day immediately after the Completion Date and ending on the day immediately before the Transfer Date; and
- (h) **“Vendor’s Scheme”** means The Equant Pension Scheme (or, if the context so requires, its trustees) as constituted by a trust deed and rules dated 1 December 2000;

1.2 Words and expressions used in Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 (the **“Act”**) or in the Vendor’s Scheme, shall have the same meanings in this Schedule.

2. THE VENDOR’S SCHEME

2.1 Equant shall use its reasonable endeavours to procure that:-

- (a) subject to the consent of the Inland Revenue (which Equant shall use its reasonable endeavours to procure) the Eligible Employees will be permitted to remain members of the Vendor’s Scheme and the Company will be permitted to participate in the Vendor’s Scheme throughout the Transitional Period; and

- (b) the Vendor's Scheme will be maintained, in relation to the Eligible Employees, in full force and effect until after the Transfer Date and, save as disclosed or as required by law or except with the written consent of the Purchaser:
 - (i) its provisions will not be amended in a manner which may affect the benefits accrued or accruing for any of the Eligible Employees, or the contributions payable by them or the debt potentially owing under section 75 of the 1995 Act;
 - (ii) no power or discretion will be exercised in a manner which may affect the interests under the Vendor's Scheme of any Eligible Employee or any spouse or dependant of such Eligible Employee or the debt potentially owing under section 75 of the 1995 Act; and
 - (iii) its provisions will not be amended in a manner which may affect the contributions payable to the Vendor's Scheme by the Company during the Transitional Period.

2.2 The Purchaser undertakes that it will procure that the Company will:

- (a) pay to the Vendor's Scheme during the Transitional Period, employer contributions, at the rate of 15.3% until 31 December 2004, and thereafter at the rate applicable to employers participating in the Vendor's Scheme generally as set out in the schedule of contributions for the Vendor's scheme prepared under section 58 of the 1995 Act, of Pensionable Salary (as defined in the rules of the Vendor's Scheme) of the Eligible Employees who are members of the defined benefit section of the Vendor's Scheme;
- (b) comply during the Transitional Period in all other respects with the provisions of the Vendor's Scheme which apply to it as an employer;
- (c) not do or omit to do during the Transitional Period any act or thing whereby the status of the Vendor's Scheme as an exempt approved scheme or as a contracted out scheme would or might be prejudiced, save as this be required as a result of overriding legislation;
- (d) not exercise any power, right or discretion, including the giving or withholding of consent to any event or course of action, conferred on the Company or the Purchaser by the Vendor's Scheme except on such terms (whether as to payment of additional contributions or otherwise) as Equant may agree, such agreement not to be unreasonably withheld or delayed;
- (e) not during the Transitional Period cause or allow any Eligible Employee's Pensionable Salary (as defined under the Vendor's Scheme) to be increased by more than 4% except on such terms (whether as to payment of additional contributions or otherwise) as Equant may agree, such agreement not to be unreasonably withheld or delayed; and

- (f) appoint Equant Holdings UK Limited (registered in England under company number 4020847, as principal employer of the Vendor's Scheme) to act on its behalf in relation to the Vendor's Scheme for the purposes of dealing with the requirements of the 1995 Act and the Pension Schemes Act 1993 and the regulations made thereunder and to do all such acts and execute and/or sign all such documents on its behalf as Equant or the Vendor's Scheme may reasonably consider necessary or desirable in connection therewith without prejudice to the terms of this Schedule.
- 2.3 The Purchaser shall take such steps as may be required to procure that the Company holds a contracting-out certificate in relation to the UK Vendor's Scheme in respect of the Transitional Period and ceases to hold such a certificate with effect from the end of such period.
- 2.4 The Purchaser may prior to the Completion Date by written notice to the Vendors elect that a Transitional Period shall apply.
3. **INDEMNITY**
- 3.1 Equant shall use its reasonable endeavours to procure that the trustees of the Vendor's Scheme shall notify the Company within three months of the Transfer Date if any amount is due from the Company as at the Transfer Date pursuant to section 75 of the 1995 Act, and if such an amount is payable shall certify that amount as soon as reasonably practicable thereafter.
- 3.2 Equant shall indemnify and keep indemnified the Purchaser (for itself and as agent and/or trustee for each of the Company and each member of the Purchaser's Group and Company Group) on an after tax basis and to the extent stated below (so far as possible by way of reduction of the consideration payable for the Shares pursuant to this Agreement) against:
- (a) any liability of the Purchaser, the Company or any member of the Purchaser's Group or the Company Group to pay any amount to the Vendor's Scheme pursuant to section 75 of the 1995 Act (as varied by the Rules of the Vendor's Scheme, as the case may be) or pursuant to any contribution notice issued by the pensions regulator, or otherwise, howsoever arising. For the avoidance of doubt, this indemnity shall apply irrespective of whether the calculation is required by law under section 75 to be carried out on the minimum funding requirement basis set out in the 1995 Act or on a full buy out basis or otherwise and shall also apply as a result of any second demand by the Vendor's Scheme due to any amendment to section 75 after the date of this Agreement. In the event that there is a Transitional Period and the Transfer Date occurs on or after 7 April 2005, Equant's obligation to indemnify under this paragraph 3.2 shall extend only to so much of the liability as would have arisen had the basis of the section 75 debt calculation of the liability continued to be as required under the law applicable immediately prior to 6 April 2005;

- (b) any liability of the Purchaser, the Company or any member of the Purchaser's Group or the Company Group for any deficit in the Vendor's Scheme attributable to the Company or any member of the Purchaser's Group in the event of a wind-up of the Vendor's Scheme, whether by way of contribution notice issued by the Pensions Regulator or otherwise; and
- (c) any liability of the Purchaser, the Company or any members of the Purchaser's Group or the Company Group for any payment or contribution to the Vendor's Scheme which is required by the trustees of the Vendor's Scheme and which is not due under a paragraph 2.2 in this Schedule 3,

and all actions, proceedings, costs, claims, damages and expenses brought or made against the Purchaser, the Company, any each member of Purchaser's Group in so far as the same arise from paragraph 3.2(a), (b) and/or (c) above.

4. **EQUANT'S UNDERTAKING**

Equant and the Purchaser agree that to the extent that any Relevant Employee is a member of a funded retirement benefits scheme which is established outside of the United Kingdom, they will each use reasonable endeavours to agree arrangements with the trustee, or other relevant administrator, of that scheme for the transfer of any assets directly attributable to those Relevant Employees to an appropriate retirement benefits plan nominated by the Purchaser, on terms such that the liabilities of that scheme be discharged by the transfer.

Signed by

/s/ Daniel Caclin

Daniel Caclin

for and on behalf of
**Equant Proton Holdings
Limited**

Signed by

/s/ Daniel Caclin

Daniel Caclin

for and on behalf of
Equant N.V.

Signed by

/s/ Daniel Caclin

Daniel Caclin

for and on behalf of
Equant Inc.

Signed by

/s/ Jared Millar

Jared Millar

for and on behalf of
Reuters Limited

Signed by

/s/ Daniel Caclin

Daniel Caclin

for and on behalf of
**Equant Proton Holdings
Limited**

Signed by

/s/ Daniel Caclin

Daniel Caclin

for and on behalf of
Equant N. V.

/s/ Daniel Caclin

Daniel Caclin

Signed by

for and on behalf of
Equant Inc.

Signed by

/s/ Jared Millar

Jared Millar

for and on behalf of
Reuters Limited

Reuters Group PLC

Long Term Incentive Plan Rules

Date approved at EGM : 16 December 1997
Date adopted by Board of Directors : 12 December 1997
Amended by the Remuneration Committee : 19 July 1999,
5 December 2000 and 12 February 2001

Further amendments approved at EGM : 24 April 2001
Further amendments approved at AGM: 22 April 2004

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1 **Definitions**

1.1 In these Rules the following words and expressions shall have, where the context so admits, the following meanings:

“Adoption Date”	16 December 1997;
“Announcement Date”	the date on which the Company announces its final results for a financial year;
“Associated Company”	a company is to be treated as another company’s associated company if at that time one of the two has Control of the other, or both are under the Control of the same person or persons;
“Auditors”	the auditors for the time being of the Company (acting as experts and not as arbitrators);
“Award”	an award under the Plan which may consist of any or a combination of any of: (a) a contingent right to Shares; or (b) a Bonus Option; or (c) a Standard Option;

and where the context requires the references to an Award shall be deemed to include references to any Dividend Equivalent Shares or right or contingent right thereto arising under such Award;

“Award Certificate”	the Award certificate in the form or forms agreed by the Plan Committee from time to time;
“Board”	the board of Directors of the Company or a duly constituted committee thereof;
“Bonus Option”	an Option granted in conjunction with a Linked Bonus;
“the Company”	Reuters Group PLC or, save for Rules 1, 2, 3 and 8.3, such company as shall be at any time the “Acquiring Company” as defined in Rule 5.5;
“Compromise or Arrangement”	a compromise or arrangement (including a reorganisation of the Company’s share capital by the consolidation of shares of different classes or by the division of shares into shares of different classes or by both of those methods) between the Company and its members or creditors or any class of either which has been approved by not less than 75% in value of the creditors or members (based on the value of the interests as at the last record date) or such class of either who vote on such compromise or arrangement and which has been sanctioned by the Court;
“Control”	<p>in relation to a body corporate the power of a person which is a member of that Body Corporate (“the Body Corporate”) to secure:</p> <p>(a) by the holding of shares or the possession of voting power in or in relation to the Body Corporate or any other body corporate; or</p>

- (b) by virtue of its right to appoint or remove a majority of the board of directors of that Body Corporate; or
- (c) by virtue of any power conferred by the certificate of incorporation, articles of association, bye laws, membership agreement or other document regulating the Body Corporate or any other body corporate that the affairs of the Body Corporate are conducted in accordance with the wishes of that person;

“Date of Grant”	the date on which an Award is granted to an Eligible Employee or is treated as being granted pursuant to Rule 2.6;
“Deferral Notice”	A notice in the form or forms agreed by the Plan Committee from time to time;
“Director”	any person occupying the office of director of the Company, by whatever name called;
“Dividend Equivalent Shares”	in respect of any Award which is subject to a Restricted Period and has Vested, such additional Shares to which a Participant may become entitled in accordance with Rule 4;
“Eligible Employee”	an employee (whether contracted to work full time or part time) of any Group Company including any Director other than a non executive Director;

“Exercise Price”	<p>the amount as determined by the Company which a Participant shall pay to acquire a Share on the exercise of an Option being, (subject to Rule 2.6 and Rule 6):</p> <p>(a) in the case of a Bonus Option, an amount which is not less than the Market Value of a Share on the Date of Grant; or</p> <p>(b) in the case of a Standard Option, one pound sterling in aggregate to acquire all of the Shares over which the Standard Option is exercised on each occasion of exercise or, if the Standard Option is exercised in full on one occasion only, one pound sterling in total;</p>
“Form of Renunciation”	<p>the form of renunciation in the form agreed by the Plan Committee from time to time;</p>
“Group”	<p>the Company and its Subsidiaries and the phrase “Group Company” shall be construed accordingly;</p>
“Letter of Grant”	<p>the letter or other communication (which may include electronic communication) in the form agreed by the Plan Committee from time to time;</p>
“Linked Bonus”	<p>the gross bonus payable to a Participant on the exercise of a Bonus Option being an amount equal to the Exercise Price multiplied by the number of Shares over which that Bonus Option is being exercised rounded down to the nearest whole pound;</p>

“Market Value”	on any day, the average closing middle market quotation of a Share as derived from the Daily Official List of the London Stock Exchange plc on the three dealing days which immediately precede that day;
“Measurement Period”	(i) in respect of any Award granted prior to 1 January 2004, the period beginning on 1 January in the year in which the Date of Grant of that Award falls and ending on 31 December in the calendar year preceding the third anniversary of such Date of Grant (“the First Measurement Period”), the fourth anniversary (“the Second Measurement Period”) or the fifth anniversary (“the Final Measurement Period”); (ii) in respect of any Award granted on or after 1 January 2004, the period beginning on 1 January in the year in which the Date of Grant of that Award falls and ending on 31 December in the calendar year preceding the third anniversary of such Date of Grant;
“Model Code”	the Model Code for transactions in securities by Directors issued from time to time by the UK Listing Authority and/or any code of practice adopted by the Board in addition to or replacement of such publication;
“New Award”	an award over shares in the Acquiring Company (as defined in Rule 5.5) granted in consideration

of the release of a Subsisting Award and which shall satisfy the following conditions:

- (a) that it is a right or contingent right to acquire such number of shares in the Acquiring Company as has on the acquisition of the New Award an aggregate Market Value equal to the aggregate Market Value of the Shares subject to the Subsisting Award on its release; and
- (b) that in the case of an Award which is an Option, it has an exercise price per share such that the aggregate price payable on the complete exercise equals the aggregate price which would have been payable on complete exercise of the Subsisting Option;

“NI Election”

an election made in respect of an Option jointly by a Participant and a relevant Group Company for the purposes of Paragraph 3(B)(1) of Schedule 1 to the Social Security Contributions and Benefits Act 1992;

“Notice of Exercise”

the notice of exercise in the form agreed by the Board or the Plan Committee from time to time;

“Option”

an Award made in the form of a right to acquire Shares granted or to be granted pursuant to Rules 2.1 or 2.6 and the term “Option” shall be construed to mean either “a Bonus Option” or “a Standard Option” or both as the context requires;

“Participant”	an Eligible Employee who has been granted and remains entitled to a Subsisting Award or (where the context admits) his legal personal representative(s) or transferee;
“Performance Condition”	the condition imposed by the Plan Committee whereby an Award is granted on terms that it shall not Vest until and to the extent that such conditions have been satisfied, (such Performance Condition being specified in the Schedule hereto and in respect of any Award made after 24 April 2001 but before 1 January 2004 being as specified in the Part 1 of such Schedule hereto, in respect of any Award made before 25 April 2001 being as specified in Part 2 of such Schedule and in respect of any Award made on or after 1 January 2004 being specified in Part 3 of such Schedule);
“Plan”	this Plan constituted and governed by the Rules with and subject to any amendments thereto properly effected;
“Plan Committee”	the Board or a duly authorised committee appointed by the Board to oversee the operation of this Plan, provided that in the case of Awards granted or to be granted to executive Directors, and in relation to any discretions under these Rules which may be exercised by the Plan Committee in relation to Awards granted to or held by executive Directors, this committee shall be the Remuneration Committee;
“Release Date”	(a) in the case of an Award which is made subject

to a Restricted Period, the date on which the Restricted Period ends; and

(b) in the case of all other Awards the Release Date shall be the Vesting Date

and the expression “Release” and “Released” shall have a corresponding meaning, provided that if the Release Date of any Award would otherwise fall within a close period or a period when a Participant is prohibited by the Model Code, statute order or regulation (whether of the United Kingdom or any other country) from dealing in Shares or rights over or interests in Shares, the Release Date shall be the day following the end of such close or other period;

“Remuneration Committee”

the Board or a duly constituted committee of the Board delegated with the authority to consider the remuneration of Directors and senior employees of the Group;

“Restricted Period”

for all Awards made prior to 1 January 2004 to Eligible Employees who at their Dates of Grant were Directors and for other Awards (if any) which are granted subject to a Restricted Period the period beginning on 1 January in the calendar year in which Vesting takes place and ending on the Announcement Date falling two years or thereabouts (one year in the case of Vesting which has been deferred twice in accordance with Rule 3.3) after the date of Vesting of that Award;

“Rules”	the rules of this Plan as amended from time to time and “Rule” shall be construed accordingly;
"Share"	an Ordinary Share in the capital of the Company which is, was or will be fully paid on issue;
“Share Award”	an Award made in the form of a contingent right to receive Shares;
“Standard Option”	an Option other than a Bonus Option;
"Subsidiary"	a company which is under the Control of another company;
"Subsisting Award"	an Award of Shares or an Award of Options which has been granted and which has not been surrendered, renounced, or (in the case of a Share Award) Vested and Released, or (in the case of Options) Released and exercised in full nor otherwise lapsed;
“Tax Liability”	in relation to a Participant the amount of all taxes and/or social security contributions and/or social taxes and/or national insurance contributions (including any national insurance contributions due from a Participant as a result of an NI Election in respect of an Option) or any other contribution or impost which any Group Company or the Trustee is required to withhold and account for on behalf of that Participant in respect of his Awards (including any such liabilities in respect of a Linked Bonus and/or Dividend Equivalent Shares) under the Plan;

“Trust”	any employee share ownership trust which has been or may be established from time to time by the Company or any other Group Company to operate in conjunction with this Plan and which may include the trusts known as the Reuters ESOT No.I and Reuters ESOT No.II;
“Trustee”	the trustee or trustees for the time being of the Trust;
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part IV of the Financial Services Act 1986 and in the exercise of its functions in respect of admission to the Official List.
“Vesting”	the Performance Condition attributable to an Award having been satisfied in whole or, subject to Rule 3, in part and the expression “Vest and “Vested” shall have a corresponding meaning, provided that in the case of an Award granted subject to a Restricted Period the Award shall not be Released until the end of that Restricted Period;

1.2 In these Rules, except insofar as the context otherwise requires:

- (i) words denoting the singular shall include the plural and vice versa;
- (ii) words importing a gender shall include every gender and references to a person shall include bodies corporate and unincorporated and vice versa;

- (iii) reference to any enactment shall be construed as a reference to that enactment as from time to time amended, modified, extended or re-enacted and shall include any orders, regulations, instruments or other sub-ordinate legislation made under the relevant enactment; and
- (iv) headings and captions are provided for reference only and shall not be considered as part of the Plan.

2 Grant of Awards

- 2.1 The Plan Committee may, after consultation with the Chief Executive in its absolute discretion select any number of individuals who shall at the intended Date of Grant be Eligible Employees and recommend to the Trustee the grant of Awards to them.
- 2.2 Awards may be granted at any time when it is permitted to do so in accordance with the Model Code. Awards shall not be granted later than the tenth anniversary of the Adoption Date.
- 2.3.1 Awards shall be granted by the relevant Trustee in its discretion having considered the recommendations made by the Plan Committee and shall be subject to the satisfaction of the Performance Condition.
- 2.3.2 The Performance Condition to apply in respect of Awards made up to and including calendar year 2001 shall be as specified in the first and second parts of the Schedule to these Rules and shall not be capable of amendment or waiver unless events happen which cause the Plan Committee to consider that the relevant Performance Condition has ceased to be appropriate whereupon the Plan Committee may at any time amend, relax or waive the Performance Condition provided that in the reasonable opinion of the Plan Committee the varied Performance Condition is materially no more easy or difficult to satisfy than when originally imposed or last amended as the case may be.
- 2.3.3 The Plan Committee may vary the Performance Conditions to apply in respect of Awards to be made in calendar years falling after 2001 PROVIDED THAT
- (a) such varied Performance Conditions are, in the reasonable opinion of the Plan Committee, not materially more favourable to the participants than the Performance Conditions specified in the First Schedule hereto; and
 - (b) any such variation will be disclosed in the Company's annual report and accounts for the year in which Awards subject to such varied Performance Conditions are first granted.

- 2.3.4 Awards made to Eligible Employees who are Directors at the Date of Grant shall be made by Reuters ESOT No.II or any successor Trust under which Directors are beneficiaries. Awards made to non Directors may be made by any Trust.
- 2.2.5 For the avoidance of doubt Awards made prior to 25 April 2001 shall be subject to the Performance Condition specified in the second part of the Schedule hereto (being the Performance Conditions specified in the Rules as adopted in December 1997).
- 2.4 An Option may be granted subject to a condition that the Participant enter into an NI Election.
- 2.5 Any Award may be renounced in whole or in part by the Participant by completing and returning the appropriate Form of Renunciation together with the Award Certificate to the Company or at its direction within 90 days of the Date of Grant or such other period as may be specified by the Plan Committee at the Date of Grant in which case the Award shall for all purposes be taken never to have been granted.
- 2.6 Where the circumstances noted in Rule 5.5 apply, New Awards may be granted in consideration for the release of Subsisting Awards granted under the Plan. Such New Awards are deemed to be equivalent to the old Awards and to have been granted within the terms of this Plan.
- 2.7 Subject to the proviso to this Rule 2.7 no Award may be transferred, assigned or charged and any purported transfer, assignment or charge shall be void ab initio. Each Award Certificate shall carry a statement to this effect. For the avoidance of doubt, this Rule 2.7 shall not prevent the Award of a deceased Participant being Released to or exercised by (as the case may be) his personal representative(s) within the terms of these Rules. Provided that the Trustee and the Plan Committee may agree that a particular Award is capable of being transferred and, in giving any such agreement, the Trustees and the Plan Committee may also specify the person or category of persons to whom the Participant may transfer the Award and the terms on which it is capable of being transferred, including terms to ensure that any transferee of the Award agrees to be bound by the terms of these Rules and terms to prohibit any further transfer by that transferee of the Awards in question.
- 2.8 Awards shall be granted by the relevant Trustee to Eligible Employees by deed. A Letter of Grant and an Award Certificate evidencing the grant shall be despatched as soon as

practicable after the Date of Grant to each Participant. The Award Certificate and the Letter of Grant shall specify the Date of Grant, the number of Shares subject to the Award, the Performance Condition, whether the Award is subject to a Restricted Period and whether (in the case of an Option) the Award is of a Bonus Option or a Standard Option and, in the case of the former, the Exercise Price.

2.9 All Awards made prior to 1 January 2004 to Eligible Employees who are Directors at the Date of Grant shall be subject to a Restricted Period. Other Awards may, in the discretion of the Plan Committee, be made subject to a Restricted Period.

2.10 Awards may be granted by the Trustee only with the prior approval of the Plan Committee.

3 Vesting and Deferral of Vesting – Awards granted prior to 1 January 2004

- 3.1 An Award granted prior to 1 January 2004 shall Vest in accordance with and to the extent permitted under the Performance Condition over the applicable Measurement Period. The Plan Committee will as soon as practicable after the end of each relevant Measurement Period send to Participants details of the extent to which (if at all) Awards would, subject to Rule 3.2 and/or Rule 3.3, Vest.
- 3.2 If an Award granted prior to 1 January 2004 does not Vest or Vest in full by reference to the First Measurement Period the Trustee, after consultation with the Plan Committee, may resolve to permit the deferral of Vesting. Where deferral is permitted the Participant may, within 30 days of receiving notification of the extent to which the Award would otherwise have Vested, elect to defer Vesting by signing and returning a Deferral Notice to the Trustees in which case no Vesting shall take place or be deemed to take place as at the end of the First Measurement Period and the Performance Condition shall then be applied over the whole of the Second Measurement Period.
- 3.3 If an Award granted prior to 1 January 2004 would not Vest or Vest in full by reference to the Second Measurement Period then, subject to the same consent as required under Rule 3.2 above, a Participant may make a further election to defer Vesting on similar terms to those contained in Rule 3.2 and the Performance Condition shall then be applied over the whole of the Final Measurement Period.
- 3.4 No deferral of the Vesting of an Award granted prior to 1 January 2004 is permitted in respect of a period after the Final Measurement Period.
- 3.5 No fraction of a Share shall be included in any Award whenever granted which has Vested and any fraction of a share which, but for this Rule 3.5, would be included in any Vested Award shall be excluded from the relevant Award. In the event that the amount of any Linked Bonus is not a whole number of pounds sterling it shall be rounded down to the nearest whole pound.

3A Vesting and Deferral of Vesting – Awards granted on or after 1 January 2004

3.1A An Award granted on or after 1 January 2004 shall Vest in accordance with and to the extent permitted under the Performance Condition over the Measurement Period. The Plan Committee will as soon as practicable after the end of the Measurement Period send to Participants details of the extent to which (if at all) Awards Vest.

4 Exercise of Options, Transfer of Share Awards and Dividend Equivalent Shares

4.1 Subject to each of the succeeding sections of this Rule 4, Rule 5 and Rule 7 below

4.1.1 a Subsisting Option to the extent Vested may be exercised in whole or in part by the Participant or, if deceased, by his personal representatives on or after its Release Date;

4.1.2 the Shares subject to a Subsisting Share Award to the extent Vested shall be transferred following the Release Date to the Participant in accordance with Rule 7.

4.2 A Subsisting Award (whether a Share Award or an Option) which has not yet Vested shall lapse on the Participant ceasing to be a Director or employee of any Group Company, (so as to hold no office or employment with any Group Company) for any reason unless the Plan Committee shall, prior to such cessation or within six months thereafter, otherwise determine. In making such determination the Plan Committee shall with the consent of the Trustee specify whether the whole or part of such Award shall Vest, provided that no such determination shall be made in the event of such cessation being as a result of dismissal for cause.

4.2.1 In the case of cessation due to death, if and to the extent that the Plan Committee has exercised its discretion to permit Vesting in whole or in part, the Award of the deceased Participant shall, to the extent Vested, be Released forthwith, whether or not that Award was originally subject to a Restricted Period.

4.2.2 In the case of cessations otherwise than on death, if the Plan Committee has exercised its discretion to permit Vesting in whole or in part, the Vested part of the Award shall not be Released until the end of the Restricted Period (*if any*).

4.3 An Award which has not Vested in accordance with its normal Vesting requirements or Rule 4.2 above or such part thereof as shall not have so Vested shall lapse on the earliest of the following dates:

4.3.1 the surrender of the Award by the Award Holder;

4.3.2 the date falling six months after the Participant ceases for any reason to be a Director or employee of any Group Company (so as to hold no office or employment with any Group

Company) unless the Plan Committee has exercised its discretion under Rule 4.2 above, provided

- (a) that if the Plan Committee has specified that an Award shall Vest in part only then the balance of the Award shall forthwith lapse as from the date of such specification even if that date falls before the date falling 6 months after the cessation; and
- (b) that during such period of six months from cessation or until the Plan Committee has determined whether or not it will exercise its discretion if earlier, the relevant Award shall not be capable of Vesting other than pursuant to an exercise of such discretion; and

4.3.3 the date of lapse determined in accordance with Rule 5.

4.4 A Vested Subsisting Award or such part thereof as shall have Vested (including an accelerated Vesting under Rule 4.2) shall lapse on the earliest of the following:

4.4.1 the surrender of that Award by the Participant;

4.4.2 in the case of an Option, the seventh anniversary of the Date of Grant or such earlier date specified at the Date of Grant;

4.4.3 in the case of an Option, the first anniversary of the Participant's death or at the end of the six month period beginning on the later of:

- (a) the date of cessation of the Participant's office or employment with any Group Company (so as to hold no office or employment with any Group Company) for any reason other than death or dismissal for cause; and

- (b) the Release Date

PROVIDED that if the lapse date so determined would be a date later than the seventh anniversary of its Date of Grant, lapse shall occur on such seventh anniversary;

4.4.4 on the date whether before or after the Release Date that a Participant ceases to be a Director and/or employee of any Group Company (so as to hold no office or employment with any Group Company) as a result of being dismissed for cause.

For the purposes of this Plan a statement by the Plan Committee that a Participant has been dismissed for cause (including dishonesty or gross misconduct) shall be conclusive; and

- 4.4.5 the date of lapse determined in accordance with Rule 5.
- 4.5 In the event of the lapse of an Award in whole or in part any entitlement or contingent entitlement to related Dividend Equivalent Shares in respect thereof or the lapsed part thereof shall likewise lapse.
- 4.6 Rules 4.7 to Rule 4.8 relating to Dividend Equivalent Shares apply to any Award made after 24 April 2001 which is subject to a Restricted Period.
- 4.7 Following the Release of any Share Award or the exercise of any Option (as the case may be) a Participant shall become entitled on transfer or exercise respectively to receive, for no further consideration, a transfer of Dividend Equivalent Shares, the number of such Dividend Equivalent Shares being calculated in accordance with Rule 4.8.1.
- 4.8 For the purposes of this Rule 4.8 the expression the “Relevant Shares” means on any occasion of transfer or exercise (as the case may be) the number of Shares which are to be transferred or over which the Participant has validly exercised his Option on that occasion.
- 4.8.1 The Dividend Equivalent Shares due to a Participant in respect of an Award shall be computed:
 - (a) by calculating, in respect of each occasion on which the Company paid a dividend in the period (“the Dividend Equivalent Period”) between 1 January in the calendar year in which the Vesting of the Award took place and the Release Date, the amount of gross dividend which would have been received by the Participant had he been a shareholder in respect of the Relevant Shares on each such relevant dividend record date;
 - (b) converting the amount calculated under 4.8.1(a) above in respect of each dividend payment into a notional number of Shares by dividing that amount by the Market Value of a Share as at the relevant dividend payment date (rounding down to the nearest whole number of Shares); and

(c) adding together the notional number of Shares derived under 4.8.1(b) in respect of each dividend payment date falling during the Dividend Equivalent Period, the sum thereof being the number of Dividend Equivalent Shares to which the Participant is entitled on that occasion of transfer or exercise.

4.8.2 Any Dividend Equivalent Shares to be transferred to a Participant shall (subject to Rule 7.6) be transferred together with the Relevant Shares.

4.8.3 For the avoidance of any doubt an entitlement to a transfer of Dividend Equivalent Shares in respect of an Award which is an Option will only arise in respect of the Shares over which such Award is exercised.

5 Trade sales, Reconstructions, Liquidations and Option Exchanges

5.1 If any person obtains Control of the Company as a result of making:

- (a) an offer (whether a general offer or not) to acquire the whole of the issued share capital of the Company (other than that which is already owned by him) which is unconditional or which is made on a condition such that if it is satisfied the person making the offer will have Control of the Company; or
- (b) an offer (whether a general offer or not) to acquire all the shares (other than shares which are already owned by him) in the Company which are of the same class as Shares subject to a Subsisting Award

then, subject to Rule 5.5, the Plan Committee shall notify all Participants as soon as is practicable of the offer in accordance with Rule 8.5. and

5.1.1 all Subsisting Options which have Vested (whether they are subject to a Restricted Period or not) may be exercised from 21 days after the date of the receipt of that notification up to the expiry of a period ending on the earlier of:

- (a) six months from the time when the person making the offer has obtained Control of the Company and any condition subject to which the offer is made has been satisfied; and
- (b) the date of service of a notice to minority shareholders under Sections 428 to 430F of the Companies Act 1985 of the intention to exercise rights under such sections.

To the extent that any Subsisting Option is unexercised or has not been exchanged for a New Option in accordance with Rule 5.6 at the end of such period, it shall thereupon lapse; and

5.1.2 all Shares subject to Subsisting Share Awards which have Vested (whether they remain subject to a Restricted Period or not) shall be transferred to the Participants.

5.2 If a Compromise or Arrangement in relation to the Company takes place then, subject to Rule 5.5:

- 5.2.1 all Subsisting Options which have Vested (whether they are subject to a Restricted Period or not) may be exercised from 21 days after the date of Court sanction up to the expiry of a period of six months after that date. To the extent that any Subsisting Option remains unexercised or has not been exchanged for a New Option in accordance with Rule 5.4 at the end of such period it shall thereupon lapse;
- 5.2.2 all Shares subject to Subsisting Share Awards which have Vested (whether they are subject to a Restricted Period or not) shall be transferred to the Participants forthwith.
- 5.3 All Subsisting Awards (Options and Share Awards) which have not Vested at the date of an event specified in Rules 5.1 or 5.2 (“the Relevant Event” being the date of the offer or the date the Court sanctions the Compromise or Arrangement), or notice under Rule 5.8 shall, subject to Rule 5.5, lapse and be forfeited unless the Plan Committee with the consent of the Trustee otherwise determines (taking account of the length of the period since the Date of Grant and the performance of the Company over that period). In the event of such determination and subject to Rule 5.5:
 - 5.3.1 Options may be exercised (whether or not they were otherwise subject to a Restricted Period) during any period following the particular Relevant Event or Rule 5.8 notice in which an Option which had Vested prior to the Relevant Event or Rule 8.8 notice could have been exercised and at the end of that period the Option shall lapse; and/or
 - 5.3.2 a Share Award which has been the subject of a determination in accordance with this Rule 5.3 shall be transferred to the relevant Participant forthwith.
- 5.4 If any person becomes bound or entitled to acquire Shares in the Company under sections 428 to 430 of the Companies Act 1985 and serves notice of his intention to exercise such rights, then all Subsisting Awards (Options and Share Awards) whether Vested or not shall thereupon lapse and be forfeited as from the date of such notice.
- 5.5 Notwithstanding Rules 5.1 and 5.2 if, following the date of a Relevant Event, the Plan Committee procures that all Subsisting Awards (including any Subsisting Awards which have not Vested at the date of that Relevant Event) can be exchanged pursuant to Rule 5.6, the Plan Committee may, in its discretion, determine by written resolution that:
 - 5.5.1 Subsisting Options do not become exercisable and Shares subject to Subsisting Share Awards do not become transferable as a result of the Relevant Event and any Subsisting

Option which is already exercisable ceases to be exercisable as from the Relevant Event; and

5.5.2 that all Subsisting Awards shall be released in consideration of the Grant of a New Award in accordance with Rules 5.6 and 5.7

Provided that if the company which is the Acquiring Company in respect of the Relevant Event fails to grant or to make a binding contractual commitment to grant the New Awards pursuant to Rule 5.6 within 40 days after the Relevant Event such resolution of the Plan Committee will cease to be effective and all Vested Subsisting Options will be exercisable and Shares subject to Subsisting Vested Share Awards shall be transferred pursuant to Rule 5.1 or 5.2 (as the case may be) and Rule 5.3 shall apply as if such Rule 5.5 determination had not been made.

5.6 If, as a result of the events specified in Rules 5.1 or 5.2 the Plan Committee has required the release of a Subsisting Award in consideration of the grant of a New Award or a company has obtained Control of the Company, the Participant may, and in the case of a Plan Committee resolution under Rule 5.5 shall, if that other company ("the Acquiring Company") so agrees, release any Subsisting Award (including any Subsisting Awards which are the subject of a Rule 5.3 determination) he holds in consideration of the grant of a New Award by the Acquiring Company, and the following shall apply:

5.6.1 a New Award shall be evidenced by an Award Certificate which shall import the relevant provisions of these Rules;

5.6.2 a New Award shall, for all other purposes of this Plan, be treated as having been acquired at the same time as the corresponding released Award.

5.7 For the purpose of any application of the provisions of this Plan following a release of a Subsisting Award and the grant of a New Award all the Rules of this Plan shall apply mutatis mutandis to such New Award subject only to such amendments as the Plan Committee shall consider are necessary or appropriate to reflect the change in identity of the company over whose shares the New Award subsists and similar consequential changes. For the avoidance of doubt, following a determination under Rule 5.5, a Participant's Award shall have the same Vested or unVested status immediately following the release and new grant as the corresponding Awards released by that Participant, any Restricted Period to which the Award was subject will continue to apply

and any determination made by the Plan Committee to accelerate and/or to permit exercise or Release under Rules 5.1 to 5.3 shall be deemed not to have been made.

- 5.8 If notice is duly given of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company:
- 5.8.1 all Subsisting Options which have Vested (whether they are subject to a Restricted Period or not) may be exercised in whole or in part at the date the resolution is passed (but so that an exercise hereunder shall be conditional upon such resolution being passed) and at any time thereafter until the resolution is duly passed or defeated or the general meeting is concluded or adjourned, whichever shall first occur. Immediately after any such resolution is passed any Subsisting Options shall, to the extent that they are unexercised, thereupon lapse; and
- 5.8.2 all Shares subject to a Subsisting Share Award which have Vested (whether they are subject to a Restricted Period or not) shall be transferred to the Participant upon such resolution being passed.
- 5.9 For the purpose of this Rule 5 other than Rule 5.6 a person shall be deemed to have obtained Control of a company if he and others acting in concert with him have together obtained Control of it.
- 5.10 The exercise of an Option or the transfer of Shares subject to a Share Award pursuant to the preceding provisions of this Rule 5 shall be subject to the provisions of Rule 7 below.
- 5.11 A New Award shall not be exercisable or transferable by virtue of the event on which it was granted.

6 Variation of Share Capital

- 6.1 In the event of any variation of the share capital of the Company, including, but without prejudice to the generality of the preceding words, any demerger (whether qualifying or not), capitalisation or rights issue or any consolidation, sub-division or reduction of capital the number of Shares subject to any Subsisting Award and in the case of a Bonus Option the Exercise Price may be adjusted (including retrospective adjustments) by the Plan Committee with the consent of the Trustee.
- 6.2 Such adjustment shall be deemed to be effective, from the record date at which the respective variation applied to other shares of the same class as the Shares. Any Options exercised or Shares under a Share Award transferred within that period shall be treated as exercised with the benefit of the variation.
- 6.3 The Plan Committee shall take such steps as it considers necessary to notify Participants of any adjustment made under Rule 6.1 and to call in, cancel, endorse, issue or reissue any Award Certificate consequent upon such adjustment.

7 Manner of Exercise of Options and transfer of shares subject to Share Awards

- 7.1.1 An Option shall be exercised in whole or in part (provided that no partial exercise is permitted in respect of less than 100 shares) by the Participant or, as the case may be, his personal representatives giving notice in writing to the Company or its agent by the Notice of Exercise accompanied by the appropriate payment and the relevant Certificate and shall be effective on the date of the receipt of the appropriate payment and paperwork by the Company or its agent.
- 7.1.2 On the exercise of a Bonus Option, an amount (in cash or specie) equivalent to the number of Shares in respect of which the Bonus Option is then exercised multiplied by the Exercise Price shall be immediately payable (subject to all deductions in respect of the Tax Liability attributable to the Linked Bonus) by the Trustee to the Participant.
- 7.1.3 A Participant rather than receiving actual payment of a Linked Bonus, may elect and authorise the Trustee to apply the net amount of the same as part payment of the aggregate Exercise Price in respect of the Option to which it is linked. If such an election is made an Option will be deemed to have been duly exercised for the purposes of Rule 7.1.1 on receipt of such election together with a cheque or banker's draft or other method of payment acceptable to the Trustee for the balance of the aggregate Exercise Price required in respect of the number of Shares over which that Option is then being exercised.
- 7.1.4 For the avoidance of doubt, in the case of a Bonus Option a Linked Bonus will only become payable if and to the extent that the Bonus Option is exercised and then only to that extent. In no circumstances will a Linked Bonus or any part thereof become payable without an exercise of the Bonus Option or similar part thereof.
- 7.2 Subject to Rule 7.6 where an Option is exercised the Shares subject thereto together with any related Dividend Equivalent Shares shall be transferred or allotted and issued fully paid to or as directed by the Participant within 30 days of the date of exercise (or, if such transfer or allotment in such period would be prohibited by the Model Code, at the earliest practicable time after such prohibition is lifted) and the Trustee shall arrange for the delivery of a definitive share certificate or other evidence of title in respect thereof.

- 7.3 Subject to Rule 7.6 on the Release of a Share Award to a Participant the number of Shares subject thereto which have Vested together with any related Dividend Equivalent Shares shall be transferred or allotted and issued fully paid to or as directed by the Participant within 30 days of the Release Date (or, if such transfer or allotment in such period would be prohibited by the Model Code at the earliest practicable time after such prohibition is lifted) and the Trustee shall arrange for the delivery of a definitive share certificate or other evidence of title in respect thereof.
- 7.4 Save for any rights determined by reference to a record date preceding the date of allotment or transfer, such Shares shall rank pari passu with the other shares of the same class as Shares then in issue.
- 7.5 The Company shall apply for Shares in respect of an Award which has been Released or as the case may be Released and exercised to be admitted to listing, if they are not so admitted already.
- 7.6 If, in respect of any Participant any Group Company or third party shall be required by the law of any jurisdiction to deduct or withhold any Tax Liability, then in any such case as specified by the Participant either:
- 7.6.1 the Participant shall grant to the Company the irrevocable authority, as agent of the Participant and on his behalf, to sell and/or retain and sell subsequently and/or procure the sale of such number of Shares subject to the Award as is sufficient to realise net proceeds sufficient to enable the relevant Group Company or third party (as the case may be) to account for the Tax Liability and, the Shares issued or transferred to the Participant in respect of the Award shall be reduced by the number of such Shares as have been sold or retained as mentioned above; or
- 7.6.2 the Participant shall pay to the Company or at its direction in pounds sterling or in such other currency as may be required by the Company, (whether by cheque or by banker's draft) the amount necessary to satisfy the Tax Liability.
- 7.7 For the avoidance of doubt:
- 7.7.1 where in relation to Rule 7.6 the Participant opts in accordance with Rule 7.6.1 the Company shall account to the relevant Group Company or third party (as the case may be) with the net proceeds of sale of the Shares in order to enable the Tax Liability to be

settled and if, following such sale, there shall be any balance of the proceeds of sale not so required, such balance shall be paid by the Company or at its direction to the Participant for his own use and benefit absolutely;

- 7.7.2 if the Participant fails to specify either Rule 7.6.1 or Rule 7.6.2 or, if having specified Rule 7.6.2 he fails to make the required payment within 15 days of the date on which the Tax Liability arose, he shall be deemed for all purposes to have given an irrevocable authority within Rule 7.6.1.
- 7.8 A Participant may elect at the time of Release (in the case of a Share Award) or exercise (in the case of an Option) to receive American Depository Shares (“ADS”) instead of Shares. If a Participant makes such an election he will be required prior to or within such period after the conversion of shares into ADS as shall be specified by the Company to account to the Trustee for any Stamp Duty Reserve Tax payable in respect of the Shares to which the election applies and shall be deemed to have authorised his employing company to deduct from his net after tax compensation each month an amount (up to the whole of such net compensation) to enable such liability to be reimbursed to the Trustee. Upon satisfaction of the Stamp Duty Reserve Tax or other amounts payable in respect of any other Tax Liability by the Participant, the Trustee shall arrange for the deposit of the number of Shares in respect of which the election has been made with the Depositary and will arrange for the delivery of an American Depository Receipt (“ADR”) in respect of such ADSs which the Participant has elected to receive provided that if the number of Shares over which a valid election to receive ADSs is made is not an integral multiple of six (or such other number of Shares as are comprised in an ADS from time to time) any excess Shares shall be kept by the Trustee for the benefit of the Trust.
- 7.9 In any case where a Participant exercises an Option in part, the Participant will be sent a new Award Certificate showing the balance of the Option (including where applicable, the balance of any Linked Bonus and the balance of any related Dividend Equivalent Shares) which remains unexercised.

8 Administration and Amendment

8.1 The Plan shall be administered by the Plan Committee whose decision shall be final.

8.2 Participants shall not be entitled to:

8.2.1 receive copies of accounts, circulars or notices sent to holders of Shares;

8.2.2 exercise voting rights; or

8.2.3 receive dividends,

in respect of Shares which have not yet been issued or transferred to such Participants in accordance with these Rules.

8.3 The Board may from time to time amend these Rules provided that:

8.3.1 no amendment shall be effective which would materially prejudice the interests of Participants in relation to Awards already granted to them unless such prior consent or sanction of Participants is obtained as would be required under the provisions for the alteration of class rights contained in the Articles of Association of the Company for the time being if the Shares to be allotted or transferred in respect of Subsisting Awards constituted a separate but single class of shares and such Shares were entitled to such right;

8.3.2 the provisions relating to:

(a) Participants; and

(b) the basis for determining a Participant's entitlement under the Plan, the terms of such entitlement and the provisions for the adjustment of the same under the terms of Rule 6;

cannot be altered to the advantage of Participants without the prior approval of the Company in general meeting (except for minor amendments to benefit the administration of the Plan, to take account of a change in legislation or to obtain or

maintain favourable tax, exchange control or regulatory treatment for Participants, or the Company or any Group Company);

- 8.4 The Board may, subject to Rules 8.3.1 and 8.3.2 create sub-plans to this Plan in which it may make such amendments to the Rules as it considers necessary or desirable to operate the Plan in any jurisdictions in which Eligible Employees are situated and may implement such sub-plans in the form of schedules to the Plan applicable to the specified jurisdiction.
- 8.5 The cost of establishing and operating the Plan shall be borne by the Group Companies which employ the Participants in such proportions as the Board shall determine.
- 8.6 Any notice or other communication under or in connection with the Plan may be given by the Company or the Trustee either personally or by post or fax or e-mail or intranet, and to the Company or the Trustee either personally or by post or fax or e-mail to the Secretary of the Company or the Trustee; items sent by post shall be pre-paid and shall in the case of notices or communications to the Company or the Trustee be treated as received on the day actually received by the Company or the Trustee and in the case of notices from the Company or the Trustee shall be deemed to have been received 48 hours after posting.
- 8.7 The Plan Committee may exercise its discretion where it considers that it is necessary or desirable to do so, to provide that such Eligible Employees so designated by the Plan Committee shall receive awards which entitle them to receive a cash payment instead of Shares. Such awards will be granted on substantially the same terms as Share Awards (save that there shall be no entitlement to receive Shares) subject to such modifications as considered appropriate by the Plan Committee.
- 8.8 The Board may determine at any time that no further Awards be granted and may from time to time modify or at any time suspend or terminate the Plan (but without prejudice to Awards already granted).
- 8.9 The limitations in the Trusts in relation to the number of Shares which may be made available in respect of any employees' share scheme adopted by the Company shall as appropriate apply to the Plan to the intent that the Company acknowledges that the Trustees of the Trusts may not in aggregate hold at any one time such number of the

Company's issued ordinary share capital as would exceed ~~five~~*ten* per cent of the Company's issued ordinary share capital.

9 **Miscellaneous**

- 9.1 The rights and obligations of any individual under the terms of his office or employment with any Group Company shall not, except as specifically provided under the Plan, be affected by his participation in the Plan or any right which he may have to participate therein, and an individual who participates therein shall waive any and all rights to compensation or damages in consequence of the termination of his office or employment for any reason whatsoever insofar as those rights arise or may arise from his ceasing to have rights under the Plan as a result of such termination.
- 9.2 The existence of Awards (whether Share Awards or Options) shall not affect in any way the right or power of the Company or its shareholders to make or authorise any or all adjustments, recapitalisation, reorganisations, reductions of capital, purchase or redemption of its own shares or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock ahead of or convertible into, or otherwise affecting the Shares or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.
- 9.3 Neither the grant of an Award nor any benefit which may accrue to a Participant in respect of an Award shall form part of that Participant's pensionable remuneration for the purposes of any pension scheme or similar arrangement which may be operated by any Group Company.

SCHEDULE

PERFORMANCE CONDITION

1. In Parts I and II of this Schedule the following words and expressions shall have the meanings set out below.

“Comparator Group”	the companies comprising all the members of the FTSE 100 (including the Company) on the Benchmark Date
“Benchmark Date”	(i) in respect of an Award granted prior to 1 January 2004 the first day of the First Measurement Period in relation to that Award on which the London Stock Exchange is open for trading (ii) in respect of an Award granted on or after 1 January 2004 the first day of the Measurement Period in relation to that Award on which the London Stock Exchange is open for trading
“Total shareholder return” (“TSR”)	in relation to a company, its total shareholder return calculated in accordance with these Rules
“TSR ranking”	in relation to any company in the Comparator Group, its ranking in terms of TSR over the Measurement Period.

