

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(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the fiscal year ended **December 31, 2001**

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 **0-13456**

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 25 p 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 25 p each	1,432,065,173
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 ☒

The facts. The figures.

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REUTERS

FINANCIAL HIGHLIGHTS

	2001 £m	2000 ¹ £m	% change
Revenue	3,885	3,592	8%
Earnings before interest, tax, depreciation and amortisation (EBITDA)†	506	1,001	(49%)
Normalised operating profit	383	470	(19%)
Operating profit	302	411	(26%)
Operating profit margin	7.8%	11.4%	
Normalised profit before tax	304	457	(34%)
Profit before tax	158	657	(76%)
Pre-tax profit margin	4.1%	18.3%	
Taxation	107	136	(21%)
Profit after tax	51	521	(90%)
Return on tangible fixed assets	7.8%	78.3%	
Return on equity	4.6%	65.0%	
Free cash flow	440	434	1%
Net funds/(debt)	138	(34)	

Basic earnings per ordinary share (EPS)	3.3p	37.1p	
Earnings per ADS*‡	\$0.29	\$3.23	
Dividends per ordinary share	10.0p	16.0p	(38%)
Dividends per ADS*	60.0p	96.0p	(38%)

¹ Restated following adoption of FRS 19 ([see note 24](#)).

† EBITDA includes profits and losses derived from the disposal of subsidiary undertakings and fixed asset investments.

* Each ADS represents six ordinary shares.

‡ A nominal exchange rate of US\$1.45 = £1 has been used for convenience.

RECONCILIATION OF OPERATING PROFIT AND PROFIT BEFORE TAX TO NORMALISED OPERATING PROFIT AND NORMALISED PROFIT BEFORE TAX

(see [Performance measurement](#) for definition of 'normalised')

	2001 £m	2000 £m	% change
Operating profit	302	411	(26%)
Add: amortisation of intangible assets on subsidiaries	81	59	
Normalised operating profit	383	470	(19%)
Share of joint ventures and associates losses/investment income	(70)	(16)	
Net interest (payable)/receivable	(9)	3	
Normalised profit before tax	304	457	(34%)
Amortisation of intangible assets on subsidiaries, joint ventures and associates	(93)	(71)	
Net (losses)/gains on investments	(53)	271	
Profit before tax	158	657	(76%)

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 2001. See the [cross reference guide](#) setting out the information in this report that corresponds to the Form 20-F.

As used in this report 'Reuters Group' and 'Group' refer to Reuters Group PLC and its consolidated subsidiaries including Instinet. The 'company' refers to the parent Reuters Group PLC. 'Reuters' refers to Reuters Group excluding Instinet.

The consolidated financial statements of Reuters Group PLC included in this report are presented in pounds sterling (£). On 31 December 2001, 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 \$1.45 = £1: on 15 February 2002 the Noon Buying Rate was \$1.43 = £1. See the additional information on [exchange rates](#) between the pound sterling and the US dollar.

Reuters Group consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United Kingdom (UK GAAP). UK GAAP differ in certain respects from accounting principles generally accepted in the United States (US GAAP). See [material differences between UK GAAP and US GAAP](#) relevant to the Group.

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 financial condition, results of operations and business and management strategy, plans and objectives for the Group. For a discussion of risks associated with these statements see [Risk factors](#).

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REUTERS 

FIVE YEAR SUMMARY

Revenue £m		Basic earnings per ordinary share pence		Profit before tax (PBT) £m	
Actual revenue increased 8% in 2001. Underlying revenue, which excludes exchange rate movements and the impact of acquisitions and disposals, grew 2% in 2001.		Basic EPS fell by 33.8p in 2001. Normalised EPS fell by 7.4p. Prior year comparatives have been restated following adoption of FRS 19.		Reported PBT fell 76% in 2001, Normalised PBT fell 34%	
97	2,882	97	24.1	97	626
98	3,032	98	28.4	98	580
99	3,125	99	30.9	99	632
00	3,592	00	37.1	00	657
01	3,885	01	3.3	01	158

See [Performance measurement](#) for definition of normalised profits and earnings.

Dividends per ordinary share pence Rebased at 10.0p per share in 2001.		Earnings before interest, tax, depreciation and amortisation (EBITDA) £m EBITDA fell 49% on a reported basis and fell 23% on a normalised basis in 2001.		Cash flow per ordinary share pence Fell by 50% in 2001.	
97	13.0	97	909	97	61.0
98	14.4	98	960	98	68.3
99	14.65	99	1,008	99	71.6
00	16.0	00	1,001	00	71.5
01	10.0	01	506	01	35.5

For definition of cash flow per ordinary share see [Eleven year consolidated financial summary](#).

Divisional revenue summary

Reuters Information £m Actual revenue grew 6% in 2001 and underlying revenue grew 5%.		Reuters Trading Solutions £m Actual revenue grew 7% in 2001 with underlying growth at 2%.	
97	1,477	97	800
98	1,531	98	827
99	1,619	99	780
00	1,737	00	822
01	1,836	01	878

Reuterspace £m Actual revenue grew 8% in 2001 but underlying revenue fell 2%.		Instinet £m Actual revenue growth in 2001 was 6% and on an underlying basis was unchanged.	
97	167	97	383
98	154	98	446
99	157	99	525
00	235	00	804
01	255	01	854

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SELECTED FINANCIAL DATA

The selected financial information set forth 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 differ in certain respects from US GAAP. See [summary of the principal differences between UK and US GAAP](#) and related information.

CONSOLIDATED PROFIT AND LOSS ACCOUNT DATA YEAR ENDED 31 DECEMBER

	Notes below	2001	2000*	1999*	1998*	1997*
£m (except per share data)						
Amounts in accordance with UK GAAP:						
Revenue		3,885	3,592	3,125	3,032	2,882
Operating profit		302	411	549	550	541
Profit on ordinary activities before tax		158	657	632	580	626
Profit on ordinary activities after tax		51	521	436	408	392
Basic earnings per ordinary share		3.3p	37.1p	30.9p	28.4p	24.1p
Diluted earnings per ordinary share		3.2p	36.5p	30.4p	28.3p	23.9p
Basic earnings per ADS		19.7p	222.8p	185.7p	170.3p	144.8p
Diluted earnings per ADS		19.3p	219.1p	183.1p	169.7p	143.6p
Dividends declared per ordinary share (including UK tax credit)	1	11.1p	17.8p	16.3p	16.5p	16.3p
Dividends declared per ADS (including UK tax credit):	1					
Expressed in UK currency		66.7p	106.7p	97.7p	98.8p	97.5p
Expressed in US currency	2	95.6c	157.7c	154.6c	159.6c	160.3c
Weighted average number of ordinary shares (in millions)		1,404	1,404	1,409	1,438	1,623

Amounts in accordance with US GAAP:

Revenue		3,877	3,586	3,127	3,030	2,882
Income before taxes on income		205	652	622	572	618
Net income		92	534	451	392	386
Basic earnings per ordinary share		6.6p	38.0p	32.0p	27.8p	27.4p
Diluted earnings per ordinary share	3	6.5p	37.4p	31.6p	27.7p	27.2p
Basic earnings per ADS	3	37.5p	228.1p	192.1p	166.6p	164.5p
Diluted earnings per ADS	3	36.8p	224.3p	189.5p	166.0p	163.4p
Dividends declared per ordinary share (including UK tax credit)	1&3	18.0p	16.3p	16.3p	121.3p	17.5p
Dividends declared per ADS (including UK tax credit):	1&3					
Expressed in UK currency		108.0p	97.7p	97.7p	727.5p	104.7p
Expressed in US currency	2	155.3c	150.8c	156.4c	1,190.0c	168.7c
Weighted average number of ordinary shares (in millions)	3	1,404	1,404	1,409	1,411	1,407

**CONSOLIDATED BALANCE SHEET DATA
AT 31 DECEMBER**

	2001 £m	2000* £m	1999* £m	1998* £m	1997* £m
Amounts in accordance with UK GAAP:					
Total assets	4,538	3,870	2,714	2,756	2,940
Long-term debt and provisions for charges	526	394	349	118	141
Net assets	1,273	1,153	663	440	1,706
Shareholders' equity	1,109	1,153	663	423	1,688
Share capital	358	357	355	354	408
Amounts in accordance with US GAAP:					
Total assets	4,383	3,783	3,173	2,722	2,907
Long-term debt	572	458	362	75	86
Net assets/shareholders' equity	959	1,186	1,109	504	1,754

* Restated following adoption of FRS 19 ([see note 24](#)).

- 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. For further information relating to dividends and the UK taxation of dividends see [Information for shareholders](#).
- Dividends expressed in US currency 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 2001, payable to US shareholders on 2 May 2002, has been converted at the Noon Buying Rate on 15 February 2002 for convenience.
- In 1998 Reuters Holdings PLC consummated a court approved capital reorganisation in which shares of Reuters Holdings were exchanged for a combination of shares of Reuters Group and approximately £1.5 billion in cash. Under US GAAP this transaction was deemed a share consolidation combined with a special dividend and, accordingly, earnings per share and per ADS and dividends per share and per ADS amounts were retrospectively restated. Under UK GAAP no restatement was deemed appropriate as the cash payment was considered a repurchase of shares and the number of new shares in Reuters Group was set to facilitate comparability of per share amounts with those of Reuters Holdings.

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**COMPANY INFORMATION****History and development**

Founded in 1851 in London, Reuters Group has grown to become the world's leading global information, news and technology business. Its reputation for speed, accuracy and integrity is underpinned by a strong tradition of editorial independence and freedom from bias combined with a commitment to continuous technological innovation leveraged on a global scale.

The Group serves the global financial markets and news media with a wide range of information products and transactional solutions. These include real-time and historical market data; research and analytics; trading platforms across a range of financial instruments; collective investment data and benchmarking analytics; plus news in text, video, graphics and photographs.

Reuters delivers news and financial data to over 627,000 financial market professionals in more than 70,000 locations in around 150 countries, using public and private communication systems, increasingly through IP-based networks furnished by Radianz Limited, a joint venture between Reuters and the world's largest network operator, Equant. Reuters also reaches a much wider audience as the world's largest international text and television news agency with 2,259 journalists, photographers and camera operators in 230 bureaux around the world at the end of 2001.

During 2001 Reuters continued implementation of its Business Transformation programme designed to meet rapidly evolving customer requirements by designing and delivering new generation products and services based on internet technologies and ensuring optimal internal systems and commercial processes within the organisation. This programme included headcount reductions and the reshaping of Reuters operational structures and is intended to improve future profitability through sharpening the focus on customer service and reducing the Group's cost base. In response to difficult trading conditions during the year, Reuters increased its planned headcount reductions to approximately 1,800 people (of whom over 1,000 had left by the end of the year). Instinet reduced its own headcount by 237.

In addition to these organic changes, in September 2001 Reuters completed the acquisition of the core North America equities information and trading business and certain other businesses of Bridge Information Systems, Inc. The transaction has greatly enhanced Reuters presence in the US buy-side market and has allowed Reuters to expand its product offering as well as to connect its international customer base with Bridge's largely US clientele.

Business organisation

During the year ended 31 December 2001 the business was organised into three principal product divisions – Reuters Financial, covering products and services for the financial markets; Reuterspace, developing new businesses outside the core markets; and Instinet (83% owned by Reuters), operating electronic trading platforms and related support services for financial market participants. The business is divided into three main geographic areas: Europe, Middle East and Africa; Asia/Pacific and the Americas. Revenues for the three years to 31 December 2001 are analysed by product division and major geographical region in the [Operating and financial review](#) and in [note 1](#) and [note 13](#).

In June 2001, Reuters announced its intention to reorganise along [customer segment](#) lines. Since 1 January 2002 Reuters Financial and Reuterspace have been succeeded by four new business segments focused on the major customer groups served by Reuters – Treasury; Asset Management; Investment Banking & Brokerage; and Corporates & Media. Together with Instinet, these are now the primary strategic and operating dimension for the Group.

Customer segments

Treasury, Reuters largest segment, helps customers operate more effectively in the foreign exchange and money markets. In addition to information products, this segment offers an electronic matching service to trade spot and forward foreign exchange in almost 40 currencies and a conversational dealing service for electronic communication and trading. The Treasury segment also delivers a number of leading applications that allow customers to service their own clients more efficiently, or understand and manage their own risks, cash flow or order-flow more effectively.

Asset Management represents significant growth opportunities for Reuters, although the company already has a substantial presence in the sector. Reuters has traditionally concentrated on designing products for other parts of the financial services industry, particularly the sell-side. The Bridge acquisition is helping Reuters to enhance its offering and to achieve greater penetration of the important US institutional market.

Investment Banking & Brokerage serves global, regional and boutique investment banks, brokerages, venture capital concerns and other similar businesses. Reuters delivers services for equities and fixed income trading and sales, and for the research and advisory functions. It also provides software, solutions and consultancy for enterprises.

Corporates & Media includes long-standing business lines such as Reuters global, multimedia news services sold to the world's media markets and the more recently established professional information businesses such as commodities and energy and corporate research services. This segment is drawing on Reuters core strengths and competencies to identify new opportunities for growth across a wide range of new customer needs and new market sectors.

The four new business segments are supported by five shared Centres of Excellence providing specialist services – Editorial, the Chief Technology Office, the Business Technology Group, Global Services and Shared Business Services. Local and regional business units around the world provide country-specific support and focus.

Products and services

Reuters core business activity is the gathering and distribution of news, information and other content from multiple sources across the globe and the provision of technology to distribute, analyse, view and trade with information.

Reuters receives current trading information from trading exchanges and over-the-counter markets, from over 5,000 financial market dealers and brokers and from electronic communications networks and specialist data vendors. Reuters own reporting staff gather and edit general, business and industry specific news in textual, video, photo and audio form from around the world.

Reuters distributes its information primarily in the form of real-time and historical information services to financial professionals operating in the four customer segments. These products are delivered to customers through personal computer-based terminals or other workstation display software, through internet browsers and through information management systems.

Reuters premium international information product is 3000Xtra which offers a highly sophisticated set of information services and tools to customers. Reuters Middle Tier products primarily focus on the needs of customers relating to individual geographic or asset-class markets. The principal Lower

Tier offering is Reuters Investor which delivers Reuters information via the internet, enabling subscribers to integrate easily a tailored segment of Reuters news and market data into their own websites.

In addition to its information products Reuters develops transaction products and other systems-based solutions for its customers in order to support and integrate their trading operations more fully. At the top end of the transaction product range is Dealing 3000, offering an electronic brokerage facility for foreign exchange dealing. In 2002 a Lower Tier product, Reuters Dealing Link, will be released to meet the needs of the lower-volume market participants many of whom currently take only the Reuters information products.

Reuters Consulting specialises in the implementation of Reuters products and services into third party and existing customer infrastructures, ensuring that solutions are tailored appropriately to deliver maximum benefits to each customer and providing the necessary level of integration support.

Current product development priorities include the integration of some of the key Bridge capabilities into the Reuters product suite, particularly 3000Xtra. In 2002 Reuters also expects to add instant messaging to its products as a collaboration tool designed to build communities around shared business interests and information flows, using industry standard technology to provide a peer-to-peer service. The system is targeted at the financial community to meet their particular need for real-time, secure, auditable, cost-effective communications channels.

Straight through processing (STP) is one of Reuters key business priorities for 2002 and beyond. The drive for efficiency and regulatory deadlines has made STP a priority for customers in every segment. As part of its STP strategy, in October 2001, Reuters formed Syntex, a joint venture with Capco, the global services and technology solution provider to the financial services industry, with the goal of bringing together the assets needed to develop a range of web-based data management services to offer Reuters customers the improved operational efficiency needed to support the transition to STP.

Instinet Group Incorporated

Instinet is the world's largest electronic agency securities broker. Through its electronic platforms, Instinet brings buyers and sellers worldwide together so that they can trade equity and fixed income securities and access research products, providing them with price improvement for their trades, as well as information, reporting and decision-making tools.

Instinet's customers can trade directly and anonymously with each other, thereby creating an internal liquidity pool, as well as with other investors in 40 securities markets throughout the world. Affiliates of Instinet are members of 20 securities exchanges. Instinet's customers consist of institutional investors, such as mutual funds, pension funds, insurance companies and hedge funds, as well as securities brokers and dealers.

In addition to execution of their equity securities trades on a global basis, Instinet offers its customers services that enhance their ability to achieve their trading objectives, including 24-hour trading, crossing services, block trading and program trading, as well as global clearance and settlement of trades and access to Instinet's research and those of other providers.

Instinet provides a global electronic platform for trading fixed income securities. At present, Instinet is providing brokerage, execution and clearance and settlement services to many of the largest banks and securities dealers in approximately 750 US government, euro-denominated government and German mortgage bond (Pfandbriefe) securities.

In May 2001 Instinet completed an initial public offering (IPO) of approximately 37 million shares of its common stock on the Nasdaq Stock Market. In October 2001, Instinet acquired 92% and in January 2002 the remaining 8%, of ProTrader Group LP, a provider of advanced trading technologies and electronic brokerage services primarily for retail active traders and hedge funds, for consideration consisting of cash and shares. As a result of the IPO and the ProTrader acquisition, Reuters shareholding of Instinet is now approximately 83% on a primary basis.

Communications networks and equipment

Reuters Group uses multiple communications networks, employing a complex variety of technologies, for distribution of its products. The Group is currently engaged in a major strategic initiative to migrate its principal product sets from the existing set of network infrastructures on to a single global internet-based network provided by Radianz. This will deliver greater resilience, speed, capability and, ultimately, offer lower cost of ownership.

Reuters (excluding Bridge) has two global technical centres, two main technical centres and many smaller local data centres. Reuters data centres are linked by communications services provided by Radianz, using dedicated international communications circuits that rely on satellite links, optical fibre cables and coaxial cables. These circuits are leased by Radianz from various governmental and private telecommunications operators including Equant. Communications between data centres and Reuters subscribers are provided by Radianz in 20 countries and by Reuters directly or third parties elsewhere; they mainly use dedicated terrestrial circuits which are leased from telecommunications operators and are supplemented by a variety of other transmission systems. These include satellite-based networks for delivery of services to small dish receivers on customer premises.

Click for further information regarding Radianz and the relationship between [Radianz and Reuters](#).

Reuters currently installs and provides first level maintenance for the majority of its clients' sites either directly or through sub-contractors. These installations are generally based on WinTel platforms. Increasingly clients are providing and maintaining their own hardware and Reuters applications and services are being integrated into customers' existing systems.

As part of the Bridge acquisition Reuters acquired two global technical centres in St Louis, Missouri and a number of smaller distribution centres, some of which are maintained by SAVVIS Communications Corporation (Savvis) and, in Europe and Asia, by Moneyline Telerate.

The network services agreements with Radianz and Savvis are important to Reuters capability to deliver its products and services to customers. Although Reuters takes reasonable steps to ensure continuity of service, any failure or interruption of such systems could have a significant effect on Reuters business (see ["Risk factors"](#)). See [Material contracts](#) for a summary of these network services agreements

Associates and investments

Reuters also forms strategic relationships with other companies to exploit new and niche market opportunities or leverage value by bringing Reuters assets and core competencies together with those of other parties. These include:

TIBCO Software Inc. (TSI) Headquartered in Palo Alto, California, TSI provides total business integration solutions delivering infrastructure software that enables businesses to integrate their business systems in real-time. In 1999 TSI completed an IPO of its common stock on the Nasdaq Stock Market. At 31 December 2001 Reuters held approximately 53% (42% fully diluted) of the outstanding shares of TSI, although its voting rights are restricted to 49% and it is therefore accounted for as an associated company.

Reuters owns the underlying TIB 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 pursuant to a license agreement. 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 pursuant to the license agreement.

Radianz. In May 2000 Reuters and Equant Finance BV, established Radianz to develop a secure internet protocol network for use by the financial services industry, including Instinet. Reuters owns 51% of the company but shares voting control and does not consolidate Radianz for accounting purposes. Under the terms of agreement, in July 2000 Reuters transferred £63 million of telecommunications network assets into the new entity, along with approximately 400 staff and sold its existing telecommunications business, Reuters Connect Services, to the new company for £17 million in cash.

Factiva. In 1999 Reuters and Dow Jones & Co. formed a joint venture, Factiva, to develop a new web-based global service to provide corporate news, information and research data for many categories of business professionals. By December 2001 Factiva was selling information from nearly 8,000 sources and 8,500 business websites to 1.5 million desktops. Information sources include Reuters and Dow Jones newswires in addition to national, regional and local newspapers and trade publications. The content includes information in 22 languages. Factiva also provides technology solutions to integrate content into companies' intranets or information portals. Reuters has invested approximately £23 million in this venture.

Greenhouse Fund. The Reuters Greenhouse Fund was launched in 1995 to provide Reuters with early access to technology and other start-up companies. In August 2001, management of the Greenhouse Fund was outsourced to RVC, a newly-created fund management company formed by members of the Reuters team who had managed the Fund from its inception.

See [Operating and financial review](#) for additional information concerning associates and strategic investments.

Marketing and distribution

Reuters has traditionally been a business-to-business sales-driven organisation. The sales operation is divided into Focus Group accounts, which are managed globally by specific account teams, Consultative accounts, which are managed regionally by local sales teams and Business Direct accounts, which are managed from regional call centres.

Much of Reuters marketing activity supports the sales channels and all customer-facing staff. These communication activities include production of supporting collateral, sales commission schemes, direct response advertising in industry publications, attendance at all key industry events globally and hosting Infoworld, a periodic large-scale Reuters event for customers in Europe. Specific events are also arranged for Focus Group accounts.

Reuters is investing in a direct marketing and customer relationship management capability to support the sales and related support operations.

The Reuters brand is valued as the leading global brand owned by a UK company according to the 2001 survey 'The World's Most Valuable Brands' by leading branding consultants, Interbrand. Reuters uses a number of channels to raise brand awareness and promote its products including Reuters magazine, reuters.com, sponsorship and Reuters Publishing, a book publishing venture with Pearson Education. Reuters has also invested in print advertising campaigns in key financial centres.

Subscribers

Reuters Group products are generally billed by number of user accesses. Accesses are a measure of accesses to datafeeds, portable devices and terminals. The number of accesses at the end of each of the last three years are shown below:

	31 December		
000s	2001	2000	1999
Information products	497	507	477
Dealing	19	21	23
Instinet	30	30	21
Bridge	81	–	–
Total	627	558	521

Principal capital expenditure

Over the last three years, Reuters Group has made a number of acquisitions and has invested in several new and existing businesses including several joint ventures and the Greenhouse Fund portfolio. The principal acquisitions and investments (none of which exceeded a cost of £50 million, save where otherwise stated) were:

- O R Télématique SA (now known as ORT SA), a leading online provider of company information;
- Yankee Group Research Inc., an international technology research and advisory firm specialising in sectors essential to e-business: the internet, e-commerce, telecommunications and wireless services;
- Lynch, Jones & Ryan Inc. (acquired by Instinet), a provider of specialised brokerage, research and commission recapture services to pension plan sponsors and managers;
- Tower Group Inc. (84%), a US research and advisory firm specialising on the impact of information technology in the financial industry;
- Liberty SA (now known as Reuters InterTrade Direct SA), a provider of electronic links for the global securities markets, offering order routing and order management services and links to other trading processes such as clearing and settlement;
- Lipper Analytical Services Inc. (now known as Lipper Inc.), a provider of US mutual fund and global fund data;
- GL Trade SA (34%), a developer of interactive software which link equities traders to electronic exchanges in order to monitor the market and enter orders;
- Diagram fip SA acquired in March 2001, is a major European provider of financial software solutions for the capital markets. Products include software packages and value-added services such as consulting, training and integration for banks, brokers, fund and asset managers and insurance companies. It also offers integrated corporate treasury systems;
- ProTrader Group LP, acquired by Instinet for a total consideration of £105 million. See '[Summary of key events of 2001](#)' for further details; and
- Certain businesses of Bridge Information Systems, Inc., acquired in September 2001 for a total consideration of £256 million, including interim funding to Bridge and Savvis.

In October 2001 Reuters sold its interest in VentureOne Corporation, a provider of information and research for the venture capital investment industry, to Wicks Business Information, LLC for a net consideration of £18 million in cash.

Total capital expenditure for acquisitions, investments in associates and other investments during 2001 was £450 million (2000: £242 million, 1999: £76 million). Additional investment in the Greenhouse Fund during 2001 totalled £15 million (2000: £184 million, 1999: £61 million).

Further information relating to investments, acquisitions, joint ventures and disposals in 2001 is provided in [note 16](#) and [note 31](#).

Competition

Reuters Group faces competition in all market sectors and geographical areas in which it operates.

Competing information products for the financial markets are offered by Bloomberg LP (Bloomberg), Quick Corporation of Japan, Telekurs AG (Switzerland), Thomson Financial and Moneyline Telerate (formerly owned by Bridge). In connection with the Bridge acquisition, Reuters agreed to provide Moneyline Telerate with various network, software development, data management, customer support, administrative and other transitional services and granted to Moneyline Telerate certain intellectual property and software licenses, and Moneyline Telerate agreed to provide Reuters with various field support, network and administrative services and co-location rights, in each case for a term not to exceed four years (depending upon the service in question).

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

Reuters foreign exchange spot matching services compete with the Electronic Broking Service. Reuters money and foreign exchange transaction products also compete with voice brokers in the relevant markets.

Competitors in the supply of market data systems include Misys plc, SunGuard Data Systems Inc and CSK Software and a large number of other vendors. Competition for the supply of company, financial and industry specific information is fragmented widely among traditional information providers such as Bloomberg and Dow Jones, among online exchanges such as ICE and NYMEX and among niche players with specialist tools or local market coverage such as CQG and MetalBulletin.

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

Instinet competes with, among others, traditional and electronic trading methods in use on US and international securities exchanges, Nasdaq's trading services that enable members of the National Association of Securities Dealers, Inc. (the NASD) to trade electronically in Nasdaq-quoted stocks, the Institutional XPress and NYSeDirect+ products of the New York Stock Exchange and other broker-dealers (including many of its own customers) which offer competing services; as well as electronic communication networks, including Bloomberg Tradebook LLC, a subsidiary of Bloomberg, and the Island System.

Government regulation

Reuters Limited, the principal operating company in the Group, is regulated as a service company by the UK Financial Services Authority (FSA) under the Financial Services and Markets Act 2000.

The use of communications links is subject to government licensing in several countries.

Reuters Transaction Services Limited (RTSL), through which Reuters operates Dealing 2000-2 and Dealing 3000 Spot Matching, is subject to regulation by the FSA equivalent to that applied to broking participants in the London foreign exchange market. The operations of RTSL's Singapore branch are subject to oversight by the Monetary Authority of Singapore and those of the Hong Kong branch by The Hong Kong Monetary Authority. Reuters InterTrade Direct SA, through which Reuters operates Reuters InterTrade Direct, is also regulated as a service company by the FSA under the Financial Services and Markets Act 2000.

As registered broker-dealers, members and self-regulatory organisations in the US and other countries in which they operate and (in the case of Instinet) as a registered alternative trading system in the US, Instinet and Bridge Trading Company are subject to substantial regulation under the US securities laws and their equivalents in other countries, including but not limited to net capital requirements. The regulatory framework generally applies directly to Instinet and Bridge Trading affiliates that are registered or licensed in various jurisdictions.

Corporate structure

Reuters Group conducts its business through a portfolio of companies including wholly and partly owned subsidiaries, joint ventures and associated companies. Information regarding the most significant companies is contained in [note 32](#). The ultimate holding company for the Group is Reuters Group PLC, which was incorporated in England and Wales on 24 December 1996 and is listed on the London Stock Exchange and Nasdaq. Reuters registered office and corporate headquarters are located at 85 Fleet Street, London EC4P 4AJ (telephone: +44 (0)20 7250 1122).

Property, plant and equipment

Reuters tangible fixed assets are primarily in the form of computer systems equipment that form the infrastructure for the company's business. This equipment is distributed across the company's global sites with greater concentration at the major global and regional technical centres. A reducing proportion of the equipment is located at customer sites around the world.

Reuters Group principal facilities are:

- its corporate headquarters (96,000 sq. ft.) in London;
- its new US headquarters at 3 Times Square in New York City (692,170 sq. ft.);
- global technical centres in London (324,000 sq. ft.) and Geneva (144,000 sq. ft.);
- properties located in St Louis County, Missouri, acquired from Bridge in 2001, consisting of seven corporate office buildings (aggregate of 263,000 sq. ft.) including two global technical centres (4,800 sq. ft. and 6,000 sq. ft., respectively) and a 5.4 acre parcel of land; and
- two other main technical centres in New York (44,000 sq. ft.) and Singapore (180,000 sq. ft.).

The London properties and the New York technical centre are situated on land owned by Reuters, whereas the buildings in Geneva and Singapore were built by Reuters 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 developed jointly by Reuters and Rudin Times Square Associates LLC. In May 2001 Reuters leased 692,170 sq. ft. from the venture and subleased

360,392 sq. ft. to Instinet. The principal part of the Reuters lease will expire in 2021, with an option to extend. The Instinet sublease also expires in 2021. Reuters secured its lease position with a \$120 million letter of credit. Of the St Louis corporate office buildings, four are owned (209,500 sq. ft.) and three are leased (53,700 sq. ft.) One of the global technical centres in St.Louis is located in an owned facility and the other is located in one of the leased facilities, whose lease expires in 2004. The 5.4 acre parcel of land is currently under ground lease to Savvis for a term expiring in 2099.

Legal proceedings

Reuters Group is not aware of any legal or arbitration proceedings that may have, or have had in the 12 months prior to the date of this document, a significant effect on the Group's financial position or profitability.

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DIRECTORS' REPORT

The directors submit their annual report and audited financial statements for the year ended 31 December 2001.

Activities

The Group's activities are described in the [company information](#). A detailed review of activities during 2001 and likely future developments is given in the [company information](#) and in the [operating and financial review](#).

Share capital and dividends

Details of the changes in the authorised and called-up share capital are set out in [note 26](#) and [note 27](#). Details of significant shareholdings are given in the [major shareholders](#) section.

An interim dividend of 3.85 pence per ordinary share was paid on 5 September 2001. 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 (2000: 16.0 pence). Subject to shareholders' approval at the annual general meeting to be held on 23 April 2002, the final dividend will be paid on 25 April 2002 to members on the register at the close of business on 15 March 2002.

Employees

The total number of employees at 31 December 2001 was 19,429 (31 December 2000: 18,082). Details of average number of employees by segment are given in the [employee information](#) section.

It is Reuters Group policy 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, depending on their skills and abilities, enjoy the same training, development and prospects as other employees.

To provide employees with the information they need to understand and achieve our business objectives, we make extensive use of the company's intranet as a communication tool. Meetings are regularly held between management and employees' and union representatives 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 Chief Executive and other executive directors meet with the Forum regularly. We undertake regular employee surveys to evaluate morale and to identify any employee issues that need to be addressed. The results are communicated throughout the Group.

The directors record with deep regret the deaths of Anil Bharvaney, Alex Braginsky, Geoff Campbell, Doug Gurian, Chris Hanley and Steve Tompsett who died in the World Trade Center on 11 September and Harry Burton and Azizullah Haidari who were murdered in Afghanistan on 19 November.

The Board values the courage and professionalism shown by employees operating in zones of conflict. Reuters has reviewed 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 employees to avoid risks wherever possible and for hostile environment training and protective equipment to be provided to all employees who may need them.

Charitable contributions

Reuters made a grant of £4.0 million in 2001 to fund the educational and humanitarian work of Reuters Foundation, the Group's charitable trust (£3.2 million in 2000). In addition, Reuters regional management made direct charitable donations of £2.4 million in cash and £13.7 million in kind, which includes the value of information services, equipment and employees' time provided free of charge for educational and humanitarian purposes. The overall total of Group charitable giving, in cash and in kind, amounted to £20.1 million in 2001 or 12.7% of pre-tax profit (£18.1 million or 2.7% in 2000).

More information on the work of Reuters Foundation is contained in the annual review and on the Foundation's website: www.foundation.reuters.com. Information about Reuters corporate social responsibility activities is contained in the annual review and on Reuters website: www.reuters.com/csr.

No political contributions are made.

Creditor payment terms

It is the Group's normal procedure to agree terms of transactions, including payment terms, with suppliers in advance. Payment terms vary, reflecting local practice throughout the world. It is Group policy that payment is made on time, provided suppliers perform in accordance with the agreed terms. Group trade creditors at 31 December 2001 were equivalent to 32 days' purchases during the year.

Authority for company to purchase own shares

At the annual general meeting held on 24 April 2001, members renewed the company's authority under section 166 of the Companies Act 1985 to make purchases on the London Stock Exchange of up to 142,914,752 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, nor less than 25 pence each.

Auditors

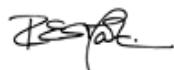
Resolutions will be placed before the annual general meeting to reappoint PricewaterhouseCoopers as auditors and to permit the directors to fix their remuneration.

Directors

The names and biographical details of current directors are given in the [directors and senior management](#) section. A non-executive director is not required to hold ordinary shares in order to qualify as a director. The Remuneration Committee has agreed that each executive director and certain senior managers should be required to accumulate and maintain a personal holding of Reuters shares worth approximately twice his salary within five years of becoming subject to the policy. A director not holding any shares may nevertheless attend and speak at general meetings of the company. A statement of directors' remuneration and their interests in shares and options of the company and its subsidiaries is set out in the [report on remuneration and related matters](#).

The following changes to the Board composition occurred during 2001. In July, Sir Peter Job and Jean-Claude Marchand retired from the Board and they retired from the company in July and September respectively. Rob Rowley retired from the Board and the company in December. [Geoffrey Weetman](#) was appointed as an executive director in July. [Sir John Craven](#), [Charles Sinclair](#), [Dennis Malamatinas](#) and [Philip Green](#) retire by rotation and are proposed for re-election as directors at the forthcoming annual general meeting. [Geoffrey Weetman](#), having been appointed by the Board since the last annual general meeting, also retires and is proposed for re-election at the annual general meeting. Biographical information on these directors is set out in their individual sections. As non-executive directors, [Sir John Craven](#), [Charles Sinclair](#) and [Dennis Malamatinas](#) do not have service contracts. Details of the remuneration of the non-executive directors and information on the service contract and remuneration of [Geoffrey Weetman](#) are set out in the [report on remuneration and related matters](#).

By order of the Board



Rosemary Martin
Company Secretary
15 February 2002

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DIRECTORS AND SENIOR MANAGEMENT

The directors and senior managers of Reuters Group are:

Name	Position	Position held since	Date of next reappointment by shareholders
Directors			
Sir Christopher Anthony Hogg	Chairman; Director ¹	1985; 1984	2003
Thomas Henry Glocer	Chief Executive; Director	2001; 2000	2004
Philip Nevill Green	Chief Operating Officer; Director	2001; 2000	2002
David John Grigson	Chief Financial Officer; Director	2000; 2000	2004
Geoffrey Arthur Weetman	Group Human Resources Director; Director	1998; 2001	2002
Sir John Anthony Craven	Director ¹	1997	2002
Edward Kozel	Director ¹	2000	2003
Dennis Malamatinas	Director ¹	2000	2002
Roberto G Mendoza	Director ¹	1998	2003
Richard Lake Oliver	Director ¹	1997	2003
Charles James Francis Sinclair	Director ¹	1994	2002
Ian Charles Strachan	Director ¹	2000	2004
Senior Managers			
Graham Albutt	President – Business Technology Group	2001	
Douglas Atkin	President and Chief Executive Officer, Instinet Group Incorporated	1998	
Sarah Dunn	President – Corporates & Media Services	2001	
Marc Dualé	Managing Director – Asia	2002	
Christopher Hagman	Managing Director – Continental Europe, Middle East and Africa	2001	
Julie Holland	Managing Director – Treasury Services	2001	
Alexander Hungate	Chief Marketing Officer, President – Focus Group Accounts	2001	
Robert Jeanbart	Managing Director – UKI	2001	
Geert Linnebank	Editor-in-Chief	2000	

Phillip Lynch	Chief Executive Officer – Reuters America Inc.	2001
Rosemary Martin	Company Secretary and Director – Group Links	1999
Gregory Meekings	Managing Director – Global Services	2001
Stephen Mitchell	Head of Risk Management and General Counsel	1998
Jane Platt	Managing Director – Asset Management	2001
Michael Sayers	Chief Technology Officer	1998
David Ure	Strategic Adviser to the Board and non-executive Chairman of Radianz	2000
Devin Wenig	President – Investment Banking & Brokerage Services	2001

¹ Non-executive director.

Directors

Sir Christopher Hogg. Non-executive Chairman of Allied Domecq PLC since 1996. Non-executive director of GlaxoSmithKline plc since 1993 and Air Liquide SA since May 2000. Non-executive Chairman of the Royal National Theatre since 1995. Former member of the International Council of JP Morgan (1993-2000). Former Chairman of Courtaulds PLC from 1980 to 1996 (Chief Executive 1979-1991). Former non-executive director of the Bank of England (1992-1996). Member of the Audit, Remuneration and Nomination Committees. Age 65.

Tom Glocer. Chief Executive. Former Chief Executive Officer Reuters Information (2000) and President & Senior Company Officer, Reuters America (1998-2000). Chief Executive Officer, Reuters Latin America (1997-1998). Joined Reuters in 1993 and served in various capacities in Reuters legal department (1993-1997). Prior to joining Reuters he was a mergers and acquisitions lawyer with Davis Polk & Wardwell in New York, Paris and Tokyo. Non-executive director of Instinet Group Incorporated and of the New York City Investment Fund. Member of the Corporate Council of the Whitney Museum and of the Leadership Champions Group (Education) of Business in the Community. Age 42.

Philip Green. Chief Operating Officer. Joined Reuters in September 1999 as Chief Executive, Reuters Trading Solutions. Former Chief Operating Officer, Europe and Africa, at DHL International, based in Brussels. Joined DHL in 1990 as Regional Director, Northern Europe having previously worked in both the UK and US. Non-executive director of SKF AB and a director of Radianz Limited. Member of the Advisory Board of the London Business School. Age 48.

David Grigson. Chief Financial Officer. Joined Reuters in August 2000 from Emap plc where he was Group Finance Director and Chairman of Emap Digital. 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 Group Incorporated. Age 47.

Geoffrey Weetman. Group Human Resources Director. Joined Reuters in 1973 as a regional accountant based in Switzerland. Following a period in London, he moved to Asia and held a number of senior positions in Hong Kong and Japan, becoming Managing Director, Reuters Asia, in 1992. He returned to London in 1997 as Managing Director of Media and New Business Ventures prior to his appointment as Director of Human Resources in 1998. Age 55.

Sir John Craven. Non-executive Chairman of Lonmin Plc since 1997. Non-executive director of Gleacher & Co LLC, and 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 Rothmans International BV, Ducatti SpA and Société Générale de Surveillance SA. Member of the Audit Committee and Chairman of the Nomination Committee. Age 61.

Ed Kozel. Managing Director of Open Range Ventures LLC, a private venture capital firm active in telecom, networking and internet start-ups. Non-executive director of Cisco Systems, Inc., where he worked from 1989-2000 in a number of roles, including Chief Technology Officer and senior vice president for business development. Also a director of Yahoo!, TIBCO Software Inc., Datachannel and Telegis. Prior to 1989 he worked with SRI International in California. Member of the Remuneration and Nomination Committees. Age 46.

Dennis Malamatinas. Chairman, Priceline Europe. Former Chief Executive Officer of Burger King Corporation (1997-2000). From 1979 to 1997 he held a number of senior general management roles with the Procter & Gamble Company, PepsiCo and Grand Metropolitan plc (now Diageo plc). He was an executive director of Diageo plc from 1998 to 2000. Member of the Remuneration and Nomination Committees. Age 46.

Roberto Mendoza. Chairman of Egg plc and non-executive director of Prudential plc, ACE Limited and Vitro SA. Formerly 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. Member of the Nomination and Remuneration Committees. Age 56.

Dick Olver. An executive director of BP p.l.c. and Chief Executive Officer of BP Exploration & Production Division since 1998. A member of the Institute of Civil Engineers, he has worked for BP since 1973. A governor of New Hall School. Chairman of the Audit Committee and a member of the Nomination Committee. Age 55.

Charles Sinclair. 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 PLC and Schroders plc. Fellow of the Institute of Chartered Accountants. Chairman of the Remuneration Committee and a member of the Nomination Committee. Age 53.

Ian Strachan. Non-executive director of Transocean Sedco Forex Inc., Johnson Matthey plc, Harsco Corporation and Instinet Group Incorporated. Former 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 (1990-1996). Member of the Audit and Nomination Committees. Age 58.

Senior Managers

Graham Albutt. President – Business Technology Group. Graham joined Reuters in London in 1987. Held various posts and in May 2001, was appointed Business Integration Leader, developing the structure and business model for the integration of the recently acquired Bridge assets.

Douglas Atkin. President and Chief Executive Officer, Instinet Group Incorporated since 1998. Doug joined Instinet in 1984. He is a director of the NYC Partnership and a member of the Young Presidents Organization (YPO) International and the US Council for Competitiveness.

Marc Dualé. Managing Director – Asia. Marc joined Reuters in January 2002. Previously worked for DHL Worldwide Express, where he became Chief Operating Officer for the Asia Pacific Middle East Region in 1999. Worked for American Express in New York and Paris for seven years and was also a consultant at The Boston Consulting Group in Chicago.

Sarah Dunn. President – Corporates & Media Services since September 2001. Sarah joined Reuters in 1986 in the UK and transferred to Reuters America in 1995 as Vice President, Marketing. She became Chief Executive Officer of Reuters Lipper subsidiary in January 2000.

Christopher Hagman. Managing Director – Continental Europe, Middle East & Africa, since April 2001. Chris joined Reuters in 1987 based in Sweden and has held various senior sales and general business management positions in Sweden, Netherlands and the UK.

Julie Holland. Managing Director – Treasury Services since September 2001. Julie joined Reuters in 1975 and held a series of sales and marketing roles. Julie was appointed Managing Director of Reuters UK and Ireland in 1996.

Alexander Hungate. Chief Marketing Officer, President – Focus Group Accounts since September 2001. 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. Also a director of British America Business Inc.

Robert Jeanbart. Managing Director – UKI since September 2001. Robert joined Reuters in 1987 and held a number of product management and marketing roles before becoming Director Risk Management Systems in 1994 and then Managing Director, Applications and Enterprise Solutions in 2000.

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

Phillip Lynch. Chief Executive Officer – America since June 2001. Phillip joined Reuters in Boston in 1988 as a sales executive and held several sales management positions until his appointment in 1996 as Business Manager of the New York region. Also a director of WorldStreet Corporation.

Rosemary Martin. Company Secretary and Director – Group Links. Rosemary joined Reuters in 1997 as Deputy Company Secretary. Former Partner in London law firm Rowe & Maw.

Gregory Meekings. Managing Director Global Services. Greg joined Reuters in 1986 and was appointed Managing Director – Global Services in January 2001. Prior to joining Reuters, he was Services Director at First Computer, Managing Director at Calibre Technology, Sales Director at Braid Systems Ltd and Business Manager of Logica's Industrial Automation Systems division.

Stephen Mitchell. Head of Risk Management and General Counsel since September 2001. Stephen joined Reuters in 1996 as Deputy General Counsel. Acted as General Counsel for Reuters America during 1997. Company Secretary 1998 to 1999 when he was appointed General Counsel. Former Partner in Australian law firm Freehill, Hollingdale & Page.

Jane Platt. Managing Director – Asset Management. Jane joined Reuters from Barclays in 2001, where she had been Chief Executive of Barclays Stockbrokers and Barclays Bank Trust Company.

Michael Sayers. Chief Technology Officer. Michael joined Reuters London development group in 1977 and in late 1998 was appointed Chief Technology Officer.

David Ure. Strategic Adviser to the Board and non-executive Chairman of Radianz. Former executive director (1989-2000) responsible for group technical strategy and Reuters Trading Solutions Division. From 1992 to 1998, he was responsible for group marketing and technical policy. Prior to that he headed Reuters operations in Europe, Middle East and Africa. David joined the company in 1968 as a trainee journalist. Non-executive director of TIBCO Software Inc., WebEx Communications, Inc., Multex Investor Japan Limited and Multex Investor Europe Limited.

Devin Wenig. President – Investment Banking & Brokerage Services since September 2001. Devin joined Reuters in 1993 as Corporate Counsel, Reuters America and held a number of senior

management positions before being appointed President, Reuters Information in January 2001. Also a director of Multex Inc., Sila Communications Limited, Aether Technologies Inc. and Natestch Pharmaceutical Company.

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CORPORATE GOVERNANCE

Reuters Group is committed to high standards of corporate governance and has complied throughout 2001 with the principles of corporate governance set out in Section 1 of the Combined Code save that the service contracts of Sir Peter Job, Rob Rowley and Jean-Claude Marchand, each of whom retired during 2001, were terminable by the company on two years' notice and David Grigson's appointment can be terminated on one year's notice after an initial period ending in July 2002.

The Board and executive

The Board is responsible for the Group's system of corporate governance and is ultimately accountable for the Group's activities throughout the world. The directors are bound by the company's articles to pay due regard to the Reuters Trust Principles. See the [Principles and other relevant information](#). The Board met eight times in 2001. As at 15 February 2002, there were four executive directors and eight independent non-executive directors, including the Chairman.

The Board and its committees have formal terms of reference setting out their authorities and duties. The directors are supplied, in a timely fashion, with the information they need by way of reports and briefings to the Board. They also have access to the Company Secretary and they may take independent professional advice at the company's expense, although no such advice was sought during 2001. Sir John Craven is the senior independent non-executive director.

Non-executive directors are appointed for a term of six years, subject to agreement after three years that the term should continue. All directors are subject to election by shareholders at the first opportunity after their appointment and to re-election thereafter at intervals of no more than three years. Non-executive directors receive a series of briefings about Reuters when they join the Board. Training for executive directors is available as appropriate and a training programme is run for directors of subsidiaries.

The Board delegates specific responsibilities to certain committees. As at 15 February 2002 these comprised:

The Group Management Committee (GMC): this committee was created in July 2001 as the successor to the Group Executive Committee. The GMC is chaired by the Chief Executive and is authorised to implement strategy and to manage the Group. The GMC comprises the executive directors and David Ure (Chairman of Radianz and adviser to the Reuters Group PLC Board). Assisting the GMC on strategy issues is a group of 23 senior executives comprising the Group Strategy Committee (chaired by Tom Glocer). The Group Operations Committee (comprising 18 senior executives and chaired by Philip Green) manages the business's operations.

The Audit Committee: this committee reviews 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. Comprising Dick Olver (Chairman), Sir John Craven, Ian Strachan and Sir Christopher Hogg, the committee meets at least twice a year with the Chief Executive, the Chief Financial Officer, other officers as required and the auditors.

The Remuneration Committee: this committee's remit is to determine specific remuneration packages for each of the executive directors and any other remuneration issues which affect the interests of shareholders, in particular remuneration or option plans using shares. The committee meets at least four times a year. Its members are Charles Sinclair (Chairman), Ed Kozel, Dennis Malamatinas, Roberto Mendoza and Sir Christopher Hogg.

The Nomination Committee: this committee, which meets when required, comprises the eight non-executive directors and is chaired by Sir John Craven. It makes decisions about future appointments of directors, the Chairman and the Chief Executive. A director may not attend or be involved in any decision concerning him or his successor.

Relations with shareholders

The executive directors meet regularly with institutional shareholders and analysts. Investor relations departments in London and New York are dedicated to improving communications between the company and its shareholders. The company's annual general meeting is used as an opportunity to communicate with private investors. At its annual general meeting the company announces the level of proxies lodged on each resolution and the balance for and against the resolution after the resolution has been voted on by a show of hands. The results of voting at the annual general meeting in 2002 will be available on the company's website: www.reuters.com.

Directors' responsibilities, internal controls and financial reporting

The directors' responsibilities and the company's process for internal controls and financial reporting are set out in the [Statement of directors' responsibilities](#).

REPORT ON REMUNERATION AND RELATED MATTERS

Remuneration policy

At Reuters the policy framework for senior executive pay and the specific packages for the executive directors are set by the Remuneration Committee. The five non-executive directors who make up the committee under the chairmanship of Charles Sinclair are identified in the [Corporate governance](#) section. Their approach is based on the following principles:

- The Group's ability to achieve its goals is critically dependent upon its ability to source, motivate and harness the skills of talented people across the organisation.
- The reward opportunity offered to senior executives should be sufficiently competitive to attract, motivate and retain high-calibre people capable of leading the Group successfully.
- Reward structures and practices should be open and fair and should support the building of a strong management team that will work together effectively to achieve the immediate and longer-term strategic objectives of the Group.
- Individual remuneration packages should fairly reflect each person's contribution to the Group's achievements, with a strong emphasis on variable reward schemes linked to corporate and individual performance.
- Where necessary, reward levels should recognise the increasing global mobility of senior executive talent and, in particular, the impact of US remuneration practices on a business that recruits from the US market.
- Reward structures should reinforce the alignment of interest between shareholders and employees, particularly through the use of broadly based share plans, with senior executives being expected to retain a shareholding in the company.

Executive directors

During 2001, key factors in the committee's work were the need to secure a smooth transition for the new management team and to support the organisational change programme. Sir Peter Job retired in July 2001 and the committee approved terms for the early retirements of Jean-Claude Marchand and Rob Rowley taking due account of their significant contribution to the Group over many years. New service contracts were agreed with the incoming Chief Executive, Tom Glocer, who agreed to relocate from the USA during the year, and Geoffrey Weetman who was appointed to the Board on 23 July 2001.

In formulating pay packages for the executive directors, the committee receives comparator group information and assistance from external remuneration consultants. During 2001 the committee moved away from using salary surveys based only on the larger FTSE 100 companies and defined a comparator group that it believes more accurately reflects Reuters recruitment environment. It contains a mix of over 25, predominantly media and technology, companies, including a number of international corporations.

Salaries for 2001 were reviewed in the light of the management changes which took effect during the year. As part of the company's current programme of cost reductions, the executive directors elected that their base salaries and those of certain other senior executives should not be increased for 2002.

In 2001, the executive directors were eligible for an annual bonus, with a maximum level of 100% of base salary for Philip Green, David Grigson and Geoffrey Weetman and 125% in the case of Tom Glocer. The other executive directors who served during the year were eligible for an annual bonus of up to 70% of base salary. Bonus targets were set on a sliding scale and included a mix of financial and strategic measures: 50% of bonus potential was split equally between budgeted normalised profit before tax and revenue growth, and the remaining 50% related to individual and team strategic priorities, covering areas such as margin growth, innovation, organisational change and the Business Transformation programme. A pro-rata bonus was awarded to Jean-Claude Marchand on his retirement in September. In February 2002 the committee considered 2001 performance relative to the specified targets and awarded bonuses reflecting the good progress made on key strategic objectives. No payment was made in respect of the profit and revenue measures.

The executive directors also participate in a discretionary share option plan (DSOP) and long-term incentive plan (LTIP) designed to reward longer-term performance. These schemes are summarised in the [Long-term plans benefiting executive directors](#) section.

A total of 906,984 DSOP options were granted to Tom Glocer, Philip Green, David Grigson and Geoffrey Weetman in June 2001. These options will vest on the third anniversary of grant, provided there has been an average increase in normalised earnings per share of at least 3% per annum, in real terms, during the intervening period. In future years, DSOP options will be granted to the executive directors in two tranches in February and August.

In June 2001, LTIP awards based on 100% of salary were granted to all the executive directors except for Tom Glocer, who received an award of 174,451 shares (approximately 300% of his salary). The vesting of these LTIP awards is conditional upon the company's total shareholder return exceeding the average return of the other FTSE 100 companies over the performance period. The

relative ranking of the company at the end of the period determines the extent to which the awards will vest. The duration of the performance period is normally three years but may be extended to a maximum of five years. Vested shares must be retained until at least five years from their initial allocation.

The committee has agreed that each executive director and certain senior managers should be required to accumulate and maintain a personal holding of Reuters shares worth approximately twice his or her salary, within five years of becoming subject to the policy. These shares may be accumulated through the retention of shares acquired under company share plans.

In recognition of their service to Reuters, the committee confirmed that the existing LTIP participation rights of the three retiring directors will continue until they vest or lapse and will remain subject to the normal retention requirement.

Prior to becoming a director Geoffrey Weetman was a participant in the company's performance-related share plan which is open to senior managers who do not participate in the LTIP. He received an award of shares in 2001 but will not receive any further allocations under that plan. [See details of all outstanding awards held by the executive directors under company share plans.](#)

The executive directors also received company benefits in the form of a company car (or a cash allowance); life and prolonged disability insurance; and healthcare insurance. Philip Green and David Grigson, who are both subject to the pensions earnings cap, each receive a supplementary retirement allowance in addition to the contributions made on their behalf by Reuters to the Reuters Retirement Plan. Under the terms of his relocation agreement the company provides accommodation in the UK for Tom Glocer and met his relocation costs in 2001. In common with all employees, the executive directors are eligible to participate in the save-as-you-earn share scheme.

Service contracts

Tom Glocer has a service contract normally terminable by him on 90 days' notice or, with good reason, on 30 days' notice. The company may terminate without cause on 30 days' notice. In the event of termination by Tom Glocer with good reason or by Reuters without cause, on or before 1 July 2003, he is entitled to a compensation payment equal to twice the sum of his basic annual salary and an estimated annual bonus calculated by reference to the highest bonus percentage received in the previous three years. If his contract is terminated after 1 July 2003 the compensation payment is reduced in equal tranches for each year down to a minimum of his annual salary and bonus in the case of termination after 1 July 2005. In the event of termination at any time by Reuters without cause, or by Tom Glocer with good reason, 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, medical and dental benefits provided by Reuters for one year following termination.

The contracts of the other three executive directors can be terminated on one year's notice, subject in the case of David Grigson to an initial period of two years expiring at the end of July 2002. The arrangements with these three executive directors provide that any termination payment will not exceed an amount equal to the sum of the director's annual salary, bonus and 12 months' pension contributions paid by the company.

Non-executive directors

The Chairman receives an annual fee of £262,500 together with the use of a company car, private medical cover, life and prolonged disability insurance and pension benefits. The other non-executive directors each receive a fee of £35,000 per annum determined by the shareholders in general meeting. A further £10,000 per annum is paid to each non-executive director who chairs a committee of the Board. Non-executive directors do not have service contracts and are appointed for an initial period of six years, subject to review after three years.

Fees paid to Ian Strachan include £46,875 in respect of his position as a non-executive director of Instinet. He also received from Instinet 2,632 restricted shares which vested in September 2001, and 4,153 restricted shares which will vest in September 2002. In each case the vesting period was not more than one year.

Directors' remuneration

					2001	2000
	Salary/ fees £000	Bonus ³ £000	Benefits £000	Other amounts £000	Total £000	Total ⁷ £000
Chairman:						
Sir Christopher Hogg	263	–	11	–	274	259
Non-executive directors:						
Sir John Craven	45	–	–	–	45	35
Ed Kozel	35	–	–	–	35	27
Dennis Malamatinas	35	–	–	–	35	35
Roberto Mendoza	35	–	–	–	35	35
Dick Olver	45	–	–	–	45	42
Charles Sinclair	45	–	–	–	45	45
Ian Strachan	82	–	–	–	82	44
Executive directors:						
Tom Glocer	815	510	215 ¹	525 ²	2,065	450

Philip Green	410	204	120	–	734	592
David Grigson	384	192	65	–	641	270
Geoffrey Weetman (appointed 23 July 2001)	164	72	8	–	244	–

Directors leaving the Board in 2001:

Sir Peter Job (retired 31 July 2001)	420	132	16	82 ⁴	650	1,031
Jean-Claude Marchand (retired 15 September 2001)	276	192	30	803 ^{4&5}	1,301	626
Rob Rowley (retired 31 December 2001)	420	147	16	975 ^{4&5}	1,558	632

Total emoluments of directors	3,474	1,449	481	2,385	7,789	4,123
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Other senior managers as a group

(17 persons)⁶ (2000: 7 persons)	3,328	3,095	253	–	6,676	2,666
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Notes:

1. Non-cash benefits received by Tom Glocer included accommodation costs of £123,000, travel and relocation expenses of £71,000 and company car and healthcare benefits totalling approximately £21,000.
2. Tom Glocer received a one-off relocation payment of £525,000.
3. All bonuses are non-pensionable and were paid in cash except that Rob Rowley waived £86,500 of his bonus in consideration for the company making an equivalent pension contribution on his behalf.
4. On his retirement, Sir Peter Job retained his company car and was given two paintings by the company with an aggregate value of £82,100. Jean-Claude Marchand received two paintings and some items of office furniture to the value of £20,500. Rob Rowley retained his company car, valued at £19,600.
5. Jean-Claude Marchand and Rob Rowley were entitled to termination payments equivalent to two years' salary and benefits under the terms of their service contracts. However, as part of the early retirement terms agreed by the Remuneration Committee, both directors decided to waive irrevocably all or part of these entitlements in exchange for enhanced pension benefits. The above table includes £165,432 paid to Jean-Claude Marchand in cash and a further £616,797 waived by him in exchange for enhanced pension benefits. Rob Rowley waived a termination payment of £955,544 in exchange for enhanced pension benefits. The corresponding enhancements to their pension benefits are described in the [Directors' pension arrangements section](#).
6. The senior management group is identified in the [Directors and senior management section](#) (excluding Marc Dualé who joined Reuters in January 2002). For the purposes of reporting on pay, this group includes Geoffrey Weetman in respect of the period prior to his appointment to the Board.
7. The remuneration information shown relates only to the period during which the relevant individuals served as directors in 2000.

Directors' pension arrangements

Sir Peter Job, Jean-Claude Marchand, Rob Rowley and Geoffrey Weetman joined Reuters pension arrangements in the UK prior to April 1999 and are entitled to a pension of two-thirds of basic salary on retirement from Reuters at their normal retirement age of 60. Reduced pensions are normally payable in the event of early retirement, although Geoffrey Weetman's service contract entitles him to a pension of two-thirds of his final salary without any such reduction. Post-retirement increases are expected to be in line with inflation (guaranteed up to the level of 5% per annum and discretionary above that level).

In the event of death before retirement, a spouse's pension of four-ninths of the executive's basic salary is payable, together with a capital sum equal to four times the aggregate of basic salary and taxable benefits-in-kind and a refund with interest of the executive director's own contributions. On death in retirement, the executive director's spouse will receive a pension equal to two-thirds of that payable to the executive director.

The Chairman has been admitted as a member of the Reuters Pension Fund for the purpose only of providing a fixed lump sum benefit of £300,000 for his dependants in the event of his death in service. Under an unfunded pension arrangement the Chairman is entitled to a pension of 2.5% of his annual fee times the number of years' service, from the date of his appointment as Chairman in May 1985 to the date his tenure in office terminates.

Pension benefits earned during 2001 by the Chairman and those executive directors who are members of the Reuters Pension Fund are:

	At 31 December 2001 or at date of retirement		Accrued annual pension entitlement		
	Age	Years of pensionable service	Directors' contributions during period £000	Increase during period £000	Total at 31 December 2001 or date of retirement £000
Sir Christopher Hogg	65	16	–	8	109
Sir Peter Job (retired 31 July 2001)	60	36	23	8	419
Jean-Claude Marchand (retired 15 September 2001)	55	30	19	65	275
Rob Rowley (retired 31 December 2001)	52	23	25	121	295
Geoffrey Weetman (appointed 23 July 2001)	55	28	10	60	218

On their retirement and in recognition of their long period of service with Reuters, Jean-Claude Marchand and Rob Rowley were granted enhanced pension benefits. The pension figures shown in

the above table are their pension benefits after these enhancements, which were funded in part by the directors giving up some or all of their termination entitlements under their service contracts. Jean-Claude Marchand's annual pension was increased by £37,000 in exchange for this waiver of termination payments. Rob Rowley's annual pension was similarly increased by £57,000 in place of severance pay and part of his 2001 bonus entitlement.

The remaining executive directors participate in defined contribution pension arrangements. Philip Green and David Grigson are members of the Reuters Retirement Plan in the UK and receive a company contribution equal to 20% of the statutory Pension Schemes Earnings Cap. Tom Glocer participates in the company's US pension arrangements and, from 1 January 2001, is entitled to a pension allowance of 20% of his base salary. Company pension contributions and allocations in respect of these directors in 2001 were:

	Age	Years of service	Company pension contribution during period £000
Tom Glocer	42	8	163
Philip Green	48	2	19
David Grigson	47	1	19

The total amount contributed or accrued by the company in 2001 to provide pension and similar benefits for the directors was £3.1 million and for the directors and the non-director senior managers as a group was £3.7 million.

LONG-TERM PLANS BENEFITING EXECUTIVE DIRECTORS

Long-term incentive plan

Since 1993, Reuters has operated a long-term incentive plan (LTIP) under which annual awards of share rights are made to executive directors and certain key executives. Awards to the executive directors (excluding the Chief Executive) are normally based on 100% of annual salary using the average daily share price for the previous year. On average, awards to Tom Glocer are expected to be around 300% of salary.

Performance under the plan is measured over a three- to five-year period by comparing the total shareholder return (TSR) of Reuters 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, or best, TSR ranked first. Reuters position on the list determines the extent to which plan awards will vest. The pre-set vesting criteria for awards are shown in the table below together with the actual ranking for each award at 31 December 2001. Between the two vesting extremes, awards vest on a graduated scale. Awards vesting under the plan are not released until at least five years from the date of grant.

Pre-set vesting criteria			
Date measurement period commenced	Rankings for 100% vesting	Rankings for zero vesting	Ranking at 31 December 2001
1 January 1997	1 to 26	66 to 100	39
1 January 1998	1 to 26	66 to 100	16
1 January 1999	1 to 26	66 to 100	18
1 January 2000	1 to 26	66 to 100	41
1 January 2001	1 to 26	50 to 100	75

The average of the daily closing prices for the immediately preceding 12 months are used as the initial and final share prices when calculating the TSR. The obligations under the plan, and those of the performance-related share plan described below, will be met from shares held by Reuters employee share ownership trusts (ESOTs). The costs are charged to the profit and loss account over the vesting periods.

Performance-related share plan

Since 1995 Reuters has operated a performance-related share plan for senior executives not participating in the long-term incentive plan. Under this plan awards have been made to approximately 1,100 senior executives, including Tom Glocer, Philip Green and Geoffrey Weetman before they became directors of the company. The rules for vesting are similar to those currently operating for the long-term incentive plan except that vested shares can be released after a minimum of three years from grant. The executive directors will not receive any further awards under this plan.

Participants in the 2001 award received rights to a total of 792,800 shares (2000: 2.9 million, 1999: 3.8 million).

The table below shows the number of shares underlying the awards made under both long-term plans to each executive director and to the other senior managers as a group.

Number of shares							Date of release or exercisable period if vesting occurs
Year of grant	Unreleased at 31 December 2000 or later	Awarded during period	(Released) during period	(Lapsed) during period	Unreleased at 31 December 2001 or earlier date		

		date of appointment			of resignation		
Tom Glocer	1999	9,855	–	–	–	9,855	Feb 2002 – Dec 2005
	1999	42,596	–	–	–	42,596	Feb 2002 – Dec 2005
	2000	33,518	–	–	–	33,518	Feb 2003 – Dec 2006
	2001	–	174,451	–	–	174,451	Feb 2006 – Dec 2007
		85,969	174,451	–	–	260,420	
Philip Green	1999	100,000	–	–	–	100,000	Feb 2002 – Dec 2005
	2000	24,320	–	–	–	24,320	Feb 2005 – Dec 2006
	2001	–	55,426	–	–	55,426	Feb 2006 – Dec 2007
		124,320	55,426	–	–	179,746	
David Grigson	2000	42,579	–	–	–	42,579	Feb 2005 – Dec 2006
	2001	–	26,294	–	–	26,294	Feb 2006 – Dec 2007
		42,579	26,294	–	–	68,873	
Geoffrey Weetman (appointed 23 July 2001)	1996	25,207	–	–	(4,034)	21,173	Feb 2002 – Dec 2002
	1997	25,460	–	–	–	25,460	Feb 2003 – Dec 2003
	1999	31,763	–	–	–	31,763	Feb 2004 – Dec 2005
	1999	34,561	–	–	–	34,561	Feb 2004 – Dec 2005
	2000	31,616	–	–	–	31,616	Feb 2005 – Dec 2006
	2001	20,211	–	–	–	20,211	Feb 2004 – Dec 2007
	2001	9,851	–	–	–	9,851	Feb 2006 – Dec 2007
		178,669	–	–	(4,034)	174,635	
Sir Peter Job (ceased to be a director on 23 July 2001)	1996	61,218	–	–	(9,795)	51,423	Feb 2002 – Dec 2002
	1997	68,812	–	–	–	68,812	Feb 2003 – Dec 2003
	1999	85,990	–	–	–	85,990	Feb 2004 – Dec 2005
	1999	90,516	–	–	–	90,516	Feb 2004 – Dec 2005
	2000	73,567	–	–	–	73,567	Feb 2005 – Dec 2006
	2001	–	65,656	–	–	65,656	Feb 2006 – Dec 2007
		380,103	65,656	–	(9,795)	435,964	
Jean-Claude Marchand (ceased to be a director on 23 July 2001)	1996	38,805	–	–	(6,209)	32,596	Feb 2002 – Dec 2002
	1997	48,994	–	–	–	48,994	Feb 2003 – Dec 2003
	1999	55,956	–	–	–	55,956	Feb 2004 – Dec 2005
	1999	60,564	–	–	–	60,564	Feb 2004 – Dec 2005
	2000	47,667	–	–	–	47,667	Feb 2005 – Dec 2006
	2001	–	38,021	–	–	38,021	Feb 2006 – Dec 2007
	251,986	38,021	–	(6,209)	283,798		
Rob Rowley (ceased to be a director on 31 December 2001)	1996	38,171	–	–	(6,108)	32,063	Feb 2002 – Dec 2002
	1997	42,663	–	–	–	42,663	Feb 2003 – Dec 2003
	1999	53,322	–	–	–	53,322	Feb 2004 – Dec 2005
	1999	55,626	–	–	–	55,626	Feb 2004 – Dec 2005
	2000	45,235	–	–	–	45,235	Feb 2005 – Dec 2006
	2001	–	42,243	–	–	42,243	Feb 2006 – Dec 2007
	235,017	42,243	–	(6,108)	271,152		
Other senior managers as a group (16 persons)	1995	4,998	–	(4,998)	–	–	Feb 1998 – Dec 2001
	1996	41,268	–	–	(6,603)	34,665	Feb 2002 – Dec 2002
	1997	65,372	–	–	–	65,372	Feb 2003 – Dec 2003
	1998	36,281	–	(7,580)	–	28,701	Feb 2002 – Dec 2004
	1999	485,096	–	–	–	485,096	Feb 2002 – Dec 2005
	2000	219,713	–	–	–	219,713	Feb 2003 – Dec 2006
	2001	59,312	143,708	–	–	203,020	Feb 2004 – Dec 2007
	912,040	143,708	(12,578)	(6,603)	1,036,567		

The 1996 LTIP awards vested as to 84% on 1 January 2001 but were not available for release until February 2002. As at 31 December 2001 no other LTIP awards were vested but unreleased. However, on 1 January 2002 the 1997 LTIP awards vested 67.5% and the 1999 awards vested in full, but are not available for release until February 2003 and February 2004 respectively.

The 1998 performance-related share plan (PRSP) awards vested in full on 1 January 2001. During their periods of office in 2001 a total of 12,578 PRSP shares were released to two senior managers and had an aggregate value of £114,000 on release. The 1999 awards vested in full on 1 January 2002 and are available for release from February 2002.

Discretionary stock option plan

A new global discretionary stock option plan was adopted by the Remuneration Committee in October 2000 and approved by shareholders in April 2001. A total of 12.5 million share options were granted in 2001 to approximately 4,500 employees, including the executive directors. Of these, approximately 7.4 million options are over unissued shares.

Options granted to the directors can first be exercised on the third anniversary of grant but only if the percentage growth in Reuters Group's earnings per share (EPS) exceeds the percentage growth in the retail price index by more than 9% over that period. 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.

The options granted to other employees will generally vest at the rate of 25% each year from the first anniversary of grant, expiring seven years after grant.

Deferred bonus share plan

Deferred bonus awards over 1.4 million shares were granted in early 2000 to 104 senior managers, excluding the then executive directors. The awards were made as a special 1999 deferred bonus and were conditional on continued employment, generally for a two-year retention period ending in February 2002. The shares awarded under the plan will be satisfied from the Reuters employee share ownership trusts. The balance of awards outstanding at 31 December 2001 was approximately 1.37 million shares, of which 390,000 shares were held by the directors and other senior managers as a group. A total of 255,000 deferred bonus shares held by directors and other senior managers were released on 13 February 2002.

ALL-EMPLOYEE SHARE PLANS

Plan 2000

In 1998 an all-employee option plan was introduced. All employees were given the opportunity to apply for an option to acquire 2000 shares, generally at an exercise price of 550 pence per share, being the market price at the date of grant. These options became exercisable in September 2001 and will normally expire in September 2005. Options over a total of 23.5 million shares remained unexercised as at 31 December 2001.

Save-as-you-earn (SAYE) and stock purchase plans

Employees are eligible to save a fixed sum each month and to use these funds to exercise options over Reuters shares. Generally, the exercise price is fixed at 20% below the market price at the start of the savings period. The maximum savings amount is £250 per month for three or five years.

Reuters also offers an Employee Stock Purchase Plan for most US-based employees in which employees can elect to participate instead of the SAYE plan. Monthly savings are transferred to a designated broker who purchases ADSs at available market prices for the accounts of the employees.

LONG-TERM PLANS OF SUBSIDIARIES AND JOINT VENTURES

Instinet Group Incorporated – stock option plan

Instinet operates a plan permitting the grant of options up to a maximum of 14% of the common stock in issue following the initial public offering of Instinet Group Incorporated. Options may be granted to directors and employees of Instinet at an exercise price of not less than fair market value at the date of grant. Options normally vest in instalments over a four-year period and may not exceed a term of 10 years. Approximately 2,000 employees and directors of Instinet participate in the plan.

At 31 December 2001, options were outstanding over 21.1 million Instinet shares, equivalent to 8.5% of Instinet's common stock. These options have exercise prices ranging from US\$9.18 to US\$19.68 per share with a term of seven years. Included are options held by Doug Atkin, Chief Executive Officer of Instinet, over 330,627 shares at an exercise price of US\$18.75 per share and over 410,000 shares at US\$14.50 per share. These options expire in 2008.

Radianz Limited – stock option plan

Radianz, the joint venture between Reuters and Equant, has adopted an all-employee share option plan covering up to 15% of its equity. Under the terms of the plan, options may be granted, at not less than fair market value, to directors and employees of Radianz. Options will become exercisable according to a vesting schedule, generally covering a period of four years and expiring at the end of seven years. Obligations under the option plan are to be met from shares held by the Radianz Employee Trust.

During 2001 the Board of Radianz approved a resolution to permit optionholders to release options granted to them at US\$6.81 per share in exchange for the granting of new options in 2002. Released under these arrangements were options over 29,092,449 shares held by 719 employees, representing 12.5% of Radianz share capital. Included in this total were 2,350,571 options relating to shares granted to a senior executive of Reuters, representing 1% of Radianz share capital. At 31 December 2001, 582,855 options were outstanding representing approximately 0.25% of Radianz issued capital.

TIBCO Finance Technology Inc. – stock option plan

A stock option plan for employees of a Reuters subsidiary, TIBCO Finance Technology Inc., was established in 1996 over shares held by Reuters in TSI. As at 31 December 2001, options outstanding under the plan were equivalent to approximately 4.3% of the issued share capital of TSI, on a fully diluted basis.

Other subsidiaries

A number of small subsidiaries in the Group operate profit sharing plans or option plans over their own, unissued shares.

DIRECTORS' SHARE OPTIONS

Options on shares held by directors during 2001, including SAYE options, were all in respect of Reuters Group PLC and were as follows:

Number of shares under option

	Date of grant	At 31 Dec 2000 or later date of appointment	Granted or (exercised/lapsed on resignation) At 31 Dec 2001 or earlier date of resignation	Exercise price	Date from which exercisable	Expiry date
Sir Christopher Hogg						
SAYE	Mar 1997	2,065	–	2,065	501.0p	Apr 2002
	Mar 1999	1,012	–	1,012	667.0p	May 2004
		3,077	–	3,077		Oct 2002
						Oct 2004
Tom Glocer						
Executive	Feb 1994	13,716	–	13,716	\$7.287	Feb 1997
DSOP	June 2001	–	565,113	565,113	862.0p	June 2004
SAYE	Mar 1999	1,512	–	1,512	\$13.677	May 2004
Plan 2000	Sep 1998	2,000	–	2,000	550.0p	Sep 2001
		17,228	565,113	582,341		Feb 2005
						June 2011
Philip Green						
DSOP	June 2001	–	177,494	177,494	862.0p	June 2004
SAYE	Apr 2001	–	1,216	1,216	832.0p	June 2006
		–	178,710	178,710		June 2011
						Nov 2006
David Grigson						
DSOP	June 2001	–	92,807	92,807	862.0p	June 2004
SAYE	Apr 2001	–	698	698	832.0p	June 2004
		–	93,505	93,505		June 2011
						Nov 2004
Geoffrey Weetman (appointed 23 July 2001)						
DSOP	Dec 2000	6,913	–	6,913	1139.0p	Dec 2001
	June 2001	71,570	–	71,570	862.0p	June 2004
SAYE	Sep 1996	1,721	–	1,721	601.2p	Oct 2001
	Mar 1997	1,377	–	1,377	501.0p	Apr 2002
Plan 2000	Sep 1998	2,000	–	2,000	550.0p	Sep 2001
		83,581	–	83,581		Oct 2002
						Apr 2003
						Sep 2005
Sir Peter Job (ceased to be a director on 23 July 2001)						
SAYE	Mar 1997	2,065	–	2,065	501.0p	Apr 2002
	Mar 1998	1,443	–	1,443	478.0p	Apr 2003
Plan 2000	Sep 1998	2,000	–	2,000	550.0p	Sep 2001
		5,508	–	5,508		Oct 2002
						Oct 2003
Jean-Claude Marchand (ceased to be a director on 23 July 2001)						
SAYE	Sep 1996	1,721	–	1,721	601.2p	Oct 2001
	Mar 1997	1,377	–	1,377	501.0p	Apr 2002
	Apr 2001	–	1,216	1,216	832.0p	June 2006
Plan 2000	Sep 1998	2,000	–	2,000	550.0p	Sep 2001
		5,098	1,216	6,314		Apr 2002
						Oct 2002
						Nov 2006
						Sep 2002
Rob Rowley (ceased to be a director on 31 December 2001)						
SAYE	Mar 1997	2,065	–	2,065	501.0p	Apr 2002
	Mar 1998	1,443	–	1,443	478.0p	Apr 2003
Plan 2000	Sep 1998	2,000	–	2,000	550.0p	Sep 2001
		5,508	–	5,508		Oct 2002
						Oct 2003
						Sep 2005
Other senior managers as a group (16 persons)						
SAYE	Sep 1996	2,294	(1,721)	573	601.2p	Oct 2001
	Mar 1997	6,884	–	6,884	501.0p	Apr 2002
	Mar 1998	5,034	(1,426)	3,608	478.0p	Apr 2001
	Mar 1999	3,465	–	3,465	667.0p	May 2002
	Mar 2000	2,340	–	2,340	992.0p	Apr 2003
	Apr 2001	465	814	1,279	832.0p	June 2004
DSOP	Dec 2000	65,512	–	65,512	1139.0p	Dec 2001
	Apr 2001	12,976	–	12,976	971.0p	Apr 2002
	June 2001	19,836	168,353	188,189	862.0p	Apr 2002
Plan 2000	Sep 1998	26,000	–	26,000	550.0p	Sep 2001
		144,806	166,020	310,826		June 2011
						Sep 2005

No options were exercised by directors during their period of office in 2001. The closing mid-market price of Reuters ordinary shares on 31 December 2001 was 680 pence. During 2001 the price for Reuters ordinary shares ranged between 526 pence and 1158 pence.

At 31 December 2001 a total of 41.6 million ordinary shares of Reuters Group PLC were under option in connection with all the company's option plans. The number of new shares issued under share options granted over the 10 years to 31 December 2001, combined with the total options outstanding at 31 December 2001 relating to the same grants, was approximately 6% of issued capital at that date. This compares with a maximum authorised level of 10% (excluding Plan 2000 shares). At 31 December 2001 the ESOTs held 30.5 million shares of Reuters Group PLC, approximately 2.13% of issued share capital. The authorised limit is 10%.

Summary of interests of directors

The interests of the current directors and other senior management in the issued share capital of the company and in shares underlying savings schemes, options and incentive plans are shown below

as at 15 February 2002. Interests in shares held at 1 January 2001 (or later date of appointment) and 31 December 2001 are also shown for directors in office at 31 December 2001 and should be read in conjunction with their interests in share option plans and long-term incentive plans as disclosed above.

Interests at 15 February 2002

Long-term incentive plans									
	Shares at 1 January 2001 or later date of appointment	Shares at 31 December 2001	Shares	Savings schemes	Discretionary options	Plan 2000	Vested	Non-vested	Deferred bonus
Directors:									
Sir Christopher Hogg	31,693	33,321	38,321	3,077	—	—	—	—	—
Tom Glocer	10,266	11,466	12,466	1,512	578,829	2,000	52,451	207,969	135,000
Philip Green	2,000	2,000	17,000	1,216	177,494	—	100,000	79,746	—
David Grigson	—	2,280	5,045	698	92,807	—	—	68,873	—
Geoffrey Weetman	126,681	126,681	126,681	3,098	78,483	2,000	104,682	61,678	—
Sir John Craven	6,846	6,846	6,846	—	—	—	—	—	—
Dennis Malamatinas	—	2,000	2,000	—	—	—	—	—	—
Roberto Mendoza	8,000	8,000	8,000	—	—	—	—	—	—
Dick Olver	3,000	3,000	3,000	—	—	—	—	—	—
Charles Sinclair	10,062	14,062	14,062	—	—	—	—	—	—
Ian Strachan	1,500	1,500	1,500	—	—	—	—	—	—
Other senior managers as a group (16 persons):									
	n/a	225,468	449,589	18,149	266,677	26,000	592,587	422,733	—

Directors were the beneficial holders of all shares listed, save for shares held by family members of Sir Christopher Hogg and Geoffrey Weetman and for shares held on behalf of a trust of which Tom Glocer is a beneficiary. No director or senior manager beneficially owns 1% or more of the company's issued share capital.

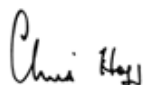
At 31 December 2001 Rob Rowley, who retired on that date, held interests in 108,665 Reuters ordinary shares (2000: 138,665) of which 5,606 (2000: 5,606) were beneficially owned by family members.

At 1 January 2001 and 31 December 2001 Tom Glocer and Philip Green also held 135,000 and 15,000 shares respectively, under the Deferred Bonus Share Plan. On 13 February 2002, 15,000 shares held by Philip Green under the Deferred Bonus Share Plan were released to him.

Tom Glocer, David Grigson, Rob Rowley, Ian Strachan and Ed Kozel each purchased 1,000 shares in Instinet Group Incorporated at the offer price of US\$14.50 per share at the time of the Instinet IPO in May 2001. The other senior managers as a group held no interests in shares of Instinet Group Incorporated at 1 January 2001 and held interests in a total of 7,000 shares and 740,627 options at 31 December 2001.

None of the directors has notified the company of an interest in any other shares, transactions or arrangements which require disclosure. There have been no movements in the interests of the directors in the share capital of Group companies since 31 December 2001 save as otherwise disclosed in this report.

On behalf of the Board



Sir Christopher Hogg
Chairman
15 February 2002

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REUTERS 

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Financial reporting

Reuters Group 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 consistent picture 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.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 December 2002 and outline projections for the subsequent year in the light of the sound financial position and borrowing facilities at 31 December 2001. On the basis of this review the directors are satisfied that

the Group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

Internal controls

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 for directors on internal control, *Internal Control: Guidance for Directors* on the Combined Code (the Turnbull guidance).

The Board confirms that there is a process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place for the full financial year and is ongoing. It is regularly reviewed by the Group Management Committee and twice a year by the Board and accords with the Turnbull guidance. The Board considers it 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.

During 2001, the directors were not aware of any control breakdowns, which resulted in a material loss.

The Board appointed the Group Management Committee as a sub-committee for the purpose of monitoring, on a continual basis during the year, the effectiveness of the Group's internal control system.

Using a common risk management framework throughout the business, each division (Reuters Financial and Reuterspace), Instinet and significant business units summarise the risks that could impede the achievement of its objectives. For each significant risk, they document an overview of the risk, how it is managed and any improvement actions required. Following each review, the divisions prepare a report ('Risk Radar'), which is submitted to and reviewed by the Group Management Committee. In addition the Group Operating Committee undertakes a review of the most significant operating risks. A common risk assessment process has also been adopted by other corporate functions and major programmes. This process will be adapted to reflect the new organisation introduced with effect from 1 January 2002.

Of particular significance in 2001 has been the Business Transformation programme and its associated projects. Risk management has been an integral part of this programme and senior management, at regular intervals, has reviewed and assessed how the risks are being managed.

At the year end, before producing the statement on internal control in the annual report and Form 20-F, the Group Management Committee considers the operation and effectiveness of the Group's internal control system. This review includes consideration of each of the most significant risks the Group faces and how well these are controlled and managed. Based on this review, the Chief Executive provides a written report ('Reuters Group Risk Radar') to the Board detailing how the Group is managing its significant risks.

The control system includes written policies and control procedures, clearly drawn lines of accountability and delegation of authority and comprehensive reporting and analysis against approved budgets. In a growing 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 Group monitors its internal financial control system through management reviews, control self-assessment and a programme of internal audits. Internal Audit independently review the controls in place to manage significant risks and reports to the Audit Committee twice a year. The Audit Committee reviews the assurance procedures, including compliance controls, on a bi-annual basis and reports their findings to the Board.

The Group's external auditors, PricewaterhouseCoopers, 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 internal auditors and PricewaterhouseCoopers to discuss the results of their work.

By order of the Board



Rosemary Martin
Company Secretary
15 February 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REUTERS GROUP PLC

We have audited the financial statements which comprise the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement, the related notes and the balance sheet of Reuters Group PLC which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies and the

summary of differences between UK and US generally accepted accounting principles. As detailed in the statement of accounting policies, the Group has changed its accounting policy for deferred tax in 2001 following the adoption of FRS 19.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards and the Form 20-F are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority and Auditing Standards generally accepted in the United States.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and Form 20-F and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only those sections set out in the table of contents, including the directors' report, report on corporate governance, report on remuneration and related matters, statement of directors' responsibilities and the operating and financial review.

We review whether the corporate governance statement and report on remuneration and related matters reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if they do not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board and with Auditing Standards generally accepted in the United States. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

United Kingdom opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the Group at 31 December 2001 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

United States opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the Group at 31 December 2001, 2000 and 1999 and the results of its operations and cash flows for each of the three years in the period ended 31 December 2001, all expressed in pounds sterling in conformity with accounting principles generally accepted in the United Kingdom.

Accounting principles generally accepted in the United Kingdom vary in certain significant respects from accounting principles generally accepted in the United States. The application of the latter would have affected the determination of consolidated net income for each of the three years in the period ended 31 December 2001 and consolidated shareholders' equity at 31 December 2001, 2000 and 1999, all expressed in pounds sterling, as shown in the summary of differences between UK and US generally accepted accounting principles.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
15 February 2002

PRICEWATERHOUSECOOPERS

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 '[Risk factors](#)' as well as elsewhere in this review. All written and oral forward-looking statements made on or after the date hereof and attributable to Reuters Group are expressly qualified in their entirety by such factors.

1. SUMMARY OF KEY EVENTS OF 2001

Worldwide economic conditions and 11 September

2001 was characterised by uncertain market conditions and a general economic slowdown, which has led to consolidation and cost reduction by many of our clients. The economic slowdown has become more pronounced as a result of the events of 11 September, though the direct financial impact of this on Reuters Group was limited. Further details are shown in the '[Financial review](#)'.

Instinet IPO

In May, Instinet completed an initial public offering (IPO) selling 37 million shares at US\$14.50 per share, raising net proceeds of £339 million. This resulted in a deemed partial disposal by Reuters of a 15.1% interest in Instinet, generating a book profit of £200 million. Reuters did not actually dispose of any Instinet shares as part of the IPO.

Bridge acquisition

In September, Reuters completed the acquisition of the core North American equities information and trading businesses and certain other businesses of Bridge Information Systems, Inc., and its subsidiaries, which had been in bankruptcy proceedings since the beginning of 2001. The total purchase consideration, which included interim funding to Bridge and its network provider, Savvis, was £256 million. The acquired Bridge businesses include content, analytics and trading applications primarily for financial institutions and their customers, as well as Bridge Trading, a licensed broker-dealer. The transaction has greatly enhanced Reuters presence in the US buy-side market and allowed Reuters to expand its product offering as well as connect its international customer base with Bridge's largely US clientele.

Other acquisitions and disposals

In March, Reuters acquired Diagram fip SA, a major European provider of financial software solutions for the capital markets, for a total purchase consideration of £48 million.

In August, Reuters outsourced the management of its corporate venture fund, the Greenhouse Fund, to RVC, a newly formed and independent fund management company.

In October, Reuters disposed of its majority stake in VentureOne Corporation, a provider of information and research for the venture capital investment industry, for a net consideration of £18 million.

Also in October, Instinet acquired approximately 92% of ProTrader Group LP, a provider of advanced trading technologies and electronic brokerage services primarily for retail active traders and hedge funds. In January 2002, Instinet acquired the remaining 8%. The total purchase consideration was £105 million, which comprised £71 million in cash and £34 million of Instinet shares. The acquisition diluted Reuters holding in Instinet further to approximately 83%.

Business Transformation and cost savings programmes

Expenditure relating to the Business Transformation programme continued with £164 million in 2001 compared to £139 million in 2000. In addition to job cuts associated with this programme, Reuters implemented a further headcount reduction programme during the second half of the year in response to market conditions. These programmes together will result in the elimination of 1,800 jobs exceeding the previously stated target by 200. At the end of December 2001, over 1,000 staff had already left and the remainder will leave during 2002. Instinet also carried out similar cost saving measures and reduced its headcount by 237 by the end of December 2001. These additional measures resulted in a restructuring charge in 2001 of £82 million for Reuters and £17 million for Instinet.

Further details regarding the Business Transformation programme and the additional cost saving measures, including an explanation of associated charges and anticipated savings, are shown in the '[Operating and financial review](#)'.

Dividend policy

Following a strategic review and the decision to reshape the organisation around customer segments, as described later within the '[Operating and financial review](#)', Reuters reviewed its dividend policy in the third quarter of 2001. Given the opportunities available for growth in the business, Reuters concluded that it should retain a higher proportion of its earnings and available cash flows. As a result, a final dividend of 6.15 pence per share (2000: 12.35 pence, 1999: 11.0 pence) is proposed thus making a total dividend for 2001 of 10.0 pence per share (2000: 16.0 pence, 1999: 14.65 pence). Under this new dividend policy, Reuters intends to increase the dividend progressively from this lower base as earnings recover, with a goal for dividend cover of at least two times the normalised earnings of Reuters. In connection with its IPO, Instinet stated its intention not to distribute dividends to its shareholders, including Reuters.

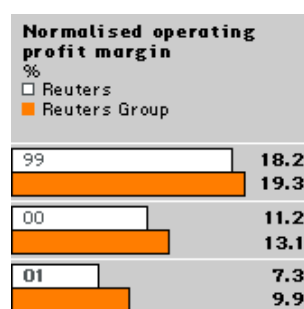
2. PERFORMANCE MEASUREMENT

Underlying growth, normalised profits and earnings and divisional operating profit, are measures used by the Group to enable period-to-period comparison on a like-for-like basis so that organic operational growth can be easily identified. This reflects the manner in which the Group is managed.

Underlying growth excludes acquisitions, disposals and significant once-off items in the period under review and excludes the impact of currency fluctuations. The significant acquisitions excluded are: in 2001, Bridge and Diagram (Reuters Financial) and ProTrader (Instinet); in 2000, Yankee and ORT (Reuterspace) and Lynch, Jones & Ryan (Instinet); and in 1999, Tower Group (Reuterspace) and Montag Popper (Instinet). The disposal of VentureOne (Reuterspace) is excluded in 2001. The only significant once-off item excluded is the 1999 beneficial impact of a reversal of a £25 million data feed accrual. The 2000 and 2001 expenses of the Business Transformation programme and the 2001 restructuring charges relating to the headcount reductions described earlier are not excluded from underlying growth calculations.

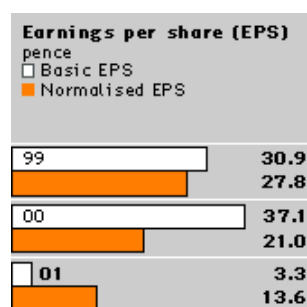
Normalised profits and earnings exclude amortisation of goodwill and other intangible assets, impairment charges and gains and losses on the disposal of subsidiaries and fixed asset investments. This is done in order to give a clearer view of the operating performance of the business. A reconciliation between UK GAAP and normalised operating profit and profit before tax is shown in the '[Financial review](#)'.

Divisional operating profit is the normalised operating profit excluding Business Transformation and other restructuring costs. The divisions exclude joint ventures, associates and investments. This measure is used to reflect the fact that the Group is managed on a divisional basis and is used to give a clearer view of the operating performance of the divisions individually and collectively.



Margin

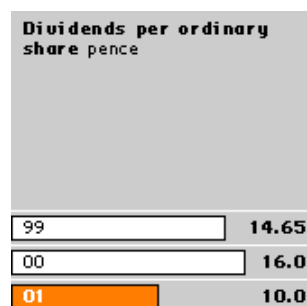
Normalised operating profit margin for the Group decreased to 9.9%, compared to 13.1% in 2000 and 19.3% in 1999 and normalised operating profit margin for Reuters decreased to 7.3% compared to 11.2% in 2000 and 18.2% in 1999. The decline over the three years principally reflects the Business Transformation expenditure in 2000 and 2001 and the additional headcount related restructuring costs in 2001.



Earnings per share (EPS)

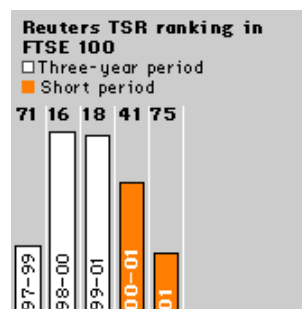
The 2000 and 1999 results have been restated to reflect the adoption of Financial Reporting Standard (FRS) 19 Deferred Tax. For further details, see '[Accounting policies and US GAAP](#)'.

Basic earnings per share decreased by 91% in 2001, compared to an increase of 20% in 2000. Normalised earnings per share decreased 35% in 2001, compared to a 24% decrease in 2000. The decrease on a normalised basis was driven by increased Business Transformation costs, the other restructuring costs and net losses on associates and joint ventures. In addition, the basic earnings per share decrease reflects, in particular, net losses on investments of £53 million in 2001 compared to profits of £271 million in 2000 and £102 million in 1999.



Dividend per share

Following the review of dividend policy, the final dividend proposed was 6.15 pence which, when added to the interim dividend of 3.85 pence amounts to 10.0 pence per share, a decrease of 38% for the full year 2001 compared to 2000.



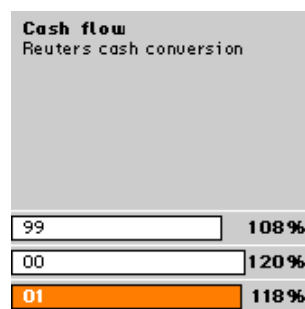
Shareholder value

Reuters Group aims to grow its value and outperform its peers. The Group believes that its mix of assets, some of which are unique to the Group, will help it to meet these aims. Reuters Group assets, not all of which are included in the consolidated balance sheet, include:

- Reuters independence, as enshrined in the Reuters Trust Principles;
- Goodwill attached to the Reuters name;
- Software and other intellectual property;
- Global databases of financial and other information; and
- An integrated global organisation including a skilled workforce.

The Group uses a model for measuring and ranking its total shareholder return (TSR) compared with that of the other 99 companies in the FTSE 100 index at the start of each measurement period. This model is used to determine vesting of awards under performance-linked share plans.

Reuters Group rankings over recent three-year measurement periods and the short measurement periods to 31 December 2001 are set out above.



Cash flow

Cash conversion is used to measure the conversion of operating profit into cash and is calculated by taking the net operating cash flow as a percentage of normalised operating profit. The 118% Reuters cash conversion for 2001 reflects the strong cash generative nature of Reuters core businesses. As in the prior year it was boosted by the high level of severance costs that had been provided for at the end of the year for staff leaving in the following year. Without this impact, the average cash conversion percentage for the past two years would have been 99%. The trend over three years shows the strong cash generative nature of Reuters.

3. FINANCIAL REVIEW

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
Revenue	3,885	3,592	3,125
Operating profit:			
Divisions	646	609	603
Business Transformation	(164)	(139)	—
Other restructuring	(99)	—	—
Normalised operating profit	383	470	603
Share of JVs, associates losses/investment income	(70)	(16)	(8)
Net interest (payable)/receivable	(9)	3	(4)
Normalised profit before tax	304	457	591
Amortisation	(93)	(71)	(61)
Net (losses)/gains on investments	(53)	271	102
Reported profit before tax	158	657	632

2001 results compared with 2000

During 2001, the Group continued to be managed and to report its results on a divisional basis. In

2002, the Group will be managed and its results presented under the new customer segment structure. For further details, see the '[Operating and financial review](#)'.

Actual revenue increased 8% to £3,885 million and underlying revenues, driven primarily by Reuters Financial, increased 2%. The difference between actual and underlying growth reflected mainly the impact of currency movements and the Bridge acquisition.

Divisional operating profit increased 6% to £646 million. Underlying growth was 7%, underpinned by a combination of revenue growth in Reuters Financial and tighter cost control across Reuters and Instinet.

Divisional operating profit includes recognised net currency losses (including hedging losses) of £13 million in 2001, compared with gains of £2 million in 2000. Actual rates performance in 2001 was positively impacted by the relative strength of the US dollar and the euro against sterling.

Expenditure relating to the Business Transformation programme was £164 million in 2001 compared to £139 million in 2000. Other restructuring costs of £99 million in 2001 were also incurred. Further information on both Business Transformation and the other restructuring costs are shown in the '[Operating and financial review](#)'.

As a result, normalised operating profit fell 19% in 2001, compared to a 22% fall in 2000.

Normalised operating profit margin was 9.9%, compared with 13.1% in 2000. Divisional operating profit margin was 16.6% in 2001, compared to 16.9% in 2000.

The Group's share of net operating losses (before amortisation) in associates and joint ventures and investment income rose from £16 million in 2000 to £70 million in 2001 reflecting the inclusion of a full year's loss from Radianz Limited and other start-ups, as well as losses arising from significant costs in TSI as a result of restructuring activity. Income from fixed asset investments was £3 million, compared to £5 million in 2000.

Reconciliation of UK GAAP operating profit and profit before tax to normalised operating profit and normalised profit before tax

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
Operating profit (UK GAAP)	302	411	549
Amortisation (subsidiaries)	81	59	47
Loss on TSI/Reuters Business Briefing	–	–	7
Normalised operating profit	383	470	603
Share of JVs, associates losses/investment income	(70)	(16)	(8)
Net interest (payable)/receivable	(9)	3	(4)
Normalised profit before tax	304	457	591
Amortisation (subsidiaries and associates)	(93)	(71)	(61)
Net (losses)/gains on investments	(53)	271	102
Profit before tax (UK GAAP)	158	657	632

The £9 million net interest payable reflected £45 million of interest receivable, primarily relating to Instinet and also including £16 million from associates and joint ventures. This was more than offset by £54 million of interest payable, primarily related to Reuters, including £15 million interest relating to the payment of corporate taxes. This compared to a £3 million net interest receivable in 2000.

Normalised profit before tax fell by 34% to £304 million. The decline reflected increased Business Transformation costs, the other restructuring costs, increased losses in associates and joint ventures and increased interest payable, partly offset by higher divisional operating profit driven by the underlying growth in Reuters Financial and Instinet.

Total amortisation was £93 million (2000: £71 million), of which £12 million (2000: £12 million) related to associates and joint ventures. The significant increase related principally to the acquisitions of Bridge, Diagram and ProTrader.

Net losses on investments were £53 million, compared to net gains of £271 million in 2000 (which included a £160 million book profit relating to a TSI follow-on public offering; see '2000 results compared with 1999' below).

The most significant gain in 2001 was the deemed partial disposal of a 15.1% interest in Instinet, which resulted in a £200 million book profit taken in the first half of the year. The Greenhouse Fund saw a net loss of £145 million with impairments offsetting the gains on disposal. The impairments reflected the substantial reduction in the value of technology stocks as well as a prudent management view consistent with the Group's position as a strategic rather than a venture capital investor.

This prudent view was also applied to the Group's other investments with £108 million net losses (of which £13 million relate to write-downs by Instinet). This included full provisions against investments in Sila Communications and Pedestal and also £10 million in respect of assets lost in the World Trade Center (that were insured through our captive insurance provider). Also included in the net write-downs was a gain of £16 million on the disposal of VentureOne.

As a result reported profit before tax was £158 million compared to £657 million in 2000.

The tax charge for 2001 resulted in an actual tax rate of 67% on profit before tax, compared with a rate of 21% in 2000 and the current UK corporate tax rate of 30%. The higher actual tax rate is due principally to the fact that the write-down in investments and the amortisation charges are non-deductible. On a normalised basis, the actual tax rate for 2001 and 2000 was 35%.

Profit after tax in 2001 was £51 million compared to £521 million in 2000.

The impact of 11 September on 2001 results

The estimated direct impact of the events of 11 September on the Reuters Group operating profit was lost revenue of approximately £17 million (including £14 million at Instinet from the loss of four trading days) and incremental costs of £5 million (including £4 million at Instinet). In addition, losses of approximately £10 million (net of insurance proceeds) have been recognised in respect of communications equipment and other assets destroyed and £2 million (net of insurance proceeds) in respect of payments for Reuters Group staff who died in the World Trade Center.