2. (a) The extent to which an Award shall Vest at the end of the relevant Measurement Period shall be the percentage of Shares (rounded down to the nearest whole Share) determined in accordance with the table in Part I of this Schedule (in respect of Awards made after 24 April 2001 but before 1 January 2004) or the table in Part II of this Schedule (in respect of Awards made prior to 24 April 2001) or the table in Part III of this Schedule (in respect of Awards

made on or after 1 January 2004) (as varied by the Plan Committee from time to time) with the companies in the Comparator Group being listed in order so that the member thereof with the highest TSR is placed at the top of such table.

- (b) No fraction shall be included in any Award which has vested and any fraction of a Share which but for this provision would be included in any Vested Award shall be excluded.
- (c) The number of positions in the TSR Ranking may be varied by the Plan Committee from time to time to take account of any merger, take-over, reconstruction or demerger or other event referred to in 4 below. The maximum percentages of an Award for each TSR Ranking will then be adjusted pro rata.

3. The TSR of the Company and each member of the Comparator Group over any Measurement Period shall be the internal rate of return calculated for the amounts determined in accordance with the provisions below:

Inflows

- The gross dividends per share paid by the relevant company during the relevant Measurement Period and these shall be deemed to have been inflows on the last day of the month during which the relevant shares go ex-dividend.

The average of the daily closing mid-market prices of the relevant company's shares over the calendar year expiring on the last day of the relevant Measurement Period

Outflows

The average of the daily closing mid-market prices of the relevant company's shares over the calendar year ending on 31 December immediately preceding the Benchmark Date

Any sum paid per share to take up new rights to shares (which shall be deemed to have been paid on the date on which the Shares become ex-rights)

subject to such adjustment to Inflows and Outflows as the Plan Committee consider appropriate to reflect any variation of share capital or any merger, take-over,

reconstruction or demerger of or by any member of the Comparator Group or upon any other events which the Plan Committee consider may materially distort the above calculations.

The tables referred to above are as follows:-

Part I Awards made after 24 April 2001 and prior to 1 January 2004

TSR Ranking of the Company Compared to the Comparator Group over the relevant Measurement Period	Maximum percentage of Award which Vests
	%
Top Quartile (1st to 25th ranking)	100
26 th	96
27 th	92
28 th	88
29 th	84
30 th	80
31 st	76
32 nd	72
33 rd	68
34 th	64
35 th	60
36 th	56
37 th	52
38 th	48
39 th	44
40 th	40
41 st	36
42 nd	32
43 rd	28
44 th	24
45 th	20
46 th	16
48 th	12
49 th	8
50 th	4
below 50	Nil

Part II : Awards made after 16 December 1997 and prior to 25 April 2001

TSR Ranking of the Company Compared to the Comparator Group over the relevant Measurement Period	Maximum percentage of Award which Vests
	%
Top Quartile (1st to 26th ranking)	100
27 th	97.5
28 th	95
29 th	92.5
30 th	90
31 st	87.5
32 nd	85
33 rd	82.5
34 th	80
35 th	77.5
36 th	75
37 th	72.5
38 th	70
39 th	67.5
40 th	65
41 st	62.5
42 nd	60
43 rd	37.5
44 th	55
45 th	52.5
46 th	50
47 th	47.5
48 th	45
49 th	42.5
50 th	40
51 st	37.5
52 nd	35
53 rd	32.5
54 th	30
55 th	27.5
56 th	25
57 th	22.5
58 th	20
59 th	17.5
60 th	15
61 st	12.5
62 nd	10
63 rd	7.5
64 th	5
65 th	2.5
66 th and lower	Nil

Part III Awards made on or after 1 January 2004

TSR Ranking of the Company Compared to the Comparator Group over the relevant Measurement Period	Maximum percentage of Award which Vests
	%
Top Quartile (1st to 25th ranking)	100
26 th	97.33
27 th	94.67
28 th	92.00
29 th	89.33
30 th	86.67
31 st	84.00
32 nd	81.33
33 rd	78.67
34 th	76.00
35 th	73.33
36 th	70.67
37 th	68.00
38 th	65.33
39 th	62.66
40 th	60.00
41 st	57.33
42 nd	54.66
43 rd	52.00
44 th	49.33
45 th	46.66
46 th	44.00
47 th	41.33
48 th	38.66
49 th	36.00
50 th	33.33
below 50	Nil

*****Portions marked with asterisks within brackets have been omitted pursuant to a request for confidential treatment, and have been filed separately in connection with such request.**

EXECUTION COPY

STOCK AND ASSET PURCHASE AGREEMENT

by and among

REUTERS LIMITED,

REUTERS S.A.,

MONEYLINE TELERATE HOLDINGS, INC.,

THE SUBSIDIARIES OF MONEYLINE TELERATE HOLDINGS NAMED HEREIN

and

ONE EQUITY PARTNERS LLC
(for the limited purposes set forth herein)

As of December 20, 2004

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STOCK AND ASSET PURCHASE AGREEMENT

This STOCK AND ASSET PURCHASE AGREEMENT, dated as of December 20, 2004 (this "Agreement"), is entered into by and among MONEYLINE TELERATE HOLDINGS, INC., a Delaware corporation ("MTH"), each of the Subsidiaries of MTH listed on the signature pages hereto (the "MTH Subsidiaries") and collectively with MTH, the "Sellers"), REUTERS LIMITED, a corporation organized under the laws of England and Wales ("Limited"), REUTERS S.A., a corporation organized under the laws of Switzerland ("RSA"; Limited and RSA being referred to collectively as "Reuters", and Reuters together with any Designated Affiliates being referred to collectively as the "Purchasers"), and ONE EQUITY PARTNERS LLC, a Delaware limited liability company ("OEP"), solely for purposes of Article IV, and Sections 2.3.6, 6.5.1, 6.6, 6.7, 6.9.3(i) (as it relates to the last sentence thereof), 6.9.15 (as it relates to the last sentence thereof), 6.14, 6.16, 6.19, 9.1.9, 9.7, 10.15, 10.16, 10.17 and 10.18.

WITNESSETH:

WHEREAS, capitalized terms used herein have the meanings ascribed to such terms in Article I hereof or are defined elsewhere herein and referred to by reference in such Article I;

WHEREAS, the Business is conducted globally by the Business Entities and represents all of the business activities of the Business Entities except as qualified herein;

WHEREAS, the Sellers desire to sell the Business as a going concern to the Purchasers and the Purchasers desire to purchase the Business from the Sellers by means of the transfer from the Sellers to the Purchasers of the assets and liabilities of the Business, including all of the issued and outstanding capital stock of the Purchased Subsidiaries, but excluding the Excluded Assets and Excluded Liabilities, all in accordance with the terms and subject to the conditions of this Agreement;

WHEREAS, in connection herewith, Reuters and Quick Corp. have entered into an agreement effective as of the date hereof (the "Quick Agreement"); and

WHEREAS, in connection herewith, Limited, MTH and the Affiliates of MTH party to the Transitional Services Agreement are, concurrently with the execution and delivery of this Agreement, entering into an amendment to the Transitional Services Agreement (the "TSA Amendment").

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE I

CERTAIN DEFINITIONS AND OTHER MATTERS

Section 1.1 Certain Definitions. As used in this Agreement and the schedules hereto, the following terms have the respective meanings set forth below.

“Action” means any administrative, regulatory, judicial or other formal proceeding by or before any Governmental Authority or arbitrator.

“Adjusted Subscription Revenue” means, with respect to any calendar month from and after October 2004, an amount equal to the sum of (a) the amount (the “Total Information Services Revenue”) set forth in the Monthly Report for such calendar month with respect to the line item “Total Information Services Revenue” on the page entitled “Moneyline Telerate Revenue Detail – Consolidated”, (b) the amount (the “Total Optional Services”) set forth in the Monthly Report for such calendar month with respect to the line item “Total Optional Services” on the page entitled “Moneyline Telerate Revenue Detail – Consolidated”, (c) the amount (the “Exchange Fees”) set forth in the Monthly Report for such calendar month with respect to the line item “Exchange Fees” on the page entitled “Moneyline Telerate Revenue Detail – Consolidated”, and (d) the amount of any revenue that had been included in Total Information Services Revenue, Total Optional Services or Exchange Fees in October, 2004 but is no longer included in Total Information Services Revenue, Total Optional Services or Exchange Fees for such calendar month, to the extent such loss of revenue is attributable to customers having terminated or reduced their subscriptions for information, products or services from MTH and its Affiliates after the date hereof in direct connection with new or increased subscriptions for, or agreements or arrangements to obtain, comparable information, products or services from Reuters or its Affiliates.

“Affiliate” means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, including the ability to elect the members of the board of directors or other governing body of a Person, and the terms “controlled” and “controlling” have correlative meanings.

“Ancillary Agreements” means the Escrow Agreement, the Blanket Assignment of Leases, any Local Assignment of Leases, the Intellectual Property Assignments, the Bill of Sale, Assignment and Assumption Agreements and any and all other agreements to be executed by the Sellers and the Purchasers or, as applicable, their respective Affiliates in connection with consummating the transactions contemplated by this Agreement.

“Antitrust Division” means the Antitrust Division of the United States Department of Justice.

“Antitrust Laws” mean the HSR Act, the Sherman Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended, and any other United States federal or state or foreign Laws that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade.

“Assignment of Leases” means a duly executed blanket assignment of leases substantially in the form attached hereto as Exhibit I, pursuant to which the Sellers shall transfer and assign all of their respective right, title and interest in each Real Property Lease relating to, and each Leased Real Property that is, a Transferred Asset to the Purchasers; provided that, to the extent required by the lessor of any Leased Real Property or required by custom and/or applicable Law of the jurisdiction in which a Leased Real Property is located, the parties hereto shall enter into a separate assignment of lease in relation to such Leased Real Property, such separate assignment to be substantially in the same form as the blanket assignment described above, with such changes as are required by such lessor, custom or applicable Law, together with any other transfer declarations or other filings as are necessary to give effect to such assignment; provided that no such separate assignment or other declaration or filing shall alter the parties’ rights or obligations set forth in the aforesaid blanket assignment.

“Bankruptcy Code” means Title 11 of the United States Code (11 U.S.C. Section 101 et seq.), as amended, modified, succeeded or replaced from time to time.

“Benefit Plan” means each “employee benefit plan” (as defined in Section 3(3) of ERISA), whether or not such plan is covered by ERISA and whether such plan is subject to U.S. or non-U.S. Laws, including any “multiemployer plan” (as defined in Section 3(37) of ERISA), and each profit-sharing, bonus, stock option, stock purchase, stock ownership, pension, retirement, severance, lump sum, gratuity or similar benefits provided on or after retirement, death, disability or other termination of employment, deferred compensation, consulting or other compensation agreements, incentive, equity or equity based compensation, commission, excess benefit, supplemental unemployment, post-retirement medical or life insurance, welfare or incentive plan, or sick leave, long-term disability, medical, hospitalization, life insurance, other insurance plan, vacation pay, salary continuation, scholarship programs, or other employee benefit plan, program or arrangement (whether, with respect to any of the above, written or unwritten, qualified or non-qualified, funded or unfunded), maintained or contributed to by the Sellers or any of their Affiliates, or with respect to which MTH or any of its Affiliates have any obligations, for the benefit of Business Employees and/or Former Business Employees with respect to employment in the Business or any portion thereof, but excluding social security and similar programs and other government-mandated programs that do not result in the accrual of balance-sheet liabilities by the Sellers or any of their Affiliates on the applicable local balance sheets.

“Bill of Sale, Assignment and Assumption Agreements” means the bill of sale, assignment and assumption agreements to be executed by the Sellers and the Purchasers at or prior to the Closing, substantially in the form attached hereto as Exhibit II.

“Business” means (i) the business conducted by MTH and the MTH Subsidiaries of acquiring, preparing and transmitting financial data, information and analyses to subscribers and distributors by means of certain information services that the Business Entities market and distribute throughout the world, including Platform, datafeed and workstation products and third party products that the Business Entities have the right to distribute, and (ii) all other operations and business conducted by any of the Business Entities, but specifically excluding the business of serving as distributor for SAVVIS which business was primarily conducted by Moneyline Networks LLC (the “Networks Business”), the Excluded Assets and the Excluded Liabilities. The parties acknowledge and agree that when used in this Agreement, the term “Business” shall mean the Business, taken as a whole.

“Business Day” means a day on which national banks are open for business in New York, New York and Wilmington, Delaware.

“Business Employees” means the employees of the Business Entities who are employed in connection with the Business immediately prior to the Closing, including but not limited to those employees on temporary leave, maternity or paternity leave, military leave or short-term disability leave.

“Business Entities” means each Seller and Purchased Subsidiary.

“CanDeal” means CanDeal.ca Inc., a corporation incorporated under the laws of Ontario which carries on the business of creating, administering and operating electronic communications networks to facilitate multi-party trading in fixed income securities and the provision of other marketplace and trading services.

“Claims” means any and all (i) claims, (ii) demands or (iii) causes of action (in the case of clause (iii), relating to or resulting from an Action).

“COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

“COBRA Coverage” means health continuation coverage as required by Section 4980B of the Code or Part 6 of Title I of ERISA.

“Code” means the Internal Revenue Code of 1986. All citations to the Code or to the Treasury regulations promulgated thereunder shall include any amendments or any substitute or successor provisions thereto.

“Consolidated Group” means any consolidated, combined or unitary group or group relief system or joint filers for any Tax purposes.

“Contract” means any contract, license, sublicense, permit, mortgage, purchase order, indenture, loan agreement, note, lease, sublease, agreement, obligation, commitment, understanding, instrument or other arrangement or any commitment to enter into any of the foregoing (in each case, whether written or oral), including, any schedules, exhibits, annexes, attachments, amendments or other modifications thereto.

“Damages” means (i) all damages, settlement amounts, penalties, losses, costs and expenses, and (ii) all other Liabilities directly relating to Claims, including, in each case, reasonable attorney’s fees, accountant’s fees, court costs and other actual out-of-pocket expenses incurred to a third party as may be reasonably necessary to defend or investigate an Action or a Claim, but, in each case, shall not include incidental, indirect or consequential damages (including, to the extent such damages would constitute consequential damages, damages for lost profits) or other special damages.

“Data Provider” means any Person who provides third party content for distribution by the Business Entities in the Business, including regulated securities exchanges.

“Data Room” means the data room made available to the Purchasers by the Sellers at the offices of Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, NY 10178, as updated through December 17, 2004, which shall be deemed to include such other documents that the parties agree in writing to make a part thereof.

“Designated Affiliate” shall mean an Affiliate of Reuters which is designated by Reuters to acquire any portion of the Transferred Assets and/or assume any portion of the Transferred Liabilities in accordance with Section 10.5 hereof.

“Distributor” means any Persons (other than Business Entities and Business Employees) who market or distribute any products, services or data of the Business whether as distributor, sales agent or otherwise, including such Persons who are party to the Contracts listed in Section 3.16(k) of the Sellers’ Disclosure Schedule.

“Employment Agreement” means a written Contract or offer letter of any Business Entity with or addressed to any Business Employee or Former Business Employee pursuant to which any Business Entity has any actual or contingent liability or obligation to provide compensation and/or benefits in consideration for past, present or future services.

“Encumbrances” means security interests, liens, Claims, charges, title defects, deficiencies or exceptions, mortgages, pledges, easements, encroachments, restrictions on use, rights-of-way, rights of first refusal, conditional sales or other title retention agreements, covenants, conditions or other similar restrictions (including restrictions on transfer) or other encumbrances of any nature whatsoever.

“Environmental Laws” means all Laws relating to pollution or protection of the environment (including ambient air, surface water, groundwater, land surface, natural resources or subsurface strata), including the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) (42 U.S.C. § 9601 et seq.), the Hazardous Material Transportation Act (49 U.S.C. § 1801 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the regulations promulgated pursuant thereto.

“Environmental Permit” means any permit, registration, approval, identification number, license or other authorization or filing required under or issued pursuant to any applicable Environmental Law.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means any entity which would be aggregated with any of the Sellers under Section 414(b) or (c) of the Code or Section 4001(b) of ERISA.

“Escrow Agreement” means the Escrow Agreement, dated as of the Closing Date, among MTH, Reuters Limited and an escrow agent selected by the Purchasers and reasonably acceptable to the Sellers (the “Escrow Agent”), substantially in the form and to the effect of Exhibit III hereto, as such agreement may be amended, modified or restated from time to time.

“Escrow Amount” means (i) an amount in cash equal to \$30,000,000, (ii) the Disputed WC Escrow Amount, if any, and (iii) one or more stock certificates, together with stock powers executed in blank, representing the SAVVIS Escrow Shares.

“Final Cash Purchase Price” means the Preliminary Cash Purchase Price (as defined in Section 2.1) as adjusted pursuant to Sections 2.5 and 2.6.

“FLSA” means the Fair Labor Standards Act, 29 U.S.C. Section 201, as amended.

“Foreign Benefit Plan” means a Benefit Plan maintained outside the United States of America, primarily for the benefit of Business Employees substantially all of whom are nonresident aliens with respect to the United States of America.

“Former Business Employee” means an individual who, immediately before the Closing, is neither a Business Employee nor an employee of the Business Entities, but who was formerly an employee of the Business Entities and as to whom it is established by MTH that he or she would be a Business Employee, if the definition of the term “Business Employee” was modified by replacing the phrase “is, immediately before the Closing” with the phrase “was, at the time of such individual’s last employment with the Business Entities.”

“FTC” means the United States Federal Trade Commission.

“GAAP” means United States generally accepted accounting principles.

“Governmental Authority” means any supranational, national, federal, state, provincial, county, municipal or local government, foreign or domestic, or the government of any political subdivision of any of the foregoing, or any entity, authority, agency, ministry or other similar body exercising executive, legislative, judicial, regulatory or administrative authority or functions of or pertaining to government, including any authority or other quasi-governmental entity established by a Governmental Authority to perform any of such functions.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“HSR Authority” means the FTC and/or the Antitrust Division.

“Indebtedness” of any Person means, without duplication, (i) all obligations of such Person for money borrowed; (ii) all obligations of such Person evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (iii) all obligations of such Person issued or assumed for deferred purchase price payment associated with transactions involving acquisitions or divestitures of material assets; (iv) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker’s acceptance, guarantees or similar credit transaction, in each case, that has been claimed against; (v) factored accounts receivable of such Person that remain outstanding; and (vi) any guarantee of or Liability for the obligations of any other Person of the nature described in the foregoing clauses (i) through (v).

“Insurance Policies” means each insurance policy issued to any Business Entity (other than relating to Benefit Plans), which, as of the date hereof or hereinafter until the Closing, is maintained by or on behalf of or provides coverage to (a) any of the Purchased Subsidiaries with respect to their business and properties, or (b) the Business or any portion thereof, including those policies set forth in Section 3.24 of the Sellers’ Disclosure Schedule.

“Intellectual Property” means all of the rights arising from or in respect of the following, whether protected, created or arising under the Laws of the United States or any other jurisdiction: (a) patents, patent applications, including continuations, divisionals, continuations-in-part or reissues of patent applications and patents issuing thereon (collectively, “Patents”), (b) trademarks, service marks, trade names, service names, industrial designs, brand names, brand marks, trade dress rights, Internet domain name registrations, Internet web sites, corporate names and general intangibles or the like, together with the goodwill associated with any of the foregoing, including applications, registrations and renewals thereof (collectively, “Marks”), (c) copyrights (including copyrights in Software), and registrations and applications therefor, works of authorship and mask work rights (collectively, “Copyrights”), (d) proprietary, confidential or non-public information, including processes, designs, drawings, specifications, formulae, databases, algorithms, models, methods, research and development, know-how, manufacturing and production processes and techniques, inventions, discoveries, concepts, ideas, trade secrets, technical data and other technical proprietary non-public information (collectively, “Trade Secrets”).

“Intellectual Property Assignments” means the assignments of the Purchased Intellectual Property to be executed by the Sellers and the Purchasers at or prior to the Closing, substantially in the forms attached hereto as Exhibit IV.

“IRS” means the Internal Revenue Service of the United States of America.

“Knowledge of the Sellers,” “Sellers’ Knowledge” and similar derivatives thereof mean what the individuals set forth on Schedule A actually knew or should have known after reasonable inquiry.

“Laws” means all United States federal, state or local or foreign laws, constitutions, statutes, codes, rules, regulations, ordinances, executive orders, decrees or edicts of or by any Governmental Authority having the force of law or any other legal requirement (including common law).

“Leased Real Property” means any real property leased or subleased to any of the Business Entities primarily for use in the operation of any portion of the Business and set forth (and designated as leased) on Exhibit V or Section 3.19.1 of the Sellers’ Disclosure Schedule.

“Liabilities” means any and all debts, liabilities, commitments and obligations, whether or not fixed, contingent or absolute, matured or unmatured, direct or indirect, liquidated or unliquidated, accrued or unaccrued, known or unknown, whether or not required by GAAP to be reflected in financial statements or disclosed in the notes thereto.

“Material Adverse Effect” means (a) a state of facts, effect, event, change or occurrence which has or would reasonably be expected to have a material adverse effect on the business, operations, financial condition or assets and liabilities of the Business taken as a whole (it being understood that such effect may be on any one or more such aspects of the Business and need not be an effect on all such aspects of the Business) or (b) a material adverse effect on the ability of the Sellers to consummate the transactions contemplated by this Agreement or perform their obligations under this Agreement or the Ancillary Agreements, or which otherwise prevents the consummation of the transactions contemplated hereby; provided, however, that a “Material Adverse Effect” shall not include (a) the taking of any action by the Sellers after the date hereof that is set forth on Exhibit XII or Section 6.3.2 of the Sellers’ Disclosure Schedule, or expressly approved in writing by the Purchasers (but “Material Adverse Effect” may include any state of facts, effect, change or occurrence that is a consequence of any such action) or (b) any state of facts, effect, event, change or occurrence relating to (i) the failure of Purchasers or their Affiliates to provide services to the Business pursuant to the Transitional Services Agreement to the extent required thereby, (ii) changes after the date hereof in Law, generally accepted accounting principles or official interpretations of the foregoing, (iii) the matters set forth on Schedule B hereto, or (iv) any breach by a Purchaser or any of its Affiliates of Purchasers’ covenants and agreements contained in this Agreement or any Ancillary Agreement. For purposes of this Agreement, a Material Adverse Effect will be deemed to have occurred if the average monthly Adjusted Subscription Revenue for the three-month period ending as of a proposed Closing Date agreed to by the parties is less than \$[* * *], or the Adjusted Subscription Revenue in each of any three consecutive months is less than \$[* * *]. For the avoidance of

doubt, any state of facts, effect, event, change or occurrence which primarily impacts, or would reasonably be expected to primarily impact, revenues of the Business shall not be deemed a Material Adverse Effect or a prospective Material Adverse Effect, except to the extent as expressly provided in the immediately preceding sentence.

“MT” means Moneyline Telerate, a Delaware corporation and wholly owned Subsidiary of MTH.

“Off-the-Shelf Software” means a software program that is widely available to the public under standard terms, provided the license fee for such program does not exceed \$10,000 annually.

“Order” means any injunction, judgment, ruling, assessment, order or decree of any Governmental Authority having competent jurisdiction.

“Ordinary Course of Business” means actions that (a) are consistent with the general past practices since January 1, 2003 of the Business, (b) are similar in nature and magnitude to actions customarily taken in the ordinary course of the normal day-to-day operations of the Business since such date, and in any case under clause (a) or this clause (b), are taken in the best interests of the business, operations, financial condition, assets and liabilities of the Business taken as a whole (it being understood that, with respect to entering into, extending or otherwise modifying Contracts, such best interests include, without limitation, the preservation of revenue of the Business to the best extent practicable and with a view toward the continuing operation of the Business, and provided that entering into, modifying or extending a customer Contract resulting in obligations to provide information, products or services for more than two years (or, in limited instances where justified because of the terms or magnitude of the transaction, consistent with past practice, three years), other than any such extensions which result from terms of Contracts as in effect on the date hereof, shall be deemed to be outside the “Ordinary Course of Business”), (c) are expressly contemplated to be taken by the Sellers pursuant to this Agreement (including the actions contemplated in Sections 2.6 and 6.3 of the Sellers’ Disclosure Schedule) or expressly approved in writing by the Purchasers and/or (d) relate to the items set forth in Schedule C.

“Outside Date” means the date that is twelve (12) months after the date of this Agreement.

“Permitted Encumbrances” means (i) Encumbrances for Taxes (a) not yet due and payable or (b) which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the Sellers’ books, (ii) statutory Encumbrances of landlords and Encumbrances of carriers, warehousemen, mechanics, materialmen and other Encumbrances imposed by Law, (iii) zoning, entitlement, building and land use regulations, customary covenants, defects of title, easements, rights-of-way, restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the Business, (iv) Encumbrances that will be released in connection with the Closing, (v) Encumbrances set forth in Section 1.1 of the Sellers’ Disclosure Schedule, (vi) Encumbrances arising under this Agreement or any of

the Ancillary Agreements and (vii) Encumbrances created by or through the Purchasers and (viii) Encumbrances arising in the Ordinary Course of Business of the Business, provided that in the case of assets material to the Business such Encumbrances do not and would not reasonably be expected to materially impair the continued use or operation of such assets.

“Person” means an individual, partnership, corporation, limited liability company, joint stock company, firm, entity, unincorporated organization or association, trust or joint venture, or a Governmental Authority.

“Platform” means an operating system, such as the TRS market data distribution product, on which software applications run.

“Prime Rate” means the rate of interest publicly announced from time to time by Citibank, N.A. in New York, New York as its base rate.

“Purchased Intellectual Property” means all Intellectual Property (i) of the Purchased Subsidiaries and (ii) in the Transferred Assets.

“Purchased Subsidiaries” means MT and the Persons listed on Exhibit VI attached hereto.

“Purchased Subsidiaries Shares” means, collectively, all of the issued and outstanding shares of each of the Purchased Subsidiaries and any Subsidiary of a Purchased Subsidiary.

“Purchased Technology” means all Technology (i) of the Purchased Subsidiaries and (ii) in the Transferred Assets.

“Reuters Disclosure Schedule” means the disclosure schedule that Reuters has delivered to the Sellers as of the date of this Agreement.

“SAVVIS Escrow Shares” means such number of shares of SAVVIS Stock as shall have an aggregate SAVVIS Stock Fair Market Value on the Closing Date of \$15,000,000.

“SAVVIS Stock” means 40,870 shares of Series A Convertible Redeemable Preferred Stock of SAVVIS; provided, that in the event of any merger, consolidation, reorganization, recapitalization, dividend (including all paid-in-kind dividends), distribution, stock split, split-up, split-off, spin-off, combination of shares, exchange of shares or other similar event, or in the event such shares are converted into common stock or other securities of SAVVIS or any other entity, “SAVVIS Stock” shall mean or include, as appropriate, such securities, cash and/or other property received in respect of 40,870 shares of Series A Convertible Redeemable Preferred Stock of SAVVIS after such event or conversion, and this adjustment shall be made successively each time any such event shall occur (whether before or after any conversion of such shares). In the event of any such event or conversion, reference to a single share of SAVVIS Stock shall be deemed to refer to or include, as appropriate, such other property received in respect of a single share of Series A Convertible Redeemable Preferred Stock of SAVVIS.

“SAVVIS Stock Fair Market Value” means, in respect of each share of SAVVIS Stock as of any date, the product of (a) the number of shares of common stock of SAVVIS into which it is then convertible and (b) [* * *]% (subject to change as provided below, the “Discount”) of the average of the closing prices of such common stock for the 20 trading days ending with and including the trading day immediately preceding such date if such common stock is readily tradeable on a national securities exchange, the National Association of Securities Dealers Automated Quotation System or other national market system; provided, however, that if (i) such common stock is not readily tradeable as set forth above, or any of the events set forth in the proviso of the definition of “SAVVIS Stock” shall have occurred and the value of the SAVVIS Stock shall not be readily ascertainable on a similar basis, or (ii) Reuters and MTH mutually agree at any time prior to the Closing to change the Discount or what constitutes “SAVVIS Stock Fair Market Value”, Reuters and MTH shall determine in good faith the “Discount” or the “SAVVIS Stock Fair Market Value”, in any case, based upon valuations performed by their respective financial advisors; provided further, that in the event Reuters and MTH fail or are unable to agree on such matters within a reasonable period of time not to exceed thirty (30) days, then Reuters and MTH shall jointly select an independent, nationally recognized investment bank to determine the “Discount” or “SAVVIS Stock Fair Market Value”, as the case may be, and the determination of such investment bank shall be final and binding upon the parties hereto.

“Securities Act” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Sellers’ Disclosure Schedule” means the disclosure schedule that the Sellers have delivered to Reuters as of the date of this Agreement.

“Severance Benefits” means severance pay or benefits, advance notice of termination, pay in lieu of notice, or other similar pay, benefits or rights, required under a Benefit Plan, an Employment Agreement or other Contract, including a termination agreement or collective bargaining agreement, or under applicable Law, as applicable.

“Software” means any and all (i) computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow-charts, and other work product used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (iv) all documentation including user manuals and other training documentation related to any of the foregoing.

“Subsidiaries” of an entity means, at any date, any Person (a) the accounts of which would be consolidated with those of the applicable entity in such entity’s consolidated financial statements if such financial statements were prepared in

accordance with GAAP as of such date, or (b) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests or more than 50% of the profits or losses, which are, as of such date, owned, controlled or held by the applicable entity or one or more subsidiaries of such entity.

“Target Net Working Capital” means [* * *], increased by the net proceeds from the sale outside of the Ordinary Course of Business of any noncurrent assets of the Business Entities.

“Tax” means any United States federal, state, local or foreign taxes, including any of the following, imposed by or payable to any Governmental Authority: any income, gross receipts, license, payroll, employment, excise, severance, stamp, business, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Code), capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, service, service use, lease, lease use, transfer, registration, value added tax, or similar tax, any alternative or add-on minimum tax, any estimated tax, any levy, impost, custom, duty, assessment, or withholding tax, or other tax, in each case, including any interest, penalty, or addition thereto, whether disputed or not, and any liability in respect of any of the foregoing items payable by reason of contract, assumption, transferee liability, operation of law, Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under Law) or otherwise.

“Tax Returns” means all returns, declarations, reports, estimates, information returns and statements (including any attachments thereto and any amendments thereof) required to be filed in respect of Taxes.

“Taxing Authority” means any Governmental Authority having jurisdiction over the assessment, determination, collection or other imposition of Taxes.

“Technology” means, collectively, all designs, formulae, algorithms, procedures, methods, Software, techniques, ideas, know-how, research and development, technical data, programs, subroutines, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship and other similar materials, and all recordings, graphs, drawings, reports, analyses, and other writings and documentation related thereto and other embodiment of the above, in any form whether or not specifically listed herein, and all related technology, documentation and other materials that are used in, incorporated in, embodied in, displayed by or relate to any of the foregoing.

“Transfer Approval” means any authorization, approval, order, license, permit, franchise or consent from any third party, Governmental Authority or Taxing Authority (other than as required under the Antitrust Laws).

“Transferred Employee” means each Business Employee who (a) is employed with a Purchased Subsidiary immediately prior to the Closing and who continues such employment after the Closing or (b) is not employed with a Purchased Subsidiary immediately prior to the Closing but (i) is offered employment by Reuters or any of its Affiliates (including, on or after the Closing, the Purchased Subsidiaries) and accepts such employment as described in Section 6.8 hereof or (ii) whose employment is transferred to Reuters or any of its Affiliates pursuant to applicable Law.

“Transferred Insurance” means (i) all insurance policies sold to or procured by the Purchased Subsidiaries in their name or under which any of them are beneficiaries or insureds, and (ii) all rights to seek insurance coverage under insurance policies sold to or procured by the Sellers, in each case, as provided in Sections 6.11 and 6.12 hereof.

“Transitional Services Agreement” means the Transition Services Agreement, entered into as of June 2, 2003 and effective as of October 18, 2001, by and between Limited, MTH and the Affiliates of MTH party thereto, as amended.

“WARN Act” means the Worker Adjustment and Retraining Notification Act and any similar state or local law of any jurisdiction in the United States of America.

Section 1.2 Terms Defined in Other Sections. The following terms are defined elsewhere in this Agreement in the following Sections:

338(h)(10) Elections	6.9.2
Adjustment Amount	2.5.2
Aggregate Consideration Value	6.9.15
Agreed Principles	2.5.1
Agreement	Preamble
Audited 2004 Financial Statements	6.24
Balance Sheet	3.5.1
Balance Sheet Date	3.5.1
Basket Amount	9.1.6
Bill of Sale, Assignment and Assumption Agreements	1.1
Blanket Assignment of Leases	6.10.1
Business Policies	6.12.1
Cap Amount	9.1.6
CERCLA	1.1
Closing	2.4
Closing Balance Sheet	2.5.1
Closing Date	2.4
Closing Statement	2.5.1
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Confidential Information	6.16
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control	1.1
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Escrow Amount	1.1
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Exchange Act	6.13
Exchange Fees	1.1
Excluded Assets	2.2.2
Excluded Liabilities	2.2.4
Final Closing Date Statement	2.5.3.1
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Final Working Capital	2.5.2
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Fininfo Agreement	6.29
Forms	6.9.2
Indemnified Party	9.1.5
Indemnifying Party	9.1.5
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Interim Agreement	7.1.2
Interim Funding	6.19
Interim Operators	7.1.2
L&W	10.18
Letter of Credit	6.19
Limited	Preamble
Local Assignment of Leases	6.10.2
Marks	1.1
Material Customer Contracts	3.16(a)
Material Data Provider Contracts	3.16(h)
Materially Modify	6.3.2.6
Migration Limitation	3.27
ML&B	10.18
Monthly Report	6.20
Most Favored Nation	3.16(n)
MTH	Preamble
MTH Cost Savings Notice	2.6
MTH Subsidiaries	Preamble
Net Working Capital	2.5.1

Networks Business	1.1
New Cost Savings	2.6
New Seller Restructuring Action	2.6
Nonassignable Assets	6.5.2
Non-Competition Period	6.15.1
OEP	Preamble
Patents	1.1
Permits	3.18
Personal Property Leases	3.16(f)
Policy Payments	6.12.1
Pre-Existing Intellectual Property Licenses	3.11.4
Preliminary Cash Purchase Price	2.1
Purchasers	Preamble
Purchasers' Estimated Adjustment Amount	2.1
Qualified Plans	3.15.3
Quick Agreement	Recitals
Reuters	Preamble
Reuters Cost Savings Notice Response	2.6
Reuters Covered Employees	6.14
Reuters Indemnified Parties	9.1.9
Reuters Restructuring Actions	2.6
Reuters Restructuring Costs	2.6
Reuters Unlimited Warranties	9.1.7
Real Property Lease	3.19.1
Reference Statement	2.5.1
Relevant Business	7.1.2
Relevant Jurisdiction	7.1.2
Representatives	9.1.3
Restructuring Cost Savings	2.6
RSA	Preamble
SAVVIS	3.25
SAVVIS Escrow Shares	1.1
SAVVIS Stock	1.1
SAVVIS Stock Fair Market Value	1.1
Seller Restructuring Actions	2.6
Seller Marks	6.18.4
Seller Policies	6.12.2
Seller Properties	3.19.1
Seller Restructuring Actions	2.6
Sellers	Preamble
Sellers' Estimated Adjustment Amount	2.1
Sellers' Estimated Closing Working Capital	2.1
Sellers' Unlimited Warranties	9.1.6
Straddle Period	6.9.4
Supplemental Disclosure	6.23
Survival Period	9.1.2

Tax Claim	6.9.5(i)
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Total Optional Services	1.1
Trade Secrets	1.1
Transferred Assets	2.2.1
Transferred Liabilities	2.2.3
TSA Amendment	Recitals
VAT	6.9.6.2
Value Threshold	6.9.15

Section 1.3 Interpretation. Unless otherwise indicated to the contrary in this Agreement by the context or use thereof: (a) the words, “herein,” “hereto,” “hereof” and words of similar import refer to this Agreement as a whole and not to any particular Section or paragraph hereof; (b) words importing the masculine gender shall also include the feminine and neutral genders, and vice versa; (c) words importing the singular shall also include the plural, and vice versa; and (d) the word “including” means “including without limitation.”

Section 1.4 Referenced Documents. Each document of transfer or assumption referred to in Article II hereof (or in any related definition set forth in this Article I) that is not attached as an Exhibit to this Agreement shall be in customary form (including with respect to the country to which it pertains) and shall be reasonably satisfactory in form and substance to the parties thereto.

Section 1.5 Limitation on Exchange of Information. Reuters and the Sellers recognize that the exchange of documents and information between the Business Entities and the Purchasers is needed to facilitate Reuters’ due diligence review and integration and transition planning. For these purposes, Reuters and the Sellers desire to exchange as much information as permissible. Reuters and the Sellers recognize that Antitrust Laws prohibit the exchange of some competitively sensitive information. Therefore, in connection with the performance by the parties of their respective obligations under this Agreement, Reuters and the Sellers hereby agree that Section 6.2 and any other provision of this Agreement that provides for exchanges of information is subject to the limitations imposed by Antitrust Laws and/or Governmental Authority, and no exchange of information shall occur in violation of such limitations.

ARTICLE II

Purchase and Sale of Stock and Assets

Section 2.1 Purchase and Sale of Stock and Assets; Preliminary Cash Purchase Price. Upon the terms and subject to the conditions of this Agreement, at the Closing, (a) the Sellers shall or shall cause their Subsidiaries to (i) sell, assign, transfer, convey and deliver to the Purchasers all of the issued and outstanding capital stock of the Purchased Subsidiaries (free and clear of all Encumbrances), (ii) sell, assign, transfer,

convey and deliver to the Purchasers all of their right, title and interest in and to the Transferred Assets (free and clear of all Encumbrances other than Permitted Encumbrances) and the Transferred Liabilities, and (iii) deliver to the Escrow Agent the SAVVIS Escrow Shares as provided in Section 2.3.12; and (b) the Purchasers shall (i) accept, assume and agree to pay, perform or otherwise discharge, in accordance with the respective terms and subject to the respective conditions thereof, the Transferred Liabilities and accept the Transferred Assets, (ii) deliver and assign to MTH (or to such Affiliate of MTH as MTH designates in writing prior to the Closing), on behalf of the Sellers, the SAVVIS Stock, and all related rights thereto (free and clear of all Encumbrances), (iii) pay to MTH (or to such Affiliate of MTH as MTH designates in writing prior to the Closing), on behalf of the Sellers, by wire transfer to such accounts as shall be designated in writing by MTH not later than three Business Days prior to the Closing Date, an amount in cash equal to One Hundred Million dollars (\$100,000,000) plus the Estimated Adjustment Amount as defined below (which, if negative, shall result in a reduction) and any adjustments pursuant to Section 2.6 (such sum, as adjusted, the "Preliminary Cash Purchase Price") less the sum of (A) the total amount of the Interim Funding, and (B) interest at an annual interest rate equal to the Prime Rate on each amount advanced as Interim Funding from the date of such advance to and including the Closing Date, and (C) the amount payable by MTH pursuant to clause (i) of Section 15.07(j) of the Transitional Services Agreement, and (D) the cash portion of the Escrow Amount (including the Disputed WC Escrow Amount, if any), and (iv) deliver to the Escrow Agent the cash portion of the Escrow Amount (including the Disputed WC Escrow Amount, if any) as provided in Section 2.3.10. For the purposes of determining the Estimated Adjustment Amount, the Sellers shall prepare and deliver to the Purchasers, no later than seven (7) days prior to the Closing, (i) a balance sheet of the Business dated as of the most recent month-end that is available, (ii) a schedule setting forth the Sellers' good faith estimate of Closing Working Capital based thereon (the "Sellers' Estimated Closing Working Capital"), (iii) the Sellers' good faith calculation of the Adjustment Amount that would be calculated under Section 2.5 (the "Sellers' Estimated Adjustment Amount") were Final Working Capital to be equal to Sellers' Estimated Closing Working Capital and (iv) reasonably detailed work papers relating to the preparation of the foregoing. The "Estimated Adjustment Amount" shall equal the Sellers' Estimated Adjustment Amount; provided, however, that, during the period following delivery of such estimate and prior to the Closing Date, if the Purchasers disagree in good faith with the calculation of the Sellers' Estimated Adjustment Amount as not being in accordance with the Agreed Principles and/or not correctly setting forth any of the amounts comprising Closing Working Capital, the Purchasers may propose modification to the Sellers' Estimated Adjustment Amount based upon the Purchasers' good faith estimate of Closing Working Capital, in which case the "Estimated Adjustment Amount" shall equal either (x) the Adjustment Amount derived from such estimate of Closing Working Capital as may be mutually agreed upon by the Sellers and the Purchasers after good faith discussions to resolve any disputes regarding the calculation of such estimate or (y) in the absence of such agreement, the Sellers' Estimated Adjustment Amount; provided, further, that an amount equal to the difference, if any, between the Sellers' Estimated Adjustment Amount and the Purchasers' estimated Adjustment Amount (the "Purchasers' Estimated Adjustment Amount") shall be

delivered by the Purchasers to the Escrow Agent in cash at the Closing (the “Disputed WC Escrow Amount”). The Sellers hereby agree that the Transferred Liabilities, the value of the SAVVIS Stock and the Preliminary Cash Purchase Price shall be allocated among the Sellers in accordance with the Allocation Statement. Provision shall be made by the Sellers to pay on the Closing Date any fees and expenses due and payable under the arrangements disclosed in Section 3.14 of the Sellers’ Disclosure Schedule or required to be paid prior to the Closing pursuant to Section 10.2 out of the cash paid to MTH, on behalf of the Sellers, by the Purchasers at the Closing.

Section 2.2 Assets and Liabilities.

2.2.1 *Transferred Assets.* For purposes of this Agreement, “Transferred Assets” means all of the assets, properties, rights, agreements and other interests, whether tangible or intangible, primarily used or held for use in the operation or conduct of the Business or any portion of the Business by the Business Entities, and such assets, properties, rights, agreements and other interests set forth in Exhibit VII attached hereto, as the same shall exist on the Closing Date, but excluding the Excluded Assets and the assets owned by and held in the Purchased Subsidiaries. For the avoidance of doubt, (x) stock or other equity interests in the Purchased Subsidiaries is not a Transferred Asset and (y) if due to the application of Section 6.5.2 any Transferred Asset is not sold, assigned, transferred, conveyed and delivered to the Purchasers on the Closing Date, such Transferred Assets shall be sold, assigned, transferred, conveyed and delivered on the date of such sale, assignment, transfer, conveyance and delivery.

2.2.2 *Excluded Assets.* Notwithstanding anything in Section 2.1 hereof to the contrary, it is hereby acknowledged and agreed that the Purchasers shall not purchase, acquire or accept from the Sellers, any of the rights, properties, agreements or assets or other interests, whether tangible or intangible, primarily used or held for use by the Business Entities in the operation or conduct of the Networks Business or any portion of the Networks Business, and such assets, properties, rights, agreements and other interests set forth in Exhibit VIII attached hereto (such rights, properties, agreements and assets or other interests being referred to herein, collectively, as the “Excluded Assets”).

2.2.3 *Transferred Liabilities.* For purposes of this Agreement, the term “Transferred Liabilities” means all Liabilities (other than the Liabilities of the Purchased Subsidiaries, which shall remain with the Purchased Subsidiaries by virtue of the transfer of the shares of capital stock of the Purchased Subsidiaries, and the Excluded Liabilities) of the Sellers related to the Business or the Transferred Assets, including those set forth in Exhibit IX attached hereto, whether or not accrued or arising before or after the Closing.

2.2.4 *Excluded Liabilities.* Notwithstanding anything in Section 2.1 hereof to the contrary, it is hereby acknowledged and agreed that the Purchasers shall not assume or be obligated to pay, perform or otherwise assume or discharge any Liabilities, of the Business Entities set forth in Exhibit X attached hereto (such Liabilities being referred to herein, collectively, as the “Excluded Liabilities”).

Section 2.3 Deliveries at the Closing Upon the terms and subject to the conditions of this Agreement, at the Closing:

2.3.1 the Sellers shall execute, acknowledge and deliver to the Purchasers, bills of sale, endorsements and other instruments of sale, conveyance, transfer and assignment as Reuters may reasonably request, including the Bill of Sale, Assignment and Assumption Agreements, in order to effect the sale, transfer, assignment, conveyance and delivery of the Transferred Assets to the Purchasers in accordance herewith;

2.3.2 the Sellers shall cause Moneyline Telerate International to distribute the shares of Moneyline Telerate (Global) SarL, Moneyline Telerate Canada, Inc., Moneyline Telerate (Australia) Pty. Ltd. and Moneyline Telerate (Thailand) Ltd. to MTH;

2.3.3 the Sellers shall cause Moneyline Network, Inc. to distribute the shares of Moneyline Network U.K./Europe, Ltd. to MTH;

2.3.4 MTH shall deliver or cause to be delivered to the Purchasers one or more stock certificates, together with stock powers executed in blank, representing all of the issued and outstanding capital stock of the Purchased Subsidiaries;

2.3.5 each of the Sellers shall deliver to Reuters a certificate executed by a Vice President, or other officer of comparable or higher rank, of such Seller pursuant to Section 7.2.7 hereof;

2.3.6 OEP shall deliver to Reuters a certificate executed by a Vice President, or other officer of comparable or higher rank, of OEP pursuant to Section 7.2.8 hereof;

2.3.7 each of Limited and RSA shall deliver to MTH a certificate executed by an authorized signatory of such Person pursuant to Section 7.3.4 hereof;

2.3.8 MTH shall deliver to Reuters a certificate in form and substance reasonably satisfactory to Reuters, duly executed and acknowledged, certifying that MTH is not a foreign person for purposes of Treasury Regulation § 1.1445-2;

2.3.9 the Purchasers shall execute, acknowledge and deliver to the Sellers assumption agreements and other instruments as the Sellers may reasonably request in order to effect the assumption by the Purchasers of the Transferred Liabilities in accordance herewith;

2.3.10 Reuters shall deliver to the Escrow Agent the cash portion of the Escrow Amount (including the Disputed WC Escrow Amount, if any) in immediately available funds to be held and applied by the Escrow Agent in accordance with the provisions of the Escrow Agreement;

2.3.11 Reuters shall deliver to MTH (or to such Affiliate of MTH as MTH may designate in writing prior to the Closing), on behalf of the Sellers, (A) the Preliminary Cash Purchase Price by wire transfer of immediately available funds less the sum of (i) the total amount of the Interim Funding, and (ii) interest at an annual interest rate equal to the Prime Rate on each amount advanced as Interim Funding from the date of such advance to and including the Closing Date, and (iii) the amount payable by MTH pursuant to clause (i) of Section 15.07(j) of the Transitional Services Agreement, and (iv) the cash delivered to the Escrow Agent as part of the Escrow Amount (including the Disputed WC Escrow Amount, if any) pursuant to Section 2.3.10, and (B) one or more stock certificates, together with stock powers executed in blank, representing the SAVVIS Stock;

2.3.12 MTH shall deliver to the Escrow Agent the SAVVIS Escrow Shares to be held and applied by the Escrow Agent in accordance with the provisions of the Escrow Agreement;

2.3.13 the Sellers and the Purchasers shall deliver, or cause to be delivered to each other, as applicable, each of the Ancillary Agreements, executed by them, as the case may be;

2.3.14 the Sellers shall deliver to the appropriate Purchaser or Purchasers, an Assignment of Leases for each Leased Real Property that is a Transferred Asset, duly executed by the appropriate Seller or Sellers; and

2.3.15 MTH shall deliver to Reuters the resignations (effective as of or prior to the Closing Date) of all of the directors and officers of the Purchased Subsidiaries or shall otherwise cause the removal of such Persons.