2000 results compared with 1999

Actual revenue in 2000 increased 15% to £3,592 million and underlying revenue, mainly driven by Instinet, increased 13%.

Divisional operating profit increased 1% in 2000 to £609 million. Underlying divisional operating profit growth was 11%. The difference between the actual and underlying operating profit growth reflects mainly the impact of currency movements and the exclusion of the beneficial impact of the reversal of the £25 million data feed accrual in 1999.

Divisional operating profit included recognised net currency gains of £2 million in 2000, compared with £6 million in 1999. Actual rates performance in 2000 was adversely impacted by the strength of sterling against the euro, partially offset by sterling's weakness against the US dollar and Japanese yen.

Normalised operating profit, which included Business Transformation costs, fell 21% in 2000.

Normalised operating profit margin in 2000 was 13.1%, compared with 19.3% in 1999. Divisional operating profit margin was 16.9% in 2000 compared with 18.9% in 1999.

The Group's share of net operating losses (before amortisation) in associates and joint ventures and investment income rose from £8 million in 1999 to £16 million in 2000. In 2000 a profit of £2 million from TSI was more than offset by losses reported from the new joint venture and associates Radianz, Sila Communications and Multex Investor Europe. TSI and Reuters Business Briefing (now part of Factiva) became associates in 1999. Income from fixed asset investments was £5 million compared to £2 million in 1999.

The £3 million net interest receivable in 2000 reflected £13 million of interest receivable from associates and joint ventures offset by £10 million of interest payable. This compared to £4 million net interest payable in 1999.

Normalised profit before tax fell by 23% in 2000 to £457 million. The decline reflected increased investment in new initiatives at Instinet and Reuterspace and Business Transformation costs, partly offset by higher underlying operating growth in Reuters Financial and Instinet's equities business.

Total amortisation in 2000 was £71 million, of which £12 million related to associates and joint ventures. This compared to amortisation of £61 million in 1999 of which £14 million was in respect of associates and joint ventures.

Net gains on investments in 2000 were £271 million compared to £102 million in 1999. A follow-on public offering in March 2000 of 4.8 million TSI shares resulted in a book profit for Reuters of £160 million. This was subsequently reduced by £3 million as a result of the exercise of options held by TIBCO Finance employees. Reuters sold no shares in TSI other than to meet its obligations under an option plan of TIBCO Finance, a wholly owned Reuters subsidiary and received no proceeds from the sale of TSI shares other than the exercise price of such options.

Net gains on the Greenhouse Fund in 2000 were £53 million compared to £37 million in 1999. In 2000 profits on disposal more than offset impairments in the carrying value of the investments. The disposal of Reuters interest in Safetynet generated a further profit of £37 million in 2000.

Reported profit before tax grew by 4% to £657 million.

The tax charge for 2000 resulted in an actual tax rate of 21% on profit before tax, compared with a rate of 31% in 1999 and the then current UK corporate tax rate of 30%. The lower effective tax rate reflected the non-taxable nature of the book gain arising from the TSI follow-on share offer and tax deductions arising from the exercise of TSI stock options held by TIBCO Finance employees. On a normalised basis, the tax rate for 2000 was 35% compared to 32% in 1999.

Profit after tax in 2000 was £521 million compared to £436 million in 1999.

Current trading and prospects for 2002

Reuters expects subscription-based revenues to grow in actual terms in 2002, driven by a full-year contribution from the recently acquired Bridge businesses. Based on the current cyclical downturn Reuters is seeing in financial services markets, the company currently expects underlying subscription revenues to decline 2% to 3% in the first half of 2002. The lag effects inherent in subscription revenues are expected to cause the rate of decline in the second half of the year to be slightly higher than in the first.

Solutions sales, which grew 7% on an underlying basis in 2001, are expected again to show good growth in 2002. The timing of these revenues is, as always, difficult to predict but Reuters has an encouraging pipeline of revenue prospects, weighted towards the second half.

4. OPERATING REVIEW

Divisional performance

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
Reuters Financial (excluding Bridge)	561	517	483
Bridge	(3)	—	—
Bridge integration	(17)	—	—
Reuters Financial	541	517	483
Reuterspace	(60)	(67)	(15)
Reuters	481	450	468
Instinet	178	157	129
Net currency (losses)/gains	(13)	2	6
Divisional operating profit	646	609	603

Underlying revenue growth	2001			
By quarter vs 2000	Q1	Q2	Q3	Q4
Reuters Information	7%	7%	5%	1%
Reuters Trading Solutions	7%	0%	4%	(3%)
Reuterspace	9%	3%	(10%)	(8%)
Reuters	7%	4%	4%	(1%)
Instinet	20%	14%	(5%)	(26%)
Reuters Group	10%	6%	2%	(7%)

Underlying revenue growth was strong in the first half of the year across all divisions, particularly in Instinet. However, underlying revenue growth has fallen back in the second half, particularly in the fourth quarter. This reflected the impact of the economic slowdown which has become more pronounced as a result of the events of 11 September.

Reuters Financial

Reuters Financial comprises Reuters Information (RI), Reuters Trading Solutions (RTS) and, in the fourth quarter, the acquired businesses of Bridge. Although RI, RTS and Bridge revenues are separately discussed below, performance for the division is shown in total, reflecting the way the division is managed.

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
Reuters Financial			
Revenue	2,787	2,559	2,399
Operating profit	541	517	483
Operating margin	19.4%	20.2%	20.2%

Underlying revenue increased by 4% (2000: 6%), mainly driven by RI and actual rates growth was 9% (2000: 7%) reflecting the impact of the Bridge acquisition, at the beginning of the fourth quarter and exchange rate movement.

Underlying cost growth of 3% (2000: 3%) was lower than revenue growth and growth at actual rates was 10% (2000: 7%). The difference between the actual and underlying cost growth in 2001 is principally due to the acquisition of Bridge including integration costs, described under 'Bridge' below.

Accordingly, underlying operating profit increased by 9% (2000: 19%) and at actual rates increased by 5% (2000: 7%).

Excluding the impact of Bridge (including Bridge integration costs), the operating margin would have been 20.7%.

Reuters Information

RI provides information products for financial professionals. RI's focus is on four main markets: equities; foreign exchange and money; commodities (including energy); and fixed income.

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
RI revenue analysis			
High Tier (International products)	873	795	775
Middle Tier (Domestic products)	209	225	201
Other revenue (site fees, exchange fees, third-party data etc)	754	717	643
Total revenue	1,836	1,737	1,619

Underlying revenue growth was 5% (2000: 7%) driven by High Tier revenue growth. High Tier revenue growth continued to be driven by 3000Xtra, our flagship information product, with over 35,000 accesses installed by the end of December 2001, compared with 10,800 as at 31 December 2000. Sales of 3000Xtra progressed well with over 56,000 accesses sold by the end of December 2001 compared with 27,000 as at 31 December 2000.

Actual revenue decline of 7% in Middle Tier products reflected the re-classification of £14 million of site fees (2000: £16 million, 1999: £16 million) from Middle Tier to Other revenue in 2001. Underlying revenue growth, which for this purpose also excludes this re-classification, was 1% (2000: 17%) reflecting 3% growth in the US offset by a decline in the non-US markets. Installed accesses of Reuters Plus, our US domestic product, increased with approximately 64,000 accesses installed by the end of 2001 compared to 55,000 at the end of 2000.

Other revenue includes additional information sets and add-on services. Approximately 40% of Other revenue was recovery of exchange, installation and communication fees for which there was an almost equal and opposite cost. Other revenue for 2000 and 1999 included £24 million and £12 million respectively for Lower Tier products (Reuters Markets Monitor, Reuters Markets View and Online Investor Services) which in 2001 were grouped in Reuters Trading Solutions – Retail Solutions (see below). Underlying revenue growth, which excludes the Lower Tier revenue products, but includes the underlying growth in the re-classified site fees, was 4% (2000: 11%) in line with RI underlying growth in 2001. The growth in 2000 reflected increased demand for broader information sets and add-on services.

Reuters Trading Solutions

RTS aims to meet the technology and transaction needs of clients in treasury and banking, corporate treasuries, securities broking and sales, asset management and personal financial services. RTS comprises three business groupings: Transactions; Applications and Enterprise Solutions; and Retail Solutions.

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
RTS revenue analysis			
Transactions	377	402	402
Applications and Enterprise Solutions	404	385	350
Retail Solutions	97	35	28
Total revenue	878	822	780

Overall RTS underlying revenue growth was 2% (2000: 4%), driven mainly by strong sales in Retail Solutions products offset by a decline in Transactions products. Actual rates growth was 7% (2000: 5%) reflecting the impact of the acquisition of Diagram.

Underlying revenue in Transactions fell 6% in 2001 (2000: 2%), reflecting the continuing consolidation in the FX/Money markets dealing community and the impact of global pricing agreements concluded with key customers. The rate of decline slowed significantly in the second half of the year reflecting the fact that the pressure from banking consolidation is easing slightly and Reuters is enjoying good growth in its forwards matching products.

The roll-out of Dealing 3000 continued with close to 13,000 accesses installed by the end of December 2001, providing increased functionality to users of Dealing 2000. Transactions revenue is expected to continue to decline in 2002, due to the factors outlined above as well as the introduction of Reuters Dealing Link, a lower-priced entry point into the Dealing network targeted at users who do not require the full functionality of Dealing 3000.

Underlying growth in Applications and Enterprise Solutions revenue was 3% (2000: 9%) reflecting growth in Trade & Risk Management products.

Retail Solutions products, aimed at providers of personal finance services, continue to be in strong demand and generated underlying growth of 39% (2000: 24%) partly driven by strong underlying revenue growth in Online Investor Services. Actual revenues for Retail Solutions in 2001 included £40 million from Lower Tier products formerly part of Reuters Information (2000: £24 million, 1999:

£12 million) as discussed above. The underlying growth includes the re-classification of these revenues for all three years.

Reuters Consulting, which was formed in 2000, delivers integrated client solutions around a range of Reuters content and technology. Reuters Consulting revenue, which is distributed across the three RTS business lines, continued to grow during 2001 despite tough market conditions with consulting revenue growing to £74 million in 2001 from £61 million in 2000. Although the consulting business unit was only formed in 2000, Reuters had consulting activities prior to this. In 1999, revenues from these activities were £45 million. The 21% growth in 2001 (2000: 34%) was partly driven by the acquisition of Diagram and currency movements. Underlying growth was 10% (2000: 28%).

Bridge

Total post-acquisition revenue for the acquired Bridge businesses from 1 October 2001 was £73 million. At the time of acquisition, Reuters announced anticipated revenue of US\$100 million (£69 million) for the fourth quarter. Bridge Trading performed slightly better than expected due to higher fourth quarter NYSE trading volumes, offset by slightly weaker performance from the other Bridge businesses reflecting the deteriorating market conditions discussed earlier. Total post-acquisition operating loss was £3 million.

Bridge integration costs of £17 million in 2001 represented mainly severance and retention payments to key staff impacted by integration activities and other third-party costs associated with the integration. The Bridge integration programme, which is expected to continue into 2004, is forecast to cost £55 million in total, of which £31 million is expected in 2002, with the remaining £7 million to be incurred in 2003 and 2004.

Reuters intends to make £25 million of annual cost savings in 2002 and a further £23 million in 2003 as a result of the integration of Bridge.

Reuterspace

Reuterspace was formed in 2000 to utilise existing Reuters assets to exploit new market opportunities beyond the traditional wholesale financial market.

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
Reuterspace			
Revenue	255	235	157
Operating loss	(60)	(67)	(15)
Operating margin	(23.6%)	(28.2%)	(9.4%)

Actual revenue increased by 8% (2000: 50%), reflecting the full 2001 year impact of the acquisitions in 2000 of O R Télématique (ORT) in France and Yankee Group in the US. The underlying revenue declined by 2% (2000: 16% growth) reflecting the contracting customer demand for research products in the US telecoms sector as industry consolidation and rationalisation takes place and the discontinuation of software development activities.

Media underlying revenue growth was 2% (2000: 6%), reflecting the more challenging sales environment for online products, particularly in the US.

Investment in reuters.com portal infrastructure, related activities and online media expansion has been reduced in the second half of the year, reflecting reduced market opportunities as a result of changing economic conditions and a reassessment of the scale of opportunities in the new organisation structure. As a result, levels of investment will be significantly lower in 2002 compared to 2001, contributing to an expected reduction in the 2002 operating loss.

Greenhouse Fund

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
Greenhouse performance			
Net (losses)/gains	(145)	53	37

Effective from 2 August 2001, the Greenhouse portfolio is managed by RVC, an independent company established by the former Greenhouse Fund management, who were Reuters employees. The RVC management team is seeking to raise new funds in 2002 to invest in software infrastructure companies primarily in Europe. Reuters has committed to invest up to £17 million in this first fund along with other investors and has an option to invest in future funds.

At 31 December 2001, the Greenhouse portfolio had holdings in 18 quoted companies, 55 unlisted companies and 14 venture funds. Overall, Reuters has invested £283 million in the Greenhouse Fund and has subsequently realised cash of £249 million from initial public offerings, trade sales and distributions from these investments. Reuters has made available £17 million in 'follow-on' funding for investments in companies in this existing portfolio.

The net loss in 2001 stems from the impairment review which reflects the fact that the value of investments has fallen below their carrying value and the prudent management view referred to in

the '[Financial review](#)'. The net gains in 2000 and 1999 arose from the significant number of disposals (IPO and trade sales) made in those years.

Instinet

Instinet, a US publicly traded company in which Reuters holds an 83.3% interest, provides global electronic equity and fixed income brokerage services to investment professionals.

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
Instinet			
Revenue	854	804	525
Operating profit	178	157	129
Operating margin	20.8%	19.5%	24.5%

Actual revenues in 2001 increased by 6% (2000: 53%) and underlying growth was flat (2000: 40%). The difference between the actual and underlying growth in 2001 reflected the acquisition of ProTrader and currency movements. The flat underlying growth in 2001 reflected growth in the US equities business offset by a decline in the International business, particularly in the second half due to weaker market conditions.

Revenue growth in 2001 has been weak as a result of lower Nasdaq market volumes in the second half of 2001. Trading in the latter part of the year has also been impacted considerably by the introduction of decimalisation, which has narrowed trading spreads thus putting pressure on execution costs. In addition there was increased activity on SuperSoes, Nasdaq's execution platform and an intensification in the competitive landscape. This is reflected in the decline of Instinet's Nasdaq market share from a high of 16.2% in April to a low of 10.7% in December. Instinet's average share of the Nasdaq market was 14.0% for 2001 compared with 13.0% for 2000 and 1999. Although as indicated above, Instinet's market share declined through the second half of 2001, it increased in January 2002 from December 2001. In addition, Instinet lost four days of trading as a result of market losses following the events of 11 September.

The gap between actual rates and underlying growth in 2000 was mainly due to the exclusion of Lynch, Jones & Ryan (LJR). The underlying growth in 2000 reflected strong market conditions in the year.

Instinet costs at actual rates increased by 4% (2000: 63%). Underlying costs fell by 1% (2000: 47% increase). The significant difference in cost growth rates from 2000 to 2001 is attributable to three factors. Firstly, a significant portion of the cost base is variable and is related to revenue, thus lower revenue growth has restricted cost growth. Secondly, 2000 also saw some significant investment in the Fixed Income and Retail products, the former going live in 2000 and the latter being terminated in the same year. Finally, costs fell in the second half of 2001 as a result of the reduction in headcount, most of which was completed by the end of the third quarter and other cost reduction initiatives.

As a result, operating margin increased to 20.8% compared to 19.5% in 2000 and 24.5% in 1999. The lower margin in 2001 compared to 1999 is a reflection of the changing market conditions in 2001. The decline in 2000 was primarily due to investment in the Retail and Fixed Income products, investment in trading capacity to accommodate increased volumes and the build up of corporate costs prior to the initial public offering.

Instinet has announced a number of actions in response to the above developments, including introducing new products and trading functionality to extend global brokerage offering, aggressively reducing pricing to broker-dealer customers, improving integration with customers trading systems with the aim of increasing Nasdaq volumes, and increasing cost reduction measures, as described below, in anticipation of lowered 2002 revenues.

Business Transformation and other restructuring costs

The Business Transformation programme initiatives continue to be categorised into two groups:

Firstly, the development of a **new product architecture** to create new tailored products for existing and new users along a continuum of price points that offer lower cost of ownership, segmented service and support and a customer-focused and rapid approach to product development.

Secondly, an **organisation and process transformation** to create an organisation structure that is aligned to the emerging opportunities in each of our different customer segments. The new organisation which came into effect at the start of 2002 is built around four customer segments: Treasury; Investment Banking and Brokerage; Asset Management; and Corporates & Media; and a number of global resource pools that support the segments and management.

These global resource pools are focused around: **distribution channels** such as Focus Group Accounts (servicing our global clients), Consultative channels (the three distinct regions dedicated to local customers) and Business Direct (smaller customers and online business); and **Centres of Excellence** such as the Business Technology Group (supplying high-quality, fit-for-purpose products and capabilities), Global Services (the Solutions and Consulting business), Editorial, the Chief Technology Office and Shared Business Services encompassing elements such as Business Development, Finance, Risk Management and Human Resources.

Business Transformation expenditure for 2001 for Reuters was £164 million, of which £88 million related to new product architecture and £76 million related to organisation and process transformation. Business Transformation expenditure in 2000 was £139 million of which £88 million related to new product architecture and £51 million related to the organisation and process transformation.

Business Transformation expenditure is expected to fall significantly in 2002. Reuters estimates it will spend in the order of £75 million in 2002. The benefits of these initiatives are already coming through, with an estimated £55 million in cost savings in 2001 and Reuters estimates savings of £105 million in 2002 and £155 million in 2003. These savings are split as follows:

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
Distribution	25	40	45
e-Procurement	20	30	40
Streamlining internal processes	–	5	15
New organisation	10	30	55
Total	55	105	155

In addition to the original Business Transformation programme, Reuters commenced a series of initiatives in the second half of 2001. Reuters aim is to achieve further cost savings in response to the continuing weak market conditions by reducing headcount beyond that resulting from the Business Transformation programme. The combined target was a total of 1,600 staff over a two-year period but has since been increased to 1,800 staff. These actions resulted in a restructuring cost of £82 million. At the end of December 2001, over 1,000 Reuters staff had already left. The remainder will leave during 2002.

These additional initiatives are estimated to have already realised benefits in 2001 of £10 million and are expected to yield additional annualised savings of £80 million.

Restructuring expenditure in Instinet for 2001 was £17 million reflecting similar cost saving initiatives. Instinet reduced its headcount by 237 staff by the end of December 2001. Instinet's annualised fixed cost run rate in the fourth quarter of 2001 was over £100 million lower than in the first half of 2001, well ahead of the £50 million annualised savings goal Instinet set in July 2001.

Instinet expects to take a further restructuring charge of £17 million in the first half of 2002 in order to reduce the annual fixed cost run rate by a further £41 million.

The foregoing staff reduction numbers are without giving effect to other changes in staff numbers due to acquisitions, disposals or ordinary course employment activities. See the discussion of staff costs in the [Group costs](#) section.

REVENUE BY TYPE AND GEOGRAPHY – REUTERS GROUP

	Year to 31 December		
	2001 %	2000 %	1999 %
Revenue by type – proportion			
Recurring	70	71	75
Usage	24	24	19
Outright	6	5	6
Total	100	100	100

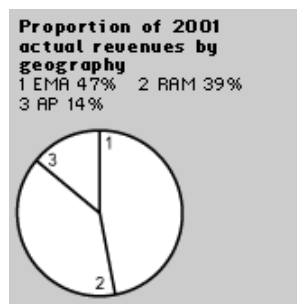
Recurring revenue, which is principally derived from the sale of subscription services, increased by 7% at actual rates reflecting the impact of the Bridge acquisition and growth in Reuters Information.

Usage revenue is principally derived from Instinet, as well as Bridge Trading and Reuters Dealing products. The increase in usage mix from 1999 to 2001 reflects the growth of Instinet revenues. Usage revenue increased by 10% at actual rates reflecting the acquisition of Bridge Trading. Underlying revenue growth was flat in line with the performance of Instinet.

Outright revenue, which is principally derived from the sale of solutions including software, hardware and consultancy, increased by 13% at actual rates and 7% at underlying rates. The gap between actual and underlying growth reflected the acquisition of Diagram. The modest underlying growth reflected a strong first half 2001 performance of 20% growth offset by a second half 1% growth as a result of the worsening economic conditions in the second half of 2001, in particular in the last quarter.

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
Revenue by geography			
EMA	1,838	1,689	1,643
RAM	1,502	1,344	979
AP	545	559	503

Total	3,885	3,592	3,125
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Revenue growth in Europe, Middle East and Africa (EMA) in 2001 was 9% at actual rates and 5% on an underlying basis (2000: 3% and 5% respectively). The gap between actual and underlying growth in 2001 reflects the exclusion of Diagram and currency movements. Reuters growth was boosted by strong solution sales while 3000Xtra sales were particularly strong in the region. The main driver of growth in 2000 was Instinet's International business.

The Americas (RAM) revenue in 2001 grew 12% at actual rates and was flat on an underlying basis (2000: 37% and 23% respectively). The gap between actual and underlying growth in 2001 reflects mainly the acquisitions of Bridge, ProTrader and Yankee and currency movements. The flat underlying performance in 2001 reflects the impact of the economic slowdown, in particular in the fourth quarter where underlying revenue declined by 19%. In 2000, there was strong underlying growth across the whole region, in particular in Instinet US which grew 34%.

Actual revenue in Asia/Pacific (AP) fell by 3% in 2001 and underlying revenue was flat (2000: growth of 11% and 4% respectively). Underlying revenue performance in 2001 in Japan and Instinet's Asian business was offset by a decline in Hong Kong. In 2000, underlying performance in most countries was relatively flat except for Japan, which grew by 10%.

GROUP COSTS

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
Cost by function			
Production and communications	1,825	1,731	1,556
Selling and marketing	706	621	513
Support services and administration	695	633	466
Business Transformation	164	139	—
Other restructuring	99	—	—
Amortisation (subsidiaries)	81	59	47
Net currency loss/(gain)	13	(2)	(6)
Total	3,583	3,181	2,576
% change			
Actual	13%	24%	4%
Underlying	6%	19%	1%

Group costs increased by 13% at actual rates (2000: 24%) and by 6% at underlying rates (2000: 19%). The gap between the actual and underlying growth in 2001 is mainly due to the Bridge acquisition and currency movements. The underlying growth is mainly driven by the additional Business Transformation and other restructuring costs, partly offset by the savings that they have generated.

Product and communications costs, which comprise costs involved in the development and delivery of Reuters products and content to its clients, increased by 6% at actual rates (2000: 11%) but decreased by 1% at underlying rates (2000: 6%) reflecting tighter cost control. The difference between 2000 actual and underlying growth primarily reflects the £25 million data feed accrual reversal in 1999.

Selling and marketing costs, which comprise sales, marketing and client support services increased by 14% at actual rates (2000: 21%) and underlying growth was 7% (2000: 19%) principally due to expansion in Reuters Financial. The growth in 2000 was largely due to a significant expansion of Instinet's business.

Support services and administration, which represents the cost of maintaining the Group's internal infrastructure, including internal systems, property and office costs, finance, legal and general management costs, increased by 10% (2000: 36%) and underlying costs increased by 3% (2000: 30%). The increase in 2000 was primarily due to an increase in support and management costs at Instinet together with costs associated with the acquisition of new subsidiaries.

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
Cost by type			

Staff	1,306	1,176	987
Services	731	807	641
Depreciation	246	276	310
Data	340	296	227
Communications	334	245	178
Space	237	198	172
Business Transformation	164	139	–
Other restructuring	99	–	–
Other	126	44	61
<hr/>			
Total	3,583	3,181	2,576

Costs by type have been impacted by the transfer of network assets to Radianz in June 2000. Prior to this transfer, these costs were attributed to each type separately. Post transfer, the charge by Radianz for the use of the network is included in Communications.

Actual staff costs rose by 11% (2000: 19%). Part of this was attributable to acquisitions, most notably the full 2001 period impact of entities acquired in 2000, such as Yankee, ORT and LJR and the current year purchases of Bridge, Diagram and ProTrader. On an underlying basis, staff costs rose by 4% (2000: 10%), mainly reflecting salary increases offset by headcount reductions. The 2000 underlying increase reflected a combination of increased headcount and salary rises. Group headcount was 19,429 at the end of December 2001 compared to 18,082 at the end of December 2000. Acquisitions in 2001 accounted for approximately 1,900 additional headcount.

Actual service costs, which comprise mainly associated staff costs, consultancy and contractor costs and equipment, fell by 9% and underlying costs fell by 15% (2000: 26% and 22% increase respectively) reflecting tighter cost control across the Group as well as the impact of Radianz highlighted above. The 2000 growth reflected increased settlement and clearing costs at Instinet and higher levels of branding and consulting expenditure.

The actual depreciation charge declined by 11% and the underlying charge by 13% (2000: 11% and 14%) reflecting the continued benefit of reduced capital expenditure on subscriber equipment and the Radianz impact highlighted above.

Actual data costs increased 15% and underlying costs increased 6% (2000: 30% and 22% respectively) reflecting increased demand for third-party data. These costs were generally recovered resulting in a similar growth in Other revenue in RI. The actual growth in 2000 reflected partly the £25 million data feed accrual reversal in 1999 and also reflected the underlying growth in exchange fee costs and the demand for more third-party data.

Actual communication costs increased by 37% and underlying costs increased 25% (2000: 38% and 35% respectively) reflecting the impact of the transfer of network assets to Radianz in June 2000 described above.

Actual space costs increased 20% and underlying costs increased 13% (2000: 15% and 8% respectively) as a result of costs associated with various office moves, including the move to Reuters new flagship building at 3 Times Square in New York. The 2000 growth was mainly due to the expansion of Instinet and the impact of acquisitions.

Research and development

Research and development expenditure totalled £245 million in 2001 compared with £276 million in 2000 and £197 million in 1999. This expenditure excludes costs associated with Business Transformation. Of the total expenditure, £155 million related to Reuters Financial (2000: £152 million), £4 million to Reuterspace (2000: £27 million), £67 million to Instinet (2000: £81 million) and a further £19 million (2000: £16 million) related to the Chief Technology Office and Corporate.

The decline in Reuterspace costs is mainly due to the high level of project start-up investment in 2000 and a significant reduction in Reuters Personal Finance development in 2001. The decline in Instinet costs is mainly due to a reduction in Fixed Income expenditure, following its product launch in 2000 and the termination of expenditure on the retail trading system project which was discontinued in the second half of 2000.

Significant activities in 2001 included development of a Lower Tier Dealing service, Reuters Dealing Link; further development of a standard desktop product, Reuters 3000Xtra, in a common Reuters/TIB infrastructure and in a new Numerical Data Architecture. The acquisition of Diagram in 2001 increased the product portfolio and development capacity.

Joint ventures and associates

Excluded from reported operating profit is the performance of a number of strategic alliances and joint ventures. The more significant of these are:

Radianz, a joint venture with Equant that became operational from 1 July 2000, was formed to develop the world's largest secure Internet Protocol (IP) network for financial markets. Although Reuters owns 51% of the joint venture its control is limited to 50%. Reuters has contributed most of its network assets to Radianz. Reuters share of Radianz operating losses in 2001 was £27 million (2000: £9 million loss). The increased losses in 2001 reflect a full year of start-up costs compared to a half year in 2000 and a step up in development expenditure.

TIBCO Software Inc. (TSI), a US publicly traded company which enables businesses to integrate enterprise application and deliver personalised information through enterprise portals, was spun off

by Reuters in 1999. Reuters has a 53% economic interest in TSI but its voting rights are restricted to 49% and accordingly TSI is accounted for as an associate. If all outstanding employee options over TSI shares were exercised, Reuters shareholding in TSI would be 42%. Reuters share of TSI's losses in 2001 was £17 million (2000: £2 million profit, 1999: £3 million loss) reflecting restructuring costs and the full year amortisation of goodwill relating to the acquisition of Extensibility by TSI.

Factiva, a 50% owned joint venture with Dow Jones formed in 1999 to provide world-class global news and business information through its websites and content integration solutions. Reuters share of Factiva's profit in 2001 was £5 million, compared with £1 million loss in 2000 and a £4 million loss in 1999. The profit was driven by good revenue growth on the back of high net installations in 2000 and the first quarter of 2001 combined with tighter cost control in response to the slowdown in trading conditions during the latter part of 2001.

Other associates and joint ventures include Multex Investor Europe and Sila Communications. Combined losses for these entities amounted to £23 million in 2001 compared to £11 million in 2000.

In addition, the following new joint ventures were set up in 2001:

- a 50% owned joint venture with **Capco** created in October 2001 to develop data management services for straight through processing. Reuters share of Capco operating losses in 2001 was £3 million reflecting start-up costs.
- a 50% owned joint venture with **Icor Brokerage** created in September 2001 to develop electronic brokerage services for the global inter-bank foreign exchange options and interest rate derivatives markets. Reuters share of operating losses in 2001 was £1 million reflecting start-up costs.

As a result of various uncertainties, including the current economic conditions, it is considered difficult to forecast the level of losses for joint ventures and associates in 2002. A full year's start-up losses are expected from the Icor and Capco joint ventures as these were only formed late in 2001. Radianz will continue to incur a similar level of losses as in 2001 as the migration of Reuters products and clients to RadianzNet picks up speed. Losses from some of the other joint ventures and associates should be reduced with Factiva expected to continue being profitable. The best estimate at present is that losses in 2002 will be at similar, or perhaps slightly reduced, levels as 2001.

For information regarding Reuters ability to influence these results, see '[Risk factors – Reuters does not have management control over some of its ventures](#)'.

5. FINANCIAL NEEDS AND RESOURCES

Additions to tangible fixed assets were £276 million in 2001, compared to £282 million in 2000 and £244 million in 1999. Subscriber equipment expenditure was £56 million in 2001, compared with £72 million in 2000 and £65 million in 1999. The decline in 2001 expenditure reflects the downward trend in sales. Other equipment additions were £220 million in 2001, compared to £210 million in 2000 and £179 million in 1999. The increase in other equipment additions in 2001 and 2000 was primarily due to property costs, including in 2001, the move to 3 Times Square in New York City.

Reuters Group spent £468 million on acquisitions and fixed asset investments in 2001 compared to £463 million in 2000 and £135 million in 1999. In 2001, £48 million was spent on Reuters shares acquired by an employee share ownership trust compared with £40 million in 2000 and £68 million in 1999. Proceeds from the sale of fixed asset investments, principally relating to Greenhouse Fund disposals and including VentureOne, were £68 million compared to £80 million in 2000 and £39 million in 1999. The Instinet IPO raised £339 million in net proceeds which was retained by Instinet except for US\$150 million (£103 million) used to repay debt owed by Instinet to Reuters.

Reuters paid dividends of £227 million in 2001 (including the final 2000 dividend which was payable in 2001), compared with £205 million in 2000 and £207 million in 1999.

Cash flow movement in 2001

	Reuters £m	Instinet £m	Total £m
Normalised operating profit	222	161	383
Depreciation	192	54	246
Capex	(193)	(83)	(276)
Working capital	41	211	252
Operating cash flow	262	343	605
Cash conversion	118%		
Acquisitions/disposals	(207)	164	(43)
Dividends/taxation	(334)	(66)	(400)
Other	13	(3)	10
Movement during 2001	(266)	438	172
Net (debt)/cash at 31 December 2001	(702)	840	138

Net cash for the Group at 31 December 2001 amounted to £138 million, compared with net debt of £34 million at 31 December 2000 and net cash of £41 million at December 1999. Net cash at 31 December 2001 comprised cash and short-term investments of £1,157 million offset by gross debt of £1,019 million.

Reuters net debt of £702 million reflected the fact that Reuters funded the acquisitions of the Bridge businesses and Diagram and the charges for the Business Transformation and headcount reduction programmes. Reuters continued to generate significant amounts of cash during the year with an operating cash flow of £262 million, including the repayment of £103 million debt from the proceeds of Instinet's IPO. The Instinet net cash of £840 million included £339 million from its IPO less the debt repayment.

Reuters Group 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 medium-term committed bank facilities and longer-term finance from capital markets. The Group currently has long-term ratings of AA- from Standard & Poor's and Aa3 from Moody's and short-term ratings of A1+/P1 respectively. Ratings are not a recommendation to buy, hold or sell securities. Each rating may be subject to revision or withdrawal at any time by the assigning rating agency and should be evaluated independently of any other rating.

Reuters manages its net debt position and interest costs to support its continued access to the full range of debt capital markets.

At 31 December 2001, Reuters had available a committed syndicated loan facility of £500 million which expires in December 2006, all undrawn at 31 December 2001.

A £1.5 billion Euro Commercial Paper Programme was established in 1998. At 31 December 2001, Reuters had outstanding obligations of £502 million under this programme, repayable at various dates up to June 2002. The minimum outstanding during 2001 was £140 million and the maximum was £510 million.

In 1998 Reuters also established a £1 billion Euro Medium Term Note Programme. At 31 December 2001, Reuters had outstanding obligations of £420 million under this programme, repayable at various dates from February 2002 up to November 2004. The minimum outstanding during 2001 was £319 million and the maximum was £420 million.

In addition, Reuters has short-term uncommitted bank borrowing facilities denominated in various currencies, the sterling equivalent of which was approximately £188 million. Drawings under these lines was £46 million at 31 December 2001. Instinet has access to the equivalent US\$981 million short-term uncommitted bank facilities of which US\$69 million was drawn at 31 December 2001.

The following table summarises the Group's principal contractual financial obligations at 31 December 2001, certain of which are described in the consolidated financial statements and notes. Further analysis of these individual obligations can be reviewed by reference to the notes on the financial statements. The Group expects to be able to fund such obligations from ongoing operations and its existing or replacement resources and facilities.

		Payments due by period			
Contractual obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Short-term debt	681	681	—	—	—
Long-term debt	338	—	338	—	—
Operating leases	775	102	167	121	385
Unconditional purchase obligations	252	66	120	66	—
Other long-term obligations	10	4	6	—	—
Total contractual obligations	2,056	853	631	187	385

6. TREASURY MANAGEMENT

The key objectives of Reuters Group treasury management are to ensure sufficient liquidity exists to meet funding needs and to manage the interest rate and currency risks arising from its operations and its sources of finance.

Reuters borrows in many currencies, at both fixed and floating rates and uses derivative contracts to create the desired currency and interest rate basis. Most funding is converted into sterling. However some debt may be left in, or converted to, other currencies to match asset exposures which arise from time to time. Derivatives used are principally interest rate swaps, forward rate agreements, interest rate caps and collars, currency swaps, forward foreign exchange contracts and currency options.

The main risks managed by the Group Treasurer, under policies approved by the Board are foreign currency risk, interest rate risk, liquidity and refinancing risk and counterparty credit risk. A treasury committee of the Board periodically reviews Reuters treasury activities, policies and procedures. All treasury activity takes place within a formal control framework. A separate treasury department exists within Instinet.



Over 85% 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 amortisation of goodwill and other intangible assets and currency gains attributable to each key currency group was as follows:

	Year to 31 December		
	2001 %	2000 %	1999 %
Operating profit by currency			
Continental Europe:			
Euro and legacy currencies	133	107	80
Other	25	18	19
US dollar	66	57	49
Japanese yen	26	22	12
Sterling:			
Depreciation	(63)	(58)	(52)
Other	(97)	(66)	(19)
Other	10	20	11
Total	100	100	100

Sterling costs exceeded sterling revenue due to the level of Business Transformation costs, UK-based marketing, development, operational and central management costs and depreciation which is largely accounted for in sterling once an asset has been acquired.

In broad terms, using the 2001 mix of profits, the impact of an additional unilateral 1% strengthening of sterling would have been a reduction of approximately £10 million in operating profit before hedging (2000: £10 million, 1999: £10 million).

Exchange rate movements in 2001 had a favourable impact on reported revenue and operating profit before hedging, mainly due to the stronger US dollar and euro in 2001 compared with 2000.

A substantial proportion of the Group's cash investments are held in US dollar assets. These are mainly held by the Instinet group of companies. Following the IPO of Instinet in 2001, US dollar debt to Reuters was repaid with part of the IPO proceeds. Reuters currency exposure with respect to Instinet is not currently hedged.

The priority in Reuters currency management policy is to reduce the risk of year on year cash flow volatility to acceptable levels while allowing a degree of flexibility to take advantage of market movements.

The main principles underlying currency hedging policies are as follows:

- committed hedging cannot exceed the underlying cash flow exposure; and
- levels of currency hedging cannot exceed 90% of underlying exposure for the first 12 months and 70% for the following 12 months.

The results of currency and interest rate hedging activities for the three years to December 2001 are summarised below:

	Year to 31 December		
	2001 £m	2000 £m	1999 £m
Recognised (losses)/gains			
Currency hedging	(4)	5	9
Interest rate hedging	(1)	(3)	(1)

Recognised currency hedging losses in 2001 were adverse compared with 2000 due mainly to the favourable impact in 2000 of the euro weakening after hedges had been placed, partly offset by the weakness of the Japanese yen in 2001.

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	Gains	(Losses)	Net
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	£m	£m	£m
Unrecognised at 1 January 2001	18	(21)	(3)
Arising in previous years:			
Recognised in 2001	13	(15)	(2)
Not recognised in 2001	5	(6)	(1)
Arising in 2001:			
Not recognised in 2001	13	(3)	10
Unrecognised at 31 December 2001	18	(9)	9
Of which:			
Expected to be recognised in 2002	12	(5)	7
Expected to be recognised after 2002	6	(4)	2

There were net unrecognised gains of £9 million on derivatives used for hedging at 31 December 2001 compared with unrecognised losses of £3 million at 31 December 2000 and unrecognised losses of £13 million in 1999. The improvement is mainly due to a lower level of US dollar hedging which is valued at a loss due to the continued strength of the US dollar and the effect of the weaker Japanese yen at the end of 2001.

Net cash flows are mainly converted into sterling and either applied to reduce debt or invested in money market instruments with financial institutions holding strong credit ratings. Interest rates are managed using a mix of financial instruments, which commence and mature at various dates through to November 2004. Interest rate hedging relates to the use of derivative contracts to alter the currency and interest rate profile on medium term fixed rate notes issued and to hedge timing mismatches.

The unrecognised value on interest rate hedging at 31 December 2001 was £nil (2000: £2 million loss, 1999: £17 million loss). It arises from changes in interest rates since interest rate swaps were put in place and is offset by compensating adjustments to the fair value of the fixed rate notes issued. 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 £1 million (2000 and 1999: £1 million) excluding the impact of hedging.

7. ACCOUNTING POLICIES AND US GAAP

Critical accounting policies

Group [accounting policies](#) conform with UK GAAP. In accordance with the requirements of Financial Reporting Standard 18 (FRS 18), these policies and any applicable estimation techniques have been reviewed by the directors who have confirmed them to be the most appropriate for the preparation of the 2001 financial statements.

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 area in 2001 related to the impairment of Greenhouse Fund and other fixed asset investments. The impairment charges reflected the substantial reduction in the value of technology stocks as well as a prudent management view consistent with the Group's position as a strategic rather than a venture capital investor.

New UK accounting policies

In 2000, the UK Accounting Standards Board issued Financial Reporting Standard 19 'Deferred Tax' (FRS 19). Reuters Group has implemented the standard which requires full provision to be made for deferred tax assets and liabilities arising from timing differences between recognition in the financial statements and in the tax computation. The cumulative impact of FRS 19 relating to previous years has been recognised in the financial statements as a prior year adjustment and comparative figures for 2000 and 1999 have been restated. For further details, see [note 24](#).

US GAAP

A reconciliation of net income under UK and US GAAP and a discussion of the relevant US accounting policies which differ materially from UK GAAP is given in the [Summary of differences between UK and US generally accepted accounting principles](#).

In 2001 Reuters Group adopted US statement of Financial Accounting 'Accounting for Derivative Investments and Hedging Activities'. For further details see [Summary of differences between UK and US generally accepted accounting principles](#).

In July 2001, the Financial Accounting Standards Board (FASB) issued FAS 141 'Business Combinations' which supersedes APB Opinion 16. FAS 141 requires the purchase method of accounting to be used for business combinations initiated after 30 June 2001, and eliminates the pooling-of-interests method. In addition, FAS 141 establishes specific criteria for the recognition of intangible assets separately from goodwill and requires unallocated negative goodwill to be written off immediately as an extraordinary gain.

In July 2001, the FASB also issued FAS 142 'Goodwill and Other Intangible Assets'. The provisions of FAS 142 are required to be applied starting with fiscal years beginning after 15 December 2001. Certain provisions are also applicable to acquisitions completed by the Group subsequent to 30 June 2001. FAS 142 supersedes APB Opinion 17 'Intangible Assets' and requires, among other things, the discontinuance of amortisation related to goodwill and indefinite lived intangible assets. These assets will then be subject to an impairment test at least annually.

Reuters has applied the non-amortisation provisions of FAS 142 to goodwill acquired in the Bridge and ProTrader acquisitions. For all other existing goodwill and intangible assets, FAS 142 will be adopted on 1 January 2002. Due to the extensive effort needed to comply with adopting FAS 141 and FAS 142, it is not practicable to estimate reasonably the impact of adopting these statements on the Reuters financial statements at the date of this report, including whether any transitional impairment loss will be required to be recognised as the cumulative effect of a change in accounting principles.

In July 2001, the FASB issued FAS 143 'Accounting for Asset Retirement Obligations' which is effective for fiscal years beginning after 15 June 2002. FAS 143 requires, among other things, that the fair value of a liability for an asset retirement obligation be recognised in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are then capitalised as part of the carrying amount of the long-lived asset. Reuters will adopt FAS 143 no later than 1 January 2003. The adoption of FAS 143 is not expected to have a material impact on the consolidated financial statements.

In August 2001, the FASB issued FAS 144 'Accounting for the Impairment or Disposal of Long-Lived Assets' which is effective for fiscal years beginning after 15 December 2001. FAS 144 supersedes FAS 121 'Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of' and addresses financial accounting and reporting for the impairment or disposal of long-lived assets. Reuters will adopt FAS 144 no later than 1 January 2002. The adoption of FAS 144 is not expected to have a material impact on our consolidated financial statements.

8. 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 for the Group. 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 or on behalf of Reuters speak only as of the date they are made. Reuters does not undertake to update any forward-looking statements.

Continued or worsened unfavourable conditions in financial markets may have a significant adverse effect on Reuters and/or Instinet's business

Reuters and Instinet's businesses are dependent upon the health of the financial markets and the participants in those markets. Reuters Dealing products, Bridge Trading and Instinet are particularly dependent upon the level of activity in the foreign exchange and equity and fixed income markets respectively. Reuters and Instinet's results were negatively impacted by the economic downturn in 2001, and if these conditions continue or get worse there could be further adverse effect on their businesses. In addition, Reuters and Instinet's businesses could be adversely affected by further consolidations among clients and competitors.

Currency fluctuations may have a negative impact on Reuters Group reported revenue and earnings

Reuters reports results in UK pounds sterling but receives revenue and incurs expenses in more than 60 currencies and is thereby exposed to the impact of fluctuations in currency rates. Currency movements, in particular the strength of the US dollar, had a positive impact on results in 2001. Although Reuters currency cash flow exposure is actively managed, a strengthening of sterling from current levels, especially versus other currencies in which Reuters derives significant revenues such as the euro or the US dollar, could adversely affect results in future periods. In addition, the currency exposure on net investment and cash flow in Instinet is not currently hedged and accordingly may cause fluctuations in the Group's financial statements as a result of exchange rate movements. For additional information concerning currency fluctuations, see '[Treasury management](#)'.

Reuters faces increased competition from new and existing information providers using internet-based services

The availability of public internet technology is reducing barriers for entry to new information providers, creating additional competition and new price/cost dynamics in the industry. It is also increasing the availability of commoditised data in cheaper forms and the loss of control over intellectual property. As a publishing medium, it is creating new outlets for content providers. If Reuters is unable to respond effectively to any increased competitive pressure arising from the above factors, its revenues and results of operation could be adversely affected.

Reuters is exposed to a decline in the valuation of companies in which it has invested, including TSI, Instinet, and various internet and technology companies

Reuters has entered into joint ventures with, and made strategic investments in, a number of technology and internet companies, including investments made through the Greenhouse Fund, and also has significant interests in companies and joint ventures such as TSI, Instinet, Radianz and Factiva. The value of a number of these companies fluctuated widely and generally decreased significantly during 2000 and 2001, 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 may not be able to realise the anticipated benefits of its Business

Transformation and cost savings strategies

In 2000, Reuters announced a Business Transformation initiative. The initiative includes the development of a new product architecture, the implementation of a new company-wide

organisation structure and the streamlining of systems and processes to improve quality and efficiency. In 2001, the Group also sought to achieve further cost savings by reducing headcount beyond that resulting from the Business Transformation initiative. While the Group expects that the transformation and cost-savings measures will produce significant competitive advantages, cost savings and eventual revenue growth, there can be no assurance of the extent to which these benefits will be realised. In addition, Reuters may not be able to successfully implement its product architecture and organisational transformation strategy or to successfully manage the transition to the new architecture and organisation.

Reuters and Instinet may experience difficulties or delays in developing or responding to new technology

Reuters and Instinet's business environment is characterised by rapid technological change, changing and increasingly sophisticated customer demands and evolving industry standards. If they are 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, their businesses may be adversely affected. In addition, new products and services that they may develop and introduce may not achieve market acceptance.

Reuters and Instinet are dependent on third parties for the provision of certain network services

Reuters and Instinet have outsourced the day-to-day operation of most of their networks to Radianz, Reuters joint venture with Equant. Radianz will source the majority of its requirements from Equant and will seek to provide network services to companies in addition to Reuters and Instinet. Reuters and Equant are equally represented on the Radianz board with neither party having control. Accordingly, Reuters ability to affect the performance of Radianz may be limited should Reuters and Radianz develop conflicting network strategies in the future. In addition, the cooperation of both Radianz and third-party telecommunications providers will be required to migrate current customers from legacy networks and to connect new customers of Reuters products to Radianz, and Reuters may not be able to assure such connections are made in a timely manner. Reuters and Instinet's businesses could be adversely affected as a result of any of the foregoing.

In connection with the Bridge acquisition, Reuters entered into a network services agreement with Savvis which was the primary provider of network services to Bridge. Reuters currently holds Savvis debt that is convertible into an approximately 23% equity interest in Savvis share capital, and has an observer on Savvis' board. Reuters has very limited if any ability to affect the performance of Savvis. In January 2002, in a public discussion of its results for the fourth quarter of 2001, Savvis indicated that it believed it had generated and was continuing to generate sufficient cash to fund its daily operating expenses and capital expenditures, though it also reiterated that it has been in default under certain of its senior debt securities and other financing arrangements and is seeking to raise approximately US\$50 million in financing to be able to address debt service, payables reduction and receivables growth issues and fund its business plan going forward. Should Savvis, as a result of its financial condition or otherwise, fail or be unable to provide network services necessary to the continued conduct of the Bridge businesses acquired by Reuters before Reuters is able to migrate these services to Radianz or make other alternate arrangements, Reuters business would be adversely affected. If Savvis were to enter bankruptcy proceedings, it is also possible that Savvis may seek to terminate or renegotiate the network services agreement.

Reuters and Instinet's businesses may be adversely affected if their networks or systems experience any significant failures or interruptions or cannot accommodate increased traffic

Reuters and Instinet's businesses are dependent on their ability to process speedily substantial quantities of data and transactions on their computer-based networks and systems and those of Radianz, Savvis and others. Any significant failure or interruption of such systems due to factors beyond their control could have a material adverse effect on their businesses and results of operations. Although Reuters and Instinet seek to minimise these risks as far as commercially reasonable through security controls and active business continuity programmes, there can be no assurance that adverse events will not occur.

Market developments such as the emergence of online trading throughout Europe and the United States, high market volatility, and the multiple listing of options, may result in a significant increase in information update rates, which may impact product and network performance from time to time. While Reuters and Instinet have implemented a number of capacity management initiatives, there can be no assurance that they and their network providers will be able to successfully accommodate accelerated growth of peak traffic volumes.

Instinet, Bridge Trading and other Reuters affiliates may be exposed to losses from broker activities or disruptions in trading markets

Certain Group subsidiaries act as brokers or in similar roles in the financial markets but do not undertake trading for their own account. These companies could incur losses from broken trades or the failure of a counterparty. While the Group seeks to mitigate these risks, there can be no assurance that these measures will prevent losses from occurring. In addition, the businesses of these companies are dependent upon the operation of their respective trading markets, and any suspension or disruption could have an adverse impact on their results of operations.

Changes in the regulatory or competitive environment could have an adverse effect on Instinet's business

Instinet is currently regulated as an alternative trading system in the United States by the US Securities and Exchange Commission (SEC) and the National Association of Securities Dealers Inc. (NASD). Nasdaq's expanded SuperSoes execution system has resulted, and may continue to result, in Instinet receiving fewer orders in Nasdaq-quoted securities, which are the largest component of Instinet's equity securities business, and also has resulted and may continue to result in fewer of the orders Instinet receives being executed. In January 2001 the SEC approved a

proposed NASD rule change, generally referred to as SuperMontage, currently expected to become effective early in the third quarter of 2002, which will significantly change the nature of trading in Nasdaq-quoted securities and could have a similar and increased adverse effect on Instinet's business. Instinet competes with Nasdaq as a trading venue for Nasdaq-quoted stocks, and Nasdaq has also applied for status as a for-profit exchange. A number of Instinet's other competitors have also applied for and/or been granted status as an exchange, which may afford them certain competitive advantages that Instinet does not have. The financial services industry generally, and the securities brokerage business in which Instinet engages in particular, is very competitive, and competition is expected to continue to intensify in the future. In particular, Instinet has experienced intense price competition in recent years, which has resulted in a decline in both market share and revenue. This trend is expected to continue.

The NASD regulates the activities of Instinet's US broker-dealer subsidiaries and also operates and regulates the Nasdaq market. The NASD is thus able to propose and seek to obtain SEC approval of rule changes that can be to Nasdaq's competitive benefit as a securities marketplace and to Instinet's competitive disadvantage. Reuters is unable to predict at this time the impact of any proposed or potential changes to the regulatory environment in which Instinet 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. Any such regulatory changes may cause Instinet and its affiliates to incur substantial compliance costs, or impair their ability to conduct their businesses, or to compete effectively.

Reuters does not have management control over some of its ventures

Reuters has entered into a number of joint ventures which it does not control, such as its Radianz joint venture. In addition, Reuters does not have management control over a number of companies in which it has invested, including TSI, where Reuters voting interests are restricted to 49%. Although Reuters generally seeks board representation or other means of participating in the management of companies or joint ventures in which it invests, Reuters ability to affect the performance of these companies or joint ventures may be limited where it does not exercise management control.

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

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

Reuters may not be able to realise the anticipated benefits of the Bridge acquisition

Success of the Bridge acquisition will depend, among other things, on the ability of Reuters to realise the anticipated synergies, cost savings and growth opportunities from the acquisition and the integration of the acquired businesses, which will entail substantial expenditures and resources to effect. In addition, Reuters has agreed to provide certain data collection, aggregation and delivery services, administration services and other transitional services to Moneyline Telerate, the purchaser of certain other business operations from Bridge, including the Telerate business worldwide and the BridgeStation/BridgeFeed business in Europe and Asia, that are currently dependent on the assets and operations Reuters acquired. Provision of these services may require a substantial devotion of resources and potentially delay or impair Reuters ability to fully integrate the acquired Bridge businesses. In turn, Reuters ability to operate the businesses it acquired in Europe and Asia is dependent in part on the assets and operations acquired by Moneyline Telerate. Moneyline Telerate has agreed to provide Reuters necessary services in these areas. If it fails to do so, the businesses acquired by Reuters could be adversely affected.

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FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2001 £m	Restated 2000 £m	Restated 1999 £m
Revenue: Group and share of joint ventures		3,990	3,678	3,160
less share of joint ventures revenue		(105)	(86)	(35)
Continuing operations		3,787	3,592	3,125
Acquisitions		98	—	—
Group revenue	1	3,885	3,592	3,125
Operating costs	2	(3,583)	(3,181)	(2,576)
Continuing operations		337	411	549
Acquisitions		(35)	—	—
Operating profit		302	411	549
Share of operating losses of joint ventures		(46)	(17)	(6)
Impairment of investments in joint ventures	16	(16)	—	—
Share of operating losses of associates		(39)	(16)	(11)

Impairment of investment in associate	16	(26)	–	–
Profit on disposals of subsidiary undertakings	31	216	10	52
Profit on disposals of fixed assets/investments		18	291	50
Income from fixed asset investments		3	5	2
Amounts written off fixed asset investments	16	(245)	(30)	–
Net interest (payable)/receivable	3	(9)	3	(4)
Profit on ordinary activities before taxation		158	657	632
Taxation on profit on ordinary activities	4	(107)	(136)	(196)
Profit on ordinary activities after taxation		51	521	436
Equity minority interests		(5)	–	–
Profit attributable to ordinary shareholders		46	521	436
Dividends	5	(140)	(224)	(206)
(Loss)/retained profit		(94)	297	230
Basic earnings per ordinary share	6	3.3p	37.1p	30.9p
Diluted earnings per ordinary share	6	3.2p	36.5p	30.4p

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER

	Notes	2001 £m	Restated 2000 £m	Restated 1999 £m
Profit attributable to ordinary shareholders		46	521	436
Unrealised gain on deemed partial disposal of subsidiary	31	11	–	–
Unrealised gains on formation of joint ventures and associates		–	73	–
Unrealised gain on deemed partial disposal of associate		–	39	–
Unrealised gains on disposals of fixed asset investments		–	13	–
Translation differences taken directly to reserves		23	40	10
Total recognised gains and losses relating to the year		80	686	446
Prior year adjustment (see note 24)		51		
Total gains and losses recognised since last annual report		131		

Restated following adoption of FRS 19 (see [note 24](#)).

A detailed statement showing the movement in capital and reserves is set out in [note 26](#).

NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

1. SEGMENTAL ANALYSIS

The tables below show a segmental analysis of revenue, costs and profit which reflects the way Reuters was managed at 31 December 2001. During the periods under review the Group has been managed on a divisional basis, comprising Reuters Information, Reuters Trading Solutions (together referred to as Reuters Financial), Reuterspace and Instinet. For comparability the divisional results for 1999 exclude Reuters Business Briefing (RBB) and TIBCO Software Inc. (TSI). RBB is now part of the Factiva joint venture, which became effective in July 1999. TSI was floated on the Nasdaq stock market in July 1999 and is accounted for as an associate.

By division	2001 £m	% change	2000 £m	% change	1999 £m
Revenue					
Reuters Information	1,836	6%	1,737	7%	1,619
Reuters Trading Solutions	878	7%	822	5%	780
Bridge	73	–	–	–	–
Reuters Financial	2,787	9%	2,559	7%	2,399
Reuterspace	255	8%	235	50%	157
Reuters	3,042	9%	2,794	8%	2,556
Instinet	854	6%	804	53%	525
Divisional revenue	3,896	8%	3,598	17%	3,081
TSI/RBB	–	–	–	–	52
Share of joint ventures revenue	105	22%	86	146%	35
Intra-group revenue	(11)	58%	(6)	(16%)	(8)

Gross revenue	3,990	8%	3,678	16%	3,160
Less share of joint ventures revenue	(105)	22%	(86)	146%	(35)
Group revenue	3,885	8%	3,592	15%	3,125
Costs					
Reuters Financial	(2,246)	10%	(2,042)	7%	(1,916)
Reuterspace	(315)	4%	(302)	76%	(172)
Reuters Instinet	(2,561)	9%	(2,344)	12%	(2,088)
	(676)	4%	(647)	63%	(396)
Divisional costs	(3,237)	8%	(2,991)	20%	(2,484)
TSI/RBB	–	–	–	–	(59)
Business Transformation costs	(164)	18%	(139)	–	–
Other restructuring costs	(99)	–	–	–	–
Intra-group costs	11	58%	6	(16%)	8
Group costs	(3,489)	12%	(3,124)	23%	(2,535)
Divisional profit					
Reuters Financial	541	4%	517	7%	483
Reuterspace	(60)	(10%)	(67)	346%	(15)
Reuters Instinet	481	7%	450	(4%)	468
	178	13%	157	22%	129
Net currency (loss)/gain	(13)	–	2	(67%)	6
Divisional profit	646	6%	609	1%	603
Business Transformation costs	(164)	18%	(139)	–	–
Other restructuring costs	(99)	–	–	–	–
TSI/RBB	–	–	–	–	(7)
Total	383	(18%)	470	(21%)	596
Goodwill and other intangibles					
Reuters Financial	(47)	37%	(34)	(14%)	(39)
Reuterspace	(20)	39%	(14)	367%	(3)
Reuters Instinet	(67)	40%	(48)	14%	(42)
	(14)	30%	(11)	147%	(5)
Total amortisation	(81)	36%	(59)	26%	(47)
Operating profit	302	(26%)	411	(25%)	549

Revenue is normally invoiced in the same 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 centrally managed costs which include development, editorial, divisional and corporate support costs and amortisation of goodwill and other intangible assets. It does not purport to show geographical profitability.

By geography	2001 £m	% change	2000 £m	% change	1999 £m
Revenue					
Europe, Middle East and Africa	1,838	9%	1,689	3%	1,643
The Americas	1,502	12%	1,344	37%	979
Asia/Pacific	545	(3%)	559	11%	503
	3,885	8%	3,592	15%	3,125
Operating costs where incurred					
Europe, Middle East and Africa	(1,091)	7%	(1,023)	8%	(948)
The Americas	(996)	11%	(899)	22%	(737)
Asia/Pacific	(231)	(13%)	(264)	4%	(255)
	(2,318)	6%	(2,186)	13%	(1,940)
Contribution					
Europe, Middle East and Africa	747	12%	666	(4%)	695
The Americas	506	14%	445	84%	242
Asia/Pacific	314	6%	295	19%	248
	1,567	12%	1,406	19%	1,185

Central costs					
Other	(989)	15%	(858)	34%	(642)
Business Transformation costs	(164)	18%	(139)	—	—
Other restructuring costs	(99)	—	—	—	—
Net currency (loss)/gain	(13)	—	2	(67%)	6

Operating profit	302	(26%)	411	(25%)	549
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United Kingdom and Ireland revenue was £521 million (2000: £522 million, 1999: £541 million). With the exception of Instinet, Reuters products are sold primarily through a common geographical infrastructure and delivered over a number of communications networks.

The impact of the Bridge acquisition is reflected principally in the Americas (see [note 31](#)).

Revenue by type	2001 £m	% change	2000 £m	% change	1999 £m
Recurring	2,724	7%	2,537	9%	2,338
Usage	946	10%	863	42%	609
Outright	215	13%	192	8%	178
	3,885	8%	3,592	15%	3,125

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

2. OPERATING COSTS

Cost by type	2001				2000 £m	% change	1999 £m
	Continuing operations £m	Acquisitions £m	Total £m	% change			
Salaries, commission and allowances	1,264	35	1,299	20%	1,081	24%	869
Social security costs	81	2	83	2%	81	17%	69
Other, pension costs (see note 23)	61	2	63	12%	56	12%	49
Staff costs	1,406	39	1,445	19%	1,218	23%	987
Services	861	22	883	(1%)	895	40%	641
Depreciation	242	4	246	(11%)	276	(11%)	310
Data	318	22	340	15%	296	30%	227
Communications	313	22	335	37%	245	38%	178
Space	236	6	242	20%	202	17%	172
Cost of sales and other	44	1	45	45%	31	(21%)	39
Goodwill and other intangibles	64	17	81	37%	59	26%	47
Reimbursement of costs	(47)	—	(47)	21%	(39)	105%	(19)
Currency hedging activities – net loss/(gain)	2	—	2	—	(5)	(44%)	(9)
Foreign currency translation – net loss	11	—	11	—	3	—	3
	3,450	133	3,583	13%	3,181	23%	2,576

Services include equipment hire and bought-in services, including consultancy and contractors, advertising and publicity, professional fees and staff-related expenses. Reimbursement of costs comprises amounts received from joint ventures in respect of costs incurred by Reuters on their behalf.

Cost by function	2001 £m	% change	2000 £m	% change	1999 £m
Production and communications	1,826	6%	1,731	11%	1,556
Selling and marketing	706	14%	621	21%	513
Support services and administration	694	10%	633	36%	466
Business Transformation	263	89%	139	—	—
Goodwill and other intangibles	81	37%	59	26%	47
Net currency loss/(gain)	13	—	(2)	(67%)	(6)
	3,583	13%	3,181	23%	2,576

Costs include:

Development expenditure	294	(9%)	323	64%	197
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Operating lease expenditure:					
Hire of equipment	13	30%	10	11%	9
Other, principally property	108	30%	83	5%	79
Loss on disposal of tangible fixed assets	11	10%	10	(17%)	12
Advertising	34	(33%)	50	76%	29
Reversal of third-party data feed accrual	–	–	–	–	(25)

Fees payable to PricewaterhouseCoopers were as follows:

	2001 £m	% change	2000 £m	% change	1999 £m
Audit fees:					
United Kingdom	0.9	–	0.9	(10%)	1.0
Overseas	1.3	44%	0.9	–	0.9
	2.2	22%	1.8	(5%)	1.9
Audit related services:					
United Kingdom	0.2	(82%)	1.1	22%	0.9
Overseas	2.8	133%	1.2	(78%)	5.4
	3.0	30%	2.3	(48%)	6.3
Non-audit services:					
United Kingdom	8.1	56%	5.2	37%	3.8
Overseas	1.8	(68%)	5.6	–	0.5
	9.9	(8%)	10.8	151%	4.3
	15.1	1%	14.9	19%	12.5

The United Kingdom audit fee of £0.9 million includes £10,000 in respect of the parent company audit.

Non-audit services were as follows:

	2001 £m	% change	2000 £m	% change	1999 £m
Management consultancy	7.8	10%	7.1	344%	1.6
Taxation advice	2.1	(43%)	3.7	37%	2.7
	9.9	(8%)	10.8	151%	4.3

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

3. NET INTEREST RECEIVABLE/(PAYABLE)

	2001 £m	2000 £m	1999 £m
Interest receivable:			
Listed investments	1	5	4
Unlisted investments	28	19	42
Share of joint ventures and associates interest (see note 16)	16	13	–
	45	37	46
Interest payable:			
Bank loans and overdraft	(3)	(3)	(3)
Other borrowings	(51)	(31)	(47)
	(54)	(34)	(50)
	(9)	3	(4)

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2001 £m	Restated 2000 £m	Restated 1999 £m
UK corporation tax			
Current tax on income for the period	37	292	91
Share of joint ventures and associates tax (see note 16)	(4)	–	–
Adjustments in respect of prior periods	(19)	(40)	9
	14	252	100
Double taxation relief	(23)	(264)	(14)
	(9)	(12)	86
Foreign tax			
Current tax on income for the period	150	133	103
Share of joint ventures and associates tax	–	1	–
Adjustments in respect of prior periods	16	15	7
	166	149	110
Deferred taxation (see note 24)	(50)	(1)	–
	107	136	196
Reconciliation to the UK nominal tax rate:			
Effective tax rate	67%	21%	31%
UK nominal tax rate	30%	30%	30%
Taxes as shown in these financial statements	107	136	196
Corporation tax on pre-tax profit at UK nominal rate	48	197	191
Difference	59	(61)	5
The difference is principally due to:			
Non-tax deductible amortisation of goodwill and other intangibles	28	21	17
Book profit on TSI public share issues not taxable	–	(47)	(16)
Tax deduction arising from exercise of employee options	–	(60)	(1)
Book profit on Instinet IPO not taxable	(60)	–	–
Non-tax deductible investment impairments	86	–	–
Impact of restating for FRS19	–	11	(11)
Other differences	5	14	16
	59	(61)	5

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

No tax is expected to fall due in respect of the disposal of fixed asset investments, subsidiaries and associates in 2001 (2000: £34 million).

There is no tax impact on the unrealised gains arising in 2001 (2000: £3 million charge on unrealised gains on disposals of fixed asset investments).

5. DIVIDENDS

	2001 £m	2000 £m	1999 £m
Interim paid	54	51	52
Final (2001 proposed)	86	173	154
	140	224	206
Per ordinary share	Pence	Pence	Pence
Interim paid	3.85	3.65	3.65
Final (2001 proposed)	6.15	12.35	11.00
	10.00	16.00	14.65

6. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per ordinary share are based on the profit 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	2001	2000	1999
Ordinary shares in issue	1,431	1,426	1,424
Non-vested shares held by employee share ownership trusts	(27)	(22)	(15)
Basic earnings per share denominator	1,404	1,404	1,409
Issuable on conversion of options	28	24	20
Diluted earnings per share denominator	1,432	1,428	1,429

7. REMUNERATION OF DIRECTORS

The [report on remuneration and related matters](#) includes details of directors' emoluments, pension arrangements, long-term incentive plans and stock option plans; those details form part of these financial statements.

8. EMPLOYEE INFORMATION

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

By division	2001	2000	1999
Reuters Financial	14,099	13,018	13,344
Reuterspace	2,638	2,226	1,344
Instinet	2,251	2,021	1,379
TSI/RBB	–	–	595
	18,988	17,265	16,662
By location			
Europe, Middle East and Africa	9,283	8,790	8,476
The Americas	6,998	6,064	5,676
Asia/Pacific	2,707	2,411	2,510
	18,988	17,265	16,662
By function			
Production and communications	9,809	9,274	8,873
Selling and marketing	5,282	4,844	5,005
Support services and administration	3,897	3,147	2,784
	18,988	17,265	16,662
The above include:			
Development staff	2,440	2,460	2,445
Journalists	2,250	2,071	2,040

The average number of employees during 2001 included 341 temporary staff.

CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2001 £m	2000 £m	1999 £m
Net cash inflow from operating activities	9	887	852	821
Dividends received from associates		2	2	2
Returns on investments and servicing of finance				
Interest received		30	25	50
Interest paid		(40)	(35)	(51)
Income from fixed asset investments		3	3	2
Net cash (outflow)/inflow from returns on investments and servicing of finance		(7)	(7)	1
Taxation paid		(173)	(159)	(167)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(276)	(274)	(256)
Sale of tangible fixed assets		6	20	1
Purchase of fixed asset investments		(73)	(304)	(166)
Sale of fixed asset investments		68	80	39
Net cash outflow on capital expenditure and financial investment		(275)	(478)	(382)
Acquisitions and disposals (including joint	10	(89)	(146)	(27)

ventures and associates)				
Equity dividends paid		(227)	(205)	(207)
Cash inflow/(outflow) before management of liquid resources and financing		118	(141)	41
Management of liquid resources				
Net (increase)/decrease in short-term investments	10	(448)	(2)	476
Financing				
Proceeds from the issue of shares	26	16	28	25
Shares repurchased		–	–	(25)
Net increase/(decrease) in borrowings	10	350	126	(542)
Net cash inflow/(outflow) from financing		366	154	(542)
Increase/(decrease) in cash	11	36	11	(25)
	Notes	2001 £m	2000 £m	1999 £m
Reconciliation of net cash flow to movement in net funds				
Increase/(decrease) in cash		36	11	(25)
Cash (inflow)/outflow from movement in borrowings		(350)	(126)	542
Cash outflow/(inflow) from movement in liquid resources		448	2	(476)
Change in net funds resulting from cash flows		134	(113)	41
Net funds arising on acquisitions		15	12	–
Translation differences		23	26	3
Movement in net funds/(debt)		172	(75)	44
Opening net (debt)/funds	11	(34)	41	(3)
Closing net funds/(debt)	11	138	(34)	41

NOTES ON THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

9. NET CASH INFLOW FROM OPERATING ACTIVITIES

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

	2001 £m	2000 £m	1999 £m
Operating profit	302	411	549
Depreciation	246	276	310
Amortisation of goodwill and other intangibles	81	59	47
Decrease/(increase) in stocks	4	(3)	1
Increase in debtors	(6)	(414)	(236)
Increase in creditors	254	504	112
Loss on disposal of fixed assets	11	10	12
Amortisation of interests in own shares	12	18	18
Other, principally translation differences	(17)	(9)	8
Net cash inflow from operating activities	887	852	821

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

	2001 £m	2000 £m	1999 £m
Acquisitions and disposals (including joint ventures and associates)			
Cash consideration:			
Subsidiary undertakings (see note 31)	(373)	(130)	(31)
Joint ventures (see note 31)	(44)	(47)	(3)
Associated undertakings (see note 31)	(22)	(31)	(3)
Loans to joint ventures and associates	(9)	–	–
Deferred payments for acquisitions in prior years	(3)	(8)	(1)
	(451)	(216)	(38)
Less cash acquired	5	8	4
	(446)	(208)	(34)
Cash received from disposals (including deemed disposals):			
Subsidiary undertakings	357	21	7
Associated undertakings	–	41	–

	(89)	(146)	(27)
Management of liquid resources			
Increase in term deposits	(1,242)	(3,719)	(3,920)
Decrease in term deposits	1,176	3,842	4,277
Purchase of certificates of deposit	(31)	(108)	(226)
Sale of certificates of deposit	30	113	352
Purchase of listed/unlisted securities	(1,566)	(989)	(360)
Sale of listed/unlisted securities	1,185	859	353
	(448)	(2)	476
Financing			
Increase/(decrease) in short-term borrowings	300	99	(799)
Increase in long-term borrowings	50	27	257
	350	126	(542)

11. ANALYSIS OF NET FUNDS

	Bank/other borrowings						
	Cash at bank and in hand £m	Overdrafts £m	Total cash and overdrafts £m	Short-term investments £m	Falling due within one year £m	Falling due after more than one year £m	Total £m
31 December 1999	119	(114)	5	490	(193)	(261)	41
Cash flow	(4)	15	11	2	(99)	(27)	(113)
Exchange movements	2	–	2	24	–	–	26
Arising on acquisition	–	–	–	14	(2)	–	12
31 December 2000	117	(99)	18	530	(294)	(288)	(34)
Cash flow	20	16	36	448	(300)	(50)	134
Exchange movements	1	(3)	(2)	26	(1)	–	23
Arising on acquisition	–	–	–	15	–	–	15
31 December 2001	138	(86)	52	1,019	(595)	(338)	138

12. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

A substantial portion of Reuters revenue is receivable in foreign currencies with terms of payment up to six months in advance. As such, Reuters is subject to currency exposure from committed revenue and additionally, to interest rate risk from borrowing and the investment of cash balances. Reuters seeks to limit these risks by entering into a mix of derivative financial instruments, which include forward contracts, options (including cylinders), swaps and forward rate agreements. For a more detailed discussion see Reuters Group [treasury management](#).

If the derivative financial instruments were considered separately from the underlying future revenue and interest, Reuters would be subject to market risk on these financial instruments from fluctuations in currency and interest rates. Reuters 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:

	2001			2000			1999		
	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
Currency management									
Foreign exchange forward contracts:									
Contracts in profit	110	–	13	187	1	11	159	–	8
Contracts in loss	143	–	(3)	116	–	(5)	131	–	(11)
Foreign currency options:									
Contracts in profit	163	–	1	337	2	4	234	–	8
Contracts in loss	148	–	(2)	267	–	(11)	234	–	(1)
	564	–	9	907	3	(1)	758	–	4
Interest rate management									
Interest rate swaps	337	–	–	254	–	(2)	254	–	(17)
Interest rate collars	–	–	–	–	–	–	100	–	–
Forward rate agreements	–	–	–	–	–	–	235	–	–
	337	–	–	254	–	(2)	589	–	(17)

The following table provides an analysis by currency of foreign exchange forward contracts and options held for currency hedging purposes as at 31 December.

	2001		2000		1999	
	Forwards %	Options %	Forwards %	Options %	Forwards %	Options %
Euro	22	90	16	53	28	48
Japanese yen	31	–	24	–	30	–
US dollar	23	10	42	47	21	50
Other	24	–	18	–	21	2
Total	100	100	100	100	100	100

Foreign exchange forward contracts and options mature at dates up to two years from the balance sheet date. Interest rate swaps commence and mature at various dates through to November 2004.

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 weighted average variable rate payable on the interest rate swaps used to alter the currency and interest rate profile of debt issues at 31 December was 4% (2000: 6%, 1999: 7%). 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 does not anticipate non-performance by the counterparties who are all banks with recognised long-term credit ratings of 'A3/A–' or higher.

Tables containing information on hedging gains and losses are set out in [treasury management](#).

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

	2001		2000		1999	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Derivative instruments	–	9	3	(3)	–	(13)
Other financial assets:						
Fixed asset investments	140	160	371	529	127	733
Long-term debtors	15	15	19	19	19	19
Short-term investments and cash	1,157	1,160	647	647	609	609
Other financial liabilities:						
Short-term borrowings	(681)	(681)	(393)	(393)	(307)	(307)
Long-term borrowings	(338)	(338)	(288)	(286)	(261)	(244)
Other long-term financial liabilities	(10)	(10)	(11)	(11)	(12)	(12)

The fair value of fixed asset investments 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.

The fair value of long-term liabilities is after taking into account the effect of interest rate swaps.

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.

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:

- 1% increase in the specific rate of interest from the levels effective at 31 December 2001 with all other variables remaining constant; and
- 10% weakening in the value of sterling against all other currencies from the levels applicable at 31 December 2001 with all other variables remaining constant.

Fair value changes arising from

Fair value	1% increase in interest rates	10% weakening
---------------	----------------------------------	------------------

	£m	(adverse) £m	in £ against other currencies (adverse) £m
Currency swaps and interest rate swaps	–	(3)	(2)
Foreign exchange:			
Forward contracts	10	–	(23)
Currency options	(1)	–	(9)
	9	(3)	(34)

Monetary assets and liabilities by currency, after cross currency swaps, excluding the functional currency of each operation at 31 December 2001, were:

	Net foreign currency monetary assets/(liabilities)							
	Sterling £m	US dollar £m	Euro £m	Swiss franc £m	Japanese yen £m	Hong Kong dollar £m	Other £m	Total £m
Functional currency of operation:								
Sterling	–	31	59	77	(50)	(31)	66	152
US dollar	96	–	38	2	13	28	2	179
	96	31	97	79	(37)	(3)	68	331

Net currency gains and losses arising from monetary assets and liabilities not in the functional currency of an operation are recognised in its profit and loss account. Those arising from the translation of US dollar functional currency financial statements into sterling (principally Instinet) are recognised in the statement of total recognised gains and losses.

The currency and interest rate profile of the Group's financial assets at 31 December 2001 was:

	Cash and short-term investments				Fixed rate investments	
	Total £m	Non-interest bearing £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	188	12	176	–	–	–
US dollar	909	120	654	135	3%	2
Other	215	23	192	–	–	–
31 December 2001	1,312	155	1,022	135	3%	2
31 December 2000	1,037	390	563	84	6%	2
31 December 1999	755	146	565	44	6%	2

Sterling and US dollar short-term floating rate investments include £301 million (2000: £73 million, 1999: £202 million) of money market deposits which mature within three months of the balance sheet date. Interest on floating rate investments is earned at rates based on local money market rates.

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

The currency and interest rate profile of the Group's financial liabilities, after allowing for interest rate and cross currency swaps, at 31 December 2001 was:

	Borrowings			
	Total £m	Other financial liabilities £m	Floating rate borrowings £m	Fixed rate borrowings £m
Sterling	931	3	928	–
US dollar	34	–	34	–
Euro	41	–	41	–
Other	23	7	16	–
31 December 2001	1,029	10	1,019	–
31 December 2000	692	11	681	–
31 December 1999	580	12	568	–

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 bank borrowings at 31 December 2001 was 4% (2000: 6%, 1999: 5%).

Total financial liabilities are repayable as follows:

	2001		2000		1999	
	Borrowings £m	Other financial liabilities £m	Borrowings £m	Other financial liabilities £m	Borrowings £m	Other financial liabilities £m
Within one year	681	4	393	1	307	–
Between one and two years	137	6	88	6	39	2
Between two and five years	201	–	200	4	222	10
	1,019	10	681	11	568	12

In December 2001, Reuters Group PLC entered into syndicated credit facilities for £500 million to support borrowings from commercial paper markets. This replaced a facility of £500 million, which was terminated by Reuters when its availability period fell to less than one year. The new facility is at variable interest rates based on LIBOR, the London Interbank Offer Rate, is committed and may be drawn and redrawn up to one month prior to its maturity in December 2006. At 31 December 2001, the facility was undrawn.

In March 1998 Reuters established a Euro Commercial Paper Programme. This provides access to £1.5 billion of uncommitted short-term finance of which £998 million was unused at 31 December 2001. In December 1998 Reuters established a £1.0 billion Euro Medium Term Note Programme of which £577 million was unused at 31 December 2001.

In addition, at 31 December 2001 the Group had unused, short-term, uncommitted bank borrowing facilities denominated in various currencies, the sterling equivalent of which was approximately £780 million, at money market rates varying principally between 1% and 8%, depending on the currency.

BALANCE SHEET

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER

	Notes	2001 £m	Restated 2000 £m	Restated 1999 £m
Fixed assets				
Intangible assets	14	498	237	177
Tangible assets	15	691	632	698
Investments:	16			
Investments in joint ventures:				
Share of gross assets		270	237	29
Share of gross liabilities		(118)	(79)	(16)
		152	158	13
Share of net assets of associates		329	353	95
Other investments		293	488	222
		1,963	1,868	1,205
Current assets				
Stocks	17	3	7	4
Debtors:				
Amounts falling due within one year	18	1,302	1,289	850
Amounts falling due after more than one year	18	113	59	46
Short-term investments	19	1,019	530	490
Cash at bank and in hand		138	117	119
		2,575	2,002	1,509
Creditors: Amounts falling due within one year	20	(2,709)	(2,295)	(1,679)
Net current liabilities		(134)	(293)	(170)
Total assets less current liabilities		1,829	1,575	1,035
Creditors: Amounts falling due after more than one year	21	(344)	(310)	(284)
Provisions for liabilities and charges:				
Pensions and similar obligations	23	(58)	(50)	(39)
Deferred taxation	24	(30)	(28)	(23)
Other provisions	25	(124)	(34)	(26)
Net assets		1,273	1,153	663
Capital and reserves	26			
Called-up share capital		358	357	355

Share premium account	89	71	42
Other reserve	(1,717)	(1,717)	(1,717)
Capital redemption reserve	1	1	1
Profit and loss account reserve	2,378	2,441	1,982
Shareholders' equity	1,109	1,153	663
Equity minority interests	164	–	–
Capital employed	1,273	1,153	663

Also see the [balance sheet of Reuters Group PLC](#).

The [consolidated profit and loss account](#) and [accompanying notes](#), the [consolidated cash flow statement](#) and [accompanying notes](#), the [consolidated balance sheet](#) and [accompanying notes](#) and the [balance sheet of Reuters Group PLC](#) and [accompanying notes](#), which have been prepared under the historical cost contention and the [accounting policies](#) and the [summary of differences between UK and US generally accepted accounting principles](#) were approved by the directors on 15 February 2002.



Tom Gloer
Chief Executive



David Grigson
Chief Financial Officer

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER

	2001 £m	Restated 2000 £m	Restated 1999 £m
(Loss)/retained profit	(94)	297	230
Unrealised gain on deemed partial disposal of subsidiary	11	–	–
Unrealised gain on formation of joint ventures and associates	–	73	–
Unrealised gain on deemed partial disposal of associate	–	39	–
Unrealised gain on disposal of fixed asset investments	–	13	–
Translation differences taken directly to reserves	23	40	10
Shares issued during the year	16	28	25
Shares repurchased during the year	–	–	(25)
Net movement in shareholders' equity	(44)	490	240
Opening shareholders' equity (Originally £1,102 million (2000: £601 million, 1999: £372 million) before adding prior year adjustment of £51 million (2000: £62 million, 1999: £51 million))	1,153	663	423
Closing shareholders' equity	1,109	1,153	663

NOTES ON THE CONSOLIDATED BALANCE SHEET

13. SEGMENTAL ANALYSIS

The tables below show total assets and non-interest bearing net assets by division 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		
By division	2001 £m	2000* £m	1999* £m	2001 £m	2000* £m	1999* £m
Reuters Financial	1,175	919	926	518	335	430
Reuterspace	200	420	162	108	315	110
Instinet	1,067	1,030	656	121	234	214
Central	2,096	1,501	970	388	303	(132)
Total assets/non-interest bearing net assets	4,538	3,870	2,714	1,135	1,187	622
Interest bearing net assets/(liabilities)				138	(34)	41
				1,273	1,153	663

	Total assets			Non-interest bearing net assets		
By location	2001 £m	2000* £m	1999* £m	2001 £m	2000* £m	1999* £m
Europe, Middle East and Africa	2,500	1,975	1,419	507	667	503
The Americas	1,396	1,171	530	668	655	196
Asia/Pacific	241	258	194	64	74	66
Central	401	466	571	(104)	(209)	(143)

Total assets/non-interest bearing net assets	4,538	3,870	2,714	1,135	1,187	622
Fixed assets	1,963	1,868	1,205			
Current assets	2,575	2,002	1,509			
	4,538	3,870	2,714			

* Restated

Central total assets by division consist principally of all cash and short-term investments plus interests in own shares, joint ventures and associates. Central total assets by location consist principally of those assets held by head office operations together with unamortised goodwill and other intangibles.

14. INTANGIBLE ASSETS

	Goodwill £m	Trade names £m	Technology know-how £m	Total £m
Cost				
31 December 2000	644	—	—	644
Additions	222	33	92	347
Disposals	(20)	—	—	(20)
31 December 2001	846	33	92	971
Amortisation				
31 December 2000	(407)	—	—	(407)
Disposals	15	—	—	15
Charged in the year	(75)	(1)	(5)	(81)
31 December 2001	(467)	(1)	(5)	(473)
Net Book Amount				
31 December 2001	379	32	87	498
31 December 2000	237	—	—	237

15. TANGIBLE ASSETS

	Freehold property £m	Leasehold property £m	Computer systems equipment £m	Office equipment and motor vehicles £m	Total £m
Cost					
31 December 2000	199	188	1,535	285	2,207
Translation differences	—	2	10	2	14
Additions	7	62	164	43	276
Acquisitions	18	1	29	9	57
Disposals	(1)	(12)	(157)	(19)	(189)
31 December 2001	223	241	1,581	320	2,365
Depreciation					
31 December 2000	65	98	1,218	194	1,575
Translation differences	—	1	6	1	8
Charged in the year	6	13	182	45	246
Acquisitions	—	—	—	5	5
Disposals	—	(1)	(143)	(16)	(160)
31 December 2001	71	111	1,263	229	1,674
Net book amount					
31 December 2001	152	130	318	91	691
31 December 2000	134	90	317	91	632
Net book amount of leasehold property			2001 £m	2000 £m	1999 £m
Long-term leaseholds			38	19	14
Short-term leaseholds			92	71	61
			130	90	75

Contracted capital commitments	9	18	15
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16. INVESTMENTS

	Interests in own shares £m	Interests in joint ventures £m	Interests in associates £m	Other investments £m	Total £m
Net assets/cost					
31 December 2000	117	150	332	371	970
Translation differences	—	—	11	—	11
Additions	48	46	22	35	151
Arising in year – share of:					
Operating losses	—	(43)	(30)	—	(73)
Interest receivable	—	4	12	—	16
Taxation	—	5	(1)	—	4
Dividends received	—	—	(2)	—	(2)
Impairments	—	(16)	(26)	(245)	(287)
Amounts written off	(12)	—	—	—	(12)
Disposals	—	—	(5)	(21)	(26)

31 December 2001	153	146	313	140	752
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Goodwill

31 December 2000	—	8	21	—	29
Arising in the year	—	1	4	—	5
Charged in the year	—	(3)	(9)	—	(12)

31 December 2001	—	6	16	—	22
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Net book amount

31 December 2001					
Net assets/cost	153	146	313	140	752
Goodwill	—	6	16	—	22

	153	152	329	140	774
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31 December 2000					
Net assets/cost	117	150	332	371	970
Goodwill	—	8	21	—	29
	117	158	353	371	999

Listed investments at 31 December 2001

Carrying value	153	—	291	26	470
Market value	208	—	1,123	46	1,377

Had all listed investments been disposed of on 31 December 2001, tax of approximately £4 million would have been payable on the assumption that none of the earnings would be repatriated. The market value excludes 8.7 million TSI shares held by Reuters, which are subject to options held by Reuters employees who worked at TIBCO Finance Technology Inc., a former Reuters subsidiary which was merged into other Reuters businesses in 2001.

Impairments have been recognised in respect of certain joint ventures and associates. In those cases carrying values have been restated to expected net realisable values.

Impairment write-downs have also been made in respect of certain other fixed asset investments; carrying values have been revised to directors' valuations where the diminution in value is expected to be permanent.

The net book amount of interests in own shares represents the cost less amounts written off in respect of 31 million Reuters ordinary shares held by employee share ownership trusts (ESOTs). These were acquired on the open market using funds provided by Reuters. The write-off reflects employee interests under incentive plans, which are charged against profit over the vesting period of the awards (see [report on remuneration and related matters](#)). The ESOTs have waived dividend and voting rights on these shares.

Other investments consist principally of Greenhouse Fund investments and Stock Exchange seats.

17. STOCKS

	2001 £m	2000 £m	1999 £m
Contract work in progress	5	7	4
Less progress payments	(3)	(2)	(2)
	2	5	2
Equipment stocks	1	2	2

18. DEBTORS

	2001 £m	Restated 2000 £m	Restated 1999 £m
Amounts falling due within one year			
Trade debtors	299	288	197
Less allowance for doubtful accounts	(47)	(31)	(28)
	252	257	169
Instinet counterparty debtors	621	662	432
Other debtors	160	134	80
Prepayments and accrued income	79	83	58
Deferred taxation (see note 24)	86	91	98
Amounts owed by joint ventures and associates	104	62	13
	1,302	1,289	850
Amounts falling due after more than one year			
Other debtors	15	19	19
Deferred taxation (see note 24)	98	40	27
	113	59	46

19. SHORT-TERM INVESTMENTS

	2001 £m	2000 £m	1999 £m
Listed			
Government securities: UK	–	–	2
Overseas	55	127	180
Other deposits: Overseas	342	48	–
	397	175	182
Unlisted			
Certificates of deposit: UK	1	2	1
Term deposits: UK	70	67	156
Overseas	74	8	100
Other deposits: UK	61	9	21
Overseas	416	269	30
	622	355	308
	1,019	530	490

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £m	2000 £m	1999 £m
Trade creditors	188	183	118
Accruals	510	465	352
Instinet counterparty creditors	709	570	328
Deferred income	68	78	50
Amounts owed to joint ventures and associates	118	76	18
Other creditors	66	58	42
Other taxation and social security	49	54	47
	1,708	1,484	955
Bank overdrafts	86	99	114
Bank loans	7	25	2
Other borrowings	588	269	191
Current UK corporation and overseas taxation	234	245	263
Proposed dividend	86	173	154
	2,709	2,295	1,679
Current UK corporation and overseas taxation comprises:			
	2001 £m	2000 £m	1999 £m

UK corporation tax	102	72	138
Overseas taxes	132	173	125
	234	245	263

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £m	2000 £m	1999 £m
Term notes and commercial paper	337	287	261
Bank borrowings	1	1	–
Accruals	2	15	14
Amounts owed to joint ventures	4	7	9
	344	310	284

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 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 63% of its subscribers are financial institutions, 23% are corporations in other sectors of the business community, 6% are from the news media and 8% are government institutions and individuals worldwide (2000: 60%, 25%, 7% and 8% respectively).

Instinet 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 2001.

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 31 defined contribution plans covering approximately 66% of its employees, of which the largest plan, the Reuters Pension Fund, covers approximately 15% of employees. Members of this plan contribute 6% of basic salaries and Reuters is required to make an annual contribution of 9.525% of members' basic salaries regardless of the funding status of the plan. Reuters 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 and independent UK investment managers.

Defined benefit plans

The Group also operates 33 defined benefit plans covering approximately 14% of employees. Individually, these plans are of a relatively minor nature. They are subject to regular valuations based on the 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.

Where necessary, additional provisions have been established for the Group's plans in accordance with UK Statement of Standard Accounting Practice 24 based on independent actuarial advice.

Post-retirement medical benefits

In the US, the Group provides unfunded post-retirement medical benefits to certain US employees. The principal assumptions used in the most recent actuarial valuation undertaken during 2001 were that the growth in health care costs would decrease from 11% per annum per head in 2001 to 5% by 2007 and remain at 5% thereafter.

The movement on pension provisions and similar obligations was as follows:

	2001 £m	2000 £m	1999 £m
Opening balance	50	39	36
Profit and loss account (see note 2):			
Defined contribution plans	40	38	36
Defined benefit plans	18	15	10
Post-retirement medical benefits	5	3	3
	63	56	49

Utilised in the year	(55)	(45)	(46)
Closing balance	58	50	39

FRS 17 disclosures

In November 2000, FRS 17 'Retirement Benefits' was issued and will be fully implemented by Reuters in 2003. The tables below set out the transitional disclosures required in accordance with the standard for the current year.

The most recent actuarial valuations were carried out at various dates between 31 December 1999 and 31 December 2001. The results of these valuations were updated to 31 December 2001 by independent qualified actuaries.

The financial assumptions used at 31 December 2001 were:

Assumptions weighted by value of liabilities
% per annum

	UK pension plans	Overseas pension plans	Post-retirement medical benefits
Rate of increase in salaries	4.25%	3.42%	—
Rate of increase in pensions	2.50%	1.72%	—
Discount rate	5.75%	4.99%	7.25%
Rate of price inflation	2.50%	1.79%	—
Medical trend rate			In 2001: 11.00% decreasing to 5.00% in 2007

Assumptions weighted by value of liabilities
% per annum

	UK pension plans	Overseas pension plans	Post-retirement medical benefits
Expected rate of return on assets:			
Equities	8.25%	7.53%	—
Bonds	5.75%	4.16%	—
Other	5.50%	4.79%	—

The assets in the schemes at 31 December 2001 were:

	UK pension plans £m	Overseas pension plans £m	Post-retirement medical benefits £m	Market value Total £m
Equities	21	59	—	80
Bonds	6	41	—	47
Other	9	8	—	17
Total	36	108	—	144

The following amounts at 31 December 2001 were measured in accordance with the requirements of FRS 17.

	UK pension plans £m	Overseas pension plans £m	Post-retirement medical benefits £m	Total £m
Total market value of schemes' assets	36	108	—	144
Present value of the schemes' liabilities	(56)	(100)	(31)	(187)
(Deficit)/surplus in the schemes	(20)	8	(31)	(43)

(Deficit)/surplus that would be recognised in the balance sheet	(20)	8	(31)	(43)
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Made up of:

Total surpluses	—	16	—	16
Total deficits	(20)	(8)	(31)	(59)

Related deferred tax asset	6	—	12	18
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Made up of:				
Deferred tax assets	6	3	12	21
Deferred tax liabilities	–	(3)	–	(3)
Net pension (liability)/asset	(14)	8	(19)	(25)
Made up of:				
Net pension asset	–	13	–	13
Net pension liability	(14)	(5)	(19)	(38)

If the above amounts had been recognised in the financial statements, the Group's net assets and profit and loss account reserve at 31 December 2001, would be as follows:

	£m
Net assets per consolidated balance sheet	1,273
Add: net pension liability already recognised in net assets	24
Net assets before impact of FRS 17	1,297
Net pension liability arising from FRS 17	(25)
Net assets after impact of FRS 17	1,272
Consolidated profit and loss account reserve	2,378
Add: net pension liability already recognised in profit and loss account reserve	24
Profit and loss account reserve before impact of FRS 17	2,402
Net pension liability arising from FRS 17	(25)
Profit and loss account reserve after impact of FRS 17	2,377

24. DEFERRED TAXATION LIABILITIES/(ASSETS)

	2001 £m	Restated 2000 £m	Restated 1999 £m
Opening balance:			
As previously reported	(103)	(51)	(40)
Prior year adjustment	–	(51)	(62)
Restated	(103)	(102)	(102)
Balance sheet reclassification	(1)	–	–
Profit and loss account	(50)	(1)	–
Closing balance	(154)	(103)	(102)
The closing balance is analysed below:			
Timing differences:			
Fixed asset related	(40)	(35)	(39)
Other	(114)	(68)	(63)
	(154)	(103)	(102)

In 2000 the UK Accounting Standards Board issued Financial Reporting Standard 19, 'Deferred Tax' (FRS19). Reuters Group has implemented the standard which requires full provision to be made for deferred tax assets and liabilities arising from timing differences between recognition in the financial statements and in the tax computation. The cumulative effect of implementing FRS19 has been treated as a prior year adjustment.

Reuters has provided for all potential deferred tax liabilities in respect of timing differences and has provided for deferred UK income and foreign withholding taxes that will be triggered by the expected future remittance of dividends by overseas subsidiary undertakings. Reuters has not provided for deferred UK income and foreign withholding taxes relating to unremitted earnings where remittance of these earnings has not been accrued or where no binding agreement to distribute exists. Reuters estimates that these unrecognised taxes would total approximately £664 million at 31 December 2001 assuming repatriation at that date. The increase from 2000 (£593 million) arises from an increase in unremitted overseas earnings.

	Assets £m	Valuation allowance £m	Liabilities £m	Net £m
Total timing differences at 31 December 2001				
Fixed asset related	(58)	–	18	(40)
Unrecognised tax losses	(64)	32	–	(32)
Other	(110)	–	28	(82)
	(232)	32	46	(154)

The valuation allowance increased by £3 million during 2001. Where appropriate deferred tax assets and liabilities are shown net for balance sheet presentation purposes. The net deferred tax balance has been analysed as:

	2001 £m	Restated 2000 £m	Restated 1999 £m
Deferred tax asset (included in debtors – see note 18)	(184)	(131)	(125)
Deferred tax liability (included in provisions for liabilities and charges)	30	28	23

25. OTHER PROVISIONS

The movement in other provisions during 2001 was as follows:

	Rationalisation £m	Legal/ compliance £m	Property £m	Other £m	Total £m
31 December 2000	18	6	4	6	34
Charged against profit	113	5	1	1	120
Utilised in the year	(16)	(9)	(1)	(2)	(28)
Released	–	–	(1)	(1)	(2)
31 December 2001	115	2	3	4	124

At the end of 2000, the costs of a number of incomplete rationalisation programmes were provided for. During 2001 these programmes were implemented and a number of new ones were introduced in respect of the Business Transformation programme and further headcount reductions in response to market conditions. The majority of the rationalisation provision at 31 December 2001 relates to the restructuring programme and will be utilised during 2002.

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

The ongoing rationalisation of business premises occupied by Reuters, particularly within the UK, has resulted in the need to provide for unavoidable future rental costs. Property provisions also reflects Reuters contractual liability at the balance sheet date, to make good dilapidations under ongoing rental agreements.

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 1998:						
As previously reported	354	–	16	(1,717)	1,719	372
Prior year adjustment (see note 24)	–	–	–	–	51	51
Restated	354	–	16	(1,717)	1,770	423
Shares issued during the year	2	–	26	–	(3)	25
Shares repurchased during the year	(1)	1	–	–	(25)	(25)
Translation differences	–	–	–	–	10	10
Retained earnings for the year	–	–	–	–	230	230
31 December 1999 (restated)	355	1	42	(1,717)	1,982	663
Shares issued during the year	2	–	29	–	(3)	28
Unrealised gain on formation of joint ventures and associates	–	–	–	–	73	73
Unrealised gain on deemed partial disposal of associate	–	–	–	–	39	39
Unrealised gain on disposal of fixed asset investments	–	–	–	–	13	13
Translation differences	–	–	–	–	40	40
Retained earnings for the year	–	–	–	–	297	297
31 December 2000 (restated)	357	1	71	(1,717)	2,441	1,153
Shares issued during the year	1	–	18	–	(3)	16
Unrealised gain on deemed partial disposal of subsidiary	–	–	–	–	11	11
Translation differences	–	–	–	–	23	23
Loss for the year	–	–	–	–	(94)	(94)
31 December 2001	358	1	89	(1,717)	2,378	1,109

During 2001 £19 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. Employees paid £16 million to the Group for the issue of these shares and the balance of £3 million comprised contributions from subsidiary undertakings.

Cumulative translation gains at 31 December 2001 totalled £45 million (2000: cumulative gains £22 million, 1999: cumulative losses £18 million).

Share capital and reserves in the 1997 consolidated balance sheet were restated on a pro forma basis. The pro forma share capital as at 31 December 1997 represented the pro forma nominal value of shares in issue of Reuters Group PLC immediately prior to a capital reorganisation. Differences between this amount and the previously reported capital and reserves, excluding the profit and loss account reserve, represent the merger difference and have been reflected in Other reserve.

27. SHARE CAPITAL

	2001 £m	2000 £m	1999 £m
Authorised			
One Founders Share of £1	–	–	–
49,998 redeemable preference shares 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	358	357	355
	358	357	355
Number of ordinary shares of 25 pence each (millions)	1,432.1	1,429.1	1,422.7
Shares allotted/(repurchased) during the year in millions	2001	2000	1999
Shares in Reuters Group PLC issued for cash under employee share schemes at prices ranging from 346 pence to 992 pence per share	3.0	6.4	5.8
Shares repurchased	–	–	(4.7)
	3.0	6.4	1.1

The rights attaching to the Founders Share are set out in the [Reuters Trust Principles](#) and the [Founders Share Company](#).

28. EMPLOYEE SHARE OPTION PLANS

Reuters Group PLC operates share plans for the benefit of employees as explained in the report on remuneration and related matters. Since the flotation of Reuters Holdings PLC in 1984, 104 million shares have been issued under these plans.

Activity relating to share options to subscribe for new shares for the two years ended 31 December 2001 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 1999	14.6	0.8	22.2	37.6	5.51
Granted	2.6	–	–	2.6	10.19
Exercised	(5.0)	(0.4)	(1.0)	(6.4)	4.43
Expired, cancelled or lapsed	(1.0)	–	(0.3)	(1.3)	5.77
31 December 2000	11.2	0.4	20.9	32.5	5.99
Granted	2.3	7.4	–	9.7	8.56
Exercised	(2.0)	(0.1)	(0.9)	(3.0)	5.10
Expired, cancelled or lapsed	(1.1)	–	–	(1.1)	7.98
31 December 2001	10.4	7.7	20.0	38.1	6.55
Number of participants at 31 December 2001	9,688	4,927	9,988		

The following table summarises information relating to the number of shares under option and those which were exercisable at 31 December 2001.

Range of exercise prices	Total shares under option (million)	Weighted average period remaining to full vesting (months)	Weighted average exercise price	Options exercisable at 31 December 2001 (million)	Exercisable weighted average exercise price
Ordinary shares					
£3.01 – £5.00	1.6	13	£4.75	0.3	£4.62
£5.01 – £7.00	21.8	1	£5.57	18.4	£5.51
£7.01 – £9.00	10.6	23	£8.47	–	–
£9.01 – £11.00	2.5	23	£9.87	–	–
ADSS					
\$40.01 – \$70.00	0.9	11	\$57.74	–	–
\$70.01 – \$100.00	0.6	23	\$85.25	–	–
\$100.01 – \$130.00	0.1	26	\$119.50	–	–
	38.1			18.7	

In August 1990 and January 1994, Reuters established employee share ownership trusts with the power to acquire shares in the open market. The trustee of both trusts, an offshore subsidiary of Reuters, is being managed under contract by an independent management company. Shares purchased by the trusts will be used either to meet obligations under the company's restricted share plans described in the [report on remuneration and related matters](#) 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.

29. RELATED PARTY TRANSACTIONS

During the year, a number of transactions were carried out 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 2000 £m	Amounts invoiced £m	Amounts (collected)/ paid £m	31 December 2001 £m
Amounts receivable				
Radianz	42	184	(149)	77
Factiva	17	41	(33)	25
Other	3	14	(15)	2
	62	239	(197)	104
Amounts payable				
Radianz	(49)	(203)	173	(79)
Factiva	(19)	(28)	26	(21)
Other	(5)	(18)	17	(6)
	(73)	(249)	216	(106)

The above amounts relate to the rendering or receiving of services between both parties, including agency arrangements and licence agreements. The Other amounts principally comprise transactions with TIBCO Software.

In addition to the above amounts Reuters has a promissory note payable to Factiva with a balance of £7 million outstanding at the year end (2000: £10 million) and £9 million (2000: £nil) of cash held on deposit for the Capco joint venture which is repayable on demand.

30. OPERATING LEASES AND OTHER FINANCIAL COMMITMENTS

Minimum payments for non-cancellable operating leases for terms in excess of one year from 31 December are as follows:

	2001 £m	2000 £m	1999 £m
Year ended 31 December			
2000	–	–	79
2001	–	97	72
2002	102	82	64
2003	90	70	55
2004	77	59	45
2005	64	47	36
2006	57	40	32
Thereafter	385	285	234
Total minimum lease payments	775	680	617

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

	2001 £m	2000 £m	1999 £m	2001 £m	2000 £m	1999 £m
Operating leases which expire:						
Within one year	11	13	7	4	1	1
In the second to fifth years	48	52	41	5	8	9
Over five years	49	37	29	–	–	–

Other financial commitments

At 31 December 2001, Reuters had a minimum commitment of £252 million under a service level agreement with Savvis for the provision of a network delivery mechanism for the Bridge assets acquired during the year.

31. ACQUISITIONS AND DISPOSALS

In September 2001, Reuters acquired certain of the Bridge businesses from Bridge Information Systems, Inc. During 2001, Reuters Group made a number of smaller acquisitions, including 100% of Diagram fip SA and 92% of ProTrader Group, LP. The acquisition of ProTrader gave rise to a deemed partial disposal of Reuters interest in Instinet. There were further deemed partial disposals arising from the initial public offering (IPO) of Instinet and the exercise of TSI stock options.

Reuters Group also made a number of investments in joint ventures and associates during the year, including 3 Times Square LLC, Capco and Icor Brokerage. In October 2001, Reuters disposed of its majority stake in VentureOne Corporation.

Acquisitions

	Bridge			Others			Total joint ventures and associates		Total
	Book value £m	Fair value £m	Total Bridge £m	Book value £m	Fair value £m	Total others £m	Total subsidiaries £m	Total associates £m	£m
Fixed assets:									
Intangible	–	64	64	–	61	61	125	–	125
Tangible	41	9	50	3	–	3	53	–	53
Fixed asset investments	3	–	3	–	–	–	3	61	64
Current assets:									
Cash	5	–	5	–	–	–	5	–	5
Other	8	9	17	22	–	22	39	–	39
Current liabilities	(14)	–	(14)	(15)	–	(15)	(29)	–	(29)
	43	82	125	10	61	71	196	61	257
Cash consideration:									
Paid			(255)			(118)	(373)	(66)	(439)
Deferred			(1)			(12)	(13)	–	(13)
Equity consideration			–			(32)	(32)	–	(32)
Total consideration			(256)			(162)	(418)	(66)	(484)
Goodwill			131			91	222	5	227

The fair value adjustments in respect of intangible fixed assets are due to the recognition of £125 million relating to trade names and technology know-how, which have been independently valued. The fair value adjustments in respect of tangible fixed assets and current assets relate to valuation adjustments. There were no fair value adjustments in respect of joint ventures and associates.

Included within the Group profit and loss account are revenues of £73 million and operating losses including amortisation of £8 million in respect of the Bridge post-acquisition results. During 2001, Reuters booked costs of £17 million relating to the integration of Bridge. For the period 1 January 2001 to 28 September 2001, the acquired Bridge business recognised revenues of £214 million and an operating loss of £42 million.

The Bridge business was acquired from Bridge Information Systems, Inc. (BIS) on 28 September 2001. However, only certain of the assets and liabilities of BIS were acquired. In the circumstances, it is not practical to provide details of results for the Bridge business for financial periods before 2001. Since acquisition, the operations of the Bridge business have been largely integrated into Reuters core business. As a result it is impractical to isolate the post-acquisition cash flows of the Bridge business.

Deemed disposals

	Instinet £m	TSI £m	Total £m
Decrease in net assets	(102)	(9)	(111)
Consideration	313	2	315
Gain/(loss)	211	(7)	204

The gains arising on the deemed partial disposal of Instinet comprise £200 million generated by the

IPO in May 2001 and an unrealised gain of £11 million arising from the acquisition of ProTrader. The TSI loss arose from the deemed partial disposal resulting from the exercise of stock options.

Other disposals

VentureOne Corporation was disposed of on 12 October 2001 for net consideration of £18 million.

Reconciliation of gains

	Realised £m	Unrealised £m	Total £m
On deemed disposals	193	11	204
On disposal of VentureOne	16	–	16
On disposal of Greenhouse investments	35	–	35
On disposal of tangible fixed assets	(10)	–	(10)
Recorded in the profit and loss account	234	–	234
Recorded in the STRGL	–	11	11

32. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS AND JOINT VENTURES

The principal subsidiary and associated undertakings and joint ventures at 31 December 2001, all of which are included in the consolidated financial statements, are shown below. The shares in Reuters Investments Limited are held by Reuters Group PLC. The shares in the other companies are held by Reuters Investments Limited or its wholly-owned subsidiaries.

Subsidiary undertakings

	Country of incorporation	Principal area of operation	Percentage of equity shares held
Instinet Group Incorporated	USA	USA	83
Reuters AG	Germany	Germany	100
Reuters America Inc.	USA	USA	100
Reuters Australia Pty Limited	Australia	Australia	100
Reuters Eastern Europe Limited	UK	Russia	100
Reuters España SA	Spain	Spain	100
Reuters Hong Kong Limited	Cook Islands	Hong Kong	100
Reuters Investments Limited	UK	UK	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	Netherlands	Netherlands	100
Reuters SA	Switzerland	Worldwide	100
Reuters Services SARL	France	France	100
Reuters Singapore Pte Limited	Singapore	Singapore	100
Reuters Transaction Services Limited	UK	Worldwide	100
Reuters Information Systems (Canada) Limited	Canada	Canada/USA	100

The financial years for the above subsidiary undertakings end on 31 December.

Associated undertakings and joint ventures

The principal associated undertakings and joint ventures at 31 December 2001 were:

TIBCO Software Inc.	USA	Worldwide	53
Factiva LLC (joint venture)	USA	Worldwide	50
Radianz Ltd. (joint venture)	UK	Worldwide	51

On a diluted basis, after deducting shares under option, Reuters interest in the equity of TIBCO Software reduces to 42%.

BALANCE SHEET OF REUTERS GROUP PLC BALANCE SHEET OF REUTERS GROUP PLC AT 31 DECEMBER

	Notes	2001 £m	2000 £m	1999 £m
Fixed asset investment	33	8,681	8,679	8,655
Amounts owed by group undertakings		1,002	795	589
Other borrowings		(941)	(558)	(448)
Proposed dividends		(86)	(173)	(154)
Net assets		8,656	8,743	8,642
Capital and reserves	34			
Called-up share capital		358	357	355
Capital redemption reserve		1	1	1

Share premium account	89	71	42
Merger reserve	6,788	6,788	6,788
Profit and loss account reserve	1,420	1,526	1,456
Capital employed	8,656	8,743	8,642
Profit attributable to ordinary shareholders	34	294	205

This balance sheet was approved by the directors on 15 February 2002.



Tom Glöckner
Chief Executive



David Grigson
Chief Financial Officer

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.

NOTES ON THE BALANCE SHEET OF REUTERS GROUP PLC

33. FIXED ASSET INVESTMENT

The investment represents the shareholding of Reuters Group PLC in Reuters Investments Limited.

34. CAPITAL AND RESERVES

	Called-up share capital £m	Capital redemption reserve £m	Share premium account £m	Merger reserve £m	Profit and loss account reserve £m	Total £m
31 December 2000	357	1	71	6,788	1,526	8,743
Shares issued during the year	1	—	18	—	—	19
Loss for the year	—	—	—	—	(106)	(106)
31 December 2001	358	1	89	6,788	1,420	8,656

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 merger reserve and profit and loss account reserve arose as a result of this transaction.

The loss for the year mainly represents dividends paid to shareholders.

ACCOUNTING POLICIES

Accounting basis

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. In 2000 the UK Accounting Standards Board issued Financial Reporting Standard 19 'Deferred Tax' (FRS 19). Reuters has implemented the standard which requires full provision to be made for deferred tax assets and liabilities arising from timing differences between recognition in the financial statements and in the tax computation. The cumulative impact of FRS 19 relating to previous years has been recognised in the financial statements as a prior year adjustment and comparative figures for 2000 and 1999 have been restated. The effect in the year to 31 December 2000 was to reduce profit after tax by £11 million, increase profit after tax by £11 million in the year to 31 December 1999 and increase the value of group reserves by £51 million to 31 December 1998. The effect in the year to 31 December 2001 was to decrease tax on profit on ordinary activities by £18 million and to increase profit for the financial year by £18 million.

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 share of the post-acquisition results of associated undertakings and joint ventures. Investments in associated undertakings and joint ventures are included at Reuters 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

Where it is considered that the functional currency of an operation is sterling the financial statements are expressed in sterling on the following basis:

- Fixed assets are translated into sterling at the rates ruling on the date of acquisition as adjusted for any profits or losses from related financial instruments.
- Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the foreign exchange rates ruling at the balance sheet date.
- Revenue and expenses in foreign currencies are recorded in sterling at the rates ruling for the month of the transactions.

d. Any gains or losses arising on translation are reported as part of profit.

For other operations, associated undertakings and joint ventures, assets and liabilities are translated into sterling at the rates ruling at the balance sheet date. Revenue and expenses in foreign currencies are recorded in sterling at the rates ruling for the month of the transactions and gains or losses arising on translation are dealt with through reserves.

Treasury

Reuters receives revenue and incurs expenses in more than 60 currencies and uses financial instruments to hedge a portion of its net cash flow and operating profit. Profits and losses from hedging activities are matched with the underlying cash flows and profits being hedged. Those relating to trading cash flows are reported as part of profit and those relating to capital expenditure programmes are adjusted against the cost of the assets to which they relate.

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.

Revenue

Revenue represents the turnover, net of discounts, derived from services provided to subscribers and sales of equipment applicable to the year. Revenue from contracts for the outright sale of software systems are 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.

Transaction products usage revenue is accounted for on a trade date basis.

Securities transactions

Securities transactions between Instinet counterparties which pass through Instinet 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 cost of pensions and other post-retirement benefits is charged against profit so as to spread the cost over the service lives of the employees affected.

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:

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	3 to 5 years

Stocks and contract work in progress

Stocks 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.

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.

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

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 between five and 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.

Interest in shares of Reuters Group PLC

Shares held by the employee share ownership trusts are recorded in the balance sheet within fixed asset investments at cost including expenses less amounts written off.

Fixed asset investments

Fixed asset investments are held at cost net of permanent diminution in value as assessed by the directors.

SUMMARY OF DIFFERENCES BETWEEN UK AND US GENERALLY ACCEPTED 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. Software revenue recognition

Under UK GAAP, revenue and related direct costs from contracts for the outright sale of software systems are recognised at the time of client acceptance when no further costs are expected to be incurred. Under US GAAP, specific rules were introduced effective January 1998 establishing 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 for revenue recognition are met.

b. Software and website development costs

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.

c. Joint ventures and associated undertakings

Under UK GAAP, the difference between the book value and fair value of the assets contributed to joint ventures and associates are 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, Reuters has recorded an impairment of an associate. Under US GAAP, the impairment charge has been adjusted to reflect the lower carrying value of the associate.

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 have been adjusted to reflect stock compensation charges where appropriate.

Under UK GAAP, the transfer to a joint venture of employees that held unvested stock options does not give rise to a charge against profit. Under US GAAP, the stock awards are considered to be held by non-employees and a stock option expense relating to the fair value of the unvested awards is included in 'share of operating loss in joint ventures' over the remaining vesting period.

d. Gains on deemed disposal of subsidiary and associated undertakings

Under UK GAAP, gains on the deemed partial disposal of subsidiary and associated undertakings involving non-qualifying consideration are recorded in the statement of total recognised gains and losses. Under US GAAP, these gains are recorded in the profit and loss account.

e. Gains on fixed asset investments

Under UK GAAP, gains on the sale of fixed asset investments for non-cash consideration are recorded in the statement of total recognised gains and losses. Under US GAAP, these gains are recorded in the profit and loss account.

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 comprehensive income. Under US GAAP, broker-dealer fixed asset investments are stated at fair value with unrealised gains or losses included in the income statement.

f. Goodwill adjustments

Under UK GAAP, all goodwill is amortised. Under US GAAP, certain provisions of Financial Accounting Standard (FAS) 142, 'Goodwill and Other Intangible Assets' became effective on 1 July 2001. Accordingly, under US GAAP, goodwill arising on acquisitions completed after 30 June 2001 is not amortised.

UK GAAP require purchased goodwill to include an estimate of the fair value of any contingent consideration. Under US GAAP, contingent consideration is usually only recognised as a component of goodwill when the contingency is resolved.

g. Employee costs

Reuters grants options under save-as-you-earn 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 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 for based on the intrinsic value of the options on the date of grant and adjusted for subsequent changes in the market value of the underlying shares. Under US GAAP, this expense is recorded upon exercise of the stock options.

h. 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 instruments have been included within current earnings under US GAAP. The company plans no significant change in its risk management strategies due to the adoption of FAS 133.

Under UK GAAP, the company has continued to apply hedge accounting and is not required to record all of its derivative instruments on the balance sheet at fair value.

i. Taxes on income

Prior to the adoption of FRS 19 under UK GAAP, deferred taxes are accounted for to the extent that it is considered probable that a liability or asset will crystallise in the foreseeable future. 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. Deferred tax also arises in relation to the tax effect of the other US GAAP adjustments.

Following the adoption of FRS 19, the recognition of deferred tax on timing differences under UK and US GAAP is more closely aligned.

j. Dividends

Under UK GAAP, dividends are provided for in the year in respect of which they are declared or

proposed. Under US GAAP, dividends and any related tax credit are given effect only in the period in which dividends are formally declared.

k. Shares held by employee share ownership trusts (ESOTs)

Under UK GAAP, shares held by the ESOTs are recorded as fixed asset investments at cost less amounts written off. Under US GAAP, those shares not fully vested are regarded as treasury stock and recorded at cost as a deduction from shareholders' equity.

The effects of these differing accounting principles are shown in notes [35](#), [36](#), [37](#) and [38](#).

Cash flow statement

The [cash flow statement](#) has been prepared in conformity with UK Financial Reporting Standard No 1 (Revised) Cash Flow Statements. The principal differences between this statement and cash flow statements presented in accordance with FAS 95 are as follows:

1. Under UK GAAP, net cash flow from operating activities is determined before considering cash flows from (a) returns on investments and servicing of finance and (b) taxes paid. Under US GAAP, net cash flow from operating activities is determined after these items.
2. Under UK GAAP, capital expenditure is classified separately while under US GAAP, it is classified as an investing activity.
3. Under UK GAAP, dividends paid are classified separately while under US GAAP, dividends paid are classified as financing activities.
4. Under UK GAAP, movements in short-term investments are not included in cash but classified as management of liquid resources. Under US GAAP, short-term investments with a maturity of three months or less at the date of acquisition are included in cash.
5. Under UK GAAP, movements in bank overdrafts are classified as movements in cash while under US GAAP, they are classified as a financing activity.

Set out below is a summary consolidated cash flow statement under US GAAP:

	2001 £m	2000 £m	1999 £m
Net cash inflow from operating activities	709	688	657
Net cash outflow from investing activities	(364)	(624)	(409)
Net cash inflow/(outflow) from financing activities	85	(54)	(610)
Net increase/(decrease) in cash and cash equivalents under US GAAP	430	10	(362)
Net increase/(decrease) in cash under UK GAAP (see notes 4-5 above)	36	11	(25)

NOTES ON SUMMARY OF DIFFERENCES BETWEEN UK AND US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

35. ADJUSTMENTS TO NET INCOME

	2001 £m	2000 ¹ £m	1999 ¹ £m
Profit attributable to ordinary shareholders in accordance with UK GAAP	46	521	436
US GAAP adjustments:			
a. Software revenue recognition	(8)	(6)	2
b. Capitalised website development costs	—	3	—
b. Amortisation of software and website development costs	(5)	(2)	(2)
c. Joint ventures and associated undertakings	22	(16)	—
d. Gains on deemed disposal of subsidiaries/associated undertakings	11	25	—
e. Gains on fixed asset investments	29	16	—
f. Goodwill adjustments	2	(3)	(2)
g. Employee costs	(11)	(22)	(8)
h. Derivative instruments	4	—	—
i. Income taxes			
application of FAS 109	4	10	24
tax effect of US GAAP adjustments	(5)	8	1
Minority interest in US GAAP adjustments	(2)	—	—
Income before cumulative effect of change in accounting principle	87	534	451
Cumulative effect of change in accounting principle for FAS 133	7	—	—
Tax effect of change in accounting principle	(2)	—	—
Net income attributable to ordinary shareholders in accordance with US GAAP	92	534	451

	2001 pence	2000 pence	1999 pence
Earnings and dividends			
Before accounting change			
Basic earnings per ADS in accordance with US GAAP	37.5	228.1	192.1
Diluted earnings per ADS in accordance with US GAAP	36.8	224.3	189.5
After accounting change			
Basic earnings per ADS in accordance with US GAAP	39.5	228.1	192.1
Diluted earnings per ADS in accordance with US GAAP	38.7	224.3	189.5
Dividend paid per ADS (including UK tax credit)	108.0	97.7	97.7
Weighted average number of shares used in basic EPS calculation (millions)	1,404	1,404	1,409
Issuable on conversion of options	28	24	20
Used in diluted EPS calculation	1,432	1,428	1,429

36. ADJUSTMENTS TO SHAREHOLDERS' EQUITY

	2001 £m	2000 ¹ £m	1999 ¹ £m
Capital employed before minority interest in accordance with UK GAAP	1,109	1,153	663
US GAAP adjustments:			
a. Software revenue recognition	(14)	(6)	–
b. Capitalised software development costs, net of amortisation	1	6	4
c. Investments in joint venture and associated undertakings	(64)	(81)	–
e. Fixed asset investments	50	159	606
f. Goodwill adjustments	2	4	4
g. Liabilities	(52)	(73)	(42)
h. Derivative instruments	14	–	–
i. Deferred taxes	(18)	(33)	(185)
j. Dividends not formally declared or paid during the year	86	174	154
k. Shares held by employee share ownership trusts	(153)	(117)	(95)
Minority interest in US GAAP adjustments	(2)	–	–
Shareholders' equity in accordance with US GAAP	959	1,186	1,109

¹Changes in accounting for deferred tax following adoption of UK Financial Reporting Standard 19 has led to a prior period adjustment under UK GAAP. There has been no corresponding change in US accounting standards. The prior period reconciliation has therefore been restated.

37. STATEMENT OF COMPREHENSIVE INCOME

	2001 £m	2000 £m	1999 £m
Net income in accordance with US GAAP	92	534	451
Other comprehensive income, net of tax:			
Unrealised (losses)/gains on certain fixed asset investments:			
arising during year	(109)	(270)	425
less amounts taken to net income, net of losses	–	(43)	(10)
Foreign currency translation differences	26	40	10
Derivative instruments:			
cumulative effect of change in accounting principle for FAS 133	(2)	–	–
less amounts taken to net income	2	–	–
Comprehensive income in accordance with US GAAP	9	261	876

38. SUMMARISED BALANCE SHEET (US GAAP BASIS)

	2001 £m	2000 £m	1999 £m
Assets			
Fixed tangible assets	1,299	1,584	1,534
Current assets	2,462	1,892	1,405
Other assets	113	60	46
Goodwill and other intangibles	499	247	188
Total assets	4,373	3,783	3,173
Liabilities and shareholders' equity	2,628	2,130	1,556

Current liabilities			
Long-term liabilities	572	458	362
Deferred taxes	48	9	146
Minority interest	166	—	—
Shareholders' equity before deductions	1,163	1,349	1,236
Shares held by employee share ownership trusts	(204)	(163)	(127)
Total shareholders' equity	959	1,186	1,109
Total liabilities and shareholders' equity	4,373	3,783	3,173

Goodwill and other intangibles are net of accumulated amortisation of £551 million (2000: £477 million, 1999: £415 million). Software development costs are net of accumulated amortisation of £18 million (2000: £16 million, 1999: £14 million).

Additional disclosures required by US GAAP

Employee costs

The Group has complied with FAS 123, 'Accounting for Stock-Based Compensation'. Reuters has continued to apply the methodologies set out in APB Opinion 25, 'Accounting for Stock Issued to Employees' and other US GAAP literature in calculating its US GAAP adjustments for share option plans and awards of share rights. Had Reuters elected to recognise compensation expense based upon the fair value at grant date for awards made in 1996 to 2001 under these plans consistent with the alternative methodology set out in FAS 123, net income in 2001 in accordance with US GAAP would have been £60 million lower (2000: £2 million lower, 1999: £8 million lower) and earnings per ADS and diluted earnings per ADS, would both have been 23.7 pence lower (2000: 1.0 pence lower, 1999: 3.6 pence lower) than the figures shown above.

Fair values

Fair value of options granted are estimated using a European binomial option pricing model. The range of assumptions applied to options granted are:

	2001	2000	1999
Dividend yield	0% – 1.9%	1.2% – 1.7%	1.7%
Volatility	54% – 70%	44% – 52%	34% – 44%
Risk free investment rates	4.3% – 6.5%	6.7% – 6.8%	5.2%

Derivative instruments

The Group recorded a transition benefit adjustment of £5 million net of taxes of £2 million within current income and a net-of-tax transition expense of £2 million within other comprehensive income to reflect the cumulative change in accounting principle upon adoption of FAS 133.

The current year gain on derivative instruments of £4 million includes a loss of £2 million relating to amounts reclassified out of other comprehensive income. At 31 December 2001, the balance sheet includes derivative assets of £18 million and derivative liabilities of £4 million.

Goodwill

Under UK GAAP in 2001 goodwill amortisation expense of £5 million arose on acquisitions completed after 30 June 2001. This has been reversed under US GAAP in accordance with FAS 142.

Bridge acquisition

In September, Reuters completed the acquisition of the core North American equities information business and certain other businesses of Bridge Information Systems, Inc., and its subsidiaries, which had been in bankruptcy proceedings since the beginning of 2001. The total purchase consideration, which included interim funding to Bridge and its network provider, SAVVIS Communications Corporation ('Savvis'), was £256 million. The acquired Bridge businesses include content, analytics and trading applications primarily for financial institutions and their customers, as well as Bridge Trading, a licensed broker-dealer. The transaction is expected to greatly enhance Reuters presence in the US buy-side market and allow Reuters to expand its product offering as well as connect its international customer base with Bridge's largely US clientele.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements

US GAAP

In July 2001, the Financial Accounting Standards Board (FASB) issued FAS 141 'Business Combinations' which supersedes APB Opinion 16 'Business Combinations'. FAS 141 requires the purchase method of accounting to be used for business combinations initiated after 30 June 2001 and eliminates the pooling-of-interests method. In addition, FAS 141 establishes specific criteria for the recognition of intangible assets separately from goodwill and requires unallocated negative goodwill to be written off immediately as an extraordinary gain.

In July 2001, the FASB also issued FAS 142 'Goodwill and Other Intangible Assets'. The provisions of FAS 142 are required to be applied starting with fiscal years beginning after 15 December 2001. Certain provisions are also applicable to acquisitions completed by the Group subsequent to 30

June 2001. FAS 142 supersedes APB Opinion 17 'Intangible Assets' and requires, among other things, the discontinuance of amortisation related to goodwill and indefinite lived intangible assets. These assets will then be subject to an impairment test at least annually.

The Group has applied the non-amortisation provisions of FAS 142 to goodwill acquired in the Bridge and ProTrader acquisitions. For all other existing goodwill and intangible assets, Reuters will adopt FAS 142 on 1 January 2002. Due to the extensive effort needed to comply with adopting FAS 141 and FAS 142, it is not practicable to estimate reasonably the impact of adopting these statements on the Reuters financial statements at the date of this report, including whether any transitional impairment loss will be required to be recognised as the cumulative effect of a change in accounting principles.

In July 2001, the FASB issued FAS 143 'Accounting for Asset Retirement Obligations' which is effective for fiscal years beginning after 15 June 2002. FAS 143 requires, among other things, that the fair value of a liability for an asset retirement obligation be recognised in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are then capitalised as part of the carrying amount of the long-lived asset. Reuters will adopt FAS 143 no later than 1 January 2003. The adoption of FAS 143 is not expected to have a material impact on the consolidated financial statements.

In August 2001, the FASB issued FAS 144 'Accounting for the Impairment or Disposal of Long-Lived Assets' which is effective for fiscal years beginning after 15 December 2001. FAS 144 supersedes FAS 121 'Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of' and addresses financial accounting and reporting for the impairment or disposal of long-lived assets. Reuters will adopt FAS 144 no later than 1 January 2002. The adoption of FAS 144 is not expected to have a material impact on the consolidated financial statements.

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INFORMATION FOR SHAREHOLDERS

MAJOR SHAREHOLDERS

Ordinary shares

As of 15 February 2002, there were 1,390,525,637 ordinary shares outstanding, excluding 41,733,929 ordinary shares owned by certain employee share ownership trusts (see [note 16](#)).

Reuters has received notice under section 198 of the Companies Act 1985, that on 15 February 2002, the following parties held notifiable interests in Reuters shares:

	Number of shares	Percentage of issued share capital
Capital Group Companies, Inc.	52,498,236	3.7%
Barclays Bank PLC	43,569,667	3.0%
Legal & General Investment Management	43,205,188	3.0%

The Founders Share

Reuters is dedicated to preserving its independence, integrity and freedom from bias in the gathering and dissemination of news and information. The Reuters Founders Share Company Limited 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 seize control of the company. ('Control', for this purpose, means 30% of the ordinary shares). The trustees of the Founders Share Company (who constitute both its members and directors) 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.

Reuters Trustees are nominated by a Nomination Committee which includes certain serving Reuters Trustees, one person nominated by each of four news associations, two persons appointed by the Chairman of Reuters and two persons appointed after consultation with the European Commission on Human Rights. A Reuters Trustee may not be a director or employee of Reuters Group.

The current Reuters Trustees are as follows:

	Trustee since
Leonard Terry Berkowitz	1998
Sir Michael Checkland	1994
Dr. Claude Neville David Cole CBE	1984
Uffe Ellemann-Jensen	2001
Robert Francis Erburu	1999
Pehr Gustaf Gyllenhammar (Chairman)	1997
Toyoo Gyohten	2000
Jacques Martin Henri Marie de Larosi�re de Champfeu KBE	1999
John Hector McArthur	2001
Sir Christopher Leslie George Mallaby GC, MG, GCVO	1998
The Right Hon. The Baroness Noakes DBE	1998
Sir William Purves CBE, DSO	1998
	1999

Jaakko Kaarle Mauno Rauramo	1993
Ernest James Lyle Turnbull AO	1987
Richard John Winfrey	2001
Dr. Mark Wössner	

Each Reuters Trustee is normally required to retire at the annual general meeting (AGM) of the Founders Share Company following the fifth 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).

Related party transactions

Related party transactions are principally with Radianz and Factiva. During 2001 and in accordance with inter-company agreements, Radianz provided Reuters with network services, totalling £203 million (see [Material contracts](#)). Also during the year, Factiva provided picture archiving facilities and the internal use of its information product, Reuters Business Briefing, for a total cost of £28 million. Reuters provided both companies with technical and administrative support services of £184 million and £41 million respectively. In addition, Reuters purchased £14 million of development services from TSI.

Reuters has entered into arrangements with many of its subsidiaries in the normal course of business on commercial terms.

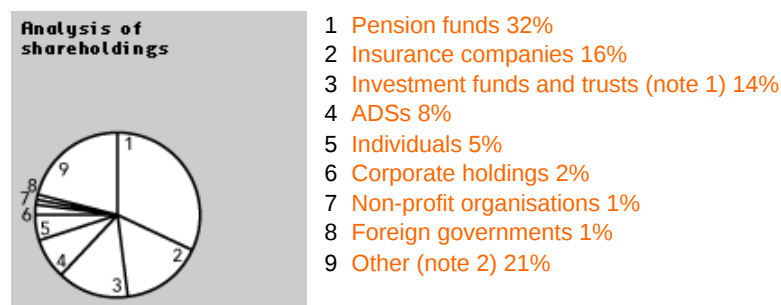
Reuters provides financial information services to many of the companies with which it shares a common director. These services totalled £77 million during 2001. It also purchased services totalling £16 million, of which £13 million was software development services from one of these companies.

All the above services were in the normal course of business and charged at commercial rates. The services are ongoing and continued at historical levels through the date of this report.

Under the terms of the agreement with Dow Jones & Co. relating to 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. This element of the agreement is evidenced by an interest free promissory note. At 31 December 2001 the balance outstanding under the note was US\$10 million.

For further information on related party transactions see [note 29](#).

TRADING MARKETS



Note 1: Includes unit trusts and mutual funds.

Note 2: Includes all holdings below 100,000 shares, except for individuals, whose holdings are analysed below this level.

The ordinary shares are traded on the London Stock Exchange and American Depositary Shares (ADSs), each representing six ordinary shares, are traded on the Nasdaq National Market System. The ADSs are evidenced by American Depositary Receipts (ADRs) issued by JPMorgan Chase Bank, as Depositary under a Deposit Agreement, dated as of 18 February 1998 (the 'Deposit Agreement'), among Reuters Group, the Depositary and ADR holders.

The table below sets forth, 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 price information included for 1 January 1997 to 18 February 1998 (prior to the capital reorganisation) is for the ordinary shares of 2.5 pence each of Reuters Holdings PLC and the American Depositary Shares which represented them.

	The London Stock Exchange		Nasdaq	
	Pounds per share		US dollars per ADS	
	High	Low	High	Low
Annual market prices:				
1997	7.82	5.55	76.750	56.000
1998	7.70	4.12	74.750	42.125
1999	10.11	4.86	100.000	50.250
2000	16.20	7.59	157.250	72.625
2001	11.58	5.26	103.437	46.000

Quarterly market prices:**2000**

First quarter	16.20	7.59	157.250	72.625
Second quarter	12.92	8.69	126.000	75.500
Third quarter	14.52	11.89	128.250	101.750
Fourth quarter	13.54	10.38	119.500	86.000

2001

First quarter	11.58	7.70	103.437	67.875
Second quarter	10.94	7.70	93.230	66.875
Third quarter	9.25	5.26	76.990	46.000
Fourth quarter	8.15	5.68	69.000	50.880

Monthly market prices:**2001**

August	8.87	7.60	75.680	66.900
September	7.86	5.26	66.760	46.000
October	6.90	5.68	60.510	50.880
November	8.15	6.71	69.000	57.800
December	7.85	6.69	67.500	57.040

2002

January	7.47	5.67	64.360	47.950
February (to 15 February)	6.00	5.33	51.210	46.500

Analysis of shareholders

As of 15 February 2002 there were 1,390,525,637 Reuters ordinary shares in issue, excluding ordinary shares held by employee share ownership trusts. There were 37,324 shareholders on the ordinary share register, analysed as in the chart left.

As of the same date 698,317 ordinary shares and ADRs evidencing 18,433,177 ADSs (representing 110,599,062 ordinary shares) were held on record in the US. These ordinary shares and ADRs were held by 245 record holders and 2,324 record holders, respectively and represented 0.05% or evidenced ADSs representing 7.95%, respectively, of the total number of ordinary shares outstanding. Since certain of these ordinary shares and ADRs 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.

Dividends

The table below sets forth the amounts of interim, final and total dividends (excluding any associated UK tax credit discussed in [UK taxation consequences](#)) 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. The first section of the table shows the dividends paid as reported under UK GAAP. The second section of the table gives the amounts restated for the 1998 capital reorganisation and as reported under US GAAP.

Fiscal year ended

December 31

Pence per share

Cents per ADS

	Interim	Final	Total	Interim	Final	Total
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Dividends in accordance with UK GAAP

1997	3.10	9.90	13.00	29.40	98.81	128.21
1998	3.40	11.00	14.40	33.69	105.74	139.43
1999	3.65	11.00	14.65	35.03	104.15	139.18
2000	3.65	12.35	16.00	31.56	106.44	138.00
2001 ¹	3.85	6.15	10.00	33.29		

Dividends retroactively restated in accordance with US GAAP

1997	3.58	9.90	13.48	33.95	98.81	132.76
1998 ²	108.02	11.00	119.02	1,058.10	105.74	1,163.84
1999	3.65	11.00	14.65	35.03	104.15	139.18
2000	3.65	12.35	16.00	31.56	106.44	138.00
2001 ¹	3.85	6.15	10.00	33.29		

¹ The final dividend in respect of 2001 is payable on 25 April 2002 to holders of ordinary shares on the register at 15 March 2002 and on 2 May 2002 to holders of ADSs on the register at 15 March 2002 and will be converted into US dollars from sterling at the rate prevailing on 2 May 2002.

² The 1998 interim dividend amount in accordance with US GAAP consists of the interim dividend of 3.40 pence per share (33.69 cents per ADS) paid in September 1998 and the amount recorded as a dividend under the terms of the capital reorganisation consummated on 18 February 1998 of 104.62 pence per share (1,024.41 cents per ADS).

Future dividends will be aligned to the normalised earnings of Reuters excluding Instinet.

Memorandum and articles of association

The following description summarises certain material rights of holders of Reuters ordinary shares of 25 pence each and material provisions of the Memorandum and Articles of Association of Reuters Group (the Articles), the Memorandum and Articles of Association of Reuters Founders Share Company Limited 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 the UK Companies Act 1985, as amended (the Companies Act).

All of the outstanding ordinary shares are fully paid. Accordingly, no further contribution of capital may be required by Reuters from the holders of such shares.

In this description, the term holder refers to the person registered in Reuters 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 Reuters American Depositary Shares, or ADSs, is the holder of the ordinary shares represented by the outstanding ADSs.

General

Reuters is incorporated under the name Reuters Group PLC and is registered in England and Wales with registered number 3296375. The company's objects are set forth 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 its 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 company's profitability or capitalising on its expertise.

The Memorandum of Association grants Reuters Group 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 Group shares. These restrictions are intended to ensure continued compliance with the following principles (the Reuters Trust Principles) set out in the Articles:

- 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 and every subsidiary of Reuters Group 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. 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 Reuters may further effect the involuntary disposition of any shares exceeding the 15% limit. This set of restrictions is more fully described below under 'Rights and restrictions attaching to Reuters shares - Restrictions on ownership - Disenfranchisement and disposal of excess interests.'

Second, Reuters 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. 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 Reuters 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 are intended to prevent a bid for control of Reuters. 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 'anti-takeover' provisions applicable to Reuters 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, Reuters Group. 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 the Group for which the director has assumed responsibility under an indemnity or guarantee, (c) relating to an offer of securities of the 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 one per cent 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 compensation awarded to executive directors is decided by a remuneration committee, which consists exclusively of non-executive directors.

The directors are empowered to exercise all the powers of the Group to borrow money, subject to the limitation that the aggregate principal amount outstanding in respect of moneys borrowed by Reuters shall not exceed a sum equal to two and a half times Reuters 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 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. For additional information see the [directors' report](#) and [corporate governance](#).

A non-executive director is not required to hold shares of Reuters Group in order to qualify as a director. A director not holding any shares may nevertheless attend and speak at general meetings of Reuters.

Rights and restrictions attaching to Reuters 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. The Board of Directors 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, Reuters 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.

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 voluntarily, by the Court, or any reconstruction of Reuters, 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 the Group, the Founders Share Company is entitled in its absolute discretion to serve on Reuters 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 of Reuters. 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 upon Reuters a written request for an extraordinary general meeting of the company and the directors are obligated to comply with such request. If they do not comply, the Founders Share Company is entitled to convene an extraordinary general meeting of Reuters. If a Founders Share Control Notice has been served, however, the Founders Share Company can convene an extraordinary general meeting of Reuters Group without first requesting that the directors do so.

Any two Reuters Trustees can bind all Reuters Trustees to exercise the voting rights attaching to the Founders Share so as to defeat a resolution that would be deemed to be a variation of the rights attached to the Founders Share. However, the vote of a majority of the Reuters Trustees 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 Group).

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' (as defined therein, in a manner similar but not identical to the definition under the Articles) 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 obligated 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' (defined as meaning all interests in shares subject to certain exceptions, including for interests arising by virtue of certain investment management arrangements) 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. 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 directors of Reuters to apply to the Court for such order as may be appropriate.

Disenfranchisement and disposal 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 (the 'Relevant Shares'), the directors of Reuters Group 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 of the company or at any meeting of the holders of any class of shares of Reuters. 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 of the company are empowered to dispose of any shares exceeding the 15% limit. Such disposition may be made on terms determined by the directors, including by means of an instruction to effect an electronic transfer in the case of uncertificated shares. The net proceeds of the disposition shall be paid, without interest, to the former registered holder of the Relevant Shares. 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 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.

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.

Pre-emptive rights, new issues of 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 Reuters to issue shares, securities convertible into shares or rights to shares, otherwise than pursuant to an employee share scheme, is restricted.

Under the Companies Act, the directors of a company are, with certain exceptions, unable to allot any equity securities without express authorisation, which may be contained in a company's Articles of Association 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 other than issue by way of rights to existing shareholders unless the statutory requirement is displaced or modified by the shareholders in general meeting or under the company's Articles of Association.

At the annual general meeting to be held on 23 April 2002, 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 £128,874,196 until the earlier to occur of Reuters annual general meeting in 2003 or 23 July 2003. The resolution will also 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 £17,900,815 in nominal value.

Subject to applicable provisions of English law, the company may purchase ordinary shares. Currently, it has general authority to repurchase up to 142,914,752 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 annual general meeting on 23 April 2002, a resolution will be proposed to increase this authority to 143,206,517 ordinary shares.

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, the assets of Reuters (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 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 is required for issuing any shares with rights not identical to those of ordinary shares. Reuters Group 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 share 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 Reuters Articles on the right of non-residents or foreign persons to hold or vote ordinary shares or ADSSs, other than the limitations that would generally apply to all of the Reuters shareholders.

ACQUISITION OF BRIDGE

The following unaudited pro forma information gives the impact of Bridge on the results of the Group as if the acquisition had taken place on 1 January 2001 and 1 January 2000 respectively. The

unaudited pro forma information does not purport to represent the results of operations that would have been attained if the Bridge acquisition had taken place at the beginning of each of the years presented, or that may be attained in the future.

For the year ended 31 December

	2001 £m	2000 £m
Group revenue	4,099	3,844
Net profit	0	390
Basic earnings per share	0.0p	27.8p
Diluted earnings per share	0.0p	27.3p

MATERIAL CONTRACTS

Bridge acquisition agreement

In May 2001 Reuters entered into an Asset Purchase Agreement with Bridge Information Systems, Inc. and certain of its subsidiaries, many of whom were, together with Bridge Information Systems, Inc., in bankruptcy proceedings under the US Bankruptcy Code. The agreement, which was subsequently amended and restated, provided for the purchase by Reuters of certain assets and businesses from Bridge for cash consideration of approximately £190 million, subject to adjustment under certain circumstances, plus the payment of certain liabilities related to contracts to be transferred to Reuters. Under the agreement, Reuters agreed to pay Bridge up to £7 million a month from 1 July 2001 through to closing, and also to provide financing in the form of convertible debt to Bridge's network provider Savvis of up to an average of £5 million a month from 1 May 2001 through to closing.

The agreement contained customary representations and pre-closing covenants, although as is customary in transactions of this nature involving an acquisition from a bankrupt entity, it did not generally grant Reuters the right to seek damages for breaches of representation or indemnification after the closing. The transaction was completed at the end of September 2001. In addition to the purchase price, Reuters provided aggregate funding to Bridge prior to the closing of £21 million and purchased convertible debt from Savvis with an aggregate principal value of £25 million.

Savvis network services agreement

In connection with the Bridge acquisition, in May 2001 Reuters Limited entered into a binding term sheet with Savvis, Bridge's network service provider, under which Savvis agreed to provide Reuters internet protocol network services, internet access and co-location services (the 'Services') necessary to continue network services for the Bridge business and customers to be acquired by Reuters. The term sheet was formalised by an agreement entered into by the parties in September 2001. The agreement, which has a five-year term, requires Reuters to purchase a minimum of £67 million worth of Services in the first year of the agreement, £63 million worth of Services in the second year of the agreement, £59 million worth of Services in the third year of the agreement and £34 million worth of Services in the fourth and fifth years of the agreement, subject to adjustment and reduction under certain circumstances. In accordance with the terms of the agreement, the minimum purchase amounts will be reduced by approximately £38 million (applied to later year minimums first), representing the amount of payments made by Bridge to Savvis for Services while the Bridge acquisition was pending. 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 service levels, Reuters is entitled to terminate the agreement.

Radianz – joint venture with Equant

In May 2000 Reuters and Equant established a joint venture company (Radianz) to offer secure internet protocol network services to the financial services industry. Reuters has transferred substantially all of its telecommunications network assets into Radianz and owns 51% of Radianz. To secure the long-term availability of the Radianz network, Reuters Limited entered into a Network Services Agreement (the NSA) with Radianz on 22 May 2000. The NSA has an initial term ending on 1 July 2005 and thereafter remains in full force and effect for successive one-year periods unless terminated by either party. Among other things, either party can terminate the NSA after the end of the initial term by one party giving to the other not less than six months' notice which expires at the end of the initial five-year period or any subsequent renewal year. On termination, Radianz has agreed to provide reasonable assistance to Reuters to ensure that the Reuters Group can migrate the services from Radianz to a third-party company.

The standards for performance of services provided 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 the Reuters Group. There is also provision for quarterly meetings to discuss the contract and its operation and technical matters relating to the business continuity plans. Meetings are attended by representatives of Reuters, Radianz and their respective groups as appropriate.

Reuters has 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 have been agreed between Reuters and Radianz, which Reuters believes are competitive with the cost of reasonably comparable services. Radianz has 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 has agreed to spend an agreed amount with Radianz annually.

INFORMATION FOR US SHAREHOLDERS

Exchange control

Under English Law and Reuters Group 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 on ordinary shares or on the conduct of the Group's operations.

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*
1997	1.65
1998	1.66
1999	1.62
2000	1.52
2001	1.44
2002 (to 15 February)	1.42

Month	High	Low
August 2001	1.46	1.42
September 2001	1.47	1.44
October 2001	1.48	1.42
November 2001	1.47	1.41
December 2001	1.45	1.42
January 2002	1.45	1.41
February 2002 (to 15 February)	1.43	1.41

*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 15 February 2002 the Noon Buying Rate was \$1.43 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 Reuters, see [operating and financial review](#).

Taxation for US shareholders

The following discussion of taxation is intended only as a descriptive summary and does not purport to be a complete technical analysis or listing of all potential tax effects relevant to a decision to acquire the ordinary shares or ADRs. The following summaries of UK and US tax laws are based on current tax laws, current UK Inland Revenue published practice and the terms of the UK/US income tax treaty (the 'Treaty') and the New Treaty (as defined below), as appropriate, all of which are subject to a change at any time, possibly with retrospective effect.

UK taxation consequences

UK taxation of dividends – refund of tax credits

Under current UK taxation legislation, no withholding tax will be deducted from dividends paid by Reuters.

A shareholder who is an individual resident for tax purposes in the UK, is entitled to a tax credit on cash dividends paid by Reuters on ordinary shares equal to one-ninth of the cash dividend or 10% of the dividend plus the tax credit. 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, save that where ordinary shares are held in Personal Equity Plans and Individual Savings Accounts, the tax credit on dividends received into such accounts before 6 April 2004 will generally be repayable.

Under the Treaty, a US holder (as defined under 'US tax consequences') is entitled, in principle, to receive a payment from the UK Inland Revenue in respect of a dividend from Reuters in an amount equal to the tax credit to which a UK resident individual is generally entitled in respect of the dividend. However, the entitlement is subject to a deduction withheld under the Treaty. In this case, the amount of such deduction will be equal to the tax credit amount ie, one-ninth of the dividend received. As a result, a US holder will not receive any payment from the UK Inland Revenue in respect of a dividend from Reuters but will have no further UK tax to pay in respect of that dividend either.

Special rules apply for the purposes of determining the tax credit available to a US corporation which, either alone or together with one or more associated corporations, controls, directly or indirectly, 10% or more of the voting stock of the company.

The UK and US have entered into a new tax treaty (the 'New Treaty') which has now to be ratified by both the UK Parliament and the US Senate before its provisions come into force. It is not known when these procedures will be completed, but once the New Treaty comes into force, US holders will have no entitlement to claim any tax credit from the UK Inland Revenue in respect of dividends as described above. There will be no further UK tax to pay in respect of cash dividends received from the company.

UK taxation of capital gains

The following categories of US persons may be liable for both UK and US tax in respect of a gain on the disposal of ordinary shares or ADRs: (i) US citizens resident or ordinarily resident in the UK, (ii) US corporations resident in the UK by reason of their business being managed or controlled in the UK and (iii) US citizens or corporations which are trading or carrying on a profession or vocation in the UK, through a branch or agency and which have used, held, or acquired, the ordinary shares or ADRs for the purposes of such trade, profession or vocation of such branch or agency. However, subject to applicable limitations and provisions of the Treaty, such persons may be entitled to a tax credit against their US federal income tax liability, for the amount of UK capital gains tax or UK corporation tax on chargeable gains (as the case may be), which is paid in respect of such gain.

Under the New Treaty, capital gains on disposals of ordinary shares or ADRs will generally be subject to tax only in the state of residence of the relevant holder as determined under both the laws of the UK and the US and as required by the terms of the New Treaty.

The New Treaty also contains an anti-avoidance rule relevant to individuals who are resident of either the UK or the US and who have been resident of the other state (the US or the UK, as the case may be) at any time during the six years immediately preceding the relevant disposal of property. The New Treaty provides that, in such circumstances, capital gains arising from the relevant disposal may be subject to tax not only in the state of which the holder is resident at the time of the disposal, but also in that other state.

UK inheritance tax

An individual who is domiciled in the US for the purposes of the UK/US estate and gift tax convention and who is not a national of the UK for the purposes of that convention, generally will not be subject to UK inheritance tax in respect of the ordinary shares or ADRs on the individual's death, or on a transfer of the ordinary shares or ADRs during the individual's lifetime. However, the individual will be subject to UK inheritance tax if the ordinary shares or ADRs 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 ADRs held in trust. In the exceptional case, where the disposition is subject both to UK inheritance tax and to US 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.

UK stamp duty and stamp duty reserve tax

No UK stamp duty or interest thereon need be paid on the transfer of an ADR, or written agreement to transfer an ADR, provided that the instrument of transfer, or written agreement, is executed and remains outside the UK and does not relate to any matter or thing done, or to be done, in the UK, nor will UK stamp duty reserve tax (SDRT) be imposed in respect of any agreement for such a transfer of ADRs.

UK stamp duty will generally be charged 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.

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 depositary receipts (such as the ADRs) 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 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 of ordinary shares from a depositary, or its agent or nominee, to a transferee, which results in the cancellation of the ADR, which cancellation is liable to stamp duty as a 'conveyance or transfer on sale' because it completes a sale of such ordinary shares, will be liable to ad valorem stamp duty, at the rate of 0.5% of the amount or value of the consideration, if any, for the transfer. A transfer of ordinary shares from a depositary, or its agent or nominee, to the ADR holder, which results in cancellation of the ADR but where there is no transfer of beneficial ownership, is not liable to duty as a 'conveyance or transfer on sale', but will be liable to a fixed stamp duty of £5.

US taxation consequences

The following is a summary of certain US federal income tax consequences of the ownership of ordinary shares or ADRs by a US holder that holds the ordinary shares or ADRs as capital assets and does not take into account the specific circumstances of any particular investors, some of which may be subject to special rules. 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.

For purposes of this discussion, a 'US holder' is any beneficial owner of ordinary shares or ADRs that is (i) a citizen or resident 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.

US taxation of dividends

Subject to the passive foreign investment company (PFIC) rules discussed below, the dividend paid by Reuters out of its current or accumulated earnings and profits (as determined for US federal income tax purposes) generally will be treated as dividend income for US federal income tax purposes. The amount of dividend includable in income of a US holder includes any UK tax withheld from the dividend payment and amounts in respect of the UK tax credit and any amounts withheld in respect thereof. Such dividend will not be eligible for the 70% dividends received deduction allowed to US corporations. The amount of the dividend distribution includable in income of a US holder will be the US dollar value of the pound sterling payments made, determined at the spot pound sterling/US dollar rate on the date such dividend distribution is includable in the income of the US holder, regardless of whether the payment is in fact converted into US dollars.

The UK withholding tax will be eligible, subject to generally applicable limitations, for credit against the US holder's US federal income tax, assuming such holder is eligible for the benefits of the Treaty and elects to have the Treaty apply to such dividends. Subject to certain limitations, for foreign tax credit limitation purposes, the dividend will be income from sources outside the US, but generally will be treated separately, together with other items of 'passive income' (or, in the case of certain holders, 'financial services income'). In general, in the case of eligible US holders, subject to certain limitations, the UK withholding tax as determined by the Treaty (ie, an amount equal to one-ninth of the cash dividend) will be treated as a foreign income tax that is eligible for credit against the US holders' federal income tax. To qualify for such credit, US holders must make an election on Form 8833 (Treaty-Based Return Position Disclosure), which must be filed with their tax return, in addition to any other filings that may be required. US holders should consult their tax advisors as to the application of the foreign tax credit rules and their eligibility for Treaty benefits in their own circumstances.

On 24 July 2001, the United States of America and the United Kingdom signed the New Treaty that, if ratified, would replace the Treaty. The New Treaty would make a number of important changes. In particular, under the New Treaty, US holders would not be entitled to a UK tax credit and accordingly there would be no imposition of UK withholding tax and no associated United States foreign tax credit. The New Treaty would generally be effective, in respect of taxes withheld at source, for amounts paid or credited on or after the first day of the second month after the New Treaty is ratified. Other provisions of the New Treaty would take effect on the first of January next following the date of ratification. If the New Treaty is ratified, the rules of the Treaty would remain in effect until the effective dates described above. However, a US holder would be entitled to elect to have the Treaty apply in its entirety for a period of twelve months after the effective dates of the New Treaty.

US taxation of capital gains

Subject to the PFIC rules discussed below, upon a sale or other disposition of ordinary shares or ADRs, a US holder will recognise a gain or loss for US federal income tax purposes in an amount equal to the difference between the US dollar value of the amount realised and the US holder's tax basis (determined in US dollars) in such ordinary shares or ADRs. Generally, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the US holder's holding period for such ordinary shares or ADRs exceeds one year. Any such gain or loss generally will be income or loss from sources within the US for foreign tax credit limitation purposes. Long-term capital gain of a non-corporate US holder is generally subject to a maximum tax rate of 20%.

PFIC

Reuters believes that its ordinary shares and ADRs should not be treated as stock of a PFIC for US federal income tax purposes, but this conclusion is a factual determination made annually and thus may be subject to change. If Reuters were to be treated as a PFIC, unless a US holder elects to be taxed annually on a mark-to-market basis with respect to the ordinary shares or ADRs, a gain realised on the sale or other disposition of ordinary shares or ADRs would, in general, not be treated as capital gain and a US holder would be treated as if such holder had realised such gain and certain 'excess distributions' ratably over the holder's holding period for the ordinary shares or ADRs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year.

SUMMARY OF 2000 AND 2001 RESULTS

£m	2001				2000			
Revenue	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

Reuters Information								
High Tier	217	218	217	221	193	197	202	203
Middle Tier	53	52	52	52	53	57	57	58
Lower Tier	188	194	192	180	171	178	179	189
Total	458	464	461	453	417	432	438	450
Reuters Trading Solutions								
Transactions	95	95	92	95	101	102	100	99
Applications and Enterprise Solutions	86	93	93	132	66	87	86	146
Retail Solutions	19	23	28	27	9	7	10	9
Total	200	211	213	254	176	196	196	254
Bridge Reuters Financial	–	–	–	73	–	–	–	–
	658	675	674	780	593	628	634	704
Reuterspace	65	65	62	63	43	54	66	72
Reuters	723	740	736	843	636	682	700	776
Instinet								
US	198	190	150	145	141	141	146	186
International	52	42	38	39	56	43	43	48
Total	250	232	188	184	197	184	189	234
Intra-group revenue	(3)	(2)	(4)	(2)	(1)	(2)	(1)	(2)
Total revenue	970	970	920	1,025	832	864	888	1,008
Adjustment for intra-group revenue	3	2	4	2	1	2	1	2
Divisional revenue	973	972	924	1,027	833	866	889	1,010

£m	2001			2000		
Costs	H1	H2	FY	H1	H2	FY
Reuters Financial	(1,071)	(1,175)	(2,246)	(973)	(1,069)	(2,042)
Reuterspace	(168)	(147)	(315)	(120)	(182)	(302)
Reuters	(1,239)	(1,322)	(2,561)	(1,093)	(1,251)	(2,344)
Instinet	(374)	(302)	(676)	(297)	(350)	(647)
Intra-group costs	5	6	11	3	3	6
Total costs	(1,608)	(1,618)	(3,226)	(1,387)	(1,598)	(2,985)
Adjustment for intra-group costs	(5)	(6)	(11)	(3)	(3)	(6)
Divisional costs	(1,613)	(1,624)	(3,237)	(1,390)	(1,601)	(2,991)
Divisional profit						
Reuters Financial	262	279	541	248	269	517
Reuterspace	(38)	(22)	(60)	(23)	(44)	(67)
Reuters	224	257	481	225	225	450
Instinet	108	70	178	84	73	157
Total	332	327	659	309	298	607
Net currency (loss)/gain	(2)	(11)	(13)	3	(1)	2
Divisional profit	330	316	646	312	297	609
£m	2001			2000		
Divisional profit margin	H1	H2	FY	H1*	H2*	FY*
Reuters Financial	20%	19%	19%	20%	20%	20%
Reuterspace	(29%)	(18%)	(24%)	(23%)	(32%)	(29%)
Instinet	22%	19%	21%	22%	17%	20%
Total divisional profit margin	17%	16%	17%	18%	16%	17%

Business Transformation costs	(74)	(189)	(263)	(41)	(98)	(139)
Amortisation of goodwill and other intangibles	(34)	(47)	(81)	(27)	(32)	(59)
Operating profit	222	80	302	244	167	411
Operating result from joint ventures	(15)	(31)	(46)	(3)	(14)	(17)
Operating result from associates	(19)	(20)	(39)	–	(16)	(16)
Profit/(loss) on disposals of fixed assets/investments	30	(12)	18	202	89	291
Profit on disposals of subsidiary undertakings	200	16	216	8	2	10
Amounts written off fixed asset investments, JVs and associates	(60)	(227)	(287)	–	(30)	(30)
Income from fixed asset investments	3	–	3	1	4	5
Net interest (payable)/receivable	(4)	(5)	(9)	(2)	5	3
Profit before taxation	357	(199)	158	450	207	657
Taxation on profit on ordinary activities	(86)	(21)	(107)	(110)	(26)	(136)
Profit after taxation	271	(220)	51	340	181	521
Equity minority interests	(2)	(3)	(5)	–	–	–
Profit attributable to ordinary shareholders	269	(223)	46	340	181	521
Tax rate on profit before amortisation	22%		42%	23%		19%
Basic earnings per ordinary share	19.1p		3.3p	24.3p		37.1p
Earnings per ADS (US\$ rate used = \$1.45)	\$1.66		\$0.29	\$2.11		\$3.23
Dividend per ordinary share	3.85p	6.15p	10.00p	3.65p	12.35p	16.00p
Number of ordinary shares ranking for dividend (millions)	1,405	1,402		1,404	1,405	

* Restated following adoption of FRS 19 (see [note 24](#)).

ELEVEN YEAR CONSOLIDATED FINANCIAL SUMMARY

For the year ended 31 December	2001 £m	2000 £m	1999 £m	1998 £m	1997 £m	1996 £m	1995 £m	1994 £m	1993 £m	1992 £m	1991 £m
Results											
Revenue	3,885	3,592	3,125	3,032	2,882	2,914	2,703	2,309	1,874	1,568	1,467
Net interest (payable)/receivable	(9)	3	(4)	2	80	61	60	51	60	66	49
Profit before tax	158	657	632	580	626	652	558	510	440	383	340
Taxation	107	136	196	196	236	210	185	162	140	123	110
Profit attributable to ordinary shareholders	46	521	436	384	390	442	373	347	299	236	230
Net assets											
Fixed assets	1,963	1,868	1,205	1,098	1,046	1,026	999	687	571	499	488
Net current (liabilities)/assets	(134)	(293)	(170)	(577)	790	525	387	176	151	419	289
Long-term creditors	(344)	(310)	(284)	(16)	(37)	(41)	(135)	(87)	(32)	(26)	(30)
Provisions	(212)	(112)	(88)	(116)	(120)	(51)	(39)	(36)	(32)	(23)	(25)
	1,273	1,153	663	389	1,679	1,459	1,212	740	658	869	722
Tangible fixed assets											
Additions	276	282	244	296	361	372	304	319	268	199	159
Depreciation	246	276	310	331	312	283	250	221	204	186	193
Development expenditure	294	323	197	200	235	202	191	159	110	79	67
Free cash flow	440	434	402	490	449	494	455	321	224	276	339
	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Ratios											
Earnings per ordinary share	3.3p	37.1p	30.9p	26.7p	24.0p	27.3p	23.2p	21.7p	18.0p	14.0p	13.7p
Adjusted earnings per ordinary share ¹	9.9p	42.2p	35.3p	30.3p	29.1p	30.4p	25.8p	21.7p	18.0p	14.0p	13.7p
Dividends per ordinary share	10.0p	16.0p	14.65p	14.4p	13.0p	11.75p	9.8p	8.0p	6.5p	5.3p	4.25p
Cash flow per ordinary share ²	35.5p	71.5p	71.6p	68.3p	61.0p	60.7p	52.7p	45.6p	40.3p	33.6p	31.7p
Book value per ordinary share ³	68.2p	73.7p	40.5p	23.3p	99.9p	88.3p	73.7p	44.7p	40.6p	51.2p	42.7p
Cash flow/book value ⁴	52.0%	97.0%	176.7%	292.0%	61.0%	68.8%	71.5%	102.0%	99.2%	65.7%	74.2%
Profit before tax as a percentage of revenue	4.1%	18.3%	20.2%	19.1%	21.7%	22.4%	20.6%	22.1%	23.5%	24.4%	23.2%
Return on tangible fixed assets ⁵	7.8%	78.3%	59.1%	48.2%	49.0%	60.0%	55.2%	57.6%	57.2%	53.2%	45.4%
Return on equity ⁶	4.6%	65.0%	92.2%	78.5%	25.6%	33.7%	34.8%	50.8%	39.5%	29.9%	36.2%

UK corporation tax rate	30%	30%	30%	31%	32%	33%	33%	33%	33%	33%	33%
Infrastructure											
Shares issued (millions)	1,431	1,429	1,423	1,422	1,694	1,689	1,677	1,668	1,662	1,753	1,743
Employees	19,429	18,082	16,546	16,938	16,119	15,478	14,348	13,548	11,306	10,393	10,450
User accesses	627,115	558,000	520,858	482,380	429,000	362,000	327,100	296,700	227,400	200,800	201,800

Notes:

1999 and 2000 have been restated following adoption of FRS 19 in 2001.

1997 and 1998 have been restated to reflect changes in reporting user accesses in 1999.

1995 and 1996 have been restated to reflect the effect of FRS 10 issued in 1997 which required purchased goodwill and other intangibles to be capitalised and amortised through the profit and loss account.

1991 to 1993 have been restated for the subdivision of every ordinary share of 10 pence each into four new ordinary shares of 2.5 pence each in April 1994.

1991 to 1994 fixed assets have been restated to reflect the effect of UITF abstract 13 issued in 1995.

Free cash flow is defined as net cash inflow from operating activities plus net interest received less tax paid and expenditure on tangible fixed assets.

Ratios:

- Adjusted earnings per share are based on profit attributable to ordinary shareholders excluding capital reorganisation costs and amortisation of goodwill and other intangibles.
- Cash flow per ordinary share represents profit before taxation, amortisation and depreciation divided by the number of shares in issue after deducting shares held by employee share ownership trusts. In 1991 to 1997 shares in Reuters Holdings PLC held by group companies are also deducted.
- 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 1991 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 (1991 to 1997).
- Cash flow/book value represents profit before taxation, amortisation and depreciation as a percentage of adjusted shareholders' equity.
- 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.
- 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 2001 and shall be deemed to be filed with the Securities and Exchange Commission for all purposes. No other information is included in the 2001 Form 20-F.

Item	Page
1 Identity of directors, senior management and advisers	n/a
2 Offer statistics and expected timetable	n/a
3 Key information	
Selected financial data	Selected Financial Data
Exchange rates	Information for US Shareholders - Exchange rates
Capitalisation and indebtedness	n/a
Reasons for offer and use of proceeds	n/a
Risk factors	Risk Factors
4 Information on the company	
History and development of the company	Company Information - History and development
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Business overview	Company Information
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Property, plant and equipment	Company Information - Property, plant and equipment
5 Operating and financial review and prospects	
Operating results	Operating and Financial Review
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	Research and development, patents and licences etc	Financial needs and resources Operating and Financial Review - Operating review - Research and development
	Trend information	Five Year Summary; Operating and Financial Review
6	Directors, senior management and employees	
	Directors and senior management	Directors and Senior Management
	Compensation	Report on Remuneration and Related Matters
	Board practices	Corporate Governance; Statement of Directors' Responsibility
	Employees	Note 8. Employee Information
	Share ownership	Report on Remuneration and Related Matters - Summary of interests of directors
7	Major shareholders and related party transactions	
	Major shareholders	Major Shareholders; Trading Markets - Analysis of shareholders
	Related party transactions	Major Shareholders - Related party transactions
	Interests of experts and counsel	n/a
8	Financial information	
	Consolidated accounts and other financial information	see item 18
	Litigation	Company Information - Legal proceedings
	Dividend policy	Operating and Financial Review - Summary of key events 2001 - Dividend policy; Trading Markets - Dividends
	Significant changes	none
9	The offer and listing	
	Offer and listing details – price history of stock	Trading Markets
	Plan distribution	n/a
	Markets	Trading Markets
	Selling shareholders	n/a
	Dilution	n/a
	Expenses of the issue	n/a
10	Additional information	
	Share capital	n/a
	Memorandum and Articles of Association	Information for Shareholders - Memorandum and Articles of Association
	Material contracts	Information for Shareholders - Material contracts
	Exchange controls	Information for US Shareholders - Exchange controls
	Taxation	Information for US Shareholders - Taxation for US shareholders
	Dividends and paying agents	n/a
	Statement by experts	n/a
	Documents on display	Documents on Display

Subsidiary information	n/a
11 Quantitative and qualitative disclosures about market risk	Operating and Financial Review - Treasury management; Note 12. Derivatives and Other Financial Instruments
12 Description of securities other than equity securities	n/a
13 Defaults, dividend arrearages and delinquencies	n/a
14 Material modifications to the rights of security holders and use of proceeds	n/a
17 Financial statements	n/a
18 Financial statements	Report of the auditors Consolidated profit and loss account for each of the three years in the period ended 31 December 2001 and related notes Consolidated cash flow statement for each of the three years in the period ended 31 December 2001 and related notes Consolidated balance sheet as of 31 December 2001, 2000 and 1999 and related notes Accounting policies Summary of differences between UK and US GAAP and related notes Report on remuneration and related matters

GLOSSARY

TERM USED IN ANNUAL REPORT	US EQUIVALENT OR BRIEF DESCRIPTION
Allotted	Issued
Associated undertakings	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 of practice	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 to 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

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FINANCIAL DIARY FOR 2002

Tuesday 12 February	Results for year 2001 announced
Wednesday 13 March	Annual report posted to shareholders
Wednesday 13 March	Ordinary shares go ex-dividend
Wednesday 13 March	ADSs go ex-dividend
Monday 22 April	First quarter trading statement issued
Tuesday 23 April	Annual general meeting Time: 11:30 am Venue: The Congress Centre, 28 Great Russell Street, London WC1B 3LS
Thursday 25 April	Final dividend for 2001 payable to ordinary shareholders on the register as at 15 March 2002
Thursday 2 May	Final dividend payable to ADS holders on the record as at 15 March 2002
Tuesday 23 July	Results for first six months of 2002 announced
Wednesday 31 July	Ordinary shares go ex-dividend
Wednesday 31 July	ADSs go ex-dividend
Wednesday 4 September	Interim dividend for 2002 payable to ordinary shareholders on the register as at 2 August 2002
Wednesday 11 September	Interim dividend payable to ADS holders on the record as at 2 August 2002
Wednesday 16 October	Third quarter trading statement issued

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WHERE TO FIND US

Corporate headquarters
85 Fleet Street
London EC4P 4AJ
Tel: 44 (0) 20 7250 1122
Registered in England No: 3296375

Investor queries
Miriam McKay
London
Tel: 44 (0) 20 7542 7051
Fax: 44 (0) 20 7542 4064
e-mail: miriam.mckay@reuters.com

Nancy Bobrowitz
New York
Tel: 1 646 223 5220
Fax: 1 646 223 5238
e-mail: nancy.bobrowitz@reuters.com

Media queries
Peter V Thomas
London
Tel: 44 (0) 20 7542 4890
Fax: 44 (0) 20 7542 5458
e-mail: peter.v.thomas@reuters.com

Nancy Bobrowitz
New York
Tel: 1 646 223 5220
Fax: 1 646 223 5238
e-mail: nancy.bobrowitz@reuters.com

Registrar/Depository:
For dividend queries, duplicate mailings and address changes

Ordinary shares
Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA
UK
Tel: 44 (0) 870 601 5366
Fax: 44 (0) 870 900 0020

American Depositary Shares
JPMorgan Chase Bank
JPMorgan Service Center
PO Box 43013
Providence RI 02940-3013
USA
Tel: 1 781 575 4328
Fax: 1 781 575 4088

Listings
London Stock Exchange and Nasdaq (American Depositary Share Symbol RTRSY)

Options on ordinary shares are traded on the London Traded Options Market. The American Stock Exchange in New York and the Chicago Board Options Exchange list options on American Depositary Shares of Reuters.

Form 20-F
This document is filed with the SEC and corresponds to the Form 10-K filed by US-based companies. Hard copies are available from the Investor Relations departments in London and New York. Electronic copies can be accessed through the internet on Reuters internet page (www.reuters.com) or from the SEC's EDGAR Database via the SEC's home page (www.sec.gov).

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.

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 this annual report on its behalf.

REUTERS GROUP PLC

(Registrant)

Dated: March 13, 2002

By /s/ David J. Grigson

David J. Grigson
Chief Financial Officer

- 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 Amended and Restated Asset Purchase Agreement, dated 3 May 2001, by and among Bridge Information Systems, Inc. and Reuters America Inc. and Reuters S.A.
- 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 (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by SAVVIS Communications Corporation on 29 November 2001).
- 4.4 Syndicated Credit Facility Agreement, dated 17 December 2001, among Reuters Group PLC, HSBC Investment Bank Plc and J.P. Morgan Plc, as mandated arrangers, the financial institutions listed therein and HSBC Investment Bank Plc, as agent.
- 4.5 Executive Directors' Service Contracts.
- 4.6 Rules of The Reuters Group PLC Long-Term Incentive Plan 1997.
- 4.7 Rules of the Reuters Group PLC Discretionary Stock Option Plan (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form 8-A (File No. 333-57266) filed by Reuters Group PLC).
- 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 15 February 2002.

THE COMPANIES ACTS 1985 AND 1989

A PUBLIC COMPANY LIMITED BY SHARES

Memorandum

AND

Articles of Association

OF

Reuters Group PLC

THE COMPANIES ACTS 1985 AND 1989

A PUBLIC COMPANY LIMITED BY SHARES

Memorandum of Association

OF

Reuters Group PLC

(as altered by special resolution passed on 12 December 1997)

1. The name of the Company is: REUTERS GROUP PLC(1)
2. The Company is to be a public company(1)
3. The Registered Office of the Company will be situated in England and Wales.
4. The objects for which the Company is established are:-
 - (1) To acquire and hold, directly or indirectly, all or any part of the issued share capital of Reuters Holdings PLC and generally to carry on business as an investment holding company and for that purpose to acquire and hold, either in the name of the Company or in that of any nominee, shares, stocks, debentures, debenture stock, bonds, notes, options, obligations and securities issued or guaranteed by any company wherever incorporated or carrying on business and debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any government, sovereign ruler, commissioners, public body or authority, supreme, dependent, municipal, local or otherwise in any part of the world and to exercise and enforce all rights and powers conferred by or incident to the ownership of any such shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred or capable of exercise whether by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof or otherwise and to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit
 - (2) To carry on, acquire, obtain and supply wireless, telegraphic, telephonic, telex or other news and intelligence, and to issue, publish and circulate, and otherwise utilise, with a view to the profit or advantage of the Company, the same news and intelligence

(1) By virtue of a special resolution passed on 12 December 1997 the name was changed to “Reuters Group PLC” with effect from 12 December 1997, Clause 2 was added and Clause 4 was inserted in place of the existing Clause 4.

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- (3) To construct, purchase, hire or otherwise acquire or work, wireless installations, satellites and other electronic equipment, telegraphs, telex, telephones and other means of communications and telecommunications
 - (4) To undertake and facilitate the collection and remittance of money, securities and other valuables, merchandise and property in, to and between any part or parts of the world, to grant and issue letters of credit and circular notes, to receive deposits of money and securities, to open credits and generally to utilise the means of inter-communication possessed by the Company, for the purpose of granting pecuniary, financial and commercial facilities, in and between any part or parts of the world
 - (5) To carry on any other business of any nature whatsoever which may seem to the Directors to be capable of being conveniently carried on in connection or conjunction with any business of the Company herein authorised or to be expedient with a view to rendering profitable or more profitable any of the Company's assets or utilising its know-how or expertise
 - (6) To subscribe, underwrite, purchase or otherwise acquire, and to hold, dispose of, and deal with, any shares or other securities or investments of any nature whatsoever, and any options or rights in respect thereof, and to buy and sell foreign exchange
 - (7) To draw, make, accept, endorse, discount, negotiate, execute, and issue, and to buy, sell and deal with bills of exchange, promissory notes, and other negotiable or transferable instruments or securities
 - (8) To purchase, or otherwise acquire for any estate or interest any property or assets or any concessions, licences, grants, patents, trade marks, copyrights or other exclusive or non-exclusive rights of any kind and to develop and turn to account and deal with the same in such manner as may be thought fit and to make experiments and tests and to carry on all kinds of research work
 - (9) To build, construct, equip, execute, carry out, improve, work, develop, administer, maintain, manage or control works, plants, factories, wharves, jetties, roads, railways, warehouses, depots, offices and other buildings, structures or facilities of all kinds, whether for the purposes of the Company or for sale, letting or hire to or in return for any consideration from any company, firm or person, and to contribute to or assist in or carry out any part of any such operation
 - (10) To amalgamate or enter into partnership or any joint venture or profit sharing arrangement or other association with any company, firm or person
 - (11) To purchase or otherwise acquire and undertake all or any part of the business, property and liabilities of any company, firm or person carrying on any business which the Company is authorised to carry on or possessed of any property suitable for the purposes of the Company

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- (12) To promote, or join in the promotion of, any company, whether or not having objects similar to those of the Company
 - (13) To borrow and raise money and to secure or discharge any debts or obligations of or binding on the Company or on any company which in relation to the Company is a subsidiary or a holding company or subsidiary of such holding company in such manner as may be thought fit and in particular by mortgages and charges upon all or any part of the undertaking, property and assets (present and future) and the uncalled capital of the Company, or by the creation and issue of debentures, debenture stock or other securities of any description
 - (14) To advance, lend or deposit money or give credit to or with any company, firm or person on such terms as may be thought fit and with or without security
 - (15) To guarantee or give indemnities or provide security, whether by personal covenant or by mortgage or charge upon all or any part of the undertaking, property and assets (present and future) and the uncalled capital of the Company, or by all or any such methods, and for the performance of any contracts or obligations, and the payment of capital or principal (together with any premium) and dividends or interest on any shares, debentures or other securities, of any person, firm or company including (without limiting the generality of the foregoing) any company which is for the time being a subsidiary or a holding company of the Company or another subsidiary of any such holding company or is associated with the Company in business
 - (16) To enter into a Deed of Mutual Covenant with Reuters Founders Share Company Limited and others, and thereafter to agree to and become a party to such alterations of and additions to such Deed of Mutual Covenant as may be made in accordance with its terms or as the Company may thereafter think fit to approve, and to exercise and enforce such powers and rights and to perform and to discharge such obligations as shall be conferred or (as the case may be) imposed upon the

Company by such Deed of Mutual Covenant, whether in its original form or with and subject to any such alterations and additions as aforesaid

- (17) To give guarantees and indemnities of all kinds, and to make payments of all kinds, to or in favour of Reuters Founders Share Company Limited and/or all or any one or more of its directors and members for the time being
- (18) To issue any securities which the Company has power to issue for any other purpose by way of security or indemnity or in satisfaction of any liability undertaken or agreed to be undertaken by the Company and in relation to any issue by the Company or offer by the Company or any other company, person or firm of securities of the Company to enter into such arrangements for the underwriting thereof and in connection therewith to give any undertaking, warranty or indemnity

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- (19) To sell, lease, grant licences, easements and other rights over, and in any manner deal with or dispose of, the undertaking, property, assets, rights and effects of the Company or any part thereof for such consideration as may be thought fit, and in particular for shares or other securities, whether fully or partly paid up
 - (20) To procure the registration or incorporation of the Company in or under the laws of any territory outside England
 - (21) To subscribe or guarantee money for any national, charitable, benevolent, public, general or useful object, or for any purpose which may be considered likely directly or indirectly to further the interests of the Company or of its members
 - (22) To establish and maintain or contribute to any pension or superannuation funds for the benefit or, and to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any individuals who are or were at any time in the employment or service of the Company or of any company which is its holding company or is a subsidiary of the Company or any such holding company or otherwise is allied to or associated with the Company, or who are or were at any time directors or officers of the Company or of any such other company, and the spouses, widows, widowers, families and dependants of any such individuals; to establish and subsidise or subscribe to any institutions, associations, clubs or funds which may be considered likely to benefit any such other company; and to make payments for or towards the insurance of any such persons
 - (23) To establish and maintain, and to contribute to, any scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of its employees or former employees, of those of its subsidiary or holding company or any subsidiary of its holding company, or by or for the benefit of such other persons as may for the time being be permitted by law, or any scheme for sharing profits with its employees or those of its subsidiary and/or associated companies, and (so far as for the time being permitted by law) to lend money to the Company's employees (other than directors) with a view to enabling them to acquire shares in the Company or its holding company
 - (24) To distribute among members of the Company in specie or otherwise, by way of dividend or bonus or by way of reduction of capital, all or any of the property or assets of the Company, or any proceeds of sale or other disposal of any property or assets of the Company, with and subject to any incident authorised and consent required by law
 - (25) (i) 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 holding company or in which the Company or such holding company or any of the predecessors of the Company or of such holding company 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 and (ii) to such extent as may be permitted by law otherwise to indemnify or to exempt any such person against or from any such liability; for the purposes of this clause "holding company" and "subsidiary undertaking" shall have the same meanings as in the Companies Act 1989

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- (26) To do all or any of the things and matters aforesaid anywhere and either as principals, agents,

contractors, trustees or otherwise, and by or through trustees, agents, subsidiary companies or otherwise, and either alone or in conjunction with others

- (27) To do all such other things as may be considered to be incidental or conducive to any of the above objects

And it is hereby declared that the objects of the Company as specified in each of the foregoing paragraphs of this Clause (except only if and so far as otherwise expressly provided in any paragraph) shall be separate and distinct objects of the Company and shall not be in any way limited by reference to any other paragraph or the order in which the same occur or the name of the Company.

5. The liability of the members is limited.
6. The share capital of the Company is £100 divided into 100 shares of £1 each with power to increase or to divide the shares in the capital of the Company for the time being into different classes having such rights, privileges and restrictions as to voting or otherwise as the Articles of Association may from time to time prescribe.²

-
- (2) By virtue of an ordinary resolution passed on 2 December 1997 the 2 issued shares of £1 each were subdivided into 8 ordinary shares of 25p each, the 98 unissued but authorised shares of £1 each were converted into redeemable preference shares of £1 each and the authorised share capital of the Company was increased to £50,000 by the creation of 49,900 redeemable preference shares of £1 each.

By virtue of a special resolution passed on 16 December 1997 (approved by the shareholders of Reuters Holdings PLC on 19 January 1998) the authorised capital of the Company was increased to £525,000,001 by the creation of 2,099,800,000 ordinary shares of 25 pence each and one Founders Share of £1.

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We, the persons whose names and addresses are subscribed hereafter are desirous of being formed into a company in pursuance of this Memorandum and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Names, Addresses and Descriptions of the Subscribers	Number of Shares taken by each Subscriber
---	--

Chettleburgh's Limited By Robert Stephen Kelford a duly authorised Officer Temple House 20 Holywell Row London EC2A 4JB	One Ordinary Share
--	--------------------

Company Registration Agents

Chettleburgh International Limited By Robert Stephen Kelford a duly authorised Officer Temple House 20 Holywell Row London EC2A 4JB	One Ordinary Share
--	--------------------

Anglo-Japanese Consultants

Total Shares Taken	Two Ordinary Shares
--------------------	---------------------

Dated this 2nd day of December, 1996

Witness to the above signatures:

Roland John Chettleburgh
17 Downhall Close
Rayleigh
Essex
SS6 9LU

Company Registration Agent

The 49,998 redeemable preference shares of £1 each were redeemed on 26 February 1998 and by operation of the articles of association of the Company were converted into 199,992 ordinary shares of 25 pence.

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 and 24 April 2001)

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No. 3296375

THE COMPANIES ACTS 1985 AND 1989

A PUBLIC COMPANY LIMITED BY SHARES

Articles of Association

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 Custodian	a 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.

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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.
OrdinaryShares	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
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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.

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(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;

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- (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.

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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 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 (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.

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(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.

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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 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.

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(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:

- (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.

(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 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);
- (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;

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- (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 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.”;

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- (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, holdings of Certificated Shares and Uncertificated Shares of such class in which such person is interested shall be aggregated;
 - (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;

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- (5) notwithstanding any Regulations made under section 210(A)(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); and
- (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.

(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

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- (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

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- (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.

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(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.

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(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

(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 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

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- (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 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 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

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- (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;

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- (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.

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(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.

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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:-

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- (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.

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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:-

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- (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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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(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**(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.

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(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.”;

(1) .

(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;

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- (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.

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(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.

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(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.

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F.64

(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.

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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.

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.

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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.

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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.

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F.74

(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, 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;

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- (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.

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(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.

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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:-

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- (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.

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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.

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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.

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(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.

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(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.

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;

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(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.

* Amended by Special Resolution passed on 21 April 1998.

** Amended by Special Resolution passed on 21 April 1998.

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:-

- (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.

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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.

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(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.

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(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;

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- (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 (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.

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(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.

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(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.

109.

(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.

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(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.

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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);

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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.

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(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;

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- (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.

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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.

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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.

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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.

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(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.

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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.

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(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.

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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.

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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.

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(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. 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.

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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).

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(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.

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(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.

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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.

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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.

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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.

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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.

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- (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.

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AMENDED AND RESTATED

ASSET PURCHASE AGREEMENT

by and among

BRIDGE INFORMATION SYSTEMS, INC.

And certain of its subsidiaries

as Sellers

And certain of its subsidiaries

as Designated Entities

and

REUTERS AMERICA INC. and REUTERS S.A.

as Purchaser

Dated as of May 3, 2001

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AMENDED AND RESTATED

ASSET PURCHASE AGREEMENT

THIS AMENDED AND RESTATED ASSET PURCHASE AGREEMENT, dated as of May 3, 2001 (the “*Agreement*”), is made among Bridge Information Systems, Inc. a Missouri corporation (“Bridge”), for itself and on behalf of its wholly owned direct and indirect subsidiaries, Bridge Information Systems America, Inc., Bridge Data Company, Bridge Information Systems Canada, Inc., Bridge Information Systems International, Inc., Bridge News International, Inc., Bridge Trading Technologies, Inc., Bridge Transaction Services, Inc., Bridge Ventures, Inc., BTS Securities, Inc., BTT Investments, Inc., Wall Street on Demand, Inc., Bridge International Holdings, Inc., StockVal, Inc. (each a “Seller” and collectively, “Sellers”), certain of Bridge’s direct and indirect subsidiaries as defined in *Schedule 1B* hereto (the “*Designated Entities*”), and Reuters America Inc., a Delaware corporation (“RAM”), and Reuters S.A., a corporation organized under the laws of Switzerland (together with RAM, “*Purchaser*”).

RECITALS

WHEREAS, on February 1, 2001, an involuntary petition was filed in the United States Bankruptcy Court for the Eastern District of Missouri (the “*Bankruptcy Court*”) for the liquidation of certain Sellers (the “*Filing*”

Sellers”) pursuant to Chapter 7 of the Bankruptcy Code, followed by the filing by such Filing Sellers of voluntary petitions on February 15, 2001 for reorganization under Chapter 11 of the Bankruptcy Code;

WHEREAS, the Filing Sellers currently continue to operate the business as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code;

WHEREAS, Purchaser desires to purchase certain assets and business operations of Sellers as defined below and assume certain liabilities from Sellers in connection therewith, and Sellers desire to sell, convey, assign, and transfer to Purchaser certain of their assets as defined in *Schedule 1A* (the “*Acquired Assets*”), together with certain obligations and liabilities relating thereto, and all shares of capital stock in the Designated Entities (and referred to, together with the Acquired Assets, as the “*Acquired Business*”), pursuant to the terms and conditions of this Agreement;

WHEREAS, upon consummation of the transactions contemplated hereunder, the Acquired Business will be sold pursuant to the terms of this Agreement and an order or orders of the Bankruptcy Court approving such sale under Section 363 of the Bankruptcy Code and the assumption, sale and assignment of certain executory contracts and unexpired leases and liabilities under Sections 363 and 365 of the Bankruptcy Code;

WHEREAS, Sellers wish to grant to Purchaser the right and option to purchase from Sellers, and Purchaser wishes to grant to Sellers the right and option to require Purchaser to purchase from Sellers, certain assets and business operations of Sellers (i) necessary to conduct the business conducted by Wall Street on Demand, Inc., as described on *Schedule 1C* (the “*WSOD Assets*”) and (ii) necessary to conduct the EJV Business, as described on *Schedule 1D* (the “*EJV Assets*”), in each case together with certain rights and obligations relating thereto (and referred to, together with the WSOD Assets and EJV Assets, as the “*WSOD/EJV Business*”), pursuant to the terms and subject to the conditions set forth in this Agreement;

WHEREAS, Sellers wish to grant to Purchaser the right and option to purchase from Sellers, and Purchaser wishes to grant to Sellers the right and option to require Purchaser to purchase from Sellers, certain assets and business operations of Sellers necessary to conduct the StockVal business, as described on *Schedule 1E* (the “*StockVal Assets*”), together with certain obligations and liabilities relating thereto (and referred to, together with the StockVal Assets, as the “*StockVal Business*”);

WHEREAS, Sellers wish to grant to Purchaser the right and option to purchase from Sellers, and Purchaser wishes to grant to Sellers the right and option to require Purchaser to purchase from Sellers, certain assets and business operations of Sellers necessary to conduct the business of Bridge Trading Technologies, Inc. and its subsidiaries (excluding Brut LLC), including Bridge Trading Company (Delaware), Bridge Trading Company UK Limited, Bridge Trading Company Asia, Ltd. (Hong Kong), Bridge Transaction Services, Inc., Bridge Trading Company UK Nominees Ltd., Bridge Transaction Services Asia Pacific, Limited and DAIS Group (excluding StockVal) businesses, as described on *Schedules 1FX, 1FY and 1FZ* (the “*Bridge Trading Assets*”); and references to *Schedule 1F* shall be construed as references to *Schedules 1FX, 1FY and 1FZ*, as applicable, together with certain obligations and liabilities relating thereto and all shares of capital stock of the Designated Entities (and referred to, together with the Bridge Trading Assets, as the “*Bridge Trading Business*”);

WHEREAS, Sellers wish to grant to Purchaser the right and option to purchase from Sellers, subject to the terms and conditions set forth herein, their equity interest in Savvis Communications Corporation, a Delaware Corporation (“*Savvis*”);

WHEREAS, Sellers and Purchaser entered into that certain Asset Purchase Agreement dated as of May 3, 2001 (the “*APA*”) which was approved and authorized by Order of the Bankruptcy Court dated May 3, 2001; and

WHEREAS, Sellers and Purchaser are desirous to amend and restate the APA to reflect certain non-material amendments and corrections;

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants, and agreements set forth herein, the Parties amend and restate the APA in its entirety and agree as follows:

SECTION 1

DEFINED TERMS

1.1 *Definitions.* As used in this Agreement, unless the context otherwise requires, capitalized terms used in this Agreement shall have the meanings set forth in *Annex A* hereto.

(a) Any term defined herein in the singular form shall have a comparable meaning when used in the plural form, and vice versa.

(b) When used herein, the words “*hereof*”, “*herein*” and “*hereunder*” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to the Recitals, Sections, Schedules, Exhibits or Annexes shall refer respectively to the recitals, sections, schedules, exhibits or annexes of this Agreement, unless otherwise expressly provided.

(c) When used herein, the terms “*include*”, “*includes*” and “*including*” are not limiting.

(d) Unless the context requires otherwise, derivative forms of any term defined herein shall have a comparable meaning to that of such term.

(e) When a Party’s consent is required hereunder, such Party’s consent may be granted or withheld in such Party’s sole discretion, unless otherwise specified.

SECTION 2

PURCHASE AND SALE OF ASSETS

2.1 *Acquired and Excluded Assets.*

(a) Subject to the terms and conditions set forth herein, at the Closing, Sellers shall sell, assign, transfer, convey, and deliver to Purchaser or Purchaser’s Designees, and Purchaser or Purchaser’s Designees shall purchase and accept from Sellers, all of Sellers’ right, title, and interest in, to and under (i) all of the Acquired Assets described on *Schedule 1A* hereto, wherever located, whether tangible or intangible, as the same shall exist on the Closing Date, but *not* including Sellers’ cash, Sellers’ accounts receivable (other than any cash or accounts receivable of the Designated Entities) or any Excluded Assets (as defined below), free and clear of all Liens, other than Permitted Liens or Liens referred to in Section 5.4 (a)(i), and (ii) all shares of capital stock of each of the Designated Entities free and clear of all Liens.

(b) All of the assets of Sellers which are *not* sold, assigned, transferred, conveyed or delivered pursuant to Section 2.1(a) hereof, including, without limitation, the assets described on *Schedule 2.1(b)* of this Agreement, are expressly excluded and shall be retained by Sellers (the “*Excluded Assets*”). Purchaser expressly agrees and understands that Sellers shall not sell, assign, transfer, convey or deliver to Purchaser any of the Excluded Assets.

(c) Notwithstanding anything to the contrary in this Agreement, and for the avoidance of doubt, Purchaser shall not assume any contracts, liabilities or arrangements with or in respect of Cantor Fitzgerald Securities or Market Data Corporation (except where Cantor Fitzgerald Securities or Market Data Corporation are solely customers of the Acquired Business), and the foregoing shall constitute Excluded Assets for all purposes hereof, including, without limitation, the options contained in Sections 9, 10, 11, the Annexes and Schedules.

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2.2 *Purchase Price.*

(a) In consideration for the transfer of the Acquired Business to Purchaser or Purchaser’s Designee, Purchaser shall pay to Sellers, or as directed by Sellers, an amount equal to \$275,000,000, plus the amount of any funding provided by Purchaser pursuant to Section 7.24, subject to adjustment as provided in Section 2.3 hereof (the “*Purchase Price*”), consisting of the sum of (i) the Initial Deposit (to be applied in accordance with Section 2.9(a) hereof), (ii) the Second Deposit (payable in accordance with Section 2.9(b) hereof) and the interest and other income that has accrued thereon through to the Closing Date plus (iii) the amount of any funding provided by Purchaser pursuant to Section 7.24 hereof and (iv) the balance, which balance is to be paid in cash due at the Closing. No later than three (3) business days prior to the Closing, Sellers shall provide to Purchaser its best estimate of the amount of interest that will have accrued on the Second Deposit through to the Closing Date, and shall provide Purchaser with a statement of the cash sum payable at the Closing.

(b) Any funding provided by Purchaser or any of Purchaser’s Designees pursuant to Section 7.24 of this Agreement to any of the Sellers prior to the Closing of the transactions contemplated under this Agreement shall constitute a non-refundable prepayment of the Purchase Price payable under Section 2.2(a) hereof.

2.3 *Working Capital Adjustment.*

(a) Within thirty (30) business days after Closing, Purchaser shall prepare and deliver to Sellers a statement (the “*Closing Statement*”) of Net Working Capital of the Designated Entities as of the Closing Date. The Closing Statement shall be prepared by Purchaser in good faith on a basis consistent in all material respects with the methods, principles, practices and policies employed in the preparation and presentation of the balance sheets of the respective Designated Entities as of December 31, 2000 (the “*December Statement*”), and in accordance with GAAP consistently applied (without regard to consummation of the transactions contemplated by this Agreement).

(b) After receipt of the Closing Statement, Bridge (including its advisors), shall have ten (10) business days to review it together with the work papers used in the preparation thereof. Unless Bridge delivers written notice to

Purchaser on or prior to the tenth business day after Bridge's receipt of the Closing Statement stating that it has objections thereto, Sellers shall be deemed to have accepted and agreed to the Closing Statement. If, however, Bridge notifies Purchaser of objections to the Closing Statement on or prior to the tenth business day after Bridge's receipt of the Closing Statement, the Parties shall in good faith attempt to resolve their differences with respect to such objections within ten (10) business days (or such longer period as the Parties may agree in writing) following such notice (the "*Resolution Period*"), and any resolution by them as to any disputed amounts shall be final, binding and conclusive. In so doing, the Parties (sharing any fees and expenses equally) may engage Arthur Andersen LLP or another mutually agreed upon independent accounting firm experienced in audit projects to assist such resolution by acting as a non-binding mediator. Sellers shall not object to any method, principle, practice or policy employed in the preparation of the Closing Statement if such method, principle, practice or policy is consistent in all material respects with that employed in the preparation and presentation of the December Statement (*provided* that such method, principle, practice or policy is also in accordance with GAAP).

(c) Amounts relating to any working capital and other accounts set forth in the Closing Statement remaining in dispute at the conclusion of the Resolution Period shall be promptly submitted to the Bankruptcy Court for determination.

(d) Once the Closing Statement has been finalized in accordance with this Section 2.3 (as so finalized, the "*Final Closing Statement*"), the Purchase Price shall be adjusted as follows: the Purchase Price shall be (i) increased by the amount, if any, by which the Net Working Capital is greater than \$0, or (ii) decreased by the amount, if any, by which the Net Working Capital is less than \$0.

(e) If the Purchase Price as adjusted pursuant to Section 2.3(d) is less than the Purchase Price paid at Closing, Sellers, jointly and severally, shall promptly pay Purchaser an amount of cash equal to the difference obtained by subtracting the Purchase Price as adjusted pursuant to Section 2.3(d) from the Purchase Price paid at Closing. If the Purchase Price as adjusted pursuant to Section 2.3(d) is greater than the Purchase Price paid at Closing, Purchaser shall promptly pay Sellers an amount of cash equal to the difference obtained by subtracting the Purchase Price paid at Closing from the Purchase Price as adjusted pursuant to Section 2.3(d).

(f) During the preparation of the Closing Statement and the period of any review or dispute within the contemplation of this Section 2.3, each of Sellers and Purchaser shall (i) provide the other and their authorized representatives (including their respective auditors) with reasonable access at reasonable times, and in a manner so as not to interfere in any material respect with normal business operations, to all relevant books, records, work papers, information and employees, and (ii) cooperate fully for the preparation, calculation and reviews of the Closing Statement or for the resolution of any dispute relating thereto.

2.4 Contract Assumption.

(a) *Schedule 2.4A* sets forth a list of executory contracts and unexpired leases related to the Acquired Assets (other than Non Filing Seller Contracts) that Purchaser has elected to have Sellers assume and assign to Purchaser or Purchaser's Designees at Closing (including assumptions and assignments that would occur upon consummation of the option transactions referred to in Sections 9, 10 and 11) ("*Schedule 2.4A Contracts*"). *Schedule 2.4B* sets forth a list of executory contracts or unexpired leases (other than Non Filing Seller Contracts) that Purchaser may elect to have Sellers assume and assign to Purchaser or Purchaser's Designees at Closing ("*Schedule 2.4B Contracts*" and, together with the *Schedule 2.4A Contracts*, the "*Specified Contracts*" and each, individually, a "*Specified Contract*"). Except as provided in Section 2.4(d) below, Purchaser shall have until July 15, 2001 to designate (i) the Pre-petition Contracts it wishes Sellers to assume and assign to Purchaser at Closing and (ii) the Contracts (other than Non Filing Seller Contracts) entered into subsequent to the commencement of the Chapter 11 Cases it wishes to have Sellers assign to Purchaser at Closing (such date being referred to as the "*Contract Designation Date*"). In all cases, appropriate additions and deletions to *Schedule 2.4A* shall be made to reflect such elections by Purchaser when made. The Contracts listed on *Schedule 2.4A* and any other Contracts (other than Non Filing Seller Contracts) designated by Purchaser on or prior to the Contract Designation Date in accordance with the terms of Sections 2.4(a) and 2.4(b) hereof, are referred to as the "*Designated Contracts*" and each, individually, a "*Designated Contract*." The procedures for assumption and assignment of the Designated Contracts shall be mutually acceptable to Purchaser and Sellers. In addition to Purchaser's rights under Section 2.4 hereof, Sellers shall permit Purchaser to include as Designated Contracts, Contracts that are not so designated (including contracts that are excluded) as of the date hereof during the 20 days following the date hereof.

(b) If prior to the Closing, any Party becomes aware of any executory Contract or unexpired lease not set forth on *Schedule 2.4A*, *Schedule 2.4B* or *Schedule 2.4D* (each an "*Undisclosed Contract*"), the discovering Party shall immediately notify the other Parties in writing of such Undisclosed Contract, and Purchaser may elect, no later than the later of (i) 20 days after such notice and (ii) the Contract Designation Date or the Non Filing Seller Contracts Designation Date, as applicable, to assume such Undisclosed Contract. If Purchaser becomes aware or is notified of any Undisclosed Contract, Purchaser may notify Sellers that Purchaser is electing as of such date to include such Undisclosed Contract as a Designated Contract or Non Filing Seller Designated Contract. If

Purchaser elects as of the applicable date to assume such Undisclosed Contract, the Cure Costs associated with such Undisclosed Contract shall be allocated among Sellers and Purchaser as provided in Section 2.5(b) of this Agreement. Notwithstanding the foregoing, and subject to the Bankruptcy Code, if any Undisclosed Contract is entered into after the date of the Approval Order and such Undisclosed Contract contains language allowing the Sellers to assign the Contract to Purchaser, then such Contract may be assigned without the entry of a Bankruptcy Court order.

(c) The Parties agree that it is in the best interests of both Sellers and Purchaser for the lists of Specified Contracts to be kept confidential and not to be revealed, disclosed or divulged to any other party (specifically excluding any “Competing Bidder,” “Qualified Credit Bidder,” the “DIP Lenders,” the “Committee” and “GECC” and their respective advisors (as those terms are defined in Standing Order #4 issued by the Bankruptcy Court in the Chapter 11 Cases, as the same has been or may be amended (“Standing Order #4”) and the Bankruptcy Court (the “Bankruptcy Auction Interested Parties”)) prior to the date on which the counterparties to the Specified Contracts are given notice of the filing of a motion with the Bankruptcy Court to have Sellers assign the Specified Contracts to Purchaser or Purchaser’s Designee. The Parties agree that neither shall disclose to any third party (other than the Bankruptcy Auction Interested Parties), specifically including any of the other parties to any of the Specified Contracts (“Contract Parties”), the lists of or any other information regarding the Specified Contracts, specifically including the identity of any of the Contract Parties (such information, the “Specified Contract Confidential Information”). The Specified Contract Confidential Information shall be kept confidential from and shall not be disclosed to any party (other than any Bankruptcy Auction Interested Party) entitled to receive notice in the Chapter 11 Cases until after the Contract Designation Date. Notwithstanding any of the foregoing, Sellers acknowledge that Purchaser may contact any of the Contract Parties in order to negotiate with such Contract Parties regarding the possible assumption and assignment of any of the Specified Contracts.