2.3.16 Reuters shall deliver to OEP the Letter of Credit, together with a certificate executed by a Vice President of Reuters and addressed to OEP and JP Morgan Chase Bank, N.A., dated the Closing Date, certifying that no request for a draw under the Letter of Credit was made and requesting immediate termination of the Letter of Credit.

Except for the proceedings and documents set forth in Sections 2.3.1 through 2.3.4, which shall be taken, executed and delivered in the specific order presented in this Section 2.3 prior to the taking, execution and delivery of the other proceedings and documents set forth in this Section 2.3, all proceedings taken and all documents executed and delivered by the parties at the Closing shall be deemed taken and executed simultaneously, and no proceedings shall be deemed taken nor any documents deemed executed or delivered until all are taken, executed and delivered.

Section 2.4 Closing. The closing of the transactions contemplated hereby (the “Closing”) shall take place at the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 at 10:00 A.M. on the third Business Day following the Conditions Satisfaction Date (as defined below), or at such other time and place as is mutually agreed in writing by Reuters and MTH. The date of the Closing is referred to herein as the “Closing Date”. For purposes of this Agreement, the “Conditions Satisfaction Date” shall be the date on which the last of the unsatisfied or unwaived conditions set forth in Article VII has been satisfied or waived (other than those conditions contemplated to be satisfied at, or only capable of being satisfied at, the Closing, but subject to the satisfaction or waiver of those conditions).

Section 2.5 Working Capital Purchase Price Adjustment.

2.5.1 No later than one hundred twenty (120) days after the Closing Date (subject to the Sellers providing the access described below), Reuters shall cause to be prepared and delivered to MTH, an unaudited consolidated balance sheet of the Business as of the Closing (the “Closing Balance Sheet”) and the Closing Statement (as defined below) setting forth Reuters’ calculation of Closing Working Capital derived from the Closing Balance Sheet and prepared in accordance with Exhibit XI. The closing statement (the “Closing Statement”) shall present the Net Working Capital as of the open of business on the Closing Date (“Closing Working Capital”) as derived from the Closing Balance Sheet, and the Closing Statement shall have been audited in accordance with auditing standards generally accepted in the United States and in accordance with the accounting principles set forth on Exhibit XI (the “Agreed Principles”) by a nationally recognized independent accounting firm experienced in audit projects. “Net Working Capital” means those consolidated current assets of the Business, reduced by those consolidated current liabilities of the Business, in each case as determined in accordance with the Agreed Principles. The preparation of the Closing Balance Sheet and the Closing Statement shall be for the sole purpose of determining Net Working Capital as of the Closing Date. Attached hereto as Exhibit XI is a schedule intended to show an illustrative calculation of Net Working Capital after giving effect to the adjustments required in the Agreed Principles (“Reference Statement”). Following the Closing, the Sellers shall give Reuters and its independent auditors sufficient access to their books, records and personnel to allow them to prepare and audit the Closing Balance Sheet and the Closing Statement of Closing Working Capital. The Sellers and the Sellers’ accountants shall (subject to execution by the Sellers and the Sellers’ accountants of such documents as reasonably requested by such accountants) have sufficient access to Reuters’ personnel and Reuters’ accountants and to examine the work papers, schedules and other documents prepared or reviewed by Reuters’ accountants in connection with the preparation of their report on the Closing Statement of Closing Working Capital and Reuters’ personnel and Reuters’ accountants shall cooperate with Sellers in connection therewith. Any disputes with respect to the Net Working Capital calculation shall be resolved as set forth in Section 2.5.3.2.

2.5.2 *Adjustments in the Preliminary Cash Purchase Price Based on Final Working Capital.* The “Adjustment Amount”, which may be a positive or negative number, shall mean the difference between the Final Working Capital minus the Target Net Working Capital; provided, that if the absolute value of the Adjustment Amount as calculated above is less than \$500,000, then the Adjustment Amount shall instead be zero. If the Adjustment Amount is less than the Estimated Adjustment Amount, MTH, on behalf of the Sellers, and Reuters, on behalf of the Purchasers, shall execute joint written instructions to the Escrow Agent instructing the Escrow Agent to disburse to the Purchasers an amount equal to the excess of the Estimated Adjustment Amount over the Adjustment Amount as a decrease to the Preliminary Cash Purchase Price, together with interest on such amount at the Prime Rate as provided in Section 2.7; provided, that if there is a Disputed WC Escrow Amount and the Adjustment Amount is greater than the Purchasers’ Estimated Adjustment Amount, the joint written instructions shall also instruct the Escrow Agent to disburse to MTH, on behalf of the Sellers, an amount equal to the excess of the Adjustment Amount over the Purchasers’ Estimated Adjustment Amount, together with interest on such amount at the Prime Rate as provided in Section 2.7. If the Adjustment Amount is greater than the Estimated Adjustment Amount, Reuters, on behalf of the Purchasers, shall pay or cause to be paid to MTH, on behalf of the Sellers, an amount equal to the excess of the Adjustment Amount over the Estimated Adjustment Amount as an increase to the Preliminary Cash Purchase Price, together with interest on such excess at the Prime Rate as provided in Section 2.7, and if there is a Disputed WC Escrow Amount, MTH, on behalf of the Sellers, and Reuters, on behalf of the Purchasers, shall execute joint written instructions to the Escrow Agent instructing the Escrow Agent to disburse to MTH, on behalf of the Sellers, the Disputed WC Escrow Amount, together with interest on such amount at the Prime Rate as provided in Section 2.7. “Final Working Capital” means Closing Working Capital (i) as shown in Reuters’ calculation delivered pursuant to Section 2.5.1 if no notice of disagreement with respect thereto is duly delivered pursuant to Section 2.5.3.1; or (ii) if such a notice of disagreement is delivered, (A) as agreed to by Reuters and MTH pursuant to Section 2.5.3 or (B) in the absence of such agreement, as shown in the Independent Accountant’s calculation delivered pursuant to Section 2.5.3.2; provided, however, that in no event shall Final Working Capital be more than MTH’s calculation of Closing Working Capital delivered pursuant to Section 2.5.3.1 or less than Reuters’ calculation of Closing Working Capital delivered pursuant to Section 2.5.1.

2.5.3 *Objections and Dispute Resolution.*

2.5.3.1 *Time for Objections.* After Reuters shall have furnished the Closing Statement of Closing Working Capital to MTH, MTH may object to the Closing Statement of Closing Working Capital. If MTH objects to the calculation of any line item of the Closing Statement of Closing Working Capital, MTH must give a reasonably detailed written notice of its objection to Reuters within 45 days after its receipt of the Closing Statement of Closing Working Capital (subject to Reuters and Reuters’ accountants providing the access described above), which notice shall state specifically (i) the disputed line item(s) or calculation, (ii) the basis for the dispute(s)

with respect to each line item or such calculation, (iii) the adjustments sought with respect to each such line item or calculation and each such dispute and (iv) MTH's calculation of Closing Working Capital. If no such notice is delivered within such period (subject to Reuters and Reuters' accountants providing the access described above), or if Reuters and MTH agree upon all matters in dispute within the period specified in Section 2.5.3.2, then the Closing Statement of Closing Working Capital, as adjusted to reflect any such agreements, shall be final and binding upon all parties hereto for the purpose of determining Closing Working Capital, and the Closing Statement of Closing Working Capital shall be referred to herein as the "Final Closing Date Statement" and Closing Working Capital, as set forth thereon, shall be referred to as "Final Working Capital".

2.5.3.2 *Dispute Resolution.* Reuters and MTH will use good faith efforts to resolve any matters in dispute, with respect to the calculation of the Closing Working Capital as rapidly as practicable. If Reuters and MTH are unable to resolve all items in dispute, with respect to the calculation of the Closing Working Capital within 45 days after Reuters' receipt of MTH's written objection to the Closing Statement of Closing Working Capital, then those items or calculations in dispute shall be submitted for resolution to KPMG International in New York, New York or, if KPMG International refuses or fails to serve in such capacity, to another mutually agreed upon independent accounting firm experienced in audit projects (the "Independent Accountant"). The parties acknowledge that in submitting disputed items to the Independent Accountant, Reuters and MTH shall each be entitled to present items not disputed in MTH's notice to Reuters under this Section 2.5.3.2 and to present adjustments to the Independent Accountant even if inconsistent with the Closing Statement of Closing Working Capital, but, in the case of Reuters, only to the extent such items are based upon facts, circumstances or positions raised in MTH's notice delivered pursuant to Section 2.5.3.1 (or facts, circumstances or positions subsequently raised by MTH as permitted by this sentence) and, in the case of MTH, only to the extent such items are based upon facts, circumstances or positions raised by Reuters. The Independent Accountant shall act as an expert to determine, based solely on the presentations by MTH and Reuters, and not by independent review, only those items or calculations still in dispute (or brought into dispute in accordance with the procedures and deadlines set forth herein) and that relate to the disagreement regarding such items or calculations as determined on their date of delivery of the Closing Statement of Closing Working Capital and shall resolve such disputes in accordance with the preceding sentence. The determination of the Independent Accountant with respect to those items in dispute, which shall be set forth in a written statement delivered to MTH and Reuters, together with the determinations of Reuters and MTH with respect to those items accepted by MTH (not otherwise affected by this Section 2.5.3.2) or otherwise resolved between Reuters and MTH, shall be referred to as the "Final Closing Date Statement of Working Capital" Closing Working Capital as set forth thereon shall be referred to herein as "Final Working Capital" and shall be final and binding upon all parties hereto. The Independent Accountant shall use all commercially reasonable efforts to reach such determination as quickly as possible.

2.5.3.3 *Payment of Fees.* MTH shall pay the fees of its accountants, and Reuters shall pay the fees of its accountants, in connection with the preparation and review of the Closing Balance Sheet, the Closing Statement of Closing Working Capital and the Final Closing Date Statement of Working Capital. The fees and disbursements of or related to the Independent Accountant shall be borne one-half by Reuters and one-half by MTH with the portion to be borne by MTH to be distributed from escrow pursuant to the Escrow Agreement.

Section 2.6 Restructuring Actions Purchase Price Adjustment. In addition to the adjustments contemplated by Section 2.5, the Preliminary Cash Purchase Price shall be increased by the amount of Restructuring Cost Savings (as defined below and as finally determined in accordance with the terms of this Section 2.6), if any, that result from actions that any Business Entity takes independently in connection with the operation of the Business prior to Closing (the “Seller Restructuring Actions”). Exhibit XII attached hereto sets forth a list of certain restructuring actions that the Purchasers intend to take with respect to the Business following the Closing (the “Reuters Restructuring Actions”) and the anticipated costs thereof (the “Reuters Restructuring Costs”) (a Seller Restructuring Action that is not also a Reuters Restructuring Action set forth on Exhibit XII, is hereby referred to as a “New Seller Restructuring Action” and a Seller Restructuring Action that is also a Reuters Restructuring Action set forth on Exhibit XII, is hereby referred to as a “Scheduled Seller Restructuring Action”). “Restructuring Cost Savings” means the sum, without duplication, of (a) the aggregate amount relating to the achievement of Scheduled Seller Restructuring Actions taken by any Business Entity prior to the Closing as set forth on Exhibit XII and (b) the amount of new cost savings (“New Cost Savings”) attributable to New Seller Restructuring Actions. The amount of New Cost Savings attributable to New Seller Restructuring Actions shall be determined according to the following procedure: (i) prior to any New Seller Restructuring Action after the date hereof, MTH shall notify Reuters in writing of the intention to undertake the same, and provide in writing relevant details to allow Reuters to assess the extent to which such New Seller Restructuring Action would result in New Costs Savings, including MTH’s proposed calculation thereof (any such notice is referred to as an “MTH Cost Savings Notice”); (ii) Reuters shall promptly indicate to MTH in writing (the “Reuters Cost Savings Notice Response”) with sufficient detail and explanation thereof whether it agrees with such calculation or believes that the resulting New Costs Savings are in a different amount, the cost savings relating thereto are different from MTH’s calculations or other costs or exposures arise in connection therewith, or otherwise; and (iii) the savings as both MTH and Reuters, after good faith discussions between the Chief Executive Officer of MTH and the Global Head of Business Development of Reuters and acting reasonably based on the general principles set forth above, agree in writing result from the New Seller Restructuring Actions shall be considered New Cost Savings. In the event that MTH and Reuters fail to agree on the savings amount with respect to any MTH Cost Savings Notice, the Sellers may, but shall not be obligated to, perform the New Seller Restructuring Actions described therein so long as not in violation of any provision of this Agreement, provided that no New Cost Savings shall be attributed to such New Seller Restructuring Action, and the Sellers shall not be entitled to any adjustment to the Preliminary Cash Purchase Price resulting from such New Seller Restructuring Action. Subject to delivery to Reuters of a certificate

signed by the President, Chief Executive Officer or other officer of comparable rank of MTH certifying the achievement prior to Closing of Scheduled Seller Restructuring Actions, if any, and New Seller Restructuring Actions, if any, and the aggregate amount of Restructuring Cost Savings attributable thereto as determined in accordance with this Section 2.6, the Preliminary Cash Purchase Price shall be increased by the aggregate amount of such Restructuring Cost Savings, and the aggregate amount of such Restructuring Cost Savings attributable to Scheduled Seller Restructuring Actions and New Seller Restructuring Actions achieved prior to the Closing shall be paid at the Closing. For the avoidance of doubt, and notwithstanding anything to the contrary in this Section 2.6, the rights and obligations of the parties under Section 6.3 shall not be expanded, limited, impaired or otherwise modified by this Section 2.6.

Section 2.7 Payment of Purchase Price Adjustments. Any adjustment to the Preliminary Cash Purchase Price to be paid by any party hereto after the Closing Date pursuant to the provisions of Section 2.5, including payments made out of escrow pursuant to the Escrow Agreement, shall be paid by such party or parties or the Escrow Agent, as the case may be, within five (5) Business Days after the final determination of the amount of such adjustment, together with interest thereon at an annual interest rate equal to the Prime Rate from the Closing Date through and including the date of payment.

Section 2.8 Allocation of Purchase Price. Exhibit XIII attached hereto sets forth a preliminary statement (“Preliminary Allocation Statement”) allocating the Preliminary Cash Purchase Price, the Liabilities treated as assumed for federal income Tax purposes and the value of the SAVVIS Stock among the Purchased Subsidiaries and the Transferred Assets by jurisdiction based on the assets and liabilities of the Business as of October 31, 2004 and the estimated SAVVIS Stock Fair Market Value as of December 20, 2004, which Preliminary Allocation shall be updated as of the Closing Date to take into account any changes in the assets and liabilities of the Business and SAVVIS Stock Fair Market Value through such date. Reuters shall provide such updated allocation statement (the “Closing Date Allocation Statement”) to MTH within twenty (20) days after the Closing Date, which Closing Date Allocation Statement shall be reasonably satisfactory to MTH (in lieu of the Preliminary Allocation Statement). All Tax Returns filed by Reuters, the Sellers and their respective Affiliates shall be prepared consistently with such Closing Date Allocation Statement except as otherwise required under applicable accounting or Tax rules, laws or regulations. Notwithstanding the immediately preceding sentence, the Closing Date Allocation Statement shall, to the extent applicable, be based upon (at the time of initial preparation), or be revised (subsequent to the time of initial preparation, but prior to filing the relevant Tax Returns by Reuters) based upon, independent appraisals furnished by independent appraisers selected by MTH if the same are acceptable to Reuters’ regular independent auditors. All adjustments to the Preliminary Cash Purchase Price pursuant to Section 2.5 or 2.6 shall be allocated to the Purchased Subsidiaries, and the Closing Date Allocation Statement shall be revised to reflect such allocation. Notwithstanding anything to the contrary contained in this Section 2.8, in the event Reuters and MTH cannot agree that the Closing Date Allocation Statement fairly reflects the proper allocation of the value of the consideration among the Purchased Subsidiaries and Transferred Assets by jurisdiction for Tax purposes, then Reuters and MTH shall use their own allocations for Tax purposes.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Except as set forth in the Sellers' Disclosure Schedule arranged in Sections corresponding to the Sections contained in this Article III (it being understood that disclosure in one Section of the Sellers' Disclosure Schedule of any fact or circumstance shall be deemed to be disclosure of such fact or circumstance in another Section or Sections of the Sellers' Disclosure Schedule to the extent that the relevance of such fact or circumstance to such other Section or Sections is readily apparent solely from the content of such disclosure), each of the Sellers, jointly and severally, hereby makes the representations and warranties to the Purchasers set forth in this Article III.

Section 3.1 Organization and Standing.

3.1.1 Each of the Business Entities is (a) a corporation, limited liability company or other legal entity duly organized, validly existing and duly qualified or licensed and in good standing, if applicable, under the Laws of the state or jurisdiction of its organization with full corporate or other power, as the case may be, and authority to own, lease, use and operate its properties and to conduct its business, and (b) duly qualified, authorized or licensed to do business and, to the extent applicable, is in good standing in any other jurisdiction in which the nature of the business conducted by it or the property it owns, leases, uses or operates requires it to be so qualified, authorized, licensed or in good standing, except where the failure to be so qualified, authorized, licensed or in good standing would not, individually or in the aggregate, have a Material Adverse Effect. MTH has furnished or made available in the Data Room to Reuters complete and correct copies of the certificate of incorporation (each certified by the Secretary of State or other appropriate official of the applicable jurisdiction of organization) and by-laws (each certified by the secretary, assistant secretary or other appropriate officer of MTH) or other comparable organizational documents for each of the Business Entities in existence on the date hereof, each as in effect on the date hereof. Section 3.1.1 of the Sellers' Disclosure Schedule sets forth a list, correct and complete, of (i) the Sellers, (ii) the Purchased Subsidiaries, (iii) the state or jurisdiction of organization of each of the Business Entities and (iv) the jurisdictions, if any, in which each of the Business Entities is qualified to do business.

3.1.2 The Sellers and Purchased Subsidiaries constitute all of the entities that conduct or operate the Business.

3.1.3 Since October 17, 2001, none of the Business Entities has conducted any portion of the Business under or otherwise used, for any purpose or in any jurisdiction, any fictitious name, assumed name, trade name or other name, other than the names set forth in Section 3.1.1 of the Sellers' Disclosure Schedule.

Section 3.2 Capitalization; Compliance with Charter; Equity Interests.

3.2.1 The outstanding capital stock of the Purchased Subsidiaries consists solely of the Purchased Subsidiaries Shares as set forth in Section 3.2.1 of the Sellers' Disclosure Schedule. MTH owns all of the outstanding Purchased Subsidiaries Shares beneficially and of record, in each case, free and clear of any Encumbrances other than Permitted Encumbrances. There are no shares of capital stock of any of the Purchased Subsidiaries issued or outstanding other than the Purchased Subsidiaries Shares. Except as set forth in Section 3.2.1 of the Sellers' Disclosure Schedule, MTH has the sole, absolute and unrestricted right, power and capacity to sell, assign and transfer all of the outstanding shares of the Purchased Subsidiaries Shares to the Purchasers. Upon delivery to the Purchasers of the certificates representing the Purchased Subsidiaries Shares at the Closing, except as may be related to facts or circumstances concerning the Purchasers, the Purchasers will acquire good and valid title to such shares, in each case, free and clear of any Encumbrances other than Permitted Encumbrances.

3.2.2 Except as set forth in Section 3.2.2 of the Sellers' Disclosure Schedule, none of the Purchased Subsidiaries has any Subsidiaries.

3.2.3 All of the Purchased Subsidiaries Shares are duly authorized, validly issued, fully paid and nonassessable, and not issued in violation of any preemptive or similar rights. There are no outstanding subscriptions, options, warrants, puts, calls, agreements, understandings, claims or other commitments or rights of any type or other securities (a) requiring the issuance, sale, transfer, repurchase, redemption or other acquisition of any shares of capital stock or other equity securities of any Purchased Subsidiary or any Subsidiary of a Purchased Subsidiary, (b) restricting the transfer of any shares of capital stock of any Purchased Subsidiary, or (c) relating to the voting of any shares of capital stock of any Purchased Subsidiary. There are no issued or outstanding bonds, debentures, notes or other indebtedness of any Purchased Subsidiary or any Subsidiary of a Purchased Subsidiary having the right to vote (or convertible into, or exchangeable for, securities having the right to vote), upon the happening of a certain event or otherwise, on any matters on which the equity holders of any Purchased Subsidiary or any Subsidiary of a Purchased Subsidiary may vote. No Person (other than MTH) has the right (by contract or otherwise) to nominate, elect or direct the election of any officer or director of, or otherwise in any way affect or direct the management of, the Purchased Subsidiaries or any Subsidiary of a Purchased Subsidiary.

3.2.4 None of the Business Entities is in default or violation (and no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation) of any term, condition or provision of the organizational documents of such Business Entity.

3.2.5 Except as set forth in Section 3.2.5 of the Sellers' Disclosure Schedule, (a) as of the date hereof, none of the Business Entities owns any equity interest, or any interest convertible or exchangeable into any equity

interest, in any Person other than a MTH Subsidiary or an Excluded Asset and (b) to the extent that a Business Entity, as of the date hereof, owns an equity interest, or any interest convertible or exchangeable into an equity interest, in a Person other than a MTH Subsidiary or an Excluded Asset as set forth in Section 3.2.5 of the Sellers' Disclosure Schedule, all such equity interests of such Person are owned beneficially and of record by such Business Entity, free and clear of any Encumbrances other than Permitted Encumbrances.

Section 3.3 Corporate Power and Authority. Each of the Sellers and, if applicable in the case of the Ancillary Agreements, each of the Business Entities that is or will be a party thereto, has all requisite corporate or other power and authority to enter into and deliver this Agreement and the Ancillary Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement by each of the Sellers and the consummation by such Person of the transactions contemplated hereby, and the execution, delivery and performance of the Ancillary Agreements by such Seller which is a party thereto and the consummation of the transactions contemplated thereby, have been duly authorized by all necessary action on the part of each such Person. This Agreement has been duly and validly executed and delivered by each of the Sellers and (assuming the due authorization, execution and delivery by the other parties hereto) constitutes the legal, valid and binding obligation of the Sellers, enforceable against the Sellers in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity). The Ancillary Agreements will upon execution be duly and validly executed and delivered by the Business Entities which are a party thereto and (assuming the due authorization, execution and delivery by the other parties thereto) will upon execution constitute the legal, valid and binding obligations of the Business Entities which are a party thereto, enforceable against each such Person in accordance with their respective terms subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 3.4 Conflicts; Consents and Approvals. This Agreement and the transactions contemplated hereby have been approved by all requisite votes or written consents of the stockholders of the Sellers. Except, in the case of Sections 3.4.3, 3.4.4 and 3.4.5, for actions, consents, waivers, orders, permits, authorizations, approvals, reviews, registrations or filings not obtained, made or given or violations that, individually or in the aggregate, would not reasonably be expected to materially interfere with the operations of the Business, impair in any material respect the ability of the Sellers to perform their obligations hereunder, prevent or materially impede, interfere with, hinder or delay the consummation of the transactions contemplated hereby or result in Damages in excess of \$100,000, neither the execution and delivery by any Business Entities of this Agreement and the Ancillary Agreements to which it is a party nor the

consummation of the transactions contemplated hereby and thereby nor compliance by the Business Entities with the terms herein and therein, will:

3.4.1 conflict with, or result in a breach of, any provision of the organizational documents of (a) any of the Sellers or (b) any Business Entity which is a party to the Ancillary Agreements;

3.4.2 except as set forth in Section 3.4.2 of the Sellers' Disclosure Schedule, violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event that, with or without the giving of notice, the passage of time or otherwise, would constitute a default) under, or entitle any Person (with or without the giving of notice, the passage of time or otherwise) to terminate, accelerate, cancel, modify or call a default under, or give rise to any loss of a material benefit or obligation to make a payment under, or to any increased, additional or guaranteed rights or entitlements of any Person under, or result in the creation of any Encumbrance upon any of the properties or assets of the Business Entities under any of the terms, conditions or provisions of (a) any Contract to which the Business Entities is a party or to which any of their respective properties or assets (including the Transferred Assets) may be bound, or (b) any governmental permit, registration, approval, license or other authorization or filing to which the Business Entities or any of their Affiliates is subject or to which any of their respective properties or assets (including the Transferred Assets) may be subject except, in the case of both clause (a) and (b), for such violations, conflicts, losses, defaults, terminations, accelerations, cancellations, modifications or Encumbrances as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect;

3.4.3 require any consent, waiver, authorization or approval of any non-governmental third party;

3.4.4 violate any order, writ, injunction, decree or of any Law applicable to the Business Entities or any of their respective properties or assets (including the Transferred Assets) or to the Business or any portion of the Business; or

3.4.5 require any action, consent, waiver, order, permit, authorization or approval of, or review by, or registration or filing by the Sellers, the Business Entities or any of their Affiliates with, any Governmental Authority, other than (a) actions required by or taken in accordance with the Antitrust Laws set forth in Section 3.4.5 of the Sellers' Disclosure Schedule and (b) the actions, consents, waivers, orders, permits, authorizations and approvals of, reviews by, or registrations or filings with, Governmental Authorities set forth in Section 3.4.5 of the Sellers' Disclosure Schedule or as may be required due solely to the regulatory status of, or business conducted by, the Purchasers or their Affiliates.

Section 3.5 Financial Statements.

3.5.1 MTH has delivered to Reuters copies of (i) the audited consolidated balance sheets of the Business Entities as at December 31, 2001, 2002 and 2003 and the related audited consolidated statements of income and of cash flows of the Business Entities for the years then ended and (ii) the unaudited consolidated balance sheet of the Business Entities as at June 30, 2004 and the related consolidated statements of income and cash flows of MTH and its Subsidiaries for the six-month period then ended (such audited and unaudited statements, including the related notes and schedules thereto, are referred to herein as the “Financial Statements”). Each of the Financial Statements is complete and correct in all material respects, has been prepared in accordance with GAAP consistently applied without modification of the accounting principles used in the preparation thereof throughout the periods presented and presents fairly in all material respects the consolidated financial position, results of operations and cash flows of the Business Entities as at the dates and for the periods indicated therein. For the purposes hereof, the audited consolidated balance sheet of the Business Entities as at December 31, 2003 is referred to as the “Balance Sheet” and December 31, 2003 is referred to as the “Balance Sheet Date”.

3.5.2 MTH has delivered to Reuters copies of the monthly management reports for each of the months ended December 31, 2003, and April 30, 2004 through October 31, 2004, inclusive. The unaudited consolidated balance sheet of MTH at each of the calendar months then ended and the related consolidated statements of income and cash flows of MTH and its Subsidiaries for each of the calendar months then ended contained in such reports is complete and correct in all material respects, has been prepared in accordance with GAAP consistently applied without modification of the accounting principles used in the preparation thereof throughout the periods presented and presents fairly in all material respects the consolidated financial position, results of operations, cash flows, Total Information Services Revenue and User Counts of the Business Entities as at the dates and for the periods indicated therein, except as set forth in Section 3.5.2 of the Sellers’ Disclosure Schedule.

3.5.3 The Business Entities make and keep books, records and accounts which accurately and fairly reflect the transactions and dispositions of their respective assets in all material respects.

Section 3.6 No Significant Change. Except as expressly contemplated by this Agreement and, for matters arising from and after the date hereof until the Closing for purposes of Articles VII and IX, as expressly permitted by Section 6.3, or as set forth in Section 3.6 or 6.3 of the Sellers’ Disclosure Schedule, since December 31, 2003, (x) the Business Entities have operated the Business only in the Ordinary Course of Business, (y) there has not been any event, change, occurrence or circumstance that has had, or would reasonably be expected to have, a Material Adverse Effect (for the avoidance of doubt, subject to the last two sentences contained in the definition of Material Adverse Effect) and (z) without limiting the generality of the foregoing:

(a) the Business Entities have not mortgaged, pledged or subjected to any Encumbrance (other than Permitted Encumbrances) any of their respective material assets, or acquired any material assets or sold, leased, transferred, conveyed, assigned or otherwise disposed of any of their respective material assets, tangible or intangible, other than assets acquired or sold, leased, transferred, conveyed, assigned or otherwise disposed of in the Ordinary Course of Business;

(b) to the Knowledge of the Sellers, the Business Entities have not taken any action that has caused any Person to cancel or compromise any debt or claim or to amend, accelerate, terminate, modify, cancel, relinquish, waive or release any material Contract (or series of related Contracts with the same party) or material right except in the Ordinary Course of Business;

(c) there has not been any damage, destruction or loss with respect to the property and assets of the Business, whether or not covered by insurance, which has had or would reasonably be expected to have a Material Adverse Effect;

(d) the Business Entities have not committed to make any capital expenditures or capital additions which have not yet been made in excess of \$250,000 individually or \$750,000 in the aggregate;

(e) the Business Entities have not made any capital investment in, any loan of money to, or any acquisition of the securities of, any other Person;

(f) to the Knowledge of the Sellers, no third party has ceased or refused to provide, or reduced its provision of, products or services to the Business Entities as a result of a failure by the Business Entities to promptly pay and discharge all current liabilities of any portion of the Business, other than current liabilities which are being contested in good faith and by appropriate proceedings;

(g) the Business Entities have not (i) entered into any employment, deferred compensation, severance or similar agreement (or amended any such agreement) or agreed to increase, the compensation payable or to become payable by it to any of the Business Employees or (ii) increased (other than pursuant to the terms of any plans, Contracts or arrangements in effect on or prior to December 31, 2003) or agreed to increase the coverage or benefits available under any severance pay, termination pay, vacation pay, company awards, salary continuation for disability, sick leave, deferred compensation, bonus or other incentive compensation, insurance, pension or other employee benefit plan, payment or arrangement made to, for or with any of the Business Employees;

(h) there has not been any declaration, setting aside or payment of any dividend or other distribution in respect of any shares of capital stock of any of the Business Entities or any repurchase, redemption or other acquisition by any of the Business Entities of any outstanding shares of capital stock or other securities of, or other ownership interest in, any of the Business Entities except for such declarations, setting asides, payments, repurchases, redemptions and acquisitions made among MTH and its Subsidiaries;

- (i) there has not been any material change by any of the Business Entities in their respective accounting or Tax reporting principles, methods or policies;
- (j) none of the Business Entities has made or rescinded any material election relating to Taxes, settled or compromised any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes;
- (k) none of the Business Entities has instituted or settled any material Action;
- (l) none of the Business Entities has granted any license or sublicense of any rights under or with respect to any Purchased Intellectual Property or Purchased Technology except in the Ordinary Course of Business;
- (m) none of the Business Entities has made any loan to, or entered into any other transaction with, any of their shareholders, Affiliates, officers, directors, partners or employees, except for any advances made to employees in the Ordinary Course of Business or any employment or consulting agreement set forth in Section 3.6(m) of the Sellers' Disclosure Schedule; and
- (n) none of the Business Entities has agreed to, committed to, arranged for or entered into any understanding to do anything set forth in this Section 3.6.

Section 3.7 Corporate Records. The minute books and stock transfer ledgers of the Purchased Subsidiaries previously made available in the Data Room to Reuters contain true, correct and complete, in all material respects, records of all meetings and accurately reflect in all material respects all other corporate action of the stockholders and board of directors (including committees thereof) of the Purchased Subsidiaries. All stock transfer taxes levied or payable with respect to all transfers of shares of the Purchased Subsidiaries prior to the date hereof have been paid and appropriate transfer tax stamps affixed.

Section 3.8 Taxes. Except as set forth in Section 3.8 of the Sellers' Disclosure Schedule:

3.8.1 (i) all income and other material Tax Returns required to be filed by, on behalf of or with respect to the Business Entities have been duly and timely filed with the appropriate Taxing Authority in all jurisdictions in which such Tax Returns are required to be filed (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns are true, complete and correct in all material respects; and (ii) all income and other material Taxes payable by, on behalf of or with respect to the Business Entities have been fully and timely paid, except for Taxes which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the Sellers' books. With respect to any period for which Tax Returns have not yet been filed or

for which Taxes are not yet due or owing, the Business Entities have made full accruals for such Taxes in the Financial Statements (through the date thereof) and their books and records in accordance with GAAP. All required income and other material estimated Tax payments have been made by, on behalf of or with respect to the Business Entities. For purposes of this Section 3.8.1, “material” shall mean all Taxes or Tax Returns with respect to the Business Entities in jurisdictions where the aggregate revenue of the Business Entities in that jurisdiction exceeds US\$1,800,000.

3.8.2 All income and other material deficiencies asserted or assessments made as a result of any examinations by any Taxing Authority of the Tax Returns of, including, or with respect to the Business Entities have been fully paid, and there are no audits or formal investigations by any Taxing Authority in progress. Since October 17, 2001 (or since December 31, 2000 with respect to Moneyline Network Inc.), none of the Business Entities has received any notice from any Taxing Authority that it intends to conduct such an audit or formal investigation. Since October 17, 2001 (or December 31, 2000 with respect to Moneyline Network Inc.), no material issue has been raised by a Taxing Authority in any prior examination of or relating to the Business Entities which, by application of the same or similar principles, would reasonably be expected to result in a proposed deficiency or affect the Tax treatment of any of the Purchased Subsidiaries, the Transferred Assets or the Business for any subsequent taxable period. For purposes of this Section 3.8.2 “material” shall mean all deficiencies or assessments of US\$500,000 or more, or issues which would reasonably be expected to result in a proposed deficiency of US\$500,000 or more.

3.8.3 Section 3.8.3 of the Sellers’ Disclosure Schedule lists, since October 17, 2001 (or since December 31, 2000 with respect to Moneyline Network Inc.), all material U.S. federal tax elections made by the Purchased Subsidiaries on or before December 31, 2003. Except as otherwise noted, all of the elections set forth in Section 3.8 of the Sellers’ Disclosure Schedule have been properly executed and are valid and in full force and effect. The Business Entities have made available in the Data Room to the Purchasers complete copies of all income and other material Tax Returns of or relating to the Purchased Subsidiaries, the Transferred Assets or the Business for the taxable periods that ended after October 17, 2001 (or December 31, 2000 with respect to Moneyline Network Inc.). For purposes of this Section 3.8.3, “material” shall have the same meaning as in Section 3.8.1.

3.8.4 The Business Entities have complied, in all material respects, with all applicable Laws relating to the payment and withholding of Taxes and have duly and timely withheld and paid over to the appropriate Taxing Authorities all material amounts required to be so withheld and paid over under all applicable Laws. For purposes of this Section 3.8.4, “material” shall mean an amount of US\$100,000 or more.

3.8.5 Since October 17, 2001 (or since December 31, 2000 with respect to Moneyline Network Inc.), no claim has been made in writing by a Taxing Authority in a jurisdiction in which the Business Entities do not currently file a Tax Return that any of the Business Entities is or may be subject to taxation by that jurisdiction.

3.8.6 No agreement, waiver or other document or arrangement extending or having the effect of extending the period for assessment or collection of Taxes (including, but not limited to, any applicable statute of limitations) to a date after the date hereof has been executed or filed with any Taxing Authority by, on behalf of or with respect to any of the Business Entities. None of the Business Entities has requested any extension of time within which to file any Tax Return, which Tax Return has since not been filed.

3.8.7 There is no contract, agreement, plan or arrangement covering any person that, individually or collectively, could give rise to the payment of any amount that would not be deductible by the Purchasers or any of their Affiliates (including any Purchased Subsidiary) by reason of Section 280G of the Code or that would give rise to Tax under Section 4999 of the Code.

3.8.8 There are no Encumbrances for Taxes upon the Transferred Assets or upon the assets of any Purchased Subsidiary other than Permitted Encumbrances.

3.8.9 MTH is not a foreign person within the meaning of Section 1445 of the Code.

3.8.10 None of the Business Entities has executed or entered into any agreement with, or obtained any consents or clearances from, any Taxing Authority, or has been subject to any ruling guidance specific to any of the Business Entities that would be binding on the Purchasers or any of their Affiliates (including any Purchased Subsidiary) for any taxable period (or portion thereof) ending after the Closing Date.

3.8.11 None of the Business Entities or any other Person on their behalf has (i) since October 17, 2001 (or since December 31, 2000 with respect to Moneyline Network Inc.), agreed, is required or has any application pending to make any adjustment pursuant to Section 481(a) of the Code or any similar provision of Law or has received notice that any Taxing Authority has proposed any such adjustment, (ii) since October 17, 2001 (or since December 31, 2000 with respect to Moneyline Network Inc.), executed or entered into a closing agreement pursuant to Section 7121 of the Code or any similar provision of Law or (iii) granted to any Person any power of attorney that is currently in force with respect to any Tax matter.

3.8.12 None of the Transferred Assets or any property owned by the Purchased Subsidiaries is (i) property required to be treated as being owned by another Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986, (ii) “tax-exempt use property” within the meaning of Section 168(h)(1) of the Code, (iii) “tax-exempt bond financed property” within the meaning of Section 168(g) of the Code, (iv) “limited use property” within the meaning of Rev. Proc. 2001-28, (v) described in Section 168(g)(1)(A) of the Code with respect to which any Seller or any of its Affiliates has claimed depreciation deductions in determining its U.S. federal income tax liability, or (vi) subject to any provision of U.S. federal, state or local Law comparable to any of the provisions listed above.

3.8.13 Except by operation of any applicable tax law, none of the Purchased Subsidiaries is a party to or bound by, and none of the Transferred Assets is, any tax sharing, allocation, indemnity or similar agreement or arrangement (whether or not written) pursuant to which the Purchasers or any of their Affiliates (including any Purchased Subsidiary) will have any obligation to make any payments after the Closing.

3.8.14 None of the Purchased Subsidiaries has ever been a member of any Consolidated Group other than a group of which MTH is the common parent or has any liability for Taxes of any Person under Treasury Regulation Section 1.1502-6 (or any comparable provision of state, local or foreign Law) (other than as a member of the Consolidated Group of which MTH is the common parent).

3.8.15 MTH and each of the Purchased Subsidiaries have joined in the filing of consolidated, combined and unitary income Tax Returns for all taxable periods commencing October 17, 2001 (or December 31, 2000 with respect to Moneyline Network Inc.) and thereafter.

3.8.16 None of the Purchased Subsidiaries has constituted either a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code (A) in the two (2) years prior to the date of this Agreement or (B) in a distribution which could otherwise constitute part of a “plan” or “series of related transactions” (within the meaning of Section 355(e) of the Code) in conjunction with the transactions contemplated by this Agreement.

3.8.17 None of the Purchased Subsidiaries has engaged in any “intercompany transaction” in respect of which gain was and continues to be deferred pursuant to Treasury Regulation Section 1.1502-13 or any analogous or similar provision of Law.

3.8.18 The Purchased Subsidiaries are members of a “selling consolidated group” within the meaning of Treasury Regulation Section 1.338(h)(10)-1(b)(2), and MTH is eligible to make the Section 338(h)(10) Elections with respect to the Purchased Subsidiaries.

3.8.19 None of the Business Entities is or has been a United States real property holding corporation within the meaning of Section 897 of the Code.

Section 3.9 Compliance with Law. Except for any failure to comply or violations which, individually or in the aggregate, would not reasonably be expected to materially interfere with the operations of the Business or result in Damages in excess of \$250,000, (a) each of the Business Entities is in compliance in all respects with all Laws applicable to (i) its respective operations or assets or (ii) the Business and (b) none of the Business Entities has received any written notice of or been charged with the violation of any Laws. To the Knowledge of the Sellers, no investigation or review with respect to the violation of any Law is pending or threatened in writing against any of the Business Entities. This Section 3.9 does not relate to Tax matters, which are instead the subject of Section 3.8, intellectual property matters, which are instead the subject of Section 3.11, environmental matters, which are instead the subject of Section 3.12, employee benefits and labor matters, which are instead the subject of Sections 3.15 and 3.17, or Permits, which are instead the subject of Section 3.18.

Section 3.10 Personal Property; Title to and Sufficiency of Assets.

3.10.1 The Business Entities have good and valid title to or valid leases, licenses or rights to use all of the items of tangible personal property reflected on the Balance Sheet and all other assets used in the Business which, individually or in the aggregate, are material to the operation of the Business or reflected in the Financial Statements (except as sold or disposed of subsequent to the date thereof (i) as expressly contemplated by this Agreement or (ii) in the Ordinary Course of Business), free and clear of any and all Encumbrances, other than Permitted Encumbrances. All such items of tangible personal property and other assets (including the property under the Personal Property Leases) which, individually or in the aggregate, are material to the operation of the Business are in satisfactory condition for the uses to which they are being put (ordinary wear and tear and ordinary maintenance requirements excepted).

3.10.2 The Transferred Assets, together with all assets (whether real or personal, tangible or intangible) owned, licensed or leased by the Purchased Subsidiaries other than the Excluded Assets constitute (a) sufficient assets to conduct the Business in the Ordinary Course of Business as such Business has been conducted and (b) all of the material assets used directly or indirectly to conduct the Business as currently conducted.

Section 3.11 Intellectual Property.

3.11.1 Section 3.11.1 of the Sellers' Disclosure Schedule sets forth an accurate and complete list of all Patents, registered Marks, pending applications for registrations of any Marks and unregistered Marks, registered Copyrights and pending applications for registration of Copyrights, and Internet domain names owned or filed by any of the Business Entities and included among the Purchased Intellectual Property as of the date hereof. Section 3.11.1 of the Sellers' Disclosure Schedule lists the jurisdictions in which any of such Intellectual Property has been issued or registered or in which any such application for such issuance and registration has been filed.

3.11.2 The Business Entities are the sole and exclusive owners of all right, title and interest in and to, or have valid and continuing rights to use, sell, license or transfer, as the case may be, the Purchased Intellectual Property and Purchased Technology, free and clear of all Encumbrances or obligations to others (other than obligations to the licensor under applicable licenses), except as may be set forth in Section 3.11.2 of the Sellers' Disclosure Schedule.

3.11.3 The use, practice or other commercial exploitation of the Purchased Intellectual Property and the Purchased Technology by the Business Entities, in connection with the Business as presently conducted, and the present business practices and methods of the Business Entities do not infringe, constitute an unauthorized use or misappropriation of, or violate any Intellectual Property, of any Person (including pursuant to any non-disclosure agreements or obligations to which the Sellers or any of their present or former employees is a party). The Purchased Intellectual Property and the Purchased Technology owned by or licensed to the Business Entities includes all of the Intellectual Property and Technology necessary to enable the Business Entities to conduct the Business in all material respects in the manner in which such Business is currently being conducted.

3.11.4 Except for licenses to Off-the-Shelf Software, Section 3.11.4 of the Sellers' Disclosure Schedule sets forth a true and complete list of all material license agreements pursuant to which the Business Entities have been granted a license to make use of any Intellectual Property or Technology owned by a third Person (hereinafter referred to as "Pre-Existing Intellectual Property Licenses"). Except with respect to licenses to Off-the-Shelf Software, and except pursuant to the Pre-Existing Intellectual Property Licenses listed in this Section 3.11.4 of the Sellers' Disclosure Schedule, none of the Business Entities is required, obligated, or under any liability whatsoever, to make any payments by way of royalties, fees or otherwise to any owner, licensor of, or, to the Knowledge of the Sellers, other claimant to, any Purchased Intellectual Property or Purchased Technology in an amount in excess of \$10,000. Except as listed in Section 3.11.4 of the Sellers' Disclosure Schedule, (i) each Pre-Existing Intellectual Property License is in full force and effect and is the legal, valid and binding obligation of the Business Entities, enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity); (ii) to the actual knowledge of the Sellers, each Pre-Existing Intellectual Property License is in full force and effect in respect of each of the other parties thereto; (iii) none of the Business Entities are in default under or in breach of or otherwise delinquent in performance under any such Pre-Existing Intellectual Property License, and, to the Knowledge of the Sellers, no event has occurred that, with notice or lapse of time, or both, would constitute a default or permit termination or modification thereunder, or would trigger a right to terminate or modify such Pre-Existing Intellectual Property License; and (iv) no party to any of such Pre-Existing Intellectual Property License has exercised any termination rights with respect thereto.

3.11.5 Section 3.11.5 of the Sellers' Disclosure Schedule sets forth a complete and accurate list of all Contracts to which the Business Entities are a party and in which (i) one or more of the Business Entities grants a license to any other Person with respect to any Purchased Intellectual Property or Purchased Technology, or (ii) one or more Business Entities agrees to indemnify any other Person against any claim of infringement arising out of the use of the Purchased Intellectual Property or Purchased Technology.

3.11.6 The Business Entities have taken all reasonably necessary steps (including, where appropriate, restricting use and disclosure of such Trade Secrets and confidential information by means of non-disclosure agreements and provisions) to protect and preserve the secrecy and confidentiality of any material Trade Secrets and other material confidential information, including invention disclosures, not included in any issued patents and published patent applications or published copyrightable works. Section 3.11.6 of the Sellers' Disclosure Schedule sets forth a list of each employee, consultant and independent contractor that contributed to the creation or development of the Purchased Intellectual Property or the Purchased Technology of the Business Entities that has not entered into a written non-disclosure and invention assignment agreement (or in the case of consultants and independent contractors, a consulting agreement, services agreement, or similar agreement requiring non-disclosure of confidential information and assignment of inventions) with the Business Entities. A form of Confidentiality, Intellectual Property Rights Assignment and Non-Competition Agreement signed by employees of the Business Entities has been made available in the Data Room to the Purchasers.

3.11.7 As of the date hereof, no Actions have been asserted in writing or are pending or, to the Knowledge of the Sellers, threatened in writing, against any of the Business Entities which involve a claim (i) of infringement, unauthorized use, or violation of any Intellectual Property of any third Person, or alleging that any services provided by, processes used by, or products manufactured or sold by the Business Entities infringe, violate or misappropriate any Intellectual Property right of any Person, or (ii) challenging or seeking to deny or restrict the ownership, use, validity or enforceability of any Purchased Intellectual Property or Purchased Technology or (iii) contesting the right of the Business Entities to use, sell, exercise, license, transfer or dispose of any Purchased Intellectual Property or Purchased Technology or any products, processes, or materials covered thereby in any manner. As of the Closing Date, no Actions of the type specified in clauses (i)-(iii) of the preceding sentence have been asserted in writing or are pending or, to the Knowledge of the Sellers, threatened in writing against any of the Business Entities which involve a claim that would reasonably be expected to materially interfere with the operations of the Business or result in Damages in excess of \$25,000. Except as set forth on Section 3.11.7 of the Sellers' Disclosure Schedule, as of the date hereof, the Business Entities have materially complied with applicable legal requirements (including the payment of maintenance and filing fees) with respect to all Patents, registered Marks, pending applications for registrations of any Marks, registered Copyrights and pending applications for registrations of Copyrights, owned or filed by of the Business Entities and included among the Purchased Intellectual Property.

Except as set forth on Section 3.11.7 of the Sellers' Disclosure Schedule, to the Knowledge of Sellers, there are no facts or circumstances that would render invalid or unenforceable their rights to any of the Purchased Intellectual Property that is owned by any of the Business Entities. To the actual knowledge of the Sellers, as of the date hereof, no third party is infringing, violating or misappropriating any material Purchased Intellectual Property in any material respect.

3.11.8 There are no Orders to which the Business Entities are a party or by which the Business Entities are bound which restrict, in any material respect, the rights to use any of the Purchased Intellectual Property or the Purchased Technology.

3.11.9 The Business Entities have used their commercially reasonable efforts to secure valid written assignments from all employees of the Business Entities, consultants and independent contractors retained by the Business Entities who contributed to the creation or development of the Purchased Intellectual Property or Purchased Technology that is owned by the Business Entities. No present or former employee, consultant or independent contractor has any right, title, or interest, in whole or in part, in any material Purchased Intellectual Property or material Purchased Technology owned by the Business Entities. To the Knowledge of the Sellers, no employee, consultant or independent contractor of the Business Entities is, as a result of or in the course of such employee's, consultant's or independent contractor's engagement by the Business Entities, in default or breach of any material term of any employment agreement, non-disclosure agreement, assignment of invention agreement or similar agreement relating to the protection, ownership, development, use or transfer of Purchased Intellectual Property or the Purchased Technology that is owned by the Business Entities.

3.11.10 Section 3.11.10 of the Sellers' Disclosure Schedule sets forth a complete and accurate list of (i) all Software that is owned exclusively by the Business Entities and is material to the operation of the Business and (ii) all material Software that is used by the Business Entities in the Business that is not exclusively owned by the Business Entities, excluding Off-the-Shelf Software. The Business Entities periodically scan all Software and data residing on their computer networks with commercially available and up-to-date virus detection and eradication software. As of the date hereof, to the Knowledge of Sellers, the Business Entities' Software contain no "viruses". For the purposes of this Agreement, "virus" means any computer code designed to disrupt, disable and harm in any material manner the operation of any software or hardware, including worms, hooks, bombs, backdoors, clocks, timers, Trojan horses, or other disabling device code, designs or routines which cause the Software to be erased, inoperable, or otherwise incapable of being used, either automatically or with passage of time or upon command by any Person.

3.11.11 None of the Business Entities has exported or re-exported any items of Software or technical data or any direct products thereof, or undertaken any transactions, in material violation of any export controls under the laws and regulations of the United States and other countries, including the U.S. Export

Administration Act, the regulations implemented thereunder by the U.S. Department of Commerce, and any other similar applicable Laws or regulations. None of the Business Entities is subject to any government order suspending, revoking or denying export or import privileges.

3.11.12 Except for any failure to comply or violations or claims which, individually or in the aggregate, would not reasonably be expected to materially interfere with the operations of the Business or result in Damages in excess of \$25,000, (i) each of the Business Entities has complied in all material respects with all applicable Laws relating to privacy, data protection and the collection and use of personal information and user information gathered in the course of its operations; (ii) each of the Business Entities has complied in all material respects with all rules, policies and procedures established by such Business Entities with respect to privacy, publicity, data protection or collection and use of personal information and user information gathered or accessed in the course of the operations of the Business Entities; and (iii) none of the Business Entities has received any written notice of any claims alleging a violation of any Person's privacy, personal or confidentiality rights under any such rules, policies or procedures. Each of the Business Entities has taken steps consistent with applicable industry practices (including, implementing and monitoring compliance with measures with respect to technical and physical security) to ensure that the information is protected against material loss and unauthorized access, use, modification, and disclosure, and, to the Knowledge of the Sellers, there has been no unauthorized access to or other misuse of such information.

Section 3.12 Environmental Matters. Except as set forth in Section 3.12 of the Sellers' Disclosure Schedule hereto:

3.12.1 the operations of the Business Entities, with respect to the Business, are in compliance with all applicable Environmental Laws, which compliance includes obtaining, maintaining in good standing and complying with all Environmental Permits necessary to operate the Business, except where failures to comply with Environmental Laws, or to obtain, maintain or comply with Environmental Permits, individually or in the aggregate, would not reasonably be expected to materially interfere with the operations of the Business after the Closing or result in Damages in excess of \$100,000;

3.12.2 no Action or Claim is pending, or to the Knowledge of the Sellers, threatened in writing against the Business Entities, alleging, with respect to the Business, noncompliance with or potential liability under any Environmental Law;

3.12.3 the Business Entities have provided to Reuters all environmentally related assessments, audits, studies, reports, analyses, and results of investigations that have been performed with respect to the Business at the direction of the Business Entities since October 17, 2001.

3.12.4 Notwithstanding anything in the other representations and warranties in this Article III to the contrary, none of the representations and warranties in this Article III other than those in this Section 3.12 shall relate to environmental matters.

Section 3.13 Litigation.

3.13.1 Except as set forth in Section 3.13.1 of the Sellers' Disclosure Schedule, as of the date of this Agreement, there is no material Action or Claim pending or, to the Knowledge of the Sellers, material Action or Claim (other than an Action or Claim of the type described in Section 3.13.2) threatened in writing against any of the Business Entities (or, to the Knowledge of the Sellers, pending or threatened in writing, against any of the officers, directors or employees of any of the Business Entities in their capacity as such that could reasonably be expected to be material to the Business or obligate any Business Entity to indemnify, hold harmless or exonerate such officers, directors or employees). As of the Closing Date, no Actions or Claims are pending or, to the Knowledge of the Sellers, threatened in writing against any of the Business Entities that, individually or in the aggregate, would reasonably be expected to materially interfere with the operations of the Business or result in Damages in excess of \$150,000, and, to the Knowledge of the Sellers, no Actions or Claims are pending or threatened in writing against the officers, directors or employees of any of the Business Entities in their capacities as such that, individually or in the aggregate, could reasonably be expected to materially interfere with the operations of the Business or obligate any Business Entity to indemnify, hold harmless or exonerate such officers, directors or employees for Damages in excess of \$150,000.

3.13.2 Except as set forth in Section 3.13.2 of the Sellers' Disclosure Schedule, there is no Action pending or, to the Knowledge of the Sellers, threatened in writing against the Business Entities or any executive officer, director or key employees thereof, in each case, with respect to their activities relating to the Business before any Governmental Authority, that seeks to prohibit or restrain the ability of the Sellers to enter into this Agreement or to consummate any of the transactions contemplated herein by the Outside Date or the ability of any Business Entity to enter into any of the Ancillary Agreements to which it is a party or to consummate any of the transactions contemplated thereby by the Outside Date.

3.13.3 As of the date hereof, there is no pending Action that was instituted by any of the Business Entities to recover monies due it or for damages sustained by it.

Section 3.14 Brokerage and Finders' Fees. Except as set forth in Section 3.14 of the Sellers' Disclosure Schedule, in connection with the transactions contemplated by this Agreement or the Ancillary Agreements, none of the Business Entities and their respective stockholders, directors, officers or employees, has incurred, or will incur, any brokerage, finders', financial advisor or similar fee for which the Purchasers or the Purchased Subsidiaries are or will be liable.

Section 3.15 Employee Benefits.

3.15.1 Section 3.15.1 of the Sellers' Disclosure Schedule sets forth a complete and correct list of all Benefit Plans and indicates which of such plans is a defined benefit plan within the meaning of Section 3(35) of ERISA (a "Defined Benefit Plan"). No Benefit Plan is subject to Title IV of ERISA or Section 412 of the Code or a multiemployer plan as defined in Section 3(37) of ERISA. No Business Entity or ERISA Affiliate has maintained, contributed to, or in any way directly or indirectly has any liability (whether contingent or otherwise) with respect to any Defined Benefit Plan, whether or not subject to ERISA, except as set forth in Section 3.15.1 of the Sellers' Disclosure Schedule.

3.15.2 True, correct and complete copies of the following documents, with respect to each of the Benefit Plans, have been delivered to or made available in the Data Room to Reuters (a) any plans and related trust documents, and all amendments thereto, (b) the most recent Forms 5500 and all applicable governmental filings for the past three (3) years and schedules thereto, (c) the most recent financial statements and actuarial valuations, (d) the most recent IRS determination letter, (e) the most recent summary plan descriptions (including letters or other documents updating such descriptions) and (f) written descriptions of all non-written agreements relating to the Benefit Plans.

3.15.3 Each of the Benefit Plans intended to qualify under Section 401 of the Code ("Qualified Plans") is the subject of a favorable determination letter from the IRS, and to the Knowledge of the Sellers, nothing has occurred with respect to the operation of any such plan which could cause any such plan to not be so qualified. Each other Benefit Plan which is required by applicable Laws to obtain governmental approval of such plan has obtained such approval and to the Knowledge of the Sellers, nothing has occurred since the date of such approval which would cause the loss of such governmental approval.

3.15.4 All material contributions and premiums, individually or in the aggregate, required by Laws or by the terms of any Benefit Plan or any agreement relating thereto have been timely made (without regard to any waivers granted with respect thereto) to any funds or trusts established thereunder or in connection therewith, or have been reflected in the Financial Statements.

3.15.5 None of the Benefit Plans are required to comply with financial reporting pursuant to Financial Accounting Standard No. 87, International Accounting Standard No. 19 or any other accounting standard which mandates an accrual of defined benefit obligations. Neither the Sellers nor the Purchased Subsidiaries shall have any current or prospective liability with respect to any benefits accrued through the Closing Date under any Defined Benefit Plan, whether or not such Defined Benefit Plan is subject to ERISA, or any Benefit Plan which is a defined contribution plan within the meaning of Section 3(34) of ERISA and is not subject to ERISA, other than regular periodic contributions currently due and properly reflected on the Closing Balance Sheet.

3.15.6 The liabilities of each Foreign Benefit Plan that has been terminated or otherwise wound up, have been fully discharged in material compliance with applicable Laws.

3.15.7 None of the Benefit Plans which are “welfare benefit plans” within the meaning of Section 3(1) of ERISA (whether or not such plan is covered by ERISA) provides for continuing benefits or coverage for any participant or any beneficiary of a participant post-termination of employment except as may be required under COBRA or pursuant to any other U.S. or non-U.S. Laws.

3.15.8 There are no Actions pending or, to the Knowledge of the Sellers, threatened in writing which have been asserted or instituted against any of the Benefit Plans, the assets of any such plans or the Sellers or any of the Purchased Subsidiaries, or the plan administrator or any fiduciary of the Benefit Plans with respect to the operation of such plans (other than routine, uncontested benefit claims), and to the Knowledge of the Sellers there are no facts or circumstances which could form the basis for any such Actions.

3.15.9 Each of the Benefit Plans has been maintained, in all material respects, in accordance with its terms and all provisions of applicable Laws. All amendments and actions required to bring each of the Benefit Plans into conformity in all material respects with all of the applicable provisions of ERISA and other applicable Laws have been made or taken except to the extent that such amendments or actions are not required by law to be made or taken until a date after the Closing Date.

3.15.10 Neither the Sellers nor the Purchased Subsidiaries have engaged in a non-exempt “prohibited transaction” within the meaning of Section 4975 of the Code or Section 406 of ERISA. To the Knowledge of the Sellers, no fiduciary has any liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any Benefit Plan.

3.15.11 Except as set forth in Section 3.15.11 of Sellers’ Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (a) result in any payment becoming due to any employee of the Sellers or any of the Purchased Subsidiaries; (b) increase any benefits otherwise payable under any Benefit Plan; or (c) result in the acceleration of the time of payment or vesting of any such benefits.

3.15.12 Neither the Sellers nor the Purchased Subsidiaries are a party to any contract, plan or commitment, whether legally binding or not, to create any additional Benefit Plan, or to modify any existing Benefit Plan.

3.15.13 Except as set forth in Section 3.15.13 of the Sellers’ Disclosure Schedule, no stock or other security issued by the Sellers or any of the Purchased Subsidiaries forms or has formed a material part of the assets of any Benefit Plan.

3.15.14 Any individual who performs services for the Sellers or any of the Purchased Subsidiaries (other than through a contract with an organization other than such individual) and who is not treated as an employee for federal income tax purposes by the Sellers is not an employee for such purposes.

3.15.15 No liability under any Benefit Plan has been funded nor has any such obligation been satisfied with the purchase of a contract from an insurance company that is not rated AA by Standard & Poor's Corporation or the equivalent by any other U.S. or non-U.S. nationally recognized rating agency.

3.15.16 Except as set forth in Section 3.15.16 of the Sellers' Disclosure Schedule, neither the Sellers nor any of the Purchased Subsidiaries have any current or prospective liability (i) with respect to the past, present or future employment or termination of employment of any of the employees of any Distributor or (ii) with respect to any of the employee benefits plans, programs or arrangements of any Distributor.

Section 3.16 Contracts. Section 3.16 of the Sellers' Disclosure Schedule contains a complete list of the following Contracts relating to the Business to which any of the Business Entities is a party or by which it is bound:

(a) the top 32 customer agreements (based on revenue for the fiscal year ending December 31, 2003) between the Business Entities, on the one hand, and customers of the Business on the other hand, excluding any Contracts with any Distributor ("Material Customer Contracts"), without identifying such customers;

(b) any Contract by which any Person is authorized or entitled to redistribute data or other information provided by the Business other than as a part of products and services offered by the Business through Distributors, other than any Contract by which a financial services customer redistributes such data or other information as part of products and services provided by such customer to its clients for no additional fee other than pass-through charges;

(c) each joint venture or partnership agreement and each Contract providing for the formation of a joint venture, long-term or strategic alliance or partnership or involving or relating to an existing or proposed equity investment by any Business Entity (with respect to any portion of the Business);

(d) each Contract (including an Employment Agreement) that contains covenants that require any of the Business Entities not to compete in any line of business or with any Person in any geographic area or otherwise restrict any Business Entity in the conduct of business or covenants that require any other person not to compete with any of the Business Entities in any line of business or in any geographical area or otherwise restrict such other Person in the conduct of business;

(e) each Contract (or group of related Contracts) under which any Purchased Subsidiary has created, incurred, assumed, or guaranteed any Indebtedness or that relates to the lending of amounts by any of the Purchased Subsidiaries or providing for the creation of any Encumbrance (other than Permitted Encumbrances) upon any of its assets, indicating which of such Contracts will be satisfied in connection with the Closing;

(f) other than Pre-Existing Intellectual Property Licenses, each lease, sublease or similar agreement under which any Business Entity is a lessee or sublessee of personal property primarily used or held for use in any portion of the Business, in each case for an annual value in excess of \$100,000 (other than photocopier leases) used by the Business Entities in the Business or to which any of the Business Entities are a party or by which the properties or assets of the Business Entities are bound (all such leases, subleases or similar agreements, the "Personal Property Leases");

(g) each joint research and development agreement involving expenditures by the Business in excess of \$100,000 in any calendar year;

(h) any Contract with a Data Provider (i) involving expenditures by the Business Entities in excess of \$250,000 per annum, other than Contracts with regulated securities exchanges, or (ii) that is based on a revenue share between the Data Provider and any of the Business Entities, pursuant to which the revenue share to any of the Business Entities during the past fiscal year exceeded or during the current fiscal year is reasonably expected to exceed \$100,000 per annum ("Material Data Provider Contracts");

(i) any Contract for network, communication, customer support (including help desks), or field services involving expenditures by the Business Entities in excess of \$250,000 per annum;

(j) any Contract relating to any outstanding commitment for capital expenditures in excess of \$250,000 annually or \$750,000 in the aggregate;

(k) all Contracts relating to the purchase, supply or manufacture of products or services (including any Contract for materials, supplies, services, merchandise, equipment, software, communications, data storage, disaster recovery or outsourcing) involving expenditures by the Business Entities in excess of \$100,000 per annum;

(l) any Contract with any Distributor or otherwise concerning the marketing or distribution by third parties of any products, services or data of the Business (including any Contract requiring the payment of any sales or marketing or distribution commissions or granting to any Person rights to market, distribute, sell or otherwise serve as an agent for such products or services);

(m) any material Contract that enables the Business Entities to calculate LIBOR, HIBOR, SIBOR, SONIA, EONIA or TSR;

(n) any Contract that contains a clause providing that the terms of such Contract shall adjust such that the counter party to such Contract receives, or otherwise referencing, more advantageous terms offered by a Business Entity to any other Person (a “Most Favored Nation” clause), or any clause of similar construction that could materially change the terms of such Contract without the parties thereto negotiating specifically for such change;

(o) any Contract pursuant to which any Person has the right to nominate, elect or direct the election of any officer or director of, or otherwise in any way affect or direct the management of, the Purchased Subsidiaries;

(p) Contracts pursuant to which any Business Entity is required to purchase or offer to purchase all or a stated portion of its requirements from another party or to give another party preference (i.e., preferred vendor status) with respect to its purchases of products or services;

(q) Contracts for the sale of any of the assets of the Business Entities other than in the Ordinary Course of Business or for the grant to any person of any preferential rights to purchase any of their assets;

(r) Contracts relating to the acquisition by the Business Entities of any operating business or the capital stock of any other Person;

(s) outstanding agreements of guaranty or surety by the Business Entities;

(t) any Contract which requires performance by any party more than two years from the date hereof and is not terminable by the Sellers or the Purchased Subsidiaries without payment or penalty of not more than \$100,000 upon no more than 90 days’ notice; and

(u) any Contract (other than a Contract with a customer of the Business entered into the Ordinary Course of Business) that is (i) material to the Business as a whole and (ii) involves payments, goods, services, Intellectual Property, Technology or licenses for Intellectual Property or Technology, the value of which exceeds \$100,000, or the absence of which would reasonably be expected to have an impact on the Business in excess of \$100,000.

MTH has made available in the Data Room to Reuters or its respective representatives correct and complete copies of (x) all such Contracts, together with all amendments, modifications or supplements thereto, and all such copies represent exactly the executed and binding content of such Contracts regardless of whether the copy provided bore signatures or not and (y) all material written correspondence concerning such Contracts that affect the terms or interpretation thereof. Each such Contract (a) is legal, valid and binding and enforceable against (i) the applicable Business Entity party thereto and (ii) to the actual knowledge of the Sellers, the other parties thereto in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights and remedies generally and subject, as to enforceability, to

general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity) and (b) is in full force and effect in respect of the applicable Business Entity party thereto and, to the actual knowledge of the Sellers, in respect of each of the other parties thereto. Other than such breaches, defaults, delinquencies and disputes that, individually or in the aggregate, would not reasonably be expected to materially interfere with the operations of the Business or result in Damages in excess of \$100,000, (a) none of the Business Entities is in default under or in breach of or is otherwise delinquent in performance under any such Contract, and, to the actual knowledge of the Sellers, no event has occurred that, with notice or lapse of time, or both, would constitute such a default, (b) to the actual knowledge of the Sellers, each of the other parties thereto has performed in all respects all of the obligations required to be performed by it under, and is not in default under, any such Contract and, to the actual knowledge of the Sellers, no event has occurred that, with notice or lapse of time, or both, would constitute such a default, and (c) there are no disputes pending or, to the actual knowledge of the Sellers, threatened in writing with respect to any such Contracts. As of the date hereof, no party to any of such Contracts has exercised any termination rights with respect thereto and to the actual knowledge of the Sellers, no party to any such Contract had indicated any intention to terminate, allow to lapse or fail to renew any such Contract. The Business Entities will transfer to the Purchasers at the Closing all of their respective rights as of the Closing under all Contracts related to the Business (other than the Excluded Assets, the Excluded Liabilities, and Contracts to which no Business Entities other than the Purchased Subsidiaries are parties), free and clear of all Encumbrances other than Permitted Encumbrances.

Section 3.17 Employees/Labor.

3.17.1 Section 3.17.1 of the Sellers' Disclosure Schedule sets forth a true and complete list showing (a) the name, title, hire date, current annual salary or wage rate, commission and incentive compensation (as applicable), status (full or part-time, active or inactive, whether as a result of a leave of absence or disability and specifying workers compensation, long-term or short-term) of each Business Employee as of the date hereof and (b) each Employment Agreement. The Sellers and the Purchased Subsidiaries have delivered to or made available in the Data Room to Reuters true, correct and complete copies of each Employment Agreement (other than offer letters) and each offer letter with respect to employees with base compensation in excess of \$150,000 listed in Section 3.17.1 of the Sellers' Disclosure Schedule.

3.17.2 Except as set forth in Section 3.17.2 of the Sellers' Disclosure Schedule, neither the Sellers nor any of the Purchased Subsidiaries are a party to any labor or collective bargaining agreement and there are no labor or collective bargaining agreements which pertain to employees of the Sellers or any of the Purchased Subsidiaries. The Sellers and the Purchased Subsidiaries have delivered to or made available in the Data Room to Reuters true, correct and complete copies of the labor or collective bargaining agreements listed in Section 3.17.2 of the Sellers' Disclosure Schedule, together with all amendments, modifications or supplements thereto.

3.17.3 Except as set forth in Section 3.17.3 of the Sellers' Disclosure Schedule, no Business Employees are represented by any labor organization. No labor organization or group of employees of the Sellers or any of the Purchased Subsidiaries has made a pending demand for recognition, and there are no representation proceedings or petitions seeking a representation proceeding presently pending or, to the Knowledge of the Sellers, threatened in writing to be brought or filed, with the National Labor Relations Board or other U.S. or non-U.S. labor relations tribunal. There is no organizing activity involving the Sellers or any of the Purchased Subsidiaries pending or, to the Knowledge of the Sellers, threatened in writing by any labor organization or group of employees of the Sellers or any of the Purchased Subsidiaries.

3.17.4 There are no (a) strikes, work stoppages, slowdowns, lockouts or arbitrations or (b) material grievances or other labor disputes pending or, to the Knowledge of the Sellers, threatened against or involving the Sellers or any of the Purchased Subsidiaries. There are no unfair labor practice charges, grievances or complaints pending or, to the Knowledge of the Sellers, threatened by or on behalf of any employee or group of employees of the Sellers or any of the Purchased Subsidiaries.

3.17.5 Except as set forth in Section 3.17.5 of the Sellers' Disclosure Schedule, there are no complaints, charges or claims against the Sellers or any of the Purchased Subsidiaries pending or, to the Knowledge of the Sellers, threatened that could be brought or filed, with any Governmental Authority or based on, arising out of, in connection with or otherwise relating to the employment or termination of employment or failure to employ by the Sellers or any of the Purchased Subsidiaries, of any individual. Except as contemplated pursuant to this Agreement (including as set forth in Section 6.3 of the Sellers' Disclosure Schedule and Exhibit XII attached hereto) or as approved by the Purchasers, each of the Sellers and the Purchased Subsidiaries is in material compliance with all Laws relating to the employment of labor, including all such Laws relating to wages, hours, WARN Act and any similar state or local "mass layoff" or "plant closing" Laws, collective bargaining, discrimination, civil rights, safety and health, workers' compensation and the collection and payment of withholding and/or social security taxes and any similar tax except for immaterial non-compliance. There has been no "mass layoff" or "plant closing" (as defined by the WARN Act) with respect to the Sellers or any of the Purchased Subsidiaries within the six months prior to Closing (without giving effect to any action taken after the Closing), and the Sellers and the Purchased Subsidiaries do not reasonably expect to incur any liability under the WARN Act with respect to actions taken or not taken prior to the Closing (without giving effect to any action taken or not taken by the Purchasers following the Closing).

Section 3.18 Permits; Compliance. Each of the Business Entities is in possession of all material franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders from Governmental Authorities necessary to own, lease and operate its properties and to carry on its business

as it is now being conducted (collectively, the “Permits”). Section 3.18 of the Sellers’ Disclosure Schedule contains a list of all Permits. There is no material Action pending, or, to the Knowledge of the Sellers, threatened in writing, regarding any of the Permits and each such Permit is in full force and effect. The Business Entities are not in conflict with, or in default with, or in violation of (or would be in default with the giving of notice, the passage of time, or both), in any respect, any term, condition or provision of any of the Permits, except for conflicts, defaults or violations that, individually or in the aggregate, would not reasonably be expected to materially interfere with the operations of the Business or result in Damages in excess of \$250,000.

Section 3.19 Real Property.

3.19.1 None of the Business Entities owns any real property. Section 3.19.1 of the Sellers’ Disclosure Schedule sets forth a complete list of all real property and interests in real property leased by the Business Entities in connection with the Business (individually, a “Real Property Lease” and the real properties specified in such leases, being referred to herein collectively as the “Seller Properties”) as lessee, sublessee or sublessor. The Seller Properties constitute all interests in real property currently used or currently held for use in connection with the Business by the Business Entities and which are necessary for the continued operation of the Business as currently conducted. All of the Seller Properties, buildings, fixtures and improvements thereon leased by the Business Entities are in satisfactory operating condition and repair (subject to normal wear and tear and ordinary maintenance requirements). The Business Entities have delivered or otherwise made available in the Data Room to Reuters true, correct and complete copies of the Real Property Leases, together with all amendments, modifications or supplements thereto.

3.19.2 The Business Entities have a valid and enforceable leasehold interest under each of the Real Property Leases, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors’ rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

3.19.3 The Sellers have not received notice of any threatened condemnation or eminent domain proceedings that affect any Seller Property or any part thereof, and none of the Business Entities has received any written notice of the intention of any Governmental Authority or other Person to take or use all or any part thereof.

3.19.4 None of the Business Entities has received any notice from any insurance company that has issued a policy with respect to any Seller Property requiring performance of any structural or other repairs or alterations to such Seller Property.

3.19.5 None of the Business Entities owns or holds, or is obligated under or a party to, any option, right of first refusal or other Contractual right to purchase, acquire, sell, assign or dispose of any real estate or any portion thereof or interest therein.

Section 3.20 Accounts and Notes Receivable and Payable.

3.20.1 All accounts and notes receivable relating to the Business have arisen from bona fide transactions in the Ordinary Course of Business and are payable on ordinary trade terms. None of the accounts or the notes receivable relating to the business (i) to the Knowledge of the Sellers, is subject to any setoffs or counterclaims or (ii) represents obligations for goods sold on consignment, on approval or on a sale-or-return basis or subject to any other repurchase or return arrangement.

3.20.2 All accounts payable of the Business Entities relating to the Business reflected in the Balance Sheet or arising after the date thereof are the result of bona fide transactions in the Ordinary Course of Business.

Section 3.21 Related Party Transactions.

3.21.1 Except as set forth in Section 3.21 of the Sellers' Disclosure Schedule, none of the Business Entities or any of their respective directors, officers or senior managers is a party to any Contract with any of the Business Entities.

3.21.2 Each material Contract between the Business Entities, on the one hand, and any Affiliate of the Business Entities (other than Contracts between the Purchased Subsidiaries) or any director, officer or employee of the Business Entities, on the other hand, is listed in Section 3.21 of the Sellers' Disclosure Schedule, and MTH has furnished or made available in the Data Room to Reuters complete and correct copies of (x) all such material Contracts, together with all amendments, modifications or supplements thereto, and all such copies represent exactly the executed and binding content of such material Contracts regardless of whether the copy provided bore signatures or not and (y) all material written correspondence concerning such Contracts that affect the terms or interpretation thereof.

Section 3.22 Customer Contracts. Except as set forth in Section 3.22 of the Sellers' Disclosure Schedules, as of the date hereof, none of the Business' top 50 customers excluding any Distributor (based on revenue for the fiscal year ending December 31, 2003) has terminated or, to the Knowledge of the Sellers, threatened in writing to terminate its relationship with the Business Entities or materially reduced or changed the pricing or other terms of its business with any of the Business Entities. To the extent such customers are parties to Contracts involving revenues in excess of \$50,000 per annum with any of the Business Entities (the "Customer Contracts"), each such Customer Contract (a) is legal, valid, binding and enforceable against (i) the applicable Business Entity party thereto and (ii) to the actual knowledge of the Sellers,

the other parties thereto in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity) and (b) is in full force and effect in respect of the applicable Business Entity party thereto and, to the actual knowledge of the Sellers, in respect of each of the other parties thereto. None of the Business Entities is in default under or in breach of any such Customer Contract, and, to the Knowledge of the Sellers, no event has occurred that, with notice or lapse of time, or both, would constitute such a default. To the Knowledge of the Sellers, each of the other parties thereto has performed in all material respects all of the obligations required to be performed by it under, and is not in default under, any such Customer Contract and, to the Knowledge of the Sellers, no event has occurred that, with notice or lapse of time, or both, would constitute such a default. There are no material disputes pending or, to the Knowledge of the Sellers, threatened in writing with respect to any such Customer Contracts. As of the date hereof, no party to any of such Customer Contracts has exercised any termination rights with respect thereto.

Section 3.23 Content and Data Providers. Except as set forth in Section 3.23 of the Sellers' Disclosure Schedule, as of the date hereof, there are no pending audits or other investigations or Actions commenced by or on behalf of any Data Provider that would reasonably be expected to result (i) in any of the Business Entities making a payment to such Data Provider or (ii) in a finding that a Business Entity owes such Data Provider any additional fees or payments, in each case, in an amount greater than \$100,000.

Section 3.24 Insurance. Section 3.24 of the Sellers' Disclosure Schedule contains an accurate and complete list of all insurance policies and all fidelity bonds held by the Business Entities setting forth, in respect of each such policy, the policy name, policy number, carrier, term, type and amount of coverage and annual premium. Except as otherwise disclosed in such Section of such Schedule, such current insurance policies are in full force and effect.

Section 3.25 Investigation by MTH; Financial Capability. MTH has conducted its own evaluation of SAVVIS Communications Corporation ("SAVVIS") and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in the SAVVIS Stock. MTH confirms that SAVVIS has made available to MTH the opportunity to ask questions of the officers and management employees of SAVVIS and to acquire additional information about the business and financial condition of SAVVIS. MTH is acquiring the SAVVIS Stock for investment and not with a view toward or for sale in connection with any distribution thereof, or with any present intention of distributing or selling such stock. MTH agrees that the SAVVIS Stock may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act, except pursuant to an exemption from such registration available under the Securities Act.

Section 3.26 Banks. Section 3.26 of the Sellers' Disclosure Schedule contains a complete and correct list of the names and locations of all banks in which the Sellers or any of the Purchased Subsidiaries have accounts or safe deposit boxes and the names of all Persons authorized to draw thereon or to have access thereto. Except as set forth on such Section of such Schedule, no Person holds a power of attorney to act on behalf of the Sellers or any of the Purchased Subsidiaries.

Section 3.27 Migration Limitations. Except as set forth in Section 3.27 of the Sellers' Disclosure Schedule, none of the Material Customer Contracts, nor any other customer Contract between the Business Entities, on the one hand, and customers of the Business, on the other hand, that are contained in the Data Room, excluding any Contracts with any Distributor, contains an obligation of any of the Business Entities to provide any product or service or provide support to any product or service that cannot either (a) be terminated on or before January 1, 2007 by such Business Entity without any liability to the customer as a result thereof or (b) be satisfied by the relevant Business Entity (or, following the Closing, the Purchased Subsidiaries, Purchasers and/or their Affiliates) providing a reasonably comparable product or service in substitution therefor on or before January 1, 2007 (an obligation of nature that cannot be terminated or satisfied as described in clause (a) or (b) above being referred to as a "Migration Limitation"). Except as set forth in Section 3.27 of the Sellers' Disclosure Schedule, to the Knowledge of the Sellers, none of the customer Contracts between the Business Entities, on the one hand, and customers of the Business, on the other hand, that relate to the provision of the products "Trading Room Systems" or "TRS", "Telerate Connect" or similar services contain any Migration Limitation.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF OEP

Except as set forth in the OEP Disclosure Schedule arranged in Sections corresponding to the Sections contained in this Article IV (it being understood that disclosure in one Section of the OEP Disclosure Schedule of any fact or circumstance shall be deemed to be disclosure of such fact or circumstance in another Section or Sections of the OEP Disclosure Schedule to the extent that the relevance of such fact or circumstance to such other Section or Sections is readily apparent solely from the content of such disclosure), OEP hereby makes the representations and warranties to the Purchasers set forth in this Article IV.

Section 4.1 Organization and Standing. OEP is (a) a limited liability company duly organized, validly existing and duly qualified or licensed and in good standing, if applicable, under the Laws of the state or jurisdiction of its organization with full limited liability company power and authority to own, lease, use and operate its properties and to conduct its business, and (b) duly qualified, authorized or licensed to do business and is in good standing in any other jurisdiction in which the nature of the business conducted by it or the property it owns, leases or operates requires it to so qualify, be authorized or licensed or be in good standing, except where the failure to be so qualified, licensed or in good standing would not, individually or in the aggregate, have a material adverse effect on the ability of OEP to perform its obligations hereunder.

Section 4.2 Corporate Power and Authority. OEP has all requisite limited liability company power and authority to enter into and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance of this Agreement by OEP have been duly authorized by all necessary action on the part of OEP. This Agreement has been duly and validly executed and delivered by OEP and (assuming the due authorization, execution and delivery by the other parties hereto) constitutes a legal, valid and binding obligation of OEP, enforceable against OEP in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 4.3 Conflicts; Consents and Approvals. Except, in the case of Sections 4.3.3, 4.3.4 and 4.3.5, for actions, consents, waivers, orders, permits, authorizations, approvals, reviews, registrations or filings not obtained, made or given or violations that, individually or in the aggregate, would not reasonably be expected to be material, neither the execution and delivery by OEP of this Agreement, nor the consummation of the transactions contemplated hereby, nor performance by OEP of its obligations herein, will:

4.3.1 conflict with, or result in a breach of any provision of, the organizational documents of OEP;

4.3.2 violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event that, with or without the giving of notice, the passage of time or otherwise, would constitute a default) under, or result in the creation of any Encumbrance upon any of the properties or assets of OEP under any of the terms, conditions or provisions of (a) any Contract to which OEP is a party or to which any of its properties or assets may be bound, or (b) any permit, registration, approval, license or other authorization or filing to which OEP is subject or to which any of its properties or assets may be subject;

4.3.3 require any action, consent, waiver, order, permit, authorization or approval of, or review by, or registration or filing by OEP with, any non-governmental third party;

4.3.4 violate any order, writ, or injunction, or any material decree, or material Law applicable to OEP or any of its properties or assets; or

4.3.5 require any action, consent, waiver, order, permit, authorization or approval of, or review by, or registration or filing by OEP with, any Governmental Authority, other than actions required by or taken in accordance with the Antitrust Laws set forth in Section 3.4.5 of the Sellers' Disclosure Schedule.

Section 4.4 Litigation. As of the date hereof, there are no Actions against OEP pending, or to the knowledge of OEP threatened in writing, that are reasonably likely to prohibit or restrain the ability of OEP to perform its obligations hereunder.

Section 4.5 Brokerage and Finders' Fees. In connection with the transactions contemplated by this Agreement, neither OEP, nor any of its respective partners, officers or employees, has incurred, or will incur, any brokerage, finders', financial advisor or similar fee for which any Business Entity is or will be liable.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF REUTERS

Except as set forth in the Reuters Disclosure Schedule arranged in Sections corresponding to the Sections contained in this Article V (it being understood that disclosure in one Section of the Reuters Disclosure Schedule of any fact or circumstance shall be deemed to be disclosure of such fact or circumstance in another Section or Sections of the Reuters Disclosure Schedule to the extent that the relevance of such fact or circumstance to such other Section or Sections is readily apparent solely from the content of such disclosure), Reuters hereby makes the representations and warranties to the Sellers set forth in this Article V.

Section 5.1 Organization and Standing. Each of the Purchasers is (a) a corporation, limited liability company or other legal entity duly organized, validly existing and duly qualified or licensed and in good standing, if applicable, under the Laws of the state or jurisdiction of its organization with full corporate or other power, as the case may be, and authority to own, lease, use and operate its properties and to conduct its business, and (b) duly qualified, authorized or licensed to do business and is in good standing in any other jurisdiction in which the nature of the business conducted by it or the property it owns, leases or operates requires it to so qualify, be authorized or licensed or be in good standing, except where the failure to be so qualified, licensed or in good standing would not, individually or in the aggregate, have a material adverse effect on the ability of the Purchasers to consummate the transactions contemplated hereby.

Section 5.2 Corporate Power and Authority. Each of the Purchasers has all requisite corporate power and authority to enter into and deliver this Agreement and to consummate the transactions contemplated hereby. Each of the Purchasers which will be a party to the Ancillary Agreements has all requisite corporate or other power, as the case may be, and authority to execute and deliver the Ancillary Agreements and to consummate the transactions contemplated thereby. The execution, delivery and performance of this Agreement and the Ancillary Agreements by Reuters and if applicable, its Affiliates which are a party to such agreements, and the consummation by Reuters and such Persons of the transactions contemplated hereby and thereby, have been duly authorized by all necessary action on the part of Reuters and each such Person. This Agreement and the Ancillary Agreements have been (or, as the case may be, will be upon execution) duly and validly executed and delivered by the Purchasers and, if applicable, their Affiliates which are a party to such agreements and (assuming the due authorization,

execution and delivery by the other parties hereto and thereto) constitutes (or, as the case may be, will constitute upon execution) a legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 5.3 Ownership and Transfer of Shares. RSA is the record and beneficial owner of the SAVVIS Stock, free and clear of any and all Encumbrances. RSA has the corporate power and authority to sell, transfer, assign and deliver such SAVVIS Stock as provided in this Agreement, and such delivery will convey to MTH good and marketable title to such SAVVIS Stock, free and clear of any and all Encumbrances. Other than as set forth in publicly available documents filed with the Securities and Exchange Commission prior to the date hereof, there are no (a) outstanding subscriptions, options, warrants, puts, calls, agreements, understandings, claims or other commitments or rights of any type or other securities (i) requiring the sale, transfer, repurchase, redemption or other acquisition of any of the shares of the SAVVIS Stock, (ii) restricting the transfer of any of the shares of the SAVVIS Stock, or (iii) relating to the voting of any of the shares of the SAVVIS Stock or (b) any agreements, arrangements or understandings between Reuters and its Affiliates, on the one hand, and SAVVIS and its Affiliates, on the other hand, regarding the SAVVIS Stock or any rights or obligations relating thereto.

Section 5.4 Conflicts; Consents and Approvals. Except, in the case of Sections 5.4.3, 5.4.4 and 5.4.5, for actions, consents, waivers, orders, permits, authorizations, approvals, reviews, registrations or filings not obtained, made or given or violations that, individually or in the aggregate, would not reasonably be expected to be material, neither the execution and delivery by the Purchasers and, if applicable, their Affiliates that are parties to the Ancillary Agreements, of this Agreement or the Ancillary Agreements, nor the consummation of the transactions contemplated hereby and thereby, nor compliance by such Persons with the terms herein and therein, will:

5.4.1 conflict with, or result in a breach of any provision of, the organizational documents of (a) the Purchasers or (b) any of their Affiliates which are a party to the Ancillary Agreements;

5.4.2 violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event that, with or without the giving of notice, the passage of time or otherwise, would constitute a default) under, or entitle any Person (with or without the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or give rise to any loss of a material benefit or obligation to make a payment under, or to any increased, additional or guaranteed rights or entitlements of any Person under, or result in the creation of any Encumbrance upon any of the properties or assets of the Purchasers or any of their Affiliates under any of the terms, conditions or provisions of (a) any Contract to which any Purchaser or any of its Affiliates is a party or to which any of

their respective properties or assets may be bound, or (b) any permit, registration, approval, license or other authorization or filing to which any Purchaser or any of its Affiliates is subject or to which any of their respective properties or assets may be subject;

5.4.3 require any consent, waiver, authorization or approval of, any non-governmental third party;

5.4.4 violate in any material respect any order, writ, or injunction, or any material decree, or material Law applicable to the Purchasers or any of their respective properties or assets; or

5.4.5 require any action, consent, waiver, order, permit, authorization or approval of, or review by, or registration or filing by the Purchasers or any of their respective Affiliates with, any Governmental Authority, other than (a) actions required by or taken in accordance with the Antitrust Laws set forth in Section 5.4.5 of the Reuters Disclosure Schedule and (b) the actions, consents and approvals of, reviews by, or registrations or filings with, Governmental Authorities set forth in Section 5.4.5 of the Reuters Disclosure Schedule or as may be required due solely to the regulatory status of the Purchased Subsidiaries or the other Business Entities.

Section 5.5 Litigation. There are no Actions pending or, to the knowledge of Reuters, threatened in writing, that are reasonably likely to prohibit or restrain the ability of the Purchasers and their Affiliates to enter into this Agreement or any Ancillary Agreement or consummate the transactions contemplated hereby or thereby.

Section 5.6 Brokerage and Finders' Fees. Except for ABN AMRO Incorporated, whose fees will be paid by Reuters, in connection with the transactions contemplated by this Agreement or the Ancillary Agreements neither the Purchasers nor their Affiliates, nor any of their respective stockholders, directors, officers or employees, has incurred, or will incur, any brokerage, finders', financial advisor or similar fee for which any Business Entity is or will be liable.

Section 5.7 Exclusivity of Representations and Warranties. Except for the representations and warranties contained in this Agreement and the Ancillary Agreements, none of the Business Entities nor any other Person has made any representation or warranty (whether express or implied) on behalf of any Business Entity, any of their respective Affiliates or any of their respective employees, agents or representatives regarding the Business or otherwise (or the value thereof) or the transactions contemplated by this Agreement or the Ancillary Agreements.

Section 5.8 Investigation by the Purchasers. Each of the Purchasers has conducted its own evaluation of the Business and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its acquisition of the Business. The Purchasers confirm that the Sellers have made available to the Purchasers the opportunity to ask questions of the officers and management

employees of the Business and to acquire additional information about the business and financial condition of the Business. No investigation by the Purchasers prior to or after the date of this Agreement shall diminish or obviate any of the representations, warranties, covenants or agreements of the Business Entities contained in this Agreement or the Ancillary Agreements. The Purchasers are acquiring the Purchased Subsidiaries Shares for investment and not with a view toward or for sale in connection with any distribution thereof, or with any present intention of distributing or selling such stock.

ARTICLE VI

COVENANTS AND AGREEMENTS

Section 6.1 General. Except as otherwise expressly provided in this Agreement, each of the parties will use all commercially reasonable efforts in good faith to take or cause to be taken, as promptly as practicable, all actions and to do or cause to be done, as promptly as practicable, all things necessary, proper, or advisable in order to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and the Ancillary Agreements (including the satisfaction, but not waiver, of the closing conditions set forth in Article VII below and including the execution of documents, instruments or conveyances of any kind that may be reasonably necessary or advisable to carry out any of the transactions contemplated hereby). Except as expressly contemplated by this Agreement or the Ancillary Agreements, each of the parties shall not take any action with the intent of, and which has the effect of, adversely affecting the ability of itself or the other parties to consummate the transactions contemplated by this Agreement.

Section 6.2 Access and Information. Prior to the Closing and subject to Section 1.5 hereof, the Sellers will (a) permit authorized representatives of Reuters to have reasonable access during normal business hours and upon reasonable advance notice to all premises, properties, personnel, books, records, contracts, commitments, independent accountants, reports of examination and documents of or pertaining to each portion of the Business as may be necessary to permit Reuters (or its authorized representatives) to, at their sole expense, make or cause to be made (i) extracts and copies of such information and (ii) investigations of any portion of the Business as Reuters reasonably requests in connection with the consummation of the transactions contemplated by this Agreement, (b) furnish or cause to be furnished to Reuters such financial and operating data and all other available information relating to the Business as Reuters may reasonably request from time to time, (c) request their respective accountants (subject to the execution by Reuters of such documents as shall be reasonably requested by such accountants) to furnish to Reuters and its Representatives reasonable access to all work papers relating to any portion of the Business for any of the periods covered by any Financial Statements delivered to Reuters pursuant to this Agreement and (d) cooperate fully, and cause their respective Representatives to cooperate fully, with any such review, investigation and information requests. No investigation by Reuters prior to or after the date of this Agreement shall diminish or obviate any of the representations, warranties, covenants or agreements of the Sellers contained herein.

Section 6.3 Conduct of Business.

6.3.1 Each of the Sellers covenants and agrees that, from and after the date hereof until the Closing, except (a) for entering into and performing this Agreement and the Ancillary Agreements, (b) as otherwise expressly contemplated by this Agreement or the Ancillary Agreements, (c) as required by applicable Law, (d) as relates solely to the Excluded Assets or Excluded Liabilities or (e) as set forth in Section 6.3 of the Sellers' Disclosure Schedule, it shall, and shall cause its respective Subsidiaries to, (i) conduct the Business only in the Ordinary Course of Business, and (ii) use all commercially reasonable efforts to:

6.3.1.1 preserve and maintain (A) the present business, operations, organization (including management and the sales force) and goodwill of the Business Entities, (B) the present relationships with Persons having business dealings with the Business Entities (including customers, suppliers, licensors, licensees, and contractors) in connection with the operation of the Business, (C) all of the material assets, properties, physical facilities, working conditions and business processes of the Business Entities in their current condition, ordinary wear and tear excepted, (D) insurance upon all of the material assets and properties of the Business Entities in such amounts and of such kinds comparable in all material respects to that in effect on the date of this Agreement, and (E) the books, accounts and records of the Business Entities, in each case, in the Ordinary Course of Business;

6.3.1.2 continue to collect accounts receivable and pay accounts payable in the Ordinary Course of Business, and to promptly pay and discharge all current liabilities of any material portion of the Business in the Ordinary Course of Business;

6.3.1.3 comply in all material respects with (A) all applicable Laws and (B) all material contractual and other material obligations applicable to the operation of the Business Entities.