(d) *Schedule 2.4D* sets forth a list of Non Filing Seller Contracts. Purchaser shall have the right to elect to have any or all of the Non Filing Seller Contracts assigned to it (each, a “Non Filing Seller Designated Contract”), by notice to Sellers not later than 15 calendar days prior to the scheduled Closing Date (the “Non Filing Seller Contracts Designation Date”).

2.5 Amounts Due Under Executory Contracts and Unexpired Leases; Cure Costs; Cure Costs for Undisclosed Contracts.

(a) Purchaser shall be obligated to pay any amounts for services rendered and goods provided under the Designated Contracts from and after Closing. Any amounts for services rendered and goods provided under the Designated Contracts during the period until Closing shall be a retained liability of Sellers, except as provided in the next sentence. Except as provided in Section 2.5(b) hereof, and subject to Sellers’ compliance with Section 2.5(c) hereof, Purchaser shall pay the cure costs for services rendered and goods provided before February 15, 2001 (collectively, the “Cure Costs”) of or relating to the assumption and assignment of the Designated Contracts to Purchaser or Purchaser’s Designee as contemplated under the terms of this Agreement.

(b) Notwithstanding the provisions of Section 2.5(a) hereof, Sellers shall be liable for all Cure Costs in excess of \$2,000,000 in the aggregate that are (i) in excess of the amount of the Cure Costs disclosed by Sellers in *Schedule 2.5B* with respect to the Specified Contracts set forth on *Schedule 2.4A* and *Schedule 2.4B* or (ii) related to the Undisclosed Contracts; *provided* that the Parties shall share equally the Cure Costs with respect to the Designated Contracts listed on *Schedule 2.5B* that are marked “Telerate” and that are not marked with an asterisk.

(c) Subject to Sections 2.5(a) and 2.5(b) hereof, and other than by prior written agreement by the Purchaser, the satisfaction of any and all cure amounts is and shall remain the obligation of the Sellers, and Purchaser shall have no responsibility to any third party therefor. Sellers are responsible for the verification of all cure amounts, including all administrative responsibilities associated therewith, in their Chapter 11 Cases and otherwise and shall use their reasonable best efforts to establish the proper cure amount, if any, for each Specified Contract and Undisclosed Contract, including the filing and prosecution of any and all appropriate proceedings in the Bankruptcy Court. The Cure Costs shall be paid at or as soon as practicable after Closing and, to the extent Purchaser satisfies any cure amount in excess of its obligation under this Section 2.5, such excess shall be a credit against the Purchase Price.

2.6 Assumed Liabilities. Subject to the terms and conditions set forth in this Agreement (including, without limitation, the terms and conditions set forth in Section 2.4 and Section 2.5 hereof), at the Closing, Purchaser or Purchaser’s Designees shall assume from Sellers and thereafter pay, perform, or discharge in accordance with their terms and hold Sellers harmless in respect of, all (i) payables, obligations and liabilities with respect to, arising out of, or associated with the ownership, possession or use of the Acquired Assets or the Designated Entities, arising on or after the Closing Date; (ii) obligations that arise or which by their terms are to be observed, paid, discharged or performed, as the case may be, on or after the Closing under the Designated Contracts and Non Filing Seller Designated Contracts that the Purchaser has elected to assume pursuant to Section 2.4 hereof and for such goods and services as are provided in the ordinary course to the Acquired Business on or subsequent to the Closing Date; (iii) those liabilities listed on *Schedule 2.6*; (iv) the Purchaser’s share of prorated liabilities of Sellers pursuant to Section 2.13 hereof; and (v) liabilities and obligations as set forth in Section 7.9 hereof. The liabilities to be assumed pursuant to this Agreement and the liabilities related to the Designated Entities shall be referred to herein as the “Assumed Liabilities.”

2.7 Excluded Liabilities. Notwithstanding anything contained in this Agreement to the contrary, Purchaser does not assume or agree to pay, satisfy, discharge or perform, and shall not be deemed by virtue of the execution and delivery of this Agreement or any document delivered at the Closing pursuant to this Agreement, or as a result of the consummation of the transactions contemplated by this Agreement, to have assumed, or to have agreed to pay, satisfy, discharge or perform, any liability, obligation or indebtedness of any Seller, whether primary or secondary, direct or indirect, other than the Assumed Liabilities and liability to Sellers for the amount of Cure Costs as provided in Section 2.5 hereof. Purchaser shall not be liable for any liabilities, Contracts, agreements or other obligations of Sellers that are not expressly assumed by Purchaser or Purchaser's Designee pursuant to Section 2.6 or the Cure Costs to the extent provided in Section 2.5 of this Agreement, including, without limitation, those set forth below (all such liabilities and obligations that are *not* Assumed Liabilities are referred to herein as the "*Excluded Liabilities*"):

(a) all obligations or liabilities of Sellers or any predecessor(s) or Affiliate(s) of Sellers that relate to any of the Excluded Assets;

(b) all obligations or liabilities of Sellers or any predecessor(s) or Affiliate(s) of Sellers (other than with respect to Taxes of a Designated Entity not reportable on a consolidated, combined or unitary Tax Return) relating to Taxes (including with respect to the Acquired Assets or otherwise) for all periods, or portions thereof, ending on or prior to the Closing Date;

(c) all obligations or liabilities for any legal, accounting, investment, banking, brokerage or similar fees or expenses incurred by any Seller in connection with, resulting from or attributable to the transactions contemplated by this Agreement and the DIP Financing;

(d) all obligations or liabilities for any borrowed money incurred by Sellers or any predecessor(s) or Affiliate(s) of Sellers (other than the Designated Entities);

(e) all obligations of Sellers related to the right to or issuance of any capital stock or other equity interest of Sellers or any Designated Entity, including, without limitation, any stock options or warrants;

(f) all liabilities and obligations from Sellers or any predecessor(s) or Affiliate(s) of Sellers, other than the Designated Entities, resulting from, caused by or arising out of, directly or indirectly, the conduct of the business or ownership or lease of any properties or assets or any properties or assets previously used by Sellers at any time prior to or on the Closing Date, including, without limitation, such of the foregoing (i) as constitute, may constitute or are alleged to constitute a tort, breach of contract or violation of requirement of any law, (ii) that relate to, result in or arise out of the existence or imposition of any liability or obligation to remediate or contribute or otherwise pay any amount under or in respect of any environmental, superfund or other environmental cleanup or remedial laws, occupational safety and health laws or other laws or (iii) that relate to any and all claims, disputes, demands, actions, liabilities, damages, suits in equity, administrative proceedings, accounts, costs, expenses, setoffs, contributions, attorneys' fees and/or causes of action of whatever kind or character against Sellers or any predecessor(s) or Affiliate(s) of Sellers, other than the Designated Entities, whether past, present, future, known or unknown, liquidated or unliquidated, accrued or unaccrued;

(g) any and all Taxes of any member of an Affiliated Group of which Sellers or any of the Designated Entities (or any predecessor of Sellers or the Designated Entities) is or was a member on or prior to the Closing Date, by reason of the liability of such entity pursuant to Treasury Regulation Section 1.1502-6(a) or any comparable provision of State, local or foreign law;

(h) any obligations under the Worker's Adjustment and Retraining Notification Act ("*WARN*") or Section 4980B of the Code and Sections 601 through 608 of ERISA ("*COBRA*"), and any severance or notice obligations to former employees of Sellers (other than the Transferred Employees to the extent that severance or notice obligations may take place in connection with Transferred Employees' employment with Purchaser or Purchaser's Designee); and

(i) all liabilities, known or unknown, of Sellers relating to the recruitment, employment or termination of employment on or prior to the Closing Date, including, with respect to Transferred Employees, all Benefit Plans and all Contracts pertaining thereto, except as set forth in Section 7.9(b) hereof.

2.8 No Expansion of Third Party Rights. The assumption by Purchaser of the Assumed Liabilities shall in no way expand the rights or remedies of any third party against Purchaser or Sellers as compared to the rights and remedies which such third party would have had against Sellers absent the Chapter 11 Cases, had Purchaser not assumed such Assumed Liabilities. Without limiting the generality of the preceding sentence, the assumption by Purchaser of the Assumed Liabilities shall not create any third-party beneficiary rights other than with respect to the Person that is the obligee of such Assumed Liability.

(a) In the event Closing occurs, the Initial Deposit shall be applied toward the Purchase Price. If Closing does not occur, and unless otherwise agreed by Purchaser and Sellers and approved by the Bankruptcy Court, an amount equal to the Initial Deposit shall be paid by Sellers to Purchaser or retained by Sellers as set forth in Section 8.2 hereof.

(b) Purchaser shall deposit, on the business day immediately following the entry by the Bankruptcy Court of the Approval Order, the Second Deposit in the amount of \$50,000,000 in the Second Deposit Escrow Account in accordance with the terms of the Second Securities Account Agreement. The Second Deposit shall be retained in the Second Deposit Escrow Account in accordance with the terms of the Second Securities Account Agreement prior to the Closing and at the Closing shall, together with interest accruing thereon, be applied toward the Purchase Price, or, unless otherwise agreed by Purchaser and Sellers and approved by the Bankruptcy Court, the Second Deposit shall be returned to Purchaser or paid to Sellers as set forth in Section 8 hereof.

2.10 Allocation of Purchase Price. Purchaser shall, within sixty (60) days after the Closing Date, prepare and deliver to Sellers for their consent (which consent shall not be unreasonably withheld) a schedule allocating the Purchase Price (and any other items that are required to be treated as Purchase Price) among the respective Sellers and the Acquired Assets, Designated Contracts and Designated Entities (and, in the case of any Designated Entities for which Purchaser desires to make an election under Section 338(h)(10) of the Code in accordance with Section 2.11 below, Purchaser shall reallocate the portion of the Purchase Price allocated to such Designated Entities among the underlying assets of the respective entities) in accordance with the applicable Treasury Regulations (or any comparable provisions of State or local tax law). If Sellers raise objections, Purchaser and Sellers will negotiate in good faith to resolve such objections. Purchaser and Sellers shall report and file all Tax Returns (including amended Tax Returns and claims for refund) consistent with the allocation, and shall take no position contrary thereto or inconsistent therewith (including, without limitation, in any audits or examinations by any taxing authority or any other proceedings). Purchaser and Sellers shall cooperate in the filing of any forms (including Form 8594) with respect to such allocation, including any amendments to such forms required with respect to any adjustment to the Purchase Price, pursuant to this Agreement. If and to the extent the Parties are unable to agree on such allocation, the Parties shall retain an independent third party accounting firm to resolve such dispute. Notwithstanding any other provisions of this Agreement, the foregoing agreement shall survive the Closing Date without limitation.

2.11 Section 338(h)(10) Election. Upon the written request by Purchaser to Bridge, and to the extent permissible under Law, Sellers shall cooperate with Purchaser to make an election in respect of the transfers of stock in the U.S. Designated Entities or any other U.S. corporation that may be acquired by Purchaser under this Agreement under Section 338(h)(10) of the Code and any comparable provision under State and local law.

2.12 Transfer Taxes. Any sales, use, transfer or recording taxes with respect to real or personal property due as a result of the transactions provided for herein shall be paid by Purchaser. The Parties will reasonably cooperate to minimize any such taxes, including with respect to delivery location.

2.13 Prorations. Sellers shall bear all personal property and ad valorem tax liability with respect to the Acquired Assets if the Lien or assessment arises with respect to periods prior to the Closing irrespective of the reporting and payment dates of such taxes. All other property taxes, ad valorem taxes and similar recurring taxes and fees on the Acquired Assets, and all lease payments, salaries and other compensation payable to employees or officers or similar recurring payments under agreements that are Designated Contracts, shall be pro rated for the applicable period between Purchaser and the applicable Seller as of 12:01 a.m. local time on the Closing Date. All payments to be made by Purchaser or Sellers in accordance with this Section 2.13 shall be made, to the extent then determinable (and to the extent not determinable as shall be estimated in good faith by Purchaser as of the Closing), at the Closing with such payments deposited into escrow until due, or to the extent not determinable as of the Closing, promptly following the determination thereof, with such payments deposited into escrow until due. Purchaser shall have the right of reasonable review and approval of Sellers' property Tax Returns and assessments and the right to contest any assessments by which Purchaser may be adversely affected. Purchaser and Sellers shall reasonably cooperate with respect to any review, contest or challenge of any tax return or assessment. Sellers and Purchaser shall also undertake a reconciliation and allocation procedure using the mechanism set out above for the reconciliation and allocation of payroll expenses and costs.

2.14 Reconciliation and Allocations. Beginning on the Closing Date, (a) all payments received by Sellers on account of the accounts receivable and all other payments received by Sellers which are properly allocable to the conduct of the Acquired Business with respect to periods after the Closing Date, other than relating to Excluded Assets, shall be held in trust for Purchaser and shall be promptly paid to Purchaser, and (b) all payments received by Purchaser which are properly allocable to the conduct of the Acquired Business with respect to periods before the Closing Date shall be held in trust for Sellers and shall be promptly paid to Sellers. At Closing and, thereafter, on the last day of each month during the six (6)-month period beginning on the Closing Date, Sellers and Purchaser shall report to each other and reconcile the amounts of such payments and the reconciled net amount shall be paid by Purchaser to Sellers, or by Sellers to Purchaser, as the case may be. After such six (6)-month

period, the Parties shall cooperate with each other to allocate and remit to the appropriate Party any account receivables collected, and shall continue to hold such payments in trust for the other Party and remit them periodically as received.

SECTION 3

CONDITIONS TO CLOSING

3.1 *Conditions Precedent to Obligations of Sellers and Purchaser.* The respective obligations of each Party to effect the transactions contemplated by this Agreement shall be subject to the satisfaction at or prior to the Closing Date of the following conditions precedent:

(a) on or before May 5, 2001, an Approval Order shall be entered;

(b) a Designated Contracts Order shall be entered;

(c) the waiting period, if any, under the HSR Act shall have expired, and no condition or requirement unacceptable to Purchaser in its reasonable opinion shall be imposed on or required of Purchaser or any of its subsidiaries or affiliates as a result of or as a condition to the foregoing;

(d) the material regulatory consents, approvals and filings that are set out in *Schedule 3.1(d)* shall have been obtained or made in form and substance reasonably satisfactory to the Parties;

(e) no action, suit or proceeding (including any proceeding over which the Bankruptcy Court has jurisdiction under 28 U.S.C. § 157(b) and (c)) shall be pending by any Governmental Authority to enjoin, restrain, prohibit or obtain substantial damages or significant equitable relief in respect of or related to the transactions contemplated by this Agreement, or that would be reasonably likely to prevent or make illegal the consummation of the transactions contemplated by this Agreement or that, if adversely determined, would constitute or reasonably be expected to constitute a Material Adverse Effect; and

(f) there shall not be in effect any Law of any Governmental Authority of competent jurisdiction restraining, enjoining or otherwise preventing consummation of the transactions contemplated by this Agreement.

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3.2 *Conditions Precedent to Obligations of Sellers.* The obligation of Sellers to effect the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver at or prior to the Closing Date of the following additional conditions precedent:

(a) the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the Closing Date as if made on such date (except for representations and warranties that relate to a specific date);

(b) Purchaser shall have performed in all material respects its obligations under this Agreement required to be performed at or prior to the Closing Date, including, without limitation, payment of the Purchase Price; and

(c) Purchaser shall use reasonable best efforts to provide such security as may be necessary to relieve Sellers of their obligations to provide security deposits for the Real Property Leases included in the Designated Contracts, *provided* that the amounts of such security deposits have been disclosed to Purchaser on *Schedule 3.2(c)*; Purchaser shall have made arrangements satisfactory to Sellers providing for the replacement of the letters of credit disclosed on *Schedule 3.2(c)*.

3.3 *Conditions Precedent to the Obligations of Purchaser.* The obligation of Purchaser to effect the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver at or prior to the Closing Date of the following additional conditions precedent:

(a) the representations and warranties of Sellers and/or the Designated Entities contained in this Agreement qualified by Material Adverse Effect shall be true and correct in all respects without further qualification as of the Closing Date as if made on such date (except for representations and warranties that relate to a specific date), and all representations and warranties of Sellers and/or the Designated Entities contained in this Agreement that are not so qualified shall be true and correct with only such exceptions as, individually or in the aggregate, do not constitute and would not be reasonably expected to constitute a Material Adverse Effect;

(b) each Seller shall have performed in all material respects its covenants and obligations under this Agreement required to be performed by such Seller at or prior to the Closing Date with only such exceptions as, individually or in the aggregate, do not constitute and would not reasonably be expected to constitute a Material Adverse Effect;

(c) Purchaser shall have received a certificate, in form and substance to the reasonable satisfaction of Purchaser, dated as of the Closing Date, executed on behalf of Sellers by an authorized executive officer of Bridge, certifying in such detail as Purchaser may reasonably request, that the conditions in Section 3.1 hereof and this Section 3.3 have been fulfilled;

(d) Purchaser and Savvis shall have entered into a binding letter agreement setting forth the terms and conditions of a network services agreement between Purchaser and Savvis to be in effect immediately following the Closing (the “*NSA Letter Agreement*”) or a definitive network services agreement based thereon, and the NSA Letter Agreement or a definitive network services agreement based thereon shall be in full force and effect at the Closing (other than as a result of the insolvency or any bankruptcy filing of Savvis);

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(e) (i) there shall not have been a substantial disruption in the services (taken as a whole) to be provided to Bridge and its customers under the Network Services Agreement between Bridge and Savvis or any agreement related to services provided pursuant to such Network Services Agreement, other than any such disruption resulting primarily from the inability of Savvis to pay its existing known, as of the date hereof, financial obligations or those obligations that arise in the ordinary course (the “*Ordinary Course Obligations*”) (*provided* that Ordinary Course Obligations shall not include or be deemed to result from any extraordinary or unexpected liabilities or operational events, such as force majeure, technical failures, failures of third-party suppliers, tortious litigation or similar events); and (ii) Bridge shall have continued to pay on behalf of Savvis all costs which it is currently paying on its behalf, including any payments to telecommunications and other network services providers;

(f) no Material Adverse Effect shall have occurred or be reasonably expected to occur, *provided* that in the event the Outside Date is extended by Purchaser beyond August 31, 2001 in accordance with the terms of Section 8.1(b)(i) hereof, the occurrence of a Material Adverse Effect for purposes of the condition set forth in this Section 3.3(f) shall be measured as if the Closing had occurred on August 31, 2001;

(g) subject to Purchaser’s compliance with Section 7.7, Sellers shall have provided Purchaser with original, executed estoppel letters in the form attached hereto as *Schedule 3.3(g)(A)* from those landlords in whose properties data centers and/or computer rooms are located as listed on *Schedule 3.3(g)(B)*, except where such leases shall have been assumed and assigned to Purchaser pursuant to a Bankruptcy Court order identifying the correct version of the lease and the cure amount, and that enjoins the other party to such leases from asserting, after the date of assumption and assignment, that there are any uncured defaults under such lease or any defaults arising from or relating to such assumption and assignment;

(h) [INTENTIONALLY DELETED]; and

(i) Purchaser shall be reasonably satisfied that Purchaser shall have no liability (including, without limitation, liabilities that may arise under COBRA, WARN or under any other U.S. or non-U.S. law) with respect to any employees who do not accept an offer of employment from and commence employment with Purchaser or Purchaser’s Designee.

SECTION 4

THE CLOSING

4.1 *Closing*. The consummation of the transactions for the purchase and sale of the Acquired Business contemplated by this Agreement (the “*Closing*”) shall take place at the offices of Cleary, Gottlieb, Steen & Hamilton at 10:00 a.m. on the earlier of (i) the first business day after all the conditions to Closing set forth in Section 3 have been met or waived and (ii) such other time, date, and place as shall be agreed upon by the Parties (the date of the Closing being herein referred to as the “*Closing Date*”).

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4.2 *Deliveries by Sellers at Closing*. At the Closing, Sellers shall deliver to Purchaser, or in the case of (e), make available to Purchaser:

(a) a general bill of sale and assignment, in form and substance reasonably satisfactory to Purchaser (the “*Bill of Sale*”), with respect to the Acquired Assets other than real estate to be conveyed by Sellers at the Closing, and any other documents reasonably requested by Purchaser so as to convey to Purchaser good title, free and clear of all Liens (other than Permitted Liens), to all of Sellers’ right, title and interest in and to the Acquired Assets (other than the Designated Entities and the Owned Real Property) to be conveyed at Closing, each executed by the applicable Seller and, where relevant, the applicable subsidiary of Bridge;

(b) special or limited warranty deeds and owner’s title insurance policy commitments, each in form and substance reasonably satisfactory to Purchaser, with respect to the Owned Real Property;

(c) an assignment and assumption of leases, security deposits and prepaid rents assigning to Purchaser all of any Seller’s right, title and interest in and to the Leased Real Property and all security deposits and prepaid rents thereunder (*provided* that Purchaser shall assume all obligations of Sellers under the applicable leases as of the Closing Date);

(d) [INTENTIONALLY DELETED];

(e) all of Sellers' books and records, customer files and related business records pertaining to the Acquired Assets or for the Designated Entities, including the original corporate records of the Designated Entities, the originals of all Designated Contracts and Non Filing Seller Designated Contracts in Sellers' possession, the originals of all permits and warranties, and copies of all maintenance records and operating manuals in Sellers' possession pertaining to the personal property or any portion of the Owned Real Property or Leased Real Property included in the Acquired Assets;

(f) a certificate of non-foreign status in accordance with Section 1445 of the Code, and any similar State-required documents requested by Purchaser or in respect of which there is Sellers' Knowledge;

(g) the original landlord estoppels required hereunder;

(h) an accurate and complete list of all bank accounts, other accounts, safe deposit boxes, lock boxes and safes of each of the Designated Entities, and the names of all officers, employees or other individuals who have access thereto or are authorized to make withdrawals therefrom or dispositions thereof, and Sellers shall use reasonable best efforts to make such information available to Purchaser at least ten (10) days prior to the Closing; and

(i) instruments of transfer and completed copies of all required filings in each relevant jurisdiction necessary or required to transfer all of the issued and outstanding shares of capital stock of the Designated Entities, and all other documents, certificates, instruments or writings reasonably requested by Purchaser in connection herewith.

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4.3 Deliveries by Purchaser at Closing. At the Closing, Purchaser shall deliver to Sellers:

(a) such documents, instruments or certificates required to be delivered in connection with Purchaser's obligations under this Agreement, or as Sellers or their counsel may reasonably request;

(b) the Purchase Price, as payable under Section 2.2, by wire transfer of immediately available funds to an account or accounts designated by Bridge; and

(c) an assumption agreement in form and substance acceptable to Sellers, providing for the assignment by Sellers and the assumption by Purchaser of the Designated Contracts and the assignment of Non Filing Seller Designated Contracts.

4.4 Instructions to Escrow Agent. Sellers and Purchaser shall provide written instructions to the Escrow Agent providing for the payment of the Second Deposit and all interest that has accrued thereon to an account or accounts designated by Sellers in accordance with Section 3(ii) of the Second Securities Account Agreement.

4.5 Delivery of Acquired Assets. At Closing, Sellers shall place Purchaser in full possession and control of the Acquired Assets and the stock in the Designated Entities, *provided* that Purchaser and Sellers agree to use their reasonable best efforts, at Purchaser's sole expense, to coordinate such delivery in a mutually agreeable manner in order to permit the avoidance, to the maximum extent possible, of any Taxes.

SECTION 5

REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers, jointly and severally make, and each Designated Entity makes as to itself only, the following representations and warranties to Purchaser, each of which shall be true and correct as of the date of this Agreement and at the Closing Date, except to the extent expressly relating to a specific date, in which event it shall be true and correct as of such date, and each of which shall not survive the Closing Date:

5.1 Organization, Standing and Authority. Each Seller is a corporation duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation. Subject to compliance with applicable provisions of the Bankruptcy Code, each Seller and each Designated Entity has all requisite corporate power and authority to (i) own, lease and operate its properties, to carry on its business as it is now being conducted or presently being proposed to be conducted, except where the failure to hold such corporate authority or carry on its business would not constitute or be reasonably expected to constitute a Material Adverse Effect and (ii) enter into the transactions contemplated hereby. The execution, delivery and performance of this Agreement by Sellers and the consummation by Sellers of the transactions contemplated hereby have been duly authorized by all requisite corporate actions. This Agreement has been duly and validly executed and delivered by Sellers and constitutes a valid and binding obligation of Sellers in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and other Laws affecting creditors' rights generally from time to time in effect and to general equitable principles. Each Seller is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities make such qualification necessary, except where the failure to be so qualified would not constitute or be reasonably expected to constitute a Material Adverse Effect.

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5.2 *No Conflict; Required Filings and Consents.* Assuming the satisfaction of the conditions set forth in Section 3 of this Agreement and compliance with the applicable requirements for consents, approvals, authorizations, permits or filings referred to in this Section 5.2, no consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, domestic or foreign, or of any other Person is required to be made or obtained by any Seller in connection with the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby except as set forth in *Schedule 3.1(d)* and except (i) approvals of the Bankruptcy Court, (ii) applicable requirements, if any, of the HSR Act and (iii) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications would neither (x) prevent or materially delay the consummation by Sellers of the transactions contemplated by this Agreement nor (y) individually or in the aggregate, constitute nor be reasonably expected to constitute a Material Adverse Effect. With respect to each of the Designated Entities and with respect to each Seller which is not a Filing Seller, neither the execution, delivery, or performance of this Agreement by such entity, nor the consummation of the transactions contemplated hereby by such entity, nor compliance with any of the provisions hereof by such entity, will (a) conflict with or result in any breach of any provisions of the certificate of incorporation or bylaws of such entity, (b) result in a violation or breach of, or constitute (with or without due notice or lapse of time) a default (or give rise to any right of termination, cancellation, acceleration, vesting, payment, exercise, suspension, or revocation) under any of the terms, conditions, or provisions of any note, bond, mortgage, deed of trust, security interest, indenture, license, contract, agreement, plan, or other instrument or obligation to which such entity is a party or by which such entity or its properties or assets may be bound or affected, (c) violate any order, writ, injunction, decree, statute, rule, or regulation applicable to such entity or its properties or assets, (d) result in the creation or imposition of any encumbrance on any asset of such entity, or (e) cause the suspension or revocation of any permit, license, governmental authorization, consent, or approval necessary for such entity to conduct its business as currently conducted, except in the case of clauses (b), (c), (d), and (e) for violations, breaches, defaults, terminations, cancellations, accelerations, creations, impositions, suspensions, or revocations that would not individually or in the aggregate constitute or be reasonably expected to constitute a Material Adverse Effect.

5.3 *Title To and Condition of Assets.* Upon entry of the Approval Order and Designated Contracts Order, Sellers (a) shall have the power and the right to sell, convey, transfer, assign and deliver the Acquired Assets and Designated Entities and (b) on the Closing Date shall sell, convey, transfer, assign and deliver the Acquired Assets and Designated Entities free and clear of all Liens, claims, encumbrances and security interests, except for and subject to the Assumed Liabilities and Permitted Liens.

5.4 *Real Property.*

(a) *Schedule 5.4(a)* sets forth a true and complete list of the Owned Real Property. At the Closing and after the entry of the Approval Order and Designated Contracts Order, the Owned Real Property shall be conveyed to Purchaser free and clear of all Liens other than (i) Liens set forth in *Schedule 5.4(a)(A)*, (ii) Liens for Taxes not yet due and payable, subject to proration through the Closing Date, (iii) matters of record and imperfections of title, easements and encumbrances, in each case, that would not, individually or in the aggregate, as of the Closing Date, have a Material Adverse Effect, and (iv) Permitted Liens.

(b) *Schedule 5.4(b)* sets forth a true and complete list of the Leased Real Property. True and complete copies of the written leases affecting the Leased Real Property which are in effect as of the date hereof have heretofore been delivered or made available by Sellers to Purchaser. Except for those Real Property Leases that have expired pursuant to their terms or which Purchaser has not requested Sellers to assume in the Chapter 11 Cases, subject to any condemnation or casualty and such limitations arising under the Chapter 11 Cases: (i) all of the Real Property Leases are currently and shall be as of Closing, valid, binding leases, in full force and effect and enforceable by the applicable Seller or Designated Entity in accordance with their respective terms, except (x) as the same may be limited by applicable bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization or similar Laws of general application relating to or affecting creditor's rights, and (y) for the limitations imposed by general principles of equity; (ii) to Sellers' Knowledge, the applicable Seller or Designated Entity has the full right to occupy the real property leased under such real property leases; (iii) none of the Real Property Leases has been modified, altered, or amended in any respect, and no counterparty has the right to cancel or terminate its lease due to default on the part of any Seller; and (iv) such Real Property Leases have not been assumed or rejected (as such terms are used in Section 365 of the Bankruptcy Code) except as required under this Agreement.

(c) To Sellers' Knowledge, all of the Owned Real Property is structurally sound and in good condition, ordinary wear and tear excepted, and is reasonably sufficient to satisfy the current operational requirements of Sellers. None of the Owned Real Property, nor the ownership, possession, occupancy, maintenance or use thereof, is materially in violation of, or breach or default under, any Contract or Law. No notice or threat from any lessor, governmental body or other Person has been received by any Seller or served upon any such Owned Real Property claiming any material violation of, or breach, default or liability under, any Contract or Law, or requiring or calling attention to the need for any material work, repairs, construction, alteration, installations or environmental remediation. No accident has occurred with respect to any of the Owned Real Property within the last six (6) months which does or would reasonably be expected to constitute a Material Adverse Effect on the use or operation of the Owned Real

Property. No proceedings are pending or to Sellers' Knowledge threatened which would affect the current zoning or use of any of the Owned Real Property.

(d) The applicable Seller or Designated Entity is the sole occupant of the Owned Real Property with the exception of employees of Savvis who occupy material portions of the buildings located at 717 Office Parkway and 795 Office Parkway in Creve Coeur, Missouri. No Person other than Savvis has any right or option to acquire the Owned Real Property or any portion thereof or lease or occupy any space in the Owned Real Property, except as specified in *Schedule 5.4(d)*.

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(e) The applicable Seller or Designated Entity is the sole occupant of the Leased Real Property with the exception of employees of Savvis who occupy portions of the Leased Real Property located in Atlanta, Georgia, Chicago (10 S. LaSalle), Illinois, Los Angeles (333 S. Grand), California, Miami, Florida, San Francisco (44 Montgomery), California, Palo Alto, California, and New York (3 World Financial Center), New York pursuant to an oral arrangement. No Person has any right or option to acquire the Leased Real Property or any portion thereof and no person other than Savvis has the right to lease or occupy any space in the Leased Real Property, except as specified in *Schedule 5.4(d)*.

(f) No applicable Seller or Designated Entity is currently contesting the real estate tax assessments for the Owned Real Property. With the exception of 744 Office Parkway and 760 Office Parkway, which are assessed as a single parcel, the Owned Real Property is separately assessed for real property tax assessment purposes and is not combined with any other real property for tax assessment purposes.

(g) The Owned Real Property is presently zoned for its current uses, and, to Sellers' Knowledge, the improvements thereon comply with the particular zoning classification and zoning requirements. To Sellers' Knowledge, there is no fact, action or proceeding, whether actual, pending or threatened against any Seller, which would affect such zoning or could result in an adverse modification or termination of such zoning.

(h) To Sellers' Knowledge, the Owned Real Property and the present uses are in material compliance with the requirements of any insurance policy, board of fire underwriters or any board exercising similar functions, and all licenses and permits are in full force and effect and are registered in the name of the applicable Seller or the applicable Designated Entity.

(i) There are no offsite parking facilities used in connection with the operation of this Owned Real Property.

(j) There are no real property interests (whether fee or leasehold interests), buildings, structures or other improvements that are used by Sellers to conduct the Acquired Business that are not included in the Owned Real Property or Leased Real Property, other than leases that have been rejected prior to the date hereof or after the date hereof in accordance with the terms hereof.

5.5 Personal Property.

(a) Except for any Excluded Assets, Sellers and the Designated Entities own or have valid leasehold interests in or have legal right to use all of the tangible personal property used in the conduct of their respective portions of the Acquired Business consistent with past practice and free and clear of all Liens other than (i) Liens set forth in *Schedule 5.5* that upon the Closing will be released, or (ii) Permitted Liens. The Acquired Assets and the Designated Entities constitute all assets, other than the Excluded Assets, used by Sellers in the operation of the Acquired Business. The Acquired Assets and the assets of the Designated Entities are in good working order and condition, except for reasonable wear and tear and decommissioned or obsolete assets.

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(b) Sellers maintain, and have in full force and effect, insurance policies in respect of the Acquired Assets in amounts and types that are customary in the industry for similar assets.

5.6 Contracts. Each of the Designated Contracts, Non Filing Seller Designated Contracts and material Contracts relating to the Acquired Business, to the extent such Contracts are to be transferred to or assumed by Purchaser directly or indirectly (including through the acquisition of an entity), is valid and enforceable in accordance with its terms, subject to applicable bankruptcy, reorganization, moratorium, and similar Laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity. Except with respect to any default arising solely as a consequence of the commencement of a case under Chapter 7 or Chapter 11 of the Bankruptcy Code with respect to the Sellers and any defaults occurring in the period prior to the commencement of such cases which shall be cured in connection with the assumption and assignment of the Designated Contracts, each of the Designated Contracts, Non Filing Seller Designated Contracts and each of the material Contracts relating to the Acquired Business, to the extent such Contracts are to be transferred to or assumed by Purchaser directly or indirectly (including through the acquisition of an entity), are in full force and effect and no event has occurred which, with or without the giving of notice or lapse of time, or both, would constitute a default thereunder. Upon entry of the Approval Order and Designated Contracts Order and except as

set forth on *Schedule 5.6* hereto, none of the Designated Contracts or Non Filing Seller Designated Contracts requires the consent of any party to its assignment in connection with the transactions contemplated hereby, and none of the material Contracts relating to the Acquired Business, to the extent such Contracts are to be transferred to or assumed by Purchaser directly or indirectly (including through the acquisition of an entity), requires the consent of any party to a change in control of the applicable Seller or Designated Entity. True and complete copies or descriptions (as to oral Contracts) of all Contracts used to operate or relating to the Acquired Business, including, without limitation, the Specified Contracts, Non Filing Seller Designated Contracts, Undisclosed Contracts and all material Contracts relating to the Acquired Business, to the extent such contracts are to be transferred to or assumed by Purchaser directly or indirectly (including through the acquisition of an entity), have been (or for Undisclosed Contracts, will be) delivered or made available to Purchaser. *Schedule 5.6* hereto sets out a complete and accurate list of all executory Contracts and unexpired leases relating to the Acquired Business. There are no oral Designated Contracts or Non Filing Seller Designated Contracts relating to or affecting the Acquired Business which differ in any material respect from the standard written Contracts utilized by such Acquired Business as provided or made available to Purchaser in connection with its due diligence.

5.7 Software and Other Intangibles. Set forth on *Schedule 5.7* (or incorporated by reference therein) is an accurate and complete list of all Software and other material Intangibles owned, marketed, licensed, supported, maintained, used or under development by Sellers in connection with the Acquired Business, and, in the case of Software, a product description. Except as indicated on *Schedule 5.7*, Sellers have good title to, and have the full right to use, all of the Software and other Intangibles listed on *Schedule 5.7* free and clear of any Liens. Except as indicated on *Schedule 5.7*, no rights of any third party are necessary to market, license, sell, modify, update, and/or create derivative works for the proprietary Software or other Intangibles listed on *Schedule 5.7*. Except as set forth on *Schedule 5.7*, all of such proprietary Software and other Intangibles were created by regular full-time employees of Sellers as a work for hire (as defined under U.S. copyright Law). With respect to the proprietary Software listed on *Schedule 5.7*, (a) Sellers maintain machine-readable master-reproducible copies, technical documentation, user manuals and source code listings for the most current releases or versions thereof and for all earlier releases or versions thereof currently being supported by them; (b) in each case, the machine-readable copy substantially conforms to the corresponding source code listing; (c) it can be maintained and modified by reasonably competent programmers of appropriate skill and experience and familiarity with such language, hardware and operating systems; and (d) with the exception of Software under development, it operates without material operating defects. None of the proprietary Software or other Intangibles listed on *Schedule 5.7*, or their respective past or current uses, including the preparation, distribution, marketing or licensing, has violated or infringed upon, or is violating or infringing upon, any Software, technology, patent, copyright, trade secret or other Intangible of any Person. Sellers have maintained trade secret rights and unregistered copyrights relating to the Software as indicated on *Schedule 5.7*. To Sellers' Knowledge, no Person is violating or infringing upon, or has violated or infringed upon at any time, any of the proprietary Software or other Intangibles listed on *Schedule 5.7* in any material respect. None of the proprietary Software or other Intangibles listed on *Schedule 5.7* is owned by or registered in the name of any current or former owner, shareholder, partner, director, executive, officer, employee, salesman, agent, customer, representative or contractor of Sellers or any of their affiliates, nor does any such Person have any interest therein or right thereto, including the right to royalty payments.

5.8 Brokers. No Person, other than Bear Stearns, Alvarez & Marsal, or as provided in the Management Retention Plan, is entitled to any brokerage, financial advisory, finder's or similar fee or commission payable by Sellers or the Designated Entities in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Sellers. Sellers shall pay any such fees due and payable to Bear Stearns and Alvarez & Marsal out of the proceeds of the Closing.

5.9 Environmental Matters.

Except as set forth on *Schedule 5.9*:

(a) Neither Sellers nor any Designated Entity have caused or permitted any Hazardous Substances to have been stored, used, generated, manufactured, refined, treated, discharged, disposed of, deposited, transported, handled, released or otherwise present on any of the Owned Real Property or, to Sellers' Knowledge, Leased Real Property, and no Hazardous Substances currently are stored, used, generated, transported, handled or otherwise present thereon (with respect to the Leased Real Property, to Sellers' Knowledge), except for (i) any concentrations or quantities that occur naturally thereon or that are present in construction materials, office equipment or other office furnishings used in the existing improvements thereon, and (ii) normal quantities of those Hazardous Substances customarily used in the conduct of general administrative and executive office activities and use and maintenance of computer systems (e.g., copier fluids and cleaning supplies), all in material compliance with applicable Law.

(b) The Acquired Business has been operated in compliance in all material respects with applicable Environmental Laws and Sellers and each of the Designated Entities have been issued, and are in compliance with, all permits, certificates, approvals, licenses and registrations required under Environmental Laws with respect to the Acquired Business. There is not any radon, asbestos or PCBs or any condition with respect to surface soil, subsurface soil, ambient air, surface waters, groundwaters, leachate, run-on or run-off, stream or other sediments, wetlands or similar environmental media on, in, under, above, from or off any of the Owned Real Property or, to Sellers' Knowledge, Leased Real Property, which radon, asbestos, PCBs or condition does or may (i) require investigation and/or remedial or corrective action on or off such Owned Real Property or, to Sellers' Knowledge, Leased Real Property by Sellers or any Designated Entity or any other owner thereof, (ii) require compliance by any Seller or any Designated Entity with Environmental Laws, and/or (iii) result in any claim for personal injury,

property damage or natural resources damage or any other proceeding against Purchaser or any of its affiliates by any Governmental Authority or other Person pursuant to Environmental Law.

(c) Neither any Seller nor any Designated Entity has received any written notice that any part of the Owned Real Property or, to Sellers' Knowledge, Leased Real Property or the operations thereon, including with respect to off-site waste disposal, is the subject of any proceeding or judgment, and, to such Party's Knowledge, no part of the Owned Real Property or, to Sellers' Knowledge, Leased Real Property or the operations thereon is the subject of any pending, threatened or actual claims, complaints, proceeding or judgment with respect to any alleged violation of any Environmental Laws with respect to the Acquired Business. Neither any Seller nor any Designated Entity has received any written notice from any Governmental Authority or other Person regarding any material environmental, health or safety concerns.

(d) To Sellers' Knowledge, there is no sinkhole, coastal zone, flood plain, flood hazard area or wetlands in or on the Owned Real Property or Leased Real Property, which would restrict any use of the Owned Real Property or Leased Real Property as an office, data processing facility and electronic communications network facility.

(e) Either Sellers or the Designated Entities have made available to Purchaser copies of any and all applications, correspondence and studies relating to environmental, health and safety matters in their possession, custody or control. These studies shall include, but not be limited to, any environmental engineering studies, any tests or testing performed on the Owned Real Property or Leased Real Property or any site or facility previously owned, operated or leased by Sellers or any Designated Entity, and copies of any reports issued by any Governmental Authority regarding such Owned Real Property or Leased Real Property.

(f) No information request has been issued to any Seller or Designated Entity pursuant to Section 104 of the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. 9601 *et seq.* or any other Environmental Laws with regard to the Owned Real Property or Leased Real Property or any activities conducted thereon, including off-site waste disposal.

(g) No underground storage tanks are or have been located at the Owned Real Property.

5.10 *Litigation.* Except as set forth in *Schedule 5.10*, there are no judicial, regulatory or administrative actions, proceedings or investigations pending against any Seller or any of the Designated Entities in connection with any part of the Acquired Business except in the Bankruptcy Court. Except as set forth in *Schedule 5.10*, there are no judicial, regulatory or administrative actions, proceedings or investigations pending, or, to Sellers' Knowledge, threatened, against Sellers or any of the Designated Entities. Neither any Seller nor any of the Designated Entities is (a) in violation of any applicable Laws in any material respect or (b) subject to or in default, in any material respect, with respect to any final judgment, writs, injunctions, decrees, rules or regulations of any court or any federal, State, or municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, *provided* that this representation shall not require disclosure of any matter specifically disclosed as threatened or actual litigation under Section 5.19 hereof, Section 5.12 hereof and paragraphs 10 and 19 of *Schedule 5.24*.

5.11 *Employee Matters.*

(a) *Schedule 5.11(a)* sets forth a true and complete list of all the employees of Sellers and of the Designated Entities as of the date of this Agreement who are employed in essential positions or primarily in respect of the Acquired Business or whose services are material to the operation of the Acquired Business ("*Acquired Business Employees*"), their hire date, their current respective positions or job classifications and their current respective wage scales or salaries, as the case may be, as of the date hereof. Sellers and the Designated Entities are, in respect of the Acquired Business, in compliance in all respects with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and are not engaged in any unfair labor practice, except where the failure to be in compliance does not constitute and would not be reasonably expected to constitute a Material Adverse Effect.

(b) *Schedule 5.11(b)* sets forth a true and complete list of each "*employee pension benefit plan*" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*")) ("*Pension Plan*"), each "*employee welfare benefit plan*" (as defined in Section 3(1) of ERISA) and each stock option or other equity based, bonus, retention, incentive or deferred compensation, salary continuation, vacation or severance plan or arrangement maintained, contributed to or required to be contributed to by Sellers and/or the Designated Entities for the benefit of any current or former employees of the Acquired Business or their beneficiaries (collectively, "*Benefit Plans*"). Sellers have made available to Purchaser true and complete copies of (i) each Pension Plan, (ii) the Benefit Plans and any amendments thereto and (iii) the most recent summary plan description for each Benefit Plan (if any such description was required). Except as disclosed in *Schedule 5.11(b)*, the accrued benefit obligations under each Benefit Plan primarily covering non-United States employees is fully funded by insurance, trust assets or financial statement accruals.

(c) As of the Closing Date, Sellers and the Designated Entities have paid all contributions which are due and required by the Benefit Plans and are otherwise compliant with the terms of the Benefit Plans and all applicable Laws. All of the Benefit Plans are, and have been, operated in material compliance with their provisions and with all applicable Laws, including ERISA and the Code.

(d) As soon as reasonably practicable following July 25, 2001, Purchaser shall provide to Sellers a list of all of the employees who exclusively render services with respect to the Telerate Business whom Purchaser believes would be needed to provide reasonable transition services to the Telerate Business (the “Telerate Transition Employees”). With respect to each such individual on the foregoing list, as amended from time to time by Purchaser, (i) Sellers shall not encourage or otherwise facilitate any Person other than Purchaser (or Purchaser’s Designee) or a purchaser of all or substantially all of the assets and operations of the Telerate Business, to employ or offer to employ any Telerate Transition Employee, or to encourage any such employee to terminate employment, and (ii) shall use reasonable efforts to enforce its right under covenants (other than against a purchaser of all or substantially all of the assets and operations of the Telerate Business), including covenants contained in non-disclosure or confidentiality agreements, entered into in favor of Sellers by third parties to the extent they provide restrictions on the solicitation of or entering into contracts of employment with employees of the Telerate Business or prohibit the use of confidential information of Sellers for any such purpose. Sellers shall not terminate the employment of any Telerate Transition Employee other than for cause, *provided* that the issuance of any notice intended to comply with WARN shall not, by itself, be prohibited.

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5.12 Taxes. Except as disclosed in *Schedule 5.12* to this Agreement:

(a) (i) all Tax Returns required to be filed by or on behalf of any of the Designated Entities (or Sellers with respect to the Acquired Business) or any Affiliated Group of which the Designated Entities (or Sellers with respect to the Acquired Business) are or were a member have been properly prepared and duly and timely filed with the appropriate taxing authorities 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), (ii) all such Tax Returns were true, complete and correct in all material respects, (iii) all Taxes payable by or on behalf of the Designated Entities (or Sellers with respect to the Acquired Business), either directly, as part of the consolidated, combined or unitary Tax Return of another taxpayer, or otherwise, have been fully and timely paid, and adequate reserves or accruals for Taxes have been provided in the Financial Statements with respect to any period for which Tax Returns have not yet been filed or for which Taxes are not yet due and owing and (iv) 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 limitation), has been executed or filed with the IRS or any other taxing authority by or on behalf of the Designated Entities.

(b) *Schedule 5.12* lists all material types of Taxes paid and material types of Tax Returns filed by or on behalf of the Designated Entities and indicates those Taxes with respect to which each such Designated Entity is or has been a member of an Affiliated Group. Except as set forth on *Schedule 5.12*, no claim has been made by a taxing authority in a jurisdiction where a Designated Entity does not file Tax Returns such that it is or may be subject to taxation by that jurisdiction.

(c) All deficiencies asserted or assessments made as a result of any examinations by the IRS or any other taxing authority of the Tax Returns of or covering or including Sellers with respect to the Acquired Business or the Designated Entities have been fully paid, and there are no other audits or investigations by any taxing authority in progress, nor have the Sellers with respect to the Acquired Business or Designated Entities received any notice from any taxing authority that it intends to conduct such an audit or investigation. No issue has been raised by a federal, State, local or foreign taxing authority in any prior examination of a Designated Entity which, by application of the same or similar principles, could reasonably be expected to result in a proposed deficiency for any subsequent taxable period.

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(d) None of the Designated Entities nor any other person (including Sellers) on behalf of any such Designated Entities has (i) filed a consent pursuant to Section 341(f) of the Code or agreed to have Section 341(f)(2) of the Code apply to any disposition of a subsection (f) asset (as such term is defined in Section 341(f)(4) of the Code) owned by such Designated Entities, (ii) agreed to or is required to make any adjustments pursuant to Section 481(a) of the Code or any similar provision of State, local or foreign law by reason of a change in accounting method or has any application pending with any taxing authority requesting permission for any changes in accounting methods that relate to the business or operations of such Designated Entities, (iii) executed or entered into a closing agreement pursuant to Section 7121 of the Code or any predecessor provision thereof or any similar provision of State, local or foreign law with respect to such Designated Entities, or (iv) requested any extension of time within which to file any Tax Return, which Tax Return has since not been filed.

(e) No property owned by any of the Designated Entities 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, or (iii) is “*tax-exempt bond financed property*” within the meaning of Section 168(g) of the Code, or (iv) “*limited use property*” within the meaning of Rev. Proc. 76-30.

(f) None of the Designated Entities is a party to, and none of the Designated Contracts or Non Filing Seller Designated Contracts, contain any tax sharing or similar agreement or arrangement (whether or not written) pursuant to which it will have any obligation to make any payments after the Closing.

(g) 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 any of the Designated Entities, Purchaser, or their respective affiliates by reason of Section 280G of the Code.

(h) None of the Designated Entities is subject to any private letter ruling of the IRS or comparable rulings of other taxing authorities.

(i) There are no Liens, other than in respect of Taxes that are not yet due and payable, as a result of any unpaid Taxes upon any of the Acquired Assets, the equity interests of the Designated Entities transferred to Purchaser, or any of the assets of the Designated Entities.

(j) None of the Designated Entities (or any predecessor) has ever been a member of any Affiliated Group other than the group of which Bridge is the common parent.

(k) Bridge and the United States Designated Entities (along with the other subsidiaries of Bridge) file a consolidated federal income Tax Return.

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(l) No prior ownership change (within the meaning of Section 382 of the Code and the applicable treasury regulations) has occurred (i) that would result in the imposition of a limitation upon the future deductibility of any tax basis or built-in loss deduction of any of the Designated Entities, or (ii) that resulted in a readjustment of the tax basis of the Designated Entities under Section 56(g)(4)(G).

(m) No ownership change (within the meaning of Section 382 of the Code and the applicable treasury regulations) has occurred that would result in the imposition of a limitation upon the net operating loss carryforward of the Affiliated Group of which Bridge is the common parent.

(n) None of the Designated Entities 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 transaction contemplated by this Agreement.

5.13 *Financial Statements.* Copies of the audited financial statements of the Designated Entities as of and for the 12-month period ending on December 31, 2000, in each case including all schedules and notes thereto, have previously been made available to Purchaser. Such statements have been prepared in accordance with GAAP of their respective jurisdiction of incorporation (except as described in the notes thereto) applied on a consistent basis, and fairly present, in all material respects, the financial condition, results of operations and cash flows of each Designated Entity for the periods set forth therein.

5.14 *Licenses and Permits, Compliance with Laws.* Each of the Sellers and each of the Designated Entities have all material licenses, permits, registrations and authorizations necessary in order to operate and conduct the Acquired Business as presently conducted and as proposed to be conducted by Sellers where applicable. Each of the Designated Entities has obtained all exemptive or other necessary relief from the SEC, NASD, NYSE and any applicable State, local or foreign regulatory authority as necessary to conduct its business, and currently is operating in compliance with any and all conditions imposed by the SEC, NASD, NYSE and any applicable State, local or foreign regulatory authority in granting such relief.

5.15 *No Undisclosed Liabilities.* Except (i) as disclosed in the December Statement and (ii) liabilities incurred in the ordinary course of business since the date of such December Statement which are not material in amount, none of the Designated Entities has any material liabilities, in each case of a nature required to be reflected on a balance sheet prepared in accordance with the GAAP of their respective jurisdiction of incorporation, applied on a consistent basis.

5.16 *Sufficiency of Acquired Assets and Designated Entities.* The Acquired Assets and the assets held by the Designated Entities constitute all of the assets, rights and interests necessary to operate the Acquired Business in the manner and to the extent presently conducted by Sellers.

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5.17 *Capital Stock and Ownership of the Designated Entities.* For each of the Designated Entities, *Schedule 5.17* sets forth the number of shares of capital stock authorized, including the par value per share, the number of shares of capital stock issued, and the number of shares of capital stock outstanding. Each of the Designated Entities is a wholly owned direct or indirect subsidiary of a Seller except for nominal shares owned by individual employees or representatives where required by local Law. Save as aforesaid, all of the shares of capital stock of each Designated Entity are owned directly or indirectly by a Seller free and clear of all Liens, and such owner has good and marketable title thereto. Except as set forth in this Section 5.17, there are no other record or beneficial owners of any shares of any of the Designated Entities, nor are there any other issued or outstanding shares of capital stock. All of the issued and outstanding shares of capital stock of each of the Designated Entities have been duly authorized and validly issued, and are fully paid and nonassessable, with no liability attaching to the ownership thereof. All offerings, sales and issuances by each of the Designated Entities of any shares of capital stock or membership interests were conducted in material compliance with all applicable securities Laws and all applicable corporation and limited liability company Laws. There are no outstanding options, puts, calls, warrants, convertible or exchangeable securities or other agreements or instruments (other than this Agreement), subscriptions, stock appreciation rights, phantom stock rights, or other rights arising under a Contract with a third party relating to the offering, sale, issuance, redemption or disposition of any shares of capital stock, or other securities of any of the Designated Entities.

5.18 *Organization of the Designated Entities.* Each of the Designated Entities is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction of its formation. Each of the Designated Entities is duly qualified or registered to do business in each jurisdiction where it currently conducts operations and such qualification or registration is required by applicable Law. Except as set forth on *Schedule 5.18*, none of the Designated Entities owns any securities of any corporation or any other interest in any Person. None of the Designated Entities has any predecessors other than as otherwise set forth on *Schedule 5.18*. *Schedule 5.18* states, for each of the Designated Entities (a) its exact legal name; (b) its corporate business form and jurisdiction and date of formation; (c) in the case of U.S. entities, its federal employer identification number; (d) its headquarters address, telephone number and facsimile number; (e) its directors and officers; (f) its registered agent and/or office in its jurisdiction of formation (if applicable); (g) all material foreign jurisdictions in which it is qualified or registered to do business, the date it so qualified or registered, and its registered agent and/or office in each such jurisdiction (if applicable); (h) all fictitious, assumed or other names of any type that are registered or used by it; and (i) any name changes, recapitalizations, mergers, reorganizations or similar events since its date of formation. Accurate and complete copies of articles or certificates of incorporation, bylaws, and other organization and related documents, each as amended to date, and all Contracts relating to the acquisition of each of the Designated Entities (or their affiliates or predecessors) have been made available to Purchaser. Accurate and complete copies of the contents of the minute books and stock books of each of the Designated Entities have been made available to Purchaser. Such minute books and stock books include (a) minutes of all meetings of the shareholders, members, board of directors and any committees of the board of directors or members at which any material action was taken, which minutes accurately record all material actions taken at such meetings, (b) accurate and complete written statements of all material actions taken by the shareholders, members, board of directors and any committees of the board of directors or members without a meeting, and (c) accurate and complete records of the subscription, issuance, transfer and cancellation of all shares of capital stock, all membership interests and all other securities since the date of incorporation or formation.

5.19 *Broker-Dealer Status and other SEC Matters.*

(a) Bridge Trading Company is duly registered as a broker-dealer with the SEC and each of the State regulatory agencies listed on *Schedule 5.19*. Bridge Trading Company is a member in good standing of the NASD and is a member organization in good standing of the NYSE. Other than Bridge Trading Company, none of the other Bridge Trading Designated Entities is registered as, or required to be registered as, a broker-dealer, investment advisor or any other regulated entity with the SEC or any applicable State regulatory agency. None of the Bridge Trading Designated Entities is a self-clearing broker, and *Schedule 5.19* identifies the name of the clearing firm used by each of the Bridge Trading Designated Entities. Bridge Trading Company has timely filed or given all reports, registrations, filings and notices required to be filed or given by it with or to the SEC, the NASD, the NYSE and each of the State regulatory agencies listed on *Schedule 5.19*, all of which reports, registrations, filings and notices were accurately and properly completed. Accurate and complete copies of the applications for registration as a broker-dealer, all amendments to such applications, and the periodic broker-dealer reports for periods after December 31, 1998, in each case as filed by Bridge Trading Company with the SEC, the NASD, the NYSE and/or each of the State regulatory agencies listed on *Schedule 5.19*, have previously been made available to Purchaser. Copies of all such other broker-dealer reports, filings and notices, including quarterly Part II FOCUS Reports, filed by Bridge Trading Company with the SEC, the NASD, the NYSE and/or each of the State regulatory agencies listed on *Schedule 5.19* have been made available to Purchaser. A computation of net capital under SEC Rule 15c3 for Bridge Trading Company, Inc. shall be delivered to Purchaser no earlier than ten (10) days before the Closing Date.

(b) The operations of each of the Bridge Trading Designated Entities as a broker-dealer, as such operations were and presently are conducted, and the status of each of the Bridge Trading Designated Entities as a registered broker-dealer, (a) have complied with and currently comply with all federal, State and applicable foreign securities Laws, including the Exchange Act and (b) have not required and currently do not require any of the Bridge Trading Designated Entities to register or qualify as a broker-dealer in any jurisdiction other than the States listed on *Schedule 5.19*. All Affiliates (as such term is defined in Rule 405 of the Securities Act) of the Bridge Trading Designated Entities and all associated persons to the Bridge Trading Designated Entities (as such term is defined in

Section 3(18) of the Exchange Act) are either registered or qualified, or are not required to be registered or qualified, under all applicable federal and State securities Laws and rules of the NYSE and the NASD.

(c) Except as set forth on *Schedule 5.19*, none of the Bridge Trading Designated Entities, nor any associated person, has been censured, has had limitations placed on any of their activities, functions or operations, has been suspended or had any registration revoked, or has been subjected to any other type of disciplinary action or complaint by any federal or State securities agency or authority or by the NASD or any stock exchange. No disciplinary action or any formal or informal investigation by the staff of the SEC, any State securities regulator, the NYSE or the NASD is pending or, to Sellers' Knowledge, threatened against any of the Bridge Trading Designated Entities or any such Affiliate or associated person. Except as set forth on *Schedule 5.19*, no material compliance deficiencies have been brought to the attention of any of the Bridge Trading Designated Entities or any such Affiliate or associated person as a consequence of an inspection by the staff of the SEC, any State or foreign securities regulator, the NYSE or the NASD.

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(d) Copies of all correspondence for the period from December 1, 2000 to March 31, 2001 between any of the Bridge Trading Designated Entities and the NASD, NYSE and State securities regulators, have been made available to Purchaser. Each of the Bridge Trading Designated Entities has responded to each matter identified by the staff of the SEC, NASD, NYSE or State securities regulators, as the case may be, in any such correspondence. To Sellers' Knowledge, each of the Bridge Trading Designated Entities has in such responses, or otherwise, adequately and fully addressed each concern identified by the staff of the SEC, NASD, NYSE or State securities regulators, as the case may be, with respect to its operations.

(e) Except for "directed business arrangements," the standard form customer contracts provide for the sale of services and products that constitute "*brokerage and research services*" under Section 28(e) of the Exchange Act or such provisions, if any, as are applicable in the foreign jurisdiction where the relevant Bridge Trading Designated Entity conducts its business. Except for "directed business arrangements," the services and products provided by Bridge Trading Company to its customers constitute "*brokerage and research services*" under Section 28(e) of the Exchange Act.

(f) None of Sellers or the Bridge Trading Designated Entities is an investment adviser within the meaning of Section 2(20) of the Investment Company Act of 1940, as amended ("*1940 Act*"), for an investment company which is registered under the 1940 Act, and none of Bridge Trading Designated Entities' Contracts is required to comply with Section 15 of the 1940 Act.

(g) Bridge Trading Company (UK), Ltd. ("*Bridge Trading UK*") is duly registered as a broker-dealer with the Securities and Futures Authority ("*SFA*"). The business of Bridge Trading UK has been and is being conducted in compliance with the Financial Services Act 1986 so far as relevant to the validity or conduct of the business. Bridge Trading UK holds all necessary licenses and authorizations under the Financial Services Act 1986 and no such license or authorization has been revoked, suspended, cancelled, varied or not renewed. Bridge Trading UK has at all times been in compliance with the rules and requirements of such licenses, including the SFA Rules. Bridge Trading UK has in the past three years made all filings and returns, provided all information, maintained all records and paid all fees and assessments as it is required to make, provide or maintain within the applicable time limits under the Financial Services Act 1986 and no such filing or return (and nothing in a filing or return) is, or has in the past three years been, disputed or subject to agreement with the SFA. Neither Bridge Trading UK nor any of its directors, officers or employees have, in the past three years, been the subject of any disputes, disciplinary proceedings, exercise of powers of intervention or orders of the SFA arising under the Financial Services Act 1986 and no such disputes, disciplinary proceedings, exercise of powers of intervention or orders are pending or have been threatened in writing by the SFA. Bridge Trading Company Asia, Ltd. is duly registered as a securities dealer with the Securities and Futures Commission ("*SFC*").

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(h) Bridge Trading Company Asia, Ltd. is not a member of, and is not required to be registered with, The Stock Exchange of Hong Kong Limited. Bridge Trading Company Asia, Ltd. has timely filed or given all reports, registrations, filings and notices required to be filed or given by it with or to the SFC and each of the other regulatory agencies listed on *Schedule 5.19*, all of which reports, registrations, filings and notices were accurately and properly completed. Accurate and complete copies of the applications for registration as a broker-dealer, all amendments to such applications and the periodic broker-dealer reports for periods after December 31, 1998, in each case as filed by Bridge Trading Company Asia, Ltd. with the SFC, have previously been made available to Purchaser. Copies of all such other broker-dealer reports, filings and notices filed by Bridge Trading Company Asia, Ltd. with the SFC and other applicable regulatory authorities have been made available to Purchaser. Bridge Trading Company Asia, Ltd. is in material compliance with all applicable provisions of the Securities Ordinance of Hong Kong, the Securities and Futures Ordinance of Hong Kong, and the Financial Resources Rules and all other applicable rules of the SFC.

5.20 *Insurance*. Sellers have in place insurance policies with respect to the Acquired Assets, in amounts and types that are customary in the industry for similar assets, and all such policies are in full force and effect.

5.21 *Full Disclosure*. No representation or warranty made by Sellers or any Designated Entity in this Agreement or pursuant hereto (a) contains any untrue statement of any material fact, or (b) omits to state any fact that is necessary to make the statements made, in the context in which made, not false or misleading in any material respect.

5.22 *WSOD/EJV Representations and Warranties*. Schedule 5.22 sets forth the representations and warranties of Sellers with respect to the WSOD Assets, EJV Assets and the WSOD/EJV Business.

5.23 *StockVal Representations and Warranties*. Schedule 5.23 sets forth the representations and warranties of Sellers with respect to the StockVal Assets and the StockVal Business.

5.24 *Bridge Trading Representations and Warranties*. Schedule 5.24 sets forth the representations and warranties of Sellers with respect to the Bridge Trading Assets and the Bridge Trading Business.

SECTION 6

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser makes the following representations to Sellers, each of which shall be true and correct as of the date of this Agreement and the Closing Date, except to the extent relating to a specific date, in which event it shall be true and correct as of such date, and each of which shall not survive the Closing Date:

6.1 *Organization*. Purchaser is a corporation validly existing and in good standing under the Laws of its jurisdiction of incorporation and has the corporate power and authority and all necessary governmental approvals to own, lease, and operate its properties and to carry on its business as it is now being conducted or presently proposed to be conducted. Purchaser is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities make such qualification necessary, except where the failure to be so qualified would not individually or in the aggregate have a material adverse effect on Purchaser.

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6.2 *Authority*. Purchaser has the corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution, delivery, and performance of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated hereby have been duly authorized by all requisite corporate actions. This Agreement has been duly and validly executed and delivered by Purchaser and constitutes a valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium, and other Laws affecting creditors' rights generally from time to time in effect and to general equitable principles.

6.3 *Consents and Approvals*. Except as required under Section 3.1(d) hereof and except for consents, approvals or authorizations which may be required under the HSR Act or with respect to the Designated Entities, no consent, approval, authorization or permit of, or filing with or notification to, any Governmental Authority, domestic or foreign, or of any other Person is required to be made or obtained by Purchaser in connection with the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby.

6.4 *No Violations*. Neither the execution, delivery, or performance of this Agreement by Purchaser, nor the consummation by Purchaser of the transactions contemplated hereby, nor compliance by Purchaser with any of the provisions hereof, will (a) conflict with or result in any breach of any provisions of the certificate of incorporation or bylaws of Purchaser, (b) result in a violation or breach of, or constitute (with or without due notice or lapse of time) a default (or give rise to any right of termination, cancellation, acceleration, vesting, payment, exercise, suspension, or revocation) under any of the terms, conditions, or provisions of any note, bond, mortgage, deed of trust, security interest, indenture, license, contract, agreement, plan, or other instrument or obligation to which Purchaser is a party or by which Purchaser or Purchaser's properties or assets may be bound or affected, (c) violate any order, writ, injunction, decree, statute, rule, or regulation applicable to Purchaser or Purchaser's properties or assets, (d) result in the creation or imposition of any encumbrance on any asset of Purchaser, or (e) cause the suspension or revocation of any permit, license, governmental authorization, consent, or approval necessary for Purchaser to conduct its business as currently conducted, except in the case of clauses (b), (c), (d) and (e) for violations, breaches, defaults, terminations, cancellations, accelerations, creations, impositions, suspensions, or revocations that would not individually or in the aggregate have a material adverse effect on Purchaser.

6.5 *Brokers*. No Person, other than Lehman Brothers, Inc., is entitled to any brokerage, financial advisory, finder's or similar fee or commission payable by Purchaser in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Purchaser. Purchaser shall pay any such fees due and payable to Lehman Brothers, Inc.

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6.6 *Financing*. Purchaser has cash on hand or commitments for financing sufficient to deliver the Purchase Price to Sellers.

SECTION 7

COVENANTS

7.1 *Approval Order and Designated Contracts Order*.

(a) *Approval Order*. Prior to the Closing, and subject to the provisions of this Agreement, including the provisions of Section 8, Sellers and Purchaser shall use their reasonable best efforts to obtain entry of the Approval Order (which shall contain, but may not be limited to, the provisions contained below) by the Bankruptcy Court pursuant to Sections 363 and 365 of the Bankruptcy Code. Sellers and Purchaser agree to use their reasonable best efforts to cause the Bankruptcy Court to enter an Approval Order which contains, among other provisions reasonably requested by Purchaser, the following provisions (it being understood that certain of such provisions may be contained in either the findings of fact or conclusions of Law to be made by the Bankruptcy Court as part of the Approval Order): (i) the transfers of the Acquired Assets and the Designated Entities by Sellers to Purchaser (A) are or will be legal, valid and effective transfers of the Acquired Assets and the Designated Entities, (B) vest or will vest Purchaser with all right, title and interest of Sellers in and to the Acquired Assets and the Designated Entities free and clear of all Liens and Claims (as defined in Section 101(5) of the Bankruptcy Code) pursuant to Section 363(f) of the Bankruptcy Code (other than Liens created by Purchaser) whatsoever known or unknown, fixed, liquidated, contingent or otherwise, including, but not limited to, any of Sellers' creditors, vendors, suppliers, employees or lessors specifically naming Sellers' vendor, Cantor Fitzgerald Securities, and any other person that is the holder of one of the Claims (collectively "*Claimants*") and that neither Purchaser nor Purchaser's Designees shall be liable in any way (as successor entity or otherwise) for any Claims that any of the Claimants or any other third party may have against any of the Sellers, the business of Sellers and the Acquired Business and the Designated Entities and permanently enjoins and restrains the assertion and prosecution of any Claims by Claimants or any other third party against Purchaser, Purchaser's affiliates, and/or Purchaser's Designees and the ownership, use and operation of the Acquired Business, other than claims on the account of Assumed Liabilities; and (C) constitute transfers for reasonably equivalent value and fair consideration under the Bankruptcy Code, the Laws of the State of New York and the State of Missouri and all other applicable State laws, including those relating to fraudulent conveyance and fraudulent transfers; (ii) all amounts to be paid to Purchaser pursuant to this Agreement, including (x) any payments with respect to working capital adjustments pursuant to Section 2.3, (y) any payments for post-closing services pursuant to Section 7.13, and (z) any termination payments pursuant to Section 8.2 shall constitute administrative expenses under Sections 503(b) and 507(a)(1) of the Bankruptcy Code, and shall be immediately payable if and when they arise under this Agreement without any further order of the Bankruptcy Court, *provided* that Sellers shall have the right to reasonably contest the amount of such asserted claims; (iii) all Persons are enjoined from taking any action against Purchaser, Purchaser's affiliates (as they existed immediately prior to the Closing), Purchaser's Designees or Sellers to recover any claim which such Person has solely against Sellers or any of Sellers' affiliates (as they existed immediately following the Closing); (iv) the Bankruptcy Court retains exclusive jurisdiction to interpret, construe and enforce the provisions of this Agreement and the Approval Order in all respects, *provided* that in the event the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction with respect to any matter provided for in this clause (iv) or is without jurisdiction, such abstention, refusal or lack of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction of any other court having competent jurisdiction with respect to any such matter; (v) the provisions of the Approval Order are nonseverable and mutually dependent; (vi) the transactions contemplated by this Agreement are undertaken by Purchaser and Sellers at arm's length, without collusion and in good faith within the meaning of Section 363(m) of the Bankruptcy Code, and such Parties are entitled to the protections of Section 363(m) of the Bankruptcy Code; (vii) a determination that not selling the Acquired Assets and Designated Entities free and clear of Liens and Claims would impact adversely on Sellers' bankruptcy estates; (viii) a determination that a sale of the Acquired Assets and Designated Entities other than one free and clear of Liens and Claims would be of substantially less benefit to the estate of Sellers; (ix) Sellers may assign and transfer to Purchaser or Purchaser's Designees all of Sellers' right, title and interest (including common law rights) to all of their intangible property included in the Acquired Assets; (x) provides for the retention of jurisdiction by the Bankruptcy Court to resolve any and all disputes that may arise under this Agreement as between Sellers and Purchaser, and further to hear and determine any and all disputes between Sellers and/or Purchaser, as the case may be, and any non-Sellers party to, among other things, any Designated Contracts, concerning *inter alia*, Sellers' assignment thereof to Purchaser or Purchaser's Designees under this Agreement and any non-Seller's claims arising under any agreements relating to Excluded Liabilities; (xi) provides that the sale is deemed to be part of a plan pursuant to Section 1146(c) of the Bankruptcy Code and provides for the exemption of the transactions contemplated herein from transfer, stamp, use and certain other taxes, and provides for the waiver of so-called "*bulk-sale*" laws in all necessary jurisdictions; (xii) provides that any stay of orders authorizing the use, sale or lease of property as provided for in Fed. R. Bankr. Proc. 6004(g) shall not apply to the Approval Order and that the Approval Order is immediately effective and enforceable; (xiii) provides that the Purchaser will not have any successor or transferee liability for liabilities of the Sellers (whether under federal or State law or otherwise) as a result of the sale of the Acquired Assets and Designated Entities; and (xiv) provides that Purchaser shall not assume liabilities of Sellers other than the Assumed Liabilities and the Cure Costs pursuant to Section 2.5;

(b) *Designated Contracts Order*. Prior to the Closing, (including for purposes of this provision, consummation of the option transactions contemplated in Sections 9, 10 and 11) and subject to the provisions of this Agreement, including the provisions of Section 8, Sellers and Purchaser shall use their reasonable best efforts to obtain entry of the Designated Contracts Order (which shall contain, but may not be limited to, the provisions contained below) by the Bankruptcy Court pursuant to Sections 363 and 365 of the Bankruptcy Code. Sellers and Purchaser agree to use their reasonable best efforts to cause the Bankruptcy Court to enter the Designated Contracts Order which contains, among other provisions reasonably requested by Purchaser, the following provisions (it being understood that certain of such provisions may be contained in either the findings of fact or conclusions of Law to be made by the Bankruptcy Court as part of the Approval Order): (i) the transfers of the Designated Contracts by Sellers to Purchaser (A) are or will be legal, valid and effective transfers of the Designated Contracts, (B) vest or will vest Purchaser with all right, title and interest of Sellers in and to the Designated Contracts free and clear of all Liens and Claims (as defined in Section 101(5) of the Bankruptcy Code) pursuant to Section 363(f) of the Bankruptcy Code (other than Liens created by Purchaser) whatsoever known or unknown, fixed, liquidated, contingent or otherwise, including, but not limited to, any of the Claimants and that Purchaser shall not be liable in any way (as successor entity or otherwise) for any Claims that any of the Claimants or any other third party may have against any of Sellers, the business of Sellers and the Designated Contracts and permanently enjoins and restrains the assertion and prosecution of any Claims by Claimants or any other third party against Purchaser, Purchaser's affiliates and the ownership, use and operation of the Designated Contracts, other than claims on the account of Assumed Liabilities, and (C) constitute transfers for reasonably equivalent value and fair consideration under the Bankruptcy Code, the Laws of the States of New York and the State of Missouri and all other applicable State Laws, including those relating to fraudulent conveyance and fraudulent transfers; (ii) all Persons are enjoined from taking any action against Purchaser, Purchaser's affiliates (as they existed immediately prior to the Closing) or Sellers to recover any claim which such Person has solely against Sellers or any of Sellers' affiliates (as they existed immediately following the Closing); (iii) the Bankruptcy Court retains exclusive jurisdiction to interpret, construe and enforce the provisions of this Agreement and the Designated Contracts Order in all respects, *provided* that in the event the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction with respect to any matter provided for in this clause (iii) or is without jurisdiction, such abstention, refusal or lack of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction of any other court having competent jurisdiction with respect to any such matter; (iv) the provisions of the Designated Contracts Order are nonseverable and mutually dependent; (v) the transactions contemplated by this Agreement are undertaken by Purchaser and Sellers at arm's length, without collusion and in good faith within the meaning of Section 363(m) of the Bankruptcy Code, and such Parties are entitled to the protections of Section 363(m) of the Bankruptcy Code; (vi) Sellers may assign and transfer to Purchaser all of Sellers' right, title and interest (including common law rights) to all of their intangible property included in the Designated Contracts; (vii) approves Sellers' assignment of the Designated Contracts pursuant to Sections 363 and 365 of the Bankruptcy Code, defines the relevant cure amounts, identifies the correct version of the contract, enjoins the other party to such Designated Contract from raising after the date of the assumption and assignment that there are any uncured defaults under such contract, holds that any party that may have had the right to consent to the assignment of its Designated Contract is deemed to have consented to such assignment as required by Section 365(c) of the Bankruptcy Code if it fails to object to the assumption and assignment and orders Sellers to pay any cure amounts payable to the other parties to the Designated Contracts consistent with the terms of this Agreement; (viii) provides that there shall be no rent accelerations, assignment fees, increases or any other fee charged to Purchaser as a result of the assignment of the Designated Contracts, and the validity of the assumption, assignment and sale to Purchaser shall not be affected by any dispute between any Seller and any party to a Designated Contract regarding the payment of any cure amount; (ix) the Designated Contracts, upon assignment to Purchaser, shall still be deemed valid and binding, in full force and effect in accordance with their terms, including that any provision conditioning assignment or approval by the non-debtor party is an enforceable restriction on assignment pursuant to Section 365 of the Bankruptcy Code; (x) provides for the retention of jurisdiction by the Bankruptcy Court to resolve any and all disputes that may arise under this Agreement as between Sellers and Purchaser, and further to hear and determine any and all disputes between Sellers and/or Purchaser, as the case may be, and any non-Sellers party to, among other things any Designated Contracts, concerning *inter alia*, Sellers' assignment thereof to Purchaser under this Agreement and any non-Seller's claims arising under any agreements relating to Excluded Liabilities; (xi) provides that the assumption, assignment and sale of the Designated Contracts is deemed to be part of a plan pursuant to Section 1146(c) of the Bankruptcy Code and provides for the exemption of the transactions contemplated herein from transfer, stamp, use and certain other taxes, and provides for the waiver of so-called "*bulk-sale*" laws in all necessary jurisdictions; (xii) provides that Purchaser shall not assume liabilities other than the Assumed Liabilities and the Cure Costs pursuant to Section 2.5; (xiii) provides that any stay of orders authorizing the assignment of an executory contract or unexpired lease, as provided in Fed. R. Bankr. Pro. 6006(d), shall not apply to the Designated Contracts Order and that the Designated Contracts Order is immediately effective and enforceable; and (xiv) provides that Purchaser will not have any successor or transferee liability for liabilities of the Sellers (whether under federal or State law or otherwise) as a result of the assignment of the Designated Contracts.

(c) If the Approval Order, Designated Contracts Order or any other orders of the Bankruptcy Court relating to this Agreement shall be appealed by any Person (or a petition for certiorari or motion for rehearing, reargument or stay shall be filed with respect thereto), Sellers agree to take all steps as may be reasonable and appropriate to defend against such appeal, petition or motion, and Purchaser agrees to cooperate in such efforts. Each Party hereto agrees to use its reasonable best efforts to obtain an expedited resolution of such appeal, *provided* that nothing herein shall preclude the Parties hereto from consummating the transactions contemplated herein if the Approval Order and the Designated Contracts Order shall have been entered and have not been stayed and Purchaser has waived in writing the requirement that the Approval Order and the Designated Contracts Order be Final Orders, in

which event Purchaser shall be able to assert the benefits of Section 363(m) of the Bankruptcy Code as a consequence of which such appeal shall become moot.

(d) Sellers shall cooperate reasonably with Purchaser and its representatives in connection with the Approval Order and the Designated Contracts Order and the related bankruptcy proceedings. Such cooperation shall include, but not be limited to, consulting with Purchaser at Purchaser's reasonable request concerning the status of such proceedings and providing Purchaser with copies of requested pleadings, notices, proposed orders and other documents relating to such proceedings as soon as reasonably practicable in connection with any submission thereof to the Bankruptcy Court. Sellers further covenant and agree that the terms of any plan submitted by Sellers to the Bankruptcy Court for confirmation shall not conflict with, supersede, abrogate, nullify, modify or restrict the terms of this Agreement and the rights of Purchaser hereunder, or in any way prevent or interfere with the consummation or performance of the transactions contemplated by this Agreement, including, without limitation, any transaction that is contemplated by or approved pursuant to the Approval Order and the Designated Contracts Order.

7.2 Closing. Sellers and Purchaser shall use reasonable best efforts to move to Closing as soon as possible following satisfaction or waiver of the conditions precedent to Closing.

7.3 Conduct of Business by Sellers and Designated Entities. From the date hereof until the date of Closing, as applicable, each Seller shall comply in all material respects with the terms and conditions of the Bankruptcy Code, and each Seller and Designated Entity shall comply in all material respects with the terms and conditions of applicable Laws. Sellers and the Designated Entities (a) shall operate the Acquired Business and maintain the level of operations, capital expenditures and maintenance expenses at an adequate level, all in the ordinary course of business consistent with recent past practices since the filing of the Chapter 11 Cases, (b) use their reasonable best efforts to preserve, with respect to the Acquired Business, their present business operations, organization (including, without limitation, management and the sales force) and goodwill and preserve their present relationship with Persons having business dealings with them, (c) with respect to each Designated Entity, maintain sufficient net capital to comply with all applicable Laws and otherwise take such other actions as are necessary to remain in good standing as a regulated entity in the jurisdictions where they are registered, and (d) maintain, with respect to the Acquired Business, all their assets and properties in their current condition, ordinary wear and tear excepted. It is acknowledged, in each case above, that Sellers are not prohibited from terminating or selling assets, businesses or operations, or terminating employees, that are not part of, or required for, the conduct of the business or operations of, or services provided to, the Acquired Business, all in the ordinary course of business consistent with recent past practices since the filing of the Chapter 11 Cases. In addition, from the date hereof, each Seller and each Designated Entity shall not (i) with respect to the Acquired Business, enter into any transaction other than in the ordinary course of business; (ii) sell, transfer, or otherwise dispose of or encumber any material tangible or intangible assets comprising the Acquired Business (other than in the provision of services in the ordinary course of business in accordance with past practice or, as regards encumbrances only, as permitted under the terms of the DIP Financing); (iii) grant any increase in the compensation or benefits of any employee who is employed primarily by the Acquired Business or for any purpose by any Designated Entity (other than pursuant to the terms of any employee retention, incentive, or severance plan approved by the Bankruptcy Court); (iv) enter into any transaction with respect to the Acquired Business with any affiliate of any Seller, including Savvis; (v) make any dividend or distribution of any nature (except pursuant to an order of the Bankruptcy Court after prior notice to Purchaser); (vi) with respect to each Designated Entity, fail to maintain sufficient net capital to comply with all applicable Laws or otherwise omit to take such other actions as are necessary to remain in good standing as a regulated entity in the jurisdictions where it is registered; (vii) knowingly waive any right of material value to the Acquired Business or settle or compromise any material claim; (viii) with respect to each Designated Entity, and other than to give effect to the terms of this Agreement, amend its charter, bylaws or other governing document or make any change in capitalization or in the number of authorized, issued or outstanding shares of capital stock or other security; (ix) with respect to each Designated Entity, incur or assume any debt or assume, guarantee, endorse or otherwise become liable or responsible for the obligations of any other Person; (x) commit or enter into any agreement to do any of the foregoing, save, in all cases, with the prior written consent of Purchaser; or (xi) without consulting Purchaser, assign, modify, cancel, reject, fail to exercise a right of renewal or extension under or otherwise impair or permit to lapse any Designated Contract or Non Filing Seller Designated Contract. Sellers and the Designated Entities shall, to the fullest extent permitted by Law, consult in good faith with Purchaser on a regular and ongoing basis as requested by Purchaser and inform Purchaser of all important developments and events in respect of the conduct of the Acquired Business.

7.4 Access and Information. Sellers shall afford to Purchaser and to Purchaser's financial advisors, legal counsel, accountants, consultants, financing sources, and other authorized representatives reasonable access during normal business hours throughout the period prior to the Closing Date to all books, records, non-privileged documents, properties, and personnel of Sellers that pertain to the Acquired Business and, during such period, shall furnish as promptly as practicable to Purchaser any and all such information as Purchaser may reasonably request pertaining to the Acquired Business. Sellers shall reasonably cooperate with Purchaser throughout the period prior to the Closing in Purchaser's efforts to implement additional network and data feed connections and otherwise cooperate with Purchaser to facilitate a transition to Purchaser's ownership and operation of the Acquired Business. Sellers shall promptly provide to Purchaser all non-privileged documents and material relating to the proposed sale of the Acquired Assets, Designated Contracts, Non Filing Seller Designated Contracts or any portion thereof, including, without limitation, with respect to competing bids, and otherwise cooperate with Purchaser, to the extent reasonably necessary in connection with Purchaser's preparation for or participation in any part of the Chapter 11 Cases in which Purchaser's participation is necessary, required or reasonably appropriate. Sellers shall

promptly deliver to Purchaser all pleadings, motions, notices, statements, schedules, applications, reports and other papers filed in any other judicial or administrative proceeding as Purchaser may reasonably request. In addition, Sellers shall reasonably consult with Purchaser with respect to any public written or oral communication concerning, in whole or in part, the transactions contemplated by this Agreement. Sellers shall reasonably cooperate with Purchaser to efficiently and expeditiously transfer the Transferred Employees. Nothing contained in this Section 7.4 shall require Sellers to take any action prohibited by applicable Law, *provided* that in the event Sellers do not take any action on such basis, then upon Purchaser's request, Sellers shall furnish a reasonable basis therefor.

7.5 Notification.

(a) Each Party shall promptly notify the other of any litigation, arbitration or administrative proceeding pending or, to the relevant Party's Knowledge, threatened against such Party, which challenges or, if adversely determined, could materially affect the transactions contemplated by this Agreement.

(b) Sellers shall promptly provide written notice to Purchaser of any change in any of the information contained in the representations or warranties made by Sellers in Section 5 hereof or any of the Schedules attached hereto and shall promptly furnish any information that Purchaser may reasonably request in relation to such change, *provided* that such notice shall not operate to cure any breach of the representations and warranties made by Sellers in Section 5 above or in any exhibits or schedules referred to herein save to the extent that such breach relates solely to the failure to include such information in a timely manner.

7.6 No Inconsistent Action. Neither Purchaser nor any Seller shall take any action that is materially inconsistent with its obligations under this Agreement, and Bridge shall cause each other Person that is a Seller hereunder and each of the Designated Entities to refrain from taking such action.

7.7 Satisfaction of Conditions. Prior to Closing, each of the Parties shall use reasonable best efforts with due diligence and in good faith to promptly satisfy all the conditions precedent to Closing set out in Section 3 hereof in order to expedite the consummation of the transactions contemplated hereby.

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7.8 Filings. As promptly as practicable after the execution of this Agreement, each Party shall use its reasonable efforts to obtain, and to cooperate with the other Party in obtaining, the approvals and consents referred to in Sections 3.1 (c) and (d), to take all reasonable actions to avoid the entry of any order or decree by any Governmental Authority prohibiting the consummation of the transactions contemplated hereby and furnish to the other all such information in its possession as may be necessary for the completion of the notifications to be filed by the other, *provided* that in complying with this Section 7.8, neither Purchaser, nor Sellers or their respective affiliates (in respect of the Acquired Business) shall be required to, and Sellers (in respect of the Acquired Business), shall not agree to, (i) divest any assets or discontinue or modify any of its operations or (ii) accept or become subject to any condition or requirement. No Party shall withdraw any such filing or submission prior to the termination of this Agreement without the written consent of the other Party. In furtherance of the foregoing, it is understood and agreed that the Parties shall use all reasonable best efforts to provide any information requested by any Governmental Authority as promptly as practicable and otherwise proceed with due diligence and in good faith in order to expedite the consummation of the transactions contemplated hereby. Purchaser and Sellers agree that the filing fee required to be paid in connection with the filing under any regulatory filings (including, without limitation, under the HSR Act) shall be paid by Purchaser.

7.9 Employment Matters.

(a) No later than ten (10) days before the Closing, Purchaser or one of Purchaser's Designees shall offer employment to no fewer than 1,579 Acquired Business Employees, reduced by any voluntary resignations since the date hereof not resulting from receipt of a WARN Act notice to the employees who are identified as the employees who will not receive an offer of employment by Purchaser as provided below or other similar notice intended to comply with applicable Law that the Parties may mutually agree to send to such employees pursuant to Section 7.9(g), who remain actively employed with any Sellers or Designated Entities on the Closing Date, with at least the same base salary (exclusive of bonuses, stock options, restricted stock and other similar forms of discretionary compensation) and substantially equivalent position as in effect immediately prior to the Closing, and with each such offer being contingent upon completion of the Closing and on the offeree's compliance with the standard hiring practices of Purchaser (or the applicable Purchaser's Designee), including the assignment of intellectual property rights, if any, retroactive to such employee's date of hire with the applicable Seller. A full list of employees whom Purchaser elects to employ shall be submitted to Sellers no later than twenty (20) days prior to Closing. Each such employee who accepts such employment as of the Closing, shall be referred to herein as a "*Transferred Employee*." As soon as practicable hereafter, Sellers and Purchaser shall cooperate and use reasonable best efforts to establish the list of employees who will not be offered employment by Purchaser or one of Purchaser's Designees. In connection with the provisions of this Section 7.9(a), Sellers shall permit Purchaser to meet with, distribute materials to and/or communicate with such employees prior to the Closing Date. For purposes of this Section 7.9, an employee shall be treated as "*actively employed*" notwithstanding that such employee may be absent from work on the Closing Date solely by reason of any holiday, vacation, scheduled day off or non-medical leave of absence.

(b) Purchaser (or the applicable Purchaser's Designee) shall provide the Transferred Employees with employee benefits plans that are substantially comparable, in the aggregate, to the Sellers' employee benefit plans, within the

meaning of ERISA as in effect on the date hereof. Purchaser (or the applicable Purchaser's Designee) shall treat prior service with Sellers as service with Purchaser (or the applicable Purchaser's Designee) for purposes of eligibility to participate and vesting with respect to all employee benefit plans (other than retiree medical and life insurance plans) covering Transferred Employees. Purchaser (or the applicable Purchaser's Designee) will assume and recognize vacation entitlements payable to Transferred Employees accrued but unpaid prior to Closing, *provided* that Purchaser and Purchaser's Designees shall not be required to assume or recognize such accrued vacation entitlements where, but only to the extent that, such entitlements in the aggregate exceed \$5,000,000. Nothing herein limits Purchaser's (or the applicable Purchaser Designee's) right to amend, modify or terminate its employee benefit plans. To the fullest extent permitted under its medical and dental plans, Purchaser (or the applicable Purchaser's Designee) shall give credit for all current year deductibles and co-payments paid by any Transferred Employee in respect of claims incurred by such Transferred Employee during the portion of the current calendar year prior to the Closing, and Purchaser shall waive any pre-existing conditions provisions under any such plan covering Transferred Employees to the same extent that such provisions were waived with respect to Transferred Employees pursuant to the terms of Sellers' or any Designated Entities' plans.

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(c) From the date of signing of this Agreement, Sellers and Purchaser shall use commercially reasonable efforts to provide appropriate transitional arrangements for Transferred Employees in possession of L-1B and H1-B visas, or other permits to work for the Acquired Business in the United States or other jurisdictions, and shall take such steps as are necessary and appropriate to ensure, to the extent possible, that such employees are transferred to the Purchaser (or the applicable Purchaser's Designee) without disruption of employment. Sellers and Purchaser shall also use commercially reasonable efforts to ensure that there is no disruption to Transferred Employees' applications for visas or work permits sponsored by the Acquired Business.

(d) As soon as is practical after the Closing, Sellers shall (i) take all actions as are necessary or appropriate to fully vest, as of the Closing Date, the interests of the Transferred Employees and the employees of the Designated Entities under Sellers' defined contribution retirement plan(s); (ii) provide such employees an election to roll over their vested interests to Purchaser's defined contribution retirement plan, including appropriate arrangements for loans provided to them under Sellers' plan; and (iii) roll over the full amount of the vested interests which the employees have elected to roll over, as soon as possible but not later than six (6) months after the Closing Date, to the accounts of such employees under Purchaser's defined contribution retirement plan in accordance with Section 402 of the Code. Purchaser shall reasonably cooperate with Sellers in respect of the foregoing actions and shall accept such rollovers and have no liability for any discontinuance, termination or other charges that may be due to any investment option or management providers or to any plan record keeping or other agents with respect to such termination and rollover of such employees' interests from Sellers' retirement plan(s) to Purchaser's retirement plan.

(e) With respect to Transferred Employees, Sellers shall cause all accrued and unpaid vacation and sick leave entitlements exceeding \$5,000,000 as of the Closing Date and all salary, bonuses (including retention bonuses), commissions or other cash incentive compensation with respect to the portion of the calendar year prior to the Closing Date to be fully paid on or before the Closing Date. Sellers shall have sole responsibility for "*continuation coverage*" benefits provided under group health plans to all current or former employees of any Seller (other than Transferred Employees) and qualified beneficiaries relating thereto for whom a qualifying event has occurred on, prior to, or after the Closing Date. Terms used in this subsection and not otherwise defined herein shall have the meanings ascribed to them under COBRA.

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(f) Sellers shall institute a reasonable retention program, as specified, funded and approved by Purchaser, with respect to the Acquired Business Employees. Sellers shall not terminate the employment of any employee listed on *Schedule 5.11(a)* other than for cause, *provided* that the issuance of any notice intended to comply with WARN shall not, by itself, be prohibited. In addition, (i) Sellers shall not encourage or otherwise facilitate any Person other than Purchaser (or Purchaser's Designee) to employ or offer to employ any employee listed on *Schedule 5.11(a)* hereto (other than Released Employees) or any of the DAIS Consultants, or to encourage any such employee to terminate employment, or to encourage any such DAIS Consultant to terminate the relevant consultancy contract and (ii) shall use reasonable efforts to enforce its right under covenants (other than in respect of Released Employees), including covenants contained in non-disclosure or confidentiality agreements, entered into in favor of Sellers by third parties to the extent they provide restrictions on the solicitation of or entering into contracts of employment with employees of the Acquired Business or DAIS Consultants or prohibit the use of confidential information of Sellers for any such purpose.

(g) Notwithstanding Section 2.7 of the Agreement, the Parties shall use reasonable efforts to give any notices required under applicable Law to mitigate Sellers' liability for COBRA and WARN obligations to Acquired Business Employees.

(h) The obligations in Section 7.9(a) hereof to offer employment to Acquired Business Employees shall not apply to employees of the Designated Entities because such employees' employment will be transferred as a result of the transactions contemplated hereunder, *provided* that such employees shall be considered Transferred

Employees for the purposes of this Section 7.9 and the number of such employees shall be taken into account in determining the number of employees who have been offered employment by Purchaser or Purchaser's Designees for the purposes of Section 7.9(a).

7.10 Additional Matters and Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each of the Parties agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper, or advisable under applicable Laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including using all commercially reasonable efforts to obtain all necessary waivers, consents, and approvals required under this Agreement.

(b) In addition to the provisions of this Agreement, from time to time after the Closing Date, Sellers and Purchaser will use all commercially reasonable efforts to execute and deliver such other instruments of conveyance, transfer or assumption (or, in the case of exercise of an option pursuant to Sections 9, 10 or 11, to implement more effectively the conveyance, transfer or assumption contemplated thereby), as the case may be, and take such other actions as may be reasonably requested to implement more effectively, the conveyance and transfer of the Acquired Assets, Designated Entities, Designated Contracts and Non Filing Seller Designated Contracts to Purchaser and the assumption of the Assumed Liabilities by Purchaser.

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(c) Sellers and Purchaser shall cooperate and take such actions as may be reasonably requested by the other in order to effect an orderly transfer of the Acquired Business with a minimum of disruption to the operations and employees of the businesses of the Parties.

(d) To the extent that, under applicable Law, any Seller's rights under any Designated Contract, Non Filing Seller Designated Contract or any material Contract relating to the Acquired Business may not be assigned by Sellers or transferred upon a change of control without the consent of a third party and such consent has not been obtained, this Agreement shall not constitute an agreement to assign or transfer the same if an attempted assignment would constitute a breach thereof or be unlawful, and Sellers and Purchaser shall, to the extent permitted by Law and any terms of or limitations relating to such Designated Contract, Non Filing Seller Designated Contract or material Contract relating to the Acquired Business, (1) use their reasonable best efforts to obtain prior to the Closing (or in the case of the options described in Sections 9, 10 and 11, the applicable option closing date) for Purchaser the benefits thereunder and (2) cooperate in establishing any reasonable arrangement designed to provide such benefits to Purchaser or a Purchaser's Designee, including any sublicense, sublease, subcontract, escrow or similar arrangement. Upon Purchaser and Sellers obtaining such consents or entering into a reasonable arrangement designed to provide such benefits to Purchaser, Purchaser shall discharge Sellers' obligations under such Designated Contract, Non Filing Seller Designated Contract or material Contract relating to the Acquired Business benefiting Purchaser from and after the Closing Date (or in the case of the options described in Sections 9, 10 and 11, the applicable option closing date). In the event that Sellers receive any rents, revenues, security deposits or any other dollar amounts, notices or documents under any such Designated Contract, Non Filing Seller Designated Contract or material Contract relating to the Acquired Business after the Closing Date (or in the case of the options described in Sections 9, 10 and 11, the applicable option closing date), Sellers shall remit the applicable amounts, notices or documents to Purchaser within five (5) business days of receipt thereof.

7.11 Specific Enforcement of Covenants. The Parties acknowledge that irreparable damage would occur in the event that any of their respective covenants and agreements set forth in this Agreement were not timely performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each Party shall be entitled to an injunction or injunctions to prevent or cure any breach of such covenants and agreements of the other Party and to enforce specifically the terms and provisions thereof, this being in addition to any other remedy to which it may be entitled at law or in equity, it being understood that the Bankruptcy Court shall have exclusive jurisdiction over such matters, *provided* that in the event the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction with respect to any matter provided for in this sentence or is without jurisdiction, such abstention, refusal or lack of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction of any other court having competent jurisdiction with respect to any such matter.

7.12 Other Assets and Agreements. If, after the date hereof, Sellers or any Designated Entity should enter into any Contract, agreement or other arrangement, customer or vendor Contracts entered into in the ordinary course of business, that would have constituted an Acquired Asset if entered into prior to the date of this Agreement, Sellers shall (i) as soon as practicable deliver written notice to Purchaser of the occurrence of such event and provide Purchaser with all the information about and with access to such items as Purchaser may reasonably request and (ii) if notified in writing by Purchaser prior to Closing, transfer, convey or assign to Purchaser such item in the manner and on the terms and conditions as if it were an Acquired Asset, Designated Contract or Non Filing Seller Designated Contract under this Agreement.

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7.13 Post-Closing Services.

(a) Without prejudice to Section 7.25, for a reasonable period of time following Closing, not to exceed six months, (i) Sellers shall have limited access to, and support from, the Acquired Business, as mutually agreed by Bridge and Purchaser, including, to the extent permitted under applicable Contracts and Laws, use of facilities, equipment, Software, data-feeds, and administrative services, to the extent reasonably required by the Sellers with respect to their businesses that are not included in the Acquired Business, on mutually agreeable terms and (ii) Sellers shall provide to Purchaser or Purchaser's Designee such transitional services, including, without limitation, the use of communication networks, computers and other systems to effect the gathering and dissemination of data, the collecting, reporting and editing of news, administrative services, contract services, payroll services, system management functions, technical services, provision of information, application support, infrastructure and human resources support, as may be reasonably requested by Purchaser or the applicable Purchaser Designee to conduct the Acquired Business, *provided* that (A) the Party requesting the transitional services pursuant to this Section 7.13 (the "*Service Requester*") shall compensate the Party providing such services hereunder (the "*Service Provider*") on a current basis, at market rates and terms as mutually agreed, or, if higher, at the cost to Service Provider, (B) the Service Provider shall render such services subject to the availability of resources and capacity constraints, it being understood that, based upon current circumstances, each Service Provider anticipates that there will be limited availability of resources, and (C) the Service Requester shall have the right to terminate such arrangements without liability subject to reasonable notice and payment of all amounts due to the Service Provider up to the date of termination, *provided further*, that, notwithstanding anything to the contrary contained in clause (B) above, Purchaser or a Purchaser Designee may request Sellers, for the purpose of providing transitional service, to maintain services that would otherwise be discontinued and Sellers shall maintain such services subject to Purchaser or a Purchaser Designee paying Sellers' costs therefor. Sellers and Purchaser shall use commercially reasonable efforts to negotiate appropriate and orderly termination and phase-out arrangements with respect to Sellers' businesses and activities that are discontinued following the Closing.