6.3.2 Except (a) for entering into and performing this Agreement and the Ancillary Agreements, (b) as otherwise expressly contemplated by this Agreement or the Ancillary Agreements, (c) as required by applicable Law or (d) as set forth in Section 6.3.2 of the Sellers' Disclosure Schedule, from and after the date hereof until the Closing, without the prior written consent of Reuters (which consent shall not be unreasonably withheld or delayed), the Sellers shall not, and shall cause the Business Entities not to, with respect to the Business, the Transferred Assets, the Transferred Liabilities and the Purchased Subsidiaries:

6.3.2.1 (A) increase the level of compensation of any employee or contract consultant of the Business Entities with a yearly salary or other compensation of at least \$150,000, other than normal periodic increases in the Ordinary Course of Business not in excess of a 15% increase over such employee's or contract consultant's yearly salary, provided, that such increases are made only for merit recognition or retention purposes, shall not be broad-based or general in nature, and do not in the

aggregate exceed 6% of the sum of all of the yearly salaries or other compensation of such employees and contract consultants, (B) increase, in any material respect, the annual level of compensation payable or to become payable by the Business Entities to any of their respective directors, executives or officers, (C) grant any material unusual or extraordinary bonus, benefit or other direct or indirect additional value payable by any MTH Subsidiary to any employee, director, executive, officer, consultant or other representative (excluding any transaction bonus or contingent payment based on the outcome of the transactions contemplated by this Agreement), (D) increase, in any material respect, the coverage or benefits available under any (or create any new) plan, agreement, arrangement or other form of commitment relating to severance pay, termination pay, vacation pay, company awards, salary continuation for disability, sick leave, deferred compensation, bonus or other incentive compensation, insurance, or pension made to, for, or with any representative of any Business Entity or otherwise materially modify or amend or terminate any such plan or arrangement, (E) enter into any material employment, deferred compensation, severance, consulting, non-competition or similar agreement (or amend any such material agreement) to which any MTH Subsidiary is a party and (F) enter into, modify or terminate any labor or collective bargaining agreement or, through negotiation or otherwise, make any commitment or incur any material liability to any labor organization;

6.3.2.2 (A) make or rescind any material election relating to Taxes, settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes, (B) except as may be required by applicable Law or GAAP, make any material change to any accounting or Tax reporting method, practice or policy or (C) become a party to any tax sharing, allocation, indemnity or similar agreement or arrangement (whether or not written);

6.3.2.3 (A) acquire any material properties or assets or (B) sell, assign, license, transfer, convey, lease, pledge, mortgage, dispose of, subject to any Encumbrance or otherwise encumber (except for Permitted Encumbrances) any of the material properties or assets (whether tangible or intangible) of the Business Entities, other than licenses in the Ordinary Course of Business and capital expenditures made in the Ordinary Course of Business;

6.3.2.4 enter into or agree to enter into any (A) merger or consolidation with, any other Person, (B) agreement to engage in any new business or invest in, make a loan, advance or capital contribution to, or otherwise acquire the securities of any other Person (other than any other Business Entity), (C) agreement containing covenants that require any of the Business Entities not to compete in any line of business or with any Person in any geographic area or otherwise materially restrict any Business Entity from operating its business in any region, (D) agreement to purchase substantially all or a material portion of the assets of, or otherwise acquire any business or any proprietorship, firm, association, limited liability company, joint venture corporation or other business organization or division thereof, or (E) any settlement or release with respect to any material Action or Claim with respect to the Business or (F) any intercompany or Affiliate agreements (other than among the Business Entities);

6.3.2.5 declare, set aside or pay any dividend or other distribution in respect of any shares of capital stock of the Business Entities or any repurchase, redemption or other acquisition by any of the Business Entities of any outstanding shares of capital stock or other securities of, or other ownership interest in, any of the Business Entities, except for such declarations, setting asides, payments, repurchases, redemptions and acquisitions made among the Business Entities wholly owned, directly or indirectly, by MTH;

6.3.2.6 (A) materially modify, restate, supplement, materially amend, release, enter into, terminate, assign, extend, waive any material right under, assign or otherwise materially change any material right under, or discharge any other party thereunder of any of their obligations under (collectively, "Materially Modify"), any Contract set forth or required to be set forth in Section 3.16 of the Sellers' Disclosure Schedule, (B) enter into any Contracts that if in existence on the date hereof, would have been required to be listed in Section 3.16 of the Sellers' Disclosure Schedule, (C) enter into any transaction or enter into, modify or renew any Contract which by reason of its size or otherwise is not in the Ordinary Course of Business or (D) enter into or extend (other than to the extent any such Contracts extend by operation of their existing terms for not more than two (2) years) any Contracts with customers of the Business that contain any Migration Limitation; provided, however, that the Business Entities may, in the Ordinary Course of Business, Materially Modify (1) Contracts with customers of the Business if, and only if, such Contracts would not be required to be disclosed pursuant to any clause of Section 3.16 or any other provision of Article III other than Sections 3.6(d), 3.11.5, 3.16(a), 3.16(j), 3.16(k), 3.16(t) and 3.16(u), and such action is not otherwise prohibited by the terms of this Agreement, (2) Contracts that would be required to be listed in Section 3.16(e) of the Sellers' Disclosure Schedule if in existence or so extended, as the case may be, on the date hereof if, and only if, all such Contracts (x) shall be satisfied prior to or at the Closing and (y) would not be required to be disclosed pursuant to any clause of Section 3.16 or any other provision of Article III other than Sections 3.6(a) and 3.16(e), and such action is not otherwise prohibited by the terms of this Agreement, and (3) Contracts with Data Providers that if Materially Modified on the date hereof would be required to be listed in Section 3.16(p) of the Sellers' Disclosure Schedule solely because such Contracts contain restrictions on the ability of one or more Business Entities to acquire or display content from other third parties if, and only if, (x) such restrictions apply exclusively to content acquired for or displayed on systems operated by the Business Entities, and would not restrict content acquired for or displayed on any other systems operated by the Purchasers or their Affiliates after the Closing and (y) such Contracts would not be required to be disclosed under any clause of Section 3.16 or any other provision of Article III other than Sections 3.6(d), 3.11.4 (only to the extent such Contract would be required to be disclosed as a Pre-Existing Intellectual Property License), 3.16(k) and 3.16(p), and such action is not otherwise prohibited by the terms of this Agreement;

6.3.2.7 issue, deliver, sell, pledge or otherwise encumber any shares of capital stock of any Business Entity or issue or grant any subscriptions, options, calls or rights to acquire, warrants, convertible securities or other agreements or commitments to issue, or enter into any Contracts obligating any Business Entity to issue or transfer from treasury, any shares of capital stock of any class or kind, or securities convertible into any such shares;

6.3.2.8 amend the certificate of incorporation (or comparable organizational documents) or by-laws of any Purchased Subsidiary in any manner, or of any other Business Entity in a manner that would adversely affect the ability of the parties to consummate the transactions contemplated by this Agreement;

6.3.2.9 materially reduce or restructure the work force of the Business Entities, taken as a whole;

6.3.2.10 modify, amend or extend any Contract or enter into any new Contract with any Distributor or other Person with respect to the distribution of any products, services or data of the Business (including any Contract requiring the payment of any sales or marketing or distribution commissions or granting to any Person rights to market, distribute, sell or otherwise serve as an agent for such products or services) other than extensions (for a length of time ending within one year of the date of the relevant extension) of existing Contracts with Distributors required in connection with, and necessary to, the operation of the Business;

6.3.2.11 agree, commit or promise to take or authorize any action that is prohibited by this Section 6.3.2.

Section 6.4 Closing Documents. Each party shall, prior to or at the Closing, execute and deliver, or cause to be executed and delivered, to the appropriate Person, the documents or instruments described in this Agreement to be delivered by such party prior to or at the Closing.

Section 6.5 Consents; Further Assurances.

6.5.1 The Sellers and OEP shall, and shall cause the Business Entities to, use all commercially reasonable efforts, and Reuters shall cooperate with such efforts, to take, or cause to be taken, all actions, and to obtain, or cause to be obtained, the authorizations, approvals, orders, licenses, permits, franchises or consents of all third parties or Governmental Authorities necessary for the consummation of the transactions contemplated by this Agreement. The Purchasers shall, and shall cause their Affiliates to, use all commercially reasonable efforts, and the Sellers and OEP shall cooperate with such efforts, to take, or cause to be taken, all actions, and to obtain, or cause to be obtained, the authorizations, approvals, orders, licenses, permits, franchises or consents of all third parties or Governmental Authorities necessary for the consummation of the transactions contemplated by this Agreement.

6.5.2 From time to time, whether before, at or following the Closing, each of Reuters and the Sellers shall, and, in each case, shall cause their respective Affiliates to, make all commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable, including as required by applicable Laws, (A) to assure fully to

the Purchasers and their successors or permitted assigns that all of Transferred Assets and Transferred Liabilities intended to be conveyed to or assumed by the Purchasers under this Agreement and (B) to assure fully to the Sellers, and their respective successors and permitted assigns, the maintenance by the Sellers of the Excluded Assets and the assumption by the Purchasers of the Transferred Liabilities intended to be assumed by the Purchasers under this Agreement, and to otherwise make effective as promptly as practicable the transactions contemplated herein. Nothing in this Agreement nor the consummation of the transactions contemplated hereby shall be construed as an attempt or agreement to assign any Transferred Asset, which by its terms or by Law is nonassignable without the consent of a third party or a Governmental Authority or is cancelable by a third party in the event of an assignment (“Nonassignable Assets”) unless and until such consent shall have been obtained. The Sellers and OEP shall use all commercially reasonable efforts to cooperate with Reuters at its request in endeavoring to obtain such consents promptly. The Purchasers shall use all commercially reasonable efforts to cooperate with the Sellers and OEP at their request in endeavoring to obtain such consents promptly. To the extent permitted by applicable Law, in the event consents to the assignment thereof cannot be obtained, such Nonassignable Assets shall be held, as of and from the Closing Date, by the Sellers in trust for the Purchasers and the covenants and obligations thereunder shall be performed by the Purchasers in the Sellers’ names and all benefits and obligations existing thereunder shall be for Purchasers’ account. The Sellers shall use commercially reasonable efforts to take or cause to be taken at the Sellers’ expense such actions in their names or otherwise as Reuters may reasonably request so as to provide the Purchasers with the benefits of the Nonassignable Assets and to effect collection of money or other consideration that becomes due and payable under the Nonassignable Assets, and the Sellers shall promptly pay over to the applicable Purchaser all money or other consideration received by them in respect of all Nonassignable Assets. As of and from the Closing Date, the Sellers on behalf of themselves authorize the Purchasers, to the extent permitted by applicable Law and the terms of the Nonassignable Assets to perform all the obligations and receive all the benefits of the Sellers under the Nonassignable Assets, and the Sellers appoint the applicable Purchaser their attorney-in-fact to act on behalf of the Sellers with respect thereto. In addition to the foregoing, the Sellers shall use commercially reasonable efforts to take or cause to be taken such other actions as may be reasonably requested by the Purchasers to put in place alternative arrangements, contractual or otherwise, that provide more effectively to the Purchasers the benefits of the Nonassignable Assets or otherwise address the impact of the failure to obtain the consent of any third party.

6.5.3 The Sellers shall, and shall cause their respective Subsidiaries to, use all commercially reasonable efforts to cause the Permits to be transferred to the Purchasers or, if any such Permits are not transferable, the Sellers shall assist the Purchasers in obtaining new Permits so that the Purchasers may operate each portion of the Business as of the Closing Date in compliance with applicable Laws, including Environmental Laws.

6.5.4 Subject to applicable Law, the Business Entities shall reasonably cooperate with the Purchasers throughout the period from the date hereof to the Closing Date in making preparations for the integration of the Business with the Purchasers' operations, including to ensure continued operations of the Business Entities for the benefit of the Sellers' customers, discussions with Distributors regarding relationships following the Closing and assessing and communicating with the Business Employees, and otherwise reasonably cooperate with the Purchasers and take such actions as may be reasonably requested by the Purchasers in order to effect an orderly transfer of the Business and integration of the Business with the Purchasers' operations with a minimum of disruption to the Business, the Business Employees and the Purchasers' operations and employees.

Section 6.6 Regulatory Approvals. Each of the Purchasers, the Sellers and OEP shall (a) use commercially reasonable efforts to make or cause to be made (i) all filings required of each of them or any of their respective Subsidiaries or Affiliates under the Antitrust Laws, (ii) an application for clearance, filing or informal notification under the Antitrust Laws in each of the jurisdictions listed in Parts A and B of Exhibit XIV, subject to any agreement between the Purchasers and the Sellers that any such applications, filings or notifications will not be required, and (iii) a draft Form RS seeking a referral to the European Commission, with respect to the transactions contemplated hereby as promptly as practicable (it being agreed, however, that in the interests of achieving consistency in the event that the referral to the European Commission is successful, applications, filings and notifications other than the Form RS and a filing under the HSR Act will not be required to be made prior to the filing of the Form CO), no later than any deadline required by applicable Law in the case of all filings required under the Antitrust Laws and, with respect to the filing under the HSR Act and the draft Form RS only, no later than thirty (30) days after the date of this Agreement, subject to reasonable extensions, if mutually consented to by the parties, which consent shall not be unreasonably delayed or denied, (b) comply at the earliest practicable date with any request under the Antitrust Laws for additional information, documents, or other materials received by each of them or any of their respective Subsidiaries from any Governmental Authority in respect of such filings or application or such transactions, subject to reasonable attempts to modify the scope of any such request, including, with respect to a formal request for additional information from the U.S. Department of Justice or the U.S. Federal Trade Commission, using all reasonable efforts to substantially comply within four months from the date of such request (it being understood that failure to substantially comply within such four-month period will not in and of itself constitute a breach of this Agreement) and (c) cooperate with each other in connection with any such filing or application (including, to the extent permitted by applicable Law, providing copies of all such documents to the outside antitrust counsel of the non-notifying parties prior to the submission of the filing or application and considering all reasonable additions, deletions or changes suggested in connection therewith) and in connection with resolving any investigation or other inquiry of any Governmental Authorities under any Antitrust Laws with respect to any such filing or application or any such transaction. Each of the Purchasers, the Sellers and OEP shall use all commercially reasonable efforts to furnish to each other all information required for any application or other filing to be made pursuant to any applicable Law in connection with the transactions contemplated

by this Agreement. Each of the Purchasers, the Sellers and OEP shall promptly inform the other parties hereto of any oral communication with, and provide copies of written communications with, any Governmental Authority regarding any such filings or applications or any such transaction. No party hereto shall independently participate in any meeting or discussion with any Governmental Authority in respect of any such filings, applications, investigation, or other inquiry without giving the other parties hereto prior notice of the meeting and, to the extent permitted by the relevant Governmental Authority, the opportunity to attend and participate (which, at the request of any of the parties, shall be limited to outside antitrust counsel only); provided, that the Sellers, OEP and their counsel shall not be permitted to address or respond with respect to any of the issues described in Section 6.6.2 without the prior consent of the Purchasers, which consent may be given or withheld in the sole discretion of the Purchasers, unless the Sellers, OEP and their counsel are compelled to so address or respond by judicial or administrative process or by other requirements of Law or Governmental Authorities. Each of the Sellers and OEP, on the one hand, and the Purchasers, on the other hand, may initiate any such meeting or discussion after fully consulting with the other in good faith with the object of reaching agreement on the content, purpose and strategy of such meeting or discussion and subject to including the other as set forth above; provided, that neither the Sellers nor OEP may initiate a meeting or discussion regarding any of the issues described in Section 6.6.2. Subject to applicable Law, the parties will consult and cooperate with each other in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party hereto relating to proceedings under the Antitrust Laws, and shall provide to the Sellers' and OEP's or the Purchasers' outside antitrust counsel, as appropriate, all information and documents reasonably requested by such counsel promptly upon request, subject to any reasonable restrictions. The parties hereto may, as each deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other under this Section 6.6 as "outside counsel only" or "outside antitrust counsel only." Such materials and the information contained therein shall be given only to the outside legal counsel of the recipient or in the case of outside antitrust counsel only to the outside antitrust counsel of the recipient and will not be disclosed by such outside counsel or outside antitrust counsel to employees, officers, or directors of the recipient, unless express written permission is obtained in advance from the source of the materials of the Purchasers, the Sellers or OEP (as the case may be). The Purchasers shall be responsible for all filing and similar fees, and the Purchasers and the Sellers shall each be responsible for one-half of the fees of experts jointly retained by the parties.

6.6.1 Each of the Purchasers, the Sellers and OEP shall use all commercially reasonable efforts to resolve the objections, if any, that may be asserted by any Governmental Authority with respect to the transactions contemplated by this Agreement under the Antitrust Laws. Each of the Purchasers, the Sellers and OEP shall use all commercially reasonable efforts to take such action as may be required to cause the expiration of the notice periods under the Antitrust Laws with respect to such transactions as promptly as possible after the execution of this Agreement. In the event that any Governmental Authority institutes any Action challenging any transaction contemplated by this Agreement as a violation of any Antitrust Law, or decides not to give any consent, approval or clearance necessary

for completion of the transactions contemplated hereby, each of the parties shall be obligated to contest, administratively or in court, any ruling, order or other action of any Governmental Authority in connection with any such Action only if they conclude, in their reasonable discretion, it is more likely than not that the parties will be successful in overturning or rendering ineffective any such Action. In the event any party contests any such Action described in the preceding sentence, the other parties shall reasonably cooperate with such contesting party in connection therewith.

6.6.2 Notwithstanding anything to the contrary contained in this Agreement, (a) neither the Purchasers nor their Affiliates and Subsidiaries shall be required in connection with the execution and performance of this Agreement (i) to hold separate (including by trust or otherwise) or divest any of their respective businesses, product lines or assets or agree to any condition, restraint, or limitation relating to their ability to freely own or operate all or a portion of the respective businesses or assets, (ii) to hold separate (including by trust or otherwise) or divest any of the Transferred Assets or the Purchased Subsidiaries or any assets thereof, (iii) to agree to any limitation relating to their ability to operate or conduct the Business, or (iv) to alter in any way the Purchasers' business, (b) neither the Purchasers nor their Affiliates or Subsidiaries shall be required to waive any of the conditions to this Agreement set forth in Article VII, and (c) in connection with seeking clearance or approval from any Governmental Authority, neither the Sellers nor their respective Affiliates or Subsidiaries shall, without the Purchasers' prior written consent in the Purchasers' sole discretion, commit to any divestiture transaction, or commit to alter their businesses or commercial practices in any way, or otherwise take or commit to take any action that limits the Purchasers' freedom of action with respect to, or the Purchasers' ability to retain any of the businesses, product lines or assets of, the Business or otherwise receive the full benefits of this Agreement.

Section 6.7 Notification by the Parties. Each party hereto shall use all commercially reasonable efforts to promptly inform the other parties hereto in writing if, prior to the consummation of the Closing, it becomes aware of any fact, circumstance or event that would cause (i) any representation or warranty made by such party contained in this Agreement (A) that is qualified as to materiality or Material Adverse Effect to be untrue and (B) that is not so qualified to be untrue in any material respect, and (ii) any material failure of such party to comply with or satisfy any covenant or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 6.7 shall not (nor shall any information provided pursuant to Section 6.2) be considered in determining whether any representation or warranty is true for purposes of Article VII. Any failure to provide or delay in providing any such notification shall not be deemed to be a breach of a covenant for purposes of Article VII, and if such notice relates or would have related to any breach or inaccuracy of any representation or warranty made in this Agreement, such failure or delay shall not be deemed to be a breach of a covenant or obligation for purposes of Article IX, except to the extent that such failure or delay shall have actually prejudiced and adversely affected the party or parties entitled to such notification under this Section 6.7.

Section 6.8 Employees and Employee Benefits.

6.8.1 Reuters shall, or shall cause one of its Affiliates to, (i) continue the employ of each Business Employee employed immediately prior to the Closing by a Purchased Subsidiary, (ii) transfer the employment of each other Business Employee in accordance with any applicable law requiring such transfer, and (iii) offer employment to each other Business Employee not otherwise described in (i) and (ii), other than any such Business Employees who are identified to the Sellers in writing by Reuters at least twenty (20) Business Days prior to the Closing Date (unless a longer period of notice would be required in order to permit such termination prior to the Closing without violating applicable Law or a longer period would otherwise reasonably be necessary in light of the number of or locations of the Business Employees to be terminated prior to the Closing). The Sellers agree to terminate, prior to the Closing, the employment of each Business Employee so identified in writing to the Sellers by Reuters; provided, that (i) the Sellers only shall be obligated to use commercially reasonable efforts to effect any such terminations, (ii) Reuters shall provide sufficient funds to MTH to effect any such terminations in the event MTH determines in its reasonable discretion that such additional funds are necessary to comply with Reuters' request to effect terminations, and provided, further, that the Sellers shall promptly return any such funds which ultimately are not necessary to effect such terminations, and (iii) Reuters shall indemnify and hold harmless the Sellers for any and all Liabilities related to the Severance Benefits of any Business Employee so identified to the Sellers, except that nothing herein shall relieve the Sellers from any Liability they may have hereunder with respect to the breach of any representation, warranty or covenant of the Sellers set forth herein. Reuters or its Affiliates shall employ (or offer to employ) such Business Employees on such terms and conditions as Reuters shall determine, subject to applicable law and subject to any Employment Agreement, including any Employment Agreement that is assigned pursuant to Section 6.8.2. Reuters shall be responsible for any and all Liabilities related to or in respect of the employment of any Business Employee or Former Business Employee, whether or not attributable to pre-Closing periods, including obligations of any of the Sellers or any of the Purchased Subsidiaries to provide Severance Benefits by reason of termination of employment prior to, following, or in connection with the Closing, and COBRA Coverage for Business Employees, Former Business Employees and their dependents and beneficiaries; provided, that with respect to Severance Benefits resulting from terminations occurring after the date hereof but prior to the Closing, Reuters has approved of any such pre-Closing termination; and provided, further, that nothing herein shall relieve the Sellers from any Liability they may have hereunder with respect to the breach of any representation, warranty or covenant of the Sellers set forth herein.

6.8.2 Reuters shall be responsible for all obligations and liabilities in respect of the Benefit Plans (other than Benefit Plans providing for awards payable in the form of MTH stock) and Employment Agreements, including, except as set forth below or in Sections 6.8.6 and 6.8.7, obligations and liabilities attributable to pre-Closing periods; provided, however, that nothing herein shall relieve the Sellers from any liability they may have with respect to the breach of a

representation, warranty or covenant set forth herein. To the extent that a Purchased Subsidiary is not the sponsoring employer of any such Benefit Plan or party to any Employment Agreement, effective as of the Closing, Reuters shall, or shall cause one of its Affiliates to, assume sponsorship of any such Benefit Plan, accept assignment of related insurance policies or administrative services contracts, and accept assignment of any such Employment Agreement. Sellers shall cooperate in effecting such assumptions and assignments.

6.8.3 Reuters shall, with respect to Transferred Employees, (i) waive any limitations as to preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements under any welfare benefit plan in which such Transferred Employees may be eligible to participate after the Closing; provided, however, that no such waiver shall apply to a preexisting condition of any Transferred Employee who was, prior to the Closing, excluded from participation in a welfare benefit plan maintained or contributed to for the benefit of such Transferred Employee by the nature of such preexisting condition; and (ii) recognize all service of the Transferred Employees with the Sellers and Affiliates of the Sellers, to the extent the Sellers or such Affiliates recognized such service, for purposes of eligibility to participate and vesting credit, and for purposes of determining severance and vacation benefits (subject to the maximum severance and vacation benefits applicable to such Transferred Employees under such benefit policies).

6.8.4 Nothing herein shall be deemed to (i) require Reuters to retain any Transferred Employee for any specific period of time after the Closing or (ii) create an employment contract with any Transferred Employee, except as required by applicable Laws.

6.8.5 The Sellers and Purchasers shall use all commercially reasonable efforts to facilitate the orderly transition of all the Transferred Employees to employment with the Purchasers from and following the Closing Date, including, subject to all applicable Laws: (i) prior to February 1, 2005, affording the Purchasers reasonable access to those executives of the Business Entities who were directly involved in the transactions contemplated by this Agreement, and from February 1, 2005 through March 1, 2005, functional regional and corporate department heads of the Business Entities, to permit the Purchasers to make a preliminary assessment of the organization and potential Transferred Employees; and (ii) on and after March 1, 2005, at such times as are appropriate but in any case reasonably in advance of an anticipated Closing Date, affording the Purchasers reasonable opportunities to (A) review employment and personnel records (other than medical records) of potential Transferred Employees, (B) conduct detailed assessments of potential Transferred Employees and critical needs of the Business and (C) meet with, distribute materials to, and/or communicate with, potential Transferred Employees in coordination with Sellers; provided, that any such materials and/or communications are previously provided to and approved by MTH, which approval shall not be unreasonably withheld or delayed. Prior to the Closing, the Sellers shall permit Reuters to seek to negotiate new contracts with, and

renegotiate existing employment contracts of, potential Transferred Employees; provided, that any such new or renegotiated employment contracts shall become effective only upon the Closing Date. The Sellers shall cooperate with the Purchasers in instituting a reasonable retention program generally applicable to employees to become effective within thirty (30) days of the date of this Agreement, in which payments will not be made until thirty (30) days after the Closing Date or until such later dates as the Sellers may agree; provided, that such retention program shall comply with the requirements of Section 409A of the Code and the Treasury regulations promulgated thereunder to the extent applicable.

6.8.6 The Purchasers shall be responsible for the payment of all salary, wages, bonuses, commissions, vacation, and sick day pay earned or accrued prior to the Closing Date, but only to the extent such amounts are properly reflected on the Closing Balance Sheet.

6.8.7 Prior to the Closing, the Sellers shall have (i) terminated all agreements with Business Employees and Former Business Employees to the extent any such agreements related to the equity of MTH, including, but not limited to, restricted stock and stock options, and (ii) discharged all Liabilities and obligations that the Sellers or any of the Business Entities have in connection therewith.

6.8.8 The Sellers and the Purchasers agree to adopt such provisions as counsel to them shall agree are reasonably necessary or advisable with respect to the transactions contemplated herein as applicable to the transfer of employees in asset sale transactions.

Section 6.9 Tax Matters.

6.9.1 *Tax Indemnification.* The Sellers shall, jointly and severally, indemnify, defend and hold harmless Reuters and their Subsidiaries (including the Purchased Subsidiaries), and their respective Affiliates and Representatives from and against any and all Damages in respect of (i) all Taxes of the Business Entities (A) for any taxable period ending on or before the Closing Date, and (B) for the portion of any Straddle Period ending at the close of business on the Closing Date (determined as provided in Section 6.9.4 hereof), (ii) all Taxes imposed on any member of a Consolidated Group of which any Business Entity is or was a member on or prior to the Closing Date by reason of the liability of such Business Entity pursuant to Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under state, local or foreign Law), (iii) the failure of any of the representations and warranties contained in Section 3.8 to be true and correct in all respects (determined without regard to any qualification related to materiality contained therein) or the failure to perform any covenant contained in this Agreement or Ancillary Agreement with respect to Taxes, (iv) any failure by the Sellers to timely pay any Taxes required to be borne by the Sellers pursuant to Section 6.9.6, and (v) any Taxes resulting from, arising out of or based on the Section 338(h)(10) Elections (as defined below), in each case, in excess of the amount of such Taxes taken into account as a current

liability in computing the Final Working Capital. Reuters shall indemnify, defend and hold harmless Sellers and their Affiliates from and against any and all Damages in respect of (i) all Taxes of the Purchased Subsidiaries (A) for any taxable period beginning after the Closing Date and (B) for the portion of any Straddle Period following the Closing Date (determined as provided in Section 6.9.4 hereof), (ii) all Taxes relating to the Transferred Assets for any periods of time following the Closing Date, (iii) the failure to perform any covenant contained in this Agreement or an Ancillary Agreement with respect to Taxes, including the covenant set forth in Section 6.9.14 hereof, (iv) any failure by the Purchasers to timely pay any Taxes required to be borne by the Purchasers pursuant to Section 6.9.6, and (v) any Taxes with respect to the Purchased Subsidiaries or the Transferred Assets arising on the Closing Date but after the Closing for transactions or actions taken by the Purchasers after the Closing but on the Closing Date that are outside the Ordinary Course of Business.

6.9.2 *Section 338(h)(10) Elections.* Reuters and MTH agree to join in making a timely election under Section 338(h)(10) of the Code and the Treasury regulations and any corresponding or similar elections under state, local Tax Law (collectively, the “Section 338(h)(10) Elections”) with respect to the Purchased Subsidiaries. For the purpose of making the Section 338(h)(10) Elections for United States federal income Tax purposes, on or prior to one hundred twenty (120) days following the Closing Date, Reuters shall deliver to MTH an executed original IRS Form 8023 (or successor form) and the required schedules thereto and any similar forms under comparable state or local law (the “Forms”) with respect to the Purchasers’ purchase of the Purchased Subsidiaries. If MTH objects in writing to such Forms within 20 days following receipt thereof and such dispute is not resolved by Reuters and MTH within 45 days following Reuters’ receipt of MTH’s objection, then the dispute shall be submitted for resolution to the Independent Accountant. The determination of the Independent Accountant with respect to the disputed items shall be reflected in revised Forms (the “Final Forms”) and shall be final and binding upon all parties hereto. The Independent Accountant shall use all commercially reasonable efforts to reach such determination as quickly as possible. The fees and disbursements of or related to the Independent Accountant shall be borne one-half by Reuters and one-half by MTH. MTH shall execute (or cause to be executed) and deliver to Reuters the Forms within 30 days after receipt of such Forms if MTH did not deliver a written notice of objection with respect to such Forms, and shall execute (or cause to be executed) and deliver to Reuters the Final Forms within 30 days after the receipt of such Final Forms, whereupon each shall duly and timely file the Final Forms as prescribed by Treasury Regulation 1.338(h)(10)-1T or the corresponding provisions of the applicable income tax law of any state or political subdivision of the United States. Reuters and the Sellers shall file, and shall cause their Affiliates to file, all Tax Returns in a manner consistent with the Section 338(h)(10) Elections.

6.9.3 *Filing of Tax Returns; Payment of Taxes.*

(i) MTH shall include or cause to be included the Purchased Subsidiaries in, and shall timely file or cause to be filed, (A) the United States consolidated federal income Tax Returns of MTH for the taxable periods of the Purchased Subsidiaries ending on or prior to the Closing Date and (B) where applicable, all other consolidated, combined or unitary Tax Returns of MTH for the taxable periods of the Purchased Subsidiaries ending on or prior to the Closing Date, and shall pay all Taxes due with respect to the returns referred to in clause (A) or (B) of this Section 6.9.3. MTH shall timely file, or cause to be filed, all other Tax Returns that are required to be filed by, on behalf of or with respect to the Business Entities on or prior to the Closing Date and shall pay or cause to be paid all Taxes shown due thereon. All Tax Returns described in this Section 6.9.3 shall be prepared in a manner consistent with prior practice, except to the extent a different manner is required by law. MTH shall provide, or cause to be provided, to Reuters copies of such completed Tax Returns (or, in the case of Tax Returns referred to in clause (A) or (B) of this Section 6.9.3, the portion of such Tax Returns relating to the Purchased Subsidiaries, the Transferred Assets or the Business) at least thirty (30) days prior to the due date for filing thereof, along with supporting workpapers, for Reuters' review and approval (which approval shall not be unreasonably withheld), to the extent that Reuters or its Affiliates may be liable for Taxes related to such Tax Returns, including by reason of application of Treasury Regulation Section 1.1502-6(a), and without regard to the indemnity provided in Section 6.9.1. MTH and Reuters shall attempt in good faith to resolve any disagreements regarding such Tax Returns prior to the due date for filing. In the event that MTH and Reuters are unable to resolve any dispute with respect to such Tax Returns at least ten (10) days prior to the due date for filing, such dispute shall be resolved pursuant to Section 6.9.7, which resolution shall be binding on the parties. Notwithstanding the forgoing, MTH shall be entitled to file such Tax Returns in any manner it deems appropriate if OEP agrees to indemnify Reuters for the difference between the amount of Taxes MTH proposes to pay and (x) the amount determined to be payable by the Independent Accountant under Section 6.9.7 or (y) if no determination has been made by the Independent Accountant, the amount Reuters reasonably determines to be payable, provided that Reuters is reasonably satisfied that OEP has the ability to satisfy such indemnity obligation and the parties enter into a mutually satisfactory indemnification agreement.

(ii) Following the Closing, Reuters shall cause to be timely filed all Tax Returns (other than those Tax Returns described in clause (A) or (B) of Section 6.9.3(i)) required to be filed by or on behalf of or with respect to any of the Purchased Subsidiaries or the Transferred Assets after the Closing Date and, subject to the right to payment from the Sellers under this Section 6.9.3(ii), pay or cause to be paid all Taxes shown due thereon. Reuters shall provide, or cause to be provided, to MTH copies of such completed Tax Returns that are not yet filed at least thirty (30) days prior to the due date for filing thereof, along with supporting workpapers, for MTH's review and approval (which approval shall not be unreasonably withheld) to the extent that MTH or its Affiliate may be liable for Taxes related to such Tax Returns including by reason of application of Treasury Regulation Section 1.1502-6(a), and without regard to the indemnity provided in Section 6.9.1. MTH and Reuters shall attempt in good faith to

resolve any disagreements regarding such Tax Returns prior to the due date for filing. In the event that MTH and Reuters are unable to resolve any dispute with respect to such Tax Returns at least ten (10) days prior to the due date for filing, such dispute shall be resolved pursuant to Section 6.9.7, which resolution shall be binding on the parties. Neither Reuters nor any of its Affiliates shall amend, without MTH's review and approval (which approval shall not be unreasonably withheld), any Tax Returns, to the extent that MTH or MTH's Affiliate may be liable for Taxes related to such amendment.

(iii) Not later than ten (10) days prior to the due date for the payment of Taxes on any Tax Returns for which Reuters has the responsibility to cause to be filed pursuant to Section 6.9.3(ii), the Sellers shall pay to Reuters or its Affiliates the amount of Taxes, as reasonably determined by Reuters, owed by the Sellers pursuant to the provisions of Section 6.9.1. No payment pursuant to this Section 6.9.3 shall excuse the Sellers from their indemnification obligations pursuant to Section 6.9.1 if the amount of Taxes for which the Sellers are responsible under Section 6.9.1 is ultimately determined (on audit or otherwise) for the periods covered by such Tax Returns to exceed the amount of the Sellers' payment under this Section 6.9.3(iii).

(iv) Reuters shall promptly pay to MTH, as an adjustment to the Final Cash Purchase Price, the amount of any refunds received (whether received as a refund or through a credit or offset), net of any Taxes or other costs payable with respect thereto, with respect to Taxes of the Purchased Subsidiaries for any taxable period ending on or before the Closing Date and the portion of any refund received (whether received as a refund or through a credit or offset), net of any Taxes or other costs payable with respect thereto, for any period ending on or prior to the Closing Date or any Straddle Period that is allocable to the portion of such straddle period ending at the close of business on the Closing Date, except to the extent that the amount of such refund was taken into account in determining the Final Working Capital.

(v) No Purchased Entity may carry back any tax item to a taxable period ending on or before the Closing Date without the consent of MTH, which consent may be withheld by MTH in its sole discretion.

6.9.4 *Straddle Period Tax Allocation.* MTH and Reuters will, unless prohibited by applicable Law, close the taxable period of the Purchased Subsidiaries as of the close of business on the Closing Date. If applicable Law does not permit any Purchased Subsidiary to close its taxable year on the Closing Date or in any case in which a Tax is assessed with respect to a taxable period which includes the Closing Date (but does not begin or end on that day) (a "Straddle Period"), the Taxes, if any, attributable to a Straddle Period shall be allocated (i) to the Sellers for the period up to and including the close of business on the Closing Date, and (ii) to Reuters for the period subsequent to the Closing Date. Any allocation of income or deductions required to determine any Taxes attributable to a Straddle Period shall be made by means of a closing of the books and records of the Purchased Subsidiaries as of the close of the Closing Date, provided that exemptions, allowances or deductions that are calculated on an annual basis (including, but not limited to, depreciation and amortization deductions) shall be

allocated between the period ending on the Closing Date and the period after the Closing Date in proportion to the number of days in each such period. All real property Taxes, personal property Taxes, or ad valorem obligations and similar recurring Taxes and fees on the Transferred Assets for Straddle Periods shall be prorated between the Purchasers and the Sellers as of the close of business on the Closing Date. Notwithstanding the foregoing, Sellers shall not be liable for any Taxes with respect to the Purchased Subsidiaries or the Transferred Assets arising on the Closing Date but after the Closing for transactions or actions taken by Purchasers after the Closing but on the Closing Date that are outside the Ordinary Course of Business.

6.9.5 Tax Audits.

(i) If notice of any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy with respect to Taxes of or relating to any Purchased Subsidiary, the Transferred Assets or the Business Entities (a "Tax Claim") shall be received by Reuters with respect to which the Sellers may reasonably be expected to be liable pursuant to Section 6.9.1, Reuters shall notify MTH in writing of such Tax Claim; provided, however, that the failure of Reuters to give MTH notice as provided herein shall not relieve the Sellers of their obligations under this Section 6.9 except to the extent that the Sellers are actually and materially prejudiced thereby.

(ii) The Sellers shall have the right, at the expense of the Sellers to the extent such Tax Claim is subject to indemnification by the Sellers pursuant to Section 6.9.1 hereof, to represent the interests of the Purchased Subsidiaries in any Tax Claim (other than Tax Claims described in this Section 6.9.5(ii)); provided, however, that if (a) the Sellers do not notify Reuters in writing that they shall defend such Tax Claim within a 60-day period after receipt from Reuters of a notification of such Tax Claim, or such shorter period as may be necessary to defend against the Claim, (b) Reuters reasonably concludes that there is a conflict of interest between the Sellers and Reuters in the conduct of the defense of such Tax Claim or (c) Reuters reasonably concludes that the Damages from such Tax Claim, individually or in the aggregate with all other claims, are reasonably likely to exceed the Cap Amount, Reuters shall have the right, at the reasonable expense of the Sellers to the extent of the Cap Amount, to represent the interests of the Purchased Subsidiaries in such Tax Claims; provided, further, that (A) Reuters shall be entitled to participate in the defense, settlement, compromise or abandonment of any Tax Claim controlled by the Sellers at its own expense and (B) there shall be no settlement, compromise or abandonment with respect thereto without the consent of both the Sellers and Reuters, which consent may not be unreasonably withheld.

(iii) MTH shall have the right to represent the interests of the Purchased Subsidiaries with respect to any Tax Claim arising out of a Tax Return which MTH is responsible for filing pursuant to Section 6.9.3; provided, however, that if the results of such Tax Claim involve an issue that would reasonably be expected to adversely affect Reuters, the Purchased Subsidiaries or any of their Affiliates for any taxable period ending after the Closing Date, then (A) Reuters shall be entitled to participate in the

defense and settlement, compromise or abandonment of any such Tax Claim at its own expense, and (B) there shall be no settlement, compromise or abandonment by MTH with respect thereto without the consent of Reuters, which consent may not be unreasonably withheld.

6.9.6 *Transfer Taxes.*

6.9.6.1 The Sellers, on the one hand, and the Purchasers, on the other hand, shall each be liable for and shall pay 50% of all sales, use, stamp, documentary, filing, recording, value added (subject to Section 6.9.6.3), transfer or similar fees or taxes or governmental charges as levied by any Governmental Authority, including any interest and penalties, in connection with the transactions contemplated by this Agreement.

6.9.6.2 The parties agree, and will use all commercially reasonable efforts to ensure, that the transfer should satisfy the conditions for eligibility as a Transfer of a Going Concern ("TOGC") for Value Added Tax ("VAT") purposes in the territory.

6.9.6.3 In the event that the conditions for TOGC treatment are not satisfied, the Sellers will provide in each case: (a) written confirmation from the tax authority that the conditions for TOGC are not satisfied; and (b) a VAT invoice in a format accepted in the territory. In these circumstances, the Purchasers will pay the entire amount of such VAT if, and only if, both conditions (a) and (b) have been satisfied.

6.9.7 *Disputes.* Any dispute as to any Tax matter covered by this Section 6.9 shall be resolved by the Independent Accountant. The fees and expenses of the Independent Accountant shall be borne equally by the Sellers, on the one hand, and Reuters on the other. If any dispute with respect to a Tax Return is not resolved prior to the due date of such Tax Return, such Tax Return shall be filed in the manner which the party responsible for preparing such Tax Return deems correct.

6.9.8 *Time Limits.* Any claim for indemnity under this Section 6.9 may be made at any time prior to sixty (60) days after the expiration of the applicable Tax statute of limitations with respect to the relevant taxable period (including all periods of extension, whether automatic or permissive).

6.9.9 *Exclusivity.* The indemnification provided for in this Section 6.9 shall be the sole remedy for any claim in respect of Taxes, including any claim arising out of or relating to a breach of Section 3.8 hereof. In the event of a conflict between the provisions of this Section 6.9, on the one hand, and the provisions of Sections 9.1 through 9.2 hereof, on the other, the provisions of this Section 6.9 shall control.

6.9.10 *Tax Treatment of Indemnity Payments.* The Sellers and Reuters agree to treat any indemnity payment made pursuant to this Section 6.9 or Section 9.1 as an adjustment to the Final Cash Purchase Price for federal, state, local and foreign income Tax purposes, except to the extent clearly required by law.

6.9.11 *Tax Sharing.* Any Tax allocation, indemnity, or similar agreement or arrangement between the Sellers and its Affiliates, on the one hand, and any Purchased Subsidiary, on the other hand, shall be terminated prior to the Closing Date and will have no further effect for any taxable year (whether the current year, a future year or a past year).

6.9.12 *Cooperation on Tax Matters.* Reuters and the Sellers shall furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the Purchased Subsidiaries, the Transferred Assets and the Business as is reasonably necessary for the preparation and filing of any Tax Return, claim for refund or other required or optional filings relating to Tax matters or for the preparation for or prosecution or defense of any Tax Claim.

6.9.13 *Election Under Treasury Regulation Section 1.1502-13(f)(5).* MTH agrees to make an election under Treasury Regulation Section 1.1502-13(f)(5)(ii) with respect to Moneyline Telerate and Moneyline Telerate International, in the consolidated, combined and unitary income Tax Returns of MTH that include the sale of the Purchased Subsidiaries, unless there has been a change in law or regulation effective after the date of this Agreement that would prevent the making of such election.

6.9.14 *FIRPTA Matters.* Prior to the Closing, Reuters shall use commercially reasonable efforts to provide MTH with a statement addressed to MTH, in form and substance reasonably satisfactory to MTH and dated no earlier than 30 days prior to the Closing Date, from SAVVIS satisfying the requirements of Treasury Regulations Section 1.1445-2(c)(3) with respect to the transfer of the SAVVIS Stock provided for herein. For the avoidance of doubt, Sellers shall have no responsibility hereunder for any Taxes imposed on or required to be withheld from payments to Reuters pursuant to Section 897 or Section 1445 of the Code.

6.9.15 *Gain Tax Liability.* If (a) the sum of the Final Cash Purchase Price plus the liabilities assumed for U.S. federal income tax purposes as of the Closing Date plus the product of (i) the SAVVIS Stock Fair Market Value as of the Closing Date times (ii) the number of shares of SAVVIS Stock (such sum, the "Aggregate Consideration Value") exceeds (b) an amount equal to \$243,806,000 plus any net increase in the aggregate basis of the Transferred Assets and the assets of the Purchased Subsidiaries and any increase in the net operating losses of the MTH Consolidated Group and minus any net decrease in the aggregate basis of the Transferred Assets and the assets of the Purchased Subsidiaries and any decrease in the net operating losses of the MTH Consolidated Group, in each case, from the date of this Agreement to the end of the taxable period of the MTH Consolidated Group that includes the Closing Date (such amount, the "Value Threshold"), MTH shall deliver to Reuters (A) at least (30) days prior to the due date for filing thereof (but in any event at least 60 days before the second anniversary of the Closing Date), copies

of its U.S. federal income Tax Return and corresponding state income Tax Returns subject to Reuters' review and approval pursuant to Section 6.9.3, along with supporting work papers, signed by a nationally recognized accounting firm and (B) at least 60 days before the second anniversary of the Closing Date, copies of cancelled checks or other proofs of payment of the Taxes shown on such Tax Returns, if any. If MTH fails to deliver the Tax Returns subject to Reuters' review and approval pursuant to Section 6.9.3, along with supporting work papers, and/or evidence of payment of such Taxes or, if after Reuters' review pursuant to Section 6.9.3, Reuters reasonably believes that a different amount of Taxes is due and payable, Reuters shall have the right to submit a claim for indemnification for an amount equal to the difference between the Taxes Reuters has reasonably determined to be due and payable and the amount MTH has paid with respect thereto (the "Disputed Gain Tax Amount"); provided, however, that, if the Independent Accountant has, pursuant to Sections 6.9.3 and 6.9.7, made a determination with respect to any dispute regarding the amount of Taxes due and payable (based upon the standard of what Taxes "should" be due and payable), Reuters' claim for indemnification shall not exceed the Disputed Gain Tax Amount calculated based on the Independent Accountant's determination; and, provided, further, that the Disputed Gain Tax Amount shall not exceed 40% of the excess of the Aggregate Consideration Value over the Value Threshold. Upon a final determination that no Disputed Gain Tax Amount is payable by MTH (as a result of the expiration of the applicable statute of limitations relating to the Disputed Gain Tax Amount before a Taxing Authority has asserted a notice of deficiency relating to the Disputed Gain Tax Amount or a final determination of the amount payable with respect to the Disputed Gain Tax Amount and payment thereof), Reuters and MTH shall jointly instruct the Escrow Agent that Reuters' claim with respect to the Disputed Gain Tax Amount has been satisfied. If MTH pays all or any portion of the Taxes with respect to which a claim for the Disputed Gain Tax Amount has been made and provides Reuters evidence of payment, Reuters and MTH shall jointly instruct the Escrow Agent that Reuters' claim with respect to such Disputed Gain Tax Amount shall be reduced by the amount of such payment. Any claim under this Section 6.9.15 distributed to Reuters shall only be used to pay the Taxes relating to such claim, to the extent Reuters has not already paid such Taxes, and Reuters shall provide MTH evidence of such payment. MTH shall have the exclusive right to a refund of any Taxes paid pursuant to this Section 6.9.15. Notwithstanding the forgoing, Reuters shall not have the right to submit a claim for indemnification in respect of Disputed Gain Tax Amount (and shall agree to release any such claim submitted) if OEP agrees to indemnify Reuters for any Damages resulting from the failure to pay any Disputed Gain Tax Amount (which indemnity shall not exceed the amount of the Disputed Gain Tax Amount that would be subject to a claim for indemnification under this Section 6.9.15), and Reuters is reasonably satisfied that OEP has the ability to satisfy such indemnity obligation and the parties enter into a mutually satisfactory indemnification agreement.

Section 6.10 Ancillary Agreements.

6.10.1 *Blanket Assignment of Leases.* At the Closing, the Sellers and the Purchasers will enter into the Assignment of Leases (“Blanket Assignment of Leases”) by which (a) the Sellers will transfer and assign all of their respective right, title and interest in each Leased Real Property listed in Section 3.19.1 of the Sellers’ Disclosure Schedule to be transferred to the Purchasers, and (b) the Purchasers will assume all obligations and liabilities under the applicable Real Property Leases.

6.10.2 *Local Assignment of Leases.* At the Closing, to the extent required by the lessor of any Leased Real Property or custom and/or applicable Law of the jurisdiction in which any Leased Real Property is located, the Sellers and the Purchasers will enter into any other local assignment of lease relating to the Leased Real Property (“Local Assignment of Leases”), in substantially the same form as the Blanket Assignment of Leases or with such other changes as are required by local custom or applicable Law, provided that no such changes shall increase the Sellers’ rights or obligations as set forth in the Blanket Assignment of Leases.

6.10.3 *Intellectual Property Assignments.* At the Closing, the Sellers and the Purchasers will enter into the Intellectual Property Assignments, the purposes of which are to, among other things, protect any Purchased Intellectual Property and Purchased Technology transferring to the Purchasers as part of the Transferred Assets.

6.10.4 *Other Ancillary Agreements.* On or prior to the Closing, (a) Reuters shall, and shall cause its respective Affiliates to, execute and deliver to the Sellers copies of any other Ancillary Agreements to which it is a party and (b) the Sellers shall, and shall cause their Affiliates to, execute and deliver to Reuters copies of any other Ancillary Agreements to which it is a party.

Section 6.11 Assignment of Insurance Proceeds. Effective upon the Closing, (a) the Sellers shall assign and transfer to the Purchasers all claims, causes of action, rights of recovery and rights of set-off of any kind arising under any contract of insurance or by operation of Law to the extent in favor of or pertaining to the Business or any portion thereof (other than rights in favor of or pertaining to the Excluded Assets or the Excluded Liabilities or claims against directors, officers, stockholders and their respective Affiliates); and (b) the Purchasers shall (and shall cause their Affiliates to) assign and transfer to the Sellers or their designees all claims, causes of action, rights of recovery and rights of set-off of any kind arising under any contract of insurance or by operation of Law to the extent in favor of or pertaining to the Excluded Assets or the Excluded Liabilities (other than rights in favor of or pertaining to the Business or any portion thereof). In the event that any party shall be unable to make the foregoing assignment, or if such attempted assignment would give rise to any right of termination of, or would otherwise adversely affect the rights of any party under such insurance contracts, then the parties shall cooperate with each other and use all commercially reasonable efforts to provide each other with the benefits of all such claims, causes of

action and rights as set forth in Section 6.12 below. Each party shall assert claims against or seek coverage under insurance policies owned or controlled by the other party only in accordance with the terms and conditions set forth in Section 6.12 below.

Section 6.12 Other Insurance Matters.

6.12.1 All Insurance Policies sold to or procured by any of the Purchased Subsidiaries or sold to or procured by any Business Entity under which the Purchased Subsidiaries are insureds or beneficiaries (the “Business Policies”) shall remain an asset of the Purchased Subsidiaries (or otherwise be a Transferred Asset hereunder) and the Purchased Subsidiaries shall have all rights and retain all obligations under the Business Policies. Such obligations under the Business Policies shall include the payment of all premiums or rating adjustments, self-insured retentions, deductibles, or other payments owed under, and all costs associated with (including as a result of unavailability of insurance due to exhaustion, impairment, carrier insolvency or other event), the Business Policies (collectively, the “Policy Payments”), except to the extent that any such Policy Payments relate to the Excluded Assets or the Excluded Liabilities. The Sellers shall, or shall cause one of their Affiliates to, promptly reimburse Reuters or its Affiliates for any Policy Payments paid by Reuters or its Affiliates from and after the Closing which relate to the Excluded Assets or the Excluded Liabilities.

6.12.2 All Insurance Policies sold at any time to the Sellers or any of their Affiliates (other than Insurance Policies sold to or procured by the Purchased Subsidiaries), including all such Insurance Policies providing for director and officer liability insurance or fiduciary liability insurance (the “Seller Policies”), shall remain an asset of the Sellers (or otherwise be an Excluded Asset hereunder), and the Sellers shall have all rights and retain all obligations under the Seller Policies. Such obligations under the Seller Policies shall include the payment of Policy Payments owed under the Seller Policies, except to the extent that any such Policy Payments relate to the Business (or any portion thereof), the Transferred Assets or the Transferred Liabilities. The Purchasers shall promptly reimburse the Sellers or their Affiliates for any Policy Payments paid by the Sellers or such Affiliates from and after the Closing which relate to the Business (or any portion thereof), the Transferred Assets or the Transferred Liabilities; provided, however, that such reimbursement obligation shall terminate ten (10) days after the Purchasers deliver to the Sellers a written notice to the effect that the insurance to which the Policy Payments to be reimbursed relate is no longer required.

6.12.3 In the event that, after the Closing: (a) Reuters or any of its respective Affiliates (or any of their respective directors, officers or employees) desire to pursue coverage under any of the Seller Policies for claims involving the Business, the Transferred Assets or the Transferred Liabilities, the Sellers will use all commercially reasonable efforts to assist Reuters or such Affiliates in securing coverage under the Seller Policies; and (b) the Sellers or any of their Affiliates desire to pursue coverage under any of the Business Policies for claims involving the Excluded Assets or the Excluded Liabilities, Reuters will use all commercially

reasonable efforts to assist the Sellers or such Affiliates in securing coverage under such Business Policies. In all cases, the party seeking insurance coverage shall be responsible for the satisfaction of any such deductibles or self-insured retentions as may need to be satisfied prior to obtaining such insurance coverage, and shall otherwise be responsible for the payment of any Policy Payments relating thereto, in each case, except to the extent entitled to indemnification hereunder for the underlying claims.

6.12.4 From and after the Closing: (a) recoveries or other payments received by the Sellers or any of their Affiliates from insurance companies to the extent related to the Business (or any portion thereof), the Transferred Assets or the Transferred Liabilities shall be paid to Reuters (less any amount actually expended by the Sellers and their Affiliates, other than the Purchased Subsidiaries) for the benefit of the Business, the Transferred Assets or the Transferred Liabilities; and (b) recoveries or other payments received by Reuters or any of its respective Affiliates from insurance companies to the extent related to the Excluded Assets or the Excluded Liabilities shall be paid to the Sellers or its designees (less any amount actually expended by the Purchased Subsidiaries) for the benefit of the Excluded Assets or the Excluded Liabilities. Between the date of the signing of this Agreement and the Closing, recoveries or other payments received by the Sellers or any of their Affiliates (less any amounts actually expended by the Sellers and their Affiliates, other than the Purchased Subsidiaries) from insurance companies: (a) to the extent related to the loss of or damage to any of the Transferred Assets, or (b) as reimbursement for monies paid by the Sellers, any portion of the Business or the Purchased Subsidiaries with respect to an insured liability, shall be treated as an asset of the Sellers, the Business or the Purchased Subsidiaries, as appropriate. As used in this subparagraph, the term “amounts actually expended” shall include amounts paid (including defense fees and costs, and indemnity payments) but not reimbursed by insurance companies and amounts spent in order to obtain such reimbursements from insurance companies.

Section 6.13 Cooperation with Respect to Financial Reporting. After the date of this Agreement, the Sellers shall reasonably cooperate with Reuters (at Reuters’ expense) in connection with Reuters’ preparation of financial statements of the Business as required for Reuters’ filings under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or under other applicable Law or stock exchange regulations, following the Closing.

Section 6.14 Non-Solicitation of Employees. From and after the Closing, the Sellers and OEP shall not, and Sellers shall cause their respective Affiliates not to and OEP shall not induce, encourage or facilitate any effort by its Subsidiaries to, at any time prior to the expiration of one year from the Closing Date, directly or indirectly, solicit the employment of any employee of any portion of the Business as of the Closing Date other than such employees listed in Section 6.14 of Sellers’ Disclosure Schedule (collectively, the “Reuters Covered Employees”), excluding any such employee that has been terminated by Reuters and its Affiliates after the Closing or is terminated or resigns from the Business prior to the Closing, so long as not in contemplation of being solicited by

the Sellers, OEP or their Subsidiaries, without Reuters' prior written consent. The term "solicit the employment" shall not be deemed to include generalized searches for employees through media and/or web-based advertisements or through employment firms that are not focused on the Reuters Covered Employees.

Section 6.15 Non-Competition

6.15.1 Each of the Sellers agrees that, until the third anniversary of the Closing Date (the "Non-Competition Period"), the Sellers shall not, and shall cause their respective Subsidiaries not to, directly or indirectly, operate, perform, control, participate or engage in, manage or own a greater than 5% interest in a Person (except in circumstances where such interest is acquired solely for financial investment purposes without direct or indirect grant of management functions or any material influence in the Person) that is in the business of acquiring, preparing and transmitting financial data, information and analyses to subscribers or distributors (it being understood and agreed that Sellers ownership or operation of Networks Business or the business associated with the Excluded Assets shall not be deemed to be a breach of this Section 6.15).

6.15.2 The parties hereto agree that, if any court of competent jurisdiction in a final nonappealable judgment determines that a specified time period, a specified geographical area, a specified business limitation or any other relevant feature of this Section 6.15 is unreasonable, arbitrary or against public policy, then a lesser time period, geographical area, business limitation or other relevant feature which is determined to be reasonable, not arbitrary and not against public policy may be enforced against the applicable party.

6.15.3 The parties agree that the prohibitions in this Section 6.15 are in addition to, and not in lieu of, and shall not constitute a waiver of, any rights or remedies which Reuters or the Sellers, as the case may be, have or may have pursuant to (i) the Ancillary Agreements, (ii) the Confidentiality Agreement between MTH and Reuters America LLC (the "Confidentiality Agreement"), (iii) any other contracts, arrangements, understandings or agreements that are part of the Business, or (iv) the Sellers' or Reuters' rights in any jurisdiction under any applicable Law, whether statutory or otherwise, whether in law or in equity.

Section 6.16 Confidentiality. From and after the date hereof (except in the Ordinary Course of Business from the date hereof up to and including the Closing Date and except as necessary to obtain approvals or consents or otherwise comply with this Agreement) and prior to the expiration of three years from the Closing Date, OEP and the Sellers shall not and shall cause each of their Affiliates and, in each case, their respective representatives not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than authorized representatives of Reuters or use or otherwise exploit for its own benefit or for the benefit of anyone other than Reuters, any Confidential Information (as defined below), unless (i) compelled to disclose by judicial or administrative process or by other requirements of Law or Governmental Authorities or (ii) disclosed in an Action brought by a party hereto in pursuit of its rights or in the

exercise of its remedies hereunder; provided, however, that in the event disclosure is required by applicable Law, OEP and the Business Entities shall, to the extent reasonably possible, provide Reuters with prompt notice of such requirement prior to making any disclosure so that Reuters may seek an appropriate protective order. For purposes of this Section 6.16, “Confidential Information” shall mean any confidential information with respect to the Business, including financial information, methods of operation, Contract terms and conditions, customers, customer lists, products, prices, fees, costs, technology, inventions, Trade Secrets, know-how, software, marketing methods, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters. “Confidential Information” does not include, and there shall be no obligation hereunder with respect to, information (i) that is generally available to the public on the date of this Agreement; (ii) that becomes generally available to the public other than as a result of a disclosure in violation of this Agreement; or (iii) to the extent it relates solely to the Networks Business.

Section 6.17 Preservation of Records. The Sellers and Reuters agree that each of them shall preserve and keep the records held by it relating to the Business for a period of seven (7) years from the Closing Date and shall make such records and personnel available to the other as may be reasonably required by such party in connection with, among other things, any insurance claims by, legal proceedings against or governmental investigations of the Sellers or Reuters in order to enable the Sellers or Reuters to comply with their respective obligations under this Agreement and the Ancillary Agreements. In the event the Sellers or Reuters wish to destroy (or permit to be destroyed) such records after that time, such party shall first give ninety (90) days prior written notice to the other and such other party shall have the right at its option and expense, upon prior written notice given to such party within that ninety (90) day period, to take possession of the records within one hundred and eighty (180) days after the date of such notice.

Section 6.18 Publicity.

6.18.1 Neither the Sellers nor Reuters shall issue any press release or public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other party hereto, which approval will not be unreasonably withheld or delayed, unless, in the sole judgment of a party, disclosure is otherwise required by applicable Law or by the rules or request of any stock exchange, provided that, the party intending to make such release shall use all commercially reasonable efforts to consult with the other party with respect to the text thereof.

6.18.2 Immediately following the execution of this Agreement, the Purchasers shall issue the press releases in the form attached hereto as Schedule D.

6.18.3 Each of Reuters and the Sellers agree that the terms of this Agreement shall not be disclosed or otherwise made available to the public and that copies of this Agreement shall not be publicly filed or otherwise made available to the public, except where such disclosure, availability or filing is required by applicable Law or rules or request of any stock exchange and only to the extent required by such Law or rules or request.

6.18.4 *Use of Name.* The Sellers hereby agree that between the Sellers and the Purchasers upon the consummation of the transactions contemplated hereby, the Purchasers shall have the sole right to the use of the names “MONEYLINE”, “TELERATE”, “MONEYLINE TELERATE” or similar names or any service marks, trademarks, trade names, identifying symbols, logos, emblems or signs containing or comprising the foregoing, including any name or mark confusingly similar thereto (collectively, the “Seller Marks”), and the Sellers shall not, and shall not permit any Affiliate to, use such Seller Mark or any variation or simulation thereof. In furtherance thereof, subject to the following sentence, as promptly as practicable but in no event later than ninety (90) days following the Closing Date, the Sellers (i) shall remove, strike over or otherwise obliterate all Seller Marks from all materials owned by the Sellers and used or displayed publicly, including any sales and marketing materials, displays, signs, promotional materials and other materials and (ii) shall amend and cause each other Business Entity to amend its charter or other organizational documents to remove all Seller Marks. At the Closing, Purchasers will grant to Sellers a royalty-free license, for a period of ninety (90) days after the Closing Date (subject to extension upon the reasonable request of Sellers) to use such Seller Marks solely in connection with the wind down of such entities; provided, that the Sellers shall take commercially reasonable steps in connection with all such use of the Seller Marks to indicate prominently that the Sellers no longer operate the Business and have transferred it to Reuters.

Section 6.19 Interim Funding. Upon the delivery of the Letter of Credit, Reuters shall as promptly as practicable provide or cause to be provided to the Sellers funding in an aggregate amount of \$34,000,000 in cash (“Interim Funding”). The Sellers hereby agree that the aggregate amount of any Interim Funding provided to the Sellers, together with interest on all outstanding amounts at an annual interest rate equal to 5.75% (from the date of any advance to the Closing Date), shall be deducted from the Preliminary Cash Purchase Price to be delivered by Reuters to MTH, on behalf of the Sellers, pursuant to Section 2.3.11. As promptly as practicable after the date hereof, OEP shall deliver to Reuters an irrevocable standby letter of credit in the form attached as Exhibit XV (the “Letter of Credit”) hereto in respect of the Interim Funding (including interest thereon at 5.75% per annum), which OEP shall replace within two (2) Business Days after the date hereof with an identical irrevocable standby letter of credit with a date of expiry of January 15, 2006), upon either of which (but not both) Reuters may draw an amount equal to the Interim Funding together with interest accrued thereon at 5.75% per annum through the date of draw by delivery of a certificate certifying that this Agreement has terminated. For the avoidance of doubt, Reuters hereby agree that they shall not draw the Letter of Credit in an amount in excess of unpaid Interim Funding plus accrued and unpaid interest thereon through the date of draw.

Section 6.20 Monthly Reports. From the date hereof until the Closing Date or the earlier termination of this Agreement, within twenty (20) days after the end of each calendar month, MTH shall cause to be prepared and delivered to Reuters, a monthly

management report substantially in the form and on a basis consistent with Exhibit XVI attached hereto (the “Monthly Report”), which sets forth each of the line items referenced in the definition of “Adjusted Subscription Revenue,” a good faith calculation of the Adjusted Subscription Revenue of such month that identifies the amounts added or deducted pursuant to each clause in the definition of “Adjusted Subscription Revenue”, and such other line items that are customarily a part of the Monthly Report prepared by MTH, each as of the end of such month, as certified on behalf of MTH by MTH’s Chief Financial Officer as fairly representing in all material respects the consolidated financial position, results of operations and cash flows of the Business Entities as at the dates and for the periods indicated therein.

Section 6.21 Subsidiaries of Purchased Subsidiaries. At the Closing, the Sellers shall take or cause to be taken all actions as set forth on Schedule E, and shall hold harmless the Purchasers against any adverse tax consequences, expenses or other Liabilities occasioned thereby.

Section 6.22 Elimination of Indebtedness. Prior to the Closing, the Sellers shall take or cause to be taken all actions to eliminate any and all Indebtedness of the Purchased Subsidiaries and any and all Liabilities of the Purchased Subsidiaries to any of their respective Affiliates (other than another Purchased Subsidiary) in a manner that does not create any adverse U.S. federal, state and local tax consequences for such Purchased Subsidiaries.

Section 6.23 Information. Not earlier than ten (10) and not less than five (5) days before the date scheduled for Closing (except with respect to any matter identified after the delivery of the Supplemental Disclosure), the Sellers shall supplement in writing any information furnished on the Sellers’ Disclosure Schedule that, to the Knowledge of the Sellers, is incorrect or incomplete as a result of any facts or circumstances occurring or arising after the date hereof or of which the Sellers become aware after the date hereof, and shall promptly furnish such supplemented information to the Purchasers. It is agreed that the furnishing of such corrected and supplemental information (the “Supplemental Disclosure”) shall be deemed to amend Sellers’ Disclosure Schedule (a) for purposes hereof, only in the event and to the extent that (i) such Supplemental Disclosure reflects actions expressly contemplated to be taken by the Sellers after the date hereof pursuant to this Agreement or expressly approved in writing by the Purchasers (but not any state of facts, effect, change or occurrence that is the consequence of such actions if any such state of facts, effect, change or occurrence would otherwise constitute a breach by the Sellers of their representations and warranties hereunder), (ii) such Supplemental Disclosure reflects matters referred to in the proviso to Section 6.3.2.6 or (iii) such Supplemental Disclosure reflects Pre-Existing Intellectual Property Licenses entered into after the date hereof or (b) solely for purposes of the Reuters Indemnified Parties’ rights under Section 6.9 and Article IX hereof, only in the event and to the extent that such Supplemental Disclosure expressly indicates that, as a result of the information provided therein, the condition set forth in Section 7.2.1 has not been satisfied and, notwithstanding such Supplemental Disclosure, the Purchasers waive such condition and the Closing occurs. Notwithstanding the foregoing, it is agreed that the furnishing of such Supplemental Disclosure shall not be deemed to amend this Agreement for purposes

of Section 6.9 and Article IX hereof to the extent such Supplemental Disclosure includes facts or circumstances that should have been disclosed in the Sellers' Disclosure Schedules delivered on the date hereof by virtue of their existence prior to the date hereof.

Section 6.24 Audited 2004 Financial Statements. MTH shall cause to be prepared and delivered to Reuters, as promptly as practicable and in any event on or before the later of June 1, 2005 and the three-month anniversary of the date of Reuters' request, copies of the audited consolidated balance sheets of the Business Entities as at December 31, 2004, and the related audited consolidated statements of income and of cash flows of the Business Entities for the year then ended, including the related notes and schedules thereto (the "Audited 2004 Financial Statements"), which Audited 2004 Financial Statements shall be complete and correct in all material respects, shall have been prepared in accordance with GAAP consistently applied without modification of the accounting principles used in the preparation thereof throughout the periods presented and shall present fairly in all material respects the consolidated financial position, results of operations and cash flows of the Business Entities as at the dates and for the periods indicated therein. The fees of the Sellers' accountants in connection with the preparation of the Audited 2004 Financial Statements shall be borne one-half by Reuters and one-half by MTH irrespective of whether the Audited 2004 Financial Statements are delivered prior to, on or after the Closing Date. In the event the Closing Date occurs prior to the date the Audited 2004 Financial Statements are prepared and delivered to Quick Corp. by MTH, Reuters shall cooperate with, and provide commercially reasonable assistance to, MTH in order to cause such Audited 2004 Financial Statements to be completed as promptly as practicable.

Section 6.25 Amendments to Quick Agreement. Without the prior written consent of MTH, Reuters shall not prior to the Closing permit any amendment or modification to be made to, or any waiver of, Sections 5.5 and 10.2 of the Quick Agreement, and shall not permit at any time any amendment or modification to be made to, or any waiver of, Section 3.3 of the Quick Agreement.

Section 6.26 SAVVIS Stock. Reuters shall not, and shall cause its Affiliates that own or hold, directly or indirectly, SAVVIS Stock, not to convert the SAVVIS Stock into common stock or other securities of SAVVIS without the prior written consent of MTH.

Section 6.27 Substitution of Certain Content. The Business Entities shall use all commercially reasonable efforts to: (a) add pages to their services containing substantially comparable content to that carried on existing pages that include or are derived from content delivered under the Contract referenced on Exhibit XVII, (b) make such substantially comparable content available over datafeeds as well, (c) notify all relevant users of the availability of such additional content (which shall not require an additional fee or permissioning for access) and (d) make such pages and content continuously available from at least one month prior to the Closing through to the Closing.

Section 6.28 Trademark Chains of Title. The Sellers shall at the Sellers' sole cost and expense use their commercially reasonable efforts: (i) until the Closing Date, to obtain and duly record and/or register with the United States Patent and Trademark Office and all applicable foreign counterparts thereof all assignments and any other documents necessary or reasonably required by Reuters to reflect a clear and unbroken registered chain of title from the original applicants to the Sellers of the TELERATE Marks (as opposed to "DATAVIEW," "TELERATE ACCESS SERVICE TAS" or any other Mark consisting of words other than the single word TELERATE) listed on Section 3.11.1 of the Sellers' Disclosure Schedule for which there is not such a clear and unbroken registered chain of title as of the date hereof; and (ii) deliver to Reuters powers of attorney on behalf of those prior registrants of such TELERATE Marks whose assignments of such TELERATE Marks have not been duly recorded and/or registered and who are or at any time have been Affiliates of the Sellers authorizing Reuters to execute on their behalf, record and/or register with the United States Patent and Trademark Office and all applicable foreign counterparts thereof all assignments and any other documents necessary or reasonably required by Reuters to reflect a clear and unbroken registered chain of title from the original applicant to the applicable Seller. Such powers of attorney shall not be effective until the Closing Date.

Section 6.29 Acquisition of Fininfo. The Sellers shall use their reasonable best efforts to (i) consummate the transactions contemplated by the Agreement for the Sale of an Ongoing Business and Assets, dated December 19, 2004, between Bridge Telerate SAS, Fininfo S.A. and Moneyline Telerate Limited (together with any other agreements or understandings with respect to such transactions, the "Fininfo Agreement") as promptly as practicable after the date hereof and (ii) enforce any and all of its rights under the Fininfo Agreement. Without the prior written consent of Reuters (which consent shall not be unreasonably withheld or delayed), the Sellers shall not amend, modify or waive any provisions under the Fininfo Agreement.

ARTICLE VII

CONDITIONS TO CLOSING

Section 7.1 Mutual Conditions. The respective obligations of each party hereto to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing of the following conditions:

7.1.1 No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, judgment, decree, injunction or other order of any nature that enjoins or prevents the consummation of the transactions contemplated by this Agreement, subject to the proviso in Section 7.1.2;

7.1.2 The consents and approvals of Governmental Authorities required under, or sought pursuant to, the Antitrust Laws listed in Parts A and B of Exhibit XIV shall have been obtained (or any applicable waiting period thereunder shall have expired or been terminated); provided, however, that if a Governmental

Authority of a jurisdiction listed in Part B of Exhibit XIV (“Relevant Jurisdiction”) has enacted, issued, promulgated, enforced or entered any Law of any nature that enjoins or prevents the consummation of any transaction contemplated by this Agreement, or has failed to issue a consent or approval required or sought under the Antitrust Laws of the Relevant Jurisdiction, the conditions specified in Sections 7.1.1 and 7.1.2 may still be satisfied if and only if all of the following are complied with:

(a) at the sole election of Reuters, either:

(i) appropriate provisions, reasonably satisfactory to both parties, shall have been made to provide that Reuters shall not acquire the Business in the Relevant Jurisdiction (the “Relevant Business”) as a part of the Closing, but instead shall enter into an arrangement with one or more of the Business Entities or other entity or entities (“Interim Operators”) providing for the Relevant Business to be operated by such Interim Operators following the Closing, pursuant to an interim agreement (an “Interim Agreement”) with Reuters whereby Reuters will supply all necessary services, licenses, and support and, if permitted by Law, will be entitled to receive as compensation an amount equal to the revenues of Relevant Business, less any costs of the Interim Operators in operating the Relevant Business, and upon satisfaction of the conditions in Sections 7.1.1 and 7.1.2 with respect to such Relevant Jurisdiction, the Interim Operators will transfer the Relevant Business, and all related assets, liabilities and employees which would have been transferred at the Closing, to Reuters for no additional consideration, and shall pay over any revenues derived from the Relevant Business not permitted by Law to be paid over prior to satisfaction of such conditions, provided that Reuters will have the right to terminate the Interim Agreement at any time on the terms set forth in clause (ii) below; or

(ii) appropriate provisions, reasonably satisfactory to both parties, shall have been made to provide that Reuters shall not acquire the Relevant Business as a part of the Closing or otherwise, and shall have no further obligations with respect to such Relevant Business or any assets, liabilities or employees related thereto;

(b) the arrangements described in clause (a) above shall not have any adverse effect on the Business, Purchased Subsidiaries, Transferred Assets or Transferred Liabilities other than the exclusion of the revenues and customers of the Relevant Business, and any assets or employees whose sole role was to service such revenues and customers, and neither Reuters nor the Purchased Subsidiaries shall be required to take, or be at risk of taking on, any additional costs, expenses, Liabilities, obligations or exposures as a result of any of the arrangements described in clause (a) above with respect to the Relevant Business or otherwise;

(c) consummation of Closing and implementation of the arrangements described in clause (a) above transaction will not breach or violate:

(i) the Antitrust Laws of the Relevant Jurisdiction; or

(ii) any Law of any nature referred to above; or

(iii) any other Law; and

(d) the aggregate annualized revenue of all the Relevant Businesses with respect to which arrangements specified in clause (a) above are to be made, measured as of the most recent practicable date, does not exceed \$5,000,000.

7.1.3 All amounts due and payable under the TSA Amendment at or prior to the Closing shall have been paid at or prior to the Closing.

Section 7.2 Conditions to Reuters' Obligations. The obligations of Reuters to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment prior to or at the Closing of each of the following conditions:

7.2.1 The representations and warranties of the Sellers (other than Sections 3.1, 3.2.1, 3.2.3 and 3.3) that do not expressly relate to a specific date shall be true and correct (determined without regard to any materiality or Material Adverse Effect qualification or any qualification based on a threshold amount of Damages contained in such statement) as of the Closing as though made at and as of the Closing, and the representations and warranties of the Sellers that expressly relate to a specific date shall, as of the Closing, remain true and correct at and as of such date, except, in either case, for such failures of any representations and warranties of the Sellers (including Sections 3.1, 3.2.1, 3.2.3 and 3.3) to be true and correct that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and the representations and warranties of the Sellers in Sections 3.1, 3.2.1, 3.2.3, and 3.3 shall be true and correct in all material respects at and as of the Closing Date, as if made at and as of such date;

7.2.2 (A) Except with respect to Sections 6.3.1.1, 6.3.1.2, 6.3.1.3, 6.6 and 6.16, each of the Sellers shall have performed and complied in all material respects with each covenant required by this Agreement to be performed or complied with by it at or prior to the Closing; and (B) each of the Sellers shall have performed and complied with its covenants to be performed or complied with by it at or prior to the Closing contained in Sections 6.3.1.1, 6.3.1.2, 6.3.1.3, 6.6 and 6.16, except for any failure to perform or comply with any obligations, agreements or covenants required by this Agreement to be performed by the Sellers (including Sections 6.3.1.1, 6.3.1.2, 6.3.1.3, 6.6 and 6.16) that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

7.2.3 The representations and warranties of OEP (other than Sections 4.1 and 4.2) that do not expressly relate to a specific date shall be true and correct (determined without regard to any materiality or material adverse effect

qualification or any qualification based upon a threshold amount of Damages contained in such statement) as of the Closing as though made at and as of the Closing, and the representations and warranties of OEP that expressly relate to a specific date shall, as of the Closing, remain true and correct at and as of such date, except, in either case, for such failures of any representations and warranties of OEP (including Sections 4.1 and 4.2) to be true and correct that would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on OEP's ability to perform its obligations under this Agreement, and the representations and warranties of OEP in Sections 4.1 and 4.2 shall be true and correct in all material respects at and as of the Closing Date, as if made at and as of such date;

7.2.4 OEP shall have performed and complied in all material respects with each covenant required by this Agreement to be performed or complied with by it at or prior to the Closing;

7.2.5 Prior to or at the Closing, the Sellers shall have obtained from all appropriate Persons the written consents, releases and waivers set forth on Exhibit XVIII attached hereto;

7.2.6 Prior to the Closing, all Contracts set forth in Section 7.2.6 of the Sellers' Disclosure Schedule (or required to be set forth therein) between the Purchased Subsidiaries, on the one hand, and the Affiliates of Sellers (other than the Purchased Subsidiaries), on the other hand, shall have been terminated; and

7.2.7 Prior to or at the Closing, the Sellers shall have delivered to Reuters a certificate of a Vice President or other officer of comparable or higher rank of MTH, dated as of the Closing Date, to the effect that the conditions specified in Sections 7.2.1 and 7.2.2 have been satisfied.

7.2.8 Prior to or at the Closing, OEP shall have delivered to Reuters a certificate signed by an authorized officer of OEP, dated as of the Closing Date, to the effect that the conditions specified in Sections 7.2.3 and 7.2.4 have been satisfied.

Section 7.3 Conditions to the Sellers' Obligations. The obligations of the Sellers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing of each of the following conditions:

7.3.1 The representations and warranties of the Purchasers (other than Sections 5.1 and 5.2) that do not expressly relate to a specific date shall be true and correct (determined without regard to any materiality or material adverse effect qualification or any qualification based upon a threshold amount of Damages contained in such statement) as of the Closing as though made at and as of the Closing, and the representations and warranties of the Purchasers that expressly relate to a specific date shall, as of the Closing, remain true and correct at and as of such date, except, in either case, for such failures of any representations and warranties of the Purchasers (including Sections 5.1 and 5.2) to be true and correct

that would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Purchasers' ability to perform or consummate the transactions contemplated by this Agreement, and the representations and warranties of the Purchasers in Sections 5.1 and 5.2 shall be true and correct in all material respects at and as of the Closing Date, as if made at and as of such date;

7.3.2 Reuters shall have performed and complied in all material respects with each covenant required by this Agreement to be performed or complied with by it at or prior to the Closing;

7.3.3 MTH shall have received prior to the Closing a statement, in form and substance reasonably satisfactory to MTH and dated no earlier than 30 days prior to the Closing Date, from SAVVIS satisfying the requirements of Treasury Regulations Section 1.1445-2(c)(3) with respect to the transfer of the SAVVIS Stock provided for herein; provided that if Reuters provides MTH additional cash in an amount sufficient to satisfy any withholding obligations of MTH arising from the failure to obtain such statement from SAVVIS (which additional amount shall be paid upon the conditions that MTH shall apply such amounts to satisfy such withholding obligation and that Reuters shall have the exclusive right, at its expense, to obtain a refund of such amounts from the IRS) and agrees in writing to indemnify and hold harmless MTH for Damages arising out of the failure to obtain such statement from SAVVIS, this condition shall be deemed waived; and

7.3.4 Prior to or at the Closing, each of Limited and RSA shall have delivered to the Sellers a certificate of an authorized signatory of such Person, dated as of the Closing Date, to the effect that the conditions specified in Sections 7.3.1 and 7.3.2 have been satisfied.

7.3.5 The Quick Agreement shall be in full force and effect.

ARTICLE VIII

TERMINATION

Section 8.1 Termination. This Agreement may be terminated at any time prior to the consummation of the Closing under the following circumstances:

8.1.1 by mutual written consent of MTH and Reuters;

8.1.2 by either Reuters or MTH, upon written notice to the other if the Closing shall not have been consummated on or before the Outside Date; provided that the right to terminate this Agreement under this Section 8.1.2 shall not be available to a party if such party's or such party's Affiliate's material breach of any of its obligations hereunder, which material breach is capable of being cured, has been the cause of or resulted in the failure of the Closing to be consummated on or before the Outside Date;

8.1.3 by Reuters upon written notice to MTH, if there shall have been a material breach of any representation, warranty, covenant or agreement of the Sellers or OEP set forth in this Agreement, which shall result in a failure of a condition set forth in Section 7.2.1, 7.2.2, 7.2.3 or 7.2.4 in either case, which is incapable of being cured or, if capable of being cured, shall not have been cured within thirty (30) days following receipt by the Sellers of notice of such breach from Reuters;

8.1.4 by MTH upon written notice to Reuters, if there shall have been a material breach of any representation, warranty, covenant or agreement of Reuters set forth in this Agreement, which breach would give rise to a failure of a condition set forth in Section 7.3.1 or 7.3.2 and is incapable of being cured or, if capable of being cured, shall not have been cured within thirty (30) days following receipt by Reuters of notice of such breach from MTH;

8.1.5 by either Reuters or MTH, upon written notice to the other, in the event it shall be impossible for any condition to its performance in this Agreement to be satisfied;

8.1.6 by either Reuters or MTH upon written notice to the other, if there shall be in effect a final, non-appealable order a court or any other Governmental Authority of competent jurisdiction permanently prohibiting the consummation of the transactions contemplated hereby; or

8.1.7 by Reuters upon written notice to MTH, if any of the Purchased Subsidiaries shall become the subject of a proceeding as a result of the filing of a voluntary petition, or the filing of any involuntary petition which remains undismissed after thirty (30) days (unless the Purchasers or any of their Affiliates have taken any action that has caused or resulted in the filing of any such involuntary petition, other than actions related to or arising out of the failure of MTH or its Affiliates to pay amounts due and payable under the TSA), under any chapter of the Bankruptcy Code.

Section 8.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 8.1, this Agreement, other than the provisions of Sections 1.1 (as applicable), 6.16, 6.18, 6.19, this Section 8.2 and Article X, shall become void and have no effect, without any liability on the part of any party hereto or its directors, officers, members, partners or stockholders. Notwithstanding the foregoing, (a) nothing in this Section 8.2 shall relieve any party hereto of liability for a breach of any of its obligations under this Agreement prior to termination, (b) if it shall be finally judicially determined that termination of this Agreement resulted from an intentional and deliberate breach of this Agreement, then, in addition to other remedies at Law or equity for breach of this Agreement, the party so found to have intentionally and deliberately breached this Agreement shall indemnify and hold harmless the other parties hereto for their respective out-of-pocket costs, including the reasonable fees and expenses of their counsel, accountants, financial advisors and other experts and advisors, as well as reasonable fees and expenses incident to the negotiation, preparation and execution of

this Agreement and related documentation and (c) in no event shall any party hereto be liable for any incidental, indirect or consequential damages, lost profits or other special damages of a party hereto.

ARTICLE IX

SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

Section 9.1 Survival of Representations, Warranties and Covenants; Indemnification.

9.1.1 The representations and warranties provided for in this Agreement and the covenants contained in this Agreement to be performed or complied with at or prior to the Closing Date shall survive the Closing through and including the second anniversary of the Closing Date; provided, however, that (a) the representations and warranties contained in Sections 3.1.1, 3.2 (other than 3.2.4 and 3.2.5), 3.3, 3.14, 3.25, 4.1, 4.2, 4.5, 5.1, 5.2, 5.3 and 5.6 shall survive the Closing indefinitely and (b) the representations and warranties contained in Sections 3.8, 3.15 and 3.17 herein shall survive until 60 days after the expiration of the applicable statute of limitations (including all periods of extension, whether automatic or permissive). The covenants contained in this Agreement to be performed or complied with after the Closing Date shall survive in accordance with their terms.

9.1.2 The survival period of each representation, warranty and covenant as provided in Section 9.1.1 is referred to herein as the “Survival Period”.

9.1.3 Subject to the limitations set forth in this Article IX, subsequent to the Closing (provided that a specific Claim alleging in reasonable detail the then existing factual basis for such Claim and the Section of this Agreement alleged to have been breached has been made, in the case of a representation, warranty or covenant, during the applicable Survival Period), the Sellers shall, jointly and severally, indemnify, defend and hold harmless Reuters and their respective Subsidiaries (and after the Closing the Purchased Subsidiaries), and their respective Affiliates, and their respective officers, directors, agents, attorneys and representatives, and each of their heirs, executors, successors and assigns (collectively, the “Representatives”), against and in respect of any and all Damages suffered by such Indemnified Parties arising out of or resulting from: (a) the failure of any representation or warranty of the Sellers set forth in this Agreement or in any Ancillary Agreement (other than a representation or warranty contained in Section 3.8, the indemnification for which shall be solely and exclusively governed by Section 6.9), to be true and correct in all respects, without regard to any materiality or Material Adverse Effect qualification or any qualification based on a threshold amount of Damages (other than (i) the qualifications based on the Damages thresholds in Sections 3.11.7, 3.11.12 and 3.13 and (ii) any such qualification that is used in a representation or warranty to determine the types of Contracts, Permits or other items required (and not just permitted) to be set forth in a

Section of the Sellers' Disclosure Schedule), at the Closing Date; (b) the breach of any covenant or other agreement on the part of Sellers under this Agreement or any Ancillary Agreement (other than a covenant or agreement relating to Taxes, the indemnification for which shall be solely and exclusively governed by Section 6.9); (c) any Excluded Asset or any Excluded Liability; (d) any claims against Reuters and its Affiliates (including the Purchased Subsidiaries) from any shareholders or holders of any Indebtedness of any Business Entity (other than any shareholders of the Purchased Subsidiaries who become such through actions of Reuters or its Affiliates taken, or holders of Indebtedness of the Purchased Subsidiaries created, after the Closing) in their capacity as such; (e) any Liabilities in respect of fees or payments owed by the Business Entities to Data Providers in excess of \$4,600,000 in the aggregate for content provided to the Business prior to the date hereof which are determined to be due pursuant to audit or similar procedures; provided, that any such amounts are payable in respect of Liabilities of the Business Entities incurred prior to the Closing; (f) any Liabilities relating to obligations to pay currently disputed or unexpected fees or other amounts to network, field service or communication providers (other than SAVVIS) in respect of periods prior to the date hereof in aggregate amount in excess of \$1,200,000; (g) any Liabilities arising out of the Real Property Lease located at 7-9 Harrison Street, New York, NY in excess of \$750,000 in the aggregate; and (h) any Liabilities for Indebtedness of the Business held by any third party.

9.1.4 Subject to the limitations set forth in this Article IX, subsequent to the Closing (provided that a specific Claim alleging in reasonable detail the then existing factual basis for such Claim and the Section of this Agreement alleged to have been breached has been made, in the case of a representation, warranty or covenant, during the applicable Survival Period), the Purchasers shall, jointly and severally, indemnify, defend and hold harmless the Sellers, their respective Affiliates and their respective Representatives, against and in respect of any and all Damages suffered by such Indemnified Parties arising out of or resulting from: (a) the failure of any representation or warranty of the Purchasers set forth in this Agreement or any Ancillary Agreement or the other agreements, documents, instruments and certificates to be executed and delivered by the Purchasers in connection with this Agreement or the Ancillary Agreements, to be true and correct in all respects, without regard to any materiality or material adverse effect qualification or any qualification based on a threshold amount of Damages, at the Closing Date; (b) the breach of any covenant or other agreement on the part of the Purchasers or its Affiliates under this Agreement or any Ancillary Agreement; (c) any Transferred Asset or Transferred Liability of the Purchased Subsidiaries; and (d) the operation of the Business from and after the Closing Date, except, in the case of clauses (c) and (d), for matters for which the Sellers have an express obligation to indemnify Reuters and its Subsidiaries, their respective Affiliates, and their Representatives pursuant to this Agreement.

9.1.5 Any Person providing indemnification pursuant to the provisions of this Section 9.1 is referred to herein as an "Indemnifying Party," and any Person entitled to be indemnified pursuant to the provisions of this Section 9.1 is referred to herein as an "Indemnified Party".

9.1.6 The Sellers' indemnification obligations contained in Section 9.1.3(a), other than for a breach of a representation or warranty contained in Sections 3.1, 3.2.1, 3.2.3, 3.3, 3.14 and 3.15.5 (collectively, the "Sellers' Unlimited Warranties"), shall not apply to any claim for Damages until the aggregate amount of all Claims under Section 9.1.3(a) totals \$2,000,000 (the "Basket Amount"), in which event the Sellers' indemnification obligations contained in Section 9.1.3(a) shall only apply to the amount of such Damages in excess of the Basket Amount, subject to a maximum liability to Purchasers and the Indemnified Parties for aggregate Damages equal to the Cap Amount. Without limiting the foregoing, (i) the Escrow Amount together with any and all income earned thereon ("Cap Amount") held in escrow shall constitute the sole and exclusive source of payment or recovery for all Claims for indemnification by the Purchasers and Indemnified Parties pursuant to Sections 9.1.3(a), (b), (e) and (f), other than with respect to the Sellers' Unlimited Warranties which are limited by the remainder of this sentence, and (ii) in no event shall the Sellers ever be required to indemnify the Purchasers or any Indemnified Parties pursuant to Section 9.1.3 or any other Section of this Agreement for Damages exceeding, in the aggregate, an amount equal to (x) the Final Cash Purchase Price plus the SAVVIS Stock Fair Market Value as of the Closing Date of the SAVVIS Stock less (y) the aggregate amount recovered by the Purchasers and any Indemnified Parties pursuant to Section 9.1.9.

9.1.7 Reuters' indemnification obligation contained in Section 9.1.4(a), other than for a breach of a representation or warranty contained in Section 5.1 or 5.6 (collectively, "Reuters Unlimited Warranties"), shall not apply to any claim for Damages until the aggregate amount of all Claims under Section 9.1.4(a) totals the Basket Amount, in which event Reuters' indemnification obligation contained in Section 9.1.4(a) shall only apply to the amount of such Damages in excess of the Basket Amount. Notwithstanding anything to the contrary contained herein, subject to the limitations set forth in the first sentence of this Section 9.1.7, in no event shall Purchasers ever be required to indemnify the Sellers or any Indemnified Parties (i) pursuant to Section 9.1.4(a) or (b), other than with respect to Reuters' Unlimited Warranties, for Damages exceeding, in the aggregate, an amount equal to the Cap Amount and (ii) pursuant to Section 9.1.4 (other than with respect to clauses (a) or (b) which are the subject of the preceding clause (i), except for Reuters' Unlimited Warranties) or any other Section of this Agreement for Damages exceeding, in the aggregate, an amount equal to the Final Cash Purchase Price plus the SAVVIS Stock Fair Market Value as of the Closing Date of the SAVVIS Stock.

9.1.8 The provisions of Section 6.9 and this Article IX shall constitute the sole and exclusive remedy following the Closing of any Indemnified Party for Damages arising out of, resulting from or incurred in connection with this Agreement, any Ancillary Agreement and the transactions contemplated hereby and thereby, whether in contract, tort or otherwise; provided, however, this exclusive

remedy for Damages does not preclude a party from bringing an action for specific performance or other equitable remedy to require a party to perform its agreements, covenants or obligations under this Agreement or any Ancillary Agreement or for fraud.

9.1.9 Subject to the limitations set forth in Article IX, subsequent to the Closing, OEP shall indemnify, defend and hold harmless Reuters, their respective Subsidiaries (and after the Closing the Purchased Subsidiaries), their respective Affiliates and their respective Representatives (collectively, the “Reuters Indemnified Parties”), against and in respect of any and all Damages suffered by such Reuters Indemnified Parties arising out of or resulting from: (a) the failure of any representation or warranty of OEP set forth in this Agreement to be true and correct in all respects, without regard to any materiality qualification or any qualification based on a threshold amount of Damages, at the Closing Date, (b) the breach of any covenant of OEP under this Agreement; (c) the failure of any representation or warranty set forth in Section 3.2.1 or 3.2.3 (other than with respect to the last two sentences therein) to be true and correct in all respects at the Closing Date; (d) the breach of any covenant set forth in Section 6.9.13; and (e) any claims from any shareholders or holders of Indebtedness (other than within the meaning of clause (iii) and clause (vi) as it applies to clause (iii) of the definition thereof) of any Business Entity (other than any shareholders of the Purchased Subsidiaries who become such through actions of Reuters or its Affiliates taken, or holders of Indebtedness of the Purchased Subsidiaries created, after the Closing) in their capacity as such. OEP’s obligation to indemnify, defend and hold harmless the Reuters Indemnified Parties against Damages under clauses (c), (d) and (e) of this Section 9.1.9 shall be joint and several with the Sellers’ indemnification obligations to the Reuters Indemnified Parties against such Damages under Section 9.1.3. Notwithstanding anything to the contrary contained herein, (i) in no event shall OEP ever be required to indemnify the Reuters Indemnified Parties pursuant to this Section 9.1.9 for Damages exceeding, in the aggregate, an amount equal to the difference of (A) the sum of the portion of the Final Cash Purchase Price plus the SAVVIS Stock Fair Market Value as of the Closing Date of the portion of the SAVVIS Stock received by OEP, any Affiliates of OEP or any employee of OEP, minus (B) the aggregate fees and expenses incident to this Agreement and the transactions contemplated herein actually incurred and paid by OEP; and (ii) in no event shall the Purchasers and the Indemnified Parties ever be entitled to indemnification under this Agreement from the Sellers and OEP for Damages exceeding, in the aggregate, an amount equal to the Final Cash Purchase Price plus the SAVVIS Stock Fair Market Value as of the Closing Date of the SAVVIS Stock. In the case of any claim for indemnification under this Section 9.1.9, arising from a claim of a third party, the provisions of Section 9.2 shall govern. The provisions of this Section 9.1.9 may not be assigned by operation of law or otherwise (including, without limitation, by way of merger, consolidation or sale of interests in any entity); provided, however, that the Reuters Indemnified Parties may assign the provisions of this Section 9.1.9 to Reuters Group PLC or any of its Affiliates, except that any assignment to parties that are Affiliates of Reuters Group PLC shall be effective only for so long as such parties remain Affiliates of Reuters Group PLC.

Section 9.2 Procedures for Third Party Claims.

9.2.1 In the case of any claim for indemnification arising from a Claim of a third party other than a Tax Claim (each such non-excluded Claim, a “Third Party Claim”), an Indemnified Party shall give prompt written notice to the Indemnifying Party of any Claim of which such Indemnified Party has knowledge, and as to which it may request indemnification hereunder, specifying (to the extent known) the amount of such Claim and any relevant facts and circumstances relating thereto; provided, however, that any failure to give such prompt notice or to provide any such facts and circumstances will not waive any rights of the Indemnified Party, except to the extent that the rights of the Indemnifying Party are actually prejudiced thereby. The Indemnifying Party shall have the right to elect by written notice within 30 days after receiving notice from the Indemnified Party to defend and to direct the defense against any such Third Party Claim, in its name or in the name of the Indemnified Party, as the case may be, at the expense of the Indemnifying Party, and with counsel selected by the Indemnifying Party (which must be reasonably satisfactory to the Indemnified Party), negotiate, settle or otherwise deal with any Third Party Claim which relates to any Damages indemnified against hereunder; provided that the Indemnifying Party shall have acknowledged in writing to the Indemnified Party its unqualified obligation to indemnify the Indemnified Party as provided hereunder in respect of all Damages resulting or arising from such Third Party Claims for which it is responsible, unless (a) the Indemnifying Party shall not have taken any action to defend such Third Party Claim within such 30-day period, (b) the Indemnified Party shall have reasonably concluded that there is a conflict of interest between the Indemnified Party and the Indemnifying Party in the conduct of the defense of such Third Party Claim or (c) the Indemnified Party reasonably concludes that the Damages from such claim, individually or in the aggregate with all other claims, are reasonably likely to exceed the Cap Amount. Notwithstanding anything in this Agreement to the contrary (other than the last sentence of this Section 9.2.1), the Indemnified Party and the Indemnifying Party shall reasonably cooperate with each other and keep the other party fully informed in the defense of such Third Party Claim. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel employed at its own expense; provided, however, that, in the case of any Third Party Claim described in clauses (a), (b) or (c) above (or as to which the Indemnifying Party shall not yet have employed counsel to assume the defense of such Third Party Claim), the reasonable fees and disbursements of such Indemnified Party’s counsel shall be at the expense of the Indemnifying Party (until such time as the defense is assumed by the Indemnifying Party, in the case of the parenthetical above). The Indemnifying Party shall have no indemnification obligations with respect to any Third Party Claim which shall be settled by the Indemnified Party without the prior written consent of the Indemnifying Party.