(b) Purchaser shall negotiate in good faith Contracts for the limited use of certain intellectual property rights included in the Acquired Assets, including use of applicable trademarks and service marks in territories other than the U.S. (including Puerto Rico) and Canada, Bermuda and the Caribbean Islands, by the retained businesses of the Sellers for a reasonable period of time on terms permitting such retained businesses to continue their operations by Sellers or any third parties who acquire such retained businesses, *provided* that the Parties acknowledge that Purchaser is generally under no obligation to enter into any contract related thereto and that such arrangements will be subject to Purchaser's operation of and strategic direction for the Acquired Business and its rights and obligations under contracts with third parties, except for all historical futures pricing data and databases associated with the CRB Index Business, for which Purchaser hereby agrees, subject to Sellers obtaining the prior written consent of the New York Board of Trade (and Purchaser shall use reasonable efforts to assist Sellers in obtaining such consent) to grant to Sellers or purchasers of their retained businesses a royalty-free and automatically renewable license for the use by the retained Commodity Research Bureau businesses to use such data and databases on an end of day, volume, open interest, open/high/low/close basis for publication in weekly print and daily electronic publications and for historic analysis; *provided*, that (i) Sellers or purchasers of their retained business shall not permit such data or databases to be used by retained businesses other than the Commodity Research Bureau businesses, and (ii) Sellers or purchasers of their retained businesses, including the retained Commodity Research Bureau businesses, shall not distribute electronic real-time data from such databases.

7.14 Director's and Officer's Indemnification. For a period of not less than four (4) years from the Closing, Purchaser shall maintain, and cause to be maintained in force and effect, indemnification of the directors and officers, or persons in other jurisdictions performing comparable functions, of the Designated Entities on a basis no less extensive or favorable than that currently provided to directors and officers of existing operating subsidiaries of Purchaser.

7.15 Maintenance of Books and Records. Sellers and Purchaser shall preserve until the seventh (7th) anniversary of the Closing Date (or, with respect to any Seller, until such time as such Seller is liquidated) all records possessed by such Party relating to the assets, liabilities or operations of the Acquired Assets or the Designated Entities prior to the Closing Date, *provided* that books and records relating to Taxes shall be retained until the expiration of the applicable statute of limitations. After the Closing Date, where there is a legitimate purpose, each Party shall provide the other Party with access, upon prior reasonable written request specifying the need therefor, during regular business hours, to (i) the relevant officers and employees of such Party and (ii) the books of account and records of such Party, but, in each case, only to the extent relating to the assets, liabilities and operations of the Acquired Assets or the Designated Entities prior to the Closing Date, and the other Party and its representatives shall have the right to make copies of such books and records, *provided* that the foregoing right of access shall not be exercisable in such a manner as to interfere unreasonably with the normal operations and business of such Party, *provided further*, that as to such information as constitutes trade secrets or confidential business information of such Party the provisions of Section 7.16 shall apply. Such records may nevertheless be destroyed by a Party if such Party sends the other Party written notice of its intent to destroy records, specifying with reasonable particularity the contents of the records to be destroyed. Such records may then be destroyed after the thirtieth (30th) day following delivery of such notice unless the other Party objects to the destruction, in which case the Party seeking to destroy the records shall either agree to retain such records or to deliver such records to the objecting Party.

7.16 Confidentiality. Each Party hereto acknowledges that the other Parties have legitimate and continuing proprietary interests in the protection of their confidential information and that the Parties have invested substantial sums and will continue to invest substantial sums to develop, maintain and protect such confidential information.

Prior to and after the Closing, each Party agrees not to disclose, furnish or make accessible to anyone or use for its own benefit (other than as contemplated hereby) any trade secrets or other confidential or proprietary information of another Party relating to any Seller, Designated Entity, Purchaser and/or their respective businesses (it being understood that the Acquired Business and/or any business subject to the options set forth in Sections 9, 10 and 11 hereof, constitute businesses of Purchaser from and after the Closing (or the applicable option closing)) or the other Parties including information obtained by or revealed during any investigations, negotiations or review relating to this Agreement and any other document contemplated hereby or thereby or any past or future actions taken in connection with, pursuant to, in accordance with, or under this Agreement including any business plans, marketing plans, financial information, strategies, systems, programs, methods and computer programs, *provided* that such protected information shall not include (i) information required to be disclosed by Law, legal or judicial process (including a court order, subpoena or order of a Governmental Authority) or the rules of any stock exchange, subject to prior consultation with the other Party to the extent reasonably practicable, (ii) information that is or becomes available to the receiving Party on a non-confidential basis from a source other than the other Parties and not obtained in violation of this Agreement, (iii) information that is independently developed by the receiving Party without reference to or use of any information obtained in connection with this Agreement; and (iv) information known to the public or otherwise in the public domain without violation of this Section 7.16, *provided* that (ii) and (iii) above shall not apply for the benefit of Sellers with respect to the Acquired Business from and after the Closing (or with respect to any business subject to the options set forth in Sections 9, 10 and 11 hereof, from and after the applicable option closing date) and, from and after the Closing, Sellers shall, through assignment of rights or otherwise, provide Purchaser with the benefit of any confidentiality or non-disclosure agreement with third parties relating to the protection of information concerning the Acquired Business (or concerning the businesses transferred at the applicable option closing) to the extent that Sellers have the right to do so, and, *provided further*, that this Section 7.16 shall not in any way limit the disclosure of information by Sellers to the extent reasonably required in connection with the commencement and prosecution of the Chapter 11 Cases. As soon as practicable, Sellers and Purchasers shall, in good faith, agree upon a reasonable plan for communication with customers and suppliers, and shall promptly put such plan into operation.

7.17 Right of Subrogation. In connection with Purchaser's right of subrogation included among the Acquired Assets and described on *Schedule 1A* hereto, upon the written request of Purchaser, and at the expense of Purchaser, Sellers shall cooperate with Purchaser in connection with any action or proceeding by Purchaser (whether or not in the name of any Seller) to enforce any such subrogation right.

7.18 Survival of Representations, Warranties, and Agreements. No representations or warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive beyond the Closing Date or, in the event the WSOD/EJV Option, StockVal Option or Bridge Trading Options are exercised, the representations and warranties set out in Sections 5.22, 5.23 and 5.24, shall not survive beyond the WSOD/EJV Option Closing Date, the StockVal Option Closing Date or the Bridge Trading Option Closing Date, respectively.

7.19 No Implied Warranties; No Liability of Agents.

(a) Except for the specific representations and warranties of the Sellers in this Agreement, none of the Sellers, none of the Designated Entities, and none of their respective directors, officers, employees, affiliates, controlling Persons, agents, advisors or representatives makes or shall be deemed to have made any representation or warranty, either express or implied, to any Person as to the Acquired Business or the information related thereto;

(b) The directors, officers, employees, affiliates, controlling Persons, agents, advisors or representatives of Sellers and the Designated Entities shall not have any liability whatsoever to Purchaser or any of its directors, officers, employees, affiliates, controlling Persons, agents, advisors or representatives in respect of the specific representations and warranties of the Sellers and the Designated Entities in this Agreement; and

(c) The Acquired Assets of or pertaining to Bridge Information Systems Canada, Inc. are transferred on an "as is, where is" basis, without representations and warranties. Notwithstanding anything to the contrary in this Agreement, the liabilities of Bridge Information Systems Canada, Inc. under this Agreement are limited to its obligation to sell, transfer and convey the Acquired Assets that it owns and are several and not joint. Sellers will assign at Closing any Contracts of Bridge Information Systems Canada, Inc. requested by Purchaser, *provided* that in the case of customer and vendor Contracts only, Purchaser may also instruct Sellers to terminate Contracts which Purchaser has not elected to be assigned and Sellers will then terminate such Contracts.

7.20 Insurance Proceeds. From the date of signing of this Agreement, in the event any of the Acquired Assets are damaged, destroyed or in any other way lost in circumstances giving rise to a claim for the value thereof under a policy of insurance, any amounts so recoverable shall, in the event that the Closing occurs (or the closing of an option under Section 9, 10 or 11 that would have provided for the transfer of such Acquired Assets occurs), be paid to Purchaser and, if such sums are paid after the Closing Date (or an applicable option closing date), Sellers shall direct the relevant insurer to pay the amount directly to the Purchaser. Sellers shall maintain their real and personal property insurance policies in effect until Closing.

7.21 No Shop. From the date of the Final Order and until the Closing Date, Sellers shall not discuss, negotiate or consummate any transaction involving (i) the issuance, redemption, sale, exchange or other disposition of any equity interest in any of the Designated Entities or (ii) the sale, exchange or other disposition of all or any material part of the Acquired Business.

7.22 Tax Matters.

(a) Preparation of Tax Returns; Payment of Taxes.

(i) Each Seller shall timely file all of its income and other Tax Returns which include, or otherwise relate to, the sale of the Acquired Assets and the Designated Entities. Bridge shall include each United States Designated Entity in, and shall file or cause to be filed, (A) the United States consolidated federal income Tax Returns of Bridge or its affiliates for all taxable periods of the Designated Entities ending on or prior to the Closing Date and (B) where applicable, all other consolidated, combined or unitary Tax Returns of Bridge or its affiliates for all taxable periods of the Designated Entities ending (or the portion of any taxable period ending) on or prior to the Closing Date. Such Tax Returns referred to in clause (A) and (B) above are referred to as the “*Seller Consolidated Returns*”). Sellers also shall file or shall cause to be filed all other Tax Returns of or which include any Designated Entity required to be filed on or prior to the Closing Date. Sellers shall timely pay or cause to be paid any and all Taxes due with respect to all Tax Returns required to be filed by Sellers under this Section 7.22(a)(i). All Tax Returns described in this Section 7.22(a) shall be prepared in a manner consistent with prior practice unless a past practice has been finally determined to be incorrect by the applicable taxing authority or a contrary treatment is required by applicable tax laws (or the judicial or administrative interpretations thereof). Bridge shall provide the Purchaser with copies of such Tax Returns (or, in the case of Seller Consolidated Returns, the portion of such Tax Returns relating to the Designated Entities) at least 10 business days prior to the filing date, and Purchaser shall be provided an opportunity to review such returns and supporting workpapers and schedules prior to the filing of such Tax Returns. Bridge shall, subsequent to the Closing Date, provide written notice to Purchaser of the filing of any amended Seller Consolidated Returns or claim for refund with respect to such Returns with respect to any taxable period ending on or prior to the Closing Date and, if such filing would have a material adverse effect on Purchaser, any Designated Entity, or their affiliates for any taxable period including or ending after the Closing Date, Bridge will not make such filing without the consent of Purchaser, which consent will not be unreasonably withheld.

(ii) Bridge shall, in the event of an ownership change (within the meaning of Section 382 of the Code and applicable Treasury Regulations) of the Affiliated Group of which Bridge is the common parent during the taxable year in which Closing occurs, elect to utilize the closing-of-the-books method with respect to the utilization of its loss and tax credit carryforwards in accordance with Treasury Regulation Section 1.382-6 if doing so would minimize the income tax liability for which the Designated Entities may be jointly or severally liable for the taxable year.

(iii) Following the Closing, Purchaser shall file or cause to be filed all Tax Returns, other than Seller Consolidated Returns, required to be filed by the Designated Entities after the Closing Date and shall cause each such entity to pay the Taxes shown due thereon.

(iv) Sellers and Purchaser will, unless prohibited by applicable Law, close the taxable period of each Designated Entity as of the close of the Closing Date. Neither Seller nor Purchaser shall take any position inconsistent with the preceding sentence on any Tax Return.

(b) *Determination of Income Tax Liability for the Taxable Year of the Transaction.* Bridge agrees to file or cause to be filed, within one hundred and twenty (120) days of the end of its taxable year in which the Closing occurs, its consolidated federal income tax return for such taxable year and any consolidated, combined or unitary Tax Returns that include any of the Designated Entities. Each Seller shall use its reasonable best efforts to expedite the determination of its income tax liability for such taxable year with respect to such Tax Returns (including by means of requesting a prompt determination of Taxes pursuant to Section 505(b) of the Bankruptcy Code), consistent with minimizing the Taxes payable by Bridge and its affiliates. Purchaser shall have standing to seek to have the Bankruptcy Court compel Sellers to take such actions as are necessary to comply with the foregoing requirement and to raise with the Bankruptcy Court the need for, or adequacy of, reserves for Taxes in connection with the confirmation of any plan of reorganization. Each Seller shall provide in any plan of reorganization proposed by it for the Bankruptcy Court to retain jurisdiction after confirmation of any plan of reorganization proposed by it over resolution of disputes between it and any taxing authority regarding the determination of the income tax liability for taxable periods prior to confirmation of such plan.

(c) Tax Audits.

(i) Bridge shall have the sole right to represent the interests of each Designated Entity in any Tax audit or administrative or court proceeding relating to taxable periods ending on or before the Closing Date and to employ counsel of its choice and at its expense to the extent that such proceedings relate solely to Seller Consolidated Returns, *provided* that if the results of such Tax audit or proceeding could reasonably be expected to have an adverse effect on the assets, business, operations, or financial condition of Purchaser,

any affiliate of Purchaser or any Designated Entity for taxable periods ending after the Closing Date, then there shall be no settlement or closing or other agreement with respect thereto without the written consent of Purchaser (which consent shall not be unreasonably withheld).

(ii) Purchaser shall have the sole right to represent the interests of each Designated Entity in all other Tax audits or administrative or court proceedings. Each Seller agrees that it will cooperate fully with Purchaser and its counsel in the defense against or compromise of any claim in any said proceeding, as and to the extent reasonably requested by Purchaser.

(iii) Each of Purchaser and the Sellers shall promptly notify the other of any notice either receives of any Tax audit for which the other is responsible for the underlying Taxes.

7.23 Use of Marks.

(a) Subject to the provisions of Section 7.13(b), Sellers agree that, as soon as practicable after the Closing, (i) they will cease to use in any manner, and shall cause each of their subsidiaries to cease to use in any manner, the name “Bridge” as part of their entity name or as part of any trade name, trademark, servicemark, or logo in connection with their business, and (ii) Sellers shall not register or apply to register the trademark or service mark “CRB Index” alone or in conjunction with another term, *provided*, however, that Sellers may register and/or use the marks “CRB” and “Index” together in a manner consistent with the Retained CRB Marks listed on *Schedule 7.23(d)*.

(b) Sellers hereby undertake not to oppose an application by Purchaser or Purchaser’s Designee to register in Purchaser’s or Purchaser’s Designee’s name the trademarks listed on *Schedule 7.23(b)*, *provided* that such trademarks can only be registered or used in conjunction with another identifying term among the following: “Bridge” or “Reuters”; such trademarks being referred to collectively herein as “*CRB Index Marks*”. Sellers hereby agree and covenant not to commence any suit or other proceedings alleging any infringement by Purchaser on the ground of the use of the CRB Index Marks in businesses of Purchaser or Purchaser’s Designee, *provided* that such use is limited to the CRB Index Business.

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(c) The Parties acknowledge and agree that (i) Intangibles relating to the CRB Index Business are subject to the License Agreement (the “*License Agreement*”) entered into between Knight-Ridder Financial, Inc. (which subsequently changed its name into Bridge Information Systems America, Inc.) and the New York Cotton Exchange on January 1, 1995, which agreement is attached to *Schedule 5.7*, and (ii) the assumption by Sellers and assignment to Purchaser or Purchaser’s Designee of the License Agreement or the rejection by Sellers of the License Agreement, will be subject to further order or orders of the Bankruptcy Court.

(d) Except for CRB Index Marks, Sellers shall retain all right, title and ownership in and to all of the other trademarks and service marks owned by, or currently used by, incorporating, or relating to, “Commodity Research Bureau” or the initials “CRB”, including without limitation all trademarks listed on *Schedule 7.23(d)*.

(e) Sellers agree that should the mark “CRB” cease to be used in connection with any businesses of the Sellers, and unless Purchaser previously ceased to use the CRB Index Marks in connection with the CRB Business, (i) Sellers shall transfer “CRB” and all marks incorporating the name “CRB” (collectively, the “*CRB Marks*”) owned by Sellers to Purchaser for a commercially reasonable consideration to be agreed upon and (ii) upon such transfer Purchaser shall no longer be bound by Section 7.23 (b) hereof.

(f) Sellers agree that, in the event the CRB Marks are transferred, sold or assigned to a third party purchaser, (i) Sellers shall cause such third-party to agree in writing to be bound by the terms and conditions of Section 7.23(b), as and to the extent as if it were a Seller hereunder or the licensor thereunder; and (ii) Sellers shall notify Purchaser of the transfer, sale or assignment prior to any such transfer, sale or assignment.

(g) Sellers agree that the tangible assets and Intangibles relating to the CRB Index Business to be transferred by Sellers to Purchaser under this Agreement shall include all historical futures pricing data and databases associated with the CRB Index Business, including historical prices of underlying commodity futures and historical pricing of futures based on, and the historical database of, the indices comprising the CRB Index Business, subject to the provisions of Section 7.13(b).

7.24 *Funding by Purchaser of Certain Businesses.* For the period commencing on July 1, 2001 and continuing through the earlier to occur of (i) the Closing Date or (ii) the termination of this Agreement, Purchaser shall fund, on a non-refundable basis, (A) the operating expenses of the Acquired Business and the U.S. business and operations of Telerate Holdings, Inc. and (B) the reasonable professional fees and bankruptcy administrative expenses (including fees and expenses in respect of debtor-in-possession financing) of Sellers (in each case as approved by the Bankruptcy Court), *provided* that such operating expenses and professional fees and bankruptcy administrative expenses payable by Purchaser shall *not* (x) exceed, in the aggregate, \$10,000,000 per month, or (y) include any fees and expenses related to the Closing of the sale of the Acquired Business (other than those directly related to the receipt of approvals under the HSR Act), any success or similar fees payable to Bear Stearns, Alvarez & Marsal, any other broker, finder or professional advisor or as otherwise provided in Section 5.8, or (z) any operating expenses, professional fees and bankruptcy administrative expenses related to the maintenance (other than with respect to the maintenance of the U.S. business and operations of Telerate Holdings, Inc.) or

divestiture of any Excluded Assets. The expenses for which Purchaser is providing funding pursuant to this Section 7.24 are referred to as “*Section 7.24 Expenses*.” The Parties shall establish as soon as practicable a procedure for funding of Section 7.24 Expenses.

7.25 *Cooperation in Disposition and Transition of Telerate Business.* Purchaser shall, in good faith, negotiate with any third party that seeks to acquire the Telerate Business and has been identified to Purchaser as having expressed a specific interest in acquiring the Telerate Business under the auction process (a “*Potential Telerate Purchaser*”) with respect to arrangements under which Purchaser would provide data aggregation, data-feeds, and licensing of intellectual property and all rights pertaining thereto from the Acquired Business, and for a transitional period, other limited services using the assets of or related to the Acquired Business, to the extent such services are reasonably necessary to permit the Potential Telerate Purchaser to continue operation of the Telerate Business in the same manner as currently operated by Sellers and as such services have historically been provided by the Acquired Business; it being understood and agreed that Purchaser shall provide such services on terms it, in good faith, determines to be commercially reasonable third-party terms (taking into account market rates as well as Purchaser’s costs (including a reasonable allocation of overhead and other fixed costs) with a reasonable margin of profit for Purchaser). The arrangements shall contemplate that the Potential Telerate Purchaser would over a period of time transition the Telerate Business to stand-alone operations, and will do so not more than three (3) years after the Closing in the case of the data aggregation, data feed and licensing of intellectual property and all rights pertaining thereto.

7.26 *Savvis Financing; Savvis Stock Option.*

(a) Upon satisfaction (or waiver by Purchaser) of the condition contained in Section 3.1(a) hereof and upon execution of the NSA Letter Agreement described in Section 3.3(d) hereof, Purchaser shall offer to finance the operations of Savvis through the earlier to occur of the Closing Date and the termination of this Agreement, in an amount averaging at least \$7,500,000 per month (“*Savvis Financing*”), *provided* that the Savvis Financing shall be in the form of debt and convertible subordinated debt reasonably satisfactory to Purchaser and that neither Savvis nor Sellers shall be required to use proceeds from Savvis’ next permanent financing to repay amounts advanced under the Savvis Financing by Purchaser to Savvis. The Savvis Financing shall be secured by a leasehold mortgage on Savvis’ interest in the lease to be entered into between Sellers and Savvis with respect to the property located at 587 McDonald Boulevard, Hazelwood, Missouri, and, as soon as reasonably practicable, but in no event later than two (2) weeks from the date of the Approval Order, be further secured by that certain parcel of land located at 587 McDonald Boulevard, Hazelwood, Missouri, evidenced by documentation in form and substance reasonably satisfactory to Purchaser.

(b) In consideration of the amounts advanced or to be advanced to Savvis under the Savvis Financing, Sellers shall (i) cause Purchaser to be provided with the right to designate one (1) director to the board of directors of Savvis (the “*Savvis Board*”) and/or select a designee to attend all meetings of the Savvis Board and any committee thereof as an observer and (ii) provide Purchaser with the Savvis Stock Option described in Section 7.26(c) hereof.

(c) Sellers hereby grant to Purchaser the right and option (the “*Savvis Stock Option*”) to purchase the 45,483,702 shares of common stock of Savvis held as of the date hereof, directly or indirectly, by Sellers in Savvis (the “*Savvis Shares*”), which Savvis Stock Option shall be exercisable from time to time in whole or in part upon five (5) business days notice to Sellers either before the Closing, at the Closing or within ninety (90) days after the Closing (*provided* that if a filing under the HSR Act is required for such exercise, a notice of exercise may be made subject to the making of all requisite filings under the HSR Act (which may be made at the election of the Purchaser, and in which Sellers agree to cooperate as contemplated in Section 7.8 hereof) and the expiration of the waiting period thereunder, and such notice shall be deemed timely if given prior to the expiration of the option period), at a per share exercise price of the higher of (i) \$2.50 (subject to adjustment to reflect stock splits and similar changes in the capital structure of Savvis) or (ii) the volume weighted average trading price of the Savvis Shares during the five (5) trading day period immediately preceding the date on which the Purchaser gives notice of its exercise of the Savvis Stock Option, *provided* that until such time as Purchaser or Purchaser’s Designee otherwise first becomes an “interested stockholder” as defined in Section 203 of the Delaware General Corporation Law (“*DGCL*”), the exercise of the option shall be limited to such number of shares of stock of Savvis as would not at the time result in the holder becoming such an “interested stockholder” unless and until the Savvis Board shall have approved such acquisition, *provided further*, that until such time as the Savvis Stock Option is exercised in full or Purchaser’s right to exercise the Savvis Stock Option expires, Purchaser shall enjoy the right to vote a number of the Savvis Shares equal to the lesser of (x) the number of Savvis Shares for which the option is exercisable from time to time and (y) unless and until the waiting period has expired with respect to any requisite filing under the HSR Act (which may be made at the election of the Purchaser, and in which Sellers agree to cooperate as contemplated in Section 7.8 hereof), such number of Savvis Shares which may be acquired by Purchaser without the making of a filing under the HSR Act, on all matters with respect to which such shares are entitled to vote under either the DGCL or Savvis’ certificate of incorporation or by-laws, and Sellers shall retain the right to designate one (1) director to the Savvis Board. If Sellers or any of their affiliates shall at any time seek to transfer any of the Savvis Shares, any transferee thereof shall be required to take subject to the provisions hereof

and to execute an acknowledgment to such effect in form and substance satisfactory to Purchaser. The Parties shall record their agreement with respect to the Savvis Stock Option in a separate stock option agreement.

(d) In connection with the Savvis Financing, Sellers shall resolve the following issues, which issues shall not be a condition of or affect either the transaction contemplated under this Agreement or any of Purchaser's arrangements with Savvis under this Agreement or otherwise, except that the lease described in clause (D) below shall be assumed by Purchaser or one of the Purchaser's Designees upon the Closing: (A) all pre-petition claims by Savvis against Sellers; (B) the promissory note issued by Savvis in favor of Sellers; (C) any costs associated with the termination of network services or telecommunications resulting from the discontinuation of Bridge businesses not part of the Acquired Business; and (D) Bridge and Savvis shall enter into a property lease, which shall be on terms and conditions reasonably satisfactory to Purchaser, for the property used or held for use by Sellers in connection with the Savvis business. Purchaser shall reasonably cooperate with Sellers and Savvis to permit Sellers to give Savvis notice regarding the termination of network services or telecommunications referenced in clause (C) above, as early as reasonably practicable. Purchaser shall indemnify Sellers for any increase in termination costs resulting from Purchaser's failure to give notice of termination of network services or telecommunications by July 2, 2001.

7.27 *Reuters Benchmarks*. In the event Bridge determines to discontinue Telerate services in any region, area or other segment and is aware of certain Telerate pages or other sets of information that are used as a specified standard reference point by third parties in such region, area or other segment ("*Telerate Benchmarks*"), Bridge shall give Reuters an opportunity to suggest substitute pages or other sets of information available on Reuters products which can be used in similar fashion thereto ("*Reuters Benchmarks*"), and if Bridge is reasonably satisfied that any such Reuters Benchmarks could serve as an acceptable substitute to any such Telerate Benchmarks, Bridge shall use all commercially reasonable efforts to recommend substitution of such Reuters Benchmarks for such Telerate Benchmarks upon the discontinuation of such Telerate services, including by publicly nominating or recommending such Reuters Benchmarks as successor to such Telerate Benchmarks for purposes of third-party agreements, which contemplate such nominations or otherwise, and making such recommendations to any relevant industry governing or standards-setting bodies.

SECTION 8

TERMINATION

8.1 *Termination*. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

(a) by mutual consent of Sellers and Purchaser;

(b) by either Sellers or Purchaser (*provided* that any such Party seeking termination is not then in material breach of any provision of this Agreement):

(i) if the Closing has not occurred on or before August 31, 2001, *provided* that Purchaser may, upon five (5) days prior notice to Sellers, extend the date set forth in this Section 8.1(b)(i) by one month increments to no later than October 31, 2001 (such date, the "*Outside Date*");

(ii) if a Governmental Authority shall have issued an order, decree or ruling or taken any other action (which order, decree or ruling the Parties hereto shall use their reasonable best efforts to lift), in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable; or

(iii) [INTENTIONALLY DELETED].

(c) by Purchaser (*provided* that Purchaser is not then in material breach of any provision of this Agreement):

(i) [INTENTIONALLY DELETED];

(ii) subject to Purchaser's right to waive this condition as provided in Section 7.1(c), if the Approval Order and the Designated Contracts Order have not become a Final Order by the Outside Date;

(iii) if a default or breach shall be made by Sellers with respect to the due and timely performance of any of their covenants or agreements contained herein, or if their representations or warranties contained in this Agreement shall have become inaccurate if such default, breach or inaccuracy has not been cured (if capable of being cured) or waived within fifteen (15) days after written notice to such Seller specifying, in

reasonable detail, such claimed default, breach or inaccuracy and demanding its cure or satisfaction *and* such default, breach or misrepresentation would, if not cured, constitute or would reasonably be expected to constitute a Material Adverse Effect, *provided* that if and to the extent that a misrepresentation consists of the failure to provide information relative to certain facts, circumstances or matters, the provision of the information in question shall not constitute cure if the facts, circumstances or matters previously undisclosed, individually or in the aggregate, constitute or would be reasonably expected to constitute a Material Adverse Effect and are not capable of cure and effectively cured within such fifteen (15)-day period;

(iv) if any of the conditions set forth in Sections 3.1 or 3.3 shall have become incapable of fulfillment or cure and shall not have been waived by Purchaser; or

(v) [INTENTIONALLY DELETED].

(d) by Sellers (*provided* that no Seller is then in material breach of any provision of this Agreement):

(i) if a material default or material breach shall be made by Purchaser with respect to the due and timely performance of any of its covenants or agreements contained herein or if its representations or warranties contained in this Agreement shall have become inaccurate in any material respect, if such default, breach or inaccuracy has not been cured (if capable of being cured) or waived within fifteen (15) days after written notice to Purchaser specifying in reasonable detail such claimed default, breach or inaccuracy and demanding its cure or satisfaction; or

(ii) if any of the conditions set forth in Sections 3.1 or 3.2 shall have become incapable of fulfillment or cure and shall not have been waived by Bridge.

8.2 Termination Payments.

(a) If this Agreement is terminated (i) by Sellers other than as permitted in this Agreement, or (ii) pursuant to Section 8.1(c)(iii) hereof, then Purchaser shall immediately and without obtaining a further order of the Bankruptcy Court have an allowed administrative expense priority claim pursuant to Sections 503(b) and 507(a)(i) of the Bankruptcy Code for an amount equal to the entirety of the Initial Deposit that will be paid by Seller to Purchaser immediately thereon.

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(b) If this Agreement is terminated by Sellers other than as permitted in this Agreement, or pursuant to Section 8.1(b)(i), Section 8.1(c)(iii) or (iv) in circumstances which are directly attributable to a material default, breach, action or omission of any of the Sellers or Designated Entities, then Sellers, jointly and severally, shall forthwith pay Purchaser, in cash as an administrative expense priority claim pursuant to Sections 503(b) and 507(a)(i) of the Bankruptcy Code and without obtaining a further order of the Bankruptcy Court, an amount (not to exceed \$2,000,000) on account of the reasonable costs and expenses (subject to certification by Purchaser with reasonable detail), including the fees of outside counsel and other external advisors, incurred by the Purchaser in negotiating and entering into this Agreement, which expenses shall include, for the avoidance of doubt, expenses incurred in connection with due diligence undertaken on the Acquired Business.

(c) [INTENTIONALLY DELETED].

(d) If (i) this Agreement is terminated by Purchaser primarily as a result of the inability to satisfy the condition precedent to Closing set forth in Sections 3.1(c), 3.1(e) (to the extent that such event relates to competition law) or 3.1(f) (limited to judgments, orders or decrees relating to competition law) hereof (the “*HSR Condition*”), (ii) the Closing shall not have occurred on or before the Outside Date primarily as a result of the inability to satisfy the HSR Condition, (iii) Purchaser terminates this Agreement other than as permitted by this Agreement, (iv) Purchaser fails to close the purchase when it is obligated to do so under the terms of this Agreement, or (v) Sellers terminate this Agreement due to Purchaser’s material breach pursuant to Section 8.1(d)(i), then, in each case, the Sellers shall be entitled to receive the Second Deposit, and Purchaser and Sellers shall immediately give written notice to the Escrow Agent under the Second Securities Account Agreement providing instructions for the payment of the Second Deposit to Sellers pursuant to Section 3(i) of the Second Securities Account Agreement, subject to any rights pursuant to Section 7.11 hereof. Payment of the Second Deposit, together with Sellers’ right to exercise the WSOD/EJV Put Option, StockVal Put Option and Bridge Trading Put Option, shall constitute full discharge of any liability of Purchaser to Sellers pursuant to this Agreement, if any of the events described in this Section 8.2(d) shall occur on or before July 2, 2001. If this Agreement is terminated by Purchaser or Sellers otherwise than as provided in the first sentence of this Section 8.2(d), then Purchaser shall be entitled to receive the Second Deposit, and Purchaser and Sellers shall immediately give written notice to the Escrow Agent under the Second Securities Account Agreement providing instructions for the payment of the Second Deposit to Purchaser pursuant to Section 3(i) of the Second Securities Account Agreement.

(e) [INTENTIONALLY DELETED].

8.3 Procedure and Effect of Termination.

(a) If this Agreement is terminated under Section 8.1, written notice thereof shall forthwith be given to the other Parties to this Agreement and this Agreement shall terminate (subject to the provisions of Sections 8.2, 8.3 and 12.13 hereof) and the transactions for the purchase and sale of the Acquired Business contemplated hereby shall be abandoned without further action by any of the Parties hereto.

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(b) If this Agreement is terminated as provided herein, then:

(i) upon request therefor each Party shall redeliver all documents, work papers and other material of any other Party relating to the transactions contemplated hereby, whether obtained before or after the execution hereof, to the Party furnishing the same; and

(ii) the Parties shall be released from future performance and no Party hereto shall have any liability or further obligation to any other Party resulting from such termination under this Agreement or otherwise except (x) any Party entitled to the payment of any sum, expense reimbursement or the Second Deposit pursuant to the terms and conditions set forth in this Section 8 shall be entitled to enforce such obligation; and (y) Sections 2.9, 7.16, 8.3, 8.4 and Sections 9, 10, 11 and 12 hereof, shall survive such termination.

8.4 Post-Closing; Termination Payments.

(a) In the event that the Second Deposit is paid to Sellers as provided in Section 8.2(d) hereof and any “Covered Assets” (as hereinafter defined) are sold in one or more transactions to any Person or Persons (including, without limitation, to Purchaser pursuant to the exercise of any of the options referred to in Sections 9, 10 and 11 hereof) that, in the aggregate, generate net proceeds to Sellers in excess of an amount equal to (x) \$195,000,000, less (y) the amount of the Second Deposit, plus (z) an amount equal to any Allocated Burn Costs as of the date of receipt of such proceeds, Sellers shall pay to Purchaser eighty percent (80%) of such excess proceeds until Purchaser shall have received \$50,000,000 in the aggregate, and Sellers shall have no further obligation to Purchaser under this Section 8.4(a) with respect to any additional proceeds from the sales of Covered Assets. For purposes of this Section 8.4, “Covered Assets” shall mean (i) all assets that would have been purchased by SunGard Data Systems, Inc. pursuant to its last bid for assets of the Sellers set forth in the record of the Auction (including, without limitation, any assets subject to any of the options set forth as part of the last bid by SunGard Data Systems, Inc.), including, without limitation, the assets subject to any of the options referred to in Sections 9, 10 and 11 hereof, ADP, Telerate and any Asian or European subsidiaries and/or operations of Sellers or any assets relating thereto, whether sold before or after termination of this Agreement and (ii) any other assets of Sellers (other than any shares, assets or business operations of Bridge/DFS Pty. Ltd. and any shares of capital stock of Savvis owned by Sellers) sold after termination of this Agreement. Accounts Receivable shall not constitute Covered Assets.

(b) In the event the Closing of the transactions contemplated under this Agreement occurs, eighty percent (80%) of any net proceeds received by Sellers pursuant to the sale of any stock or assets of the Telerate Business, or of Sellers’ European or Asian subsidiaries and/or operations related thereto shall (i) be applied to the Purchase Price payable at Closing in the event such proceeds from any such sales are received by Sellers prior to or simultaneously with the Closing, and (ii) promptly remitted to Purchaser or Purchaser’s Designee if such proceeds from any such sales are received by Sellers after the Closing.

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(c) Any amounts payable to Purchaser pursuant to this Section 8.4 shall be paid by Sellers to Purchaser as soon as possible after Sellers’ receipt of any such proceeds, but in any event within three (3) business days after any such proceeds have been received by Sellers, by wire transfer of immediately available funds to an account or accounts designated in writing by Purchaser.

(d) For purposes of this Section 8.4, “net proceeds” of any sales of stock or assets shall mean the proceeds received by Sellers less applicable transaction costs.

SECTION 9

WSOD/EJV PUT AND CALL OPTION

9.1 Purchaser WSOD/EJV Call Option.

(a) Subject to the conditions set forth in Section 9.1(b) hereof, Sellers hereby grant to Purchaser the right and option (hereinafter, the “WSOD/EJV Call Option”) during the WSOD/EJV Call Option Period (as defined below), exercisable by prior written notice to Sellers as provided in Section 9.1(b) hereof (such notice, the “WSOD/EJV Call Exercise Notice”) to purchase the WSOD/EJV Business for the aggregate price of \$50,000,000 plus 18% of the funding provided by Purchaser pursuant to Section 7.24 (the “WSOD/EJV Exercise Price”), which WSOD/EJV

Exercise Price shall consist of the amount of 18% of the funding provided by Purchaser pursuant to Section 7.24 and the balance, which balance is to be paid in cash due at the WSOD/EJV Closing (as defined below).

(b) The WSOD/EJV Call Option may be exercised by Purchaser at any time on or after June 1, 2001 through and including the Outside Date (the “*WSOD/EJV Call Option Period*”), *provided* that the WSOD/EJV Call Option shall terminate and no longer be exercisable by Purchaser upon the occurrence of the Closing provided for in this Agreement.

9.2 Sellers WSOD/EJV Put Option.

(a) Subject to the conditions set forth in Section 9.2(b) hereof, Purchaser hereby grants to Sellers the right and option (hereinafter, the “*WSOD/EJV Put Option*”), exercisable by prior written notice to Purchaser as provided in Section 9.2(b) hereof (such notice, the “*WSOD/EJV Put Exercise Notice*”), to require Purchaser to purchase, or cause to be purchased, and upon receipt of the WSOD/EJV Put Exercise Notice, Purchaser shall be obligated to purchase, or cause to be purchased, the WSOD/EJV Business at the WSOD/EJV Exercise Price.

(b) The WSOD/EJV Put Option shall be exercisable by Sellers only in the event that (i) the Closing hereunder shall *not* have occurred on or before August 31, 2001 (or such other time as may be agreed upon in writing by Purchaser and Sellers), or (ii) this Agreement shall have been terminated by either party in accordance with the terms hereof, primarily as a result of the inability to satisfy the HSR Condition, or (iii) Purchaser terminates this Agreement when it is not otherwise entitled to do so, or (iv) Purchaser fails to close the purchase when it is obligated to do so under the terms of this Agreement, or (v) Sellers terminate this Agreement pursuant to Section 8.1(d) due to Purchaser’s material breach hereof (the date of each such event, a “*WSOD/EJV Put Option Triggering Date*”), *provided* that in the case of clause (i) above, the WSOD/EJV Put Option shall only be exercisable by Sellers’ delivery of the WSOD/EJV Put Exercise Notice any time from August 31, 2001 and any time prior to or on the Outside Date (or such other time as may be agreed upon in writing by Purchaser and Sellers) upon at least five (5) business days’ prior written notice to Purchaser and, in the case of clauses (ii) through (v) above, the WSOD/EJV Put Option shall only be exercisable by Sellers’ delivery of the WSOD/EJV Put Exercise Notice within five (5) business days after the WSOD/EJV Put Option Triggering Date. The WSOD/EJV Put Option shall terminate and no longer be exercisable by Sellers upon the occurrence of the Closing provided for in this Agreement.

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(c) In the event that Sellers exercise the WSOD/EJV Put Option but the conditions to closing set forth in Sections 9.5(b), (c) or (e) (limited to judgments or orders relating to competition law) hereof have not been satisfied or waived as provided for in this Agreement or if Sellers are limited in the effective exercise of such option for any regulatory reason, Purchaser shall, notwithstanding the fact that the WSOD/EJV Option Closing shall not have occurred, pay to Sellers the WSOD/EJV Exercise Price forthwith. Sellers shall continue to operate the WSOD/EJV Business at the risk and expense of Purchaser pending the WSOD/EJV Option Closing or, in the event the conditions to closing set forth in Section 9.5(b), (c) or (e) (limited to judgments or orders relating to competition law) are not satisfied or waived or if Sellers are limited in the effective exercise of such option for any regulatory reasons, until such conditions are satisfied or limitation no longer applies or Purchaser determines that such WSOD Assets and EJV Assets are to be sold to a third party. In the event of such a determination, Sellers shall cooperate with Purchaser at Purchaser’s expense to consummate such transfer or sale to such third party and all net proceeds of such sale shall be paid to Purchaser.

9.3 WSOD/EJV Option Closing.

(a) The closing of the purchase and sale of the WSOD/EJV Business pursuant to either Section 9.1 or Section 9.2 hereof (the “*WSOD/EJV Option Closing*”) shall take place at the offices of Cleary, Gottlieb, Steen & Hamilton at 10:00 a.m. on such date as shall be mutually agreed upon by Sellers and Purchaser, but in no event later than ten (10) business days after the receipt by Sellers or Purchaser of the WSOD/EJV Put Exercise Notice (or, if later, ten (10) days after the expiration of the applicable waiting period under the HSR Act, if any), or WSOD/EJV Call Exercise Notice, as applicable (such date being referred to herein as the “*WSOD/EJV Option Closing Date*”).

(b) If the WSOD/EJV Option is exercised, and the WSOD/EJV Exercise Price is paid, the WSOD/EJV Business shall no longer constitute part of the Acquired Business, and the WSOD/EJV Exercise Price, to the extent received by Sellers, shall be deducted from the Purchase Price, *provided* that except as follows expressly from this Section, the other Sections of this Agreement shall not be affected.

9.4 *Transitional Period.* During the period between the date hereof and the WSOD/EJV Option Closing Date, Sellers shall operate the WSOD/EJV Business in the ordinary course in the context of a Chapter 11 Case and in the same manner as Sellers are required to operate the Acquired Business pursuant to their obligation under Section 7.3 hereof, pending the WSOD/EJV Option Closing Date, and, to the extent permitted by Law, cooperate with Purchaser, including, without limitation, by complying with any reasonable requests of Purchaser for the books and records relating to the WSOD/EJV Business and any other reasonable due diligence requests and by obtaining any required regulatory approvals.

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9.5 *Conditions Precedent to the WSOD/EJV Option Closing.* Except as otherwise provided in Section 9.2(c), (i) the obligations of Purchaser to effect the transactions contemplated by this Section 9 shall be subject to the satisfaction or waiver at or prior to the WSOD/EJV Option Closing Date of the following conditions precedent, and (ii) the obligations of Sellers to effect the transactions contemplated by this Section 9 shall be subject to the satisfaction or waiver at or prior to the WSOD/EJV Option Closing Date of the conditions precedent set out in 9.5 (a), (b), (c) and (e) (*provided that the Parties shall cooperate to achieve fulfillment of such conditions*):

(a) there shall be a Designated Contracts Order;

(b) the waiting period, if any, under the HSR Act shall have expired, and no condition or requirement unacceptable to Purchaser in its reasonable opinion shall be imposed on or required of Purchaser or any of its subsidiaries or affiliates as a result of or as a condition to the foregoing;

(c) the material regulatory conditions, approvals and filings with respect to the WSOD/EJV Business, which are set out in *Schedule 3.1(d)* hereto, shall have been obtained or made in form and substance reasonably satisfactory to the Parties;

(d) the representations and warranties of Sellers set forth on *Schedule 5.22* hereto shall be true and correct as of the date of this Agreement and as of the WSOD/EJV Option Closing Date, with only such exceptions as, individually or in the aggregate, do not constitute and would not be reasonably expected to constitute a WSOD/EJV Material Adverse Effect, *provided that* the foregoing requirement, as applied to any representations and warranties set forth in paragraphs 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15 and 16 of *Schedule 5.22* hereto, shall be as of the date hereof only;

(e) there shall not be in effect any Law of any Governmental Authority of competent jurisdiction restraining, enjoining or otherwise preventing consummation of the transactions contemplated under this Section 9;

(f) each Seller shall have performed in all material respects its covenants and obligations under this Section 9 required to be performed by such Seller prior to the WSOD/EJV Option Closing Date with only such exceptions which, individually or in the aggregate, do not constitute and would not reasonably be expected to constitute a WSOD/EJV Material Adverse Effect;

(g) no WSOD/EJV Material Adverse Effect that would result in a diminution of the value to the WSOD/EJV Business in an amount greater than one-third (1/3) of the WSOD/EJV Exercise Price shall have occurred or be reasonably expected to occur, *provided that* if the WSOD/EJV Option Closing occurs after August 31, 2001, the occurrence of a Material Adverse Effect for the purposes of the condition set forth in this Section 9.5(g) shall be measured as if the WSOD/EJV Option Closing had occurred on August 31, 2001;

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(h) Purchaser shall have received a certificate, in form and substance to the reasonable satisfaction of Purchaser, dated as of the WSOD/EJV Closing Date, executed by an authorized executive officer of Bridge, certifying in such detail as Purchaser may reasonably request, that the conditions in this Section 9.5 have been fulfilled; and

(i) Purchaser shall be reasonably satisfied that Purchaser shall have no liability (including, without limitation, liabilities that may arise under COBRA, WARN or under any other U.S. or non-U.S. Law) with respect to any employees who do not accept an offer of employment from and commence employment with Purchaser or Purchaser's Designee.

9.6 *Closing Deliveries.*

(a) At the WSOD/EJV Option Closing, Sellers shall deliver to Purchaser, or in the case of clause (iv) below, make available to Purchaser:

(i) general bills of sale and assignment, in form and substance reasonably satisfactory to Purchaser, with respect to the WSOD Assets and the EJV Assets (other than real estate) and any other documents reasonably requested by Purchaser so as to convey to Purchaser good title, free and clear of all Liens (other than Permitted Liens), to all of Sellers' right, title and interest in and to the WSOD Assets and the EJV Assets, each executed by the Sellers;

(ii) special or limited warranty deeds and owner's title insurance policy commitments, each in form and substance reasonably satisfactory to Purchaser, with respect to any owned real property used in the WSOD/EJV Business;

(iii) an assignment and assumption of leases, security deposits and prepaid rents assigning to Purchaser all of Sellers' right, title and interest in and to leased real property used in the WSOD/EJV Business and all security deposits and prepaid rents thereunder;

(iv) all of Sellers' books and records, customer files and related business records pertaining to the WSOD Assets and the EJV Assets, the originals of all contracts included in the WSOD Assets and the EJV Assets

in Sellers' possession, the originals of all permits and warranties, and copies of all maintenance records and operating manuals in Sellers' possession pertaining to the personal property or any portion of their respective owned or leased real property used in the WSOD/EJV Business;

(v) a certificate of non-foreign status relating to the WSOD/EJV Business in accordance with Section 1445 of the Code, and any similar State-required documents requested by Purchaser or in respect of which there is Sellers' Knowledge; and

(vi) all other documents, certificates, instruments or writings reasonably requested by Purchaser in connection with any purchase of the WSOD Assets and EJV Assets pursuant to Sections 9.1 or 9.2 hereof.

(b) At the WSOD/EJV Option Closing, Purchaser shall deliver to Bridge:

(i) the WSOD/EJV Exercise Price by wire transfer of immediately available funds to an account or accounts designated in writing by Bridge; and

(ii) an assumption agreement in form and substance reasonably acceptable to Bridge, providing for the assignment by Sellers and the assumption by Purchaser of the WSOD/EJV Designated Contracts Purchaser has elected to assume and have assigned to it or Purchaser's Designee pursuant to the terms of this Agreement.

9.7 WSOD Assets and EJV Assets; WSOD/EJV Excluded Assets.

(a) Subject to the terms and conditions set forth in this Section 9, as of the WSOD/EJV Option Closing Date, Sellers shall sell, assign, transfer, convey, and deliver to Purchaser and Purchaser shall purchase, or cause to be purchased and accept, or cause to be accepted, from Sellers, all of Sellers' right, title, and interest in, to and under all of the WSOD Assets and EJV Assets, wherever located, whether tangible or intangible, as the same shall exist on the WSOD/EJV Option Closing Date, but *not* including cash of WSOD and EJV, the accounts receivable of WSOD and EJV, or any WSOD/EJV Excluded Assets (as defined below), free and clear of all Liens other than the Liens referred to in *Schedule 5.22*, paragraph 4(a) or any Permitted Liens.

(b) All of the assets of Sellers which are *not* WSOD Assets and EJV Assets, are expressly excluded and shall be retained by Sellers (the "*WSOD/EJV Excluded Assets*"). Purchaser expressly agrees and understands that, except as otherwise expressly provided in this Agreement in connection with the Closing or the exercise of any other option to purchase specific assets of the Sellers set forth in this Agreement, Sellers shall not sell, assign, transfer, convey or deliver to Purchaser any of the WSOD/EJV Excluded Assets.

9.8 WSOD and EJV Contract Assumption.

(a) *Schedule 9.8A* sets forth a list of executory contracts and unexpired leases used in the WSOD/EJV Business (other than WSOD/EJV Non Filing Seller Contracts) that, in the event that the WSOD/EJV Call Option or WSOD/EJV Put Option is exercised, Purchaser wishes to assume and Sellers wish to assign to Purchaser at the WSOD/EJV Option Closing ("*Schedule 9.8A Contracts*"). *Schedule 9.8B* sets forth a list of executory Contracts or unexpired leases, other than WSOD/EJV Non Filing Seller Contracts, that, in the event that the WSOD/EJV Call Option or WSOD/EJV Put Option is exercised, Purchaser may elect to assume at the WSOD/EJV Option Closing ("*Schedule 9.8B Contracts*") in the same manner as provided for in Section 2.4. The *Schedule 9.8A Contracts* and the *Schedule 9.8B Contracts* that are actually assumed by and assigned to Purchaser or Purchaser's Designee at the WSOD/EJV Option Closing are hereinafter referred to collectively as the "*WSOD/EJV Designated Contracts*" and each a "*WSOD/EJV Designated Contract*". Purchaser shall be responsible for and bear any WSOD/EJV Cure Costs in connection with Purchaser's assumption of the WSOD/EJV Designated Contracts at the WSOD/EJV Option Closing, and Sellers shall have no liability for WSOD/EJV Cure Costs in connection with Purchaser's assumption of the WSOD/EJV Designated Contracts, and shall only be liable for WSOD/EJV Cure Costs in respect of WSOD/EJV Undisclosed Contracts (as defined in Section 9.8(b) hereof) in excess of \$830,000 (such amount is referred to as the "*WSOD/EJV Seller Cure Liability Amount*"); *provided that* the Parties shall share equally the Cure Costs with respect to the WSOD/EJV Designated Contracts listed on *Schedule 9.8B* that are marked "Telerate" and that are not marked with an asterisk.

(b) If prior to the WSOD/EJV Option Closing Date any Party becomes aware of any executory contract or unexpired lease used in the WSOD/EJV Business not previously listed in *Schedules 9.8A, 9.8B or 9.8C* (any such contract, a "*WSOD/EJV Undisclosed Contract*"), the discovering Party shall immediately notify the other Parties of such WSOD/EJV Undisclosed Contract, and Purchaser may elect, on or prior to the WSOD/EJV Option Closing Date, to assume such WSOD/EJV Undisclosed Contract. Notwithstanding the foregoing, and subject to the Bankruptcy Code, if any WSOD/EJV Undisclosed Contract is entered into after the date of the Approval Order and

such WSOD/EJV Undisclosed Contract contains language allowing the Sellers to assign the Contract to Purchaser, then such Contract may be assigned without the entry of a Bankruptcy Court order.

(c) *Schedule 9.8C* sets forth a list of WSOD/EJV Non Filing Seller Contracts. Purchaser shall have the right to elect to have any or all of the WSOD/EJV Non Filing Seller Contracts assigned to it, by notice to Sellers not later than 15 calendar days prior to the scheduled WSOD/EJV Option Closing Date and any such WSOD/EJV Non Filing Seller Contract that Purchaser has so elected to have assigned to it shall, except for the purposes of Section 9.8(a), be deemed to constitute a WSOD/EJV Designated Contract for the purposes of Section 9.

9.9 Amounts Due Under WSOD/EJV Contracts.

(a) Purchaser shall be obligated to pay any amounts for services rendered and goods provided under the WSOD/EJV Designated Contracts from and after the WSOD/EJV Option Closing Date. Any amounts for services rendered and goods provided under the WSOD/EJV Designated Contracts during the period until the WSOD/EJV Option Closing Date shall be a retained liability of Sellers, except as provided in Section 9.8(a) above.

(b) Subject to Sections 9.8 and 9.9(a), the satisfaction of any and all cure amounts is and shall remain the obligation of the Sellers, and Purchaser shall have no responsibility to any third party therefor. Sellers are responsible for the verification of all cure amounts, including all administrative responsibilities associated therewith, in their Chapter 11 Cases and otherwise and shall use their reasonable best efforts to establish the proper cure amount, if any, for each executory contract and unexpired lease relating to the WSOD/EJV Business, including the filing and prosecution of any and all appropriate proceedings in the Bankruptcy Court. Such WSOD/EJV Cure Costs shall be paid at or as soon as practicable after the WSOD/EJV Option Closing Date, and to the extent Purchaser satisfies any cure amount in excess of its obligation under Sections 9.8 and 9.9(a), such excess shall be a credit against the WSOD/EJV Exercise Price.

9.10 *Assumed Liabilities*. Subject to (i) the occurrence of the WSOD/EJV Option Closing, and (ii) the terms and conditions set forth in this Section 9 (including, without limitation, the terms and conditions set forth in Section 9.8 and Section 9.9 hereof), at the WSOD/EJV Option Closing, Purchaser shall assume from Sellers and thereafter pay, perform, or discharge in accordance with their terms and hold Sellers harmless in respect of, all (i) payables, obligations and liabilities with respect to, arising out of, or associated with the ownership, possession or use of the WSOD/EJV Assets arising on or after the WSOD/EJV Option Closing; (ii) obligations that arise or which by their terms are to be observed, paid, discharged or performed, as the case may be, on or after the WSOD/EJV Option Closing Date under the WSOD/EJV Designated Contracts that the Purchaser has elected to assume pursuant to Section 9.8 hereof and for such goods and services as are provided in the ordinary course to the WSOD/EJV Business on or subsequent to the WSOD/EJV Option Closing Date; (iii) those liabilities listed on *Schedule 9.10* hereto; (iv) the Purchaser's share of prorated liabilities of Sellers pursuant to Section 9.15 hereof; and (v) liabilities and obligations set forth in Section 9.17. The liabilities to be assumed pursuant to this Section 9 shall be referred to herein as the "*WSOD/EJV Assumed Liabilities*".

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9.11 *WSOD/EJV Excluded Liabilities*. Subject to Sections 9.8, 9.9 and 9.10, Purchaser does not assume or agree to pay, satisfy, discharge or perform, and shall not be deemed by virtue of the execution and delivery of this Agreement, delivery of any document in connection with the exercise of the WSOD/EJV Call Option and/or WSOD/EJV Put Option or any document delivered at the WSOD/EJV Option Closing Date pursuant to this Section 9, or as a result of the consummation of the transactions contemplated by this Section 9, to have assumed, or to have agreed to pay, satisfy, discharge or perform, any liability, obligation or indebtedness of any Seller, whether primary or secondary, direct or indirect, other than the WSOD/EJV Assumed Liabilities. Purchaser shall not be liable for any liabilities, contracts, agreements or other obligations of Sellers which are not expressly assumed by Purchaser or Purchaser's Designee pursuant to Section 9.10 hereof or the WSOD/EJV Cure Costs to the extent provided in Sections 9.8 and 9.9, including, without limitation, those set forth below (all such liabilities and obligations that are *not* WSOD/EJV Assumed Liabilities are referred to herein as the "*WSOD/EJV Excluded Liabilities*");

(a) all obligations or liabilities of any Sellers or any predecessor(s) or affiliate(s) of Sellers that relate to any of the WSOD/EJV Excluded Assets;

(b) all obligations or liabilities of Sellers or any predecessor(s) or affiliate(s) of Sellers relating to Taxes (including with respect to the WSOD Assets or EJV Assets or otherwise) for all periods, or portions thereof, ending on or prior to the WSOD/EJV Option Closing Date;

(c) all obligations or liabilities for any legal, accounting, investment, banking, brokerage or similar fees or expenses incurred by any Sellers in connection with, resulting from or attributable to the transactions contemplated by this Agreement and the DIP Financing;

(d) all obligations or liabilities for any borrowed money incurred by Sellers or any predecessor(s) or affiliate(s) of Sellers;

(e) all liabilities and obligations from Sellers or any predecessor(s) or Affiliate(s) of Sellers resulting from, caused by or arising out of, directly or indirectly, the conduct of the business or ownership or lease of any properties or assets previously used by Sellers in connection with the WSOD/EJV Business at any time prior to or on the WSOD/EJV Option Closing Date, including, without limitation, such of the foregoing (i) as constitute, may

constitute or are alleged to constitute a tort, breach of contract or violation of requirement of any law, (ii) that relate to, result in or arise out of the existence or imposition of any liability or obligation to remediate or contribute or otherwise pay any amount under or in respect of any environmental, superfund or other environmental cleanup or remedial laws, occupational safety and health laws or other laws or (iii) that relate to any and all claims, disputes, demands, actions, liabilities, damages, suits in equity, administrative proceedings, accounts, costs, expenses, setoffs, contributions, attorneys' fees and/or causes of action of whatever kind or character against Sellers or any predecessor(s) or affiliate(s) of Sellers, whether past, present, future, known or unknown, liquidated or unliquidated, accrued or unaccrued;

(f) any and all Taxes of any member of an Affiliated Group of which Sellers (or any predecessor of Sellers) is or was a member on or prior to the WSOD/EJV Option Closing Date, by reason of the liability of such entity pursuant to Treasury Regulation Section 1.1502-6(a) or any comparable provision of State, local or foreign law;

(g) any obligations under WARN or COBRA, and any severance or notice obligations to former employees of Sellers (other than the Transferred WSOD/EJV Employees to the extent that severance or notice obligations may take place in connection with Transferred WSOD/EJV Employees' employment with Purchaser or Purchaser's Designee); and

(h) all liabilities, known or unknown, of Sellers relating to the recruitment, employment or termination of employment on or prior to the WSOD/EJV Option Closing Date, including, with respect to the Transferred WSOD/EJV Employees, all WSOD/EJV Plans and all Contracts pertaining thereto, except as set forth in Section 9.17(b) hereof.

9.12 No Expansion of Third Party Rights. The assumption by Purchaser or Purchaser's Designee of the WSOD/EJV Assumed Liabilities shall in no way expand the rights or remedies of any third party against Purchaser or Sellers as compared to the rights and remedies which such third party would have had against Sellers absent the Chapter 11 Cases, had Purchaser not assumed such WSOD/EJV Assumed Liabilities. Without limiting the generality of the preceding sentence, the assumption by Purchaser of the WSOD/EJV Assumed Liabilities shall not create any third-party beneficiary rights other than with respect to the Person that is the obligee of such Assumed Liabilities.

9.13 Allocation of WSOD/EJV Exercise Price. Purchaser shall, within sixty (60) days after the WSOD/EJV Option Closing Date, prepare and deliver to Sellers for their consent (which consent shall not be unreasonably withheld) a schedule allocating the WSOD/EJV Exercise Price (and any other amounts required to be treated as additional purchase price) among the respective Sellers and the WSOD Assets, EJV Assets and the WSOD/EJV Designated Contracts in accordance with the applicable Treasury Regulations (or any comparable provisions of State or local tax law). If Sellers raise objections, Purchaser and Sellers will negotiate in good faith to resolve such objections. Purchaser and Bridge shall report and file all Tax Returns (including amended Tax Returns and claims for refund) consistent with the allocation, and shall take no position contrary thereto or inconsistent therewith (including, without limitation, in any audits or examinations by any taxing authority or any other proceedings). Purchaser and Sellers shall cooperate in the filing of any forms (including Form 8594) with respect to such allocation. If and to the extent the Parties are unable to agree on such allocation, the Parties shall retain an independent third party accounting firm to resolve such dispute. Notwithstanding any other provisions of this Agreement, the provisions of this Section 9.13 shall survive the WSOD/EJV Option Closing Date without limitation.

9.14 Transfer Taxes. Any sales, use, transfer or recording Taxes with respect to real or personal property due as a result of the transactions provided for in this Section 9 (including, without limitation, any Taxes payable as a result of the exercise of the WSOD/EJV Call Option or the WSOD/EJV Put Option) shall be paid by Purchaser. The Parties will reasonably cooperate to minimize any such taxes, including with respect to delivery location.

9.15 Prorations. Sellers shall bear all personal property and ad valorem tax liability with respect to the WSOD Assets and the EJV Assets if the Lien or assessment arises with respect to periods prior to the WSOD/EJV Option Closing Date irrespective of the reporting and payment dates of such taxes. All other property taxes, ad valorem taxes and similar recurring taxes and fees on the WSOD Assets and the EJV Assets, and all lease payments, salaries and other compensation payable to employees or officers or similar recurring payments under agreements that are WSOD/EJV Designated Contracts, shall be prorated for the applicable period between Purchaser and the applicable Seller as of 12:01 a.m. local time on the WSOD/EJV Option Closing Date. All payments to be made by Purchaser or Sellers in accordance with this Section 9.15 shall be made, to the extent then determinable (and to the extent not determinable as shall be estimated by Purchaser in good faith as of the WSOD/EJV Option Closing), at the WSOD/EJV Option Closing Date with such payments deposited into escrow until due, or to the extent not determinable as of the WSOD/EJV Option Closing Date, promptly following the determination thereof, with such payments deposited into escrow until due. Purchaser shall have the right of reasonable review and approval of Sellers' property Tax Returns and assessments with respect to the WSOD/EJV Business and the right to contest any assessments by which Purchaser may be adversely affected. Purchaser and Sellers shall reasonably cooperate

with respect to any review, contest or challenge of any tax return or assessment. Sellers and Purchaser shall also undertake a reconciliation and allocation procedure using the mechanism set out above for the reconciliation and allocation of payroll expenses and costs.

9.16 *Reconciliation and Allocations.* Beginning on the WSOD/EJV Option Closing Date, (a) all payments received by Sellers on account of the accounts receivable and all other payments received by Sellers which are properly allocable to the conduct of the WSOD/EJV Business with respect to periods after the WSOD/EJV Option Closing Date, other than relating to WSOD/EJV Excluded Assets, shall be held in trust for Purchaser and shall be promptly paid to Purchaser, and (b) all payments received by Purchaser which are properly allocable to the conduct of the WSOD/EJV Business with respect to periods before the WSOD/EJV Option Closing Date shall be held in trust for Sellers and shall be promptly paid to Sellers. On the WSOD/EJV Option Closing Date and, thereafter, on the last day of each month during the six (6)-month period beginning on the WSOD/EJV Option Closing Date, Sellers and Purchaser shall report to each other and reconcile the amounts of such payments and the reconciled net amount shall be paid by Purchaser to Sellers, or by Sellers to Purchaser, as the case may be. After such six (6)-month period, the Parties shall cooperate with each other to allocate and remit to the appropriate Party any account receivables collected, and shall continue to hold such payments in trust for the other Party and remit them periodically as received.

9.17 *WSOD/EJV Employment Matters.*

(a) No later than ten (10) days before the WSOD/EJV Option Closing, Purchaser or one of Purchaser's Designees shall offer employment to not less than 235 WSOD/EJV Employees, any development staff employees who perform services for the WSOD/EJV Business, and other employees of Sellers who are employed in essential positions or primarily in respect of the WSOD/EJV Business or whose services are material to the operation of the WSOD/EJV Business, reduced by any voluntary resignations since the date hereof not resulting from receipt of a WARN Act notice to the employees who are identified as the employees who will not receive an offer of employment by Purchaser as provided below or similar notice, intended to comply with applicable Law, that the Parties may mutually agree to send to such employees pursuant to Section 9.17(g) and any employees erroneously included on *Annex 12 to Schedule 5.22* hereto, and further equitably reduced by any employees identified by Purchaser who do not spend 100% of their time in the WSOD/EJV Business, whom Purchaser desires to employ and who remain actively employed with any Seller on the WSOD/EJV Option Closing Date, with at least the same base salary (exclusive of bonuses, stock options, restricted stock and other similar forms of discretionary compensation) and substantially equivalent position as in effect immediately prior to the WSOD/EJV Option Closing, and with each such offer being contingent on completion of the WSOD/EJV Option Closing and on the offeree's compliance with the standard hiring practices of Purchaser (or the applicable Purchaser's Designee), including the assignment of intellectual property rights, if any, retroactive to such employee's date of hire with the applicable Seller. A full list of employees whom Purchaser elects to employ shall be submitted to Sellers no later than twenty (20) days prior to WSOD/EJV Option Closing. Each such employee who accepts such employment as of the WSOD/EJV Option Closing shall be referred to herein as a "*Transferred WSOD/EJV Employee.*" In connection with the foregoing provisions of this Section 9.17(a), Sellers shall permit Purchaser to meet with, distribute materials to and/or communicate with such employees prior to the WSOD/EJV Option Closing Date. For purposes of this Section 9.17(a), an employee shall be treated as "*actively employed*" notwithstanding that such employee may be absent from work on the WSOD/EJV Option Closing Date solely by reason of any holiday, vacation, scheduled day off or non-medical leave of absence. As soon as practicable hereafter, Sellers and Purchaser shall cooperate and use reasonable best efforts to establish the list of WSOD/EJV Employees who will not be offered employment by Purchaser or a Purchaser's Designee.

(b) Purchaser (or the applicable Purchaser's Designee) shall provide the Transferred WSOD/EJV Employees with employee benefits plans that are substantially comparable, in the aggregate, to the Sellers' employee benefit plans, within the meaning of ERISA as in effect on the date hereof. Purchaser (or the applicable Purchaser's Designee) shall treat prior service with Sellers as service with Purchaser (or the applicable Purchaser's Designee) for purposes of eligibility to participate and vesting with respect to all employee benefit plans (other than retiree medical and life insurance plans) covering Transferred WSOD/EJV Employees. Purchaser (or the applicable Purchaser's Designee) will assume and recognize vacation entitlements payable to Transferred WSOD/EJV Employees accrued but unpaid prior to WSOD/EJV Option Closing, *provided* that Purchaser and Purchaser's Designees shall not be required to assume or recognize such accrued vacation entitlements where, but only to the extent that, such entitlements in the aggregate exceed \$750,000. Nothing herein limits Purchaser's (or the applicable Purchaser Designee's) right to amend, modify or terminate its employee benefit plans. To the fullest extent permitted under their medical and dental plans, Purchaser (or the applicable Purchaser's Designee) shall give credit for all current year deductibles and co-payments paid by any Transferred WSOD/EJV Employee in respect of claims incurred by such Transferred WSOD/EJV Employee during the portion of the current calendar year prior to the WSOD/EJV Option Closing, and Purchaser shall waive any pre-existing conditions provisions under any such plan covering Transferred WSOD/EJV Employees to the same extent that such provisions were waived with respect to Transferred WSOD/EJV Employees pursuant to the terms of Sellers' plans. Sellers shall reasonably cooperate with Purchaser or one of Purchaser's Designees in the implementation, transfer or transition of any of Sellers' employee benefit plans with regard to Purchaser's obligation hereunder.

(c) From the date of signing of this Agreement, Sellers and Purchaser shall use commercially reasonable efforts to provide appropriate transitional arrangements for Transferred WSOD/EJV Employees in possession of L-1B and H1-B visas, or other permits to work for the WSOD/EJV Business in the United States or other jurisdictions, and shall take such steps as are necessary and appropriate to ensure, to the extent possible, that such employees are transferred to the Purchaser (or the applicable Purchaser's Designee) without disruption of employment. Sellers and Purchaser shall also use commercially reasonable efforts to ensure that there is no disruption to Transferred WSOD/EJV Employees' applications for visas or work permits sponsored by the WSOD/EJV Business.

(d) As soon as is practical after the WSOD/EJV Option Closing, Sellers shall (i) take all actions as are necessary or appropriate to fully vest, as of the WSOD/EJV Option Closing Date, the interests of the Transferred WSOD/EJV Employees under Sellers' defined contribution retirement plan(s); (ii) provide such employees an election to roll over their vested interests to Purchaser's defined contribution retirement plan, including appropriate arrangements for loans provided to them under Sellers' plan; and (iii) roll over the full amount of the vested interests which the employees have elected to roll over, as soon as possible but not later than six (6) months after the WSOD/EJV Option Closing Date, to the accounts of such employees under Purchaser's defined contribution retirement plan in accordance with Section 402 of the Code. Purchaser shall reasonably cooperate with Sellers in respect of the above actions and shall accept such rollovers and have no liability for any discontinuance, termination or other charges that may be due to any investment option or management providers or to any plan record keeping or other agents with respect to such termination and rollover of such employees' interests from Sellers' retirement plan(s) to Purchaser's retirement plan.

(e) With respect to Transferred WSOD/EJV Employees, Sellers shall cause all accrued and unpaid vacation and sick leave entitlements exceeding \$750,000 as of the WSOD/EJV Option Closing Date and all salary, bonuses (including retention bonuses), commissions or other cash incentive compensation with respect to the portion of the calendar year prior to the WSOD/EJV Option Closing Date to be fully paid on or before the WSOD/EJV Option Closing Date. Sellers shall have sole responsibility for "continuation coverage" benefits provided under group health plans to all current or former employees of any Seller (other than Transferred WSOD/EJV Employees) and qualified beneficiaries relating thereto for whom a "qualifying event" has occurred on, prior to or after the WSOD/EJV Option Closing Date, and any severance or notice obligations to former employees of Sellers (other than the Transferred WSOD/EJV Employees to the extent that severance or notice obligations may take place in connection with Transferred WSOD/EJV Employees' employment with Purchaser or Purchaser's Designee). Terms used in this subsection and not otherwise defined herein shall have the meanings ascribed to them under COBRA.

(f) Sellers shall institute a reasonable retention program, as specified, funded and approved by Purchaser, with respect to the WSOD/EJV Employees. Sellers shall not terminate the employment of any employee listed on *Annex 12 to Schedule 5.22* hereto other than for cause, *provided* that the issuance of notices intended to comply with WARN to such employees, by itself, shall not be prohibited. In addition, (i) Sellers shall not encourage or otherwise facilitate any Person other than the Purchaser (or Purchaser's Designee) to employ or offer to employ any employee listed on *Annex 12 to Schedule 5.22* hereto, or to encourage any such employee to terminate employment, and (ii) shall use reasonable efforts to enforce its rights under covenants, including covenants contained in non-disclosure or confidentiality agreements, entered into in favor of Sellers by third parties to the extent they provide restrictions on the solicitation of or entering into contracts of employment with employees of the WSOD/EJV Business or prohibit the use of confidential information of Sellers for any such purpose.

(g) Notwithstanding Section 9.11(g) of this Agreement, the Parties shall use reasonable efforts to give any notices required under applicable Law to mitigate Sellers' liability for COBRA and WARN obligations to WSOD/EJV Employees who do not become Transferred WSOD/EJV Employees.

9.18 WSOD/EJV Transitional Services. For a reasonable period of time following the WSOD/EJV Option Closing, Sellers shall provide to Purchaser or Purchaser's Designee such transitional services, including, without limitation, the use of communication networks, computers and other systems to effect the gathering and dissemination of data (including, without limitation, data provided pursuant to contracts held by Bridge to support the WSOD/EJV Business), the collecting, reporting and editing of news, administrative services, contract services, payroll services, system management functions, technical services, provision of information, application support, infrastructure and human resources support, as may be reasonably requested by Purchaser or the applicable Purchaser Designee to conduct the WSOD/EJV Business, as well as those services set forth on *Annex 13 to Schedule 5.22* hereto, *provided* that (A) the Purchaser or Purchaser's Designee shall compensate the Sellers on a current basis, at market rates and terms as mutually agreed, or, if higher, at the cost to the Sellers, (B) the Sellers shall render such services subject to the availability of resources and capacity constraints, it being understood that, based upon current circumstances, the Sellers anticipate that there will be limited availability of resources, and (C) the Purchaser shall have the right to terminate such arrangements without liability subject to reasonable notice and payment of all amounts due to the Sellers up to the date of termination and, *provided further* that notwithstanding anything to the contrary contained in clause (B) above, Purchaser or a Purchaser Designee may request Sellers, for the purpose of providing transitional service, to maintain services that would otherwise be discontinued and Sellers shall maintain such services subject to Purchaser or a Purchaser Designee paying Sellers' costs therefor. Sellers and Purchaser shall use commercially reasonable efforts to negotiate appropriate and orderly termination and phase-out arrangements with respect to the WSOD/EJV Business and activities that are discontinued following the WSOD/EJV Option Closing.

9.19 *WSOD/EJV Facilities and Subleasing Arrangements*. Sellers shall enter into and, for a reasonable period of time following the WSOD/EJV Option Closing, maintain facilities and subleasing arrangements with Purchaser in respect of the properties set forth on *Annex 13 to Schedule 5.22* hereto.

9.20 *WSOD/EJV-Bridge Agreements*. Effective immediately upon the WSOD/EJV Option Closing, Sellers or any of their subsidiaries, as appropriate, shall enter into agreements covering the matters described on *Annex 14 to Schedule 5.22* hereto.

9.21 *WSOD/EJV Trademarks and Intellectual Property*. The Parties shall negotiate in good faith and, on or prior to the WSOD/EJV Option Closing, shall enter into a license agreement pursuant to which Sellers shall grant to Purchaser or any of Purchaser's Designees a license to use any trademarks and other intellectual property and any rights pertaining thereto that are owned or used by Sellers in connection with conducting the WSOD/EJV Business (and that are not otherwise transferred to Purchaser or a Purchaser's Designee at the WSOD/EJV Option Closing), which license shall be granted to Purchaser for a reasonable period of time commencing immediately following the WSOD/EJV Option Closing and on such terms and conditions as shall be set forth in the license agreement.

9.22 *Conformity*. The Parties acknowledge the intention that the mechanisms for the transfer of the WSOD/EJV Business shall be substantially the same as the mechanisms for the transfer of the Acquired Business and will modify in good faith the above provisions (except 9.1, 9.2, 9.3, 9.4, 9.5 and 9.8) as necessary to reflect such intention.

SECTION 10

STOCKVAL PUT AND CALL OPTION

10.1 *Purchaser StockVal Call Option*.

(a) Subject to the conditions set forth in Section 10.1(b) hereof, Sellers hereby grant to Purchaser the right and option (hereinafter, the "*StockVal Call Option*") during the StockVal Call Option Period (as defined below), exercisable by prior written notice to Sellers as provided in Section 10.1(b) hereof (such notice, the "*StockVal Call Exercise Notice*") to purchase the StockVal Business for the aggregate price of \$15,000,000 plus 5.5% of the funding provided by Purchaser pursuant to Section 7.24 (the "*StockVal Exercise Price*"), which StockVal Exercise Price shall consist of the amount of 5.5% of the funding provided by Purchaser pursuant to Section 7.24 and the balance, which balance is to be paid in cash due at the StockVal Option Closing (as defined below).

(b) The StockVal Call Option may be exercised by Purchaser at any time on or after June 1, 2001 through and including the Outside Date (the "*StockVal Call Option Period*"), provided that the StockVal Call Option shall terminate and no longer be exercisable by Purchaser upon the occurrence of the Closing provided for in this Agreement.

10.2 *Sellers StockVal Put Option*.

(a) Subject to the conditions set forth in Section 10.2(b) hereof, Purchaser hereby grants to Sellers the right and option (hereinafter, the "*StockVal Put Option*"), exercisable by prior written notice to Purchaser as provided in Section 10.2(b) hereof (such notice, the "*StockVal Put Exercise Notice*"), to require Purchaser to purchase, or cause to be purchased, and upon receipt of the StockVal Put Exercise Notice, Purchaser shall be obligated to purchase, or cause to be purchased, the StockVal Business at the StockVal Exercise Price.

(b) The StockVal Put Option shall be exercisable by Sellers only in the event that (i) the Closing hereunder shall not have occurred on or before August 31, 2001 (or such other time as may be agreed upon in writing by Purchaser and Sellers), or (ii) this Agreement shall have been terminated by either party in accordance with the terms hereof, primarily as a result of the inability to satisfy the HSR Condition, or (iii) Purchaser terminates this Agreement when it is not otherwise entitled to do so, or (iv) Purchaser fails to close the purchase when it is obligated to do so under the terms of this Agreement, or (v) Sellers terminate this Agreement pursuant to Section 8.1(d) due to Purchaser's material breach hereof (the date of each such event a "*StockVal Put Option Triggering Date*"), provided that in the case of clause (i) above, the StockVal Put Option shall only be exercisable by Sellers' delivery of the StockVal Put Exercise Notice any time from August 31, 2001 and any time prior to or on the Outside Date (or such other time as may be agreed upon in writing by Purchaser and Sellers) upon at least five (5) business days' prior written notice to Purchaser and, in the case of clauses (ii) through (v) above, the StockVal Put Option shall only be exercisable by Sellers' delivery of the StockVal Put Exercise Notice within five (5) business days after the date of the StockVal Put Option Triggering Date. The StockVal Put Option shall terminate and no longer be exercisable by Sellers upon the occurrence of the Closing provided for in this Agreement.

(c) In the event that Sellers exercise the StockVal Put Option but the conditions to closing set forth in Sections 10.5(b), (c) or (e) (limited to judgments or orders relating to competition law) hereof have not been satisfied or waived as provided for in this Agreement or if Sellers are limited in the effective exercise of such option for any regulatory reasons, Purchaser shall, notwithstanding the fact that the StockVal Option Closing shall not have occurred, pay to Sellers the StockVal Exercise Price forthwith. Sellers shall continue to operate the StockVal Business at the risk and expense of Purchaser pending the StockVal Option Closing or, in the event the conditions to closing set forth in Sections 10.5(b), (c) or (e) (limited to judgments or orders relating to competition law) are not satisfied or waived or if Sellers are limited in the effective exercise of such option for any regulatory reasons, until such conditions are satisfied or limitation no longer applies or Purchaser determines that such StockVal Assets are to be sold to a third party. In the event of such a determination, Sellers shall cooperate with Purchaser at Purchaser's expense to consummate such transfer or sale to such third party and all net proceeds of such sale shall be paid to Purchaser.

10.3 *StockVal Option Closing.*

(a) The closing of the purchase and sale of the StockVal Business pursuant to either Section 10.1 or Section 10.2 hereof (the "*StockVal Option Closing*") shall take place at the offices of Cleary, Gottlieb, Steen & Hamilton at 10:00 a.m. on such date as shall be mutually agreed upon by Sellers and Purchaser, but in no event later than ten (10) business days after the receipt by Sellers or Purchaser of the StockVal Put Exercise Notice (or, if later, ten (10) days after the expiration of the applicable waiting period under the HSR Act, if any) or StockVal Call Exercise Notice, as applicable (such date being referred to herein as the "*StockVal Option Closing Date*").

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(b) If the StockVal Option is exercised, and the StockVal Exercise Price is paid, the StockVal Business shall no longer constitute part of the Acquired Business, and the StockVal Exercise Price, to the extent received by Sellers, shall be deducted from the Purchase Price, *provided* that except as follows expressly from this Section, the other Sections of this Agreement shall not be affected.

10.4 *Transitional Period.* During the period between the date hereof and the StockVal Option Closing Date, Sellers shall operate the StockVal Business in the ordinary course in the context of the Chapter 11 Cases and in the same manner as Sellers are required to operate the Acquired Business pursuant to their obligation under Section 7.3 hereof, pending the StockVal Option Closing Date, and to the extent permitted by Law, cooperate with Purchaser, including, without limitation, by complying with any reasonable requests of Purchaser for the books and records relating to the StockVal Business and any other reasonable due diligence requests and by obtaining any required regulatory approvals.

10.5 *Conditions Precedent to the StockVal Option Closing.* Except as otherwise provided in Section 10.2(c), (i) the obligations of Purchaser to effect the transactions contemplated by this Section 10 shall be subject to the satisfaction or waiver at or prior to the StockVal Option Closing Date of the following conditions precedent and (ii) the obligations of Sellers to effect the transactions contemplated by this Section 10 shall be subject to the satisfaction or waiver at or prior to the StockVal Option Closing Date of the conditions precedent set out in Sections 10.5 (a), (b), (c) and (e) (*provided* that the Parties shall cooperate to achieve fulfillment of such conditions):

(a) there shall be a Designated Contracts Order (to the extent appropriate);

(b) the waiting period, if any, under the HSR Act shall have expired, and no condition or requirement unacceptable to Purchaser in its reasonable opinion shall be imposed on or required of Purchaser or any of its subsidiaries or affiliates as a result of or as a condition to the foregoing;

(c) the material regulatory conditions, approvals and filings with respect to the StockVal Business which are set out in *Schedule 3.1(d)* hereto shall have been obtained or made in form and substance reasonably satisfactory to the Parties;

(d) the representations and warranties of Sellers set forth on *Schedule 5.23* hereto shall be true and correct as of the date of this Agreement and as of the StockVal Option Closing Date, with only such exceptions as, individually or in the aggregate, do not constitute and would not be reasonably expected to constitute a StockVal Material Adverse Effect, *provided* that the foregoing requirement, as applied to any representations and warranties set forth in paragraphs 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15 and 16 of *Schedule 5.23* hereto, shall be as of the date hereof only;

(e) there shall not be in effect any Law of any Governmental Authority of competent jurisdiction restraining, enjoining or otherwise preventing consummation of the transactions contemplated under this Section 10;

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(f) each Seller shall have performed in all material respects its covenants and obligations under this Section 10 required to be performed by such Seller prior to the StockVal Option Closing Date with only such exceptions

which, individually or in the aggregate, do not constitute and would not reasonably be expected to constitute a StockVal Material Adverse Effect;

(g) no StockVal Material Adverse Effect that would result in a diminution of the value to the StockVal Business in an amount greater than one-third (1/3) of the StockVal Exercise Price shall have occurred or be reasonably expected to occur, *provided* that if the StockVal Option Closing occurs after August 31, 2001, the occurrence of a Material Adverse Effect for the purposes of the condition set forth in this Section 10.5(g) shall be measured as if the StockVal Option Closing had occurred on August 31, 2001;

(h) Purchaser shall have received a certificate, in form and substance to the reasonable satisfaction of Purchaser, dated as of the StockVal Closing Date, executed by an authorized executive officer of Bridge, certifying in such detail as Purchaser may reasonably request, that the conditions in this Section 10.5 have been fulfilled; and

(i) Purchaser shall be reasonably satisfied that Purchaser shall have no liability (including, without limitation, liabilities that may arise under COBRA, WARN or under any other U.S. or non-U.S. Law) with respect to any employees who do not accept an offer of employment from and commence employment with Purchaser or Purchaser's Designee.

10.6 Closing Deliveries.

(a) At the StockVal Option Closing, Sellers shall deliver to Purchaser, or in the case of clause (iv) below, make available to Purchaser:

(i) general bills of sale and assignment, in form and substance reasonably satisfactory to Purchaser, with respect to the StockVal Assets (other than real estate) and any other documents reasonably requested by Purchaser so as to convey to Purchaser good title, free and clear of all Liens (other than Permitted Liens), to all of Sellers' right, title and interest in and to the StockVal Assets, each executed by the Sellers;

(ii) special or limited warranty deeds and owner's title insurance policy commitments, each in form and substance reasonably satisfactory to Purchaser, with respect to any owned real property used in the StockVal Business;

(iii) an assignment and assumption of leases, security deposits and prepaid rents assigning to Purchaser all of Sellers' right, title and interest in and to leased real property used in the StockVal Business and all security deposits and prepaid rents thereunder;

(iv) all of Sellers' books and records, customer files and related business records pertaining to the StockVal Assets, the originals of all contracts included in the StockVal Assets, in Sellers' possession, the originals of all permits and warranties, and copies of all maintenance records and operating manuals in Sellers' possession pertaining to the personal property or any portion of their respective owned or leased real property used in the StockVal Business;

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(v) a certificate of non-foreign status relating to the StockVal Business in accordance with Section 1445 of the Code, and any similar State required documents requested by Purchaser or in respect of which there is Sellers' Knowledge; and

(vi) all other documents, certificates, instruments or writings reasonably requested by Purchaser in connection with any purchase of the StockVal Assets pursuant to Sections 10.1 or 10.2 hereof.

(b) At the StockVal Option Closing, Purchaser shall deliver to Bridge:

(i) the StockVal Exercise Price by wire transfer of immediately available funds to an account or accounts designated in writing by Bridge; and

(ii) an assumption agreement in form and substance reasonably acceptable to Bridge, providing for the assignment by Sellers and the assumption by Purchaser of the StockVal Designated Contracts Purchaser has elected to assume and have assigned to it or Purchaser's Designee pursuant to the terms of this Agreement.

10.7 StockVal Assets; StockVal Excluded Assets.

(a) Subject to the terms and conditions set forth in this Section 10, as of the StockVal Option Closing Date, Sellers shall sell, assign, transfer, convey, and deliver to Purchaser and Purchaser shall purchase, or cause to be purchased, and accept, or cause to be accepted, from Sellers, all of Sellers' right, title, and interest in, to and under all of the StockVal Assets, wherever located, whether tangible or intangible, as the same shall exist on the StockVal Option Closing Date, but *not* including cash of StockVal, the accounts receivable of StockVal, or any StockVal Excluded Assets (as defined below), free and clear of all Liens other than the Liens referred to in *Schedule 5.23*, paragraph 4(a) or any Permitted Liens.

(b) All of the assets of Sellers which are *not* StockVal Assets, are expressly excluded and shall be retained by Sellers (the “*StockVal Excluded Assets*”). Purchaser expressly agrees and understands that, except as otherwise expressly provided in this Agreement in connection with the Closing or the exercise of any other option to purchase specific assets of the Sellers set forth in this Agreement, Sellers shall not sell, assign, transfer, convey or deliver to Purchaser any of the StockVal Excluded Assets.

10.8 *StockVal Contract Assumption.*

(a) *Schedule 10.8A* sets forth a list of executory contracts and unexpired leases used in the StockVal Business (other than StockVal Non Filing Seller Contracts) that, in the event that the StockVal Call Option or StockVal Put Option is exercised, Purchaser wishes to assume and Sellers wish to assign to Purchaser at the StockVal Option Closing (“*Schedule 10.8A Contracts*”). *Schedule 10.8B* sets forth a list of executory contracts or unexpired leases, other than the StockVal Non Filing Seller Contracts, that, in the event that the StockVal Call Option or StockVal Put Option is exercised, Purchaser may elect to assume at the StockVal Option Closing (“*Schedule 10.8B Contracts*”) in the same manner as provided for in Section 2.4. The *Schedule 10.8A Contracts* and the *Schedule 10.8B Contracts* that are actually assumed by and assigned to the Purchaser or Purchaser’s Designee at the StockVal Option Closing are hereinafter referred to collectively as the “*StockVal Designated Contracts*” and each a “*StockVal Designated Contract*.” Purchaser shall be responsible for and bear any StockVal Cure Costs in connection with Purchaser’s assumption of the StockVal Designated Contracts at the StockVal Option Closing and Sellers shall have no liability for StockVal Cure Costs in connection with Purchaser’s assumption of the StockVal Designated Contracts, and shall only be liable for StockVal Cure Costs in respect of StockVal Cure Costs for StockVal Undisclosed Contracts (as defined in Section 10.8(b) hereof) in excess of \$250,000 (such amount is referred to as the “*StockVal Seller Cure Liability Amount*”), provided that the Parties shall share equally the Cure Costs with respect to the StockVal Designated Contracts listed on *Schedule 10.8B* that are marked “Telerate” and that are not marked with an asterisk.

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(b) If prior to the StockVal Option Closing Date any Party becomes aware of any executory contract or unexpired lease used in the StockVal Business not previously listed in *Schedules 10.8A, 10.8B or 10.8C* (any such contract, a “*StockVal Undisclosed Contract*”), the discovering Party shall immediately notify the other Parties of such StockVal Undisclosed Contract, and Purchaser may elect, on or prior to the StockVal Option Closing Date, to assume such StockVal Undisclosed Contract. Notwithstanding the foregoing, and subject to the Bankruptcy Code, if any StockVal Undisclosed Contract is entered into after the date of the Approval Order and such StockVal Undisclosed Contract contains language allowing the Sellers to assign the Contract to Purchaser, then such Contract may be assigned without the entry of a Bankruptcy Court order.

(c) *Schedule 10.8C* sets forth a list of StockVal Non Filing Seller Contracts. Purchaser shall have the right to elect to have any or all of the StockVal Non Filing Seller Contracts assigned to it, by notice to Sellers not later than 15 calendar days prior to the scheduled StockVal Option Closing Date and any such StockVal Non Filing Seller Contract that Purchaser has so elected to have assigned to it shall, except for the purposes of Section 10.8(a), be deemed to constitute a StockVal Designated Contract for the purposes of Section 10.

10.9 *Amounts Due Under StockVal Contracts; StockVal Cure Costs.*

(a) Purchaser shall be obligated to pay any amounts for services rendered and goods provided under the StockVal Designated Contracts from and after the StockVal Option Closing Date. Any amounts for services rendered and goods provided under the StockVal Designated Contracts during the period until the StockVal Option Closing Date shall be a retained liability of Sellers, except as provided in Section 10.8(a) above.

(b) Subject to Sections 10.8 and 10.9(a), the satisfaction of any and all cure amounts is and shall remain the obligation of the Sellers, and Purchaser shall have no responsibility to any third party therefor. Sellers are responsible for the verification of all cure amounts, including all administrative responsibilities associated therewith, in its Chapter 11 Cases and otherwise and shall use their reasonable best efforts to establish the proper cure amount, if any, for each executory contract and unexpired lease relating to the StockVal Business, including the filing and prosecution of any and all appropriate proceedings in the Bankruptcy Court. Such StockVal Cure Costs shall be paid at or as soon as practicable after the StockVal Option Closing Date, and to the extent Purchaser satisfies any cure amount in excess of its obligation under Sections 10.8 and 10.9(a), such excess shall be a credit against the StockVal Exercise Price.

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10.10 *StockVal Assumed Liabilities.* Subject to (i) the occurrence of the StockVal Option Closing, and (ii) the terms and conditions set forth in this Section 10 (including, without limitation, the terms and conditions set forth in Section 10.8 and Section 10.9 hereof), at the StockVal Option Closing, Purchaser shall assume from Sellers and thereafter pay, perform, or discharge in accordance with their terms and hold Sellers harmless in respect of, all (i) payables, obligations and liabilities with respect to, arising out of, or associated with the ownership, possession or use of the StockVal Assets arising on or after the StockVal Option Closing Date; (ii) obligations that arise or which by their terms are to be observed, paid, discharged or performed, as the case may be, on or after the

StockVal Option Closing Date under the StockVal Designated Contracts that the Purchaser has elected to assume pursuant to Section 10.8 hereof and for such goods and services as are provided in the ordinary course to the StockVal Business on or subsequent to the StockVal Option Closing Date; (iii) those liabilities listed on *Schedule 10.10* hereto; (iv) the Purchaser's share of prorated liabilities of Sellers pursuant to Section 10.15 hereof; and (v) liabilities and obligations set forth in Section 10.17. The liabilities to be assumed pursuant to this Section 10 shall be referred to herein as the "*StockVal Assumed Liabilities*".

10.11 *StockVal Excluded Liabilities*. Subject to Sections 10.8, 10.9 and 10.10, Purchaser does not assume or agree to pay, satisfy, discharge or perform, and shall not be deemed by virtue of the execution and delivery of this Agreement, delivery of any document in connection with the exercise of the StockVal Call Option and/or StockVal Put Option or any document delivered at the StockVal Option Closing Date pursuant to this Section 10, or as a result of the consummation of the transactions contemplated by this Section 10, to have assumed, or to have agreed to pay, satisfy, discharge or perform, any liability, obligation or indebtedness of any Seller, whether primary or secondary, direct or indirect, other than the StockVal Assumed Liabilities. Purchaser shall not be liable for any liabilities, Contracts, agreements or other obligations of Sellers which are not expressly assumed by Purchaser or Purchaser's Designee pursuant to Section 10.10 hereof or the StockVal Cure Costs to the extent provided in Section 10.8 and 10.9, including, without limitation, those set forth below (all such liabilities and obligations that are *not* StockVal Assumed Liabilities are referred to herein as the "*StockVal Excluded Liabilities*");

(a) all obligations or liabilities of any Sellers or any predecessor(s) or affiliate(s) of Sellers that relate to any of the StockVal Excluded Assets;

(b) all obligations or liabilities of Sellers or any predecessor(s) or affiliate(s) of Sellers relating to Taxes (including with respect to the StockVal Assets or otherwise) for all periods, or portions thereof, ending on or prior to the StockVal Option Closing Date;

(c) all obligations or liabilities for any legal, accounting, investment, banking, brokerage or similar fees or expenses incurred by any Sellers in connection with, resulting from or attributable to the transactions contemplated by this Agreement and the DIP Financing;

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(d) all obligations or liabilities for any borrowed money incurred by Sellers or any predecessor(s) or affiliate(s) of Sellers;

(e) all liabilities and obligations from Sellers or any predecessor(s) or affiliate(s) of Sellers resulting from, caused by or arising out of, directly or indirectly, the conduct of the business or ownership or lease of any properties or assets or any properties or assets previously used by Sellers in connection with the StockVal Business at any time prior to or on the StockVal Option Closing Date, including, without limitation, such of the foregoing (i) as constitute, may constitute or are alleged to constitute a tort, breach of contract or violation of requirement of any law, (ii) that relate to, result in or arise out of the existence or imposition of any liability or obligation to remediate or contribute or otherwise pay any amount under or in respect of any environmental, superfund or other environmental cleanup or remedial laws, occupational safety and health laws or other laws or (iii) that relate to any and all claims, disputes, demands, actions, liabilities, damages, suits in equity, administrative proceedings, accounts, costs, expenses, setoffs, contributions, attorneys' fees and/or causes of action of whatever kind or character against Sellers or any predecessor(s) or affiliate(s) of Sellers, whether past, present, future, known or unknown, liquidated or unliquidated, accrued or unaccrued;

(f) any and all Taxes of any member of an Affiliated Group of which Sellers (or any predecessor of Sellers) is or was a member on or prior to the StockVal Option Closing Date, by reason of the liability of such entity pursuant to Treasury Regulation Section 1.1502-6(a) or any comparable provision of State, local or foreign law;

(g) any obligations under WARN or COBRA, and any severance or notice obligations to former employees of Sellers (other than the Transferred StockVal Employees to the extent that severance or notice obligations may take place in connection with Transferred StockVal Employees' employment with Purchaser or Purchaser's Designee); and

(h) all liabilities, known or unknown, of Sellers relating to the recruitment, employment or termination of employment on or prior to the StockVal Option Closing Date, including, with respect to Transferred StockVal Employees, all StockVal Plans and all Contracts pertaining thereto, except as set forth in Section 10.17(b) hereof.

10.12 *No Expansion of Third Party Rights*. The assumption by Purchaser or Purchaser's Designee of the StockVal Assumed Liabilities shall in no way expand the rights or remedies of any third party against Purchaser or Sellers as compared to the rights and remedies which such third party would have had against Sellers absent the Chapter 11 Cases, had Purchaser not assumed such StockVal Assumed Liabilities. Without limiting the generality of the preceding sentence, the assumption by Purchaser of the StockVal Assumed Liabilities shall not create any third-party beneficiary rights other than with respect to the Person that is the obligee of such Assumed Liabilities.

10.13 *Allocation of StockVal Exercise Price*. Purchaser shall, within sixty (60) days after the StockVal Option Closing Date, prepare and deliver to Sellers for their consent (which consent shall not be unreasonably withheld) a schedule allocating the StockVal Exercise Price (and any other amounts required to be treated as additional purchase price) among the respective Sellers, the StockVal Assets and the StockVal Designated Contracts in accordance with the applicable Treasury Regulations (or any comparable provisions of State or local tax law). If

Sellers raise objections, Purchaser and Sellers will negotiate in good faith to resolve such objections. Purchaser and Bridge shall report and file all Tax Returns (including amended Tax Returns and claims for refund) consistent with the allocation, and shall take no position contrary thereto or inconsistent therewith (including, without limitation, in any audits or examinations by any taxing authority or any other proceedings). Purchaser and Sellers shall cooperate in the filing of any forms (including Form 8594) with respect to such allocation. If and to the extent the Parties are unable to agree on such allocation, the Parties shall retain an independent third party accounting firm to resolve such dispute. Notwithstanding any other provisions of this Agreement, the provisions of this Section 10.13 shall survive the StockVal Option Closing Date without limitation.

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10.14 *Transfer Taxes.* Any sales, use, transfer or recording taxes with respect to real or personal property due as a result of the transactions provided for in this Section 10 (including, without limitation, any Taxes payable as a result of the exercise of the StockVal Call Option or the StockVal Put Option) shall be paid by Purchaser. The Parties will reasonably cooperate to minimize any such taxes, including with respect to delivery location.

10.15 *Prorations.* Sellers shall bear all personal property and ad valorem tax liability with respect to the StockVal Assets if the Lien or assessment arises with respect to periods prior to the StockVal Option Closing Date irrespective of the reporting and payment dates of such taxes. All other property taxes, ad valorem taxes and similar recurring taxes and fees on the StockVal Assets, and all lease payments, salaries and other compensation payable to employees or officers or similar recurring payments under agreements that are StockVal Designated Contracts, shall be pro rated for the applicable period between Purchaser and the applicable Seller as of 12:01 a.m. local time on the StockVal Option Closing Date. All payments to be made by Purchaser or Sellers in accordance with this Section 10.15 shall be made, to the extent then determinable (and to the extent not determinable as shall be estimated by Purchaser in good faith as of the StockVal Option Closing), at the StockVal Option Closing Date with such payments deposited into escrow until due, or to the extent not determinable as of the StockVal Option Closing Date, promptly following the determination thereof, with such payments deposited into escrow until due. Purchaser shall have the right of reasonable review and approval of Sellers' property Tax Returns and assessments with respect to the StockVal Business and the right to contest any assessments by which Purchaser may be adversely affected. Purchaser and Sellers shall reasonably cooperate with respect to any review, contest or challenge of any tax return or assessment. Sellers and Purchaser shall also undertake a reconciliation and allocation procedure using the mechanism set out above for the reconciliation and allocation of payroll expenses and costs.

10.16 *Reconciliation and Allocations.* Beginning on the StockVal Option Closing Date, (a) all payments received by Sellers on account of the accounts receivable and all other payments received by Sellers which are properly allocable to the conduct of the StockVal Business with respect to periods after the StockVal Option Closing Date, other than relating to StockVal Excluded Assets, shall be held in trust for Purchaser and shall be promptly paid to Purchaser, and (b) all payments received by Purchaser which are properly allocable to the conduct of the StockVal Business with respect to periods before the StockVal Option Closing Date shall be held in trust for Sellers and shall be promptly paid to Sellers. On the StockVal Option Closing Date and, thereafter, on the last day of each month during the six (6)-month period beginning on the StockVal Option Closing Date, Sellers and Purchaser shall report to each other and reconcile the amounts of such payments and the reconciled net amount shall be paid by Purchaser to Sellers, or by Sellers to Purchaser, as the case may be. After such six (6)-month period, the Parties shall cooperate with each other to allocate and remit to the appropriate Party any account receivables collected, and shall continue to hold such payments in trust for the other Party and remit them periodically as received.