9.2.2 Subject to Section 9.2.1 above, if the Indemnifying Party has assumed the defense of any Third Party Claim as provided in this Section 9.2.2, it shall not consent to a settlement of, or the entry of any judgment arising from, any such Third Party Claim without the Indemnified Party’s prior written consent (which

shall not be unreasonably withheld, conditioned or delayed) unless such settlement or judgment (a) relates solely to monetary damages for which the Indemnifying Party shall be responsible and (b) includes as an unconditional term thereof the release of the all Indemnified Parties from all liability with respect to such Third Party Claim. Notwithstanding the foregoing, if a settlement offer solely for money damages is made by the applicable third party claimant, and the Indemnifying Party notifies the Indemnified Party in writing of the Indemnifying Party's willingness to accept the settlement offer and, subject to the applicable limitations of Section 9.2, pay the amount called for by such offer, and the Indemnified Party declines to accept such offer, the Indemnified Party may continue to contest such Claim, free of any participation by the Indemnifying Party, and the amount of any ultimate liability with respect to such Claim that the Indemnifying Party has an obligation to pay hereunder shall be limited to the lesser of (A) the amount of the settlement offer that the Indemnified Party declined to accept plus the Damages of the Indemnified Party relating to such Claim through the date of its rejection of the settlement offer or (B) the aggregate Damages of the Indemnified Party with respect to such Claim.

9.2.3 The foregoing provisions of this Section 9.2 shall not apply to Third Party Claims involving Taxes, which Claims shall instead be governed by the provisions of Section 6.9 hereof.

Section 9.3 Procedures for Inter-Party Claims. In the event that an Indemnified Party determines that it has a Claim for Damages against an Indemnifying Party hereunder (other than as a result of a Third Party Claim), the Indemnified Party shall give prompt written notice thereof to the Indemnifying Party, specifying the amount of such Claim and any relevant facts and circumstances relating thereto. The Indemnified Party shall provide the Indemnifying Party with reasonable access to its records for the purpose of allowing the Indemnifying Party a reasonable opportunity to verify any such claim for Damages. Within thirty (30) days after the Indemnifying Party's receipt of the Notice of Claim, the parties shall thereafter attempt to resolve any disputes with respect to the Indemnified Party's right to indemnification and/or the Indemnification Amount. In the event the Parties cannot resolve the matter within such time, such dispute shall be resolved by litigation in a court of competent jurisdiction.

Section 9.4 Calculation of Damages. The Damages suffered by any party hereto shall be calculated after giving effect to the receipt by the Indemnified Party of any recoveries from third parties, including insurance recoveries (it being understood and agreed that the Indemnified Parties shall use their commercially reasonable efforts to seek insurance recoveries in respect of Damages to be indemnified hereunder; provided, however, that the Reuters Indemnified Parties shall not be obligated to seek insurance recoveries in respect of such Damages under any insurance policies other than the Business Policies), and shall not take into account any Tax effects. In the event any insurance proceeds are actually realized by an Indemnified Party subsequent to the receipt by such Indemnified Party of an indemnification payment hereunder in respect of the claims to which such insurance proceedings relate, appropriate refunds shall be made promptly to the Indemnifying Party regarding the amount of such indemnification payment.

Section 9.5 Claim Period. The obligations of each party hereto to indemnify, defend and hold harmless the Indemnified Parties pursuant to this Article IX shall terminate when, in the case of a breach of a representation, warranty or covenant, the applicable Survival Period expires pursuant to Section 9.1.1. Notwithstanding the preceding sentence, the obligations of each party hereto to indemnify, defend and hold harmless the Indemnified Parties pursuant to this Article IX shall survive the time at which such obligations would otherwise terminate pursuant to the preceding sentence if a specific Claim alleging in reasonable detail the then existing factual basis for such Claim and the Section of this Agreement alleged to have been breached has been made, in the case of a breach of a representation, warranty or covenant, during the applicable Survival Period.

Section 9.6 Mitigation. The Purchasers and the Sellers shall cooperate with each other with respect to resolving any claim or Liability with respect to which one Party is obligated to indemnify the other Party hereunder, including by making commercially reasonable efforts to mitigate or resolve any such claim or Liability; provided, that the Reuters Indemnified Parties shall not be obligated to seek insurance recoveries in respect of any claim or Liability under any insurance policies other than the Business Policies.

Section 9.7 No Duplication. Notwithstanding anything in this Agreement, any amounts payable pursuant to the indemnification obligations under Article IX shall be paid without duplication, and in no event shall (i) any Party be indemnified under different provisions of this Agreement for the same Damages or (ii) any Seller or OEP be required to indemnify the Purchasers or any Indemnified Parties hereunder for Damages to the extent that the Purchasers are compensated for such Damages pursuant to Section 2.5.

Section 9.8 Use of SAVVIS Stock to Satisfy Indemnity Obligations. Each of the Sellers and OEP may utilize the SAVVIS Stock acquired by them pursuant to this Agreement (including any SAVVIS Escrow Shares delivered to the Sellers by the Escrow Agent upon release of such shares from escrow under the Escrow Agreement, but not including any shares of Series A Convertible Redeemable Preferred Stock of SAVVIS or other securities or property acquired from any third party), to satisfy indemnity obligations to the Reuters Indemnified Parties under this Agreement and, for such purpose, shares of SAVVIS Stock shall be deemed to have a value per share equal to the SAVVIS Stock Fair Market Value on the Closing Date irrespective of the value of such shares on the date delivered by the Sellers or OEP, as applicable, to the Reuters Indemnified Parties; provided, however, that (i) none of the Sellers or OEP may utilize shares of SAVVIS Stock to satisfy any of its indemnity obligations hereunder unless and until an amount equal to the Final Cash Purchase Price, plus the aggregate SAVVIS Stock Fair Market Value as of the Closing Date of all SAVVIS Stock disposed of by the Sellers or OEP or entirely converted into or exchanged or disposed for cash as described in the further proviso below, shall have been paid to the Reuters Indemnified Parties in cash in satisfaction of such indemnity obligations hereunder, and (ii) nothing contained in this Section 9.8 shall be deemed to modify or amend the terms of the Escrow Agreement; and, provided, further, that, for purposes of this Section 9.8, such SAVVIS Stock shall not have been converted entirely into, exchanged entirely for, or otherwise disposed of entirely for, cash.

ARTICLE X

Miscellaneous

Section 10.1 Notices. All notices or other communications required or permitted hereunder shall be in writing and shall be delivered personally, by facsimile (with confirming copy sent by one of the other delivery methods specified herein), by overnight courier or sent by certified, registered or express air mail, postage prepaid, and shall be deemed given when so delivered personally, or when so received by facsimile or courier, or, if mailed, three calendar days after the date of mailing, as follows:

If to the Sellers or OEP:

Moneyline Telerate Holdings, Inc.
233 Broadway
New York, New York 10279
Facsimile: (212) 553-9698
Attention: Chief Legal Officer

and

One Equity Partners LLC
320 Park Avenue
New York, New York
Facsimile: (212) 277-1532
Attention: Daniel J. Selmonosky

with copies to:

Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Facsimile: (212) 751-4864
Attention: R. Ronald Hopkinson, Esq.
David S. Allinson, Esq.

and

Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, New York 10178
Facsimile: (212) 309-6001
Attention: Ira White, Esq.

If to Reuters:

Reuters Limited
85 Fleet Street
London, EC4P 4AJ United Kingdom
Facsimile: 011 44 20 7542 6848
Attention: Group General Counsel

with a copy to:

Reuters America LLC
3 Times Square
New York, New York 10036
Facsimile: (646) 223-4250
Attention: General Counsel

and

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Facsimile: (212) 310-8007
Attention: David Zeltner, Esq.

or to such other address and with such other copies as any party hereto shall notify the other parties hereto (as provided above) from time to time.

Section 10.2 Expenses. Regardless of whether the transactions provided for in this Agreement are consummated, except as otherwise expressly provided herein, each of the parties hereto shall pay its own expenses incident to this Agreement and the transactions contemplated herein (including legal fees, accounting fees, investment banking fees and filing fees). Any out-of-pocket fees and expenses incurred by the Business Entities in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby shall be paid and satisfied prior to the Closing.

Section 10.3 Governing Law; Consent to Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the internal Laws of the State of New York, without reference to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York and the United States District Court for any district within such state for the purpose of any Action or judgment relating to or arising out of this Agreement or any of the transactions contemplated hereby and to the laying of venue in such court. Service of process in connection with any such Action may be served on each party hereto by the same methods as are specified for the giving of notices under this Agreement. Each party hereto irrevocably and unconditionally waives and agrees not to plead or claim any objection to the laying of venue of any such Action brought in such courts and irrevocably and unconditionally waives any claim that any such Action brought in any such court has been brought in an inconvenient forum.

Section 10.4 Waiver of Jury Trial. Each party hereto acknowledges and agrees that any controversy which may arise under this Agreement or any Ancillary Agreement is likely to involve complicated and difficult issues, and, therefore, each such party hereby irrevocably and unconditionally waives to the fullest extent permitted by applicable Law, any right such party may have to a trial by jury in respect to any Action directly or indirectly arising out of, under or in connection with or relating to this Agreement or any Ancillary Agreement or the transactions contemplated by this Agreement or any Ancillary Agreement. Each party hereto certifies and acknowledges that (a) no representative, agent or attorney of any other party hereto has represented, expressly or otherwise, that such other party would not, in the event of such Action, seek to enforce the foregoing waiver, (b) each such party understands and has considered the implications of this waiver, (c) each such party makes this waiver voluntarily, and (d) each such party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 10.4.

Section 10.5 Assignment; Successors and Assigns; No Third Party Rights. This Agreement and the Ancillary Agreements may not be assigned by any party hereto without the prior written consent of the other parties hereto, and any attempted assignment shall be null and void; provided, however, that without the consent of any other party hereto, (i) Reuters may assign any or all of its rights and obligations to one or more Designated Affiliates, provided that in each case Reuters, jointly and severally with such assignee, continues to remain fully subject to such obligations (it being acknowledged and agreed that Reuters shall be liable for any Liabilities assumed by or assigned to Reuters' Designated Affiliates) and (ii) MTH, following the Closing, may assign any or all of its rights to an Affiliate. This Agreement and the Ancillary Agreements shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as provided in Section 9.1, this Agreement shall be for the sole benefit of the parties hereto, and their respective successors and permitted assigns and is not intended, nor shall be construed, to give any Person, other than the parties hereto and their respective successors and permitted assigns any legal or equitable right, benefit, remedy or claim hereunder.

Section 10.6 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original agreement, but all of which together shall constitute one and the same instrument.

Section 10.7 Titles and Headings. The headings and table of contents in this Agreement are for reference purposes only, and shall not in any way affect the meaning or interpretation of this Agreement.

Section 10.8 Entire Agreement. This Agreement (including the Schedules and Exhibits attached hereto or delivered in connection herewith), the Ancillary Agreements and the Confidentiality Agreement constitute the entire agreement among the parties hereto with respect to the matters covered hereby and thereby, and supersede all previous written, oral or implied understandings among them with respect to such matters.

Section 10.9 Amendment and Modification. This Agreement may not be amended except by an instrument in writing signed on behalf of Reuters and MTH.

Section 10.10 Waiver. Any of the terms or conditions of this Agreement may be waived at any time by the party or parties hereto entitled to the benefit thereof, but only by a writing signed by the party or parties waiving such terms or conditions provided that MTH may waive any term or condition on behalf of any Seller and Reuters may waive on behalf of any Purchaser.

Section 10.11 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions completed hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 10.12 No Strict Construction. Reuters and the Sellers each acknowledge that this Agreement has been prepared jointly by the parties hereto and shall not be strictly construed against any party hereto.

Section 10.13 Affiliate and Subsidiary Status. To the extent that a party hereto is required hereunder to take certain action with respect to entities designated herein as such party's Affiliates or Subsidiaries, such obligation shall apply to such entities only during such period of time that such entities are Affiliates or Subsidiaries of such party.

Section 10.14 Equitable Remedies. The covenants and undertakings contained in this Agreement, including Sections 6.14, 6.15, 6.16, 6.17 and 6.18 relate to matters which are special, unique and extraordinary in character, and violation of any of such terms will cause irreparable injury to the parties, the amount of which would be impossible to estimate or determine and which cannot be adequately compensated. Therefore, the party hereto harmed by such breach will be entitled to an injunction, restraining order or other equitable relief from any court of competent jurisdiction in the event of a breach of such terms. The rights and remedies provided by this Section 10.14 are cumulative and in addition to any other rights and remedies which the parties hereto may have hereunder or at law or in equity.

Section 10.15 Limited Recourse. Except to the extent explicitly agreed in this Agreement, any Ancillary Agreement or any other document, agreement or instrument contemplated hereby or thereby, the obligations of the Sellers and the Business Entities hereunder and under any Ancillary Agreement shall be without recourse to any director, officer, stockholder, member, partner, Associate or Affiliate of the Sellers and the Business Entities or their respective directors, officers, stockholders, employees, agents, stockholders, members or partners and shall be limited to the assets of the Sellers and the Business Entities.

Section 10.16 No Other Representations. Each party hereto acknowledges that no party hereto makes any representation or warranty to any other party hereto in connection with the subject matter hereof except as expressly set forth in this Agreement or in any Ancillary Agreement.

Section 10.17 Definitive Agreement. Each party hereto acknowledges and agrees that this Agreement constitutes a Definitive Agreement under the Transitional Services Agreement.

Section 10.18 Services to the Sellers, OEP and the Purchased Subsidiaries. The Purchasers acknowledge that Latham & Watkins LLP ("L&W") and Morgan, Lewis & Bockius LLP ("ML&B") have represented the Sellers and/or OEP in connection with this Agreement and the transactions contemplated hereby and consent to their continued representation of the Sellers and/or OEP following the Closing, including in connection with any disputes that may arise out of or relate to this Agreement even though they may have represented or performed services for the Business or the Purchased Subsidiaries prior to the Closing; provided, however, that nothing contained in this Section 10.18 shall constitute a waiver of attorney client privilege by any Purchased Subsidiary with respect to any services provided by L&W or ML&B prior to the Closing.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

MONEYLINE TELERATE HOLDINGS, INC.

By: /s/ Alexander Rush

Name: Alexander Rush

Title: CEO

REUTERS LIMITED

By: _____

Name:

Title:

REUTERS S.A.

By: _____

Name:

Title:

ONE EQUITY PARTNERS LLC

Solely for purposes of Article IV, and Sections 2.3.6, 6.5.1, 6.6, 6.7, 6.9.3(i), 6.9.15, 6.14, 6.16, 6.19, 9.1.9, 9.7, 10.15, 10.16, 10.17 and 10.18

By: _____

Name:

Title:

MTH SUBSIDIARIES:

MONEYLINE TELERATE (GLOBAL) SARL

By: /s/ Bernard F. Battista

Name: Bernard F. Battista

Title:

MONEYLINE TELERATE (LUXEMBOURG) SARL

By: /s/ Bernard F. Battista

Name: Bernard F. Battista

Title:

MONEYLINE TELERATE CANADA, INC.

By: /s/ Bernard F. Battista
Name: Bernard F. Battista
Title:

MONEYLINE TELERATE FINANZINFORMATIONEN (AUSTRIA)
GMBH

By: /s/ Bernard F. Battista
Name: Bernard F. Battista
Title:

MONEYLINE TELERATE (DENMARK) APS

By: /s/ Bernard F. Battista
Name: Bernard F. Battista
Title:

MONEYLINE TELERATE (BELGIUM) SPRL

By: /s/ Bernard F. Battista
Name: Bernard F. Battista
Title:

TELERATE FINANCIAL INFORMATION OY

By: /s/ Bernard F. Battista
Name: Bernard F. Battista
Title:

MONEYLINE TELERATE (GERMANY) GMBH

By: /s/ Bernard F. Battista
Name: Bernard F. Battista
Title:

MONEYLINE TELERATE MAGYARORSZAG KFT

By: /s/ Bernard F. Battista
Name: Bernard F. Battista
Title:

MONEYLINE TELERATE (IRELAND) LIMITED

By: /s/ [Bernard F. Battista](#)
Name: Bernard F. Battista
Title:

MONEYLINE TELERATE (NORWAY) AS

By: /s/ [Bernard F. Battista](#)
Name: Bernard F. Battista
Title:

MONEYLINE TELERATE (SWEDEN) AB

By: /s/ [Bernard F. Battista](#)
Name: Bernard F. Battista
Title:

MONEYLINE TELERATE (SWITZERLAND) GMBH

By: /s/ [Bernard F. Battista](#)
Name: Bernard F. Battista
Title:

MONEYLINE TELERATE (UK) LIMITED

By: /s/ [Bernard F. Battista](#)
Name: Bernard F. Battista
Title:

MONEYLINE NETWORK U.K./EUROPE LTD.

By: /s/ [Bernard F. Battista](#)
Name: Bernard F. Battista
Title:

MONEYLINE TELERATE LIMITED

By: /s/ [Bernard F. Battista](#)
Name: Bernard F. Battista
Title:

MONEYLINE TELERATE (AUSTRALIA) PTY. LTD.

By: /s/ Bernard F. Battista

Name: Bernard F. Battista

Title:

MONEYLINE TELERATE (HONG KONG) LTD.

By: /s/ Bernard F. Battista

Name: Bernard F. Battista

Title:

MONEYLINE TELERATE (MALAYSIA) SDN BHD

By: /s/ Bernard F. Battista

Name: Bernard F. Battista

Title:

MONEYLINE TELERATE (PHILIPPINES) INC.

By: /s/ Bernard F. Battista

Name: Bernard F. Battista

Title:

MONEYLINE TELERATE (SINGAPORE) PTE. LTD.

By: /s/ Bernard F. Battista

Name: Bernard F. Battista

Title:

MONEYLINE TELERATE MAURITIUS

By: /s/ Bernard F. Battista

Name: Bernard F. Battista

Title:

MONEYLINE TELERATE (THAILAND) LTD.

By: /s/ Bernard F. Battista

Name: Bernard F. Battista

Title:

Moneyline Telerate
Moneyline Network, Inc.
Moneyline Telerate International

EXHIBIT VII – TRANSFERRED ASSETS

All assets of the Business Entities (other than the Purchased Subsidiaries) used or held for use in the operation or conduct of the Business, including without limitation (but in all cases except for any Excluded Asset):

- (a) all cash and accounts receivable;
 - (b) all inventory used or intended to be used in connection with the Business;
 - (c) all Contracts used or held for use in the operation or conduct of the Business, including those set forth on Section 3.16 of the Sellers' Disclosure Schedule, the Customer Contracts and the Content Provider Contracts;
 - (d) all deposits (including customer deposits and security deposits for rent, electricity, telephone or otherwise) and prepaid charges and expenses;
 - (e) all rights under each Real Property Lease (other than a Real Property Lease that is an Excluded Asset), together with all improvements, fixtures and other appurtenances thereto and rights in respect thereof;
 - (f) all tangible personal property, including all furniture, fixtures, computer equipment, furnishings, tools, molds, machinery, spare parts, and equipment owned by the Business Entities (other than the Purchased Subsidiaries) and currently used in the Business;
 - (g) all credits, security deposits, refunds, rebates, prepaid items, and advance payments relating to the Transferred Assets;
 - (h) all Intellectual Property used or held for use in the operation or conduct of the Business;
 - (i) all Software used or held for use in the operation or conduct of the Business;
 - (j) all Technology used or held for use in the operation or conduct of the Business;
 - (k) all financial, business and other records and documents that are used in or held for use in the operation or conduct of the Business, including documents relating to accounting, products, services, marketing, advertising, promotional materials, Purchased Intellectual Property, personnel files for Transferred Employees and all files, customer files and documents (including credit information), supplier lists, records, literature and correspondence, but excluding personnel files for Employees of the Business Entities who are not Transferred Employees;
-

(l) all Permits, including Environmental Permits, used or held for use in the operation or conduct of the Business, to the extent transferable;

(m) all supplies owned by the Business Entities (other than the Purchased Subsidiaries) and used or held for use in the operation or conduct of the Business;

(n) all rights of the Business Entities (other than the Purchased Subsidiaries) under non-disclosure or confidentiality, non-compete, or non-solicitation agreements with employees and agents of the Business Entities (other than the Purchased Subsidiaries) or with third parties to the extent relating to the Business or the Transferred Assets (or any portion thereof);

(o) all claims, causes of action and rights to the extent relating to any Transferred Asset or any Transferred Liability;

(p) all rights of the Business Entities (other than the Purchased Subsidiaries) under or pursuant to all warranties, representations and guarantees made by suppliers, manufacturers and contractors to the extent relating to products sold, or services provided, to the Business Entities (other than the Purchased Subsidiaries) or to the extent affecting any Transferred Assets;

(q) all third party property and casualty insurance proceeds, and all rights to third party property and casualty insurance proceeds, in each case to the extent received or receivable in respect of the Business;

(r) the Real Property Leases located at (i) 100 Williams Street, New York, NY (including any guarantees related thereto), and (ii) 7-9 Street Harrison Street, New York, NY, and any related documentation; and

(s) all goodwill and other intangible assets associated with the Business, including customer and supplier lists and the goodwill associated with the Purchased Intellectual Property.

EXHIBIT VIII – EXCLUDED ASSETS

- (a) the stock and the minute books, stock ledgers, and tax records of any Subsidiary of MTH, other than the Purchased Subsidiaries;
- (b) all inter-company accounts and notes receivable of the Business, other than amounts due and owing on the Closing Date solely among the Purchased Subsidiaries;
- (c) the equity interests of the Business Entities in MarketAxess and all rights related directly thereto, and all related documents and rights thereunder;
- (d) the equity interests of the Business Entities in MarketXS and all rights related directly thereto, and all related documents and rights thereunder;
- (e) the equity interests of the Business Entities in CanDeal and all rights related directly thereto, and all related documents and rights thereunder;
- (f) all assets primarily used or held for use in the operation or conduct of the Networks Business, and all related documents and rights, including Contracts, Software, Technology, Intellectual Property and associated goodwill;
- (g) all Contracts with OEP or any of its Affiliates (other than any Contracts by which OEP or its Affiliates purchases products or services of the Business in the Ordinary Course of Business under arms-length terms), including any Contract set forth on Section 3.21 of the Sellers' Disclosure Schedule;
- (h) all Contracts between the Purchased Subsidiaries, on the one hand, and the Sellers or any Affiliate of any Seller (other than a Purchased Subsidiary), on the other hand;
- (i) any claim, right or interest of the Business Entities (other than any Purchased Subsidiary) in or to any refund, rebate, abatement or other recovery for Taxes, together with any interest due thereon or penalty rebate arising therefrom, for any Tax period (or portion thereof) ending on or before the Closing Date; and
- (j) the Real Property Leases located at (i) 273 Avenue de Terueren, Brussels, Belgium, (ii) 1B, Parc d'Activite Sydrall, L-5365 Muensbach, Luxembourg and (iii) Rivierstate Building, Amsteldijk 166, 1079 LH Amsterdam, Netherlands, and any related documentation.

EXHIBIT IX – TRANSFERRED LIABILITIES

All Liabilities of the Business Entities (other than the Purchased Subsidiaries) arising out of the conduct of the Business, including without limitation (but in all cases except for any Excluded Liability):

- (a) any and all Liabilities as reflected on the Balance Sheet (subject to any increases, or decreases thereof as may occur prior to the Closing Date in the Ordinary Course of Business) as they exist on the Closing Date;
- (b) any and all Liabilities arising prior to or after the Closing under any Contracts that are assigned to the Purchasers;
- (c) any and all Environmental Liabilities of the Business, whether arising prior to or after the Closing;
- (d) accounts payable incurred in the Ordinary Course of Business existing on the Closing Date (including, for the avoidance of doubt, (i) invoiced accounts payable and (ii) accrued but uninvoiced accounts payable);
- (e) all Liabilities that are the responsibility of Reuters pursuant to Section 6.8;
- (f) all Liabilities of the Business (whether incurred by the Purchasers or otherwise) arising under the WARN Act or any similar state or local “mass layoff” or “plant closing” Laws arising out of or related to actions taken by the Purchasers after the Closing Date; and
- (g) all Liabilities related to Business Employees or Former Business Employees under or with respect to any Benefit Plans, except as set forth in Section 6.8.6.

EXHIBIT X – EXCLUDED LIABILITIES

- (a) any and all Damages resulting from any Action or Claim arising out of any Excluded Liability;
- (b) all fees payable to Hyperfeed Technologies in connection with the termination of the agreement between Moneyline Telerate and Hyperfeed Technologies, but only if the Sellers shall not have substantially wound down and discontinued the Business' Crucible operations prior to the Closing and made all necessary payments to Hyperfeed Technologies in connection therewith (subject to reimbursement as set forth in Exhibit XII);
- (c) any and all Liabilities arising out of the Excluded Assets;
- (d) any and all Liabilities for Taxes of or related to the Business, the Business Entities or the Transferred Assets for taxable periods (or portions thereof) ending on or prior to the Closing Date and any and all Liabilities for Taxes described in Section 6.9.6, except as otherwise set forth in the Agreement or the Agreed Principles;
- (e) any and all Indebtedness of the Business held by MTH existing as of Closing;
- (f) any and all Liabilities related to any of the matters set forth on Section 3.13.1 of the Sellers' Disclosure Schedule;
- (g) any and all fees or Liabilities of the Business Entities to any Affiliate of the Business Entities, including all Liabilities of the Business Entities owed to OEP for management fees or otherwise;
- (h) any and all Liabilities related to the fees and expenses, including attorney's and accountant's fees, incurred by any of the Business Entities in connection with the Agreement, the Ancillary Agreements or the transactions contemplated by the Agreement or the Ancillary Agreements;
- (i) any and all Liabilities arising out of the transfer, sale or other disposition of the Subsidiaries of the Purchased Subsidiaries pursuant to Section 6.21;
- (j) any and all Liabilities of the Business arising under the WARN Act or any similar state or local "mass layoff" or "plant closing" Laws arising out of or related to actions taken by the Sellers or the Purchased Subsidiaries on or prior to the Closing Date; and
- (k) any and all Liabilities arising out of the liquidation, dissolution or winding up of any of the Sellers.

Exhibit XI

Agreed Principles

The Closing Balance Sheet and the Closing Statement of Closing Working Capital shall: (a) each be prepared (i) in accordance with GAAP applied in a manner consistent with the preparation of the Balance Sheet and (ii) using the same accounting methods, policies, practices and procedures, with consistent classifications, judgments and estimation methodology, as were used in the preparation of the Financial Statements to the extent the same were in accordance with GAAP, as such principles, accounting methods, policies, practices, procedures, classifications, judgments and estimation methodology are modified by the Agreed Principles; and (b) in the case of the Closing Statement of Closing Working Capital, fairly present, in all material respects, the consolidated working capital position of the Business, excluding the Excluded Assets and Excluded Liabilities, as of the Closing Date without giving effect to any purchase accounting adjustments arising from the sales of Transferred Assets and Purchased Subsidiaries as contemplated by the Agreement. Notwithstanding any provision of this Exhibit XI or the Agreement to the contrary, the Agreed Principles shall govern in the event and to the extent the Agreed Principles are in conflict with GAAP or the accounting methods, policies, practices, procedures, classifications, judgments and estimation methodology used in the preparation of the Financial Statements. The Reference Statement represents solely a good faith attempt by the parties to illustrate a calculation of Net Working Capital as of the date of such statement as if it were the Closing Date on the basis set forth herein and is intended as an aid in interpreting these Agreed Principles (including especially as to the general categories of items specifically enumerated as included) but shall not be binding, and shall not be deemed to modify in any respect the Agreed Principles, GAAP and the accounting methods, policies, practices, procedures, classifications, judgments and estimation methodology used in the preparation of the Financial Statements.

Notwithstanding any provision of the Agreement to the contrary (except as provided in Section c below), the parties hereto agree and acknowledge that the Closing Balance Sheet and the Closing Statement of Closing Working Capital shall not reflect any Tax assets or Tax liabilities (to the extent a Seller or its Affiliate has indemnified or is obligated to indemnify the Purchasers or their Affiliates therefor), in each case, whether current, deferred or otherwise.

The following accounting policies apply to the determination of Closing Working Capital.

a. Trade and Distributor Receivable Reserve

The trade and distributor accounts receivable reserve shall equal the sum of (i) specific gross trade and distributor accounts receivable identified as being uncollectible and (ii) the remaining gross trade and distributor accounts receivable greater than 180 days past due and 50% of the remaining gross trade and distributor accounts receivable greater than 90 days past due but less than 180 days past due. For the avoidance of doubt, all reserves for trade and distributor receivables shall be reflected on a gross basis with respect to value added taxes, goods and services taxes, and similar taxes.

b. Excluded Assets

All Excluded Assets shall be excluded from the Closing Statement of Closing Working Capital.

c. Excluded Liabilities

All Excluded Liabilities shall be excluded from the Closing Statement of Closing Working Capital with the exception of sales tax accrued and unpaid at the Closing Date for the Purchased Subsidiaries.

d. Lease Accrual

The current liability for the lease termination accrual shall only include the amounts due within the succeeding twelve months.

e. Accrued Vacation

Closing Working Capital shall include an accrual for unused vacation (based on actual time accrued by each individual Transferred Employee) in accordance with the Business Entities' HR policy.

f. Bonuses

Closing Working Capital shall include liabilities for employee bonuses based upon the Business Entities' existing plans and practices, and individual contracts, in each case, as such plans, practices and contracts relate only to Transferred Employees, to the extent the Purchased Subsidiaries, the Purchasers or any Affiliate thereof has liability therefor. For purposes of the computation of Closing Working Capital, the discretionary portion of the bonus accrual set forth on the Reference Statement shall only be reduced for cash payments or agreed settlement amounts set forth in reasonable binding documentation prior to the Closing Date.

g. Commissions

Closing Working Capital shall include an accrual for commissions (based upon actual amounts payable to employees) in accordance with the Business Entities' commission plan. For purposes of the computation of Closing Working Capital, the commission accrual set forth on the Reference Statement shall only be reduced for cash payments or agreed settlement amounts set forth in reasonable binding documentation prior to the Closing Date.

h. Data Fees and Communication Accruals

The accruals for the obligations to pay fees or other amounts to data providers, SAVVIS or other network, field service or communication providers shall provide for (i) all outstanding and unpaid invoices for periods up to the Closing Date and, if the latest period invoiced for each such provider ends before the Closing Date, an estimate from the end of such period through the Closing Date and (ii) an estimate of the fees due to data providers, SAVVIS or other network, field service or communication providers, which were not invoiced prior to the Closing Date. For purposes of the computation of Closing Working Capital, the data fees (including the

exchange fee audits) and communication accruals set forth on the Reference Statement shall only be reduced for cash payments or agreed settlement amounts set forth in reasonable binding documentation prior to the Closing Date.

i. Transition Services Agreement Assets and Liabilities

Current assets and current liabilities related to the Transition Services Agreement included in the Closing Statement of Closing Working Capital shall be limited to amounts invoiced, but unpaid, with respect to periods up until the Closing, including invoices, with respect to the period ending on the Closing Date, to be issued after the Closing but prior to the delivery by the Purchasers of the Closing Statement of Closing Working Capital pursuant to Section 2.5.1. Moneyline Deferred Amounts and Reuters Deferred Amounts under and as defined in the TSA Amendment, and any interest in respect thereof, shall not be included on the Closing Statement of Closing Working Capital.

j. Seller Restructuring Actions

No current asset or current liabilities shall be included for any items which would constitute “Restructuring Cost Savings” under Section 2.6 of the Agreement provided that such amount was not included in the adjustment to the Preliminary Purchase Price actually made pursuant to Section 2.6.

k. Advance Purchase Price Liability

No advance Purchase Price liability resulting from the Interim Funding or any accrued interest thereon shall be included on the Closing Statement of Closing Working Capital.

l. Accounts Receivable and Accounts Payable

Accounts receivable and accounts payable shall be reflected on a gross basis with respect to value added taxes, goods and services taxes, and similar taxes.

Restructuring Actions

Real Property

Winchmore House

Intended Actions

Elimination of all Winchmore House lease liabilities and related operating expenses.

Anticipated Costs

\$11 million, less \$1.28 million* representing the costs of the lease for substitute property at Leadenhall Street for its remaining term post-Closing (which amount includes operating expenses e.g. service charges and taxes).

Total Payment: \$9,720,000*

*Subject to Reuters reasonable confirmation (a) with respect to Leadenhall lease of (i) total monthly charges being no more than £39,559, (ii) restoration and other exit costs not reasonably expected to exceed £10,000, (iii) no other payment obligations, and (iv) term no longer than December 31, 2006, and (b) of there being no other significant costs associated with the occupation of or exit from the Leadenhall property in excess of similar costs associated with the Winchmore House property; which, if exist, shall be deducted from the amount set forth above.

Dusseldorf Property

Intended Actions

Elimination of all remaining Dusseldorf lease liabilities and related operating expenses.

Anticipated Costs

\$46,050*

*Subject to Reuters reasonable confirmation that there are no substitute lease charges or other post-Closing costs associated or incurred as a result (which, if such exist, shall be deducted from the amount stated).

Employees

Intended Actions

Attached is a schedule of those employees either already made redundant since May 21, 2004 or currently anticipated by the Sellers to be made redundant prior to the Closing whom Reuters currently anticipates would be made redundant by Reuters following the Closing. However, nothing herein or in the attached schedules constitutes an admission or consent by Reuters that the Sellers can take any action, including termination of any such employees, prohibited by any provision of the Purchase Agreement. For each employee listed on the attached Schedule, Reuters will pay the Sellers at Closing the amount indicated in the column "Total Severance Cost Savings", provided that (i) such employee was severed by the Sellers prior to Closing, (ii) the information contained on the attached Schedule is reasonably confirmed by Reuters to be accurate, and (iii) the conditions set forth below under "General" are satisfied. Any inaccuracies will be subject to revision and recalculation of the amount payable. The payment amounts have been calculated as follows:

Anticipated Costs

For each employee severed in a Seller Restructuring Action (other than an employee entitled to receive severance under the severance pay policies or practices established in Asia or Europe, which shall be calculated pursuant to Attachment A to this Exhibit (the "Asia/EMEA Policies")), the Restructuring Cost Savings of such severance would be the sum of (i) the severance that would have been payable to such employee by the Business Entities had such employee remained employed through the Closing Date (assumed to be June 30, 2005), up to a maximum calculated pursuant to the following formula (based on start date and base salary as set forth in the attached Schedule, except that employees hired after the date of the Purchase Agreement shall be based on their actual start date and base salary at the Closing Date):

Employees under employment contracts – the minimum aggregate payments which would have been required under the terms of the contract, provided such contract was disclosed to the Purchasers prior to the execution of the Purchase Agreement, assuming the Closing Date was the date of termination.

Other – Below VP (w/o contract)- [* * *] for the first year of service and [* * *] for every 6 months after the first year, calculated as of the Closing Date, up to a maximum of [* * *].

Other – VP and Above (w/o contract)- [* * *] for the first year of service and [* * *] for every 6 months after the first year, calculated as of the Closing Date, up to a maximum of [* * *].

and (ii) [***] (determined per above) for each such employee.

For each employee severed in a Seller Restructuring Action who is entitled to receive severance under the Asia/EMEA Policies, the Restructuring Cost Savings of such severance would be the severance that would have been payable to such employee by the Business Entities under the Asia/EMEA Policies had such employee remained employed through the Closing Date (assumed to be June 30, 2005).

General

1. Only applies to Business Employees set forth on Attachment B to this Exhibit or whose termination is approved by Reuters. Does not apply to Business Employees who voluntarily resign from the Company or who are terminated following expression of intent to resign.
2. The Sellers must receive, and transfer to Reuters the benefit of, a full unconditional release from such employee in connection with his/her termination, and if the employee is under an employment contract he/she must have abided by any other obligations of the contract through the Closing Date.
3. Does not apply to a terminated employee who is subsequently replaced prior to the Closing Date.

Other Expenses

Hyperfeed/Crucible

Intended Actions

Termination of the Hyperfeed contract with no remaining obligations.

Anticipated Costs

\$1 million reimbursement of termination payments to Hyperfeed, and \$400,000 costs to effect Crucible shut down.

Elimination of non-US corporate structure

Intended Actions

Collapse of full non-US corporate structure and integration directly into existing Reuters operating entities (would be accomplished by successful closing of asset transactions for non-US operations as contemplated by Purchase Agreement).

Anticipated Costs

\$1 million

Distributors

FutureSource

Intended Actions

Termination of FutureSource sales agency, with all current revenue reverting directly to the Business without any fees due in respect thereof and no additional obligations or exposures for the Business.

Anticipated Costs

\$2.2 million

Fininfo

Intended Actions

Buyout of Fininfo distributorship, with all current revenue under the distribution agreement reverting directly to the Business without any fees due in respect thereof, and transfer from Fininfo of the related equipment and communications center, with prohibitions on Fininfo or its affiliates competing for existing distributorship customers until at least six months following the buyout, and no additional obligations, expenses or exposures for the Business post-Closing other than a maximum of 7 employees and a six-month sublease at a rate of EUR 6,000 per month.

Anticipated Costs

\$4.85 million (based on 1x trailing 12 month gross Fininfo revenues relating to the distribution agreement, as of the date of execution of the Purchase Agreement, being EUR 3.6 to 3.85 million), net of the cost of any obligations assumed from Fininfo or other costs incurred or taken on in place of the Fininfo distribution relationship (e.g. sublease costs, addition of any staff to handle the transferred business other than 7 employees).

EXHIBIT XIV

Antitrust Filings required under the Antitrust Laws

An antitrust filing, consent, approval, notification or application for clearance is required in the jurisdictions listed in this Exhibit, in accordance with the Antitrust Laws. Filings will only be required in jurisdictions listed in square parentheses [] if the reference request to the European Commission (Form RS) is unsuccessful, in which case no filing will be required in the European Union, subject to any further reference request under the EC Merger Regulation.

PART A

Australia

China

European Union

[Germany]

Taiwan

[United Kingdom]

United States of America

PART B

[Austria]

[Estonia]

[Greece]

[Ireland]

[Latvia]

New Zealand

[Norway]

[Poland]

[Portugal]

[Spain]

TO: REUTERS LTD
C/O REUTERS AMERICA LLC
3 TIMES SQUARE
ATTN: GENERAL COUNSEL

APPLICANT: ONE EQUITY PARTNERS, LLC
320 PARK AVE., 18TH FL
NEW YORK, NY 10022

WE HAVE ESTABLISHED OUR IRRECOVABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR AS DETAILED HEREIN SUBJECT TO ISP98

DOCUMENTARY CREDIT NUMBER: T-617471

DATE OF ISSUE: DECEMBER 20, 2004

BENEFICIARY: REUTERS LTD
C/O REUTERS AMERICA LLC
3 TIMES SQUARE
NEW YORK, NY 10036
ATTN: GENERAL COUNSEL

APPLICANT: ONE EQUITY PARTNERS, LLC
320 PARK AVE., 18TH FL
NEW YORK, NY 10022

DATE AND PLACE OF EXPIRY: DECEMBER 31, 2005
AT OUR COUNTER

DOCUMENT CREDIT AMOUNT: USD37,770,199.00

AVAILABLE WITH: JPMORGAN CHASE BANK, N.A.
TAMPA, FLORIDA
BY PAYMENT

ADDITIONAL DETAILS:

THIS LETTER OF CREDIT IS AVAILABLE AGAINST PRESENTATION OF THE FOLLOWING DOCUMENTS:

1. YOUR DRAFT AT SIGHT ON JPMORGAN CHASE BANK, N.A.
2. BENEFICIARY'S DATED STATEMENT REFERENCING JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NUMBER T-617471 INDICATING AMOUNT OF DEMAND/CLAIM AND PURPORTEDLY SIGNED BY AN AUTHORIZED PERSON READING AS FOLLOWS:

“THIS DRAWING REPRESENTS FUNDS DUE US AS THE STOCK AND ASSET PURCHASE

AGREEMENT AS AMENDED FROM TIME TO TIME BETWEEN REUTERS LTD, REUTERS SA AND MONEYLINE TELERATE HOLDING AND CERTAIN OF ITS SUBSIDIARIES IS TERMINATED.”

3. THE ORIGINAL OF THIS LETTER OF CREDIT AND AMENDMENTS, IF ANY.

ONLY ONE DRAWING IS PERMITTED UNDER THIS LETTER OF CREDIT, BUT SUCH DRAWING MAY BE FOR AN AMOUNT LESS THAN THE FULL AMOUNT OF THIS LETTER OF CREDIT. THE BALANCE, IF ANY, OF THIS LETTER OF CREDIT IS TO BE CANCELED WITHOUT WRITTEN NOTICE UPON JPMORGAN CHASE BANK, N.A.'S HONORING OF ANY DRAWING HEREUNDER.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.



AUTHORIZED SIGNATURE

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 33-16927, No. 33-90398, No. 333-59981, No. 333-57266, No. 333-104065, and No. 333-118579) of Reuters Group PLC of our report dated 7 March 2005 relating to the financial statements of Reuters Group PLC which appears in this Annual Report on Form 20-F for the year ended 31 December 2004.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
London, England

7 March 2005

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas Henry Glocer, Chief Executive of Reuters Group PLC, certify that:

1. I have reviewed this annual report on Form 20-F of Reuters Group PLC;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the years presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the year covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 9 March 2005

/s/ Thomas H Glocer

Thomas H Glocer
Chief Executive

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, David John Grigson, Finance Director of Reuters Group PLC, certify that:

1. I have reviewed this annual report on Form 20-F of Reuters Group PLC;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the years presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the year covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 9 March 2005

/s/ David Grigson

David Grigson
Finance Director

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED BY SECTION 906 OF THE SARBANES – OXLEY ACT OF 2002

I, Thomas Henry Glocer, Chief Executive of Reuters Group PLC (the “Company”) hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes – Oxley Act of 2002, that to my knowledge:

- a) The Company’s Annual Report on Form 20-F for the year ended December 31, 2004 (the “Form 20-F”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- b) The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: 9 March 2005

By /s/ Thomas H. Glocer

Thomas H. Glocer
Chief Executive

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED BY SECTION 906 OF THE SARBANES – OXLEY ACT OF 2002

I, David John Grigson, Finance Director of Reuters Group PLC (the “Company”) hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes – Oxley Act of 2002, that to my knowledge:

- a) The Company’s Annual Report on Form 20-F for the year ended December 31, 2004 (the “Form 20-F”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- b) The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: 9 March 2005

By /s/ David J Grigson

David J Grigson
Finance Director

RADIANZ LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

Registered Number 3918478

RADIANZ LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

Company Registration Number: 3918478

Registered Office: Fleet Place House
2 Fleet Place
London
England
EC4M 7RF

R2

RADIANZ LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

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PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Report of Independent Auditor

To the Board of Directors and Shareholders of Radianz Limited

In our opinion, the accompanying consolidated profit and loss account, balance sheet and statement of recognised gains and losses present fairly, in all material respects, the financial position of Radianz Limited and its subsidiaries at 31 December 2003 and the results of their operations and their cash flows for the year ended 31 December 2003, in conformity with accounting principles generally accepted in the United Kingdom. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Accounting principles generally accepted in the United Kingdom vary in certain significant respects from accounting principles generally accepted in the United States of America. The application of the latter would have affected the determination of consolidated net loss for the year ended 31 December 2003 and the determination of consolidated shareholders' equity at 31 December 2003 to the extent summarized in Note 29 to the consolidated financial statements.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London, England
29 June 2004

RADIANZ LIMITED**GROUP PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	2003	2002	2001
		\$'000	Unaudited \$'000	Unaudited \$'000
Revenue		533,239	493,117	423,573
Operating costs	3	(620,293)	(665,045)	(601,228)
Operating loss		(87,054)	(171,928)	(177,655)
Interest receivable and similar income – net	4	2,585	3,815	10,579
Loss on diminution in value of investment	9	-	(67,021)	(64,140)
Loss on ordinary activities before taxation		(84,469)	(235,134)	(231,216)
Taxation	6	(1,564)	(1,080)	(1,072)
Loss on ordinary activities after taxation		(86,033)	(236,214)	(232,288)
Preference Dividends	7	(10,270)	(10,270)	(10,270)
Loss for the year	18	(96,303)	(246,484)	(242,558)

Revenue and operating loss as derive from continuing operations.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

The associated notes on the following pages form part of these financial statements.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	2003	2002	2001
		\$'000	Unaudited \$'000	Unaudited \$'000
Loss for the financial year		(96,303)	(246,484)	(242,558)
Exchange adjustments	18	6,664	571	(1,463)
Total recognised loss for the year		(89,639)	(245,913)	(244,021)

The associated notes on the pages that follow form part of these financial statements.

RADIANZ LIMITED
GROUP BALANCE SHEET
AS AT 31 DECEMBER 2003

	Note	2003 \$'000	2002 Unaudited \$'000
Fixed assets			
Tangible fixed assets	8	149,769	182,242
Investments	9	-	-
		149,769	182,242
Current assets			
Debtors			
- due within one year	10	89,701	200,793
- due after one year	10	41,793	51,249
Restricted Cash - due after one year	11	19,259	33,050
Cash at bank and in hand		9,095	44,657
		159,848	329,749
Creditors: amounts falling due within one year	12	(120,854)	(246,422)
Net current assets/(liabilities)		38,994	83,327
Total assets less current liabilities		188,763	265,569
Creditors: amounts falling due after one year	13	(3,613)	-
Provisions for liabilities and charges	15	(1,433)	(2,483)
Net assets		183,717	263,086
Capital and reserves			
Called up share capital	16	18	18
Share premium account	17	878,425	878,425
Exchange difference reserve	17	6,211	(453)
Profit and loss account	17	(700,937)	(614,904)
Total shareholders' funds	18	183,717	263,086
Analysis of shareholders' funds			
Equity	18	(4,908)	84,731
Non-equity	18	188,625	178,355
		183,717	263,086

The associated notes on the following pages form part of these financial statements. The financial statements and associated notes were approved by the Board of Directors on 29 June 2004 and were signed on its behalf by:

/s/ Howard Edelstein
Howard Edelstein
Director

/s/ David Granger Ure
David Granger Ure
Chairman



GROUP CASH FLOW STATEMENT

	Note	2003 \$'000	2002 Unaudited \$'000	2001 Unaudited \$'000
Net cash inflow / (outflow) from operating activities	<i>19</i>	6,228	(11,116)	(780)
Returns on investment and servicing of finance				
Interest received from bank deposits, investment and others		607	2,583	12,210
Interest paid		(170)	(24)	(24)
Interest paid on finance leases		(191)	-	-
Taxation		(2,092)	38	(555)
Capital expenditure and financial investment				
Purchase of own shares		-	-	(46,261)
Purchase of tangible fixed assets		(38,624)	(98,730)	(109,416)
Sale of tangible fixed assets		15	128	230
Net cash outflow from capital expenditure and financial investment		(38,609)	(98,602)	(155,447)
Management of liquid resources				
Decrease in short term deposits with banks	<i>20</i>	-	140,042	90,725
Financing				
Issue of ordinary share capital		-	-	46,261
Decrease in finance leasing		(953)	-	-
Net cash (outflow)/ inflow from financing		(953)	-	46,261
(Decrease) / Increase in cash		(35,180)	32,921	(7,610)

The associated notes on the following pages form part of these financial statements.