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10.17 *StockVal Employment Matters.*

(a) No later than ten (10) days before the StockVal Option Closing, Purchaser or one of Purchaser's Designees shall offer employment to not less than 64 StockVal Employees, any development staff employees who perform services for the StockVal Business, and other employees of Sellers who are employed in essential positions or primarily in respect of the StockVal Business, or whose services are material to the operation of the StockVal Business, reduced by any voluntary resignations since the date hereof not resulting from receipt of a WARN Act notice to the employees who are identified as the employees who will not receive an offer of employment by Purchaser as provided below or other similar notice, intended to comply with applicable Law, that the Parties may mutually agree to send to such employees pursuant to Section 10.17(g) and any employees erroneously included on *Annex 12 to Schedule 5.23* hereto, and further equitably reduced by any employees identified by Purchaser who do not spend 100% of their time in the StockVal Business, whom Purchaser desires to employ and who remain actively employed with any Seller on the StockVal Option Closing Date, with at least the same base salary (exclusive of bonuses, stock options, restricted stock and other similar forms of discretionary compensation) and substantially equivalent position as in effect immediately prior to the StockVal Option Closing, and with each such offer being contingent on completion of the StockVal Option Closing and on the offeree's compliance with the standard hiring practices of Purchaser (or the applicable Purchaser's Designee), including the assignment of intellectual property rights, if any, retroactive to such employee's date of hire with the applicable Seller. A full list of employees whom Purchaser elects to employ shall be submitted to Sellers no later than twenty (20) days prior to StockVal Option Closing. Each such employee who accepts such employment as of the StockVal Option Closing

shall be referred to herein as a “*Transferred StockVal Employee*”. In connection with the foregoing provisions of this Section 10.17(a), Sellers shall permit Purchaser to meet with, distribute materials to and/or communicate with such employees prior to the StockVal Option Closing Date. For purposes of this Section 10.17(a), an employee shall be treated as “*actively employed*” notwithstanding that such employee may be absent from work on the StockVal Option Closing Date solely by reason of any holiday, vacation, scheduled day off or non-medical leave of absence. As soon as practicable hereafter, Sellers and Purchaser shall cooperate and use reasonable best efforts to establish the list of StockVal Employees who will not be offered employment by Purchaser or Purchaser’s Designee.

(b) Purchaser (or the applicable Purchaser’s Designee) shall provide the Transferred StockVal Employees with employee benefits plans that are substantially comparable, in the aggregate, to the Sellers’ employee benefit plans, within the meaning of ERISA as in effect on the date hereof. Purchaser (or the applicable Purchaser’s Designee) shall treat prior service with Sellers as service with Purchaser (or the applicable Purchaser’s Designee) for purposes of eligibility to participate and vesting with respect to all employee benefit plans (other than retiree medical and life insurance plans) covering Transferred StockVal Employees. Purchaser (or the applicable Purchaser’s Designee) will assume and recognize vacation entitlements payable to Transferred StockVal Employees accrued but unpaid prior to the StockVal Option Closing, *provided* that Purchaser and Purchaser’s Designees shall not be required to assume or recognize such accrued vacation entitlements where, but only to the extent that, such entitlements in the aggregate exceed \$200,000. Nothing herein limits Purchaser’s (or the applicable Purchaser Designee’s) right to amend, modify or terminate its employee benefit plans. To the fullest extent permitted under their medical and dental plans, Purchaser (or the applicable Purchaser’s Designee) shall give credit for all current year deductibles and co-payments paid by any Transferred StockVal Employee in respect of claims incurred by such Transferred StockVal Employee during the portion of the current calendar year prior to the StockVal Option Closing, and Purchaser shall waive any pre-existing conditions provisions under any such plan covering Transferred StockVal Employees to the same extent that such provisions were waived with respect to Transferred StockVal Employees pursuant to the terms of Sellers’ plans. Sellers shall reasonably cooperate with Purchaser or one of Purchaser’s Designees in the implementation, transfer or transition of any of Sellers’ employee benefit plans with regard to Purchaser’s obligation hereunder.

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(c) From the date of signing of this Agreement, Sellers and Purchaser shall use commercially reasonable efforts to provide appropriate transitional arrangements for Transferred StockVal Employees in possession of L-1B and H1-B visas, or other permits to work for the StockVal Business in the United States or other jurisdictions, and shall take such steps as are necessary and appropriate to ensure, to the extent possible, that such employees are transferred to the Purchaser (or the applicable Purchaser’s Designee) without disruption of employment. Sellers and Purchaser shall also use commercially reasonable efforts to ensure that there is no disruption to Transferred StockVal Employees’ applications for visas or work permits sponsored by the StockVal Business.

(d) As soon as is practical after the StockVal Option Closing, Sellers shall (i) take all actions as are necessary or appropriate to fully vest, as of the StockVal Option Closing Date, the interests of the Transferred StockVal Employees under Sellers’ defined contribution retirement plan(s); (ii) provide such employees an election to roll over their vested interests to Purchaser’s defined contribution retirement plan including appropriate arrangements for loans provided to them under Sellers’ plan; and (iii) roll over the full amount of the vested interests which the employees have elected to roll over, as soon as possible but not later than six (6) months after the StockVal Option Closing Date, to the accounts of such employees under Purchaser’s defined contribution retirement plan in accordance with Section 402 of the Code. Purchaser shall reasonably cooperate with Sellers in respect of the above actions and shall accept such rollovers and have no liability for any discontinuance, termination or other charges that may be due to any investment option or management providers or to any plan record keeping or other agents with respect to such termination and rollover of such employees’ interests from Sellers’ retirement plan(s) to Purchaser’s retirement plan.

(e) With respect to Transferred StockVal Employees, Sellers shall cause all accrued and unpaid vacation and sick leave entitlements exceeding \$200,000 as of the StockVal Option Closing Date and all salary, bonuses (including retention bonuses), commissions or other cash incentive compensation with respect to the portion of the calendar year prior to the StockVal Option Closing Date to be fully paid on or before the StockVal Option Closing Date. Sellers shall have sole responsibility for “*continuation coverage*” benefits provided under group health plans to all current or former employees of any Seller (other than Transferred StockVal Employees) and qualified beneficiaries relating thereto for whom a “qualifying event” has occurred on, prior to or after the StockVal Option Closing Date, and any severance or notice obligations to former employees of Sellers (other than the Transferred StockVal Employees to the extent that severance or notice obligations may take place in connection with Transferred StockVal Employees’ employment with Purchaser or Purchaser’s Designee). Terms used in this subsection and not otherwise defined herein shall have the meanings ascribed to them under COBRA.

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(f) Sellers shall institute a reasonable retention program, as specified, funded and approved by Purchaser, with respect to the StockVal Employees. Sellers shall not terminate the employment of any employee listed on *Annex 12* to *Schedule 5.23* hereto other than for cause, *provided* that the issuance of notices intended to comply with WARN

to such employees, by itself, shall not be prohibited. In addition, (i) Sellers shall not encourage or otherwise facilitate any Person other than the Purchaser (or Purchaser's Designee) to employ or offer to employ any employee listed on *Annex 12 to Schedule 5.23* hereto, or to encourage any such employee to terminate employment, and (ii) shall use reasonable efforts to enforce its rights under covenants, including covenants contained in non-disclosure or confidentiality agreements, entered into in favor of Sellers by third parties to the extent they provide restrictions on the solicitation of or entering into Contracts of employment with employees of the StockVal Business or prohibit the use of confidential information of Sellers for any such purpose.

(g) Notwithstanding Section 10.11(g) of this Agreement, the Parties shall use reasonable efforts to give any notices required under applicable Law to mitigate Sellers' liability for COBRA and WARN obligations to StockVal Employees who do not become Transferred StockVal Employees.

10.18 *StockVal Transitional Services.* For a reasonable period of time following StockVal Option Closing, Sellers shall provide to Purchaser or Purchaser's Designee such transitional services, including, without limitation, the use of communication networks, computers and other systems to effect the gathering and dissemination of data (including, without limitation, data provided pursuant to contracts held by Bridge to support the StockVal Business), the collecting, reporting and editing of news, administrative services, contract services, payroll services, system management functions, technical services, provision of information, application support, infrastructure and human resources support, as may be reasonably requested by Purchaser or the applicable Purchaser Designee to conduct the StockVal Business, as well as those services set forth on *Annex 13 to Schedule 5.23* hereto, *provided* that (A) the Purchaser or Purchaser's Designee shall compensate the Sellers on a current basis, at market rates and terms as mutually agreed, or, if higher, at the cost to the Sellers, (B) the Sellers shall render such services subject to the availability of resources and capacity constraints, it being understood that, based upon current circumstances, the Sellers anticipate that there will be limited availability of resources, and (C) the Purchaser shall have the right to terminate such arrangements without liability subject to reasonable notice and payment of all amounts due to the Sellers up to the date of termination and, *provided further*, that notwithstanding anything to the contrary contained in clause (B) above, Purchaser or a Purchaser Designee may request Sellers, for the purpose of providing transitional service, to maintain services that would otherwise be discontinued and Sellers shall maintain such services subject to Purchaser or a Purchaser Designee paying Sellers' costs therefor. Sellers and Purchaser shall use commercially reasonable efforts to negotiate appropriate and orderly termination and phase-out arrangements with respect to the StockVal Business and activities that are discontinued following the StockVal Option Closing.

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10.19 *StockVal Facilities and Subleasing Arrangements.* Sellers shall enter into and, for a reasonable period of time following StockVal Option Closing, maintain facilities and subleasing arrangements with Purchaser in respect of the properties set forth on *Annex 13 to Schedule 5.23* hereto.

10.20 *StockVal-Bridge Agreements.* Effective immediately upon the StockVal Option Closing, Sellers or any of their subsidiaries, as appropriate, shall enter into agreements covering the matters described on *Annex 14 to Schedule 5.23* hereto.

10.21 *StockVal Trademarks and Intellectual Property.* The Parties shall negotiate in good faith and, on or prior to the StockVal Option Closing, shall enter into a license agreement pursuant to which Sellers shall grant to Purchaser or any of Purchaser's Designees a license to use any trademarks and other intellectual property and any rights pertaining thereto that are owned or used by Sellers in connection with conducting the StockVal Business (and that are not otherwise transferred to Purchaser or a Purchaser's Designee at the StockVal Option Closing), which license shall be granted to Purchaser for a reasonable period of time commencing immediately following the StockVal Option Closing and on such terms and conditions as shall be set forth in the license agreement.

10.22 *Conformity.* The Parties acknowledge the intention that the mechanisms for the transfer of the StockVal Business shall be substantially the same as the mechanisms for the transfer of the Acquired Business and will modify in good faith the above provisions (except 10.1, 10.2, 10.3, 10.4, 10.5 and 10.8) as necessary to reflect such intention.

SECTION 11

BRIDGE TRADING PUT AND CALL OPTION

11.1 *Purchaser Bridge Trading Call Option.*

(a) Subject to the conditions set forth in Section 11.1(b) hereof, Sellers hereby grant to Purchaser the right and option (hereinafter, the "*Bridge Trading Call Option*") during the Bridge Trading Call Option Period (as defined below), exercisable by prior written notice to Sellers as provided in Section 11.1(b) hereof (such notice, the "*Bridge Trading Call Exercise Notice*") to purchase the Bridge Trading Business for the aggregate price of \$55,000,000 plus 20% of the funding provided by Purchaser pursuant to Section 7.24 (the "*Bridge Trading Exercise Price*") which Bridge Trading Exercise Price shall consist of the amount of 20% of the funding provided by the Purchaser pursuant to Section 7.24 and the balance, which balance is to be paid in cash due at the Bridge Trading Closing (as defined below).

(b) The Bridge Trading Call Option may be exercised by Purchaser at any time on or after June 1, 2001 through and including the Outside Date (the "*Bridge Trading Call Option Period*"), *provided* that the Bridge Trading Call

Option shall terminate and no longer be exercisable by Purchaser upon the occurrence of the Closing provided for in this Agreement.

11.2 Sellers Bridge Trading Put Option.

(a) Subject to the conditions set forth in Section 11.2(b) hereof, Purchaser hereby grants to Sellers the right and option (hereinafter, the “*Bridge Trading Put Option*”) exercisable by prior written notice to Purchaser as provided in Section 11.2(b) hereof (such notice, the “*Bridge Trading Put Exercise Notice*”), to require Purchaser to purchase, or cause to be purchased, and upon receipt of the Bridge Trading Put Exercise Notice, Purchaser shall be obligated to purchase, or cause to be purchased, the Bridge Trading Business at the Bridge Trading Exercise Price.

(b) The Bridge Trading Put Option shall be exercisable by Sellers only in the event that (i) the Closing hereunder shall *not* have occurred on or before August 31, 2001 (or such other time as may be agreed upon in writing by Purchaser and Sellers), or (ii) this Agreement shall have been terminated by either party in accordance with the terms hereof, primarily as a result of the inability to satisfy the HSR Condition, or (iii) Purchaser terminates this Agreement when it is not otherwise entitled to do so, or (iv) Purchaser fails to close the purchase when it is obligated to do so under the terms of this Agreement, or (v) Sellers terminate this Agreement pursuant to Section 8.1(d) due to Purchaser’s material breach hereof (the date of each such event a “*Bridge Trading Put Option Triggering Date*”), *provided* that in the case of clause (i) above, the Bridge Trading Put Option shall only be exercisable by Sellers’ delivery of the Bridge Trading Put Exercise Notice any time from August 31, 2001 and any time prior to or on the Outside Date (or such other time as may be agreed upon in writing by Purchaser and Sellers) upon at least five (5) business days prior written notice to Purchaser and, in the case of clauses (ii) through (v) above, the Bridge Trading Put Option shall only be exercisable by Sellers’ delivery of the Bridge Trading Put Exercise Notice within five (5) business days after the Bridge Trading Put Option Triggering Date. The Bridge Trading Put Option shall terminate and no longer be exercisable by Sellers upon the occurrence of the Closing provided for in this Agreement.

(c) In the event that Sellers exercise the Bridge Trading Put Option but the conditions to closing set forth in Sections 11.5(b), (c) or (e) (limited to judgments or orders relating to competition law) hereof have not been satisfied or waived as provided for in this Agreement or if Sellers are limited in the effective exercise of such option for any regulatory reason, Purchaser shall, notwithstanding the fact that the Bridge Trading Option Closing shall not have occurred, pay to Sellers the Bridge Trading Exercise Price forthwith. Sellers shall continue to operate the Bridge Trading Business at the risk and expense of Purchaser pending the Bridge Trading Option Closing or, in the event the conditions to closing set forth in Section 11.5(b), (c) or (e) (limited to judgments or orders relating to competition law) are not satisfied or waived or if Sellers are limited in the effective exercise of such option for any regulatory reasons, until such conditions are satisfied or limitation no longer applies or Purchaser determines that such Bridge Trading Assets are to be sold to a third party. In the event of such a determination, Sellers shall cooperate with Purchaser at Purchaser’s expense to consummate such transfer or sale to such third party and all net proceeds of such sale shall be paid to Purchaser.

11.3 Bridge Trading Option Closing.

(a) The closing of the purchase and sale of Bridge Trading Business pursuant to either Section 11.1 or Section 11.2 hereof (the “*Bridge Trading Option Closing*”) shall take place at the offices of Cleary, Gottlieb, Steen & Hamilton at 10:00 a.m. on such date as shall be mutually agreed upon by Sellers and Purchaser, but in no event later than ten (10) business days after the receipt by Sellers or Purchaser of the Bridge Trading Put Exercise Notice (or, if later, ten (10) days after the expiration of the applicable waiting period under the HSR Act, if any) or Bridge Trading Call Exercise Notice, as applicable (such date being referred to herein as the “*Bridge Trading Option Closing Date*”).

(b) If the Bridge Trading Option is exercised, and the Bridge Trading Exercise Price is paid, the Bridge Trading Business shall no longer constitute the Acquired Business, and the Bridge Trading Exercise Price, to the extent received by Sellers, shall be deducted from the Purchase Price, *provided* that except as follows expressly from this Section, the other Sections of this Agreement shall not be affected.

(c) Sections 11.8, 11.9, 11.10, 11.11, 11.12, 11.16 and 11.17 shall not apply to the Designated Entities.

11.4 *Transitional Period.* During the period between the date hereof and the Bridge Trading Option Closing Date, Sellers shall operate the Bridge Trading Business in the ordinary course in the context of a Chapter 11 Case and in the same manner as Sellers are required to operate the Acquired Business pursuant to their obligation under Section 7.3 hereof, pending the Bridge Trading Option Closing Date, and, to the extent permitted by Law, cooperate with Purchaser, including, without limitation, by complying with any reasonable requests of Purchaser for the books and records relating to the Bridge Trading Business and any other reasonable due diligence requests and by obtaining any required regulatory approvals.

11.5 *Conditions Precedent to the Bridge Trading Option Closing.* Except as otherwise provided in Section 11.2(c), (i) the obligations of Purchaser to effect the transactions contemplated by this Section 11 shall be subject to the satisfaction or waiver at or prior to the Bridge Trading Option Closing Date of the following conditions precedent, and (ii) the obligations of Sellers to effect the transactions contemplated by this Section 11 shall be subject to the satisfaction or waiver at or prior to the Bridge Trading Option Closing Date of the conditions precedent set out in Sections 11.5 (a), (b), (c) and (e) (*provided* that the Parties shall cooperate to achieve fulfillment of such conditions):

(a) there shall be a Designated Contracts Order;

(b) the waiting period, if any, under the HSR Act shall have expired, and no condition or requirement unacceptable to Purchaser in its reasonable opinion shall be imposed on or required of Purchaser or any of its subsidiaries or affiliates as a result of or as a condition to the foregoing;

(c) the material regulatory conditions, approvals and filings with respect to the Bridge Trading Business which are set out in *Schedule 3.1(d)* hereto shall have been obtained or made in form and substance reasonably satisfactory to the Parties;

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(d) the representations and warranties of Sellers set forth on *Schedule 5.24* hereto shall be true and correct as of the date of this Agreement and as of the Bridge Trading Option Closing Date, with only such exceptions as, individually or in the aggregate, do not constitute and would not be reasonably expected to constitute a Bridge Trading Material Adverse Effect, *provided* that the foregoing requirement, as applied to any representations and warranties set forth in paragraphs 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 20 and 21 of *Schedule 5.24* hereto, shall be as of the date hereof only;

(e) there shall not be in effect any Law of any Governmental Authority of competent jurisdiction restraining, enjoining or otherwise preventing consummation of the transactions contemplated under this Section 11;

(f) each Seller shall have performed in all material respects its covenants and obligations under this Section 11 required to be performed by such Seller prior to the Bridge Trading Option Closing Date, with only such exceptions which, individually or in the aggregate, do not constitute and would not reasonably be expected to constitute a Bridge Trading Material Adverse Effect;

(g) no Bridge Trading Material Adverse Effect that would result in a diminution of the value to the Bridge Trading Business in an amount greater than one-third (1/3) of the Bridge Trading Exercise Price shall have occurred or be reasonably expected to occur, *provided* that if the Bridge Trading Option Closing occurs after August 31, 2001, the occurrence of a Material Adverse Effect for the purposes of the condition set forth in this Section 11.5(g) shall be measured as if the Bridge Trading Option Closing had occurred on August 31, 2001;

(h) Purchaser shall have received a certificate, in form and substance to the reasonable satisfaction of Purchaser, dated as of the Bridge Trading Closing Date, executed on behalf of Sellers by an authorized executive officer of Bridge, certifying in such detail as Purchaser may reasonably request, that the conditions in this Section 11.5 have been fulfilled; and

(i) Purchaser shall be reasonably satisfied that Purchaser shall have no liability (including, without limitation, liabilities that may arise under COBRA, WARN or under any other U.S. or non-U.S. Law) with respect to any employees who do not accept an offer of employment from and commence employment with Purchaser or Purchaser's Designee.

11.6 *Bridge Trading Option Closing Deliveries.*

(a) At the Bridge Trading Option Closing, Sellers shall deliver to Purchaser, or in the case of clause (v) below, make available to Purchaser:

(i) general bills of sale and assignment, in form and substance reasonably satisfactory to Purchaser, with respect to the Bridge Trading Assets (other than real estate) and any other documents reasonably requested by Purchaser so as to convey to Purchaser good title, free and clear of all Liens (other than Permitted Liens), to all of Sellers' right, title and interest in and to the Bridge Trading Assets, each executed by the Sellers;

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(ii) stock certificates or stock power duly signed and endorsed in blank in respect of all the capital stock of the Designated Entities (except for qualifying shares as required by law) or such other instruments of transfer as are required to effect a valid transfer of such shares in each relevant jurisdiction;

(iii) special or limited warranty deeds and owner's title insurance policy commitments, each in form and

substance reasonably satisfactory to Purchaser, with respect to any owned real property used in the Bridge Trading Business;

(iv) an assignment and assumption of leases, security deposits and prepaid rents assigning to Purchaser all of Sellers' right, title and interest in and to leased real property used in the Bridge Trading Business and all security deposits and prepaid rents thereunder;

(v) all of Sellers' books and records, customer files and related business records pertaining to the Bridge Trading Assets, the originals of all contracts included in the Bridge Trading Assets in Sellers' possession, the originals of all permits and warranties, and copies of all maintenance records and operating manuals in Sellers' possession pertaining to the personal property or any portion of their respective owned or leased real property used in the Bridge Trading Business;

(vi) a certificate of non-foreign status relating to the Bridge Trading Business in accordance with Section 1445 of the Code, and any similar State required documents requested by Purchaser or in respect of which there is Sellers' Knowledge; and

(vii) all other documents, certificates, instruments or writings reasonably requested by Purchaser in connection with any purchase of the Bridge Trading Assets pursuant to Sections 11.1 or 11.2 hereof.

(b) At the Bridge Trading Option Closing, Purchaser shall deliver to Bridge:

(i) the Bridge Trading Exercise Price by wire transfer of immediately available funds to an account or accounts designated in writing by Bridge; and

(ii) an assumption agreement in form and substance reasonably acceptable to Bridge, providing for the assignment by Sellers and the assumption by Purchaser of the Bridge Trading Designated Contracts Purchaser has elected to assume and have assigned to it or Purchaser's Designee pursuant to the terms of this Agreement.

11.7 Bridge Trading Assets; Bridge Trading Excluded Assets.

(a) Subject to the terms and conditions set forth in this Section 11, as of the Bridge Trading Option Closing Date, Sellers shall sell, assign, transfer, convey, and deliver to Purchaser and Purchaser shall purchase, or cause to be purchased and accept, or cause to be accepted, from Sellers, all of Sellers' right, title, and interest in, to and under (i) all of the Bridge Trading Assets, wherever located, whether tangible or intangible, as the same shall exist on the Bridge Trading Option Closing Date, but *not* including cash of Bridge Trading, the accounts receivable of Bridge Trading (other than any accounts receivable of the Designated Entities), or any Bridge Trading Excluded Assets (as defined below), free and clear of all Liens and (ii) all shares of capital stock of each of the Designated Entities free and clear of all Liens other than the Liens referred to in *Schedule 5.24*, paragraph 4(a) or any Permitted Liens.

(b) All of the assets of Sellers which are *not* Bridge Trading Assets, are expressly excluded and shall be retained by Sellers (the "*Bridge Trading Excluded Assets*"). Purchaser expressly agrees and understands that, except as otherwise expressly provided in this Agreement in connection with the Bridge Trading Option Closing or the exercise of any other option to purchase specific assets of the Sellers set forth in this Agreement, Sellers shall not sell, assign, transfer, convey or deliver to Purchaser any of the Bridge Trading Excluded Assets.

11.8 Bridge Trading Contract Assumption.

(a) *Schedule 11.8A* sets forth a list of executory contracts and unexpired leases used in the Bridge Trading Business (other than the Bridge Trading Non Filing Seller Contracts) that, in the event that the Bridge Trading Call Option or Bridge Trading Put Option is exercised, Purchaser wishes to assume and Sellers wish to assign to Purchaser at the Bridge Trading Option Closing ("*Schedule 11.8A Contracts*"). *Schedule 11.8B* sets forth a list of executory contracts or unexpired leases, other than Bridge Trading Non Filing Seller Contracts, that, in the event that the Bridge Trading Call Option or Bridge Trading Put Option is exercised, Purchaser may elect to assume at the Bridge Trading Option Closing ("*Schedule 11.8B Contracts*") in the same manner as provided for in Section 2.4. The *Schedule 11.8A Contracts* and the *Schedule 11.8B Contracts* that are actually assumed by Purchaser or Purchaser's Designee at the Bridge Trading Option Closing are hereinafter referred to collectively as the "*Bridge Trading Designated Contracts*" and each a "*Bridge Trading Designated Contract*". Purchaser shall be responsible for and bear Bridge Trading Cure Costs in connection with Purchaser's assumption of the Bridge Trading Designated Contracts at the Bridge Trading Option Closing, and Sellers shall have no liability for Bridge Trading Cure Costs in connection with the Purchaser's assumption of the Bridge Trading Designated Contracts, and shall only be liable for Bridge Trading Cure Costs in respect of the Bridge Trading Cure Costs for Bridge Trading Undisclosed Contracts (as defined in Section 11.8(b) hereof) in excess of \$920,000 (such amount is referred to as the "*Bridge Trading Seller Cure Liability Amount*"), provided that the Parties shall share equally the Cure Costs with respect to the Bridge Trading Designated Contracts listed on *Schedule 11.8B* that are marked "Tolerate" and that are not marked with an asterisk.

(b) If prior to the Bridge Trading Option Closing Date any Party becomes aware of any executory contract or unexpired lease used in the Bridge Trading Business not previously listed in *Schedule 11.8A, 11.8B or 11.8C* (any such contract, a “*Bridge Trading Undisclosed Contract*”), the discovering Party shall immediately notify the other Parties of such Bridge Trading Undisclosed Contract, and Purchaser may elect, on or prior to the Bridge Trading Option Closing Date, to assume such Bridge Trading Undisclosed Contract. Notwithstanding the foregoing, and subject to the Bankruptcy Code, if any Bridge Trading Undisclosed Contract is entered into after the date of the Approval Order and such Bridge Trading Undisclosed Contract contains language allowing the Sellers to assign the Contract to Purchaser, then such Contract may be assigned without the entry of a Bankruptcy Court order.

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(c) *Schedule 11.8C* sets forth a list of Bridge Trading Non Filing Seller Contracts. Purchaser shall have the right to elect to have any or all of the Bridge Trading Non Filing Seller Contracts assigned to it, by notice to Sellers not later than 15 calendar days prior to the scheduled Bridge Trading Option Closing Date and any such Bridge Trading Non Filing Seller Contract that Purchaser has so elected to have assigned to it shall, except for the purposes of Section 11.8(a), be deemed to constitute a Bridge Trading Designated Contract for the purposes of Section 11.

11.9 Amounts Due Under Bridge Trading Contracts; Bridge Trading Cure Costs.

(a) Purchaser shall be obligated to pay any amounts for services rendered and goods provided under the Bridge Trading Designated Contracts from and after the Bridge Trading Option Closing Date. Any amounts for services rendered and goods provided under the Bridge Trading Designated Contracts during the period until the Bridge Trading Option Closing Date shall be a retained liability of Sellers, except as provided in Section 11.8(a) above.

(b) Subject to Sections 11.8 and 11.9(a), the satisfaction of any and all cure amounts is and shall remain the obligation of the Sellers, and Purchaser shall have no responsibility to any third party therefor. Sellers are responsible for the verification of all cure amounts, including all administrative responsibilities associated therewith, in its Chapter 11 Cases and otherwise and shall use their reasonable best efforts to establish the proper cure amount, if any, for each executory contract and unexpired lease relating to the Bridge Trading Business, including the filing and prosecution of any and all appropriate proceedings in the Bankruptcy Court. Such Bridge Trading Cure Costs shall be paid at or as soon as practicable after the Bridge Trading Option Closing Date, and to the extent Purchaser satisfies any cure amount in excess of its obligation under Sections 11.8 and 11.9(a), such excess shall be a credit against the Bridge Trading Exercise Price.

11.10 Bridge Trading Assumed Liabilities. Subject to (i) the occurrence of the Bridge Trading Option Closing and (ii) the terms and conditions set forth in this Section 11 (including, without limitation, the terms and conditions set forth in Section 11.8 and Section 11.9 hereof), at the Bridge Trading Option Closing, Purchaser shall assume from Sellers and thereafter pay, perform, or discharge in accordance with their terms and hold Sellers harmless in respect of, all (i) payables, obligations and liabilities with respect to, arising out of, or associated with the ownership, possession or use of the Bridge Trading Assets arising on or after the Bridge Trading Option Closing Date, (ii) obligations that arise or which by their terms are to be observed, paid, discharged or performed, as the case may be, on or after the Bridge Trading Option Closing under the Bridge Trading Designated Contracts that the Purchaser has elected to assume pursuant to Section 11.8 hereof and for such goods and services as are provided in the ordinary course to the Bridge Trading Business on or subsequent to the Bridge Trading Option Closing; (iii) those liabilities listed on *Schedule 11.10* hereto; (iv) the Purchaser’s share of prorated liabilities of Sellers pursuant to Section 11.16 hereof; and (v) liabilities and obligations set forth in Section 11.18. The liabilities to be assumed pursuant to this Section 11 and the liabilities related to the Designated Entities shall be referred to herein as the “*Bridge Trading Assumed Liabilities*”.

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11.11 Bridge Trading Excluded Liabilities. Subject to Sections 11.8, 11.9 and 11.10, Purchaser does not assume or agree to pay, satisfy, discharge or perform, and shall not be deemed by virtue of the execution and delivery of this Agreement, delivery of any document in connection with the exercise of the Bridge Trading Call Option and/or Bridge Trading Put Option or any document delivered at the Bridge Trading Option Closing Date pursuant to this Section 11, or as a result of the consummation of the transactions contemplated by this Section 11, to have assumed, or to have agreed to pay, satisfy, discharge or perform, any liability, obligation or indebtedness of any Seller, whether primary or secondary, direct or indirect, other than the Bridge Trading Assumed Liabilities. Purchaser shall not be liable for any liabilities, Contracts, agreements or other obligations of Sellers which are not expressly assumed by Purchaser or Purchaser’s Designee pursuant to Section 11.10 hereof or the Bridge Trading Cure Costs to the extent provided in Sections 11.8 and 11.9, including, without limitation, those set forth below (all such liabilities and obligations that are *not* Bridge Trading Assumed Liabilities are referred to herein as the “*Bridge Trading Excluded Liabilities*”):

(a) all obligations or liabilities of any Sellers or any predecessor(s) or affiliate(s) of Sellers that relate to any of the Bridge Trading Excluded Assets;

(b) all obligations or liabilities of Sellers or any predecessor(s) or affiliate(s) of Sellers relating to Taxes (other than with respect to Taxes of a Designated Entity not reportable on a consolidated or unitary Tax Return) (including with respect to the Bridge Trading Assets or otherwise) for all periods, or portions thereof, ending on or prior to the Bridge Trading Option Closing Date;

(c) all obligations or liabilities for any legal, accounting, investment, banking, brokerage or similar fees or expenses incurred by any Sellers in connection with, resulting from or attributable to the transactions contemplated by this Agreement and the DIP Financing;

(d) all obligations or liabilities for any borrowed money incurred by Sellers or any predecessor(s) or affiliate(s) of Sellers other than the Designated Entities;

(e) all obligations of Sellers related to the right to or issuance of any capital stock or other equity interest of Sellers or any Designated Entity, including, without limitation, any stock options or warrants;

(f) all liabilities and obligations from Sellers or any predecessor(s) or affiliate(s) of Sellers (other than Designated Entities) resulting from, caused by or arising out of, directly or indirectly, the conduct of the business or ownership or lease of any properties or assets or any properties or assets previously used by Sellers in connection with the Bridge Trading Business at any time prior to or on the Bridge Trading Option Closing Date, including, without limitation, such of the foregoing (i) as constitute, may constitute or are alleged to constitute a tort, breach of contract or violation of requirement of any law, (ii) that relate to, result in or arise out of the existence or imposition of any liability or obligation to remediate or contribute or otherwise pay any amount under or in respect of any environmental, superfund or other environmental cleanup or remedial laws, occupational safety and health laws or other laws or (iii) that relate to any and all claims, disputes, demands, actions, liabilities, damages, suits in equity, administrative proceedings, accounts, costs, expenses, setoffs, contributions, attorneys' fees and/or causes of action of whatever kind or character against Sellers or any predecessor(s) or affiliate(s) of Sellers (other than Designated Entities), whether past, present, future, known or unknown, liquidated or unliquidated, accrued or unaccrued;

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(g) any obligations under WARN or COBRA, and any severance or notice obligations to former employees of Sellers (other than the Transferred Bridge Trading Employees to the extent that severance or notice obligations may take place in connection with Transferred Bridge Trading Employees' employment with Purchaser or Purchaser's Designee);

(h) any and all Taxes of any member of an Affiliated Group of which Sellers or any of the Designated Entities (or any predecessor of Sellers or the Designated Entities) is or was a member on or prior to the Bridge Trading Option Closing Date, by reason of the liability of such entity pursuant to Treasury Regulation Section 1.1502-6(a) or any comparable provision of State, local or foreign law; and

(i) all liabilities, known or unknown, of Sellers relating to the recruitment, employment or termination of employment on or prior to the Bridge Trading Option Closing Date, including, with respect to Transferred Bridge Trading Employees, all Bridge Trading Plans and all Contracts pertaining thereto, except as set forth in Section 11.18(b) hereof.

11.12 *No Expansion of Third-Party Rights.* The assumption by Purchaser or Purchaser's Designee of the Bridge Trading Assumed Liabilities shall in no way expand the rights or remedies of any third party against Purchaser or Sellers as compared to the rights and remedies which such third party would have had against Sellers absent the Chapter 11 Cases, had Purchaser not assumed such Bridge Trading Assumed Liabilities. Without limiting the generality of the preceding sentence, the assumption by Purchaser of the Bridge Trading Assumed Liabilities shall not create any third-party beneficiary rights other than with respect to the Person that is the obligee of such Assumed Liabilities.

11.13 *Allocation of Bridge Trading Exercise Price.* Purchaser shall, within sixty (60) days after the Bridge Trading Option Closing Date, prepare and deliver to Sellers for their consent (which consent shall not be unreasonably withheld) a schedule allocating the Bridge Trading Exercise Price (and any other amounts required to be treated as additional purchase price) among the respective Sellers and the Bridge Trading Assets, Designated Contracts and Designated Entities (and, in the case of any Designated Entities for which Purchaser desires to make an election under Section 338(h)(10) in accordance with Section 11.14 below, Purchaser shall reallocate the portion of the Purchase Price allocated to such Designated Entities among the underlying assets of the respective entities) in accordance with the applicable Treasury Regulations (or any comparable provisions of State or local tax law). If Sellers raise objections, Purchaser and Sellers will negotiate in good faith to resolve such objections. Purchaser and Bridge shall report and file all Tax Returns (including amended Tax Returns and claims for refund) consistent with the allocation, and shall take no position contrary thereto or inconsistent therewith (including, without limitation, in any audits or examinations by any taxing authority or any other proceedings). Purchaser and Sellers shall cooperate in the filing of any forms (including Form 8594) with respect to such allocation. If, and to the extent, the Parties are unable to agree on such allocation, the Parties shall retain an independent third party accounting firm to resolve such dispute. Notwithstanding any other provisions of this Agreement, the provisions of this Section 11.13 shall survive the Bridge Trading Option Closing Date without limitation.

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11.14 *Section 338(h)(10) Election.* Upon the written request by Purchaser to Bridge, and to the extent permissible under Law, Sellers shall cooperate with Purchaser to make an election in respect of the transfers of stock in the U.S. Designated Entities or any other U.S. corporation in the event Purchaser elects to purchase the stock of any of the applicable entities conducting the Bridge Trading Business under Section 338(h)(10) of the Code and any comparable provision under State and local law.

11.15 *Transfer Taxes.* Any sales, use, transfer or recording taxes with respect to real or personal property due as a result of the transactions provided for in this Section 11 (including, without limitation, any Taxes payable as a result of the exercise of the Bridge Trading Call Option or the Bridge Trading Put Option) shall be paid by Purchaser. The Parties will reasonably cooperate to minimize any such taxes, including with respect to delivery location.

11.16 *Prorations.* Sellers shall bear all personal property and ad valorem tax liability with respect to the Bridge Trading Assets if the Lien or assessment arises with respect to periods prior to the Bridge Trading Option Closing Date irrespective of the reporting and payment dates of such taxes. All other property taxes, ad valorem taxes and similar recurring taxes and fees on the Bridge Trading Assets, and all lease payments, salaries and other compensation payable to employees or officers or similar recurring payments under agreements that are Bridge Trading Designated Contracts, shall be prorated for the applicable period between Purchaser and the applicable Seller as of 12:01 a.m. local time on the Bridge Trading Option Closing Date. All payments to be made by Purchaser or Sellers in accordance with this Section 11.16 shall be made, to the extent then determinable (and to the extent not determinable as shall be estimated by Purchaser in good faith as of the Bridge Trading Option Closing), at the Bridge Trading Option Closing Date with such payments deposited into escrow until due, or to the extent not determinable as of the Bridge Trading Option Closing Date, promptly following the determination thereof, with such payments deposited into escrow until due. Purchaser shall have the right of reasonable review and approval of Sellers' property Tax Returns and assessments with respect to the Bridge Trading Business and the right to contest any assessments by which Purchaser may be adversely affected. Purchaser and Sellers shall reasonably cooperate with respect to any review, contest or challenge of any tax return or assessment. Sellers and Purchaser shall also undertake a reconciliation and allocation procedure using the mechanism set out above for the reconciliation and allocation of payroll expenses and costs.

11.17 *Reconciliation and Allocations.* Beginning on the Bridge Trading Option Closing Date, (a) all payments received by Sellers on account of the accounts receivable and all other payments received by Sellers which are properly allocable to the conduct of the Bridge Trading Business with respect to periods after the Bridge Trading Option Closing Date, other than relating to Bridge Trading Excluded Assets, shall be held in trust for Purchaser and shall be promptly paid to Purchaser, and (b) all payments received by Purchaser which are properly allocable to the conduct of the Bridge Trading Business with respect to periods before the Bridge Trading Option Closing Date shall be held in trust for Sellers and shall be promptly paid to Sellers. On the Bridge Trading Option Closing Date and, thereafter, on the last day of each month during the six (6)-month period beginning on the Bridge Trading Option Closing Date, Sellers and Purchaser shall report to each other and reconcile the amounts of such payments and the reconciled net amount shall be paid by Purchaser to Sellers, or by Sellers to Purchaser, as the case may be. After such six (6)-month period, the Parties shall cooperate with each other to allocate and remit to the appropriate Party any account receivables collected, and shall continue to hold such payments in trust for the other Party and remit them periodically as received.

11.18 *Bridge Trading Employment Matters.*

(a) No later than ten (10) days before the Bridge Trading Option Closing, Purchaser or one of Purchaser's Designees shall offer employment to not less than 113 Bridge Trading Employees, any development staff employees who perform services for the Bridge Trading Business, and other employees of Sellers who are employed in essential positions or primarily in respect of the Bridge Trading Business, or whose services are material to the operation of the Bridge Trading Business, reduced by any voluntary resignations since the date hereof not resulting from receipt of a WARN Act notice to the employees who are identified as the employees who will not receive an offer of employment by Purchaser as provided below or other similar notice, intended to comply with applicable Law, that the Parties may mutually agree to send to such employees pursuant to Section 11.18(g) and any employees erroneously included on *Annex 12 to Schedule 5.24* hereto, and further equitably reduced by any employees identified by Purchaser who do not spend 100% of their time in the Bridge Trading Business whom Purchaser desires to employ and who remain actively employed with any Seller on the Bridge Trading Option Closing Date, with at least the same base salary (exclusive of bonuses, stock options, restricted stock and other similar forms of discretionary compensation) and substantially equivalent position as in effect immediately prior to the Bridge Trading Option Closing, and with each such offer being contingent on completion of the Bridge Trading Option Closing and on the offeree's compliance with the standard hiring practices of Purchaser (or the applicable Purchaser's Designee), including the assignment of intellectual property rights, if any, retroactive to such employee's date of hire with the applicable Seller. A full list of employees whom Purchaser elects to employ shall be submitted to Sellers no later than twenty (20) days prior to Bridge Trading Option Closing. Each such employee who accepts such employment as of the Bridge Trading Option Closing shall be referred to herein as a "*Transferred Bridge Trading Employee*". In connection with the foregoing provisions of this Section 11.18(a), Sellers shall permit Purchaser to meet with, distribute materials to and/or communicate with such employees prior to the Bridge Trading Option Closing Date. For purposes of this Section 11.18(a), an employee

shall be treated as “*actively employed*” notwithstanding that such employee may be absent from work on the Bridge Trading Option Closing Date solely by reason of any holiday, vacation, scheduled day off or non-medical leave of absence. As soon as practicable hereafter, Sellers and Purchaser shall cooperate and use reasonable best efforts to establish the list of Bridge Trading Employees who will not be offered employment by Purchaser or Purchaser’s Designee.

(b) Purchaser (or the applicable Purchaser’s Designee) shall provide the Transferred Bridge Trading Employees with employee benefits plans that are substantially comparable, in the aggregate, to the Sellers’ employee benefit plans, within the meaning of ERISA as in effect on the date hereof. Purchaser (or the applicable Purchaser’s Designee) shall treat prior service with Sellers as service with Purchaser (or the applicable Purchaser’s Designee) for purposes of eligibility to participate and vesting with respect to all employee benefit plans (other than retiree medical and life insurance plans) covering Transferred Bridge Trading Employees. Purchaser (or the applicable Purchaser’s Designee) will assume and recognize vacation entitlements payable to Transferred Bridge Trading Employees accrued but unpaid prior to the Bridge Trading Option Closing, *provided* that Purchaser and Purchaser’s Designees shall not be required to assume or recognize such accrued vacation entitlements where, but only to the extent that, such entitlements in the aggregate exceed \$500,000. Nothing herein limits Purchaser’s (or the applicable Purchaser Designee’s) right to amend, modify or terminate its employee benefit plans. To the fullest extent permitted under their medical and dental plans, Purchaser (or the applicable Purchaser’s Designee) shall give credit for all current year deductibles and co-payments paid by any Transferred Bridge Trading Employee in respect of claims incurred by such Transferred Bridge Trading Employee during the portion of the current calendar year prior to the Bridge Trading Option Closing, and Purchaser shall waive any pre-existing conditions provisions under any such plan covering Transferred Bridge Trading Employees to the same extent that such provisions were waived with respect to Transferred Bridge Trading Employees pursuant to the terms of Sellers’ or any Designated Entities’ plans. Sellers shall reasonably cooperate with Purchaser or one of Purchaser’s Designees in the implementation, transfer or transition of any of Sellers’ employee benefit plans with regard to Purchaser’s obligation hereunder.

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(c) From the date of signing of this Agreement, Sellers and Purchaser shall use commercially reasonable efforts to provide appropriate transitional arrangements for Transferred Bridge Trading Employees in possession of L-1B and H1-B visas, or other permits to work for the Bridge Trading Business in the United States or other jurisdictions, and shall take such steps as are necessary and appropriate to ensure, to the extent possible, that such employees are transferred to the Purchaser (or the applicable Purchaser’s Designee) without disruption of employment. Sellers and Purchaser shall also use commercially reasonable efforts to ensure that there is no disruption to Transferred Bridge Trading Employees’ applications for visas or work permits sponsored by the Bridge Trading Business.

(d) As soon as is practical after the Bridge Trading Option Closing, Sellers shall (i) take all actions as are necessary or appropriate to fully vest, as of the Bridge Trading Option Closing Date, the interests of the Transferred Bridge Trading Employees under Sellers’ defined contribution retirement plan(s); (ii) provide such employees an election to roll over their vested interests to Purchaser’s defined contribution retirement plan including appropriate arrangements for loans provided to them under Sellers’ plan; and (iii) roll over the full amount of the vested interests which the employees have elected to roll over, as soon as possible but not later than six (6) months after the Bridge Trading Option Closing Date, to the accounts of such employees under Purchaser’s defined contribution retirement plan in accordance with Section 402 of the Code. Purchaser shall reasonably cooperate with Sellers in respect of the above actions and shall accept such rollovers and have no liability for any discontinuance, termination or other charges that may be due to any investment option or management providers or to any plan record keeping or other agents with respect to such termination and rollover of such employees’ interests from Sellers’ retirement plan(s) to Purchaser’s retirement plan.

(e) With respect to Transferred Bridge Trading Employees, Sellers shall cause all accrued and unpaid vacation and sick leave entitlements exceeding \$500,000 as of the Bridge Trading Option Closing Date and all salary, bonuses (including retention bonuses), commissions or other cash incentive compensation with respect to the portion of the calendar year prior to the Bridge Trading Option Closing Date to be fully paid on or before the Bridge Trading Option Closing Date. Sellers shall have sole responsibility for “*continuation coverage*” benefits provided under group health plans to all current or former employees of any Seller (other than Transferred Bridge Trading Employees) and qualified beneficiaries relating thereto for whom a “qualifying event” has occurred on, prior to or after the Bridge Trading Option Closing Date, and any severance or notice obligations to former employees of Sellers (other than the Transferred Bridge Trading Employees to the extent that severance or notice obligations may take place in connection with Transferred Bridge Trading Employees’ employment with Purchaser or Purchaser’s Designee). Terms used in this subsection and not otherwise defined herein shall have the meanings ascribed to them under COBRA.

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(f) Sellers shall institute a reasonable retention program, as specified, funded and approved by Purchaser, with respect to the Bridge Trading Employees. Sellers shall not terminate the employment of any employee listed on *Annex 12 to Schedule 5.24* hereto other than for cause, *provided* that the issuance of notices intended to comply

with WARN to such employees, by itself, shall not be prohibited. In addition, (i) Sellers shall not encourage or otherwise facilitate any Person other than Purchaser (or Purchaser's Designee) to employ or offer to employ any employee listed on *Annex 12 to Schedule 5.24* hereto or any of the DAIS Consultants, or to encourage any such employee to terminate employment, or to encourage such DAIS Consultant to terminate the relevant consultancy contract and (ii) shall use reasonable efforts to enforce its rights under covenants, including covenants contained in non-disclosure or confidentiality agreements, entered into in favor of Sellers by third parties to the extent they provide restrictions on the solicitation of or entering into contracts of employment with employees of the Bridge Trading Business or DAIS Consultants, or prohibit the use of confidential information of Sellers for any such purpose.

(g) Notwithstanding Section 11.11(g) of this Agreement, the Parties shall use reasonable efforts to give any notices required under applicable Law to mitigate Sellers' liability for COBRA and WARN obligations to Bridge Trading Employees who do not become Transferred Bridge Trading Employees.

(h) The obligations in Section 11.18(a) hereof to offer employment to Bridge Trading Employees shall not apply to employees of the Bridge Trading Designated Entities because such employees' employment will be transferred as a result of the transactions contemplated under this Section 11, *provided* that such employees shall be considered Transferred Bridge Trading Employees for the purposes of this Section 11.18 and the number of such employees shall be taken into account in determining the number of employees who have been offered employment by Purchaser or Purchaser's Designee for the purposes of Section 11.18(a).

11.19 Bridge Trading Transitional Services. For a reasonable period of time following Bridge Trading Option Closing, Sellers shall provide to Purchaser or Purchaser's Designee such transitional services, including, without limitation, the use of communication networks, computers and other systems to effect the gathering and dissemination of data (including, without limitation, data provided pursuant to contracts held by Bridge to support the Bridge Trading Business), the collecting, reporting and editing of news, administrative services, contract services, payroll services, system management functions, technical services, provision of information, application support, infrastructure and human resources support, as may be reasonably requested by Purchaser or the applicable Purchaser Designee to conduct the Bridge Trading Business, as well as those services set forth on *Annex 13 to Schedule 5.24*, *provided* that: (A) the Purchaser or Purchaser's Designee shall compensate the Sellers on a current basis, at market rates and terms as mutually agreed, or, if higher, at the cost to the Sellers, (B) the Sellers shall render such services subject to the availability of resources and capacity constraints, it being understood that, based upon current circumstances, the Sellers anticipate that there will be limited availability of resources, and (C) the Purchaser shall have the right to terminate such arrangements without liability subject to reasonable notice and payment of all amounts due to the Sellers up to the date of termination and, *provided further*, that notwithstanding anything to the contrary contained in clause (B) above, Purchaser or a Purchaser Designee may request Sellers, for the purpose of providing transitional service, to maintain services that would otherwise be discontinued and Sellers shall maintain such services subject to Purchaser or a Purchaser Designee paying Sellers' costs therefor. Sellers and Purchaser shall use commercially reasonable efforts to negotiate appropriate and orderly termination and phase-out arrangements with respect to the Bridge Trading Business and activities that are discontinued following the Bridge Trading Option Closing.

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11.20 Bridge Trading Facilities and Subleasing Arrangements. Sellers shall enter into and, for a reasonable period of time following Bridge Trading Option Closing, maintain facilities and subleasing arrangements with Purchaser in respect of the properties set forth on *Annex 13 to Schedule 5.24* hereto.

11.21 Bridge Trading-Bridge Agreements. Effective immediately upon the Bridge Trading Option Closing, Sellers or any of their subsidiaries, as appropriate, shall enter into agreements covering the matters described on *Annex 14 to Schedule 5.24* hereto.

11.22 Working Capital Adjustment.

(a) Within thirty (30) business days after the Bridge Trading Option Closing, Purchaser shall prepare and deliver to Sellers a statement (the "*Bridge Trading Closing Statement*") of Net Working Capital of the Bridge Trading Designated Entities as of the Bridge Trading Option Closing Date. The Bridge Trading Closing Statement shall be prepared by Purchaser in good faith on a basis consistent in all material respects with the methods, principles, practices and policies employed in the preparation and presentation of the December Statement and in accordance with GAAP consistently applied (without regard to consummation of the transactions contemplated by this Agreement).

(b) After receipt of the Bridge Trading Closing Statement, Bridge (including its advisors), shall have ten (10) business days to review it together with the work papers used in the preparation thereof. Unless Bridge delivers written notice to Purchaser on or prior to the tenth business day after Bridge's receipt of the Bridge Trading Closing Statement stating that it has objections thereto, Sellers shall be deemed to have accepted and agreed to the Bridge Trading Closing Statement. If, however, Bridge notifies Purchaser of objections to the Bridge Trading Closing Statement on or prior to the tenth business day after Bridge's receipt of the Bridge Trading Closing Statement, the Parties shall in good faith attempt to resolve their differences with respect to such objections, within ten (10) business days (or such longer period as the Parties may agree in writing) following such notice (the "*Bridge Trading Resolution Period*"), and any resolution by them as to any disputed amounts shall be final, binding and conclusive. In so doing, the Parties (sharing any fees and expenses equally) may engage Arthur Andersen LLP or another mutually agreed upon independent accounting firm experienced in audit projects to assist

such resolution by acting as a non-binding mediator. Sellers shall not object to any method, principle, practice or policy employed in the preparation of the Bridge Trading Closing Statement if such method, principle, practice or policy is consistent in all material respects with that employed in the preparation and presentation of the December Statement (*provided* that such method, principle, practice or policy is also in accordance with GAAP).

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(c) Amounts relating to any working capital and other accounts set forth in the Bridge Trading Closing Statement remaining in dispute at the conclusion of the Bridge Trading Resolution Period shall be promptly submitted to the Bankruptcy Court for determination.

(d) Once the Bridge Trading Closing Statement has been finalized in accordance with this Section 11.22 (as so finalized, the “*Final Bridge Trading Closing Statement*”), the Bridge Trading Exercise Price shall be adjusted as follows: the Bridge Trading Exercise Price shall be (i) increased by the amount, if any, by which the Net Working Capital is greater than \$0, or (ii) decreased by the amount, if any, by which the Net Working Capital is less than \$0.

(e) If the Bridge Trading Exercise Price as adjusted pursuant to Section 11.22(d) is less than the Bridge Trading Exercise Price paid at the Bridge Trading Option Closing, Sellers, jointly and severally, shall promptly pay Purchaser an amount of cash equal to the difference obtained by subtracting the Bridge Trading Exercise Price as adjusted pursuant to Section 11.22(d) from the Bridge Trading Exercise Price paid at the Bridge Trading Option Closing. If the Bridge Trading Exercise Price as adjusted pursuant to Section 11.22(d) is greater than the Bridge Trading Exercise Price paid at the Bridge Trading Option Closing, Purchaser shall promptly pay Sellers an amount of cash equal to the difference obtained by subtracting the Bridge Trading Exercise Price paid at the Bridge Trading Option Closing from the Bridge Trading Exercise Price as adjusted pursuant to Section 11.22(d).

(f) During the preparation of the Bridge Trading Closing Statement and the period of any review or dispute within the contemplation of Section 11.22, each of Sellers and Purchaser shall (i) provide the other and their authorized representatives (including their respective auditors) with reasonable access at reasonable times, and in a manner so as not to interfere in any material respect with normal business operations, to all relevant books, records, work papers, information and employees, and (ii) cooperate fully for the preparation, calculation and reviews of the Bridge Trading Closing Statement or for the resolution of any dispute relating thereto.

11.23 Tax Matters.

(a) Preparation of Tax Returns; Payment of Taxes.

(i) Each Seller shall timely file all of its income and other Tax Returns which include, or otherwise relate to, the sale of the Bridge Trading Assets and the Designated Entities. Bridge shall include each United States Designated Entity in, and shall file or cause to be filed, (A) the United States consolidated federal income Tax Returns of Bridge or its affiliates for all taxable periods of the Bridge Trading Designated Entities ending on or prior to the Bridge Trading Option Closing Date and (B) where applicable, all other consolidated, combined or unitary Tax Returns of Bridge or its affiliates for all taxable periods of the Designated Entities ending (or the portion of any taxable period ending) on or prior to the Bridge Trading Option Closing Date. Such Tax Returns referred to in clauses (A) and (B) above are referred to as the “Bridge Trading Consolidated Returns”). Sellers also shall file or shall cause to be filed all other Tax Returns of or which include any Designated Entity required to be filed on or prior to the Bridge Trading Option Closing Date. Sellers shall timely pay or cause to be paid any and all Taxes due with respect to all Tax Returns required to be filed by Sellers under this Section 11.24(a)(i). All Tax Returns described in this Section 11.24(a) shall be prepared in a manner consistent with prior practice unless a past practice has been finally determined to be incorrect by the applicable taxing authority or a contrary treatment is required by applicable tax laws (or the judicial or administrative interpretations thereof). Bridge shall provide the Purchaser with copies of such Tax Returns (or, in the case of Bridge Trading Consolidated Returns, the portion of such Tax Returns relating to the Designated Entities) at least 10 business days prior to the filing date, and Purchaser shall be provided an opportunity to review such returns and supporting workpapers and schedules prior to the filing of such Tax Returns. Bridge shall, subsequent to the Bridge Trading Option Closing Date, provide written notice to Purchaser of the filing of any amended Bridge Trading Consolidated Returns or claim for refund with respect to such Returns with respect to any taxable period ending on or prior to the Bridge Trading Option Closing Date and, if such filing would have a material adverse effect on Purchaser, any Designated Entity, or their affiliates for any taxable period including or ending after the Bridge Trading Option Closing Date, Bridge will not make such filing without the consent of Purchaser, which consent will not be unreasonably withheld.

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(ii) Bridge shall, in the event of an ownership change (within the meaning of Section 382 of the Code and applicable Treasury Regulations) of the Affiliated Group of which Bridge is the common parent, during the taxable year in which the Bridge Trading Option Closing occurs, elect to utilize the closing-of-the-books method with respect to the utilization of its loss and tax credit carryforwards in accordance with Treasury

Regulation Section 1.382-6 if doing so would minimize the income tax liability for which the Designated Entities may be jointly or severally liable for the taxable year.

(iii) Following the Bridge Trading Option Closing, Purchaser shall file or cause to be filed all Tax Returns, other than Bridge Trading Consolidated Returns, required to be filed by the Designated Entities after the Bridge Trading Option Closing Date and shall cause each such entity to pay the Taxes shown due thereon.

(iv) Sellers and Purchaser will, unless prohibited by applicable law, close the taxable period of each Designated Entity as of the close of the Bridge Trading Option Closing Date. Neither Seller nor Purchaser shall take any position inconsistent with the preceding sentence on any Tax Return.

(b) *Determination of Income Tax Liability for the Taxable Year of the Transaction.* Bridge agrees to file or cause to be filed, within one hundred and twenty (120) days of the end of its taxable year in which the Bridge Trading Option Closing occurs, its consolidated federal income tax return for such taxable year and any consolidated, combined or unitary Tax Returns that include any of the Designated Entities. Each Seller shall use its reasonable best efforts to expedite the determination of its income tax liability for such taxable year with respect to such Tax Returns (including by means of requesting a prompt determination of taxes pursuant to Section 505(b) of the Bankruptcy Code), consistent with minimizing the taxes payable by Bridge and its affiliates. Purchaser shall have standing to seek to have the Bankruptcy Court compel Sellers to take such actions as are necessary to comply with the foregoing requirement and to raise with the Bankruptcy Court the need for, or adequacy of, reserves for Taxes in connection with the confirmation of any plan of reorganization. Each Seller shall provide in any plan of reorganization proposed by it for the Bankruptcy Court to retain jurisdiction after confirmation of any plan of reorganization proposed by it over resolution of disputes between it and any taxing authority regarding the determination of the income tax liability for taxable periods prior to confirmation of such plan.

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(c) *Tax Audits.*

(i) Bridge shall have the sole right to represent the interests of each Designated Entity in any Tax audit or administrative or court proceeding relating to taxable periods ending on or before the Bridge Trading Option Closing Date and to employ counsel of its choice and at its expense to the extent that such proceedings relate solely to Bridge Trading Consolidated Returns, *provided* that if the results of such Tax audit or proceeding could reasonably be expected to have an adverse effect on the assets, business, operations, or financial condition of Purchaser, an affiliate of Purchaser or any Designated Entity for taxable periods ending after the Bridge Trading Option Closing Date, then there shall be no settlement or closing or other agreement with respect thereto without the written consent of Purchaser (which consent shall not be unreasonably withheld).

(ii) Purchaser shall have the sole right to represent the interests of each Designated Entity in all other Tax audits or administrative or court proceedings. Each Seller agrees that it will cooperate fully with Purchaser and its counsel in the defense against or compromise of any claim in any said proceeding, as and to the extent reasonably requested by Purchaser.

(iii) Each of Purchaser and the Sellers shall promptly notify the other of any notice either receives of any Tax audit for which the other is responsible for the underlying Taxes in connection with the Bridge Trading Business.

11.24 *Bridge Trading Trademarks and Intellectual Property.* The Parties shall negotiate in good faith and, on or prior to the Bridge Trading Option Closing, shall enter into a license agreement pursuant to which Sellers shall grant to Purchaser or any of Purchaser's Designees a license to use any trademarks and other intellectual property and any rights pertaining thereto that are owned or used by Sellers in connection with conducting the Bridge Trading Business (and that are not otherwise transferred to Purchaser or a Purchaser's Designee at the Bridge Trading Option Closing), which license shall be granted to Purchaser for a reasonable period of time commencing immediately following the Bridge Trading Option Closing and on such terms and conditions as shall be set forth in the license agreement.

11.25 *Conformity.* The Parties acknowledge the intention that the mechanisms for the transfer of the Bridge Trading Business shall be substantially the same as the mechanisms for the transfer of the Acquired Business and will modify in good faith the above provisions (except 11.1, 11.2, 11.3, 11.4, 11.5 and 11.8) as necessary to reflect such intention.

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SECTION 12

GENERAL PROVISIONS

12.1 *Notices*. All notices, claims, demands, and other communications hereunder shall be in writing and shall be deemed given upon (a) confirmation of receipt of a facsimile transmission, (b) confirmed delivery by a standard overnight carrier or when delivered by hand, or (c) the expiration of five (5) business days after the day when mailed by registered or certified mail (postage prepaid, return receipt requested), addressed to the respective Parties at the following addresses (or such other address for a Party as shall be specified by like notice):

(a) If to Purchaser, to

Reuters America Inc.
The Reuters Building
3 Times Square
20th Floor
New York, New York 10036
Telecopy: (646) 223-4239
Attention: General Counsel

with a copy to

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Telecopy: (212) 310-8007
Attention: David Zeltner, Esq.
S. Wade Angus, Esq.

(b) If to Sellers or to the Designated Entities, to

Bridge Information Systems, Inc.
3 World Financial Center
New York, New York 10281
Telecopy: (212) 372-7148
Attention: Sankar Krishnan
Zachary Snow, Esq.

with copies to

Cleary, Gottlieb, Steen & Hamilton
1 Liberty Plaza
New York, New York 10006
Telecopy: (212) 225-3999
Attention: Thomas Moloney, Esq.
Filip Moerman, Esq.

and:

Bear Stearns & Co, Inc.
245 Park Avenue
New York, New York 10107
Telecopy: (212) 881-9627
Attention: Mr. Davies Beller
Mr. Jeff Brandon

12.2 *Publicity*. The Parties hereto shall consult with each other and shall mutually agree (the agreement of each party not to be unreasonably withheld or delayed) upon the content and timing of any press release or other public statements with respect to the transactions contemplated by this Agreement and shall not issue any such press release or other public statement prior to such consultation and agreement, except as may be required by applicable law or by obligations pursuant to any listing agreement with any securities exchange or any stock exchange regulations as advised by counsel, *provided* that to the extent practicable, each Party shall give prior notice to the other parties of the content and timing of any such press release or other public statements prior to issuance.

12.3 *Descriptive Headings*. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

12.4 *Entire Agreement; Assignment*.

(a) This Agreement (including the Annexes, Schedules, Exhibits, and the other documents and instruments referred to herein) (i) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, among the Parties or any of them, with respect to the subject matter hereof, including, without limitation, any transaction between or among the Parties hereto, *provided* that the terms of any confidentiality agreement executed in connection with Purchaser's investigation and due diligence of the Acquired

Businesses shall survive execution of this Agreement, and (ii) shall not be assigned by operation of Law or otherwise other than to a Purchaser Designee.

(b) Notwithstanding the above, any obligations of Purchaser hereunder may be performed by a Purchaser Designee and any rights of Purchaser may be exercised by a Purchaser Designee but any such performance or exercise by a Purchaser Designee shall not relieve Purchaser of any obligations hereunder. References to Purchaser hereunder shall be deemed to include or refer to Purchaser's Designees, unless the context otherwise requires.

12.5 Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York without regard to the rules of conflict of Laws of the State of New York or any other jurisdiction. Each of the Parties irrevocably and unconditionally consents to submit to the jurisdiction of the courts of the Eastern District of Missouri, including the Bankruptcy Court, for any litigation arising out of or relating to this Agreement and the transactions contemplated thereby (and agrees not to commence any litigation relating thereto except in such courts), waives any objection to the laying of venue of any such litigation therein, and agrees not to plead or claim that such litigation has been brought in an inconvenient forum.

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12.6 Expenses. Except as expressly provided herein, whether or not the transactions contemplated by this Agreement are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated thereby shall be paid by the Party incurring such expenses. The foregoing shall not affect the legal right, if any, that any Party hereto may have to recover expenses from any other Party that breaches its obligations hereunder.

12.7 Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of all the Parties hereto.

12.8 Waiver. At any time prior to the Closing Date, the Parties hereto may (a) extend the time for the performance of any of the obligations or other acts of the other Parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto, and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a Party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party.

12.9 Counterparts; Effectiveness. This Agreement may be executed in two or more counterparts, including by facsimile, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement. This Agreement shall be binding on the Parties only upon both (i) execution and delivery by the Parties hereto and (ii) the entry of the Approval Order by the Bankruptcy Court.

12.10 Severability; Validity; Parties in Interest. If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable, the remainder of this Agreement, and the application of such provision to other Persons or circumstances, shall not be affected thereby, and to such end, the provisions of this Agreement are agreed to be severable. Nothing in this Agreement, express or implied, is intended to confer upon any Person (other than Purchaser's Designees) not a party to this Agreement any rights or remedies of any nature whatsoever under or by reason of this Agreement.

12.11 Cooperation in Stock Transaction. The Parties acknowledge and agree that, subject to holding Sellers harmless against any adverse tax arrangement or other expenses occasioned thereby, in lieu of purchasing the Acquired Assets (or in the case of the exercise of any of the options provided for in this Agreement, the specific assets of Sellers subject to such option) as contemplated hereunder, Purchaser shall have the right to restructure the acquisition of the Acquired Assets (or in the case of the exercise of any of the options provided for in this Agreement, the specific assets of Sellers subject to such option) in whole or in part, as purchase of the stock of one or more subsidiaries of Bridge owning all or a portion of the Acquired Assets (or in the case of the exercise of any of the options provided for in this Agreement, the specific assets of Sellers subject to such option). Sellers agree to cooperate with Purchaser in the event the Purchaser decides to engage in the transactions contemplated in this Section 12.11. Notwithstanding anything to the contrary in this provision, Sellers shall not be limited in their rights to enjoy the economic benefits of the transactions in this Agreement on the terms and the dates contemplated in this Agreement.

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12.12 Representation.

(a) Bridge shall represent all Sellers and all Designated Entities for the purposes of this Agreement, including, without limitation, with respect to any waivers, consents and any allocations described in Sections 2.10, 9.13, 10.13 and 11.13 hereof. Any notice given or communication, including, without limitation, any required deliveries of any documents or reports required hereunder, made to Purchaser on behalf of any Seller or Designated Entity by Bridge shall constitute effective notice or communication to Purchaser. Any notice given or communication, including, without limitation, any required deliveries of any documents or reports required hereunder, made by

Purchaser to Bridge shall constitute effective notice or communication to all Sellers and Designated Entities. Any action, approval, or consent by Bridge, including, without limitation, with respect to any waivers, consents and any allocations described in Sections 2.10, 9.13, 10.13 and 11.13 hereof, under or with respect to this Agreement shall bind all Sellers and Designated Entities.

(b) RAM shall represent Reuters S.A. for the purposes of this Agreement, including, without limitation, with respect to any waivers, consents and allocations described in Sections 2.10, 9.13, 10.13 and 11.13 hereof. Any notice given or communication made to RAM on behalf of any Seller or Designated Entity by Bridge shall constitute effective notice or communication, including, without limitation, any required deliveries of any documents or reports required hereunder, to RAM and to Reuters S.A. Any notice given or communication made by RAM to Bridge shall constitute effective notice or communication, including, without limitation, any required deliveries of any documents or reports required hereunder, to all Sellers and Designated Entities by RAM and Reuters S.A. Any action, approval or consent, including, without limitation, with respect to any waivers, consents and allocations described in Sections 2.10, 9.13, 10.13 and 11.13 hereof, by RAM under or with respect to this Agreement shall bind RAM and Reuters S.A.

(c) In connection with the transfer of the Acquired Assets to Purchaser, Bridge shall act as agent for any of its direct or indirect subsidiaries that is not a Party and who has any interest in any of the Acquired Assets or shares of any of the Designated Entities. Bridge represents that it has the authority to act on behalf of all Sellers and all Designated Entities as provided in this Section 12.12. Notwithstanding the preceding provisions of this Section 12.12, Bridge's representation of and authority to bind the Designated Entities shall end at the earlier to occur of (i) the Closing contemplated under this Agreement and (ii) the Bridge Trading Option Closing.

12.13 *Survival of Certain Sections.* Notwithstanding anything to the contrary contained in this Agreement, Sections 2.9, 7.16, 7.18, 8.3, 8.4, 9, 10, 11 and 12 hereof shall survive the termination of this Agreement.

12.14 *Intention to Exercise Options.* [INTENTIONALLY DELETED]

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12.15 *Certain Representations, Warranties and Certain Covenants.* The representations and warranties set forth on Schedules 5.22, 5.23 and 5.24 shall be amended by agreement of the Parties (which shall not be unreasonably withheld or delayed) to conform to the comparable representations and warranties contained in Section 5 of this Agreement. In addition, it is contemplated that the provisions of Sections 9, 10 and 11 relating to the assumption of Contracts function in like manner to those contained in Section 2 of this Agreement so as to make such options fully operable such that Purchaser acquires the business contemplated thereby, and Sellers receive the proceeds payable upon exercise, on the terms and dates specified and appropriate conforming amendments, if any, shall be made (with agreement of the Parties not to be unreasonably withheld or delayed).

12.16 *Amendment and Restatement.* This Amended and Restated Asset Purchase Agreement supersedes and replaces the APA in its entirety, effective as of May 3, 2001.

12.17 *Subsidiaries of Bridge.* In the event and to the extent any of the Acquired Assets are owned by subsidiaries of Bridge that are not parties hereto, Bridge shall cause such subsidiaries to sell, assign, transfer, convey and deliver such Acquired Assets to Purchaser or a Purchaser's Designee as contemplated hereby as if such subsidiaries were parties hereto.

12.18 *Schedules to Asset Purchase Agreement.*

(a) In the event that, on or before August 15, 2001, Bridge demonstrates to the reasonable satisfaction of Reuters that one or more of the Contracts listed as Undisclosed Contracts on *Schedule 2.4B* were, in fact, disclosed on the Schedule G that was attached to *Schedule 2.4B* to the Agreement on May 3, 2001, whether represented as a part of the Contracts listed under a particular vendor code or otherwise, *Schedule 2.4B* shall be amended to provide that such Contract or Contracts will no longer be listed as Undisclosed Contracts.

(b) Bridge acknowledges that Schedules 2.4B, 2.4D, 11.8B and 11.8C do not, in all cases, identify the Seller or other Bridge affiliate that is a party to the Contracts listed thereon. Bridge agrees that, on or before August 1, 2001, it shall provide Reuters with the identities of such Sellers or affiliates and the Parties agree that (i) such Schedules shall be amended to include this information, including, where appropriate, deleting Contracts from Schedules 2.4B, 2.4D, 11.8B or 11.8C and adding them to Schedules 2.4B, 2.4D, 11.8B or 11.8C, as applicable; and (ii) Bridge shall, on or before August 1, 2001, amend *Schedule 5.6* to reflect any changes in the matters set forth thereon resulting from the amendments referred to in clause (i) above, which amendment shall be subject to Purchaser's consent (which shall not be unreasonably withheld or delayed).

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on their behalf by their officers thereunto duly authorized, as of the date first above written.

BRIDGE INFORMATION SYSTEMS, INC.

By:

Name: Sankar Krishnan
Title: Chief Restructuring Officer

BRIDGE INFORMATION SYSTEMS AMERICA,
INC.,

By:

Name: Sankar Krishnan
Title: Chief Restructuring Officer

BRIDGE DATA COMPANY

By:

Name: Sankar Krishnan
Title: Chief Restructuring Officer

BRIDGE NEWS INTERNATIONAL, INC.

By:

Name: Sankar Krishnan
Title: Chief Restructuring Officer

BRIDGE TRADING TECHNOLOGIES, INC.

By:

Name: Sankar Krishnan
Title: Chief Restructuring Officer

BRIDGE TRANSACTION SERVICES, INC.

By:

Name: Sankar Krishnan
Title: Chief Restructuring Officer

97

BRIDGE VENTURES, INC.

By:

Name: Sankar Krishnan
Title: Chief Restructuring Officer

BTS SECURITIES, INC.

By:

Name: Sankar Krishnan
Title: Chief Restructuring Officer

BTT INVESTMENTS, INC.

By:

Name: Sankar Krishnan
Title: Chief Restructuring Officer

WALL STREET ON DEMAND, INC.

By: _____
Name: Sankar Krishnan
Title: Chief Restructuring Officer

BRIDGE TRADING COMPANY

By: _____
Name: Sankar Krishnan
Title: Chief Restructuring Officer

BRIDGE INFORMATION SYSTEMS CANADA, INC.

By: _____
Name: Sankar Krishnan
Title: Chief Restructuring Officer

BRIDGE TRADING COMPANY UK LTD.

By: _____
Name: Sankar Krishnan
Title: Chief Restructuring Officer

BRIDGE TRADING COMPANY ASIA, LTD.

By: _____
Name: Sankar Krishnan
Title: Chief Restructuring Officer

STOCKVAL, INC.

By: _____
Name: Sankar Krishnan
Title: Chief Restructuring Officer

BRIDGE INTERNATIONAL HOLDINGS, INC.

By: _____
Name: Sankar Krishnan
Title: Chief Restructuring Officer

REUTERS AMERICA INC.
REUTERS S.A.

By:

Annex A

Unless otherwise defined herein, terms used herein shall have the meanings set forth below:

“1940 Act” shall have the meaning set forth in Section 5.19(f) hereof.

“Acquired Assets” means the assets listed in *Schedule 1A*.

“Acquired Business” means the businesses comprising the Acquired Assets and the Designated Entities, subject to the Assumed Liabilities.

“Acquired Business Employees” shall have the meaning set forth in Section 5.11 hereof.

“Affiliated Group” shall mean an affiliated group within the meaning of Section 1504(a)(1) of the Internal Revenue Code.

“Agreement” means this Amended and Restated Asset Purchase Agreement, including all Annexes, Exhibits and Schedules hereto, as the same may be amended from time to time in accordance with its terms.

“Allocated Burn Costs” shall mean the sum of (i) in the event the Outside Date is extended by Purchaser beyond August 31, 2001 pursuant to the terms of Section 8.1(b)(i) hereof and the actual Section 7.24 Expenses per month during such period exceed the payments made by Purchaser in respect thereof pursuant to Section 7.24, the amount of such excess, and (ii) fifty percent (50%) of any Section 7.24 Expenses paid by Sellers after termination of this Agreement, in excess of \$30,000,000.

“APA” shall have the meaning set forth in the Recitals hereof.

“Approval Order” shall be an order, acceptable to Purchaser, entered by the Bankruptcy Court on or before May 5, 2001 (or such date as may be agreed to by Purchaser), and containing such findings and rulings as Purchaser may request, which order shall not have been stayed, modified, reversed or amended in any manner materially adverse to Purchaser or Sellers.

“Assumed Liabilities” shall have the meaning set forth in Section 2.6 hereof.

“Auction” shall have the meaning given to it in Standing Order #4 approved by the Bankruptcy Court on March 29, 2001 and including any amendments thereof.

“Bankruptcy Auction Interested Parties” shall have the meaning set forth in Section 2.4(c) hereof.

“Bankruptcy Code” means title 11 of the United States Code §§ 101-1330.

S-2-1-1

“Bankruptcy Court” means the United States Bankruptcy Court for the Eastern District of Missouri, having jurisdiction over Sellers and certain of their direct and indirect subsidiaries and their assets in the Chapter 11 Cases.

“Bear Stearns” means Bear, Stearns & Co., Inc.

“Benefit Plans” shall have the meaning set forth in Section 5.11(b) hereof.

“Bidding Procedures” means the provisions of Standing Order #4 approved by the Bankruptcy Court on March 29, 2001 and including any amendments thereof.

“Bill of Sale” shall have the meaning set forth in Section 4.2(a) hereof.

“Bridge” shall have the meaning set forth in the first paragraph of this Agreement.

“Bridge Trading” or “Bridge Trading Business” means the business comprising the Bridge Trading Assets and the Designated Entities.

“*Bridge Trading Assets*” means the assets (excluding StockVal) listed in *Schedules 1FX, 1FY and 1FZ*.

“*Bridge Trading Assumed Liabilities*” shall have the meaning set forth in Section 11.10 hereof.

“*Bridge Trading Call Exercise Notice*” shall have the meaning set forth in Section 11.1(a) hereof.

“*Bridge Trading Call Price*” shall have the meaning set forth in Section 11.1(a) hereof.

“*Bridge Trading Call Option*” shall have the meaning set forth in Section 11.1(a) hereof.

“*Bridge Trading Call Option Period*” shall have the meaning set forth in Section 11.1(b) hereof.

“*Bridge Trading Closing Statement*” shall have the meaning set forth in Section 11.23(a) hereof.

“*Bridge Trading Consolidated Returns*” shall have the meaning set forth in Section 11.23(a) hereof.

“*Bridge Trading Designated Contracts*” shall have the meaning set forth in Section 11.8(a) hereof.

“*Bridge Trading Designated Entities*” are the Designated Entities referred to as such on *Schedule 1B* hereto.

S-5.24-2

“*Bridge Trading Employees*” shall have the meaning set forth in paragraph 11(a) of Schedule 5.24.

“*Bridge Trading Excluded Assets*” shall have the meaning set forth in Section 11.7(b) hereof.

“*Bridge Trading Excluded Liabilities*” shall have the meaning set forth in Section 11.11 hereof.

“*Bridge Trading Leased Real Property*” means all real property leased and used or held for use by Sellers or any Designated Entity in the operation of the Bridge Trading Business.

“*Bridge Trading Material Adverse Effect*” means (a) any event, change, conditions or matters in respect of the Bridge Trading Business (other than any events, changes, conditions or matters resulting from or related to the Savvis business, except for events set forth in Section 3.3(e)) that, individually or in the aggregate, results in or would be reasonably expected to result in a material adverse effect on the business, results of operations, assets or condition (financial or otherwise) of the Bridge Trading Business, taken as a whole, excluding any such effect to the extent resulting from or arising in connection with (i) the filing of the Chapter 11 Cases, or (ii) macro-economic changes or general market-related changes unless the Bridge Trading Business is affected by such changes in a manner that is substantially disproportionate when compared with competitive or peer businesses; or (b) any events, conditions or matters, (other than events, changes, conditions or matters resulting from or related to the Savvis business other than events set forth in Section 3.3(e) or relating to the HSR Condition), that would have a material adverse effect on the legality, validity or enforceability of this Agreement and the agreements and instruments to be entered into in connection herewith, the consummation of the transactions contemplated hereby, or the realization of the rights and remedies hereunder, *provided* that no Bridge Trading Material Adverse Effect shall be deemed to occur unless the effects of the foregoing conditions result in a diminution of value of the Bridge Trading Business in an amount that is greater than one-third (1/3) of the Bridge Trading Exercise Price.

“*Bridge Trading Non Filing Seller Contract*” shall mean a Contract used in or pertaining to the Bridge Trading Business and to which an affiliate of Bridge (other than a Filing Seller or a Designated Entity) is a Party.

“*Bridge Trading Option*” means the Bridge Trading Call Option or the Bridge Trading Put Option, as applicable.

“*Bridge Trading Option Closing*” shall have the meaning set forth in Section 11.3(a) hereof.

“*Bridge Trading Option Closing Date*” means the date set forth in Section 11.3(a) hereof.

S-5.24-3

“*Bridge Trading Owned Real Property*” means all real property owned by Sellers or the Designated Entities relating to the operation of the Bridge Trading Business.

“*Bridge Trading Plans*” shall have the meaning set forth in *Annex 12 of Schedule 5.24*.

“*Bridge Trading Put Exercise Notice*” shall have the meaning set forth in Section 11.2(a) hereof.

“*Bridge Trading Put Option*” shall have the meaning set forth in Section 11.2(a) hereof.

“*Bridge Trading Put Option Triggering Date*” shall have the meaning set forth in Section 11.2(b) hereof.

“*Bridge Trading Real Property Leases*” means all written leases in effect as of the date hereof with respect to the Bridge Trading Leased Real Property.

“*Bridge Trading Resolution Period*” shall have the meaning set forth in Section 11.23 hereof.

“*Bridge Trading Seller Cure Liability Amount*” shall have the meaning set forth in Section 11.8(a) hereof.

“*Bridge Trading UK*” shall have the meaning set forth in Section 5.19(g) hereof.

“*Bridge Trading Undisclosed Contract*” shall have the meaning set forth in Section 11.8(b) hereof.

“*Bridge Transaction Services*” shall mean the business and operations relating to the Bridge Transaction Services Assets.

“*Bridge Transaction Services Assets*” means the assets listed on Schedule 1FX.

“*Cantor Fitzgerald Securities*” means Cantor Fitzgerald, L.P. and any of its subsidiaries or affiliates.

“*Chapter 11 Cases*” means the pending cases commenced by Sellers on February 15, 2001 under Chapter 11 of the Bankruptcy Code, pending in the Bankruptcy Court under docket no. 01-41593-293, jointly administered.

“*Claim*” shall have the meaning set forth in Section 7.1(a) hereof.

“*Claimants*” shall have the meaning set forth in Section 7.1(a) hereof.

“*Closing*” shall have the meaning set forth in Section 4.1 hereof.

S-5.24-4

“*Closing Date*” means the date set forth in Section 4.1 hereof.

“*Closing Statement*” shall have the meaning set forth in Section 2.3(a) hereof.

“*COBRA*” shall have the meaning set forth in Section 2.7(h) hereof.

“*Code*” means the United States Internal Revenue Code of 1986, as amended.

“*Committee*” shall have the meaning set forth in the Bidding Procedures.

“*Competing Bidder*” shall have the meaning set forth in the Bidding Procedures.

“*Contract*” means any agreement, contract, commitment, or other binding arrangement or understanding, whether written or oral.

“*Contract Designation Date*” shall have the meaning set forth in Section 2.4(a) hereof.

“*Contract Parties*” shall have the meaning set forth in Section 2.4(c) hereof.

“*Covered Assets*” shall have the meaning set forth in Section 8.4(a) hereof.

“*CRB Index Business*” means the business, operations and Intangibles of the indices and sub-indices designated by the trademarks set forth on *Schedule 7.23(b)*.

“*CRB Index Marks*” has the meaning set forth in Section 7.23(b).

“*CRB License Agreement*” shall have the meaning set forth in Section 7.23(b) hereof.

“*CRB Marks*” has the meaning set forth in Section 7.23(c).

“*Cure Costs*” shall have the meaning set forth in Section 2.5(a) hereof.

“*DAIS Group*” shall mean the business and operations relating to the DAIS Group Assets (excluding StockVal).

“*DAIS Consultants*” means Vito Renna, Stephen Spewock and Carlos Simoes who provide services to the DAIS Group pursuant to consultancy agreements.

“*DAIS Group Assets*” means the assets listed on *Schedule 1FY*.

“*December Statement*” shall have the meaning set forth in Section 2.3(a) hereof.

“*Designated Contracts*” shall have the meaning set forth in Section 2.4(a) hereof.

“*Designated Contracts Order*” shall mean an order (or orders), in form and substance consistent with this Agreement and acceptable to Purchaser, authorizing the Seller’s assumption of the Designated Contracts (or the WSOD/EJV Designated Contracts, StockVal Designated Contracts or Bridge Trading Designated Contracts, as applicable), assignment of the Designated Contracts (or the WSOD/EJV Designated Contracts, StockVal Designated Contracts or Bridge Trading Designated Contracts, as applicable) to Purchaser or Purchaser’s Designee and the procedure for determination of cure costs associated therewith, in accordance with Section 7.1 hereof, entered by the Bankruptcy Court which order shall not have been stayed, modified, revised or amended in any manner materially adverse to Purchaser or Sellers.

S-5.24-5

“*Designated Entities*” means the companies listed in *Schedule 1B*, or, depending on the context, all the stock of such companies owned, directly or indirectly, by Sellers.

“*DGCL*” means the Delaware General Corporation Law.

“*DIP Financing*” means the credit facility entered into between Sellers and certain financial institutions pursuant to the Debtor-In-Possession Credit Agreement approved by Bankruptcy Court on March 14, 2001.

“*DIP Lenders*” shall have the meaning set forth in the Bidding Procedures.

“*Dollars*” or “*\$*” means dollars of the United States of America.

“*EJV*” means the business and operations relating to the EJV Assets and includes the business known as the Bridge Fixed Income Services.

“*EJV Assets*” shall mean the assets listed on *Schedule 1D*.

“*Environmental Laws*” means all applicable Laws (including consent decrees and administrative orders) relating to the public health and safety and protection of the environment including those governing the use, generation, handling, storage and disposal or cleanup of Hazardous Substances, all as amended.

“*ERISA*” shall have the meaning set forth in Section 5.11(b) hereof.

“*Escrow Account*” means account number 021850 at The Bank of Nova Scotia Trust Company of New York.

“*Escrow Agent*” means The Bank of Nova Scotia Trust Company of New York.

“*Exchange Act*” means Securities Exchange Act of 1934, as amended.

“*Excluded Assets*” shall have the meaning set forth in Section 2.1(b) hereof.

“*Excluded Liabilities*” shall have the meaning set forth in Section 2.7 hereof.

“*Filing Sellers*” shall have the meaning set forth in the recitals hereof.

S-5.24-6

“*Final Bridge Trading Closing Statement*” shall have the meaning set forth in Section 11.23(d) hereof.

“*Final Closing Statement*” shall have the meaning set forth in Section 2.3(d) hereof.

“*Final Order*” shall mean an order as to which the time to file an appeal, a motion for rehearing or reconsideration or a petition for a writ of certiorari has expired and no such appeal, motion or petition is pending.

“*GAAP*” means generally accepted accounting principles.

“*GECC*” shall have the meaning set forth in the Bidding Procedures.

“*Governmental Authority*” means any federal, State, local or foreign government or any subdivision, agency, instrumentality, authority, department, commission, board or bureau thereof, *provided*, in each case, that the relevant action in any given circumstance has the force of Law, or any federal, State, local or foreign court, tribunal or arbitrator of competent jurisdiction (including, without limitation, the Bankruptcy Court).

“*Hazardous Substances*” means any substance, waste, contaminant, pollutant or material that has been determined by any Governmental Authority in, under or pursuant to any Environmental Law to be capable of posing a risk of injury or damage to health, safety, property or the environment including (a) all substances, wastes, contaminants, pollutants and materials defined, designated or regulated as hazardous, dangerous or toxic pursuant

to any Law, and (b) asbestos, polychlorinated biphenyls (“PCBs”), petroleum, petroleum products and urea formaldehyde.

“*HSR Act*” means the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976.

“*HSR Condition*” shall have the meaning set forth in Section 8.2(d) hereof.

“*Initial Deposit*” means the amount equal to the \$5,000,000 deposited by Purchaser on March 30, 2001 under Standing Order #4, plus the interest accrued thereon through May 9, 2001.

“*Intangible*” means any corporate name, fictitious name, trademark, trademark application, service mark, service mark application, trade name, brand name, product name, slogan, trade secret, know-how, patent, patent application, copyright, copyright application, design, logo, formula, invention, product right, technology, domain names, process, logarithms, historical futures pricing data, databases or other intangible asset of any nature in use in the Acquired Business.

“*IRS*” means the U.S. Internal Revenue Service.

“*Law*” means any provision of any federal, State, local or foreign law, statute, ordinance, charter, constitution, treaty, code, rule, regulation or guidelines (including those of self-regulatory organizations such as the New York Stock Exchange and the National Association of Securities Dealers, Inc), or any order, decree or ruling.

S-5.24-7

“*Leased Real Property*” means all real property leased and used or held for use by Sellers or the Designated Entities in the operation of the Acquired Business.

“*Liability*” means any debt, liability or obligation of any nature, whether secured, unsecured, recourse, nonrecourse, liquidated, unliquidated, accrued, absolute, fixed, contingent, ascertained, unascertained, known, unknown or otherwise.

“*License Agreement*” shall have the meaning set forth in Section 7.23(c) hereof.

“*Licensee*” shall have the meaning set forth in Section 7.13(b) hereof.

“*Lien*” means any security, interest, lien, charge, mortgage, deed, assignment, pledge, hypothecation, claim, encumbrance, easement, restriction or interest of another Person of any kind or nature, other than the liens referred to in Section 5.4(a).

“*Management Retention Plan*” means the management retention and benefit plan approved by the Bankruptcy Court on April 4, 2001 and all amendments and supplements thereto.

“*Market Data Corporation*” means Market Data Corporation and any of its affiliates or subsidiaries.

“*Material Adverse Effect*” means (a) any event, change, conditions or matters in respect of the Acquired Business (other than any events, changes, conditions or matters resulting from or related to the Savvis business, except for events or changes set forth in Section 3.3(e)), that, individually or in the aggregate, result in or would be reasonably expected to result in a material adverse effect on the business, results of operations, assets or condition (financial or otherwise) of the Acquired Business, taken as a whole, excluding any such effect to the extent resulting from or arising in connection with (i) the filing of the Chapter 11 Cases, or (ii) macro-economic changes or general market-related changes unless the Acquired Business is affected by such changes in a manner that is substantially disproportionate when compared with competitive or peer businesses; or (b) any events, conditions or matters, other than any events, changes, conditions or matters resulting from or related to the Savvis business other than events or changes set forth in Section 3.3(e) or relating to the HSR Condition, that would have a material adverse effect on the legality, validity or enforceability of this Agreement and the agreements and instruments to be entered into in connection herewith, the consummation of the transactions contemplated hereby, or the realization of the rights and remedies hereunder, *provided* that in the case of both (a) or (b) above, if the Closing occurs after August 31, 2001, a Material Adverse Effect shall be measured as if the Closing had occurred on August 31, 2001.

“*NASD*” means the National Association of Securities Dealers.

S-5.24-8

“*Net Working Capital*” means, with respect to the Designated Entities, (x) the sum of (i) cash, (ii) cash equivalents, (iii) the net book value of earned accounts receivable (other than accounts receivable due from any of the Sellers or subsidiaries of any of the Sellers), (iv) the net book value of earned accounts receivable due from broker-dealers, and (v) marketable securities, *minus* (y) all Liabilities (other than accounts payable to any of the Sellers or subsidiaries of any of the Sellers), and *minus* (z) reserves for contingencies including, if appropriate, the

pending NASD arbitration with Bridge Trading, with each component calculated in accordance with generally accepted accounting principles.

“*Non Filing Seller Contract*” shall mean a Contract used in or pertaining to the Acquired Business and to which an affiliate of Bridge (other than a Filing Seller or a Designated Entity) is a Party.

“*Non Filing Seller Contracts Designation Date*” shall have the meaning set forth in Section 2.4(d) hereof.

“*Non Filing Seller Designated Contract*” shall have the meaning set forth in Section 2.4(d) hereof.

“*Notice of Intent*” shall have the meaning set forth in Section 12.14 hereof.

“*NSA Letter Agreement*” shall have the meaning set forth in Section 3.3(d) hereof.

“*NYSE*” means the New York Stock Exchange.

“*Ordinary Course Obligations*” shall have the meaning set forth in Section 3.3(e) hereof.

“*Outside Date*” shall have the meaning set forth in Section 8.1(b)(i) hereof.

“*Owned Real Property*” means all real property owned by Sellers or the Designated Entities relating to the operation of the Acquired Business.

“*Party*” or “*Parties*” are those Persons listed in the first paragraph of this Agreement.

“*Pension Plan*” shall have the meaning set forth in Section 5.11(b) hereof.

“*Permitted Liens*” means any non-material Liens on Acquired Assets or assets of the Designated Entities and Liens that will be released before or on Closing (or, in the case of the options referred to in Sections 9, 10 and 11, the applicable option closing date).

“*Person*” means any corporation, partnership, joint venture, limited liability company, organization, entity, authority or individual.

S-5.24-9

“*Potential Telerate Purchaser*” shall have the meaning set forth in Section 7.25.

“*Pre-petition Contracts*” means all executory contracts and unexpired leases of Filing Sellers entered into prior to February 15, 2001.

“*Purchase Price*” shall have the meaning set forth in Section 2.2 hereof.

“*Purchaser*” means collectively, Reuters America Inc. and Reuters S.A.

“*Purchaser’s Designee*” means any entity, including any of Purchaser’s direct or indirect subsidiaries that Purchaser may appoint to (i) purchase all or certain Acquired Assets, WSOD Assets, EJV Assets, StockVal Assets, Bridge Trading Assets or Designated Entities, (ii) assume all or certain Assumed Liabilities, WSOD/EJV Assumed Liabilities, StockVal Assumed Liabilities or Bridge Trading Assumed Liabilities, (iii) exercise any of Purchaser’s rights hereunder as contemplated by Section 12.4 (b), or (iv) employ all or certain Transferred Employees, Transferred WSOD/EJV Employees, Transferred StockVal Employees or Transferred Bridge Trading Employees on the applicable closing date, subject to satisfaction of the requirements of Section 365 of the Bankruptcy Code including the provision of adequate assurances for future performance.

“*RAM*” means Reuters America Inc.

“*Real Property Leases*” means all written leases in effect as of the date hereof with respect to the Leased Real Property.

“*Released Employee*” means a person listed on Schedule 5.11(a), (i) in respect of whom the Purchaser has given notice to Sellers that the Purchaser does not wish to extend an employment offer to such person, or (ii) who has formally declined an offer of employment by Purchaser, *provided* that, in either case, such person has agreed not to solicit for employment other persons listed on Schedule 5.11(a), other than such persons who also fall within (i) or (ii) above.

“*Resolution Period*” shall have the meaning set forth in Section 2.3(b) hereof.

“*Retained CRB Marks*” shall have the meaning set forth in Section 7.23(d) hereof.

“*Reuters Benchmarks*” shall have the meaning set forth in Section 7.27 hereof.

“*Savvis*” means Savvis Communications Corporation.

“*Savvis Board*” shall have the meaning set forth in Section 7.26(b).

“*Savvis Financing*” shall have the meaning set forth in Section 7.26(a).

“*Savvis Shares*” shall have the meaning set forth in Section 7.26(c).

“*Savvis Stock Option*” shall have the meaning set forth in Section 7.26(c).

S-5.24-10

“*Schedule 2.4A Contract*” shall have the meaning set forth in Section 2.4(a) hereof.

“*Schedule 2.4B Contract*” shall have the meaning set forth in Section 2.4(a) hereof.

“*Schedule 9.8A Contract*” shall have the meaning set forth in Section 9.8(a) hereof.

“*Schedule 9.8B Contract*” shall have the meaning set forth in Section 9.8(a) hereof.

“*Schedule 10.8A Contract*” shall have the meaning set forth in Section 10.8(a) hereof.

“*Schedule 10.8B Contract*” shall have the meaning set forth in Section 10.8(a) hereof.

“*Schedule 11.8A Contract*” shall have the meaning set forth in Section 11.8(a) hereof.

“*Schedule 11.8B Contract*” shall have the meaning set forth in Section 11.8(a) hereof.

“*Schedules*” means the schedules hereto.

“*SEC*” means the Securities and Exchange Commission.

“*Second Deposit*” means the amount of \$50,000,000 deposited in the Second Deposit Escrow Account and held in accordance with the Second Securities Account Agreement.

“*Second Deposit Escrow Account*” means the account established at The Bank of Nova Scotia Trust Company of New York to hold the Second Deposit in accordance with the Second Securities Account Agreement.

“*Second Securities Account Agreement*” shall mean the agreement by and among Purchaser, Bridge and Nova Scotia, as escrow agent, signed as of the date hereof.

“*Section 7.24 Expenses*” shall have the meaning set forth in Section 7.24 hereof.

“*Securities Act*” means the Securities Act of 1933, as amended.

“*Seller*” and “*Sellers*” shall have the meaning set forth in the first paragraph of this Agreement.

S-5.24-11

“*Seller Consolidated Returns*” shall have the meaning set forth in Section 7.22(a)(i) hereof.

“*Sellers’ Knowledge*” shall mean the actual knowledge of either of Messrs. David Roscoe, Rick Snape, Zachary Snow, Steve Wilson, Joseph Ratterman or Mark Minister, and Knowledge of Sellers or any of the Designated Entities shall have a correlated meaning.

“*Service Provider*” shall have the meaning set forth in Section 7.13(a) hereof.

“*Service Requester*” shall have the meaning set forth in Section 7.13(a) hereof.

“*SFA*” shall have the meaning set forth in Section 5.19(g) hereof.

“*SFC*” means the Securities and Futures Commission.

“*Software*” means any computer program, operating system, applications system or software of any nature (other than commercially-available “shrink-wrap” software and software of a value less than \$1,000), whether operational, or under development, including all object code, source code, technical manuals, user manuals and other documentation therefor, whether in machine-readable form, programming language or any other language or symbols, and whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature.

“*Specified Contract*” shall have the meaning set forth in Section 2.4(a) hereof.

“*Specified Contract Confidential Information*” shall have the meaning set forth in Section 2.4 hereof.

“*Specified Designated Entities*” means Bridge Trading Company UK Ltd., Bridge Trading Company UK Nominees Ltd. and Bridge Trading Company Asia, Ltd.

“*Standing Order #4*” shall have the meaning set forth in Section 2.4(c) hereof.

“*StockVal*” or “*StockVal Business*” means the business and operations relating to the StockVal Assets.

“*StockVal Assets*” shall mean the assets listed in *Schedule 1E*.

“*StockVal Assumed Liabilities*” shall have the meaning set forth in Section 10.10 hereof.

“*StockVal Call Exercise Notice*” shall have the meaning set forth in Section 10.1(a) hereof.

“*StockVal Call Option*” shall have the meaning set forth in Section 10.1(a) hereof.

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“*StockVal Call Option Period*” shall have the meaning set forth in Section 10.1(b) hereof.

“*StockVal Contract Designation Date*” shall have the meaning set forth in Section 10.8(b) hereof.

“*StockVal Designated Contracts*” shall have the meaning set forth in Section 10.8(a) hereof.

“*StockVal Employees*” shall have the meaning set forth in paragraph 11(a) of Schedule 5.23.

“*StockVal Excluded Assets*” shall have the meaning set forth in Section 10.7(b) hereof.

“*StockVal Excluded Liabilities*” shall have the meaning set forth in Section 10.11 hereof.

“*StockVal Exercise Price*” shall have the meaning set forth in Section 10.1(a) hereof.

“*StockVal Leased Real Property*” means all real property leased and used or held for use by Sellers in the operation of the StockVal Business.

“*StockVal Material Adverse Effect*” means (a) any event, change, conditions or matters in respect of the StockVal Business (other than any events, changes, conditions or matters resulting from or related to the Savvis business, except for events set forth in Section 3.3(e)) that, individually or in the aggregate, result in or would be reasonably expected to result in a material adverse effect on the business, results of operations, assets, condition (financial or otherwise) of the StockVal Business, taken as a whole, excluding any such effect to the extent resulting from or arising in connection with (i) the filing of the Chapter 11 Cases, or (ii) macro-economic changes or general market-related changes unless the StockVal Business is affected by such changes in a manner that is substantially disproportionate when compared with competitive or peer businesses; or (b) any events, conditions or matters that (other than any events, changes, conditions or matters resulting from or related to the Savvis business other than events set forth in Section 3.3(e) or relating to the HSR Condition), would have a material adverse effect on the legality, validity or enforceability of this Agreement and the agreements and instruments to be entered into in connection herewith, the consummation of the transactions contemplated hereby, or the realization of the rights and remedies hereunder, *provided* that no StockVal Material Adverse Effect shall be deemed to occur unless the effects of the foregoing conditions result in a diminution of value of the StockVal Business in an amount that is greater than one-third (1/3) of the StockVal Exercise Price.

S-5.24-13

“*StockVal Non Filing Seller Contract*” shall mean a Contract used in or pertaining to the StockVal Business and to which an affiliate of Bridge (other than a Filing Seller or a Designated Entity) is a Party.

“*StockVal Option*” means the StockVal Call Option or the StockVal Put Option, as applicable.

“*StockVal Option Closing*” shall have the meaning set forth in Section 10.3(a) hereof.

“*StockVal Option Closing Date*” means the date set forth in Section 10.3(a) hereof.

“*StockVal Owned Real Property*” means all real property owned by Sellers relating to the operation of the StockVal Business.

“*StockVal Plans*” shall have the meaning set forth in Section 5.23 hereof.

“*StockVal Put Exercise Notice*” shall have the meaning set forth in Section 10.2(a) hereof.

“*StockVal Put Option*” shall have the meaning set forth in Section 10.2(a) hereof.

“*StockVal Put Option Triggering Date*” shall have the meaning set forth in Section 10.2(b) hereof.

“*StockVal Real Property Leases*” means all written leases in effect as of the date hereof with respect to the StockVal Leased Real Property.

“*StockVal Seller Cure Liability Amount*” shall have the meaning set forth in Section 10.8(a) hereof.

“*StockVal Undisclosed Contract*” shall have the meaning set forth in Section 10.8(b) hereof.

“*Tax Return*” means any report, return (including any consolidated, combined or unitary return in which any Seller or any of the Designated Entities, as the case may be, is or was included or includable) or other information required to be supplied to a taxing authority in connection with Taxes.

“*Taxes*” means all taxes, charges, fees, duties, levies or other assessments, including, without limitation, income, gross receipts, net proceeds, ad valorem, turnover, real and personal property (tangible and intangible), sales, use, franchise, excise, value added, license, payroll, unemployment, environmental, customs duties, capital stock, disability, stamp, leasing, lease, user, transfer, fuel, excess profits, occupational and interest equalization, windfall profits, severance and employees’ income withholding and Social Security taxes imposed by the United States or any other country or by any State, municipality, subdivision or instrumentality of the United States or of any other country or by any other tax authority, including interest, penalties or additions to tax attributable to such Taxes or any Tax Return, and shall include any transferee or successor liability in respect of Taxes (whether by contract or otherwise) and any liability in respect of any Taxes as a result of being a member of any Affiliated Group, including any consolidated, combined, unitary or similar group.

S-5.24-14

“*Telerate Benchmarks*” shall have the meaning set forth in Section 7.27 hereof.

“*Telerate Business*” means the business and operations of Telerate Holdings, Inc. and its direct and indirect subsidiaries.

“*Transferred Bridge Trading Employee*” shall have the meaning set forth in Section 11.18(a) hereof.

“*Transferred Employee*” shall have the meaning set forth in Section 7.9(a) hereof.

“*Transferred StockVal Employee*” shall have the meaning set forth in Section 10.17(a) hereof.

“*Transferred WSOD/EJV Employee*” shall have the meaning set forth in Section 9.17(a) hereof.

“*Treasury Regulations*” means the regulations promulgated by the U.S. Treasury Department pursuant to the Code.

“*Undisclosed Contract*” shall have the meaning set forth in Section 2.4(b) hereof.

“*WARN*” shall have the meaning set forth in Section 2.7(h) hereof.

“*WSOD*” means the business and operations relating to the WSOD Assets.

“*WSOD Assets*” shall mean the assets listed in *Schedule 1C*.

“*WSOD/EJV Assumed Liabilities*” shall have the meaning set forth in Section 9.10 hereof.

“*WSOD Business*” means the business comprising the WSOD Acquired Assets, subject to the WSOD Assumed Liabilities.

“*WSOD/EJV Business*” means the business comprising WSOD and EJV.

“*WSOD/EJV Call Exercise Notice*” shall have the meaning set forth in Section 9.1(a).

“*WSOD/EJV Call Option*” shall have the meaning set forth in Section 9.1(a).

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“*WSOD/EJV Call Option Period*” shall have the meaning set forth in Section 9.1(b).

“*WSOD/EJV Designated Contracts*” shall have the meaning set forth in Section 9.8(a) hereof.

“WSOD/EJV Employees” shall have the meaning set forth in paragraph 11(a) of Schedule 5.22.

“WSOD/EJV Excluded Assets” shall have the meaning set forth in Section 9.7(b) hereof.

“WSOD/EJV Excluded Liabilities” shall have the meaning set forth in Section 9.11 hereof.

“WSOD/EJV Exercise Price” shall have the meaning set forth in Section 9.1(a).

“WSOD/EJV Leased Real Property” means all real property leased and used or held for use by Sellers in the operation of the WSOD/EJV Business.

“WSOD/EJV Material Adverse Effect” means (a) any event, change, conditions or matters in respect of the WSOD/EJV Business (other than any events, changes, conditions or matters resulting from or related to the Savvis business, except for events set forth in Section 3.3(e)), individually or in the aggregate, result in or would be reasonably expected to result in a material adverse effect on the business, results of operations, assets, condition (financial or otherwise) of the WSOD/EJV Business, taken as a whole, excluding any such effect to the extent resulting from or arising in connection with (i) the filing of the Chapter 11 Cases, or (ii) macro-economic changes or general market-related changes unless the WSOD/EJV Business is affected by such changes in a manner that is substantially disproportionate when compared with competitive or peer businesses; or (b) any events, conditions or matters that (other than any events, changes, conditions or matters resulting from or related to the Savvis business other than events set forth in Section 3.3(e) or relating to the HSR Condition), would have a material adverse effect on the legality, validity or enforceability of this Agreement and the agreements and instruments to be entered into in connection herewith, the consummation of the transactions contemplated hereby, or the realization of the rights and remedies hereunder, *provided* that no WSOD/EJV Material Adverse Effect shall be deemed to occur unless the effects of the foregoing conditions result in a diminution of value of the WSOD/EJV Business in an amount that is greater than one-third (1/3) of the WSOD/EJV Exercise Price.

“WSOD/EJV Non Filing Seller Contract” shall mean a Contract used in or pertaining to the WSOD/EJV Business and to which an affiliate of Bridge (other than a Filing Seller or a Designated Entity) is a Party.

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“WSOD/EJV Option” means the WSOD/EJV Call Option or the WSOD/EJV Put Option, as applicable.

“WSOD/EJV Option Closing” shall have the meaning set forth in Section 9.3(a) hereof.

“WSOD/EJV Option Closing Date” means the date set forth in Section 9.3(a) hereof.

“WSOD/EJV Owned Real Property” means all real property owned by Sellers relating to the operation of the WSOD/EJV Business.

“WSOD/EJV Plans” shall have the meaning set forth in *Schedule 5.22* hereof.

“WSOD/EJV Put Exercise Notice” shall have the meaning set forth in Section 9.2(a) hereof.

“WSOD/EJV Put Option” shall have the meaning set forth in Section 9.2(a) hereof.

“WSOD/EJV Put Option Triggering Date” shall have the meaning set forth in Section 9.2(b) hereof.

“WSOD/EJV Real Property Leases” means all written leases in effect as of the date hereof with respect to the WSOD/EJV Leased Real Property.

“WSOD/EJV Seller Cure Liability Amount” shall have the meaning set forth in Section 9.8(a) hereof.

“WSOD/EJV Undisclosed Contract” shall have the meaning set forth in Section 9.8(b) hereof.

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AGREEMENT

Dated 17th December, 2001

£500,000,000

SYNDICATED CREDIT FACILITY

FOR

REUTERS GROUP plc

ARRANGED BY

HSBC INVESTMENT BANK plc

and

J.P. MORGAN PLC

ALLEN & OVERYLondon
BK:908176.6**INDEX**

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THIS AGREEMENT is dated 17th December, 2001 BETWEEN:

- (1) REUTERS GROUP plc (Company No. 3296375) (the “**Parent**”);
- (2) HSBC INVESTMENT BANK plc and J.P. MORGAN plc as mandated arrangers (the “**Mandated Arrangers**”);
- (3) THE FINANCIAL INSTITUTIONS listed in Schedule 1 as lenders; and
- (4) HSBC INVESTMENT BANK plc as agent (the “**Agent**”).

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

“Additional Borrower”

means a wholly owned Subsidiary of the Parent approved in writing by all the Lenders which becomes a Borrower in accordance with Clause 26.4 (Additional Borrowers).

“Additional Guarantor”

means an Affiliate of the Parent which becomes a Guarantor in accordance with Clause 26.5 (Additional Guarantors).

“Advance”

means an advance made to a Borrower under the Facility.

“Affiliate”

for the purposes of this Agreement means a Subsidiary or a holding company (as defined in Section 736 of the Companies Act 1985) of a person and any other Subsidiary of that holding company.

“Agent’s Spot Rate of Exchange”

means the spot rate of exchange as determined by the Agent for the purchase of the relevant Optional Currency in the London foreign exchange market with Sterling at the relevant time on a particular day.

“Anniversary”

means an anniversary of the Signing Date.

“Availability Period”

means the period from and including the Signing Date up to and including the date falling one month before the Final Maturity Date.

“Back to Back Loan”

means any Indebtedness made available to a member of the Group to the extent that the creditor has recourse directly or indirectly to a deposit of cash or cash equivalent investments beneficially owned by any member of the Group placed, as part of a related transaction, with that creditor (or an affiliate of that creditor) or a financial institution approved by that creditor on the basis that the deposit be available, directly or indirectly, so as to reduce the economic exposure of the creditor to the Group, when looking at the related transactions together, to a net amount.

“Borrower”

means the Parent or an Additional Borrower.

“Borrower Accession Agreement”

means a letter substantially in the form of Part II of Schedule 5 with such amendments as the Agent may approve or reasonably require.

“Borrowings”

means any Indebtedness in respect of the following:

- (a) money borrowed or raised and debit balances at banks;
- (b) any bond, note, loan stock, debenture or similar debt instrument;
- (c) acceptance credit facilities and documentary credit facilities;
- (d) receivables sold or discounted (otherwise than on a non-recourse basis);
- (e) finance leases and hire purchase contracts which are required to be capitalised under generally accepted accounting principles in the UK in force as at the Signing Date;
- (f) any other transaction (including without limitation forward sale or purchase agreements) having the commercial effect of a borrowing or raising of money or of any of paragraphs (b) to (e) (both inclusive) above;
- (g) for the purposes of Clause 18.8 (Cross Default) only, the net amount of any liability under any swap, hedging or similar treasury instrument; and
- (h) guarantees in respect of Indebtedness of any person falling within any of paragraphs (a) to (g) (both inclusive) above,

provided that Indebtedness owing by one member of the Group to another member of the Group shall not be taken into account as Borrowings.

“Business Day”

means a day (other than a Saturday or Sunday) on which banks and the interbank and foreign exchange markets are open for business in London and:

- (a) (in respect of a day on which a payment in, or purchase of, an Optional Currency (other than euro) is required hereunder) the principal financial centre of the country of such Optional Currency; or
- (b) (in respect of a day on which a payment in or purchase of euro is required hereunder) which is also a TARGET Day.

“Commitment”

means, in respect of a Lender, the amount in Sterling set opposite the name of that Lender in Schedule 1, to the extent not cancelled or reduced under this Agreement.

“Consolidated Net Finance Charges”

means, in respect of any financial period of the Group, the aggregate amount of the interest (including, without limitation, the interest element of finance leases and hire purchase payments but, for the avoidance of doubt, excluding any deemed interest on operating leases), commission and other finance charges payable by the Group in respect of that financial period less the amount of interest receivable by the Group during such financial period, as determined from the consolidated financial statements of the Group for that financial period delivered pursuant to Clause 16.2(a) and/or (b) (Financial Information).

“Consolidated Profits before Interest, Tax and Amortisation”

means, in respect of any financial period of the Group, consolidated trading profit of the Group from continuing operations, acquisitions (as a component of continuing operations) and discontinued operations as set out in FRS 3 (excluding exceptional profits or losses and extraordinary items for such financial year as set out in FRS 3) prior to deduction of:

- (a) Consolidated Net Finance Charges for that financial period;
- (b) tax on the overall income of the Group payable in respect of that financial period; and
- (c) amortisation of goodwill and intangible assets for that financial period,

all as determined from the consolidated financial statements of the Group for that financial period delivered pursuant to Clause 16.2(a) and/or (b) (Financial Information).

“Default”

means an Event of Default or an event which, with the giving of notice, determination of materiality or expiry of any grace period, each as referred to in Clause 18 (Default), (or any combination of the foregoing), would constitute an Event of Default.

“Encumbrance”

means a mortgage, charge, pledge, lien or other security interest.

“euro”

means the single currency of the Participating Member States.

“EURIBOR”

means in relation to any Advance or unpaid sum denominated in euros:

- (a) the applicable Screen Rate; or

- (b) if no Screen Rate is available for that Term of that Advance or unpaid sum, the arithmetic mean (rounded upwards, if necessary, to the nearest four decimal places) of the respective rates, as supplied to the Agent at its request, quoted by the Reference Banks to leading banks in the European interbank market,

as of 11.00 a.m. (Brussels time) on the Rate Fixing Day for the offering of deposits in euro for a period comparable to that Term.

“Event of Default”

means an event specified as such in Clause 18 (Default).

“Facility”

means the facility referred to in Clause 2.1 (Facility).

“Facility Office”

means the office(s) notified by a Lender to the Agent:

- (a) on or before the date it becomes a Lender; or
- (b) by not less than five Business Days’ notice,

as the office(s) through which it will perform all or any of its obligations under this Agreement.

“Fee Letters”

means :

- (a) the letter between the Agent and the Parent dated 19th November, 2001; and
- (b) the letters between, inter alia, the Mandated Arrangers, and the Parent and the respective Mandated Arrangers dated 19th November, 2001,

in each case setting out the amount of various fees referred to in Clause 20 (Fees).

“Final Maturity Date”

means the fifth Anniversary.

“Finance Document”

means this Agreement, each Fee Letter, a Novation Certificate, a Borrower Accession Agreement, each Novation Agreement entered into as contemplated by Clause 7.6(b)(iii) (Changes to Borrowers), a Guarantor Accession Agreement or any other document designated in writing as such by the Agent and the Parent.

“Finance Party”

means a Mandated Arranger, a Lender or the Agent.

“Group”

means the Parent and its Subsidiaries.

“Guarantor”

means each of:

- (a) the Parent; and
- (b) each Additional Guarantor.

“Guarantor Accession Agreement”

means a deed substantially in the form of Part III of Schedule 5 with such amendments as the Agent may approve or reasonably require.

“Indebtedness”

means any obligation (whether incurred as principal or as surety) for the payment or repayment of moneys, whether present or future, actual or contingent.

“Information Memorandum”

means the Information Memorandum dated November, 2001 prepared in connection with this Agreement and approved by the Parent.

“Instinet Group”

means Instinet Group Inc. and its Subsidiaries.

“Lenders”

means those financial institutions listed in Schedule 1 and their respective successors and assigns which are for the time being participating in the Facility.

“LIBOR”

means in relation to any Advance or unpaid sum in sterling or in Optional Currency (other than euro):

- (a) the applicable Screen Rate; or
- (b) if no Screen Rate is available for the relevant currency or Term of that Advance or unpaid sum, the arithmetic mean (rounded upwards, if necessary, to the nearest four decimal places) of the respective rates, as supplied to the Agent at its request, quoted by the Reference Banks to leading banks in the London interbank market,

as of 11.00 a.m. on the Rate Fixing Day for the offering of deposits in the currency of that Advance or unpaid sum for a period comparable to that Term.

“Majority Lenders”

means, at any time:

- (a) if any Advances are outstanding, Lenders with an aggregate Original Sterling Amount of participations in Advances at that time of more than 66 2/3 per cent. of the aggregate Original Sterling Amount of all Advances then outstanding; or
- (b) if no Advances are outstanding, Lenders whose Commitments then aggregate more than 66 2/3 per cent. of the Total Commitments (or if the Total Commitments have been reduced to zero, aggregated more than 66 2/3 per cent. of the Total Commitments immediately before the reduction).

“Mandatory Cost”

means the cost of complying with certain regulatory requirements expressed as a percentage rate per annum and calculated by the Agent under:

- (a) Part I of Schedule 3, prior to 17th January, 2002 or such later date as the board of the Financial Services Authority confirms the amount of any charges payable under the fees rules (as defined in Part II of Schedule 3) (the “Relevant Date”); or
- (b) Part II of Schedule 3, on or after the Relevant Date.

“Mandatory Prepayment Event”

means an event specified in paragraph (a), (b) or (c) of Clause 7.4 (Mandatory Prepayment Events).

“Margin”

means 0.25 per cent. per annum from the Signing Date until the third Anniversary and 0.275 per cent. per annum thereafter.

“Material Adverse Effect”

means a material adverse effect on the Group taken as a whole which would affect the ability of any Obligor to perform or observe any of its obligations under any of the Finance Documents.

“Material Subsidiary”

means at any particular time, a member of the Restricted Group (other than an Obligor) whose gross assets or pre-taxation profits, as at the end of or (as the case may be) of the latest financial year of the Group and as taken into account for the purpose of the audited consolidated financial statements of the Group for such financial year, represent at least ten per cent. of the consolidated gross assets or pre-taxation profits of the Group as determined from those audited consolidated financial statements of the Group. For this purpose:

- (a) in the case of a member of the Group which itself has Subsidiaries, the calculation shall be made by comparing the consolidated gross assets or pre-taxation profits of it and its Subsidiaries to those of the Group;
- (b) assets which arise from transactions between members of the Group and which would be eliminated in the consolidated financial statements of the Group shall be excluded; and
- (c) if a Subsidiary which is not a Material Subsidiary on the basis of the most recent such accounts receives a transfer of assets or the right to receive any trading profits which taken together with the existing assets or trading profits of that Subsidiary, as the case may be, would satisfy any of the tests above, then that Subsidiary shall also be a Material Subsidiary on and from the date it receives such transfer. If a Material Subsidiary disposes of any assets or the right to receive any trading profits such that it would on the basis of the most recent such accounts cease to be a Material Subsidiary, then it shall be excluded as a Material Subsidiary on and from the date the Parent next notifies the Agent of the identity of the Material Subsidiaries under Clause 16.2(f) (Financial Information).

“Maturity Date”

means the last day of the Term of an Advance.

“Novation Certificate”

has the meaning given to it in Clause 26.3(a)(i) (Procedure for novations).

“Obligor”

means the Parent, each Borrower and each Guarantor.

“Optional Currency”

means, in relation to any Advance or proposed Advance, U.S. Dollars, euro or any other currency other than Sterling which all the Lenders have confirmed in relation to the proposed Advance is readily available and freely transferable in the London foreign exchange market in sufficient amounts to fund that Advance.

“Original Group Accounts”

means the audited consolidated financial statements of the Parent and its Subsidiaries for the year ended 31st December, 2000.

“Original Sterling Amount”

means:

- (a) the principal amount of an Advance denominated in Sterling; or

- (b) the principal amount of an Advance denominated in any other currency, translated into Sterling on the basis of the Agent's Spot Rate of Exchange at or about 11.00 a.m. on the date of receipt by the Agent of the Request for that Advance.

“Participating Member State”

means a member state of the European Communities that adopts or has adopted the euro as its lawful currency under the legislation of the European Union for European Monetary Union.

“Party”

means a party to this Agreement.

“Permitted Encumbrance”

means:

- (a) a lien or right of set-off arising solely by operation of law or by agreement and in the ordinary course of business;
- (b) an Encumbrance in existence as at the Signing Date and disclosed in writing prior to the Signing Date to the Agent;
- (c) an Encumbrance granted over any real property of a member of the Restricted Group at the time of purchase thereof for any loan or other obligation raised or undertaken for the sole purpose of financing the purchase of that real property;
- (d) any Encumbrance securing any Indebtedness of any company which becomes a member of the Restricted Group after the date hereof and which was in existence when such company became a member of the Restricted Group provided that each such Encumbrance is discharged in full within 180 days after such company becomes a member of the Restricted Group;
- (e) an Encumbrance over an asset purchased by a member of the Restricted Group (otherwise than from another member of the Restricted Group) after the date hereof and to which such asset was subject at the time of such purchase provided that such Encumbrance is discharged in full within 180 days after the date of purchase of such asset by such member of the Restricted Group;
- (f) any retention of title reserved by any seller of goods in the normal course of business, or any Encumbrance imposed, reserved or granted over goods supplied by such seller in respect of the unpaid price of goods supplied in the ordinary course of business;
- (g) an Encumbrance granted by any member of the Restricted Group which carries on a broking or similar business, in each case in the ordinary course of that broking or similar business over any asset deposited with either a bank in connection with the clearance of traded securities, landlord, securities exchange or clearing system as security for the relevant company's obligations to such bank, landlord, securities exchange or clearing system;

- (h) an Encumbrance which the Majority Lenders have at any time agreed in writing shall be a Permitted Encumbrance;
- (i) an Encumbrance granted in respect of a Back to Back Loan over the cash or cash equivalent deposits concerned;
- (j) any Encumbrance granted by any member of the Restricted Group in the ordinary course of business in respect of any assets deposited with a central bank or other regulatory body in compliance with the requirements of that central bank or regulatory body; and

- (k) Encumbrances (other than Encumbrances permitted by paragraphs (a) to (j) above) which secure, in aggregate, Indebtedness in an amount not exceeding £100,000,000 or its equivalent in other currencies.

“Qualifying Lender”

means:

- (a) a bank as defined in Section 840A of the Income and Corporation Taxes Act 1988 which is within the charge to corporation tax as regards any interest received by it under this Agreement; or
- (b) a UK Non-Bank Lender; or
- (c) a person which is resident (as such term is defined in the appropriate double taxation treaty) in a country with which the United Kingdom has an appropriate double taxation treaty under which that person is entitled, having regard to its own circumstances but not to the circumstances of any Obligor, to exemption from United Kingdom tax on interest and is entitled to apply under the Double Taxation Relief (Taxes on Income) (General) Regulations 1970 to have interest paid to its Facility Office without withholding or deduction for or on account of United Kingdom tax (and does not carry on business in the United Kingdom through a permanent establishment with which the investments under this Agreement in respect of which the interest is paid is effectively connected) and for this purpose “double taxation treaty” means any convention or agreement between the government of the United Kingdom and any other government for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains.

“Rate Fixing Day”

means:

- (a) the Utilisation Date for an Advance denominated in Sterling; or
- (b) the second Business Day before the Utilisation Date for an Advance denominated in any Optional Currency (other than euro); or
- (c) the second TARGET Day before the Utilisation Date for an Advance denominated in euro,

or such other day as the Agent determines is generally treated as the rate fixing day by market practice in the relevant interbank market.

“Reference Banks”

means, subject to Clause 26.6 (Reference Banks), HSBC Bank plc, JPMorgan Chase Bank and Barclays Bank PLC.

“Request”

means a request made by a Borrower to utilise the Facility, substantially in the form of Schedule 4.

“Requested Amount”

means the amount requested in a Request.

“Restricted Group”

means the Group excluding members of the Instinet Group.

“Rollover”

means, in relation to a particular date, one or more Advances:

- (a) whose proposed Utilisation Date is the same as the Maturity Date of one or more existing Advances;
- (b) whose aggregate principal amount is the same as or less than the aggregate outstanding principal amount of all existing Advances whose Maturity Date is the same as that Utilisation Date; and

- (c) which are to be denominated in the same currency as the existing Advance(s) whose Maturity Date is the same as that Utilisation Date (or, if there is more than one such existing Advance and such Advances are denominated in different currencies, in the same or lesser respective amounts of the same currencies as for such existing Advances).

“Screen Rate”

means:

- (a) for LIBOR, the British Bankers Association Interest Settlement Rate (if any); and
- (b) for EURIBOR, the percentage rate per annum determined by the Banking Federation of the European Union,

for the relevant currency and Term displayed on the appropriate page of the Reuters screen selected by the Agent. If the relevant page is replaced or the service ceases to be available, the Agent (after consultation with the Parent and the Lenders) may specify another page or service displaying the appropriate rate.

“Signing Date”

means the date of this Agreement.

“Subsidiary”

means:

- (a) a subsidiary within the meaning of Section 736 of the Companies Act 1985, as amended by Section 144 of the Companies Act 1989; and
- (b) unless the context otherwise requires, a subsidiary undertaking within the meaning of Section 258 of the Companies Act 1985 (as inserted by Section 21 of the Companies Act 1989).

“TARGET Day”

means a day on which the Trans European Automated Real-time Gross Settlement Express Transfer payment system is open for the settlement of payments in euro.

“Term”

means the period selected by a Borrower in a Request for which the relevant Advance is to be outstanding.

“Total Commitments”

means the aggregate for the time being of the Commitments, being £500,000,000 at the date of this Agreement.

“UK” or “United Kingdom”

means the United Kingdom of Great Britain and Northern Ireland.

“UK Non-Bank Lender”

means:

- (a) a company resident in the UK for tax purposes; or
- (b) a partnership each member of which is a company resident in the UK for tax purposes; or
- (c) a company not resident in the UK for tax purposes which carries on a trade in the U.K. through a branch or agency and brings into account payments made to it under this Agreement in computing its chargeable profits for the purpose of section 11(2) of the Income and Corporation Taxes Act 1988,

which, in each case, is beneficially entitled to payments made to it under this Agreement and which has

“Utilisation Date”

means the date for the making of an Advance.

1.2 Construction

(a) In this Agreement, unless the contrary intention appears, a reference to:

(i) **“assets”** includes properties, revenues and rights of every description;

an **“authorisation”** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration and notarisation;

a **“month”** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that, if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that calendar month;

a **“regulation”** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental body, agency, department or regulatory, self-regulatory or other authority or organisation; and

a reference to the currency of a country is to the lawful currency of that country for the time being, **£** and **“Sterling”** is a reference to the lawful currency of the United Kingdom for the time being and **“U.S. \$”** and **“U.S. Dollars”** is a reference to the lawful currency of the United States of America for the time being;

(ii) a provision of a law is a reference to that provision as amended or re-enacted;

(iii) a Clause or a Schedule is a reference to a clause of or a schedule to this Agreement;

(iv) a person includes its successors and assigns;

(v) a Finance Document or another document is a reference to that Finance Document or that other document as amended, novated or supplemented; and

(vi) a time of day is a reference to London time.

(b) Unless expressly provided to the contrary in a Finance Document, a person who is not a party to a Finance Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 and, notwithstanding any term of any Finance Document, the consent of any third party is not required for any variations (including any release or compromise of any liability) or termination of that Finance Document.

(c) Unless the contrary intention appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(d) The index to and the headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.

(e) The definitions of **“Consolidated Net Finance Charges”** and **“Consolidated Profits before Interest Tax and Amortisation”** and any calculations made for the purposes of Clause 17 (Financial Covenant) shall be construed or, as the case may be, made in accordance with generally accepted accounting principles in the UK in force as at the Signing Date. If there is any change to those accounting principles after the Signing Date the financial statements referred to in paragraphs (a) and (b) of Clause 16.2 (Financial Information) shall be accompanied by a reconciliation of the differences between the accounting principles in force as at

the Signing Date and the accounting principles applied in the preparation of those financial statements in sufficient detail to calculate those definitions as though there had been no such change.

2. THE FACILITY

2.1 Facility

The Lenders grant to the Borrowers a committed multicurrency revolving credit facility, under which the Lenders will, when requested by a Borrower, make cash advances in Sterling or Optional Currencies to that Borrower on a revolving basis, subject to the terms of this Agreement.

2.2 Overall facility limit

- (a) The aggregate Original Sterling Amount of all outstanding Advances shall not at any time exceed the Total Commitments at that time.
- (b) The aggregate Original Sterling Amount of participations of a Lender in Advances shall not at any time exceed its Commitment at that time.

2.3 Number of Requests and Advances

No more than one Request may be delivered on any one day and not more than 10 Advances may be outstanding at any time but, subject to the foregoing, that Request may specify any number of Advances.

2.4 Nature of a Finance Party's rights and obligations

- (a) The obligations of a Finance Party under the Finance Documents are several. Failure of a Finance Party to carry out those obligations does not relieve any other Party of its obligations under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of a Finance Party under the Finance Documents are divided rights. A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce those rights.

2.5 Obligors Agent

Each Obligor irrevocably authorises and instructs the Parent to give and receive as agent on its behalf all notices (including Requests) and sign all documents in connection with the Finance Documents on its behalf (including Novation Agreements under Clause 7.6(b) (Changes to Borrowers)) and take such other action as may be necessary or desirable under or in connection with the Finance Documents and confirms that it will be bound by any action taken by the Parent under or in connection with the Finance Documents.

2.6 Actions of Parent

The respective liabilities of each of the Obligors under the Finance Documents shall not be in any way affected by:

- (a) any irregularity (or purported irregularity) in any act done by or any failure (or purported failure) by the Parent; or
- (b) the Parent acting (or purporting to act) in any respect outside any authority conferred upon it by any Obligor; or
- (c) the failure (or purported failure) by, or inability (or purported inability) of, the Parent to inform any Obligor of receipt by it of any notification under a Finance Document.

3. PURPOSE

- (a) Each Advance will be applied in or towards the general corporate purposes of the Group including, without limitation, capital expenditure, working capital financing and providing standby liquidity for commercial paper.
- (b) Without affecting the obligations of any Borrower in any way, no Finance Party is bound to monitor or verify the application of the proceeds of any Advance.

4. CONDITIONS PRECEDENT

4.1 Documentary conditions precedent

The obligations of each Finance Party to any Borrower under this Agreement are subject to the condition precedent that the Agent has notified the Parent and the Lenders that it has received all of the documents set out in Part I of Schedule 2 in form and substance satisfactory to the Agent. The Agent will promptly notify the Parent upon such receipt.

4.2 Further conditions precedent

The obligations of each Lender to participate in an Advance are subject to the further conditions precedent that on the date of the Request for the Advance and on its Utilisation Date:

- (a) except in the case of a Rollover, the representations and warranties in Clause 15 (Representations and Warranties) to be repeated in accordance with Clause 15.13(c) (Times for making representations and warranties) on those dates are correct and will be correct immediately after the disbursement of the Advance;
 - (b) except in the case of a Rollover, no Default or Mandatory Prepayment Event is outstanding or would result from the disbursement of the Advance; and
 - (c) the Advance would not cause Clause 2.2 (Overall facility limit) to be contravened.
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5. ADVANCES

5.1 Receipt of Requests

A Borrower may borrow Advances if the Agent receives, not later than 5.00 p.m. on the third Business Day before the proposed Utilisation Date, or, in the case of an Advance in Sterling, not later than 8.00 a.m. on the proposed Utilisation Date, a duly completed Request.

5.2 Completion of Requests

A Request will not be regarded as having been duly completed unless:

- (a) the Utilisation Date is a Business Day during the Availability Period;
- (b) only one currency is specified for each separate Advance and the Requested Amount for each separate Advance is in a minimum Original Sterling Amount of £50,000,000 (rounded to the nearest convenient 100,000 units in the case of currencies other than Sterling);
- (c) only one Term for each separate Advance is specified which:
 - (i) does not overrun the Final Maturity Date; and
 - (ii) is a period of one month, two, three or six months (or, in any case, such other period as all the Lenders may previously have agreed for the purposes of such Advance);
- (d) the currency specified is either Sterling or an Optional Currency; and
- (e) the payment instructions comply with Clause 9.1 (Place of Payment).

5.3 Amount of each Lender's participation

The amount of a Lender's participation in an Advance will be the proportion of the Requested Amount which its Commitment bears to the Total Commitments, on the date of receipt of the relevant Request.

5.4 Notification of the Lenders

The Agent shall promptly notify each Lender of the details of the requested Advance(s) and the amount of its participation(s) in Advance(s).

5.5 Payment of Proceeds

Subject to the terms of this Agreement, each Lender shall make its participation in an Advance available to the Agent for the Borrower for value on the relevant Utilisation Date.

6. REPAYMENT

Each Borrower shall repay each Advance made to it in full on its Maturity Date to the Agent for the relevant Lenders, but, since the Facility is available on a revolving basis, amounts repaid may be reborrowed subject to the terms of this Agreement. No Advance may be outstanding after the Final Maturity Date.

7. PREPAYMENT AND CANCELLATION

7.1 Automatic Cancellation of the Total Commitments

The undrawn Commitment of each Lender shall be automatically cancelled at the close of business in London on the last day of the Availability Period and the balance (if any) of a Lender's Commitment shall be cancelled on the Final Maturity Date.

7.2 Voluntary Cancellation

The Parent may, by giving not less than 15 days' prior written notice to the Agents cancel the unutilised portion of the Total Commitments in whole or in part (but, if in part, in a minimum amount of £50,000,000). Any cancellation in part of the Total Commitments shall be applied against the Commitment of each Lender pro rata.

7.3 Voluntary prepayment

- (a) Any Borrower may, by giving not less than 10 Business Days' prior notice to the Agent, prepay without premium or penalty the whole or any part of the Advances made to it (but, if in part, in an aggregate minimum Original Sterling Amount, taking all prepayments made by all the Borrowers on the same day together, of £50,000,000).
- (b) Any voluntary prepayment under paragraph (a) above will be applied against the Advances pro rata (or against such Advances as the relevant Borrower shall designate in the notice of prepayment) and pro rata between the participations of the Lenders in such Advances.

7.4 Mandatory Prepayment Events

If at any time:

- (a) it is or becomes unlawful for any Obligor to perform any of its obligations under the Finance Documents in any material respect; or
- (b) the guarantee of any Guarantor under Clause 14 (Guarantee) is not effective or is alleged by that Guarantor to be ineffective for any reason; or
- (c) any single person, or group of persons acting in concert (as defined in the City Code on Takeovers and Mergers), acquires control (as defined in Section 416 of the Income and Corporation Taxes Act 1988) of the Parent,

then the Agent shall, if instructed to do so by the Majority Lenders, by notice to the Parent:

- (i) call for prepayment of all the Advances on such date as it may specify in such notice whereupon all the Advances shall become due and payable on such date together with accrued interest and any other sums then owed by the Obligors under the Finance Documents; and
 - (ii) declare that the Total Commitments shall be cancelled, whereupon the Total Commitments shall be cancelled and the Commitments of each Lender shall be cancelled and reduced to zero.
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7.5 Mandatory Prepayment by Borrowers

If any Borrower (other than the Parent) ceases to be a wholly-owned Subsidiary of the Parent it shall forthwith prepay all Advances made to it together with all amounts payable by it under this Agreement and thereupon cease to be a Borrower.

7.6 Changes to Borrowers

- (a) Any Borrower (other than the Parent) in respect of which no Advance is outstanding hereunder (including any other amounts outstanding in relation thereto) may, at the request of the Parent, cease to be a Borrower by entering into a supplemental agreement to this Agreement in such form as the Agent may reasonably require which shall discharge that Borrower's obligations hereunder.
- (b) Any Borrower (other than the Parent) (the "**Existing Borrower**") may be released from its obligations under this Agreement as a Borrower provided that another Borrower (the "**Substitute Borrower**") assumes the obligations in respect thereof of the Existing Borrower and provided further that:
 - (i) any such substitution shall take effect on and from the later of the day upon which the Agent notifies the Parent in writing that it is satisfied with the compliance with the matters set out in paragraph (b)(iii) below and the date for substitution specified in the relevant notice under paragraph (b)(ii) below;
 - (ii) notice of the proposed substitution has been delivered by the Parent to the Agent not less than 14 days prior to the proposed substitution; and
 - (iii) the Substitute Borrower enters into a Novation Agreement with the Existing Borrower, the Parent and the Agent on behalf of the Lenders in the form of Part IV of Schedule 5 together with such amendments as the Agent may reasonably require.

Each Lender authorises the Agent to sign on its behalf any Novation Agreement entered into in accordance with this paragraph (b).

7.7 Right of prepayment and cancellation

If any Borrower is required to pay or is notified by any Lender in writing that it will be required to pay any amount to a Lender under Clause 10 (Taxes) or Clause 12 (Increased Costs), or if circumstances exist such that a Borrower will be required to pay any amount to a Lender under Clause 10 (Taxes), the Parent may, whilst the circumstances giving rise or which will give rise to the requirement continue, serve a notice of prepayment and cancellation on that Lender through the Agent. On the date falling five Business Days after the date of service of the notice:

- (a) each Borrower shall prepay all of that Lender's participations in outstanding Advances; and
- (b) the Lender's Commitment shall be permanently cancelled on the date of service of the notice.

7.8 Miscellaneous provisions

- (a) Any notice of prepayment and/or cancellation under this Agreement is irrevocable. The Agent shall notify the Lenders promptly of receipt of any such notice.
- (b) All prepayments under this Agreement shall be made together with accrued interest on the amount prepaid and any other amounts due under this Agreement in respect of that prepayment (including, but not limited to, any amounts payable under Clause 23.2(c) (Other indemnities) if not made on a Maturity Date for the Advance).
- (c) No prepayment or cancellation is permitted except in accordance with the express terms of this Agreement.
- (d) Subject to the terms of this Agreement, any amount prepaid under Clause 7.3 (Voluntary Prepayment) may be reborrowed. No amount of the Total Commitments cancelled under this Agreement may subsequently be reinstated.

8. INTEREST

8.1 Interest rate for all Advances

The rate of interest on each Advance for its Term is the rate per annum determined by the Agent to be the aggregate of:

- (a) the relevant Margin;
- (b) LIBOR or, in the case of an Advance denominated in euros, EURIBOR; and
- (c) the applicable Mandatory Cost.

8.2 Due dates

Except as otherwise provided in this Agreement, accrued interest on each Advance is payable by the relevant Borrower on its Maturity Date and also, in the case of any Advance with a Term longer than six months, at six-monthly intervals after its Utilisation Date for so long as the Term is outstanding.

8.3 Non-Business Days

If a Term would otherwise end on a day which is not a Business Day, that Term shall instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

8.4 Default interest

- (a) If a Borrower fails to pay any amount payable by it under this Agreement, it shall forthwith on demand by the Agent pay interest on the overdue amount from the due date up to the date of actual payment, both before and after judgment, at a rate (the “**default rate**”) determined by the Agent to be one per cent. per annum above the higher of:
 - (i) the rate on the overdue amount under Clause 8.1 (Interest rate for all Advances) immediately before the due date (in the case of principal); and

- (ii) the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted an Advance in the currency of the overdue amount for such successive Terms of such duration as the Agent may determine (each a “**Designated Term**”).

- (b) The default rate will be determined on each Business Day or the first day of, or two Business Days before the first day of, the relevant Designated Term, as appropriate.
- (c) If the Agent determines that deposits in the currency of the overdue amount are not at the relevant time being made available by the Reference Banks to leading banks in the London interbank market, the default rate will be determined by reference to the cost of funds to the Agent from whatever sources it selects after consultation with the Reference Banks.
- (d) Default interest will be compounded at the end of each Designated Term.

8.5 Notification of rates of interest

The Agent will promptly notify each relevant Party of the determination of a rate of interest under this Agreement.

9. PAYMENTS

9.1 Place of Payment

All payments by an Obligor or a Lender under this Agreement shall be made to the Agent to its account at such office or bank in the principal financial centre of the country of the currency concerned (or, in the case of euro, the financial centre of such of the Participating Member States or London) as it may notify to the Obligor or Lender for this purpose.

9.2 Funds

Payments under this Agreement to the Agent shall be made for value on the due date at such times and in

such funds as the Agent may specify to the Party concerned as being customary at the time for the settlement of transactions in the relevant currency in the place for payment.

9.3 Distribution

- (a) Each payment received by the Agent under this Agreement for another Party shall, subject to paragraphs (b) and (c) below, be made available by the Agent to that Party by payment (on the date and in the currency and funds of receipt) to its account with such bank in the principal financial centre of the country of the relevant currency (or, in the case of euro, the financial centre of such of the Participating Member States or London) as it may notify to the Agent for this purpose by not less than five Business Days' prior notice.
- (b) The Agent may apply any amount received by it for an Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from an Obligor under this Agreement or in or towards the purchase of any amount of any currency to be so applied.
- (c) Where a sum is to be paid under this Agreement to the Agent for the account of another Party, the Agent is not obliged to pay that sum to that Party until it has established that it has actually received that sum. The Agent may, however, assume that the sum has been paid to it in accordance with this Agreement and, in reliance on that assumption, make available to that Party a corresponding amount. If the sum has not been made available but the Agent has paid a corresponding amount to another Party, that Party shall forthwith on demand refund the corresponding amount to the Agent together with interest on that amount from the date of payment to the date of receipt, calculated at a rate reasonably determined by the Agent to reflect its cost of funds.

9.4 Currency

- (a) A repayment or prepayment of an Advance is payable in the currency in which the Advance is denominated.
- (b) Interest is payable in the currency in which the relevant amount in respect of which it is payable is denominated.
- (c) Amounts payable in respect of costs, expenses, taxes and the like are payable in the currency in which they are incurred.
- (d) Any other amount payable under this Agreement is, except as otherwise provided in this Agreement, payable in Sterling.

9.5 Set-off and counterclaim

All payments made by an Obligor under this Agreement shall be made without set-off or counterclaim.

9.6 Non-Business Days

- (a) If a payment under this Agreement is due on a day which is not a Business Day, the due date for that payment shall instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal under this Agreement interest is payable on the principal at the rate payable on the original due date.

9.7 Partial payments

- (a) If the Agent receives a payment insufficient to discharge all the amounts then due and payable by an Obligor under this Agreement, the Agent shall apply that payment towards the obligations of the Obligors under this Agreement in the following order:
 - (i) **first**, in or towards payment pro rata of any unpaid costs, fees and expenses of the Agent under this Agreement;
 - (ii) **secondly**, in or towards payment pro rata of any accrued fees due but unpaid under Clause 20 (Fees);
 - (iii) **thirdly**, in or towards payment pro rata of any interest due but unpaid under this Agreement;

(iv) **fourthly**, in or towards payment pro rata of any principal due but unpaid under this Agreement; and

(v) **fifthly**, in or towards payment pro rata of any other sum due but unpaid under this Agreement.

(b) The Agent shall, if so directed by all the Lenders, vary the order set out in sub-paragraphs (a)(ii) to (v) above.

(c) Paragraphs (a) and (b) above shall override any appropriation made by any Obligor.

10. TAXES

10.1 Gross-up

(a) All payments by an Obligor under the Finance Documents shall be made free and clear of and without deduction for or on account of any taxes, except to the extent that the Obligor is required by law to make payment subject to any taxes. Subject to paragraph (b) below, if any tax or amounts in respect of tax must be deducted from any amounts payable or paid by an Obligor, or paid or payable by the Agent to a Finance Party, under the Finance Documents, the Obligor shall pay such additional amounts as may be necessary to ensure that the relevant Finance Party receives a net amount equal to the full amount which it would have received had payment not been made subject to tax.

(b) An Obligor is not obliged to pay any additional amount pursuant to paragraph (a) above in respect of any deduction which would not have been required if the relevant Finance Party had completed a declaration, claim or exemption or other form which it is able to complete.

10.2 Tax receipts

All taxes required by law to be deducted or withheld by an Obligor from any amounts paid or payable under the Finance Documents shall be paid by the relevant Obligor when due and the Obligor shall, within 15 days of the payment being made, deliver to the Agent for the relevant Lender evidence satisfactory to that Lender (including any relevant tax receipts) that the payment has been duly remitted to the appropriate authority.

10.3 Qualifying Lender

(a) If:

(i) on the Signing Date, any Lender which is a Party on the Signing Date is not a Qualifying Lender; or

(ii) after the first Utilisation Date, a Lender ceases to be a Qualifying Lender other than as a result of the introduction of, suspension, withdrawal or cancellation of, or change in, or change in the interpretation, administration or application by the UK Inland Revenue or any other relevant taxing or fiscal authority in any jurisdiction with which the relevant Lender has a connection of, any law, regulation having the force of law, tax treaty or any published practice or published concession of the UK Inland Revenue or any other relevant taxing or fiscal authority in any jurisdiction with which the relevant Lender has a connection, occurring after the Signing Date; or

(iii) on the date of any novation under Clause 26 (Changes to the Parties), a New Lender (as such term is defined in that Clause) is not a Qualifying Lender,

then no Obligor shall be liable to pay to that Lender under Clause 10.1 (Gross-up) any amount in respect of taxes levied or imposed by the UK or any taxing authority of or in the UK in excess of the amount it would have been obliged to pay if that Lender had been a Qualifying Lender on such date.

(b) Any confirmation by a UK Non-Bank Lender of its status as described in the definition of UK Non-Bank Lender in Clause 1.1 (Definitions) must be given to the Agent on or promptly after the date that the UK

Non-Bank Lender becomes a Lender. The Agent must promptly forward any confirmation received by it to the Parent. A UK Non-Bank Lender must promptly notify the Parent through the Agent of any change to its status that may affect any confirmation made by it.

10.4 Tax Credit

- (a) If an Obligor makes a payment pursuant to Clause 10.1 (Gross up) for the account of any Finance Party and such Finance Party has received or been granted a credit against, or relief or remission or repayment of, any tax paid or payable by it (a “**Tax Credit**”) which is attributable to that payment or the corresponding payment under the Finance Document such Finance Party shall, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Obligor concerned such amount as the Finance Party shall have reasonably determined to be attributable to such payments and which will leave the Finance Party (after such payment) in no better or worse position than it would have been if the Obligor concerned had not been required to make any deduction or withholding identified under Clause 10.1 (Gross-up).
- (b) Nothing in this Clause 10.4 shall interfere with the right of a Finance Party to arrange its tax affairs in whatever manner it thinks fit and without limiting the foregoing no Finance Party shall be under any obligation to claim a Tax Credit or to claim a Tax Credit in priority to any other claims, relief, credit or deduction available to it. No Finance Party shall be obliged to disclose any information relating to its tax affairs or any computations in respect thereof. Unless it would in a Lender’s reasonable judgement be prejudicial to its interests, such Lender shall seek any Tax Credit available to it consequent upon any deductions for tax being made from any payment to it under Clause 10.1 (Gross up).

11. MARKET DISRUPTION

11.1 Market disturbance

Notwithstanding anything to the contrary herein contained, if and each time that prior to or on a Utilisation Date relative to an Advance to be made:

- (a) only one or no Reference Bank supplies a rate for the purposes of determining LIBOR (if that Advance is denominated in a currency other than euros) or EURIBOR (if that Advance is denominated in euros); or
- (b) the Agent is notified by Lenders whose Commitments represent 35 per cent. or more of the Total Commitments that deposits in the currency of that Advance are not in the ordinary course of business available in the London Interbank Market (or if the Advance is denominated in euros the European Interbank Market) for a period equal to the Term concerned in amounts sufficient to fund their participations in that Advance; or

- (c) the Agent (after consultation with the Reference Banks) shall have determined (which determination shall be conclusive and binding upon all Parties) that by reason of circumstances affecting the London Interbank Market (or if the Advance is denominated in euros the European Interbank Market) generally, adequate and fair means do not exist for ascertaining the LIBOR or EURIBOR applicable to such Advance during its Term or LIBOR or EURIBOR (as applicable) does not adequately represent the cost of funding to the Lenders,

the Agent shall promptly give written notice of such determination or notification to the Parent and to each of the Lenders.

11.2 Alternative Rates

If the Agent gives a notice under Clause 11.1 (Market disturbance):

- (a) the Parent and the Lenders may (through the Agent) agree that the Advance concerned shall not be borrowed; or
- (b) in the absence of such agreement:
 - (i) the Term of the Advance concerned shall be one month;
 - (ii) in the case of Clause 11.1(b) (Market disturbance), the Advance shall be made in Sterling in an amount equal to the Original Sterling Amount of the Advance concerned; and

- (iii) during the Term of each Advance the rate of interest applicable to the participation of each Lender in such Advance shall be the applicable Margin plus applicable Mandatory Cost plus the rate per annum notified by the Lender concerned to the Agent before the last day of such Term to be that which expresses as a percentage rate per annum the cost to such Lender of funding its participation in such Advance from whatever sources it may reasonably select.

11.3 Non-availability of currency

If any Lender notifies the Agent before 10.00 a.m. two Business Days prior to the proposed Utilisation Date of an Advance to be denominated in an Optional Currency (other than U.S. Dollars) that it is unable for any reason to fund its participation in such Advance in the Optional Currency concerned, the Agent shall notify the Parent and such Lender shall make its participation in the Advance available in Sterling for the period in question.

11.4 Change in circumstances

If before 9.00 a.m. on the proposed Utilisation Date of an Advance which is to be denominated in an Optional Currency (other than U.S. Dollars) there occurs any change in national or international financial, political or economic conditions, currency availability, currency exchange rates or exchange controls, which in the opinion of the Agent renders the making of the Advance in such currency impracticable:

- (a) the Agent shall give notice to each of the Lenders and the Parent to that effect as soon as practicable but in any event before 11.00 a.m. on the proposed Utilisation Date;
- (b) unless the Parent and the Lenders agree otherwise, the Advance shall be made in Sterling and the Rate Fixing Date for the Term of the Advance shall be the Utilisation Date; and
- (c) the relevant Borrower shall pay to the Agent on behalf of the Lenders any amount claimed in accordance with Clause 23.2 (Other Indemnities).

11.5 Change in currency

- (a) If more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent; and
 - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent acting reasonably.
- (b) If any change in any currency of a country occurs, this Agreement will be amended to the extent the Agent specifies to be necessary to reflect the change in the currency and to put the Finance Parties in the same position, so far as possible, that they would have been in if no change in currency has occurred.

12. INCREASED COSTS

12.1 Increased costs

- (a) Subject to Clause 12.2 (Exceptions), the Parent shall forthwith on demand by a Finance Party pay that Finance Party the amount of any increased cost incurred by it or any of its holding companies as a result of any change in or introduction of any law or regulation (including any relating to taxation or reserve asset, special deposit, cash ratio, liquidity or capital adequacy requirements or any other form of banking or monetary control).
- (b) In this Agreement “**increased cost**” means:
 - (i) an additional cost incurred by a Finance Party or any of its holding companies as a result of it performing, maintaining or funding its obligations under, this Agreement; or
 - (ii) that portion of an additional cost incurred by a Finance Party or any of its holding companies in making, funding or maintaining all or any advances comprised in a class of advances formed by or

including the participations in Advances made or to be made by it under this Agreement as is attributable to it making, funding or maintaining its participations in Advances; or

- (iii) a reduction in any amount payable to a Finance Party or the effective return to a Finance Party under this Agreement or on its capital (or the capital of any of its holding companies); or
- (iv) the amount of any payment made by a Finance Party, or the amount of interest or other return foregone by a Finance Party, calculated by reference to any amount received or receivable by a Finance Party from any other Party under this Agreement.

12.2 Exceptions

Clause 12.1 (Increased costs) does not apply to any increased cost:

- (a) compensated for by the payment of the Mandatory Cost; or
- (b) attributable to any tax or amounts in respect of tax which must be deducted from any amounts payable or paid by a Borrower or paid or payable by the Agent to a Finance Party under the Finance Documents; or
- (c) which is, or is attributable to, any tax on the overall net income, profits or gains of a Lender or any of its holding companies (or the overall net income, profits or gains of a division or branch of the Lender or any of its holding companies).

13. ILLEGALITY AND MITIGATION

13.1 Illegality

If it becomes unlawful in any jurisdiction for a Lender to give effect to any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Advance, then the Lender may notify the Parent through the Agent accordingly and following notice from the Agent to the Parent:

- (a) each Borrower shall repay the participations of that Lender in any Advances made to it together with all other amounts payable by it to that Lender under this Agreement on such date as the Agent may specify in such notice, such date not to be earlier than:
 - (i) the last day of the Term for each Advance occurring after the date of such notice; or
 - (ii) if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law); and
- (b) the Lender's Commitment shall be immediately cancelled.

13.2 Mitigation

Notwithstanding the provisions of Clauses 10 (Taxes), 12 (Increased Costs) and 13.1 (Illegality), if in relation to a Lender or (as the case may be) the Agent circumstances arise which would result in:

- (a) any deduction, withholding or payment of the nature referred to in Clause 10 (Taxes); or
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- (b) any increased cost of the nature referred to in Clause 12 (Increased Costs); or
- (c) a notification pursuant to Clause 13.1 (Illegality),

then without in any way limiting, reducing or otherwise qualifying the rights of such Lender or the Agent,

such Lender shall promptly upon becoming aware of the same notify the Agent thereof (whereupon the Agent shall promptly notify the Parent) and such Lender shall use reasonable endeavours to transfer its participation in the Facility and its rights hereunder and under the Finance Documents to another financial institution or Facility Office not affected by the circumstances having the results set out in (a), (b) or (c) above and shall otherwise take such reasonable steps as may be open to it to mitigate the effects of such circumstances *provided that* such Lender shall not be under any obligation to take any such action if, in its opinion, to do so would or would be likely to have an adverse effect upon its business, operations or financial condition or would involve it in any unlawful activity or any activity that is contrary to its policies or any request, guidance or directive of any competent authority (whether or not having the force of law) or (unless indemnified to its satisfaction) would involve it in any significant expense or tax disadvantage.

14. GUARANTEE

14.1 Guarantee

Each Guarantor jointly and severally irrevocably and unconditionally:

- (a) as principal obligor, guarantees to each Finance Party prompt performance by each Borrower of all its obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, each Guarantor shall forthwith on demand by the Agent pay that amount as if that Guarantor instead of the relevant Borrower were expressed to be the principal obligor; and
- (c) indemnifies each Finance Party on demand against any loss or liability suffered by it if any obligation guaranteed by any Guarantor is or becomes unenforceable, invalid or illegal.

14.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of all sums payable by the Borrowers under the Finance Documents, regardless of any intermediate payment or discharge in part.

14.3 Reinstatement

- (a) Where any discharge (whether in respect of the obligations of any Borrower or any security for those obligations or otherwise) is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation or otherwise without limitation, the liability of the Guarantors under this Clause 14 shall continue as if the discharge or arrangement had not occurred (but only to the extent that such payment, security or other disposition is avoided or restored).

- (b) Each Finance Party may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.

14.4 Waiver of defences

The obligations of the Guarantors under this Clause 14 will not be affected by any act, omission, matter or thing which, but for this provision, would reduce, release or prejudice any of its obligations under this Clause 14 or prejudice or diminish those obligations in whole or in part, including (whether or not known to it or any Finance Party):

- (a) any time or waiver granted to, or composition with, any Borrower or other person;
- (b) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Borrower or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (c) any incapacity or lack of powers, authority or legal personality of or dissolution or change in the members or status of a Borrower or any other person;
- (d) any variation (however fundamental) or replacement of a Finance Document or any other document or security so that references to that Finance Document in this Clause 14 shall include each variation or replacement;

- (e) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security, to the intent that the Guarantors' obligations under this Clause 14 shall remain in full force and their guarantee be construed accordingly, as if there were no unenforceability, illegality or invalidity; and
- (f) any postponement, discharge, reduction, non-provability or other similar circumstance affecting any obligation of any Borrower under a Finance Document resulting from any insolvency, liquidation or dissolution proceedings or from any law, regulation or order so that each such obligation shall for the purposes of the Guarantors' obligations under this Clause 14 shall be construed as if there were no such circumstance.

14.5 Immediate recourse

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 14.

14.6 Appropriations

Until all amounts which may be or become payable by the Borrowers under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

- (b) hold in a suspense account any moneys received from any Guarantor or on account of that Guarantor's liability under this Clause 14, without liability to pay interest on those moneys.

14.7 Non-competition

Until all amounts which may be or become payable by the Borrowers under or in connection with the Finance Documents have been paid in full, no Guarantor shall, after a claim has been made or by virtue of any payment or performance by it under this Clause 14:

- (a) be subrogated to any rights, security or moneys held, received or receivable by any Finance Party (or any trustee or agent on its behalf) or be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of that Guarantor's liability under this Clause 14; or
- (b) claim, rank, prove or vote as a creditor of any Borrower or its estate in competition with any Finance Party (or any trustee or agent on its behalf); or
- (c) receive, claim or have the benefit of any payment, distribution or security from or on account of any Borrower or exercise any right of set-off as against any Borrower.

Each Guarantor shall hold in trust for and forthwith pay or transfer to the Agent for the Finance Parties any payment or distribution or benefit of security received by it contrary to this Clause 14.7.

14.8 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other security now or hereafter held by any Finance Party.

14.9 Removal of Guarantors

Any Guarantor (other than the Parent or any other Borrower) may, at the request of the Parent and if no Default or Mandatory Prepayment Event is continuing, cease to be a Guarantor by entering into a supplemental agreement to this Agreement at the cost of the Parent in such form as the Agent may reasonably require which shall discharge that Guarantor's obligations as a Guarantor under this Agreement.

15. REPRESENTATIONS AND WARRANTIES

15.1 Representations and warranties

Each Obligor makes the representations and warranties set out in this Clause 15 (Representations and Warranties) to each Finance Party (but in the case of an Obligor other than the Parent only in respect of itself).

15.2 Status, Powers and authority

It is duly incorporated under the laws of the country in which it is incorporated and has power and is able lawfully to execute and deliver the Finance Documents to which it is a party and to exercise its rights and perform its obligations thereunder and all corporate or other action required to be taken by it in order to authorise the execution and delivery by it of the Finance Documents to which it is a party and the performance by it of its obligations thereunder has been duly taken.

15.3 Legal Validity

The Finance Documents to which it is a party constitute (or will, when drawn in the manner contemplated herein, constitute) its legal, valid, binding and enforceable obligations.

15.4 Non-Conflict

The execution, delivery and performance by it of the Finance Documents to which it is a party will not:

- (a) contravene any provision of any law, statute, decree, rule or regulation to which it or any of its assets or revenues is subject, or of any order, judgment, injunction, decree, resolution, determination or award of any court or any judicial, administrative or governmental authority or organisation having applicability to it or any of its assets or revenues; or
- (b) result in any breach of any of the terms, covenants, conditions or provisions of, or constitute default under, any indenture, mortgage, deed of trust, bond, agreement or other instrument or obligation to which it is a party or by which it or any of its assets or revenues may be bound or affected; or
- (c) violate any provision of its Memorandum and Articles of Association or other constitutive documents.

15.5 No Default

- (a) No Event of Default has occurred and is continuing which has not been remedied.
- (b) No Default has occurred and is continuing which has not been remedied.

15.6 Authorisations

It has obtained (and there are in full force and effect) any governmental and other consents necessary to enable it to enter into and perform its obligations under each Finance Document.

15.7 Accounts

- (a) The most recently published audited consolidated financial statements of the Group give (in conjunction with the notes thereto) a true and fair view of the financial condition of the Group as at the date as of which the same were prepared.
 - (b) The Original Group Accounts were prepared in accordance with accounting principles generally accepted in England and consistently applied and give (in conjunction with the notes thereto) a true and fair view of the consolidated financial condition of the Group as at the date as of which they were prepared and the consolidated results of the operations of the Group during the financial year then ended.
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- (c) As at the date as of which the most recently published audited consolidated financial statements of the Group were prepared no member of the Group had any material liabilities which were not disclosed thereby (or by the notes thereto) or provided for therein and which should at that date have been so disclosed or provided for.
- (d) The financial information supplied by it or on behalf of it by any other member of the Group to the Lenders relating to any member of the Group in connection with this Agreement is true and accurate in all material respects.

15.8 Litigation

No action or proceeding of or before any court or administrative tribunal has been commenced, or (to its knowledge) is threatened:

- (a) to restrain or affect the execution or delivery by it of any of the Finance Documents to which it is a party or the performance and compliance by it of, and with, the obligations expressed to be assumed by it therein or the legality, validity or enforceability thereof; or
- (b) which would be reasonably expected to succeed and, if successful, to have a Material Adverse Effect.

15.9 Pari Passu

Its Indebtedness under the Finance Documents to which it is a party will rank at least pari passu with all its other unsecured Indebtedness with the exception of that which is preferred by operation of law.

15.10 Encumbrances

Its execution of the Finance Documents and its exercise of its rights and performance of its obligations thereunder will not result in the existence of, nor oblige any member of the Restricted Group to create, any Encumbrance over all or any of its present or future revenues or assets.

15.11 Material Adverse Change

There has been no material adverse change in the business or financial condition of the Group when compared with the business or financial condition of the Group (as shown in the Original Group Accounts) taken as a whole which could reasonably be expected to have a Material Adverse Effect.

15.12 Information

- (a) The factual information in relation to the Group in the Information Memorandum was to the best of the Parent's knowledge and belief true and accurate in all material aspects as at the date of the Information Memorandum and any opinion expressed about the Group in the Information Memorandum was honestly held as at that date and all such factual information and opinions were provided in good faith and after due enquiry as to their accuracy.

- (b) The Information Memorandum did not omit at its date any information which made misleading any information in the Information Memorandum.

15.13 Times for making representations and warranties

The representations and warranties set out in this Clause 15:

- (a) are made on the Signing Date;
- (b) (except for Clause 15.5(b) (No Default), Clause 15.7 (Accounts), Clause 15.8 (Litigation), Clause 15.11 (Material Adverse Change) and Clause 15.12 (Information)) in the case of an Obligor which becomes a Party after the date of this Agreement, will be deemed to be made by that Obligor on the date it executes a Borrower Accession Agreement or, as the case may be, a Guarantor Accession Agreement; and
- (c) (except for Clause 15.5(b) (No Default), Clause 15.7(b) (Accounts), Clause 15.8 (Litigation), Clause 15.11 (Material Adverse Change) and Clause 15.12 (Information)) are deemed to be repeated by each

Obligor on:

- (i) the date of each Request; and
- (ii) each Utilisation Date with reference to the facts and circumstances then existing.

16. UNDERTAKINGS

16.1 Duration

The undertakings in this Clause 16 (Undertakings) will remain in force from the Signing Date for so long as any amount is or may be outstanding under this Agreement or any Commitment is in force.

16.2 Financial Information

- (a) In the case of the Parent, it will as soon as the same become available, but in any event within 120 days after the end of each financial year, procure the delivery to each of the Lenders through the Agent of one copy (or such other number of copies as the Agent shall reasonably request) of the audited consolidated financial statements (including balance sheet and profit and loss account) of the Group together with the audited financial statements of the Parent for such financial year.
 - (b) In the case of the Parent, it will as soon as the same become available, but in any event within 60 days after the end of the first half of each financial year, procure the delivery to each of the Lenders through the Agent of one copy (or such other number of copies as the Agent shall reasonably request) of the published interim consolidated financial statements of the Group for such financial half-year.
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- (c) In the case of each other Obligor, it will as soon as the same become available, but in any event within 120 days after the end of each financial year, procure the delivery to each of the Lenders through the Agent of one copy (or such other number of copies as the Agent shall reasonably request) of its audited financial statements (including balance sheet and profit and loss account) for such financial year.
- (d) It will ensure that each set of financial statements delivered by it pursuant to paragraphs (a) and (b) above, in the case of the Parent, and paragraph (c) above, in the case of each other Obligor, is prepared and audited in accordance with United Kingdom accounting principles generally accepted and consistently applied (save for changes in accounting principles disclosed in the relevant financial statements) except (in the case of an Obligor incorporated outside the United Kingdom) where the relevant Obligor is required to prepare its financial statements in accordance with accounting principles generally accepted in a jurisdiction other than the United Kingdom in which case its financial statements will be prepared and audited in accordance with the accounting principles of that jurisdiction generally accepted and consistently applied (save for changes in accounting principles disclosed in the relevant financial statements).
- (e) In the case of the Parent, it will supply to the Lenders through the Agent one copy (or such other number of copies as the Agent shall reasonably request) (as and when the same are distributed to its shareholders) of all information and circulars from time to time distributed by Parent to its shareholders.
- (f) In the case of the Parent, together with the accounts specified in paragraphs (a) and (b) above, a certificate signed by two officers of the Parent in the form of Schedule 6:
 - (i) setting out in reasonable detail computations establishing compliance with Clause 17 (Financial Covenant) as at the date to which those accounts were drawn-up; and
 - (ii) identifying the Material Subsidiaries on the basis of those accounts.

16.3 Notification of Default

Each Obligor shall, promptly upon becoming aware of the same, inform the Lenders through the Agent of the occurrence of any Default, and upon receipt of a notice to that effect from the Agent, confirm to the Lenders that, save as previously notified to the Lenders or as notified in such confirmation, and so far as it is aware having made reasonable enquiry, no such event has occurred.

16.4 Negative Pledge/Subsidiaries

Each Obligor will not, and will procure that no member of the Restricted Group shall, create or permit to subsist any Encumbrance (other than Permitted Encumbrances) upon the whole or any part of its present or future revenues or assets.

16.5 Upstream Guarantees

The Parent shall procure that no member of the Group (other than a Guarantor) will give any guarantee or undertake any similar liability in respect of any Borrowings of any Borrower.

17. FINANCIAL COVENANT

The Parent shall ensure that the ratio of Consolidated Profits before Interest, Tax and Amortisation in respect of each period of 12 months ending on 30th June and 31st December in each year to Consolidated Net Finance Charges for such period shall exceed 2.75:1.

18. DEFAULT

18.1 Events of Default

Each of the events set out in Clauses 18.2 (Non-Payment) to 18.11 (Execution or distress) (inclusive) is an Event of Default (whether or not caused by any reason whatsoever outside the control of any Obligor or any other person).

18.2 Non-payment

An Obligor fails to pay in the currency or in the manner specified therein any sum due from it under any Finance Document within three Business Days, in the case of any principal sum, or within five Business Days, in the case of any other sum, of the due date therefor.

18.3 Breach of other obligations

An Obligor fails to perform or observe any other obligation binding on it under any of the Finance Documents and such default is (if capable of remedy) not remedied within thirty days after the Agent has given notice to that Obligor requiring remedy.

18.4 Misrepresentation

Any representation or statement made or deemed to be made by any Obligor herein or pursuant hereto is or proves to be incorrect or misleading in any material respect when made or deemed to be made and, if capable of remedy, is not remedied within 30 days after the Agent has given notice to that Obligor requiring remedy.

18.5 Insolvency

Any order(s) is or are made or effective resolution(s) is or are passed for the liquidation, administration, winding-up or dissolution of any Obligor or any Material Subsidiary or for the reorganisation of any Obligor or any Material Subsidiary except, in the case of any Material Subsidiary, for:

- (a) the purpose of and followed by an amalgamation and reconstruction the terms of which have first been approved by the Majority Lenders in writing such approval not to be unreasonably withheld or delayed; or
 - (b) a voluntary solvent liquidation, winding-up, dissolution or reorganisation in connection with the transfer of the business, undertaking and assets of such Material Subsidiary to another member of the Group; or
 - (c) where such liquidation, administration, winding-up, dissolution or reorganisation could not reasonably be expected to have a Material Adverse Effect.
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18.6 Insolvency Proceedings

Any Obligor or any Material Subsidiary takes any corporate action or other steps are taken or legal proceedings are started for the appointment of a receiver, administrative receiver, trustee or similar officer (other than an administrator) of it or of any or all of its revenues and assets (or any order(s) is or are made or effective resolution(s) is or are passed for the appointment of an administrator of it) which, in the case of any Material Subsidiary, could reasonably be expected to have a Material Adverse Effect.

18.7 Creditors Process

Any Obligor or any Material Subsidiary is unable or admits in writing its inability to pay its debts as they fall due or commences negotiations with a view to, or takes any proceedings under any law for, a readjustment, rescheduling or deferment of all or any of its obligations (or proposes, makes or enters into a general assignment, arrangement or composition with or for the benefit of its creditors) which, in the case of any Material Subsidiary, could reasonably be expected to have a Material Adverse Effect.

18.8 Cross Default

Any other Borrowings of any Obligor or any Material Subsidiary:

- (a) are not paid when due nor within any applicable grace period in any agreement or instrument relating to those Borrowings; or
- (b) becomes due and payable before its normal or agreed maturity through the occurrence of an event of default (howsoever described),

and such other Borrowings, when aggregated with any other Borrowings of any Obligor or Material Subsidiary which falls within the terms of paragraph (a) or (b) above, is in excess of £20,000,000 (or its equivalent in other currencies) except that this Clause 18.8 does not apply during the period of 180 days beginning on the date any company becomes a member of the Group to any Borrowings of that company outstanding as at the date it becomes a member of the Group which, but for this proviso, would have caused an Event of Default under this Clause 18.8 at that date.

18.9 Suspension of Business

Save as previously approved in writing by the Majority Lenders, any Obligor or any Material Subsidiary shall suspend or threaten to suspend all or a substantial part of its operations or ceases, or threatens to cease, to carry on its business which, in the case of any such Material Subsidiary could reasonably be expected to have a Material Adverse Effect and except, in the case of any such Material Subsidiary, for the purpose of and followed by an amalgamation, the terms of which have first been approved by the Majority Lenders in writing or in connection with the transfer of the business, undertaking and assets of such Material Subsidiary to another member of the Group.

18.10 Invalidity of any Finance Document

Any Finance Document shall at any time for any reason cease to be in full force and effect (other than in accordance with its terms or by agreement with the Lenders).

18.11 Execution or distress

Any execution or distress is levied against, or an encumbrancer takes possession of the whole or any part of, the property, undertaking or assets of any Obligor or any Material Subsidiary and it is not satisfied, removed or discharged within seven days and which, in the case of any Material Subsidiary could reasonably be expected to have a Material Adverse Effect.

18.12 Acceleration

On and at any time after the occurrence of an Event of Default while such event is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Parent, declare that an Event of Default has occurred and:

- (a) cancel the Total Commitments; and/or

- (b) demand that all the Advances, together with accrued interest, and all other amounts accrued under this Agreement be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (c) demand that all the Advances be payable on demand, whereupon they shall immediately become payable on demand.

18.13 Notice

The Agent will, if practicable to do so, notify the Parent prior to issuing a notice under Clause 18.12 (Acceleration) in respect of a default by any Obligor other than the Parent provided that the Agent shall not be liable to any Obligor if it fails to give such notice and provided that any failure by the Agent to give such notice shall not prejudice, in any way, the rights of each Finance Party under the Finance Documents including, without limitation, the Agent's right to deliver a notice under Clause 18.12 (Acceleration).

19. THE AGENT AND THE MANDATED ARRANGERS

19.1 Appointment and duties of the Agent

Each Finance Party (other than the Agent) irrevocably appoints the Agent to act as its agent under and in connection with the Finance Documents, and irrevocably authorises the Agent on its behalf to perform the duties and to exercise the rights, powers and discretions that are specifically delegated to it under or in connection with the Finance Documents, together with any other incidental rights, powers and discretions. The Agent shall have only those duties which are expressly specified in this Agreement. Those duties are solely of a mechanical and administrative nature.

19.2 Role of the Mandated Arrangers

Except as otherwise provided in this Agreement, no Mandated Arranger has any obligations of any kind to any other Party under or in connection with any Finance Document.

19.3 Relationship

The relationship between the Agent and the other Finance Parties is that of agent and principal only. Nothing in this Agreement constitutes the Agent as trustee or fiduciary for any other Party or any other person and the Agent need not hold in trust any moneys paid to it for a Party or be liable to account for interest on those moneys.

19.4 Majority Lenders' directions

The Agent will be fully protected if it acts in accordance with the instructions of the Majority Lenders in connection with the exercise of any right, power or discretion or any matter not expressly provided for in the Finance Documents. Any such instructions given by the Majority Lenders will be binding on all the Lenders. In the absence of such instructions the Agent may act as it considers to be in the best interests of all the Lenders.

19.5 Delegation

The Agent may act under the Finance Documents through its personnel and agents.

19.6 Responsibility for documentation

Neither the Agent nor either Mandated Arranger is responsible to any other Party for:

- (a) the execution, genuineness, validity, enforceability or sufficiency of any Finance Document or any other document; or
- (b) the collectability of amounts payable under any Finance Document; or
- (c) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document.

19.7 Default

- (a) The Agent is not obliged to monitor or enquire as to whether or not a Default or a Mandatory Prepayment Event has occurred. The Agent will not be deemed to have knowledge of the occurrence of a Default or a Mandatory Prepayment Event. However, if the Agent receives notice from a Party referring to this Agreement, describing the Default or Mandatory Prepayment Event and stating that the event is a Default or a Mandatory Prepayment Event, it shall promptly notify the Lenders.
- (b) The Agent may require the receipt of security satisfactory to it, whether by way of payment in advance or otherwise, against any liability or loss which it will or may incur in taking any proceedings or action arising out of or in connection with any Finance Document before it commences these proceedings or takes that action.

19.8 Exoneration

- (a) Without limiting paragraph (b) below, the Agent will not be liable to any other Party for any action taken or not taken by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct.
 - (b) No Party may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind (including negligence or wilful misconduct) by that officer, employee or agent in relation to any Finance Document.
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19.9 Reliance

The Agent may:

- (a) rely on any notice or document believed by it to be genuine and correct and to have been signed by, or with the authority of, the proper person;
- (b) rely on any statement made by a director or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify; and
- (c) engage, pay for and rely on legal or other professional advisers selected by it (including those in the Agent's employment and those representing a Party other than the Agent).

19.10 Credit approval and appraisal

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms that it:

- (a) has made its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Agent or a Mandated Arranger in connection with any Finance Document; and
- (b) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

19.11 Information

- (a) The Agent shall promptly forward to the person concerned the original or a copy of any document which is delivered to the Agent by a Party for that person.
- (b) The Agent shall promptly supply a Lender with a copy of each document received by the Agent under Clauses 4 (Conditions Precedent), 26.4 (Additional Borrowers) or 26.5 (Additional Guarantors) upon the request and at the expense of that Lender.
- (c) Except where this Agreement specifically provides otherwise, the Agent is not obliged to review or check the accuracy or completeness of any document it forwards to another Party.
- (d) Except as provided above, the Agent has no duty:
 - (i) either initially or on a continuing basis to provide any Lender with any credit or other information concerning the financial condition or affairs of any Obligor or any related entity of any Obligor

whether coming into its possession or that of any of its related entities before, on or after the date of this Agreement; or

- (ii) unless specifically requested to do so by a Lender in accordance with this Agreement, to request any certificates or other documents from any Obligor.

19.12 The Agent and the Mandated Arrangers individually

- (a) If it is also a Lender, each of the Agent and each Mandated Arranger has the same rights and powers under this Agreement as any other Lender and may exercise those rights and powers as though it were not the Agent or a Mandated Arranger.
- (b) Each of the Agent and each Mandated Arranger may:
 - (i) carry on any business with an Obligor or its related entities;
 - (ii) act as agent or trustee for, or in relation to any financing involving, an Obligor or its related entities; and
 - (iii) retain any profits or remuneration in connection with its activities under this Agreement or in relation to any of the foregoing.

19.13 Indemnities

- (a) Without limiting the liability of any Obligor under the Finance Documents, each Lender shall forthwith on demand indemnify the Agent for its proportion of any liability or loss incurred by the Agent in any way relating to or arising out of its acting as the Agent, except to the extent that the liability or loss arises directly from the Agent's negligence or wilful misconduct.
- (b) A Lender's proportion of the liability or loss set out in paragraph (a) above is the proportion which the Original Sterling Amount of its participation(s) in Advance(s) bears to the Original Sterling Amount of all Advances outstanding on the date of the demand. If, however, no Advances are outstanding on the date of demand, then the proportion will be the proportion which its Commitment bears to the Total Commitments at the date of demand or, if the Total Commitments have been cancelled, bore to the Total Commitments immediately before being cancelled.
- (c) The Parent shall forthwith on demand reimburse each Lender for any payment made by it under paragraph (a) above.

19.14 Compliance

- (a) The Agent may refrain from doing anything which might, in its opinion, constitute a breach of any law or regulation or be otherwise actionable at the suit of any person, and may do anything which, in its opinion, is necessary or desirable to comply with any law or regulation of any jurisdiction.
- (b) Without limiting paragraph (a) above, the Agent need not disclose any information relating to any Obligor or any of its related entities if the disclosure might, in the opinion of the Agent, constitute a breach of any law or regulation or any duty of secrecy or confidentiality or be otherwise actionable at the suit of any person.

19.15 Resignation of Agent

- (a) Notwithstanding its irrevocable appointment, the Agent may resign by giving notice to the Lenders and the Parent, in which case the Agent may forthwith appoint one of its Affiliates as successor Agent or, failing that, the Majority Lenders may, following consultation with the Parent, appoint a successor Agent.

- (b) If the appointment of a successor Agent is to be made by the Majority Lenders but they have not, within 30 days after notice of resignation, appointed a successor Agent which accepts the appointment, the retiring Agent may, following consultation with the Parent, appoint a successor Agent.
- (c) The resignation of the retiring Agent and the appointment of any successor Agent will both become effective only upon the successor Agent notifying all the Parties that it accepts the appointment and provided the successor Agent has, if required under paragraph (a) above, been approved by the Parent. On giving the notification and receiving such approval, the successor Agent will succeed to the position of the retiring Agent and the term “**Agent**” will mean the successor Agent.
- (d) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as the Agent under this Agreement.
- (e) Upon its resignation becoming effective, this Clause 19 shall continue to benefit the retiring Agent in respect of any action taken or not taken by it under or in connection with the Finance Documents while it was the Agent, and, subject to paragraph (d) above, it shall have no further obligation under any Finance Document.

19.16 Lenders

The Agent may treat each Lender as a Lender, entitled to payments under this Agreement and as acting through its Facility Office(s) until it has received notice from the Lender to the contrary by not less than five Business Days prior to the relevant payment.

19.17 Chinese Wall

In acting as Agent or a Mandated Arranger, the agency and syndications division of each of the Agent and each Mandated Arranger shall be treated as a separate entity from its other divisions and departments. Any information acquired at any time by the Agent or a Mandated Arranger otherwise than in the capacity of Agent or Mandated Arranger through its agency and syndications division (whether as financial advisor to any member of the Group or otherwise) may be treated as confidential by the Agent or that Mandated Arranger and shall not be deemed to be information possessed by the Agent or Mandated Arranger in its capacity as such. Each Finance Party acknowledges that the Agent and the Mandated Arrangers may, now or in the future, be in possession of, or provided with, information relating to the Obligors which has not or will not be provided to the other Finance Parties. Each Finance Party agrees that, except as expressly provided in this Agreement, neither the Agent nor either Mandated Arranger will be under any obligation to provide, or under any liability for failure to provide, any such information.

20. FEES

20.1 Commitment fee

- (a) The Parent shall pay to the Agent for distribution to each Lender pro rata to the proportion its Commitment bears to the Total Commitments from time to time a commitment fee at the rate of 0.10 per cent. per annum from the Signing Date until the third Anniversary and 0.11 per cent. per annum thereafter, on any undrawn, uncanceled amount of the Total Commitments on each day.

- (b) The commitment fee is calculated and accrues on a daily basis from the Signing Date and is payable quarterly in arrear with the first payment due three months after the Signing Date. Accrued commitment fee is also payable to the Agent for the relevant Lender(s) on the cancelled amount of its Commitment at the time the cancellation takes effect.

20.2 Agent's fee

The Parent shall pay to the Agent for its own account an agency fee in the amounts and on the dates agreed in the relevant Fee Letter.

20.3 Participation fee

The Parent shall pay to the Agent for the Mandated Arrangers a participation fee in the amount and on the date specified in the relevant Fee Letter.

20.4 Management Fee

The Parent shall pay to the Mandated Arrangers management fees in amounts and on the dates set out in the relevant Fee Letters.

20.5 Utilisation Fee

- (a) The Parent shall pay to the Agent for distribution to each Lender pro rata to the proportion its outstanding participations in Advances bears to the aggregate outstanding Advances on each day a utilisation fee at the rate of 0.05 per cent. per annum on the aggregate outstanding Advances on that day, provided that the fee will only accrue on any day on which the aggregate outstanding Advances on such day exceeds 50 per cent. of the Total Commitments as at that day.
- (b) Utilisation fee is calculated and accrues on a daily basis and is payable quarterly in arrear with the first such payment due three months after the Signing Date. Accrued utilisation fee is also payable to the Agent for the relevant Lenders on the Final Maturity Date.

20.6 VAT

Any fee referred to in this Clause 20 is exclusive of any United Kingdom value added tax. If any value added tax is so chargeable, it shall be paid by the Parent at the same time as it pays the relevant fee.

21. EXPENSES

21.1 Initial and special costs

The Parent shall forthwith on demand pay the Agent and the Mandated Arrangers the amount of all out-of-pocket costs and expenses (including legal fees) reasonably incurred by any of them in connection with:

- (a) the arranging, underwriting and primary syndication of the Facilities;

- (b) the negotiation, preparation, printing and execution of:
 - (i) this Agreement and any other documents referred to in this Agreement; and
 - (ii) any other Finance Document (other than a Novation Certificate) executed after the date of this Agreement;
- (c) any amendment, waiver, consent or suspension of rights (or any proposal for any of the foregoing) requested by or on behalf of an Obligor and relating to a Finance Document or a document referred to in any Finance Document; and
- (d) any other matter, not of an ordinary administrative nature, arising out of or in connection with a Finance Document.

21.2 Enforcement costs

The Parent shall forthwith on demand pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by it:

- (a) in connection with the enforcement of, or the preservation of any rights under, any Finance Document; or
- (b) in investigating any possible Default or Mandatory Prepayment Event.

22. STAMP DUTIES

The Parent shall pay and forthwith on demand indemnify each Finance Party against any liability it incurs in respect of any stamp, registration and similar tax which is or becomes payable in connection with the entry into, performance or enforcement of any Finance Document other than a Novation Certificate.

23. INDEMNITIES

23.1 Currency indemnity

- (a) If a Finance Party receives an amount in respect of an Obligor's liability under the Finance Documents or if that liability is converted into a claim, proof, judgment or order in a currency other than the currency (the "**contractual currency**") in which the amount is expressed to be payable under the relevant Finance Document:
- (i) that Obligor shall indemnify that Finance Party as an independent obligation against any loss or liability arising out of or as a result of the conversion;
 - (ii) if the amount received by that Finance Party, when converted into the contractual currency at a market rate in the usual course of its business, is less than the amount owed in the contractual currency, the Obligor concerned shall forthwith on demand pay to that Finance Party an amount in the contractual currency equal to the deficit; and
 - (iii) the Obligor shall pay to the Finance Party concerned on demand any exchange costs and taxes payable in connection with any such conversion.
-

- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency other than that in which it is expressed to be payable.

23.2 Other indemnities

The Parent shall forthwith on demand indemnify each Finance Party against any loss or liability which that Finance Party incurs as a consequence of:

- (a) the occurrence of any Event of Default or Mandatory Prepayment Event;
- (b) the operation of Clauses 18.12 (Acceleration), 7.4 (Mandatory Prepayment Events) or Clause 29 (Pro Rata Sharing);
- (c) any payment of principal or an overdue amount being received from any source otherwise than on its Maturity Date (and, for the purposes of this paragraph (c), the Maturity Date of an overdue amount is the last day of each Designated Term (as defined in Clause 8.3 (Default interest)));
- (d) the occurrence of a change described in, and the operation of Clause 11.4 (Change in circumstances) in relation to, an Optional Currency; or
- (e) (other than by reason of negligence or default by a Finance Party) an Advance not being disbursed after a Borrower has delivered a Request for that Advance.

The Parent's liability in each case includes any loss or expense on account of funds borrowed, contracted for or utilised to fund any amount payable under any Finance Document, any amount repaid or prepaid or any Advance.

24. EVIDENCE AND CALCULATIONS

24.1 Accounts

Accounts maintained by a Finance Party in connection with this Agreement are prima facie evidence of the matters to which they relate.

24.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under this Agreement is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

24.3 Calculations

Interest (and any Mandatory Cost) and the fees payable under Clause 20.1 (Commitment fee) and Clause 20.5 (Utilisation fee) accrue from day to day and are calculated on the basis of the actual number of days elapsed and a year of 365 days, or, in the case of interest payable on an amount denominated in a currency other than Sterling (including any applicable Mandatory Cost), 360 days.

25. AMENDMENTS AND WAIVERS

25.1 Procedure

- (a) Subject to Clause 25.2 (Exceptions), any provision of the Finance Documents may be amended or waived with the agreement of the Parent, the Majority Lenders and the Agent. The Agent may effect, on behalf of the Majority Lenders, an amendment or waiver to which they have agreed.
- (b) The Agent shall promptly notify the other Parties of any amendment or waiver effected under paragraph (a) above, and any such amendment or waiver shall be binding on all the Parties.

25.2 Exceptions

An amendment or waiver which relates to:

- (a) the definition of “Majority Lenders” in Clause 1.1 (Definitions); or
- (b) an extension of the date for, or a decrease in an amount or a change in the currency of, any payment under the Finance Documents; or
- (c) an increase in a Lender’s Commitment; or
- (d) a change in the guarantee under Clause 14 (Guarantee) otherwise than in accordance with Clause 26.5 (Additional Guarantors) or Clause 14.9 (Removal of Guarantors); or
- (e) a term of a Finance Document which expressly requires the consent of each Lender; or
- (f) Clause 29 (Pro Rata Sharing) or this Clause 25 (Amendments and Waivers),

may not be effected without the consent of each Lender.

25.3 Waivers and remedies cumulative

The rights of each Finance Party under the Finance Documents:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

26. CHANGES TO THE PARTIES

26.1 Transfers by Obligors

No Obligor may assign, transfer, novate or dispose of any of, or any interest in, its rights and/or obligations under this Agreement.

26.2 Transfers by Lenders

- (a) A Lender (the “**Existing Lender**”) may at any time assign, transfer or novate any of its rights and/or obligations under this Agreement to another bank or financial institution (the “**New Lender**”) with the prior consent of the Parent unless:
 - (i) the New Lender is another Lender or an Affiliate of a Lender; or

- (ii) a Default is outstanding,

in which case no such consent is required. The prior written consent of the Parent must not be unreasonably withheld or delayed and will be deemed to be given if, within 14 days of receipt by the Parent of an application for consent, it has not been expressly refused.

- (b) A transfer of obligations will be effective only if either:

- (i) the obligations are novated in accordance with Clause 26.3 (Procedure for novations); or
- (ii) the New Lender confirms to the Agent and the Parent that it undertakes to be bound by the terms of this Agreement as a Lender in form and substance satisfactory to the Agent and the Parent. On the transfer becoming effective in this manner the Existing Lender shall be relieved of its obligations under this Agreement to the extent that they are transferred to the New Lender.

- (c) Nothing in this Agreement restricts the ability of a Lender to sub-contract an obligation if that Lender remains liable under this Agreement for that obligation.

- (d) On each occasion an Existing Lender assigns, transfers or novates any of its rights and/or obligations under this Agreement (other than to an Affiliate), the New Lender shall, on the date the assignment, transfer and/or novation takes effect, pay to the Agent for its own account a fee of £1,000.

- (e) An Existing Lender is not responsible to a New Lender for:

- (i) the execution, genuineness, validity, enforceability or sufficiency of any Finance Document or any other document; or
- (ii) the collectability of amounts payable under any Finance Document; or
- (iii) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document.

- (f) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

- (i) has made its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

- (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities while any amount is or may be outstanding under this Agreement or any Commitment is in force.

- (g) Nothing in any Finance Document obliges an Existing Lender to:

- (i) accept a re-transfer from a New Lender of any of the rights and/or obligations assigned, transferred or novated under this Clause; or
- (ii) support any losses incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under this Agreement or otherwise.

- (h) Any reference in this Agreement to a Lender includes a New Lender but excludes a Lender if no amount is or may be owed to or by it under this Agreement and its Commitment has been cancelled or reduced to nil.

26.3 Procedure for novations

- (a) A novation is effected if:

- (i) the Existing Lender and the New Lender deliver to the Agent a duly completed certificate (a “**Novation Certificate**”), substantially in the form of Part I of Schedule 5 or such other form as the Agent may require or approve (which may be delivered by fax and confirmed by delivery of a hard copy original but the fax will be effective irrespective of whether confirmation is received); and

- (ii) the Agent executes it.
- (b) Each Party (other than the Existing Lender and the New Lender) irrevocably authorises the Agent to execute any duly completed Novation Certificate on its behalf.
- (c) To the extent that they are expressed to be the subject of the novation in the Novation Certificate:
 - (i) the Existing Lender and the other Parties (the “**existing Parties**”) will be released from their obligations to each other (the “**discharged obligations**”);
 - (ii) the New Lender and the existing Parties will assume obligations towards each other which differ from the discharged obligations only insofar as they are owed to or assumed by the New Lender instead of the Existing Lender;
 - (iii) the rights of the Existing Lender against the existing Parties and vice versa (the “**discharged rights**”) will be cancelled; and
 - (iv) the New Lender and the existing Parties will acquire rights against each other which differ from the discharged rights only insofar as they are exercisable by or against the New Lender instead of the Existing Lender,

all on the date of execution of the Novation Certificate by the Agent or, if later, the date specified in the Novation Certificate.

26.4 Additional Borrowers

- (a) If the Parent wishes one of its wholly-owned Subsidiaries to become an Additional Borrower, then it may (if all the Lenders have approved the identity of the Additional Borrower in writing) deliver to the Agent the documents listed in Part II of Schedule 2 in each case in form and substance satisfactory to the Agent.
- (b) On delivery of a Borrower Accession Agreement, executed by the relevant Subsidiary and the Parent, the Subsidiary concerned will become an Additional Borrower. However, it may not submit a Request until the Agent confirms to the other Finance Parties and the Parent that it has received all the documents referred to in paragraph (a) above in form and substance satisfactory to it.
- (c) Delivery of a Borrower Accession Agreement, executed by the relevant Subsidiary and the Parent, constitutes confirmation by that Subsidiary and the Parent that the representations and warranties set out in Clause 15.13(b) (Representations and Warranties) to be made by them on the date of the Borrower Accession Agreement are correct, as if made by them with reference to the facts and circumstances then existing.

26.5 Additional Guarantors

- (a)
 - (i) Subject to paragraph (b) below, a Subsidiary of the Parent may become an Additional Guarantor by delivering to the Agent a Guarantor Accession Agreement, duly executed by that company.
 - (ii) Upon execution and delivery of a Guarantor Accession Agreement, the relevant company will become an Additional Guarantor even if the Guarantor Accession Agreement is amended or the liability of the proposed Additional Guarantor is limited or qualified provided the Agent is satisfied (acting on the advice of the legal advisers giving the opinion referred to in sub-paragraph (iii) below) that the limit or qualification arises by reason of a legal limitation on the ability of that Additional Guarantor to enter into, or its directors’ ability to authorise the giving of, that guarantee.
 - (iii) The Parent shall procure that, at the same time as a Guarantor Accession Agreement is delivered to the Agent, there is also delivered to the Agent all those other documents listed in Part III of Schedule 2, in each case in form and substance satisfactory to the Agent.
- (b) The execution of a Guarantor Accession Agreement constitutes confirmation by the Additional Guarantor concerned that the representations and warranties set out in Clause 15.13(b) (Representations and Warranties) to be made by it on the date of the Guarantor Accession Agreement are correct, as if made with reference to the facts and circumstances then existing.

26.6 Reference Banks

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to

be a Lender, the Agent shall (in consultation with the Parent) appoint another Lender or an Affiliate of a Lender which is not a Reference Bank to replace that Reference Bank.

26.7 Register

The Agent shall keep a register of all the Parties (including in the case of Lenders the details of their Facility Office notified to the Agent from time to time) and shall supply any other Party (at that Party's expense) with a copy of the register on request.

27. DISCLOSURE OF INFORMATION

A Lender may disclose to one of its Affiliates or any person with whom it is proposing to enter, or has entered into, any kind of transfer, participation or other agreement in relation to this Agreement:

- (a) a copy of any Finance Document; and
- (b) any information which that Lender has acquired under or in connection with any Finance Document,

provided that a Lender shall not disclose any such information to a person other than one of its Affiliates unless that person has provided to that Lender a confidentiality undertaking addressed to that Lender and the Parent substantially in the form of Schedule 7 or such other form as the Parent may approve.

28. SET-OFF

After a Default which is continuing, a Finance Party may set off any matured obligation owed by an Obligor under this Agreement (to the extent beneficially owned by that Finance Party) against any obligation (whether or not matured) owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Finance Party may set off in an amount estimated by it in good faith to be the amount of that obligation.

29. PRO RATA SHARING

29.1 Redistribution

If any amount owing by an Obligor under this Agreement to a Finance Party (the “**recovering Finance Party**”) is discharged by payment, set-off or any other manner other than through the Agent in accordance with Clause 9 (Payments) (a “**recovery**”), then:

- (a) the recovering Finance Party shall, within three Business Days, notify details of the recovery to the Agent;
- (b) the Agent shall determine whether the recovery is in excess of the amount which the recovering Finance Party would have received had the recovery been received by the Agent and distributed in accordance with Clause 9 (Payments);
- (c) subject to Clause 29.3 (Exception), the recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the “**redistribution**”) equal to the excess;

- (d) the Agent shall treat the redistribution as if it were a payment by the Obligor concerned under Clause 9 (Payments) and shall pay the redistribution to the Finance Parties (other than the recovering Finance Party) in accordance with Clause 9.7 (Partial payments); and
- (e) after payment of the full redistribution, the recovering Finance Party will be subrogated to the

portion of the claims paid under paragraph (d) above and that Obligor will owe the recovering Finance Party a debt which is equal to the redistribution, immediately payable and of the type originally discharged.

29.2 Reversal of redistribution

If under Clause 29.1 (Redistribution):

- (a) a recovering Finance Party must subsequently return a recovery, or an amount measured by reference to a recovery, to an Obligor; and
- (b) the recovering Finance Party has paid a redistribution in relation to that recovery,

each Finance Party shall, within three Business Days of demand by the recovering Finance Party through the Agent, reimburse the recovering Finance Party all or the appropriate portion of the redistribution paid to that Finance Party. Thereupon the subrogation in Clause 29.1(e) (Redistribution) will operate in reverse to the extent of the reimbursement.

29.3 Exception

A recovering Finance Party need not pay a redistribution to the extent that it would not, after the payment, have a valid claim against the Obligor concerned in the amount of the redistribution pursuant to Clause 29.1(e) (Redistribution).

30. SEVERABILITY

If a provision of any Finance Document is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of the Finance Documents; or
- (b) the legality, validity or enforceability in other jurisdictions of that or any other provision of the Finance Documents.

31. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

32. NOTICES

32.1 Giving of notices

All notices or other communications under or in connection with this Agreement shall be given in writing by post, or facsimile or any electronic communication approved by the Agent. Any such notice will be deemed to be given as follows:

- (a) if delivered in person or posted, when delivered;
- (b) if by facsimile, when received; and
- (c) if by email or any other electronic communication when received.

However, a notice given in accordance with the above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place. Facsimile Requests are to be confirmed by the relevant Borrower in writing (but may be relied upon by the Agent and the Lenders irrespective of receipt of such confirmation).

32.2 Addresses for notices

- (a) The address and facsimile number of each Party (other than the Agent and the Parent) for all notices under or in connection with this Agreement are:

- (i) that notified by that Party for this purpose to the Agent on or before it becomes a Party; or
 - (ii) any other notified by that Party for this purpose to the Agent by not less than five Business Days' notice.
- (b) The address and facsimile numbers of the Agent are:

HSBC Investment Bank plc
City Place House
55 Basinghall Street
London
EC2V 5DU

Attention: Syndicated Finance Agency

Facsimile: +44 20 7779 1717/1718

or such other as the Agent may notify to the other Parties by not less than five Business Days' notice.

- (c) The address and facsimile number of the Parent are:

Reuters Group plc
85 Fleet Street
London
EC4P 4AJ

Attention: Group Treasurer

Facsimile: +44 20 7542 5404

or such other as the Parent may notify to the other Parties by not less than five Business Days' notice.

- (d) The Agent shall, promptly upon request from any Party, give to that Party the address, telex number or facsimile number of any other Party applicable at the time for the purposes of this Clause.

33. LANGUAGE

- (a) Any notice given under or in connection with any Finance Document shall be in English.
- (b) All other documents provided under or in connection with any Finance Document shall be:
- (i) in English; or
 - (ii) if not in English, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document.

34. JURISDICTION

34.1 Submission

For the benefit of each Finance Party, each Obligor agrees that the courts of England have jurisdiction to settle any disputes in connection with any Finance Document and accordingly submits to the jurisdiction of the English courts.

34.2 Service of process

Without prejudice to any other mode of service, each Obligor (other than an Obligor incorporated in England and Wales):

- (a) irrevocably appoints the Parent as its agent for service of process relating to any proceedings before the English courts in connection with any Finance Document;
- (b) agrees that failure by a process agent to notify the Obligor of the process will not invalidate the

proceedings concerned; and

- (c) consents to the service of process relating to any such proceedings by prepaid posting of a copy of the process to its address for the time being applying under Clause 32.2 (Addresses for notices).

34.3 Forum convenience and enforcement abroad

Each Obligor:

- (a) waives objection to the English courts on grounds of inconvenient forum or otherwise as regards proceedings in connection with a Finance Document; and

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- (b) agrees that a judgment or order of an English court in connection with a Finance Document is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

34.4 Non-exclusivity

Nothing in this Clause 34 limits the right of a Finance Party to bring proceedings against an Obligor in connection with any Finance Document:

- (a) in any other court of competent jurisdiction; or
- (b) concurrently in more than one jurisdiction.

35. GOVERNING LAW

This Agreement is governed by English law.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

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SCHEDULE 1

LENDERS AND COMMITMENTS

Lender	Commitments
HSBC Bank plc	£35,714,285.80
JPMorgan Chase Bank	£35,714,285.80
Barclays Bank PLC	£35,714,285.70
BNP Paribas London Branch	£35,714,285.70
Citibank, N.A	£35,714,285.70
Commerzbank Aktiengesellschaft, London Branch	£35,714,285.70
Credit Suisse First Boston	£35,714,285.70
Deutsche Bank AG London	£35,714,285.70
ING Bank N.V., London Branch	£35,714,285.70
Standard Chartered Bank	£35,714,285.70

Sumitomo Mitsui Banking Corporation	£35,714,285.70
The Bank of Tokyo-Mitsubishi, Ltd. London Branch	£35,714,285.70
The Governor and Company of the Bank of Scotland	£35,714,285.70
UBS AG	£35,714,285.70
Total	£500,000,000.00

SCHEDULE 2

CONDITIONS PRECEDENT DOCUMENTS

PART I

TO BE DELIVERED BEFORE THE FIRST ADVANCE

1. Constitutional Documents

A copy of the memorandum and articles of association and certificate of incorporation (or equivalent constituent documents) of the Parent.

2. Corporate Authorisations

- (a) A copy of a resolution of the board of directors of the Parent:
- (i) approving the terms of, and the transactions contemplated by, the Finance Documents and resolving that it execute and, where applicable, deliver the Finance Documents to which it is a party;
 - (ii) authorising a specified person or persons to execute and, where applicable, deliver the Finance Documents to which it is a party on its behalf; and
 - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including Requests) to be signed and/or despatched by it under or in connection with the Finance Documents;
- (b) a specimen of the signature of each person authorised by the resolution referred to in paragraph (a) above;
- (c) a certificate of a director of the Parent confirming that the borrowing of the Total Commitments in full would not cause any borrowing limit binding on any Obligor to be exceeded; and
- (d) a certificate of an Authorised Signatory of the Parent certifying that each copy document specified in Part I of this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the Signing Date.