1. Principal activities and accounting policies

Radianz Limited (the "Company") and its subsidiaries (collectively "Radianz" or "Group") is a joint venture between Reuters Group PLC ("Reuters") and Equant Finance BV ("Equant")(collectively the parents ("Parents")).

Radianz is owned 51% by Reuters and 49% by Equant. In forming Radianz, Reuters contributed substantially all of its global telecommunications network to Radianz and Equant contributed cash and a receivable for future services. Control over the Radianz is joint with Reuters and Equant each having equal representation on the board of directors.

Radianz was established to deliver a global financial extranet ("RadianzNet") capable of providing secure and reliable networking services for transaction processing and content delivery to the financial services industry.

These financial statements are prepared under the historical cost convention.

The Parent Companies have stated their intent to continue supporting the Company in accordance with the terms of the shareholders agreement relating to the Company and accordingly each has agreed to provide financial support of up to fifteen million dollars to the Company, for at least one year from the date of these financial statements or, if shorter, for the period until that parent company ceases to be a shareholder in the Company, sufficient to enable the Company and its subsidiaries to meet their financial obligations as and when they fall due either through capital contributions, the provision of loan funding or other appropriate measures. The Company believes these amounts are adequate to enable it to meet all its financial obligations for the period noted above.

The accounting policies set out below have been applied on a consistent basis and are in accordance with applicable UK accounting standards.

Changes in accounting policies

There have been no changes in accounting policies for the year ended 31 December 2003.

Basis of consolidation

The Group profit and loss account, balance sheet and cash flow statement include the financial statements of the Company and its subsidiary undertakings up to 31 December 2003. Intra-group transactions and profits are eliminated fully on consolidation.

Acquisitions made by the Group are included under the acquisition method of accounting and the Group financial statements include the results of such acquisitions from the relevant date of acquisition.

Revenue

Radianz recognises revenue when realised or realisable and earned. The Group considers revenue realised or realisable and earned when it has persuasive evidence of an arrangement, the services have been provided, the sales price is fixed or determinable and collectibility is reasonably assured. Revenue is reduced for credit notes and rebates to be paid to customers. In addition to the aforementioned general policy, the following are the specific revenue recognition policies for the Group's significant categories of revenue.

Related-Party Revenue***Managed Network Services***

Radianz entered into a Network Service Agreement (“NSA”) with Reuters and its affiliates that require Radianz to provide telecommunications, managed network and other services to Reuters. The terms of the NSA allow Radianz to recover substantially all direct costs incurred in connection with services provided to Reuters. The Group is deemed to be acting as a principal under the terms of the NSA and therefore as a principal recognises the billing and recovery of such costs as revenue.

Radianz Network (“RxN”) Services

As of 1 January 2003, the NSA agreement with Reuters was amended to allow Radianz to charge for services provided via RadianzNet based on a fixed and determinable price per service type. Prior to this time, the maximum prices were established at a level, which enabled Radianz to recover direct costs incurred when providing this service.

Consulting Services

Radianz provides certain services for specific projects for Reuters. These services are consulting in nature and are subject to acceptance by Reuters. Radianz recognizes associated revenue only when acceptance has been received from Reuters for the services rendered. As at 31 December 2003, \$1.2 million of revenue subject to acceptance was deferred from Reuters and \$1.2 million of related costs were deferred. As at 31 December 2002, \$1.9 million of revenue and \$1.7 million of cost had been deferred.

Remote Dial-up Services

Remote dial-up services are provided to Reuters directly by Equant. Group acts as an agent in such transactions billing Reuters on behalf of Equant. As the Group does not retain the significant risks and rewards of delivering these services, revenue for these transactions is recognised on a net basis thereby recognising only the commission as revenue. The value of the services provided to Reuters for the year ended 31 December 2003 was approximately \$1.4 million (2002: \$1.0 million) on a gross basis.

Migration Services

During 2002 and 2003, Radianz migrated certain Reuters’ customers from Reuters’ legacy networks to RadianzNet. Radianz is entitled to recover all direct costs incurred in completing the migration services. Radianz recognised revenue monthly based on completed connections at a fixed and determinable price per connection.

External Customer Revenue***Radianz Network (“RxN”) Services***

Revenue from Radianz’s telecommunication and managed network services to customers other than Reuters is recognised as the services are provided over the contractual period. Fees are charged in accordance with the customer contract, and, accordingly, may represent both a connection fee and recurring access and usage fees. Connection fees are deferred and recognized over the estimated life of the arrangement with the customer, which is generally the contractual period. Revenue from access and usage fees is recognized as the services are provided over the anticipated customer relationship period, which is generally determined based on the life of the contract.

If customers are billed in advance or on a quarterly basis under the terms of the arrangement with Radianz, Radianz defers revenue accordingly until the services are delivered. As at 31 December 2003, Radianz had approximately \$3.4 million (2002: \$1.6 million) of deferred revenue relating to advance customer billings.

Voice Services

Revenue, net of discounts, for the provision of point-to point voice and data circuits is earned as these services are delivered.

Hosting Services

Revenue from the Group's hosting services is recognised as the services are provided over the contractual period. Fees are charged in accordance with the customer contract, and, accordingly, may represent both a connection fee and a recurring monthly hosting fee. Connection fees are deferred and recognised over the estimated life of the arrangement with the customer, which is generally the contractual period.

Provisions for losses on contracts are recognised in the period in which the loss is identified for the total contract.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rate of exchange ruling at the balance sheet date. Transactions in currencies other than US dollars are converted at the rates of exchange prevailing at the dates the transactions were made. Gains or losses on exchange are recognised in the profit and loss account as they arise.

Profits and losses of subsidiaries that have currencies of operation other than the US dollar are translated into US dollars at average rates of exchange. Share capital issued by the Company, which is Sterling denominated, is maintained at the historical rate at the date on which the shares were issued.

Exchange differences arising from the retranslation of the opening net assets of subsidiaries which have currencies of operation other than the US dollar are taken to reserves together with the differences arising when the profit and loss accounts are translated at average rates and compared with rates ruling at the year end.

Leases

Leasing arrangements which transfer to the group substantially all the risks and rewards of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in tangible fixed assets and the capital element of the leasing commitment is shown in creditors as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profits in proportion to the reducing capital element outstanding. Assets held under finance lease are depreciated over the shorter of the lease term and the expected useful economic lives of the equivalent owned assets.

Costs in respect of operating lease rentals are charged to profit and loss in equal annual amounts over the lease term.

Revenue on sublet leases is offset against the cost of the lease within the profit and loss account.

Pension costs

The Group currently operates its own pension plans in three territories. The largest such plan is a voluntary 401 (k) savings plan for the Group's employees in the United States ("US"). The Group matches a percentage of each US employee's contributions. The Group's employees in certain other territories participate in pension plans maintained by Reuters and Equant. The expected cost of pensions in respect of defined benefit plans is charged to the profit and loss account so as to spread the cost over the service lives of the employees affected. The cost in respect of defined contribution plans is charged to the profit and loss account as the amount accrues.

The pension costs and disclosures in these financial statements comply with Financial Reporting Standard (“FRS”) No. 17 “Retirements Benefits”. In accordance with Financial Reporting Standard No. 17 contributions paid by the Group to Reuters and Equant defined benefit schemes are disclosed as if the pension scheme were a defined contribution pension scheme, as the Group is unable to identify its share of the underlying assets and liabilities of the pension schemes.

Development expenditure

Development expenditure is charged to the profit and loss account in the year in which it is incurred.

Short-term investments

Bank deposits, which are not re-payable on demand, are treated as short-term investments in accordance with Financial Reporting Standard No. 1 (revised 1996). Movements in such investments are included under “management of liquid resources” in the Group’s cash flow statement.

Tangible fixed assets

Assets contributed by Reuters on 30 June 2000 were capitalised at their fair values at the date of transfer. All other tangible fixed assets are stated at cost. Depreciation is calculated on a straight-line basis so as to write down assets to their residual value over their expected useful lives. Office, computer systems and network equipment are depreciated over 3 - 5 years. Leasehold Buildings and Improvements are depreciated over the term of the lease. Tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. An impairment loss is recognised in the profit and loss account to the extent that the carrying amount of an asset exceeds its recoverable amount, being the higher of its value in use and net realisable value.

Deferred taxation

The Group has adopted Financial Reporting Standard No. 19 “Deferred Tax” which requires full provision to be made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes.

Deferred tax assets are only recognised to the extent that it is regarded, as more likely than not that they will be recovered. The adoption of this accounting standard had no impact on the results of the Group.

Share schemes

The Group’s Employee Share Ownership Trust (“ESOT”) is a separately administered trust, which is funded by loans from the Group. The assets of the ESOT comprise shares in the Company, which were initially recorded at their estimated recoverable amount, being the stock option price of the shares payable by employees. Provision is made to the extent that the amounts are not expected to be recovered. The ESOT has been aggregated within these financial statements.

2. Segmental analysis

Turnover

Radianz has network operations in many countries throughout the world. For the purpose of segmental disclosure, revenue by origin is defined as the location where invoices are issued, while revenue by destination is defined as the location of the customer. For the year ended 31 December 2002 there was no material difference between the origin and destination of revenue. However during 2003 changes in billing arrangements resulted in the United Kingdom ("UK") billing throughout the world. Revenue by destination is therefore shown separately.

Turnover

2003	by Origin			by Destination		
	Total \$'000	Inter- segment \$'000	External \$'000	Total \$'000	Inter- segment \$'000	External \$'000
United Kingdom	387,138	(1,277)	385,861	550,768	(188,747)	362,021
United States	212,264	(115,076)	97,188	112,534	(748)	111,786
Rest of the World	123,861	(73,671)	50,190	59,961	(529)	59,432
	723,263	(190,024)	533,239	723,263	(190,024)	533,239

2002 Unaudited	by Origin			by Destination		
	Total \$'000	Inter- segment \$'000	External \$'000	Total \$'000	Inter- segment \$'000	External \$'000
United Kingdom	377,670	(6,749)	370,921	564,850	(193,929)	370,921
United States	205,410	(126,341)	79,069	84,357	(5,288)	79,069
Rest of the World	110,714	(67,587)	43,127	44,587	(1,460)	43,127
	693,794	(200,677)	493,117	693,794	(200,677)	493,117

2001 Unaudited	by Origin			by Destination		
	Total \$'000	Inter- segment \$'000	External \$'000	Total \$'000	Inter- segment \$'000	External \$'000
United Kingdom	324,050	(2,162)	321,888	489,018	(167,130)	321,888
United States	171,685	(109,697)	61,988	63,605	(1,617)	61,988
Rest of the World	97,130	(57,433)	39,697	40,242	(545)	39,697
	592,865	(169,292)	423,573	592,865	(169,292)	423,573

NOTES TO THE FINANCIAL STATEMENTS

Operating loss	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
United Kingdom	(69,987)	(171,405)	(158,355)
United States	(21,764)	(4,466)	(14,021)
Rest of the World	4,697	3,943	(5,279)
	(87,054)	(171,928)	(177,655)
Net Interest / Interest Bearing Assets	2,585	3,815	10,579
	(84,469)	(168,113)	(167,076)
Net Operating assets	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
United Kingdom	87,116	102,231	263,092
United States	68,900	88,646	46,456
Rest of the World	(653)	(5,498)	11,382
	155,363	185,379	320,930
Net Interest / Interest Bearing Assets	28,354	77,707	177,799
	183,717	263,086	498,729

The UK operating loss includes the Group goodwill amortisation expense of \$nil million (2002: \$104.3 million, 2001: \$104.3 million).

Interest bearing assets consist of restricted cash, current asset investments and cash balances, which are held mainly within UK entities but have been shown separately above as they are used to fund group operations.

3. Loss On Ordinary Activities Before Taxation

Loss before taxation is stated after charging:

	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
Staff costs (note 5)	113,901	98,108	81,870
Depreciation of tangible assets (note 8)	67,798	65,051	55,055
Impairment (note 8)	15,345	833	-
Depreciation from related parties	7,458	6,610	9,033
Amortisation of goodwill	-	104,349	104,349
Loss on disposal of fixed assets	146	905	3,266
Operating lease rentals – land & buildings	11,324	10,743	4,736
Foreign currency translation – net gain	(745)	(57)	(4,649)
Auditors' remuneration			
Group audit fees	1,352	980	750
Other services	940	892	173
Cost by function:			
Operations and communications costs	546,767	498,007	423,518
Sales and marketing expense	17,761	16,947	34,061
Administration expense	55,765	150,091	143,649
Total operating costs	620,293	665,045	601,228

4. Interest receivable and similar income – net

	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
Interest receivable from bank deposits	602	2,197	9,737
Discount on receivable from parent	2,367	1,642	866
Total interest receivable	2,969	3,839	10,603
Interest payable on finance leases	(201)	-	-
Interest payable on bank loans and overdrafts	(183)	(24)	(24)
Interest receivable and similar income - net	2,585	3,815	10,579

5. Employees

The average number of employees during the year was as follows:

	2003	2002 Unaudited	2001 Unaudited
Operations and Engineering	609	607	492
Sales and marketing	76	81	83
Administration	237	142	112
Total	922	830	687

Staff costs incurred during the year in respect of these employees were:

	2003	2002 Unaudited	2001 Unaudited
	\$'000	\$'000	\$'000
Wages and Salaries	99,137	85,851	72,865
Social Security Costs	9,303	7,135	5,564
Other Pension Costs	5,461	5,122	3,441
Total	113,901	98,108	81,870

6. Taxation

	2003	2002 Unaudited	2001 Unaudited
	\$'000	\$'000	\$'000
UK corporation tax at 30%			
Current tax on income for the year	-	-	-
Adjustments in respect of prior year	997	-	190
	997	-	190
US corporate income tax			
Current tax on income for the year	81	528	228
Adjustments in respect of prior year	(69)	-	171
	12	528	399
Other overseas corporate income tax			
Current tax on income for the year	859	552	407
Adjustments in respect of prior year	157	-	70
	1,016	552	477
Deferred taxation	(461)	-	6
Total corporation tax charge	1,564	1,080	1,072

	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
Factors affecting tax charge for the year			
Loss on ordinary activities before tax	(84,469)	(235,134)	(231,216)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%, 2001:30%)	(25,341)	(70,540)	(69,365)
Effects of:			
Adjustments for foreign tax – taxable at different rates	(2,898)	341	(273)
Timing differences	14,933	(2,136)	(240)
Permanent differences	610	51,192	50,783
Depreciation for the year in excess of capital allowances	-	4,620	1,335
Tax losses carried forward	13,973	17,448	18,415
Utilisation of tax losses	(504)	(181)	(90)
Adjustments to tax charge in respect of previous periods	1,134	147	431
Minimum taxes	118	189	226
Foreign tax credits	-	-	(156)
Current tax charge for the year	2,025	1,080	1,066

Radianz previously sold tax losses to an associated undertaking in respect of the year 2000 for the consideration of \$895,000. Subsequently, these losses were not utilised by the associate undertaking and returned to Radianz. As a result Radianz repaid the consideration of \$997,000, the difference being due to move foreign exchange differences.

The Group has an unrecognised deferred tax asset of approximately \$76,829,000 (2002: \$35,235,000, 2001: \$16,676,000) that relates to the following:

	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
Accelerated capital allowances	21,394	10,312	2,402
Tax losses carried forward	51,247	24,923	14,274
Other	4,188	-	-
Unprovided deferred tax	76,829	35,235	16,676

A deferred tax asset has not been recognised since it is not certain that this asset will crystallise in the foreseeable future.

7. Dividends

	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
6.5% cumulative preference shares	10,270	10,270	10,270

The preference shares were issued by Radianz Inc., a wholly owned US subsidiary of Radianz Limited, and are held equally by Reuters and Equant, the ultimate shareholders of Radianz Limited (see note 16). Radianz Inc. has appropriated through its profit and loss account preference share dividends for the year on these 6.5% cumulative preference shares of \$10.27 million. However, in accordance with the provisions of Financial Reporting Standard No. 4, as Radianz Inc. does not have sufficient distributable reserves in order to pay such preference share dividends, these dividends have been credited back within profit and loss account reserves (note 18).

In 2000, the preference share dividends of \$5.135 million were not credited back within profit and loss account reserves but were included within 'creditors: amounts falling due after more than one year'. These dividends had been credited back within profit and loss account reserves in 2001 (note 18).

8. Tangible fixed assets

	Leasehold Property	Leasehold Improvements	Network Equipment	Computer and Office Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
At 1 January 2003	32,600	4,807	276,378	13,487	327,272
Translation differences	-	136	10,421	343	10,900
Additions	1,333	196	44,326	1,067	46,922
Reclassification	(374)	1,125	396	(1,147)	-
Disposals	-	(20)	(11,562)	(1,733)	(13,315)
At 31 December 2003	33,559	6,244	319,959	12,017	371,779
Depreciation					
At 1 January 2003	3,376	513	135,085	6,056	145,030
Translation differences	-	34	5,708	197	5,939
Charged in the year	3,918	779	59,667	3,434	67,798
Impairment	13,043	-	2,302	-	15,345
Reclassification	(58)	474	499	(915)	-
Disposals	-	(20)	(10,413)	(1,669)	(12,102)
At 31 December 2003	20,279	1,780	192,848	7,103	222,010
Net Book Value					
At 31 December 2003	13,280	4,464	127,111	4,914	149,769
At 31 December 2002	29,224	4,294	141,293	7,431	182,242

During the year a fixed asset verification exercise was completed. This resulted in a number of asset reclassifications and assets costing approximately \$13.3 million (NBV \$1.2 million) being written off or retired. The resultant profit and loss change of \$0.1 million is net of a provision relating to fixed assets no longer required.

An impairment review based on the future discounted cash flows resulted in an additional depreciation charge of \$15.3 million relating to assets utilised in Radianz's hosting operations.

Analysis of assets held under finance lease at 31 December 2003

	Leasehold Property	Leasehold Improvements	Network Equipment	Computer and Office Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost	-	-	6,335	-	6,335
Accumulated depreciation	-	-	(1,070)	-	(1,070)
At 31 December 2003	-	-	5,265	-	5,265

The Group did not own any assets under finance lease agreements at 1 January 2003.

9. Investments

	\$'000
Interests in own shares	
Cost	
At 1 January 2003	238,261
Additions in the year	-
<hr/>	
At 31 December 2003	238,261
Provision for diminution in value of investment	
At 1 January 2003	238,261
Charged in the year	-
<hr/>	
At 31 December 2003	238,261
Net Book Value	
At 31 December 2003	-
<hr/>	
At 31 December 2002	-
<hr/>	

Investment in own shares represents the Group cost of 35,000,000 shares (nominal value £175) held by the Group's ESOT. The Group established the ESOT to acquire shares in the Company for the benefit of employees and directors of the Group. On 3 July 2000, the Company provided \$192 million for this purpose by way of a loan. On the same date the ESOT subscribed at market value for 28,206,850 of the Company's "C" ordinary shares. In March 2001 the Company issued a further 6,793,150 of the Company's ordinary "C" shares to Reuters and Equant for \$46.3 million in cash. The Company provided a loan to the ESOT in this amount which the ESOT used to purchase these ordinary "C" shares for issuance to employees. The option scheme does not allow employees or directors to purchase shares at a discount to the market value at the date of grant of the options, therefore, no charge to the profit and loss account arises. The cost of funding and administering the scheme are charged to the profit and loss account of the Group in the period to which they relate.

In October 2001 the Group permitted employees to cancel stock options granted up to 30 September 2001 in exchange for an equal number of new stock options to be awarded in three phases in 2002. The first phase replacement stock options (April 2002) have a vesting schedule that closely approximates that of the cancelled stock options. The second and third phase replacement stock options each have three-year annual vesting schedules. All three phases of replacement stock options have expiration dates of seven years from date of grant in accordance with the Plan. Of the 29.0 million stock options with an exercise price of \$6.81, which were cancelled in October 2001, 19.3 million replacement stock options were issued at an exercise price of \$2.13 per share in April 2002 and two further grants of 4.8 million replacement stock options were issued in July and October 2002 at an exercise price of \$1.92 and \$1.75 per stock option, respectively. During 2003, the Company issued 4.7 million options at an exercise price of \$1.85. Additionally, 7.4 million options were cancelled during 2003 due to employees who resigned or were terminated during the year.

A valuation of the Group is performed by a third party consultancy firm on a quarterly basis in accordance with the terms of the employee stock option agreement. The quarterly valuations continued to decrease in 2002 and the valuation of the Group as of 31 December 2002 was \$435 million. As a result of a continuous decrease in the valuation of the Group during 2002, implying a reduced share price compared to the exercise price of the stock options, the receivable for shares held by the ESOT at 31 December 2002 have been written down to nil resulting in a charge for diminution in value of the investment of \$67.0 million in 2002 (2001:\$64.1 million).

10. Debtors

	2003	2002
	\$'000	Unaudited \$'000
Amounts falling due within one year:		
Trade debtors	11,549	10,825
Amounts owed by associated undertakings		
-trading balances	35,706	156,802
-loan	9,456	10,133
Other debtors	13,548	14,669
Prepayments and accrued income	19,442	8,364
	89,701	200,793
Amounts falling due after one year:		
Amounts owed by associated undertakings – loan	41,793	51,249
	41,793	51,249

11. Restricted cash

	2003	2002
	\$'000	Unaudited \$'000
Restricted cash	19,259	33,050

Restricted cash represents certificates of deposit at banks which are held as collateral for cash management facilities provided to Group companies, security for certain of the Group's third-party operating lease agreements and the related letters of guarantee, and as security over letters of credit guaranteeing payments to the Group's major suppliers. As a result, restricted cash is not available for general business purposes.

NOTES TO THE FINANCIAL STATEMENTS

12. Creditors: amounts falling due within one year

	2003	2002
	\$'000	Unaudited \$'000
Trade creditors	19,221	11,318
Amounts owed to group undertakings	-	-
Amounts owed to joint venture parents	35,247	165,661
Overseas taxation	1,298	705
Other taxation and social security	13,598	25,449
Other creditors	3,068	1,806
Accruals and deferred income	46,543	41,483
Obligations under finance Leases	<i>14</i> 1,879	-
	120,854	246,422

Amounts due to group undertakings and joint venture parents are unsecured, interest free and repayable on demand.

13. Creditors: amounts falling due after one year

	2003	2002
	\$'000	Unaudited \$'000
Obligations under finance leases	<i>14</i> 3,503	-
Other Creditors	110	-
	3,613	-

14. Finance leases

During the year the Group entered into a number of finance leases with Equant. The maturity profile of the financial liabilities excluding other creditors is as follows:

	2003	2002
	\$'000	Unaudited \$'000
Within one year	1,879	-
Within two to five years	3,503	-
After five years	-	-
	5,382	-

15. Provisions for liabilities and charges

Group	Deferred tax \$'000	Employee related costs \$'000	Total \$'000
At 1 January 2003	647	1,836	2,483
Currency translation adjustments	-	85	85
Utilised in the year	-	(2,295)	(2,295)
(Released)/ charged to profit and loss account	(461)	1,621	1,160
At 31 December 2003	186	1,247	1,433

The \$1,247,000 (2002: \$1,836,000) provision for employee related costs primarily arises in respect of the pension cost for current employees in the USA and Italy. The deferred tax provision of \$647,000 as at 1 January 2003, which arose in respect of fixed assets contributed by Reuters in the US was released back to the profit and loss in the year. The deferred tax provision of \$186,000 at 31 December 2003 is in respect of timing differences for fixed assets owned in Singapore. The provision was created in 2003.

16. Called up share capital

	2003 \$	2002 Unaudited \$
Authorised		
15,800 6.5% cumulative preference shares of \$1 each	15,800	15,800
510 ordinary "A" shares of £1 each	750	750
490 ordinary "B" shares of £1 each	720	720
35,000,000 ordinary "C" shares of £0.000005 each	257	257
	17,527	17,527
Allotted, called up and fully paid		
	2003 \$	2002 Unaudited \$
510 ordinary "A" shares (Reuters) of £1 each	750	750
490 ordinary "B" shares (Equant) of £1 each	720	720
35,000,000 ordinary "C" shares of £0.000005 each	257	257
15,800 6.5% cumulative preference shares of \$1 each	15,800	15,800
	17,527	17,527

NOTES TO THE FINANCIAL STATEMENTS

The rights relating to each class of share in issue at 31 December 2003 are as follows:

- (a) The ordinary "A" and "B" shares have no rights to dividends other than those that may be recommended by directors. In the event of winding up the Company they rank pari passu with the other classes of shares. They carry one vote per share. No "A" share shall confer any right to vote upon a resolution for the removal from office of a "B" Director (appointed by Equant) and no "B" share shall confer any right to vote upon a resolution for the removal from office of an "A" Director (appointed by Reuters).
- (b) The ordinary "C" shares have no rights to dividends other than those that may be recommended by directors. In the event of winding up the Company they rank pari passu with the other classes of shares. They do not carry any voting rights, other than in resolutions on the variation of their rights.
- (c) The 6.5% preference shares were issued by Radianz Inc., a wholly owned US subsidiary of Radianz Limited, and are held equally by Reuters and Equant, the ultimate shareholders of Radianz Limited. The 6.5% preference shares carry a fixed cumulative preferential dividend at the rate of 6.5% per annum, payable on 30 June. The shares have no redemption entitlement. On a winding up the holders have priority before all other classes of shares to receive payment of capital plus any arrears of dividend. Each preference share carries 0.275 votes. 75% approval of the preference shareholders is required for matters directly affecting the number and voting rights of the preference shares.

17. Reconciliation of movement in reserves

Group	Share premium account \$'000	Exchange difference reserve \$'000	Profit & loss account \$'000
At 1 January 2003	878,425	(453)	(614,904)
Retained loss for the financial year	-	-	(96,303)
Preference share appropriations for year ended 31 December 2003 (note 7)	-	-	10,270
Other gains and losses	-	6,664	-
At 31 December 2003	878,425	6,211	(700,937)

18. Reconciliation of movement in shareholders' funds

	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
Loss on ordinary activities after taxation	(86,033)	(236,214)	(232,288)
Accrued preference dividends payable (note 7)	(10,270)	(10,270)	(10,270)
Loss for the year	(96,303)	(246,484)	(242,558)
Other recognised gains and losses	6,664	571	(1,463)
New ordinary share capital issued	-	-	46,261
Cumulative dividend not yet declared for period ended 31 December 2000 (note 7)	-	-	5,135
Cumulative dividend not yet declared for year ended 31 December (note 7)	10,270	10,270	10,270
Opening shareholders' funds	263,086	498,729	681,084
Closing shareholders' funds	183,717	263,086	498,729

Total shareholders' funds

	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
Equity share capital (including premium)	725,763	725,763	725,763
Non-equity share capital (including premium)	152,680	152,680	152,680
Exchange difference reserve	6,211	(453)	(1,024)
Profit and loss account	(700,937)	(614,904)	(378,690)
Total shareholders' funds	183,717	263,086	498,729

Shareholders' funds allocated to non-equity

	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
Non-equity share capital (including premium)	152,680	152,680	152,680
Cumulative dividend not paid	35,945	25,675	15,405
Total non-equity shareholders' funds	188,625	178,355	168,085

NOTES TO THE FINANCIAL STATEMENTS

Shareholders' funds allocated to equity	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
Difference between total shareholders' funds and the amount allocated to non-equity interest	(4,908)	84,731	330,644
Made up as follows			
Equity share capital (including premium)	725,763	725,763	725,763
Exchange difference reserve	6,211	(453)	(1,024)
Profit and loss account reserve	(700,937)	(614,904)	(378,690)
Cumulative dividends due to non-equity Shareholders (note7)	(35,945)	(25,675)	(15,405)
Total equity shareholders' funds	(4,908)	84,731	330,644

19. Reconciliation of operating loss to net cash outflow from operating activities

	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
Operating loss	(87,054)	(171,928)	(177,655)
Depreciation charge	67,798	65,051	55,055
Impairment charge	15,345	833	-
Loss on sale of tangible fixed assets	146	905	3,266
Amortisation of goodwill	-	104,349	104,349
Unwinding of the discount on related party loan	2,367	1,642	866
Decrease/ (Increase) in debtors	123,349	(43,973)	(34,383)
Decrease /(Increase) in restricted cash	13,791	(6,191)	(19,904)
Increase /(Decrease) in trade creditors	7,611	(1,330)	6,414
(Decrease)/ Increase in accruals, deferred income and other creditors	(136,553)	39,793	60,563
Others	(572)	(267)	649
Net cash inflow/(outflow) from operating activities	6,228	(11,116)	(780)

The 2002 and 2001 comparatives have been restated to reflect current year treatment.

20. Reconciliation of net cash flow to movement in net funds

	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
Decrease / (increase) in cash in the year	(35,180)	32,921	(7,610)
Cash flow movement from lease financing	(953)	-	-
Cash inflow from sale of short term investments	-	(140,042)	(90,725)
Currency Translation Adjustments	(382)	838	(197)
Net funds at 1 January	44,657	150,940	249,472
Net funds at 31 December	8,142	44,657	150,940

The 2002 and 2001 comparatives have been restated to reflect current year treatment.

	Cash \$'000	Obligations under finance leasing \$'000	Net Funds \$'000
At 1 January 2003	44,657	-	44,657
New obligations under finance Leases	-	(6,335)	(6,335)
Cash flow	(35,180)	953	(34,227)
Currency Translation Adjustments	(382)	-	(382)
At 31 December 2003	9,095	(5,382)	3,713

No obligation under finance leases existed 2002 and 2001.

21. Pensions

The pension charge, representing contributions paid in the year by the Group to various plans operated by Reuters, Equant and the Group itself to which the Group's employees belong, amounted to \$5.5 million (2002: \$5.1 million, 2001: \$3.4 million). Approximately \$1.5million (2002: \$1.9 million) of pension contributions were payable at the year end to the Group's scheme in relation to US employees.

2003	Reuters \$'000	Equant \$'000	Radianz \$'000	Total \$'000
Defined Contribution	1,381	43	1,567	2,991
Defined Benefit	2,081	369	20	2,470
Total Pension charge 2003	3,462	412	1,587	5,461

2002 Unaudited	Reuters \$'000	Equant \$'000	Radianz \$'000	Total \$'000
Defined Contribution	1,216	379	1,951	3,546
Defined Benefit	1,499	-	77	1,576
Total Pension charge 2002	2,715	379	2,028	5,122

2001 Unaudited	Reuters \$'000	Equant \$'000	Radianz \$'000	Total \$'000
Defined Contribution	810	40	845	1,695
Defined Benefit	1,400	346	-	1,746
Total Pension charge 2001	2,210	386	845	3,441

New employees are eligible to join the defined contribution plans.

The Group has no significant exposure to any other post-retirement benefit obligations.

Defined Contribution Plans

A number of Radianz employees participate in a defined contribution plan in Australia. The Group contributes a fixed percentage of each employee's salary.

Reuters operates 32 defined contribution plans of which Radianz staff are members. Members of these plans contribute 6% of basic salaries and Radianz is required to make an annual contribution of 9.525% of members' basic salaries regardless of the funding status of the plan. The Group does not have the ability to recover assets held by the plan, nor can it be required to make additional payments to the plan over and above the annual contributions referred to above. Custodial responsibility for the assets of the plan rests with two substantial independent UK investment managers.

The Group currently operates its own pension plans in three territories. The largest such plan is a voluntary 401 (k) savings plan for the Group's employees in the United States. The Group matches a percentage of each employee's contributions. In certain territories the Group contributes a fixed percentage of each employee's salary to local schemes based on local requirements in that country.

Defined Benefit Plans

A number of Radianz employees participate in Reuters and Equant defined benefit plans.

Equant Plan benefits are primarily based on the employees' compensation during the last three to five years before retirement and the number of years of service. The two largest defined benefit arrangements are in the United Kingdom and Japan.

Reuters operates 33 defined benefit plans of which a number of Radianz staff are members. They are subject to regular valuations based on the accepted actuarial practices and standards within the country in which the plan is established. The largest plans are directly invested and others are invested in insurance contracts. The remainder are internally funded in accordance with local practice with provisions in the subsidiary undertakings to recognise the pension obligations. Where necessary, additional provisions have been established for Reuters plans in accordance with UK Statement of Standard Accounting Practice 24 based on independent actuarial advice.

The contributions paid by the Group to Reuters and Equant defined benefit schemes are accounted for as if the schemes were defined contribution schemes, as the Group is unable to identify its share of the underlying assets and liabilities in the schemes. This exemption is in accordance with Financial Reporting Standard No. 17. The cost of contributions to these pension schemes is based on pension costs across the respective Reuters and Equant group companies as a whole.

Actuarial valuations of the Reuters Group PLC scheme were carried out at various dates between 31 December 2001 and 31 December 2002 and updated to 31 December 2003 by independent qualified actuaries in accordance with FRS17. As at 31 December 2003 a deficit of \$49 million was identified. There was a deficit of \$9.7 million on the Equant schemes as at 31 December 2001. The annual amount of contributions to these schemes is agreed with the trustees annually.

22. Operating lease commitments

At 31 December 2003 and 2002 the Group had annual commitments under non-cancellable operating lease agreements, in respect of properties, expiring as follows:

	2003	2002
	Land and buildings	Land and buildings
	\$'000	Unaudited \$'000
Annual commitments under non-cancellable operating leases expiring:		
Within one year	90	114
Within two to five years	1,690	4,047
After five years	9,783	6,851
Total	11,563	11,012

23. Capital commitments

	2003	2002
	\$'000	Unaudited \$'000
Contracts placed for future capital expenditure not provided in the financial statements	1,306	-

24. Other commitments

Future minimum purchase commitments of the Group with telecommunication providers for various telecommunications, networking and voice services with contractual terms of more than one year as of 31 December 2003 are as follows (in thousands):

Years ending 31 December,	Minimum Commitments
2004	41,568
2005	35,047
2006	21,847
	<hr/>
Total future purchase commitments	98,462

The Group incurred expenses of \$80.0 million and \$76.5 million in 2003 and 2002, respectively for such services.

25. Related party transactions

Related party transactions with related parties in the year are as follows:

Group	1 January 2003 \$'000	Amounts Invoiced \$'000	Amounts (collected) / paid \$'000	31 December 2003 \$'000
Amounts receivable				
Reuters – trading	154,595	521,436	(642,874)	33,157
Equant – trading	2,207	2,342	(2,000)	2,549
Equant loan	61,382	-	(10,133)	51,249
	<hr/>			
Total amount receivable	218,184	523,778	(655,007)	86,955
	<hr/>			
Amounts payable				
Reuters	121,521	125,912	(222,232)	25,201
Equant	44,140	96,061	(130,155)	10,046
	<hr/>			
Total amount payable	165,661	221,973	(352,387)	35,247

Revenue from related parties relate primarily to the supply of network services.

Purchases from related parties relate to the provision of network operating services and other business support services.

The Group has extensive transactions and relationships with its parent companies and their subsidiary companies, under the terms agreed in the Network Services Agreement with Reuters (NSA), and shareholder Agreements relating to Radianz, Reuters and Equant.

The NSA with Reuters has an initial term ending on July 1, 2005 and thereafter remains in full force and effect for successive one-year periods unless terminated by either party. Either party can terminate the NSA after the end of the initial term by one party giving to the other party not less than six months notice which expires at the end of the initial five-year period or any subsequent renewal year. Under the terms of the NSA agreement, on termination the Group will provide reasonable assistance to Reuters to ensure that Reuters can migrate the services currently provided by the Group to a third party company.

Under the terms of the Shareholder Agreement and the Network Services Agreement both Equant and Reuters have certain rights in relation to the performance of both parties with respect to non-compete and other provisions. Upon a breach of the agreements, under certain conditions, each party has remedies including, but not limited to, call provisions including rights to acquire the equity interests of the other or to dissolve the joint venture itself.

Each shareholder has indicated to the Group that in its opinion it is not in breach of the agreements mentioned above.

The Group has taken advantage of the exemption under Financial Reporting Standard No. 8 (Related Party Disclosures) not to disclose transactions between wholly owned entities, which are eliminated on consolidation.

26. Litigation

During 2003, Radianz received written notification that a number of formal charges, alleging employment discrimination based on race had been filed by a number of current and former employees of Radianz against Radianz with the U.S. Equal Employment Opportunity Commission and/or the New York State Division of Human Rights.

As of 19 May, 2004, Radianz has settled the majority of the outstanding claims and has fully provided for any costs that may arise as a result of the remaining claims. These costs are recorded in the Administration expenses in the profit and loss account.

27. Post Balance Sheet Event

Subsequent to 31 December 2003 as part of Radianz's strategy to provide continued focus on its core Extranet business, Radianz made the decision to sell the Voice Services line of business, which is currently being marketed. The revenue of this business was approximately \$17 million during the year ended 31 December 2003 and the net asset value of this business was approximately \$2.5 million at 31 December 2003.

In March 2004, as part of a review of its business and operational strategy, Radianz announced a voluntary redundancy program. It is expected that this program will result in a reduction of approximately 10% in the 2004 Company headcount. Redundancy costs in 2004 are expected to amount to approximately \$5 million.

28. Subsidiary undertakings

The principal subsidiary undertakings at 31 December 2003, all of which are included in the consolidated financial statements, are shown below.

A proportion of shares in Radianz France SA, Radianz Italia Srl, Radianz Voice Services Limited and Radianz Hong Kong Limited are held by wholly owned subsidiaries of Radianz Limited.

3% of shares in Radianz Switzerland SA are held by directors on Radianz Limited's behalf.

Name of undertaking	Country of incorporation	Description of shares / interest held	Proportion of nominal value of issued shares held	Principal activity
Radianz Global Limited (formerly Radianz Europe Limited)	England	Ordinary £1 shares	100%	Trading
Radianz Global Network Operations Limited	Jersey	Ordinary £1 shares	100%	Inactive
Radianz Global Sales Limited	England	Ordinary £1 shares	100%	Inactive
Radianz US Inc	USA	Ordinary 1 cent shares	100%	Management
Radianz Americas Inc	USA	Ordinary 1 cent shares	100%	Trading
Radianz Australia Pty Limited	Australia	Ordinary AUD\$1 shares	100%	Trading
Radianz GmbH	Austria	Sole ownership interest	100%	Trading
Radianz Italia Srl	Italy	Ordinary shares of EUR 1	100%	Trading
Radianz France SA	France	Ordinary shares of FRF 50	100%	Trading
Radianz Germany GmbH	Germany	Sole ownership interest	100%	Trading
Radianz Hong Kong Limited	Hong Kong	Ordinary shares of HK\$1	100%	Trading
Radianz Japan K.K.	Japan	Ordinary shares of 50,000 Yen	100%	Trading
Radianz Asia Pte Ltd	Singapore	Ordinary shares of S\$1	100%	Trading
Radianz Switzerland SA	Switzerland	Ordinary shares of CHF 1,000	100%	Trading
Radianz Proton Limited	Cayman Islands	Ordinary shares of US\$1	100%	Trading
Radianz Connect Services Limited	England	Ordinary shares of £1	100%	Trading
Radianz Portugal Lda	Portugal	Sole ownership interest	100%	Trading

Radianz Belgium
Sprl

Belgium

Sole ownership interest

100%

Trading

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NOTES TO THE FINANCIAL STATEMENTS

Name of undertaking	Country of incorporation	Description of shares / interest held	Proportion of nominal value of issued shares held	Principal activity
Radianz Netherlands BV	Netherlands	Sole ownership interest	100%	Trading
Radianz Spain SL	Spain	Sole ownership interest	100%	Trading
Radianz Luxembourg	Luxembourg	Sole ownership interest	100%	Trading
Radianz Sweden AB	Sweden	Sole ownership interest	100%	Trading
Radianz US Holdings	USA	Ordinary 1 cent shares	100%	Inactive
Radianz Canada Inc	Canada	Common share of CAN\$1	100%	Inactive

29. Summary of differences between UK and US General Applied Accounting Principles (GAAP)**Accounting Principles**

These consolidated financial statements have been prepared in accordance with UK GAAP, which differ in certain significant respects from US GAAP. A description of the relevant accounting principles, which differ materially, is given below.

a. Revenue recognition

Upon formation of the company, Equant Finance BV (“Equant”) agreed to transfer certain existing Equant customer contracts to Radianz Limited (the “Company”) and its subsidiaries (collectively “Radianz” or the “Group”). Under the terms of the agreement between Equant and Radianz, when Equant is unable to obtain the customer’s consent to transfer the contracts, and Equant continues to provide service, Equant is required to contribute to Radianz the equivalent annual economic interest that, notionally, would have accrued to Radianz had the contract been transferred. Under US GAAP this contribution is treated as a capital contribution from Equant. Under UK GAAP, this is recognised as revenue.

b. Employee costs

Some Radianz employees, who transferred from Reuters and Equant at the time the Company was established, retained the rights to certain unvested share options granted by the Parents at the time of the employees transfer to Radianz. Under US GAAP, the share option expense relating to the fair value of these options is recognised as non cash compensation over the vesting periods of the grants. Under UK GAAP, no expense is recognised.

c. Goodwill

Under UK GAAP, the estimated excess fair value of the shares issued upon formation of the Company over the estimated fair value of the assets and cash contributed was recorded as goodwill on the balance sheet. Goodwill is amortised over its estimated useful economic life. Under US GAAP, the value of shares issued is recorded by reference to the fair value of the net assets contributed.

NOTES TO THE FINANCIAL STATEMENTS

d. Shares held by employee share ownership trust (ESOT)

Under UK GAAP, shares held by the ESOT are recorded as fixed asset investments at cost less any impairments. As at 31 December 2002, a full provision had been recorded against such amounts in the financial statements prepared under UK GAAP. Under US GAAP, those shares held by the ESOT are regarded as treasury stock and recorded at cost as a deduction from shareholders' equity, with no provision for impairment recorded.

e. Discounted Equant Receivable

Upon formation of the company, Radianz entered into a contractual agreement with Equant, which entitles Radianz to \$125 million of telecommunications, and general and administrative services over a period of up to 10 years. Radianz is entitled to utilise up to \$12.5 million of these services annually from Equant under certain conditions. Under UK GAAP, this asset was recorded as a receivable within current assets at its net present value of \$90 million, using a discount rate of 6.9% and the annual entitlement is expensed as the services are received. Interest is recognised in the profit and loss account as the discount on the receivable is unwound. Under US GAAP, the discounted receivable was recorded as a capital contribution and the unwinding of the discount credited to additional paid in capital, and the annual entitlement expensed as the services are received.

f. Taxation

Under the terms of the joint venture agreement, Reuters agreed to reimburse Radianz for any share of the tax loss incurred by Radianz subsequently utilized by Reuters. Under UK GAAP, this is offset in the taxation charge for Radianz. Under US GAAP, this is shown as additional paid in capital of the company.

Adjustments to net loss	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
Net loss in accordance with UK GAAP	(86,033)	(236,214)	(232,288)
a. Revenue recognition	(2,000)	(2,000)	(2,200)
b. Employee costs	1	1,996	(2,871)
c. Goodwill	-	104,349	104,349
d. Impairment of ESOT shares	-	67,021	64,140
e. Interest - Equant receivable	(2,367)	(1,642)	(866)
f. Taxation	895	-	190
Net loss in accordance with US GAAP	(89,504)	(66,490)	(69,546)
Statement of comprehensive loss	2003	2002	2001
	\$'000	Unaudited \$'000	Unaudited \$'000
Net loss in accordance with US GAAP	(89,504)	(66,490)	(69,546)
Other comprehensive income:			
Foreign currency translation adjustment, net	6,662	571	(1,463)
Comprehensive loss in accordance with US GAAP	(82,842)	(65,919)	(71,009)

NOTES TO THE FINANCIAL STATEMENTS

Adjustments to shareholders' equity	2003 \$'000	2002 Unaudited \$'000	2001 Unaudited \$'000
Net assets in accordance with UK GAAP	183,717	263,086	498,729
c. Goodwill	-	-	(104,349)
d. Investment in own shares/ESOT	-	-	(67,021)
e. Discounted Equant receivable	(51,249)	(61,382)	(72,240)
Net assets in accordance with US GAAP	132,468	201,704	255,119

Cash flow statement

The principal differences between the cash flow prepared in conformity with UK GAAP and the cash flow statements presented in accordance with US GAAP are as follows:

- Under UK GAAP, net cash flow from operating activities is determined before considering cash inflows from (a) returns on investments and servicing of finance (2003: \$0.2 million, 2002: \$2.6 million, 2001: \$12.1 million), (b) taxes paid or received (2003: \$2.1 million paid, 2002: \$0.38 million received, 2001: \$0.6 million paid). Under US GAAP, net cash flow from operating activities is determined after these items.
- Under UK GAAP, the purchase of Radianz shares by an ESOT (2003: \$nil, 2002: \$nil, 2001: \$46.3 million) is classified as investing activities whereas under US GAAP, this is classified as financing activities.
- Under UK GAAP, movements in short-term investments (2003: \$nil, 2002: \$140.0 million, 2001: \$90.7 million) are not included in cash, but classified as management of liquid resources. Under US GAAP, short-term investments with maturity of three months or less at the date of acquisition are included in cash and cash equivalents.

	Notes	2003 \$'000	2002 Unaudited \$'000	2001 Unaudited \$'000
Net cash inflow/ (outflow) from operating activities	1	4,382	(8,519)	10,851
Net cash outflow from investing activities	2	(38,609)	(98,602)	(109,186)
Net cash inflow/ (outflow) from financing activities		(953)	-	-
Net (decrease)/increase in cash and cash equivalents under US GAAP	3	(35,180)	(107,121)	(98,335)
Net (decrease)/increase in cash under UK GAAP		(35,180)	32,921	(7,610)

Recent Accounting pronouncements

In January 2003, the FASB issued Interpretation 46, Consolidation of Variable Interest Entities. A variable interest entity is a legal entity (a) whose equity interest holders as a group lack the characteristics of a controlling financial interest, including: decision making ability and an interest in the entity's residual risks and rewards or (b) where the equity holders have not provided sufficient equity investment to permit the entity to finance its activities without additional subordinated financial support. Interpretation 46 requires a variable interest entity to be consolidated if any of its interest holders are entitled to a majority of the entity's residual return or are exposed to a majority of its expected losses. This party is referred to as the primary beneficiary.

In December 2003, the FASB issued FASB Interpretation 46(R), Consolidation of Variable Interest Entities. FIN 46(R) replaces FIN 46 and clarifies the accounting for interests in variable interest entities. The company will begin to apply FIN 46 (R) to entities considered to be variable interest entities as of the first date of its first US GAAP balance sheet presented for periods ended after December 31, 2003. The Company does not expect that the adoption of FIN 46(R) will have a material affect on its financial statements.

In November 2002, the EITF reached a consensus on Issue 00-21 Revenue Arrangements with Multiple Deliverables ("EITF 00-21"), providing further guidance on how to account for multiple element contracts. EITF 00-21 is effective for all arrangements entered into on or after January 1, 2004. The Company does not anticipate a material impact on its accounting treatment of multiple element contracts under US GAAP.