3. Existing Facility

Evidence that no amount is outstanding under the Parent's £1.5 billion facility dated 4th December, 1997 and the total commitments under that facility have been irrevocably cancelled.

4. Legal Opinion

A legal opinion of Allen & Overy in relation to English law.

PART II

TO BE DELIVERED BY AN ADDITIONAL BORROWER

1. A Borrower Accession Agreement, duly executed by the Additional Borrower and the Parent.
 2. A copy of the memorandum and articles of association and certificate of incorporation of the Additional Borrower.
 3. A copy of a resolution of the board of directors of the Additional Borrower:
 - (a) approving the terms of, and the transactions contemplated by, the Borrower Accession Agreement and resolving that it execute the Borrower Accession Agreement;
 - (b) authorising a specified person or persons to execute the Borrower Accession Agreement on its behalf; and
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices (including Requests) to be signed and/or despatched by it under or in connection with this Agreement.
 4. A copy of any other authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, the Borrower Accession Agreement or for the validity and enforceability of any Finance Document.
 5. A specimen of the signature of each person authorised by the resolution referred to in paragraph 3 above.
 6. A copy of the latest audited accounts of the Additional Borrower (if any).
 7. A legal opinion of Allen & Overy, legal advisers to the Agent and, if applicable, other lawyers approved by the Agent in the place of incorporation of the Additional Borrower, addressed to the Finance Parties.
 8. A certificate of an Authorised Signatory of the Additional Borrower certifying that each copy document specified in Part II of this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of the Borrower Accession Agreement.
 9. A certificate of a director of the Additional Borrower certifying that the borrowing of the Total Commitments in full would not cause any borrowing limit binding on it to be exceeded.
-

PART III

TO BE DELIVERED BY AN ADDITIONAL GUARANTOR

1. A Guarantor Accession Agreement, duly executed as a deed by the Additional Guarantor.
2. A copy of the memorandum and articles of association and certificate of incorporation (or other equivalent constitutional documents) of the Additional Guarantor.
3. A copy of a resolution of the board of directors of the Additional Guarantor:
 - (a) approving the terms of, and the transactions contemplated by, the Guarantor Accession Agreement and resolving that it execute the Guarantor Accession Agreement as a deed;
 - (b) authorising a specified person or persons to execute and deliver the Guarantor Accession Agreement as a deed; and
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents to be signed and/or despatched by it under or in connection with this Agreement.

4. If the lawyers referred to in paragraph 10 below so advise, a copy of a resolution, signed by all the holders of the issued or allotted shares in the Additional Guarantor, approving the terms of, and the transactions contemplated by, the Guarantor Accession Agreement.
 5. A copy of a resolution of the Board of Directors of each corporate shareholder in the Additional Guarantor:
 - (a) approving the terms of the resolution referred to in paragraph 4 above; and
 - (b) authorising a specified person or persons to sign the resolution on its behalf.
 6. A certificate of a director of the Additional Guarantor certifying that the borrowing of the Total Commitments in full would not cause any borrowing limit binding on it to be exceeded.
 7. A copy of any other authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, the Guarantor Accession Agreement or for the validity and enforceability of any Finance Document.
 8. A specimen of the signature of each person authorised by the resolutions referred to in paragraphs 3 and 5 above.
 9. A copy of the latest audited accounts of the Additional Guarantor.
 10. A legal opinion of Allen & Overy, legal advisers to the Agent, and, if applicable, other lawyers approved by the Agent in the place of incorporation of the Additional Guarantor addressed to the Finance Parties.
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11. A certificate of an Authorised Signatory of the Additional Guarantor certifying that each copy document specified in Part III of this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of the Guarantor Accession Agreement.
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SCHEDULE 3

CALCULATION OF THE MANDATORY COST

PART I

PRIOR TO NOTIFICATION OF REVISED CHARGES BY THE BOARD OF THE FINANCIAL SERVICES AUTHORITY

1. General

The Mandatory Cost is the weighted average of the rates for each Lender calculated below by the Agent on the first day of a Term. The Agent must distribute each amount of Mandatory Cost among the Lenders on the basis of the rate for each Lender.

2. For a Lender lending from a Facility Office in the UK

- (a) The relevant rate for a Lender lending from a Facility Office in the UK is calculated in accordance with the following formulae:

for an Advance in Sterling:

$\underline{AB + C(B-D) + E \times 0.01}$ per cent. per annum

$$100-(A + C)$$

for any other Advance:

$$\frac{E \times 0.01}{300} \text{ per cent. per annum}$$

where on the day of application of the formula:

- A is the percentage of that Lender's eligible liabilities (in excess of any stated minimum) which the Bank of England requires it to hold on a non-interest-bearing deposit account in accordance with its cash ratio requirements;
- B is LIBOR for that Term;
- C is the percentage of that Lender's eligible liabilities which the Bank of England requires it to place as a special deposit;
- D is the interest rate per annum allowed by the Bank of England on a special deposit; and
- E is the charge payable by each Lender to the Financial Services Authority under the fees regulations (but, for this purpose, ignoring any minimum fee required under the fees regulations) and expressed in pounds per £1 million of the fee base of that Lender.

(b) For the purposes of this paragraph 2:

(i) **eligible liabilities** and **special deposit** have the meanings given to them at the time of application of the formula by the Bank of England;

(ii) **fee base** has the meaning given to it in the fees regulations; and

(iii) **fees regulations** means the then current Financial Services Banking Supervision (Fees) Regulations.

(c) (i) In the application of the formulae, A, B, C and D are included as figures and not as percentages, e.g. if A = 0.5% and B = 15%, AB is calculated as 0.5 x 15. A negative result obtained by subtracting D from B is taken as zero.

(ii) Each rate calculated in accordance with a formula is, if necessary, rounded upward to four decimal places.

(d) (i) Each Lender must supply to the Agent the information required by it to make a calculation of the rate for that Lender. The Agent may assume that this information is correct in all respects.

(ii) If a Lender fails to do so, the Agent may assume that the Lender's obligations in respect of cash ratio deposits, special deposits and the fees regulations are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the same jurisdiction as its Facility Office.

(iii) The Agent has no liability to any Party if its calculation over or under compensates any Lender.

3. For a Lender lending from a Facility Office in a Participating Member State

(a) The relevant rate for a Lender lending from a Facility Office in a Participating Member State is the percentage rate per annum notified by that Lender to the Agent as its cost of complying with the minimum reserve requirements of the European Central Bank.

(b) If a Lender fails to specify a rate under paragraph (a) above, the Agent will assume that the Lender has not incurred any such cost.

4. Changes

The Agent may, after consultation with the Parent and the Lenders, notify all the Parties of any amendment to this Schedule which is required to reflect:

- (a) any change in law or regulation; or
- (b) any requirement imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any successor authority).

Any notification will be, in the absence of manifest error, conclusive and binding on all the Parties.

PART II

FOLLOWING NOTIFICATION OF REVISED CHARGES BY THE BOARD OF THE FINANCIAL SERVICES AUTHORITY

1. General

The Mandatory Cost is the weighted average of the rates for each Lender calculated below by the Agent on the first day of a Term. The Agent must distribute each amount of Mandatory Cost among the Lenders on the basis of the rate for each Lender.

2. For a Lender lending from a Facility Office in the UK

- (a) The relevant rate for a Lender lending from a Facility Office in the UK is calculated in accordance with the following formulae:

for an Advance in Sterling:

$$\frac{AB + C(B-D) + E \times 0.01}{100-(A + C)} \text{ per cent. per annum}$$

for any other Advance:

$$\frac{E \times 0.01}{300} \text{ per cent. per annum}$$

where on the day of application of the formula:

- A is the percentage of that Lender's eligible liabilities (in excess of any stated minimum) which the Bank of England requires it to hold on a non-interest-bearing deposit account in accordance with its cash ratio requirements;
- B is LIBOR for that Term;
- C is the percentage of that Lender's eligible liabilities which the Bank of England requires it to place as a special deposit;
- D is the interest rate per annum allowed by the Bank of England on a special deposit; and
- E is the charge payable by each Lender to the Financial Services Authority under the fees rules (but, for this purpose, ignoring any minimum fee required under the fees rules) and expressed in pounds per £1 million of the tariff base of that Lender.

- (b) For the purposes of this paragraph 2:

- (i) **eligible liabilities** and **special deposit** have the meanings given to them at the time of application of the formula by the Bank of England;
 - (ii) **tariff base** has the meaning given to it in the fees rules; and
-

- (iii) **fees rules** means the then current rules on periodic fees in the Supervision Manual in the FSA Handbook.
- (c) (i) In the application of the formulae, A, B, C and D are included as figures and not as percentages, e.g. if A = 0.5% and B = 15%, AB is calculated as 0.5 x 15. A negative result obtained by subtracting D from B is taken as zero.
- (ii) Each rate calculated in accordance with a formula is, if necessary, rounded upward to four decimal places.
- (d) (i) Each Lender must supply to the Agent the information required by it to make a calculation of the rate for that Lender. The Agent may assume that this information is correct in all respects.
- (ii) If a Lender fails to do so, the Agent may assume that the Lender's obligations in respect of cash ratio deposits, special deposits and the fees rules are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the same jurisdiction as its Facility Office.
- (iii) The Agent has no liability to any Party if its calculation over or under compensates any Lender.

3. For a Lender lending from a Facility Office in a Participating Member State

- (a) The relevant rate for a Lender lending from a Facility Office in a Participating Member State is the percentage rate per annum notified by that Lender to the Agent as its cost of complying with the minimum reserve requirements of the European Central Bank.
- (b) If a Lender fails to specify a rate under paragraph (a) above, the Agent will assume that the Lender has not incurred any such cost.

4. Changes

- (a) The Agent may, after consultation with the Parent and the Lenders, notify all the Parties of any amendment to this Schedule which is required to reflect:
 - (a) any change in law or regulation; or
 - (b) any requirement imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any successor authority).

Any notification will be, in the absence of manifest error, conclusive and binding on all the Parties.

- (b) For the avoidance of doubt, the Agent shall, following receipt of or credit in respect of such amount from the Financial Services Authority, refund to the Parent any amounts previously paid by the Parent to the Agent in respect of charges payable to the Financial Services Authority in relation to the period from the date of this Agreement until the Relevant Date (the "**Transition Period**") which were in excess of the amount which would have been payable by the Parent had the charges applicable to the formulae above been applied during the Transition Period.

SCHEDULE 4

FORM OF REQUEST

To: HSBC Investment Bank plc as Agent

From: [BORROWER]

Date: []

1. We wish to utilise the Facility by way of Advance(s) as follows:
 - (a) Utilisation Date: []
 - (b) Requested Amount (including currency): []
 - (c) Term: []
 - (d) Payment Instructions: []
2. We confirm that each condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Request and this Advance would not cause any borrowing limit binding on us to be exceeded.

By:

[BORROWER]

Authorised Signatory

SCHEDULE 5

FORMS OF ACCESSION DOCUMENTS

PART I

NOVATION CERTIFICATE

To: HSBC Investment Bank plc as Agent

From: [THE EXISTING LENDER] and [THE NEW LENDER] Date: []

**Reuters Group plc – £500,000,000 Syndicated Credit Agreement dated
17th December, 2001**

We refer to Clause 26.3 (Procedure for novations).

1. We [] (the “**Existing Lender**”) and [] (the “**New Lender**”) agree to the Existing Lender and the New Lender novating all the Existing Lender’s rights and obligations referred to in the Schedule in accordance with Clause 26.3 (Procedure for novations).
2. The specified date for the purposes of Clause 26.3(c) (Procedure for novations) is [date of novation].
3. The Facility Office and address for notices of the New Lender for the purposes of Clause 32.2 (Addresses for notices) are set out in the Schedule.
4. This Novation Certificate is governed by English law.

THE SCHEDULE

Rights and obligations to be novated

[Details of the rights and obligations of the Existing Lender to be novated].

[New Lender]

[Facility Office]

Address for notices]

[Existing Lender]

[New Lender]

[]

By:

By:

By:

Date:

Date:

Date:

PART II

BORROWER ACCESSION AGREEMENT

To: HSBC Investment Bank plc as Agent

From: [PROPOSED BORROWER] and Reuters Group plc

[Date]

**Reuters Group plc – £ 500,000,000 Syndicated Credit Facility dated
17th December, 2001 (the “Credit Agreement”)**

We refer to Clause 26.4 (Additional Borrowers).

[Name of company] of [Registered Office] (Registered no. []) (the “**Proposed Borrower**”) agrees to become an Additional Borrower and to be bound by the terms of the Credit Agreement as an Additional Borrower in accordance with Clause 26.4 (Additional Borrowers).

The address for notices of the Proposed Borrower for the purposes of Clause 32.2 (Addresses for notices) is:

[

]

This Agreement is governed by English law.

By:

[PROPOSED BORROWER]

Authorised Signatory

By:

REUTERS GROUP PLC

Authorised Signatory

GUARANTOR ACCESSION AGREEMENT

Date: []

Reuters Group plc — £500,000,000 Syndicated Credit Facility dated 17th December, 2001 (the “Credit Agreement”)

We refer to Clause 26.5 (Additional Guarantors).

We, [name of company] of [Registered Office] (Registered no. []) agree to become an Additional Guarantor and to be bound by the terms of the Credit Agreement as an Additional Guarantor in accordance with Clause 26.5 (Additional Guarantors).

Our address for notices for the purposes of Clause 32.2 (Addresses for notices) is:

This Deed is governed by English law.

Executed as a deed by) Director

[PROPOSED GUARANTOR])

acting by) Director/Secretary

and)

PART IV

FORM OF BORROWER NOVATION AGREEMENT

A NOVATION AGREEMENT dated []

BETWEEN:

- (1) [] (the “**Existing Borrower**”);
- (2) [] (the “**Substitute Borrower**”);
- (3) REUTERS GROUP plc on behalf of itself, each other Borrower and each other Guarantor (as both such capitalised terms are defined in the Credit Agreement referred to below) (the “**Parent**”); and
- (4) HSBC INVESTMENT BANK plc as agent (the “**Agent**”) on behalf of itself and the Lenders (as defined in the Credit Agreement referred to below),

and is supplemental to the Syndicated Credit Agreement dated 17th December, 2001 and made between Reuters Group plc, the financial institutions listed in Schedule 1 thereto, J.P. Morgan plc and HSBC Investment Bank plc as Mandated Arrangers and the Agent (the “**Credit Agreement**”).

IT IS AGREED:

1. Novation

In consideration of a payment made by the Existing Borrower to the Substitute Borrower and the release of the Existing Borrower from its obligations and liabilities (actual or contingent) specified in the Schedule hereto under the Credit Agreement and with effect on and from [] (the “Effective Date”) the Substitute Borrower hereby undertakes to observe and perform all the obligations and liabilities (actual or contingent) of the Existing Borrower under the Credit Agreement in respect of the Advances specified in the Schedule (including any such obligations or liabilities as may have accrued or become due in respect thereof prior to the Effective Date).

2. Integration

This Novation Agreement shall be read as one with the Credit Agreement so that any reference therein to “this Agreement”, “hereunder” and similar shall include and be deemed to include this Novation Agreement.

3. Continuing Liability

The Parent on behalf of itself and each other Guarantor acknowledges and confirms that the Guarantors' obligations under Clause 14 of the Credit Agreement apply to the obligations and liabilities assumed by the Substitute Borrower hereunder.

SCHEDULE

IN WITNESS whereof the parties hereto have caused this Novation Agreement to be duly executed on the date first written above.

.....

For and on behalf of
[The Existing Borrower]

.....

For and on behalf of
[The Substitute Borrower]

.....

For and on behalf of each
Guarantor, each Borrower and the

Parent

.....

For and on behalf of each
Lender and the Agent

SCHEDULE 6

FORM OF COMPLIANCE CERTIFICATE

To: HSBC Investment Bank plc

From: Reuters Group plc

**Reuters Group plc — £500,000,000 Syndicated Credit Facility dated
17th December, 2001 (the “Credit Agreement”)**

1. Terms defined in the Credit Agreement have the same meaning in this Certificate.
2. We hereby certify that based on the [annual] consolidated financial statements of the Group for the financial [year/period] ended [] (the “**Testing Date**”):
 - (a) in respect of the financial [year/period] ending on the Testing Date, Consolidated Profits before Interest and Taxes was [] and Consolidated Net Finance Charges was [] and accordingly the ratio of Consolidated Profits before Interest and Taxes to Consolidated Net Finance Charges for that financial [year/period] was []; and
 - [(b) the Material Subsidiaries were:

[]].
3. The information in this certificate is based on information which has been properly extracted from the [consolidated financial statements of the Parent for the periods ending []/ audited consolidated accounts of the Parent for the year ended []], is clerically accurate and has been calculated in accordance with the Credit Agreement.

[Officer]

[Officer]

.....

.....

for and on behalf of

for and on behalf of

Reuters

Group plc Reuters Group plc

SCHEDULE 7

FORM OF CONFIDENTIALITY UNDERTAKING

To: [Lender]
Reuters Group plc

Dear Sirs

We refer to the £500,000,000 Syndicated Credit Facility dated 17th December, 2001 (the “**Credit Agreement**”) between, among others, Reuters Group plc, J.P. Morgan plc and HSBC Investment Bank plc.

This is a confidentiality undertaking referred to in Clause 27 (Disclosure of Information) of the Credit Agreement. A term defined in the Credit Agreement has the same meaning in this undertaking.

We are considering entering into contractual relations with [insert name of Lender] (the “**Lender**”) and understand that it is a condition of our receiving information about Reuters Group plc and its related companies and any Finance Document and/or any information under or in connection with any Finance Document (the “**Information**”) that we execute this undertaking.

We undertake to treat as confidential any Information and to use the Information solely for the purposes of determining whether or not to enter into the contractual relations and to keep any Information under secured and controlled conditions. We will not disclose any of the Information to any third party (other than our directors, officers, employees or outside advisors, who shall be advised of and agree to those confidentiality obligations) without the prior written consent of the Reuters Group plc.

The foregoing undertakings do not apply to any Information that is publicly available when provided or that thereafter becomes publicly available other than through a breach by us of the above undertakings, or that is required to be disclosed by us by judicial or administrative process in connection with any action, suit, proceedings or claim or in order to comply with a request from any fiscal, monetary or other authority with which we are accustomed to comply or otherwise by applicable law. Information shall be deemed “publicly available” if it becomes a matter of public knowledge or is contained in materials available to the public or is obtained by us from any source other than the Lender or from you (or its or your directors, officers, employees or outside advisors), provided that such source has not entered into a confidentiality agreement with you with respect to the Information.

Yours faithfully,

SIGNATORIES

Parent

REUTERS GROUP plc

By: DAVID GRIGSON

Mandated Arrangers

HSBC INVESTMENT BANK plc

By: ANDY SMITH

J.P. MORGAN PLC

By: MIKE GEROUX

Lenders

BARCLAYS BANK PLC

By: RICHARD STANNING

BNP PARIBAS, LONDON BRANCH

By: CLARE WEBB

CITIBANK, N.A.

By: MICHAEL LLEWELYN-JONES

COMMERZBANK AKTIENGESELLSCHAFT, LONDON BRANCH

By: ZARIF IMAM

CREDIT SUISSE FIRST BOSTON

By: NICK BURNHAM and SEAN WATHERSTON

DEUTSCHE BANK AG, LONDON

By: MARTYN NICHOLAS

HSBC BANK plc

By: MARK LEAHY

ING BANK N.V., LONDON BRANCH

By: GERALD WALKER

JPMORGAN CHASE BANK

By: MIKE GEROUX



STANDARD CHARTERED BANK

By: PHIL REES and JACKIE EDWARDS

SUMITOMO MITSUI BANKING CORPORATION

By: STEVE ODELL

THE BANK OF TOKYO MITSUBISHI, LTD. LONDON BRANCH

By: IAN COUTTS-WOOD

THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND

By: RONNIE ALLEN

UBS AG

By: ANNETTE ALFORD

Agent

HSBC INVESTMENT BANK plc

By: ANDY SMITH

23rd July 2001

REUTERS GROUP PLC

THOMAS H. GLOCER

SERVICE AGREEMENT

[LOGO] FRESHFIELDS BRUCKHAUS DERINGER

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AGREEMENT is made on 23rd July 2001

BETWEEN

(1) **REUTERS GROUP PLC** registered in England with No. 3296375 whose registered office is at 85 Fleet Street, London, EC4P 4AJ (the *Company*); and

(2) **THOMAS HENRY GLOCER** of 32 Hyde Park Gate, London SW7 (**you**).

IT IS AGREED as follows:

DEFINITIONS

1. In this Agreement the following expressions shall have the following meanings:

Board means the board of directors of the Company or a duly constituted committee of the board of directors;

Employment means your employment in accordance with the terms and conditions of this Agreement;

Group means the Company, any holding company of the Company and any subsidiary of the Company or of any such holding company (with holding company and subsidiary having the meanings given to them by section 736 of the Companies Act 1985 of England and Wales). **Group Company** and **Group Companies** shall be construed accordingly;

Relevant Year means the three successive periods, 1 January – 31 December 2001, 1 January – 31 December 2002 and 1 January 2002 – 31 December 2003; and

Remuneration Committee means the remuneration committee of the Board.

DURATION OF EMPLOYMENT

2.1 This Agreement will be effective from 1 July 2001 (the **Effective Date**). Your Employment under this Agreement will continue until terminated in accordance with Clause 11 below (the **Employment Period**).

2.2 It is acknowledged that your continuous employment for statutory purposes began on 29 September 1993.

ROLE, POWERS AND DUTIES

3.1 From the Effective Date, you will serve the Company as Chief Executive Officer of the Company and executive director of the Company.

3.2 During the Employment Period, you will exercise such powers and perform such duties in relation to the business of the Company and the Group, being duties which are customary, appropriate to and consistent with your status as may reasonably be assigned to you by the Board from time to time. During the Employment Period, you shall report solely and directly to the Board.

3.3 During the Employment Period you will:

- (a) subject to Clause 8.1, devote substantially the whole of your working time, attention and abilities to carrying out your duties under Clauses 3.1 and 3.2;
- (b) comply with the duties imposed on you as a director by law;
- (c) use all reasonable endeavours to promote the interests of the Company and any other Group Company which you may be required to serve under the terms of this Agreement;
- (d) have due regard to the Reuter Trust Principles and to the rights and duties of the Reuter Trustees as set out in the Memorandum and Articles of Association of the Company and in the Memorandum and Articles of Association of Reuters Founders Share Company Limited insofar as, by the proper exercise of your powers (and in accordance with your other duties) as director of the Company, the Reuter Trust Principles are capable of being observed by you;
- (e) have due regard to the provisions of the Reuters Code of Conduct (as notified to you from time to time) and, so far as reasonably practicable in the performance of your duties, observe all material provisions of that Code;

- (f) comply with the Reuters Share Dealings Code (as notified to you from time to time);
- (g) have due regard to the provisions of all other material policies which apply to you as an executive employed by a Group Company, as notified to you from time to time; and
- (h) other than absences due to illness or vacation or as otherwise may be required to fulfil your duties hereunder, regularly attend meetings of the Board and of any committees of the Board to which you may be appointed.

NORMAL PLACE OF WORK

4. Your normal place of work is at the Company's head office in London. You will be required, in the performance of your duties, to travel in the United Kingdom and overseas. However, having given you not less than 90 days' notice, the Company may reasonably require you to relocate to perform your duties at the offices of another Group Company in New York. In addition, the Company shall reimburse you all relocation expenses in respect of your relocation to New York in a manner which is consistent with the benefits provided in Clause 9 of Schedule 1.

HOURS OF WORK

5. You will work the Company's normal working hours together with such additional hours as may reasonably be required for the proper performance of your duties.

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SALARY AND BENEFITS

6.1 You will be paid a base salary at the rate set out in a letter to you from the Company of the same date as this Agreement and as confirmed in your annual statement of remuneration and benefits (the **Base Salary**) and you will also be entitled to the additional remuneration and benefits set out in Schedule 1.

6.2 Your Base Salary will be paid in equal monthly instalments in accordance with the Company's customary payroll practices for senior executives. If your Base Salary is increased, then such increased Base Salary shall constitute Base Salary for all purposes under this Agreement.

6.3 You are not entitled to any other salary, fees or remuneration as director or employee of the Company or any other Group Company save as provided herein and other than as provided in documentation relating to your directorships of other Group Companies and you must, as the Company directs, either waive your rights to any such salary, fees or remuneration or account for the same to the Company failing which it will be deducted from your salary.

6.4 For the year 2001 the Company has procured the award to you of 565,113 Company shares under the Reuters Discretionary Share Option Plan (the **Option Plan**) and the award to you of 174,451 Company Shares under the Reuters Long Term Incentive Plan (the **Incentive Plan**). The Company will procure that in respect of each remaining Relevant Year during your Employment you receive an equity based incentive award with a fair market value of at least US\$4,387,500 (comprising an award with a fair market value of at least US\$2,325,000 under the Incentive Plan and an award with a fair market value of at least US\$2,062,500 under the Option Plan) (such values to be converted into sterling at the prevailing rate on the Effective Date) on terms and conditions no less favourable than those applicable to similar awards made to executive directors of the Company. For the purpose of calculating fair market value under this Clause 6.4, for the calendar year ending 31 December 2001, the fair market value of a notional award of US\$1.00 under the Incentive Plan and the Option Plan was US\$0.75 and US\$0.29 respectively. For future Relevant Years, such market value shall be determined by reference to the same methodology as used to calculate fair market value for the calendar year ending 31 December 2001. Thereafter during the Employment, you will be eligible to receive equity based incentive awards on a basis commensurate with your position as Chief Executive Officer of the Company and the level of equity based incentive awards made to the chief executive officers of publicly listed companies comparable in size and industry to the Company, taking into account all relevant circumstances, including without limitation, your performance and the performance of the Company.

6.5 Your Base Salary and benefits will be reviewed annually by the Remuneration Committee no later than in December. Any change in the level of your Base Salary and benefits as a result of the review (which will not be downwards) will be effective from 1 January of the year following the review. Your bonus opportunity as a percentage of salary (with salary calculated in accordance with paragraph 1 of Schedule 1) shall not be reduced below 125% in respect of the financial years 2001-2003 inclusive and shall not be reduced below 150% in respect of subsequent financial years during your Employment and the performance criteria pursuant to which such bonus is based shall not be materially altered to your detriment.

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6.6 During or after the termination of the Employment for whatever reason, the Company may deduct from your pay any undisputed sums outstanding to the Company or to any other Group Company from you including, without limitation, any advance of pay or loans or floats for expenses which would become due upon such termination.

EXPENSES

7. Subject to the Company's policies on executive directors' expenses and executive directors' spouse expenses (as notified to you from time to time), the Company will reimburse to you all reasonable travelling, hotel and other out-of-pocket expenses (including first class travel expenses) properly incurred by you and your spouse in the execution of the duties of the Employment against production of valid receipts and properly completed expense reports.

OTHER INTERESTS

8.1 During the Employment Period you will be entitled to accept appointments as a non-executive director of companies other than a Group Company subject to:

- (a) the prior written consent of the Chairman of the Company (such consent to be confirmed by the Board and it being understood and agreed that you currently serve as a non-executive director of certain entities previously disclosed to the Company); and
- (b) the Company's policy on non-executive directorships (as notified to you from time to time).

You may retain any fees received as a non-executive director. Days of service as a non-executive director will not be deducted from your holiday entitlement provided that you shall not spend more than ten working days in aggregate in any year in such service. At any time during the Employment Period the Company may, with reasonable cause, require you to resign any non-executive directorship held. Reasonable cause for this purpose shall include but not be limited to a conflict of interest and such other reason or reasons as may be specified in the Reuters Code of Conduct (as notified to you from time to time).

8.2 During the Employment Period you will not be directly or indirectly concerned in any business, trade, profession or other occupation (whether as an employee, consultant, agent, director or otherwise) of a similar nature to or competitive with that carried on by the Company or any Group Companies except:

- (a) as a representative or officer of a Group Company;
- (b) as a non-executive director under Clause 8.1;

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- (c) by virtue of your being interested in securities not representing more than (i) one per cent of a company's issued securities of any class which are either listed on a recognised stock exchange or dealt on an unlisted securities market or an alternative investment market or authorised for quotation in a recognised inter-dealer quotation system or (ii) two per cent of a private operating company or (iii) five per cent of a private company where such interest takes the form of a purely passive investment, provided that you will make disclosure of your investments as required by law or by the requirements of any regulatory body to which the Company is subject; or
 - (d) with the prior written consent of the Board.

8.3 For the avoidance of doubt, it is confirmed that, as at the date of this Agreement, you have been given approval to retain your current interest in securities in the company(ies) referred to in Schedule 3 to this Agreement.

8.4 You may serve on the board of religious, charitable, civic or public service organisations or otherwise be engaged in the activities of such organisations provided so serving or being so engaged does not prejudice your ability to fulfil your duties under this Agreement.

INVENTIONS AND IMPROVEMENTS

9.1 It will be part of your normal duties at all times:

- (a) to consider in what manner and by what new methods or devices the products, services, processes, equipment or systems of the Company and other Group Companies with which you are concerned or for which you are responsible might be improved; and
- (b) promptly to give to the Company Secretary full details of any invention or improvement which you may from time to time make or discover in the course of your duties provided that any inadvertent or

unintentional failure on your part to provide such details shall not be a breach of this Agreement.

Subject to the Patents Act 1977 of England and Wales, the Company will be entitled free of charge to the sole ownership of any such invention or improvement and to the exclusive use of it.

9.2 You assign to the Company (or to such other Group Company as the Company may direct) all copyrights, designs and other proprietary rights, if any, which may be so assigned in respect of all works and designs created by you or relating to your responsibilities during the Employment for the full term of those rights to the intent that those rights will immediately upon the completion of the relevant work rest with the Company (or with such other Group Company as the Company may direct).

9.3 At the request and cost of the Company, you will do all such acts and things as may in the opinion of the Board be necessary or conducive to vest such rights in the Company (or in such other Group Company as it may direct). You irrevocably authorise the Company for the purposes of this Clause to make use of your name and to sign and to execute any documents or do any thing on your behalf.

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9.4 You will not do anything knowingly to imperil the validity of any patent or protection owned by the Company (or in relation to which the Company is entitled to assert a right of ownership, whether pursuant to this Clause 9 or otherwise) or any application for any such patent or protection.

9.5 You will not either during or after the termination of the Employment exploit or assist others to exploit any invention or improvement owned by the Company (or in relation to which the Company is entitled to assert a right of ownership, whether pursuant to this Clause 9 or otherwise) which you may from time to time make or discover in the course of your duties or (unless it shall have become public knowledge) make public or disclose any such invention or improvement or give any information in respect of it except to the Company or as the Company may direct.

9.6 You irrevocably waive in favour of the Company (and in favour of such other Group Company as the Company may direct), its licensees and successors-in-title any and all moral rights in any works (existing or future) the subject of copyright made by you in the course of the Employment.

CONFIDENTIALITY

10.1 During and after the termination of the Employment you will at all times keep confidential all private information about the Company and other Group Companies including technical and financial information, which you may have acquired while in the employment of the Company or of any other Group Company. You will not use such information for your own benefit or for the benefit of any business not within the Group. You will keep such information confidential to yourself, to other members of the Board and to anybody who needs such information in order properly to discharge his duties to the Company or any Group Company. Such information includes (without limitation) the following:

- (a) the business methods and information of the Company and any other Group Companies (including, without limitation, prices charged, discounts given to customers or obtained from suppliers, product development, marketing and advertising programmes, costing, budgets, turnover, sales targets and other financial information);
- (b) lists and particulars of the suppliers and customers of the Company or of any other Group Companies and the individual contacts at such suppliers and customers;
- (c) details and terms of the agreements with suppliers and customers of the Company or of any other Group Companies;
- (d) secret development manufacturing or production processes and know-how employed by the Company or any other Group Companies or their respective suppliers; and

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- (e) confidential details as to the design of the products and inventions or processes relating to the provision of services or developments relating to future products and services of the Company or of any other Group Companies or those of their respective suppliers.

10.2 These restrictions shall not apply to any disclosure or use authorised by the Board, as required in the ordinary performance of your duties or required by law or by the requirements of any regulatory or other authority to which the Company or any other Group Company or yourself is subject or as is reasonably necessary in connection with any adversarial proceedings against the Company and/or Group Company.

10.3 These restrictions shall not apply to information which is already in the public domain other than in cases where such information has become public as a result of a breach by you of these restrictions.

10.4 These restrictions shall not restrict you from using your own personal skill in any business in which you may lawfully be engaged after termination of the Employment.

TERMINATION

Summary dismissal

11.1 The Company may terminate the Employment for Cause by immediate notice in writing and without payment of any kind other than any accrued but unpaid Base Salary, Bonus (as defined in Clause 1 of Schedule 1) and holiday pay up to the date of termination and any other benefits or payments (including reimbursement of expenses) to which you may be entitled under any benefit scheme of the Company or any Group Company up to the date of termination (the **Accrued Benefits**).

For the purposes of this Agreement “Cause” shall mean:

- (a) if you commit any act or omission which constitutes:
 - (i) gross misconduct; or
 - (ii) persistent misconduct continuing after demand for cessation of such misconduct is delivered in writing by the Board or by the Company Secretary on instruction from the Board where such act does not cease or such omission is not remedied within ten (10) days following delivery of such written demand; or
- (b) if you wilfully commit any material breach of any material provision of this Agreement;
- (c) if you wilfully neglect or refuse to carry out any material part of your duties (other than for a reason set forth in Clause 11.2) and which is not remedied by you, if capable of remedy, within ten (10) days following written notice by the Board of its intention to terminate the Employment under this sub-Clause (c);

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- (d) if you engage (either in bad faith or intentionally and with recklessness as to the consequences of your actions) in any conduct which materially damages the reputation of the Company or any other Group Companies;
 - (e) if you become prohibited by law from being a director of the Company due to your misconduct (including by virtue of your having committed an offence under section 213 or 214 of the Insolvency Act 1986); or
 - (f) if you terminate your directorship of the Company without Good Reason or without the consent of the Board.

For purposes of this Clause 11.1, no act, or failure to act, by you shall be considered to have been done or omitted to be done “wilfully” unless committed in bad faith or without a reasonable degree of skill or care or without a reasonable belief that the act or omission was in the best interests of the Company or any Group Company.

Cause shall not exist under sub-Clauses (a), (b), (c) or (d) unless and until the Company has delivered to you a copy of a resolution duly adopted by a majority of all the members of the Board at a quorate Board meeting (such majority and quorum to exclude you) called and held for such purpose (after not less than three business days’ notice to you and an opportunity for you and, where the Board agrees in advance, your counsel, to be heard before the Board) finding that Cause exists.

Termination by the Company through illness or death

11.2 The Company may terminate the Employment if you are prevented by illness (including mental illness) or injury from attending to your duties for more than 365 days in aggregate in any one period of twenty four (24) consecutive calendar months. The Company will not terminate the Employment pursuant to this Clause 11.2 if, as a result, you would or may forfeit any entitlement to benefits under the permanent health insurance arrangements referred to in Schedule 1 unless it can procure the provision of continued cover under those arrangements or reimburse you the cost of premiums for continued cover under those arrangements or under other arrangements providing substantially similar cover for the period of the illness in question or until benefits would apart from such termination have ceased to be payable had the Employment continued or until you obtain permanent health insurance cover from a subsequent employer, whichever is the shortest period. Upon such termination of Employment or due to your death, the Company shall pay you the Accrued Benefits and you shall be entitled to the benefits provided for in Clause 11.12.

Termination by the Company without Cause

11.3 The Company may terminate the Employment without Cause by giving you 30 days' advance written notice. Upon such termination of Employment, the Company shall pay you the aggregate of (i) the Accrued Benefits and (ii) the Cessation Compensation in cash in accordance with Clause 11.7 and (iii) you shall be entitled to the benefits provided for in Clause 11.12. In addition, the Company shall maintain in full force and effect, for the continued benefit of you, your spouse and your children for a period of one year following the date of termination the medical, hospitalisation, dental, and life insurance schemes in which you, your spouse and your children were participating immediately prior to the date of termination at the level in effect and upon substantially the same terms and conditions (including without limitation contributions required by you for such benefits) as existed immediately prior to the date of termination. If you, your spouse or your children cannot continue to participate in the Company schemes providing such benefits, the Company shall arrange, at its discretion, either to provide you, your spouse and your children with the cash equivalent of such benefits which they otherwise would have been entitled to receive under such schemes or to pay the premiums to enable continued participation in equivalent schemes for a period of one year following the date of termination. The Company's obligation to provide continuing arrangements in relation to medical, hospitalisation, dental and life assurance schemes under this Clause 11.3 shall terminate on the date or dates you receive equivalent cover and benefits, without waiting period or pre-existing condition limitations under the schemes of a subsequent employer (such cover and benefits to be determined on a cover by cover and benefit by benefit basis). If you obtain cover or benefits relating to medical, hospitalisation, dental and life insurance schemes from a subsequent employer which are less generous than those provided to you by the Company, you shall be entitled from the Company only to the difference between the cover or benefits you obtain from a subsequent employer and those to which you would have been entitled hereunder had no subsequent employer provided cover or benefits. You will use all reasonable endeavours to obtain equivalent cover and benefits from a subsequent employer. Once equivalent cover and benefits have been obtained from such subsequent employer, the Company's obligations to provide such cover and benefits for such one year period shall cease absolutely. For the purpose of this Clause 11.3, the reference to children means children up to the age of 21 or, if older and if they are in full time education, until they finish their education.

Termination through loss of directorship

11.4 If you are removed from the office of director of the Company, or the Company fails in general meeting to re-elect you as a director of the Company (including if, under the Articles of Association or other constitutional documents for the time being of the Company, you are obliged to retire by rotation or otherwise), then the Company may elect that the Employment shall terminate immediately without prejudice to the right of either party to this Agreement to treat any act or omission causing such removal from office as a breach of this Agreement. For the avoidance of doubt, it is acknowledged that termination of the Employment pursuant to this Clause 11.4 where removal from office has not taken place in circumstances justifying dismissal for Cause under Clause 11.1 constitutes a termination of the Employment without Cause for the purpose of Clause 11.3.

Termination by you without Good Reason

11.5 You may terminate the Employment without Good Reason (as defined below) by giving the Company ninety (90) days' advance written notice. In such event, you will be entitled to the same payments as described in Clause 11.1.

Termination by you with Good Reason

11.6 You may terminate the Employment by giving the Company thirty (30) days' advance written notice, such notice to be given within ninety (90) days after:

- (a) in the case of a Good Reason event which is incurable, the date on which the Good Reason event occurs (provided that such thirty (30) days' notice is not required for an event described in sub-Clause (iv) of the definition of Good Reason below); and
- (b) in the case of a Good Reason event which is curable but which is not cured within thirty (30) days of you giving written notice to the Company specifying the Good Reason event and requiring it to be cured, the date falling thirty (30) days after the date of such notice to the Company.

Upon such a termination of Employment, you will be entitled to the same payments as in the case of a termination of Employment by the Company without Cause (as described in Clause 11.3).

"Good Reason" shall mean, without your written consent, any of the following events:

- (i) the assignment to you of any duties inconsistent in any respect with your position (including status, offices, titles and reporting requirement), authority, duties or responsibilities or any other action by the Company (or its successors or assigns) which results in material diminution in such position, authority, duties or responsibilities (including, for the avoidance of doubt, your responsibilities as the Chief Executive Officer of a publicly listed company), but excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by you;
- (ii) any material breach of any material provision of this Agreement by the Company (or its successors or assigns), including, without limitation, a reduction in your Base Salary, reduction in your bonus opportunity as a percentage of salary or the material alteration to your detriment of the performance criteria pursuant to which such Bonus is calculated, a failure of the Company (or its successors or assigns) to make the equity grants contemplated under Clause 6.4, or the Company's (or its successors' or assigns') failure to provide in all material respects the indemnification in Clause 8 of Schedule 1;
- (iii) any required relocation of you outside London or New York City; and

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- (iv) a Change of Control unless a third party acquiring control of more than 50% of the voting rights of the Company for the purposes of the definition of Change of Control in this sub-Clause (iv) has agreed to adopt the Reuter Trust, the Reuter Trust Principles and the rights and duties of the Reuter Trustees as set out in the Memorandum and Articles of Association of the Company and in the Memorandum and Articles of Association of Reuters Founders Share Company Limited and to use its best endeavours to procure that the Principles and such rights and duties are observed and upheld within the Company and any holding company of the Company and a Change of Control shall for the purpose of this Agreement occur where more than 50% of the voting rights of the Company become controlled by any third party (including persons acting in concert but excluding Reuters Founders Share Company Limited) or the Company sells or otherwise disposes of all or substantially all of its assets with the approval of the Company's shareholders, other than for the purposes of a reconstruction or reorganisation in which (A) the ultimate ownership of the Company or substantially all its assets is unaffected or (B) a new holding company for the Company is created, where the new holding company has substantially the same shareholders and proportionate shareholdings as those of the Company immediately prior to the interposition of the new holding company.

Cessation Compensation

11.7 For the purpose of Clause 11.3 and 11.6:

- (a) **Cessation Compensation** means: (i) if the Employment is terminated after the Effective Date but on or before the second anniversary of the Effective Date, the product of two and the Relevant Sum; or (ii) if the Employment is terminated after the second anniversary of the Effective Date but on or before the third anniversary of the Effective Date, the product of 1.67 and the Relevant Sum; or (iii) if the Employment is terminated after the third anniversary of the Effective Date but on or before the fourth anniversary of the Effective Date, the product of 1.33 and the Relevant Sum; or (iv) if the Employment is terminated after the fourth anniversary of the Effective Date, the Relevant Sum;
- (b) **Relevant Sum** means the sum of your Base Salary and Relevant Bonus;
- (c) **Relevant Bonus** means $H \times (I\% \times \text{Base Salary})$ where H is the highest percentage of bonus which you have received in the three years prior to the year in which the Employment terminates (including, if relevant, periods prior to the Effective Date) and I is the maximum percentage of Base Salary earnable as bonus in the year of termination. For example, if you are eligible to a bonus of 125% of a Base Salary of £1,000,000 and in the last three years you have received 100%, 90% and 50% of your bonus respectively, your relevant bonus will be £1,250,000.

Other than in respect of your rights under Clause 11.12, you agree that any payment of Cessation Compensation made to you pursuant to Clause 11.3 or 11.6 will be in full and final settlement of any claim which you might otherwise have against the Company and against any other Group Company for damages for wrongful dismissal and the parties agree that the Cessation Compensation represents a genuine pre-estimate of the loss which would otherwise have been suffered by you.

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The payment to be made to you pursuant to Clause 11.3 or 11.6 will be made in two stages. The total amount, less a deduction of £60,000, will be paid within seven (7) days of the termination of the Employment. The remaining balance of £60,000 will be paid within four months of the termination of the Employment, conditional upon you not having bought any claims before a court or tribunal against the Company or any other Group Company or any

of their respective officers and employees in connection with the Employment or its termination in or prior to that four month period.

Mitigation

11.8 You shall not be required to mitigate amounts payable under this Clause 11 by seeking other employment or otherwise, and there shall be no offset against amounts due to you under this Clause 11 on account of subsequent employment save as provided herein. Additionally, amounts owed to you under this Clause 11 shall not be offset by any claims the Company may have against you and, subject to Clause 6.5, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder, shall not be affected by any other circumstances including, without limitation, any counterclaim, recoupment, defence or other right which the Company may have against you or others.

Return of documents

11.9 On termination of the Employment for any reason or, at the request of the Company, when notice to terminate the Employment is given, you must immediately deliver to the Company (without keeping any copies):

- (a) all documents, papers and materials and any other property of the Company and of any other Group Companies; and
- (b) all documents or other media on which confidential information about the Company and any other Group Companies is recorded,

in your possession or under your control.

Resignation as a director

11.10 On termination of the Employment for any reason, you must immediately, at the request of the Company, resign your office as a director of the Company and of any other Group Company without compensation for loss of office other than as provided in this Agreement.

Share schemes

11.11 It is acknowledged that you may, during the Employment, be granted rights upon the terms and subject to the conditions of the rules from time to time of the Reuters Group PLC Long Term Incentive Plan or any other profit sharing, share incentive, share option, bonus or phantom option scheme operated by the Company or any other Group Company with respect to shares in the Company or any other Group Company. Subject to Clause 11.12, if on termination of the Employment, whether lawfully or in breach of contract you lose any of the rights or benefits under such schemes (including rights or benefits which you would not have lost had the Employment not been terminated) you shall not be entitled, by way of compensation for loss of office or otherwise howsoever, to any compensation for the loss of any rights under any such scheme.

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11.12 Notwithstanding Clause 11.11, if the Employment is terminated in any of the circumstances described in Clause 11.2, 11.3 or 11.6 or by reason of your death or where it is terminated pursuant to Clause 11.4 in circumstances where such termination constitutes a termination of the Employment without Cause for the purpose of Clause 11.3, the Company will procure that you shall retain all awards made under the Company's or any Group Company's equity plans or programs, including, without limitation, the awards under Clause 6.4 hereof (the **Equity Plans**) granted to you (including without limitation in the form of options shares or share rights) which have not vested or crystallised at the date of termination and shall in respect of the subsequent vesting or crystallisation of such awards (including through any extension of the applicable vesting period) and their exercise or release be treated as though you had continued in Employment. In addition, notwithstanding the terms and conditions of the Equity Plans to the contrary, with respect to the retention, vesting and/or crystallisation of such awards your personal conduct following your termination of Employment will not in any way affect your right to continue to retain, vest or crystallise with respect to such awards, provided that the terms or conditions of the Equity Plans relating to the performance conditions pursuant to which such awards vest and crystallise shall continue to apply. Should it not be possible to treat you as if you are a continuing employee in respect of the vesting, crystallisation, exercise or release of any awards under the Equity Plans, the Company will procure that all your awards vest (and/or crystallise, as the case may be) in full and become exercisable on termination of Employment regardless of any conditions relating to status, personal conduct or otherwise, and in the case of options shall remain exercisable for at least 6 months following termination of employment.

SUSPENSION

12.1 The Board may at any time or from time to time suspend you from the performance of your duties and/or exclude you from any of the premises of the Company or of any other Group Company in circumstances in which the Board reasonably believes that you have committed gross misconduct or are in material breach of a material provision of this Agreement and in order that the circumstances giving rise to that belief may be investigated. You

shall be suspended for such period as the Board considers reasonably necessary for it to undertake a proper investigation but in any event for no longer than ninety (90) consecutive days. At the end of such ninety (90) day period, the Company will procure that you are either reinstated in your post as Chief Executive Officer or that your Employment is terminated. The Company will give you a reason for suspending or excluding you. Your salary and benefits will not cease to be payable by reason only of such suspension or exclusion.

12.2 During any period of suspension or exclusion, you will not contact or deal with customers, suppliers or employees of the Company or of any other Group Company or enter onto the premises of the Company or of any Group Company without the prior written consent of the Chairman of the Company. You will be entitled to terminate the Employment without Good Reason pursuant to Clause 11.5 but without the requirement to give the Company ninety (90) days' advance written notice. Any rights you might otherwise have to terminate this Agreement pursuant to Clause 11.6 shall not be affected during any period of suspension or exclusion (although you acknowledge that such suspension or exclusion shall in and of itself not constitute Good Reason pursuant to Clause 11.6).

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CONTINUING OBLIGATIONS

Non-representation

13.1 You will not at any time after the termination of the Employment directly or indirectly represent yourself as being in any way connected with or interested in the business of the Group (except, if it is the case, as a shareholder of the Company or as a director of the Company).

Non-solicitation of employees

13.2 You must not for a period of six months after the termination of the Employment solicit, interfere with or attempt to entice away from the Company or any other Group Company or employ or engage any employee of the Company or of any other Group Company with whom you had business dealings or who reported to you, directly or indirectly, during the period of 12 months preceding the date of termination of the Employment and who is or was employed or engaged by the Company or by any other Group Company:

- (a) as a director or in a managerial or technical capacity; or
- (b) who you know (or ought reasonably to know) could materially damage the interests of the Company or any other Group Company if he became employed in any business in competition with the business of the Company or of any other Group Company.

Non-solicitation of business

13.3 You must not for a period of six months after the termination of the Employment solicit, interfere with or attempt to entice away from the Company or any other Group Company the business of any firm, company or other person who, during the period of 12 months preceding the date of termination of the Employment, was a customer of the Company or of any other Group Company with whom you had business dealings or about whom you became informed or over whom you had influence in the course of the Employment during that period, with a view to providing goods or services which would compete with the business of the Company or of any other Group Company carried on at the date of termination of the Employment and with which you were materially involved during that period for the account or benefit of any other business concern of which you are a sponsor or promoter and which is in competition with the business of the Company or any Group Company.

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Non-dealing

13.4 You must not for a period of six months after the termination of the Employment deal with any person, firm or company who during the period of 12 months preceding the date of termination of the Employment was a customer or potential customer of the Company or of any other Group Company and (in the case of a customer) to whom you provided services on behalf of the Company or any other Group Company or (in the case of a potential customer) with whom you had business dealings with a view to obtaining business for the Company or any other Group Company and in each case with whom you had business dealings or about whom you became informed or over whom you had influence in the course of the Employment during that period, with a view to providing goods or services which would compete with the business of the Company or of any other Group Company carried on at the date of termination of the Employment and with which you were materially involved during that period for the account or benefit of any business concern referred to in Clause 13.5 or for the account of any other business concern of which you are a sponsor or promoter and which is in competition with the business of the Company or any Group Company.

Non-competition

13.5 You must not, for a period of six months after the termination of the Employment, be engaged in or concerned in any capacity in any business concern which is in competition with the business of the Company or of any other Group Company. A list of such business concerns as at the date of this Agreement is set out in Part 1 of Schedule 2 to this Agreement. Unless you have the prior approval of the Chairman of the Company you may not, for a period of six months after the termination of the Employment, be engaged in or concerned in any capacity in any of the business concerns named in the lists set out in Parts 2 and 3 of Schedule 2 to this Agreement. The lists in Schedule 2 may be amended by the Board acting reasonably (provided that the number of business concerns included in Schedule 2 at any one time shall not exceed 15) and each such amendment shall be notified to you from time to time. This Clause shall not restrain you from being engaged or concerned in any business concern in so far as your duties or work relate solely to services or activities of a kind with which you were not concerned to a material extent during the period of six months preceding the date of termination of the Employment.

Extension to other persons

13.6 The obligations imposed on you by this Clause 13 extend to you acting not only on your own account but also on behalf of any other firm, company or other person and shall apply whether you act directly or indirectly.

Acknowledgement of reasonableness

13.7 The restrictions contained in this Clause 13 are considered by you and the Company to be reasonable in all the circumstances. Each part of this Clause constitutes an entirely separate and independent restriction and the duration, extent and application of each of the restrictions are not greater than is necessary for the protection of the commercial interests of the Group and their stable trained workforce.

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No disparaging statements

13.8 Each party agrees (and in the case of the Company, it shall use reasonable endeavours to cause its executives, officers, employees, directors, agents and consultants) during, and after termination of, your Employment not to make, publish or in any other way communicate or cause to be made, published or issued or otherwise communicate to any third party any disparaging or derogatory statements to any third party concerning you or the Company or any Group Company or any of its or their current executives, officers, employees, agents or consultants provided that nothing in this Agreement will prevent you or the Company or any Group Company from disclosing information as required by law or in order to take professional advice or as ordered by a court of competent jurisdiction.

GRIEVANCE PROCEDURE

14. Without limiting your rights to terminate the Employment with Good Reason pursuant to Clause 11.6 or to enforce any of the terms of this Agreement in accordance with Clause 19 directly without regard to this Clause 14, if at any time you have a grievance relating to the Employment, you may seek redress orally or in writing by, in the first instance, referring the grievance to the Chairman of the Company. If the grievance remains unresolved, you may appeal to the Board and the Board shall deal with the matter by discussion and by majority decision of those present at the relevant meeting of the Board. The Board's decision shall be final and binding with respect to the grievance procedure save that if you are not satisfied with the decision of the Board, you may pursue an action in a manner contemplated by Clause 19.

WAIVER

15. Any delay or forbearance by the Company or you in exercising any right of determination of this Agreement shall not constitute a waiver of it.

AMENDMENTS

16. No amendment or waiver of any of the provisions of this Agreement shall be effective unless made in writing and signed by you and a Director of the Company.

NOTICES

17. Any notice to be given under this Agreement to you may be served by being handed to you personally or by being sent by recorded delivery first class post or by fax to you at an address for service within the United Kingdom nominated by you for this purpose; and any notice to be given to the Company may be served by being marked for the attention of the Company Secretary and by being left at or by being sent by recorded delivery first class post or by fax to its registered office for the time being. Any notice served by post shall be deemed to have been served on the second day (excluding Sundays and statutory holidays) next following the date of posting and in proving such service it shall be sufficient proof that the envelope containing the notice was, in your case,

addressed to you at an address for service within the United Kingdom nominated by you for these purposes and, in the case of the Company, addressed to it marked for the attention of the Company Secretary at its registered office for the time being, and in either case posted as a prepaid letter by recorded delivery. Any notice served by fax shall be deemed to have been served twelve hours after the time of despatch.

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OTHER AGREEMENTS

18. You acknowledge and warrant that there are no agreements or arrangements whether written, oral or implied between the Company or any other Group Company and you relating to your employment or the Employment other than the Side Letter and those which are expressly set out or referred to in this Agreement and that you are not entering into this Agreement in reliance on any representation not expressly set out in this Agreement.

GOVERNING LAW

19. This Agreement will be governed by and construed under English Law without regard to its conflicts of laws provisions, and each of the parties hereby irrevocably agrees that the Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement.

WITHHOLDING OR DEDUCTIONS FOR TAX

20. All amounts payable to you under this Agreement shall be subject to applicable withholding or deductions of income, salary and such other withholdings or deductions which the Company reasonably determines are required to be withheld or made in accordance with applicable laws.

AS WITNESS whereof this Agreement has been signed by or on behalf of the parties to it on the day and year first above written.

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SCHEDULE 1

OTHER BENEFITS

BONUS

1. You will be entitled to participate in an annual bonus plan to be administered by the Remuneration Committee. Unless otherwise agreed by the Remuneration Committee, the annual bonus (the **Bonus**) payable under this plan will be an amount of up to 150% of your Base Salary provided that in respect of 2001, 2002 and 2003 financial years, the Bonus will be an amount of up to 125% of your Base Salary. The criteria relating to your performance and that of the Company which are to be used to determine the amount of the bonus in any year will be laid down by the Remuneration Committee at the commencement of each year and the bonus for that year will be paid as soon as reasonably practicable after the relevant results have been determined. The Remuneration Committee reserves the right to amend the quantitative criteria annually, subject to your right to terminate for Good Reason (as defined in your Service Agreement) in the event of a material amendment to your detriment. On termination of the Employment during a financial year, other than termination pursuant to Clause 11.1 or Clause 11.5 or as otherwise provided under Clause 11.7, you shall be entitled to a pro-rated amount of average Bonus, being such proportion of the average bonus you have received in the three years prior to the year in which the Employment terminates as is equivalent to the proportion of the financial year during which the Employment has subsisted.

HOLIDAYS

2.1 The Company's holiday year runs from 1 January to 31 December. In addition to the bank and other public holidays, you will be entitled to 30 working days' paid holiday and three personal days in each holiday year.

2.2 Your annual holiday may be taken at such time or times as are reasonably appropriate having regard to the business needs of the Company.

2.3 Holidays not taken in the year of entitlement will be lost unless carried forward with the agreement of the Chairman of the Company.

2.4 On termination of the Employment, you will be entitled to pay in lieu of any unpaid holiday or be required to pay the Company any salary received for holiday taken in excess of your contractual entitlement.

PENSION PLANS

3. During the Employment Period, you will be provided with pension and retirement benefits appropriate to your senior executive status in the Company and which are no less favourable than those for the majority of executive Directors. For this purpose, you and the Company shall work to provide such benefits in a manner which is tax efficient to both parties.

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LONG TERM INCENTIVE PLAN

4. Subject to Clause 11.13 of the Service Agreement, you are entitled to be a member of the Reuters Group PLC Long Term Incentive Plan (as notified to you from time to time) (or any plan operated by the Company in succession to that plan) for so long as such plans may be operated by the Company, and the Company shall pay to you benefits under these plans, subject to the conditions of the Company's policy on retention of LTIP awards on early retirement (as notified to you from time to time).

MEDICAL/DISABILITY INSURANCE

5.1 You shall be entitled to membership of the Company's Medical, Dental and Eye Care plans, subject to the terms of the plans and of any related policies of insurance as in force from time to time.

5.2 You shall be entitled to membership of the Company's disability insurance plans, subject to the terms of those plans and of any related policies of insurance as in force from time to time.

LIFE ASSURANCE

6. You are entitled to membership of the Company's Basic Life Assurance, Accidental Death and Dismemberment Insurance and Supplemental Life Assurance Plans, subject to the terms of the plans and of any related policy of insurance as in force from time to time.

COMPANY CAR

7. The Company will provide you with a monthly car allowance subject to the Company's Policy on Executive Director's Cars which shall be payable in instalments with Base Salary pursuant to Clause 6.2.

DIRECTORS' INDEMNITY AND INSURANCE

8.1 During the Employment Period and thereafter, you shall have the benefits of:

- (a) a complete indemnity for all and any liabilities incurred by you (including, without limitation, all legal expenses reasonably incurred by you) in your capacity as an officer, director or employee of the Company or any other Group Company to the fullest extent provided in the constitutional documents of the Company or any Group Company for all acts or omissions on your part whilst acting as a director, officer or employee of the Company or such other Group Company (to the extent such indemnity is permitted by the law of the country to which the relevant Company or Group Company is subject); and
- (b) (subject to their terms) any insurance policies which shall be maintained by the Company in respect of liabilities incurred by Group Company directors officers and employees in their capacity as such.

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The obligations of the Company under Clauses 8.1 and 8.2 shall survive termination of the Employment and shall not be offset by any liquidated damages contemplated under this Agreement.

8.2 During the Employment Period and thereafter, the Company shall procure that you have (to the extent such indemnity is permitted by applicable law) a complete indemnity for all any liabilities incurred by you (other than where such liability arises out of or relates to the commission by you of a criminal offence or any wilful default or gross negligence) in your capacity as an officer or director of any company or similar entity that is not a member of the Group, where such directorship or office is held by you at the request of the Company.

8.3 You are entitled to take independent professional advice, at the expense of the Company, where such advice is reasonably required for the furtherance of your duties as a director of the Company. No prior approval is required to obtain advice costing up to £5,000. Before seeking advice that is likely to cost more than £5,000 you must obtain the written consent of at least one non-executive director and send a copy of such consent to the Company Secretary. The non-executive director shall have power to set a reasonable limit on the cost you may incur on obtaining independent advice at the Company's expense without further reference to him.

OTHER BENEFITS

9.1 During the Employment Period the Company will meet or reimburse you for:

- (a) a relocation bonus of US\$750,000, less any portion of such amount previously paid to you by the Company or any other member of the Group (and further subject to deductions for income tax);
- (b) an annual expatriate bonus in such amount as is specified in the annual statement of remuneration and benefits referred to in Clause 6.1 of the Agreement (less deductions for income tax);
- (c) relocation costs which you reasonably incur in relocating from New York to London;
- (d) any reasonable costs incurred by you in seeking legal and financial advice in relation to this Agreement; and
- (e) the cost of business class travel from New York to London (and return) five times a year for your spouse, children and nanny.

9.2 The Company will provide you with a licence to occupy property at 32 Hyde Park Gate, London SW7, or similar accommodation acceptable to you, free of charge. The licence shall be revocable by the Company at any time and, in any event, no later than 31 March 2004. However, if the licence is revoked you will, in respect of the period between the date of revocation and 31 March 2004 be paid a housing allowance at an annual rate of £381,316. After 31 March 2004, the Company will, at its election, either continue to provide you with a licence to occupy suitable accommodation acceptable to you, or will pay you a housing allowance of US\$447,733 per annum (such amount to be converted into sterling at the prevailing rate on the Effective Date) in respect of your accommodation costs.

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9.3 You shall have such other benefits as may be made available to you by the Company from time to time, including but not limited to the use of Reuters products, mobile telephone and other equipment and membership of professional bodies.

9.4 During the Employment Period, the Company shall reimburse your reasonable personal financial and tax planning and preparation and filing expenses.

9.5 Following the termination of the Employment for any reason, the Company shall reimburse you (or your estate or beneficiaries) for all reasonable expenses incurred by you (or your family in the event of your death or incapacity) to relocate from your new location to anywhere in the United States.

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SCHEDULE 2

COMPETING BUSINESS CONCERNS AS AT THE DATE OF THIS AGREEMENT

Part 1

Competing Business Concerns as at the date of this Agreement

Bloomberg L.P.

Bridge Information Systems (or any successor in business or assign to the European business of Bridge Information Systems)

Pearson PLC

Quick Corporation of Japan

AOL TimeWarner

Telekurs A.G.

SunGard

The Electronic Broking Service

Part 2

Companies with Divisions which compete with Reuters

The Thomson Corporation

The McGraw Hill Companies

The Dun & Bradstreet Corporation

Reed Elsevier P.L.C./Elsevier N.V.

Part 3

Companies with which Reuters has Strategic Relationships

Multex.com, Inc.

Yahoo! Inc.

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SCHEDULE 3

PERMITTED SHAREHOLDINGSAS AT THE DATE OF THIS AGREEMENT

SDK Investments, LLC

Giant Bear Inc.

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SIGNED by)
for and on behalf of) Sir Christopher Hogg
REUTERS GROUP PLC)
in the presence of:-)

SIGNED as a **DEED**)
and **DELIVERED** by)
THOMAS HENRY GLOCER)
in the presence of :-)

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REUTERS GROUP PLC

PHILIP GREEN

SERVICE AGREEMENT

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THIS AGREEMENT is made on 20th June 2001

BETWEEN

(1) **REUTERS GROUP PLC** registered in England with No. 3296375 whose registered office is at 85 Fleet Street, London, EC4P 4AJ (the *Company*); and

(2) **PHILIP GREEN** of Flat 20, Lewcos House, 57-63 Regency Street, London SW1P 4AF (*you*).

IT IS AGREED as follows:

DEFINITIONS

1. In this Agreement the following expressions shall have the following meanings:

Board means the board of directors of Reuters Group PLC or a duly constituted committee of the board of directors;

Employment means your employment in accordance with the terms and conditions of this Agreement;

Group means the Company, any holding company of the Company and any subsidiary of the Company or of any such holding company (with holding company and subsidiary having the meanings given to them by section 736 of the Companies Act 1985). **Group Company** and **Group Companies** shall be construed accordingly; and

Remuneration Committee means the remuneration committee of the Board.

DURATION OF EMPLOYMENT

2. The Employment will begin on the date of this Agreement and will continue until terminated in accordance with Clause 12 below.

ROLE, POWERS AND DUTIES

3.1 You will serve the Company as Chief Operating Officer, or in such other capacity of a like status as the Company may require.

3.2 Subject to Clause 4, you will exercise such powers and perform such duties in relation to the business of the Company and the Group, being duties which are appropriate to your senior status, as may be assigned to you by the Chief Executive of the Company after taking into account the opinion of the Board.

3.3 During the Employment you will:

- (a) devote substantially the whole of your working time, attention and abilities to carrying out those duties in a proper, loyal and efficient manner;
- (b) use all reasonable endeavours to promote the interests of the Company and any other Group Company which you may be required to serve under the terms of this Agreement;
- (c) have due regard to the Reuters Trust Principles and to the rights and duties of the Reuters Trustees as set out in the Memorandum and Articles of Association of the Company and the Memorandum and Articles of Association of Reuters Founders Share Company Limited insofar as, by the proper exercise of your powers (and in accordance with your other duties) as director of the Company, the Reuters Trust Principles are capable of being observed by you;
- (d) have due regard to the provisions of the Reuters Code of Conduct (as notified to you from time to time) and, so far as reasonably practicable in the performance of your duties, observe all material provisions of that Code;
- (e) comply with the Reuters Share Dealings Code (as notified to you from time to time); and
- (f) have due regard to the provisions of all other policies which are applied to you by the Company, as notified to you from time to time.

3.4 You are entitled to take independent professional advice, at the expense of the Company, where such advice is

reasonably required for the furtherance of your duties as a director of the Company and provided that before taking such advice you obtain the written consent of one other director and send a copy of such consent to the Company Secretary and that the Company's expenditure on such advice does not exceed £50,000 per annum.

NORMAL PLACE OF WORK

4. Your normal place of work is at the Company's head office. You may be required, in the performance of your duties, to travel in the United Kingdom and overseas. However, having given you reasonable notice, the Company may reasonably require you to perform your duties at the offices of another Group Company in a major financial centre outside the United Kingdom, such as New York, in which case you shall be offered expatriate benefits appropriate to your senior status.

HOURS OF WORK

5. You will work the Company's normal working hours together with such additional hours as may reasonably be required for the proper performance of your duties.

SALARY AND BENEFITS

6.1 You will be paid a salary at such rate as is set out in an annual letter to you from the Company and as confirmed in your annual statement of remuneration and benefits.

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6.2 Your salary will accrue from day to day and be payable in arrears by equal monthly instalments on or about the fifteenth day of each month.

6.3 You are not entitled to any other salary or fees as director or employee of the Company or any other Group Company and you must, as the Company directs, either waive your rights to any such salary or fees or account for the same to the Company (failing which it will be deducted from your salary).

6.4 Your salary and benefits will be reviewed annually by the Remuneration Committee. Any change in the level of your salary and benefits as a result of the review (which will not be downwards) will be effective from 1 January of the year following the review (unless you and the Chairman of the Remuneration Committee agree otherwise).

6.5 In addition to the above, you will be entitled to receive those benefits set out in Schedule 1 to this Agreement.

6.6 During or after the termination of the Employment for whatever reason, the Company may deduct from your pay any sums outstanding to the Company or to any other Group Company from you including, without limitation, any advance of pay or loans or floats for expenses.

EXPENSES

7. Subject to the Company's policies on executive directors' expenses and executive directors' spouse expenses (as notified to you from time to time), the Company will reimburse to you all reasonable travelling, hotel and other out-of-pocket expenses (including first class travel expenses) properly incurred by you and your spouse in the execution of the duties of the Employment against production of valid receipts and properly completed expense reports.

OTHER INTERESTS

8.1 During the Employment you will be entitled to accept appointments as a non-executive director of companies other than a Group Company subject to:

- (a) the prior written consent of the Chief Executive of the Company (such consent to be confirmed by the Board); and
- (b) the Company's policy on non-executive directorships (as notified to you from time to time).

You may retain any fees received as a non-executive director provided they are paid in cash rather than in stock, other securities or options. Days of service as a non-executive director will not be deducted from your holiday entitlement provided that you shall not spend more than ten working days in aggregate in any year in such service. At any time during the Employment the Company may, with reasonable cause, require you to resign any non-executive directorship held. Reasonable cause for this purpose shall include but not be limited to a conflict of interest and such other reason or reasons as may be specified in the Reuters Code of Conduct (as notified to you from time to time).

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8.2 During the Employment you will not be directly or indirectly concerned in any business, trade, profession or other occupation (whether as an employee, consultant, agent, director or otherwise) of a similar nature to or competitive with that carried on by the Company or any Group Companies except:

- (a) as a representative or officer of a Group Company;
- (b) as a non-executive director under Clause 8.1;
- (c) by virtue of your being interested in securities not representing more than one per cent of a company's issued securities of any class which are either (i) listed on a recognised stock exchange or dealt on an unlisted securities market or an alternative investment market or authorised for quotation in a recognised inter-dealer quotation system or (ii) of a private company whose shares the Chief Executive of the Company has authorised you to hold; or
- (d) with the prior written consent of the Board.

8.3 You may serve on the board of religious, charitable or public service organisations or otherwise be engaged in the activities of such organisations provided so serving or being so engaged does not prejudice your ability to fulfil your duties under this Agreement.

INVENTIONS AND IMPROVEMENTS

9.1 It will be part of your normal duties at all times:

- (a) to consider in what manner and by what new methods or devices the products, services, processes, equipment or systems of the Company and other Group Companies with which you are concerned or for which you are responsible might be improved; and
- (b) promptly to give to the Company Secretary of the Company full details of any invention or improvement which you may from time to time make or discover in the course of your duties.

Subject to the Patents Act 1977, the Company will be entitled free of charge to the sole ownership of any such invention or improvement and to the exclusive use of it.

9.2 You assign to the Company (or to such other Group Company as the Company may direct) all copyrights, designs and other proprietary rights, if any, which may be so assigned in respect of all works and designs created by you or relating to your responsibilities during the Employment for the full term of those rights to the intent that those rights will immediately upon the completion of the relevant work vest with the Company (or with such other Group Company as the Company may direct).

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9.3 At the request and cost of the Company, you will do all such acts and things as may in the opinion of the Board be necessary or conducive to vest such rights in the Company (or in such other Group Company as it may direct). You irrevocably authorise the Company for the purposes of this Clause to make use of your name and to sign and to execute any documents or do any thing on your behalf.

9.4 You will not do anything knowingly to imperil the validity of any patent or protection or any application for a patent or protection.

9.5 You will not either during or after the termination of the Employment exploit or assist others to exploit any invention or improvement which you may from time to time make or discover in the course of your duties or (unless it shall have become public knowledge) make public or disclose any such invention or improvement or give any information in respect of it except to the Company or as the Company may direct.

9.6 You irrevocably waive in favour of the Company (and in favour of such other Group Company as the Company may direct), its licensees and successors-in-title any and all moral rights in any works (existing or future) which are the subject of copyright made by you in the course of the Employment.

CONFIDENTIALITY

10.1 During and after the termination of the Employment you will at all times keep confidential all private information about the Company and other Group Companies including technical and financial information which you may have acquired while in the employment of the Company or of any other Group Company. You will not use such information for your own benefit or for the benefit of any business not within the Group. You will keep such information confidential to yourself, to other members of the Board and to anybody who needs such information in order to properly discharge his duties to the Company or any Group Company. Such information includes (without limitation) the following:

- (a) the business methods and information of the Company and any other Group Companies (including, without limitation, prices charged, discounts given to customers or obtained from suppliers, product development, marketing and advertising programmes, costing, budgets, turnover, sales targets and other financial information);
- (b) lists and particulars of the suppliers and customers of the Company or of any other Group Companies and the individual contacts at such suppliers and customers;
- (c) details and terms of the Agreements with suppliers and customers of the Company or of any other Group Companies;
- (d) secret development manufacturing or production processes and know-how employed by the Company or any other Group Companies or their respective suppliers; and

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- (e) confidential details as to the design of the products and inventions or processes relating to the provision of services or developments relating to future products and services of the Company or of any other Group Companies or those of their respective suppliers.

10.2 These restrictions shall not apply to any disclosure or use authorised by the Board or required by law or by the requirements of any regulatory or other authority to which the Company or any other Group Company is subject.

10.3 These restrictions shall not apply to information which is already in the public domain other than in cases where such information has become public as a result of a breach by you of these restrictions.

10.4 These restrictions shall not restrict you from using your own personal skill in any business in which you may lawfully be engaged after termination of the Employment.

STATUTORY PROVISIONS

11. Additional provisions, details of which the Company is required by statute to provide you, are set out in Schedule 2 to this Agreement.

TERMINATION

Summary termination

12.1 The Company may terminate the Employment by immediate notice in writing and without payment of any kind other than salary and bonus accrued at the date of termination:

- (a) if in the reasonable opinion of the Board you are guilty of any:
 - (i) serious misconduct;
 - (ii) persistent misconduct continuing after demand for cessation of such misconduct is delivered in writing by the Board or by the Company Secretary on instruction from the Board; or
- (b) if you commit any material breach of any material provision of this Agreement;
- (c) if you neglect or refuse to carry out any material part of your duties (other than for a reason mentioned in Clause 12.2);
- (d) if you engage in any conduct which brings or is likely to bring the Company or any other Group Companies, in the reasonable opinion of the Board, into disrepute;
- (e) if you become bankrupt or enter into a composition with your creditors or apply for a receiving order or have a receiving order made against you;

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- (f) if you become prohibited by law from being a director; or
- (g) if you terminate your directorship of the Company without the consent of the Board.

Termination by the Company through illness

12.2 The Company may terminate the Employment if you are prevented by illness (including mental illness) or injury from attending to your duties for more than 365 days in aggregate in any one period of 24 consecutive calendar months. The Company will not terminate the Employment pursuant to this Clause 12.2 if, as a result, you would or may forfeit any entitlement to benefits under the permanent health insurance scheme referred to in Schedule 1 unless it has used all reasonable endeavours to try to procure the continuation of cover under that scheme.

Termination through loss of directorship

12.3 If you are removed from the office of director of the Company, or the Company fails in general meeting to re-elect you as a director of the Company (if, under the Articles of Association or other constitutional documents for the time being of the Company as the case may be, you are obliged to retire by rotation or otherwise), then the Company may elect that the Employment shall terminate immediately without prejudice to the right of either party to this Agreement to treat any act or omission causing such removal from office as a breach of this Agreement.

Termination on change of control

12.4 Notwithstanding the provisions of Clause 12.5, you may terminate the Employment by giving the Company one month's notice in writing, such notice to be given within three months after a Change of Control unless a third party acquiring control of more than 50% of the voting rights of the Company has agreed to adopt the Reuters Trust Principles and the rights and duties of the Reuters Trustees as set out in the Memorandum and Articles of Association of the Company and in the Memorandum and Articles of Association of Reuters Founders Share Company Limited and to use its best endeavours to procure that the Principles and such rights and duties are observed and upheld within the Company and any holding company of the Company. A Change of Control shall for the purpose of this Agreement occur where more than 50% of the voting rights of the Company become controlled by any third party (including persons acting in concert but excluding Reuters Founders Share Company Limited) or the Company sells or otherwise disposes of all or substantially all of its assets with the approval of the Company's shareholders, other than for the purposes of a reconstruction or reorganisation in which (A) the ultimate ownership of the Company or substantially all its assets is unaffected or (B) a new holding company for the Company is created, where the new holding company has substantially the same shareholders and proportionate shareholdings as those of the Company immediately prior to the interposition of the new holding company.

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Termination in other circumstances

12.5 Subject to earlier termination in accordance with the provisions of this Clause, the Employment will continue until terminated:

- (a) by the Company giving you 12 months' written notice; or
- (b) by you giving the Company 12 months' written notice.

The Company may, in its sole discretion, elect to terminate the Employment without giving you notice or the full period of notice required by 12.5 (a) in which event you will be entitled to receive a payment calculated in accordance with Clause 12.6.

Liquidated damages

12.6 This Clause applies if:

- (a) the Employment is terminated by the Company otherwise than a termination (i) in accordance with Clause 12.1 or (ii) where removal from office takes place in circumstances justifying summary termination under Clause 12.1, in accordance with Clause 12.3 or (iii) in accordance with Clause 12.5 unless the final sentence of Clause 12.5 applies in which case this Clause will apply;
- (b) you are constructively dismissed which for these purposes shall include (without limitation):
 - (i) the assignment to you of any duties inconsistent in any respect with your position (including status, offices, titles and reporting requirement), authority, duties or responsibilities; or
 - (ii) any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, but excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by you; or

- (c) you terminate the Employment under Clause 12.4.

Where this Clause applies, the Company will (subject to the remainder of this Clause) pay to you by way of liquidated damages an amount equal to the aggregate of :

- (i) your annual salary immediately prior to the date of termination of the Employment;
- (ii) the amount of pension contributions made by the Company on your behalf or to you in the last financial year of the Company preceding the date of termination; and
- (iii) the average of the last three annual bonuses earned by you pursuant to paragraph 1 of Schedule 1 to this Agreement in the last three complete financial years of the Company preceding the date of termination.

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In relation to (iii) above, where there have been fewer than three complete financial years of the Company during the Employment, the averaging shall be by reference to the number of complete financial years which there have been during the Employment.

In the event that the Company requires you to work only part of the notice period required by Clause 12.5 (a), the liquidated damages payment under this Clause 12.6 will be reduced by an amount equal to the salary, pension contributions and (if applicable) bonus paid to you or on your behalf in respect of the period of notice worked.

In the event that the Employment is terminated in accordance with Clause 12.2, liquidated damages payment under this Clause 12.6 will be reduced by an amount equal to the amount of any benefit payable under the permanent health insurance scheme referred to in Schedule 1 for the period of 12 months following the date of termination.

The payment will be conditional on you not bringing any claims before a court or tribunal relating to the Employment and/or its termination. The payment will be made in two stages. The total amount, less a deduction of £60,000, will be paid within 14 days of the end of the Employment and the remaining balance of £60,000 will be paid within four months of the end of the Employment, in each case less any necessary withholdings. You agree to accept the same in full and final settlement of all and any claims or rights of action that you have or may have against the Company and against any other Group Company and against their respective officers and employees in connection with the Employment or its termination.

Return of documents

12.7 On termination of the Employment for any reason or, at the request of the Company, when notice to terminate the Employment is given, you must immediately deliver to the Company (without keeping any copies):

- (a) all documents, papers and materials and any other property of the Company and of any other Group Companies; and
- (b) all documents or other media on which confidential information about the Company and any other Group Companies is recorded,

in your possession or under your control.

Resignation as a director

12.8 On termination of the Employment for any reason, you must immediately, at the request of the Company resign your office as a director of the Company and of any other Group Company without compensation for loss of office but without prejudice to any rights which you may have to treat such request as a breach of this Agreement.

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Share schemes

12.9 It is acknowledged that you may, during the Employment, be granted rights upon the terms and subject to the conditions of the rules from time to time of the Reuters Group PLC Long Term Incentive Plan or any other profit sharing, share incentive, share option, bonus or phantom option scheme operated by the Company or any other Group Company with respect to shares in the Company or any other Group Company. If, on termination of the Employment, whether lawfully or in breach of contract you lose any of the rights or benefits under such schemes (including rights or benefits which you would not have lost had the Employment not been terminated) you shall not be entitled, by way of compensation for loss of office or otherwise howsoever, to any compensation for the loss of any rights under any such scheme.

GARDEN LEAVE AND SUSPENSION

13.1 The Company may at any time or from time to time suspend you from the performance of your duties and/or exclude you from any of the premises of the Company or of any other Group Company:

- (a) during any period of notice or any part of a period of notice as specified in Clauses 12.4 or 12.5; or
- (b) in circumstances in which the Company reasonably believes that you are guilty of misconduct or are in breach of this Agreement and in order that the circumstances giving rise to that belief may be investigated.

13.2 The Company is not required to give any reason for suspending or excluding you. Your salary and benefits will not cease to be payable by reason only of such suspension or exclusion.

13.3 During any period of suspension or exclusion, you will not contact or deal with customers, suppliers or employees of the Company or of any other Group Company or enter onto the premises of the Company or of any Group Company without the prior written consent of the Chief Executive of the Company.

CONTINUING OBLIGATIONS

Non-representation

14.1 You will not at any time after the termination of the Employment directly or indirectly represent yourself as being in any way connected with or interested in the business of the Group (except, if it is the case, as a shareholder of the Company or as a director of the Company).

Non-solicitation of employees

14.2 You must not for a period of six months after the termination of the Employment solicit, interfere with or attempt to entice away from the Company or any other Group Company or employ or engage any employee of the Company or of any other Group Company with whom you had business dealings or who reported to you, directly or indirectly, during the period of 12 months preceding the date of termination of the Employment and who is or was employed or engaged by the Company or by any other Group Company:

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-
- (a) as a director or in a managerial or technical capacity; or
 - (b) you know (or ought reasonably to know) could materially damage the interests of the Company or any other Group Company if he became employed in any business in competition with the business of the Company or of any other Group Company.

Non-solicitation of business

14.3 You must not for a period of six months after the termination of the Employment solicit, interfere with or attempt to entice away from the Company or any other Group Company the business or custom of any firm, company or other person who, during the period of 12 months preceding the date of termination of the Employment, was a customer of the Company or of any other Group Company with whom you had business dealings or about whom you became informed or over whom you had influence in the course of the Employment during that period, with a view to providing goods or services which would compete with the business of the Company or of any other Group Company carried on at the date of termination of the Employment and with which you were materially involved during that period.

Non-dealing

14.4 You must not for a period of six months after the termination of the Employment deal with any person, firm or company who during the period of 12 months preceding the date of termination of the Employment was a customer or potential customer of the Company or of any other Group Company and (in the case of a customer) to whom you provided services on behalf of the Company or any other Group Company or (in the case of a potential customer) with whom you had business dealings with a view to obtaining business for the Company or any other Group Company and in each case with whom you had business dealings or about whom you became informed or over whom you had influence in the course of the Employment during that period, with a view to providing goods or services which would compete with the business of the Company or of any other Group Company carried on at the date of termination of the Employment and with which you were materially involved during that period.

Non-competition

14.5 You must not, for a period of six months after the termination of the Employment, be engaged in or concerned in any capacity in any business concern which is in competition with the business of the Company or of any other Group Company. A list of such business concerns as at the date of this Agreement is set out in Part 1 of Schedule 3

to this Agreement. Unless you have the prior approval of the Chairman and the Chief Executive of the Company you may not, for a period of six months after the termination of the Employment, be engaged in or concerned in any capacity in any of the business concerns named in the lists set out in Parts 2 and 3 of

Schedule 3 of this Agreement. The lists in Schedule 3 may be amended by the Board acting reasonably (provided that the number of business concerns included in Schedule 3 at any one time shall not exceed 15) and each such amendment shall be notified to you from time to time. This Clause shall not restrain you from being engaged or concerned in any business concern in so far as your duties or work relate solely to services or activities of a kind with which you were not concerned to a material extent during the period of six months preceding the date of termination of the Employment.

Extension to other persons

14.6 The obligations imposed on you by this Clause 14 extend to you acting not only on your own account but also on behalf of any other firm, company or other person and shall apply whether you act directly or indirectly.

Acknowledgement of reasonableness

14.7 The restrictions contained in this Clause 14 are considered by you and the Company to be reasonable in all the circumstances. Each part of this Clause constitutes an entirely separate and independent restriction and the duration, extent and application of each of the restrictions are not greater than is necessary for the protection of the commercial interests of the Group and their stable trained workforce.

No disparaging statements

14.8 Each party agrees during, and after termination of, the Employment not to make, publish or cause to be made, published or issued or otherwise communicate to any third party any disparaging or derogatory statements to any third party concerning you or the Company or any Group Company or any of its or their current executives, officers, employees, agents or consultants, provided that nothing in this Agreement will prevent you or the Company from disclosing information as required by law or in order to take professional advice or as ordered by a court of competent jurisdiction.

WAIVER

15. Any delay or forbearance by the Company in exercising any right of determination of this Agreement shall not constitute a waiver of it.

AMENDMENTS

16. No amendment or waiver of any of the provisions of this Agreement shall be effective unless made in writing and signed by you and a director or the Company Secretary of the Company.

NOTICES

17. Any notice required to be served under this Agreement may be given either personally, by fax or by registered post:

(a) to the Company at its registered office for the time being; or

(b) to you at the address at the start of this Agreement or your last known address.

Any notice to be given under this Agreement to you may be served by being handed to you personally or by being sent by recorded delivery first class post or by fax to you at your usual or last known address; and any notice to be given to the Company may be served by being marked for the attention of the Company Secretary and by being left at or by being sent by recorded delivery first class post or by fax to its registered office for the time being. Any notice served by post shall be deemed to have been served on the second day (excluding Sundays and statutory holidays) next following the date of posting and in proving such service it shall be sufficient proof that the envelope containing the notice was, in your case, addressed to you at your usual or last known address and, in the case of the Company, addressed to it marked for the attention of the Company Secretary at its registered office for the time being, and in either case posted as a prepaid letter by recorded delivery. Any notice served by fax shall be deemed to have been served twelve hours after the time of despatch.

OTHER AGREEMENTS

18. You acknowledge and warrant that there are no Agreements or arrangements whether written, oral or implied between the Company or any other Group Company and you relating to your employment or the Employment other than those which are expressly set out in this Agreement and that you are not entering into this Agreement in reliance on any representation not expressly set out in this Agreement.

GOVERNING LAW

19. This Agreement will be governed by and construed under English law without regard to its conflicts of laws provisions, and each of the parties hereby irrevocably agrees for the exclusive benefit of the Company that the Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement.

WITHHOLDING TAX

20. All amounts payable to you under this Agreement shall be subject to applicable withholding of income, salary and such other withholdings that the Company determines are required to be withheld in accordance with applicable laws.

AS WITNESS whereof this Agreement has been signed by or on behalf of the parties to it on the day and year first above written.

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SCHEDULE 1

OTHER BENEFITS

BONUS

1. You will be entitled to participate in an annual bonus plan to be administered by the Remuneration Committee. Unless otherwise agreed by the Remuneration Committee, the maximum annual bonus payable under this plan will be an amount up to 70% of your base salary (from 1 July 2001, 100% of base salary). The criteria relating to your performance and that of the Company which are to be used to determine the amount of the bonus in any year will be laid down by the Remuneration Committee at the commencement of each year and the bonus for that year will be paid as soon as reasonably practicable after the relevant results have been determined. The Remuneration Committee reserves the right to amend the quantitative criteria annually and/or to discontinue the bonus arrangement. On termination of the Employment, other than termination pursuant to Clause 12.1 or termination in respect of which Clause 12.6 applies, you shall be entitled to a pro-rated amount of bonus, being such proportion of average bonus (calculated according to Clause 12.6(iii)) as is the same as the proportion of the last financial year during which the Employment has subsisted.

SHARE OPTION PLANS

2.1 You will be eligible for membership of the Company's Save As You Earn Share Option Scheme and of any other all employee share option plan operated by the Company and approved by the Company's shareholders. Participation in such scheme and plans is, save as otherwise stipulated in their rules, at the sole discretion of the Board or the Remuneration Committee.

2.2 If you are relocated to a country outside the United Kingdom, you are entitled to participate in any equivalent scheme or plan operated by a Group Company in that country.

HOLIDAYS

3.1 The Company's holiday year runs from 1 January to 31 December. In addition to the bank and other public holidays, you will be entitled to 26 working days' paid holiday in each holiday year. Thereafter, you will receive one extra day for each additional year of service, subject to a maximum entitlement of 30 working days' paid holiday. In the first year of the Employment, the annual entitlement will be pro rata based on the holiday year.

3.2 Your annual holiday may be taken at such time or times as are reasonably appropriate having regard to the business needs of the Company.

3.3 Holidays not taken in the year of entitlement will be lost unless carried forward with the agreement of the Chief Executive of the Company.

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3.4 On termination of the Employment, you will be entitled to pay in lieu of any unpaid holiday or be required to pay the Company any salary received for holiday taken in excess of your contractual entitlement. You may be required to take any untaken holiday during your notice period.

PENSION SCHEMES

4.1 The Company will pay an amount equal to 30% of your base salary (or such other amount as is set out in your annual statement of remuneration and benefits) in equal monthly instalments to provide and/or in substitution for pension benefits.

4.2 All or part of this amount may be paid by the Company to a tax approved Company pension scheme or to such a personal pension plan as the Company may agree with you, subject to any limits imposed by the Inland Revenue from time to time. Any part of this amount not paid in this way will be paid to you as a cash allowance as part of your monthly remuneration (but will not be treated as part of your basic annual salary) and will be subject to deduction of income tax and National Insurance Contributions and any other statutory deductions which may be required from time to time.

4.3 You will not become a member of the Reuters UK Retirement Plan unless the Company agrees special terms of admission and membership with you and the Trustees of the Plan.

4.4 A contracting out certificate is not in force in respect of the Employment.

LONG TERM INCENTIVE PLAN

5. You are entitled to be a member of the Reuters Group PLC Long Term Incentive Plan or any plan operated by the Company in succession to that plan (as notified to you from time to time) for so long as the Plan or such plan may be operated by the Company, and the Company shall pay to you benefits under the Plan or such plan, subject to the conditions of the Company's policy on retention of LTIP awards on early retirement (as notified to you from time to time).

DISABILITY INSURANCE

6. You shall be entitled to membership of, and the Company shall pay to you benefits under, the Company's disability insurance scheme, subject to the terms of that scheme and of any related policy of insurance as in force from time to time.

LIFE ASSURANCE AND PERMANENT HEALTH SCHEME

7.1 The Company will provide life assurance to you so that in aggregate you are assured for the value of four times annual salary, subject to your being acceptable for insurance at rates normal for your age and subject to the rules of the relevant life assurance arrangements.

7.2 You (your spouse and any unmarried children under 21 (or under 24 if in fulltime education)) are entitled to membership of the Company's permanent health insurance scheme subject to the rules of the scheme and of any related policy of insurance.

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7.3 If you wish, as an alternative to membership of the Company's scheme, the Company will bear the costs of you being a member of another permanent health insurance scheme, up to the value of the benefits available to you under the Company's scheme.

7.4 You are entitled to receive an annual health check at a cost to the Company of no more than £500 (or as increased and notified to you from time to time).

COMPANY CAR

8. The Company will provide you with a car (or cash in lieu if you so elect) in accordance with the terms of the Company's policy on executive directors' cars (as notified to you from time to time) for business and personal use and will bear the expenses of taxing, insuring, repairing and maintaining the car. You agree to comply in full with the Company's policy on executive directors' cars, failing which the Company may require you to return the car immediately.

CHAUFFEUR-DRIVEN CAR

9. You shall be entitled to the non-exclusive use of a chauffeur-driven car provided by the Company (subject to availability) at no cost to you for purposes reasonably connected with the Company's business or as otherwise approved by the Chief Executive of the Company.

DIRECTORS' INDEMNITY AND INSURANCE

10. You shall have the benefits of:

- (a) the indemnity contained in regulation 155 of the Company's Articles of Association;
- (b) any similar indemnity in respect of liabilities incurred by Group Company directors in their capacity as such contained in the constitutional documents of any other Group Company for so long as you are a director or officer of such other Group Company; and
- (c) (subject to their terms) any insurance policies which shall be maintained by the Company in respect of liabilities incurred by Group Company directors in their capacity as such.

OTHER BENEFITS

11.1 The Company will pay the school fees in respect of your daughter of a sum of up to £12,000 (net of tax) for the 2000 to 2001 academic year.

11.2 You shall have such other benefits as may be made available to you by the Company from time to time, including but not limited to the use of Reuters products, mobile telephone and other equipment and membership of professional bodies.

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SCHEDULE 2

ADDITIONAL STATUTORY PROVISIONS

EMPLOYMENT RIGHTS ACT 1996

Additional particulars required to be disclosed:

CONTINUOUS EMPLOYMENT

1. Your period of continuous employment with the Company began on 1 September 1999.

INJURY AND SICKNESS PAY

2. If you are absent from work because of sickness or injury, you must:

- (a) notify the Company as soon as possible on the first morning of absence and inform the Company of your expected date of return;
- (b) complete and return to the Company a self-certification form in respect of the first five working days of any sickness absence;
- (c) provide the Company with a medical certificate from your GP or other registered practitioner for periods of absence of seven days (including weekends) in excess and with medical certificates for each subsequent week of sickness absence;
- (d) if requested by the Company, undergo a medical examination at the expense of the Company with a medical practitioner nominated by the Company; and
- (e) if requested by the Company give written permission to the Company to have access to any medical or health report in its complete form prepared by any health professional on your physical or mental condition.

Subject to the above, you will be entitled at the discretion of the Company to up to 365 days' sick pay (including statutory sick pay) in any 24 month rolling period. Sick pay will be calculated at your normal rate of pay and benefits.

DISCIPLINARY RULES AND GRIEVANCE PROCEDURE

If at any time you have a grievance relating to the Employment, you may seek redress orally or in writing by, in the first instance, referring the grievance to the Chairman of the Board. If the grievance remains unresolved, you may appeal to the Board and the Board shall deal with the matter by discussion and by majority decision of those present at the relevant meeting of the Board. The Board's decision shall be final and binding.

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COLLECTIVE AGREEMENTS

4. There are no collective agreements with trade unions which directly affect your terms and conditions.

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SCHEDULE 3

COMPETING BUSINESS CONCERNS

AS AT THE DATE OF THIS AGREEMENT

Part 1

Competing Business Concerns

Bloomberg L.P.

Pearson PLC

Quick Corporation of Japan

AOL Time Warner

Telekurs A.G.

SunGard

The Electronic Broking Service

Part 2

Companies with Divisions which compete with Reuters

The Thomson Corporation

The McGraw Hill Companies

The Dun & Bradstreet Corporation

Reed Elsevier P.L.C./Elsevier N.V.

Part 3

Companies with which Reuters has strategic relationships

Multex.com, Inc.

Yahoo! Inc.

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REUTERS GROUP PLC)
in the presence of:-)

SIGNED as a DEED)
and DELIVERED by)
PHILIP GREEN)
in the presence of :-)



21st June 2001

REUTERS GROUP PLC

DAVID GRIGSON

SERVICE AGREEMENT

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THIS AGREEMENT is made on 21st June 2001

BETWEEN

(1) **REUTERS GROUP PLC** registered in England with No. 3296375 whose registered office is at 85 Fleet Street, London, EC4P 4AJ (the **Company**); and

(2) **DAVID GRIGSON** of Bainton Farmhouse, Bainton, Stamford, Lincolnshire PE9 3AF (**you**).

IT IS AGREED as follows:

DEFINITIONS

1. In this Agreement the following expressions shall have the following meanings:

Board means the board of directors of Reuters Group PLC or a duly constituted committee of the board of directors;

Employment means your employment in accordance with the terms and conditions of this Agreement;

Group means the Company, any holding company of the Company and any subsidiary of the Company or of any such holding company (with holding company and subsidiary having the meanings given to them by section 736 of the Companies Act 1985). **Group Company** and **Group Companies** shall be construed accordingly; and

Remuneration Committee means the remuneration committee of the Board.

DURATION OF EMPLOYMENT

2. The Employment will begin on 1 August 2000 and will continue until terminated in accordance with Clause 12 below.

ROLE, POWERS AND DUTIES

3.1 You will serve the Company as Finance Director (Chief Financial Officer) or in such other capacity of a like status as the Company may require.

3.2 Subject to Clause 4, you will exercise such powers and perform such duties in relation to the business of the Company and the Group, being duties which are appropriate to your senior status, as may be assigned to you by the Chief Executive of the Company after taking into account the opinion of the Board.

3.3 During the Employment you will:

- (a) devote substantially the whole of your working time, attention and abilities to carrying out those duties in a proper, loyal and efficient manner;
-

- (b) use all reasonable endeavours to promote the interests of the Company and any other Group Company which you may be required to serve under the terms of this Agreement;
- (c) have due regard to the Reuters Trust Principles and to the rights and duties of the Reuters Trustees as set out in the Memorandum and Articles of Association of the Company and the Memorandum and Articles of Association of Reuters Founders Share Company Limited insofar as, by the proper exercise of your powers (and in accordance with your other duties) as director of the Company, the Reuters Trust Principles are capable of being observed by you;
- (d) have due regard to the provisions of the Reuters Code of Conduct (as notified to you from time to time) and, so far as reasonably practicable in the performance of your duties, observe all material provisions of that Code;
- (e) comply with the Reuters Share Dealings Code (as notified to you from time to time); and
- (f) have due regard to the provisions of all other policies which are applied to you by the Company, as notified to you from time to time.

3.4 You are entitled to take independent professional advice, at the expense of the Company, where such advice is reasonably required for the furtherance of your duties as a director of the Company and provided that before taking such advice you obtain the written consent of one other director and send a copy of such consent to the Company Secretary and that the Company's expenditure on such advice does not exceed £50,000 per annum.

NORMAL PLACE OF WORK

4. Your normal place of work is at the Company's head office. You may be required, in the performance of your duties, to travel in the United Kingdom and overseas. However, having given you reasonable notice, the Company may reasonably require you to perform your duties at the offices of another Group Company in a major financial centre outside the United Kingdom, such as New York, in which case you shall be offered expatriate benefits appropriate to your senior status.

HOURS OF WORK

5. You will work the Company's normal working hours together with such additional hours as may reasonably be required for the proper performance of your duties.

SALARY AND BENEFITS

6.1 You will be paid a salary at such rate as is set out in an annual letter to you from the Company and as confirmed in your annual statement of remuneration and benefits.

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6.2 Your salary will accrue from day to day and be payable in arrears by equal monthly instalments on or about the fifteenth day of each month.

6.3 You are not entitled to any other salary or fees as director or employee of the Company or any other Group Company and you must, as the Company directs, either waive your rights to any such salary or fees or account for the same to the Company (failing which it will be deducted from your salary).

6.4 Your salary and benefits will be reviewed annually by the Remuneration Committee. Any change in the level of your salary and benefits as a result of the review (which will not be downwards) will be effective from 1 January of the year following the review (unless you and the Chairman of the Remuneration Committee agree otherwise).

6.5 In addition to the above, you will be entitled to receive those benefits set out in Schedule 1 to this Agreement.

6.6 During or after the termination of the Employment for whatever reason, the Company may deduct from your pay any sums outstanding to the Company or to any other Group Company from you including, without limitation, any advance of pay or loans or floats for expenses.

EXPENSES

7. Subject to the Company's policies on executive directors' expenses and executive directors' spouse expenses (as notified to you from time to time), the Company will reimburse to you all reasonable travelling, hotel and other out-of-pocket expenses (including first class travel expenses) properly incurred by you and your spouse in the execution of the duties of the Employment against production of valid receipts and properly completed expense reports.

OTHER INTERESTS

8.1 During the Employment you will be entitled to accept appointments as a non-executive director of companies other than a Group Company subject to:

- (a) the prior written consent of the Chief Executive of the Company (such consent to be confirmed by the Board); and
- (b) the Company's policy on non-executive directorships (as notified to you from time to time).

You may retain any fees received as a non-executive director provided they are paid in cash rather than in stock, other securities or options. Days of service as a non-executive director will not be deducted from your holiday entitlement provided that you shall not spend more than ten working days in aggregate in any year in such service. At any time during the Employment the Company may, with reasonable cause, require you to resign any non-executive directorship held. Reasonable cause for this purpose shall include but not be limited to a conflict of interest and such other reason or reasons as may be specified in the Reuters Code of Conduct (as notified to you from time to time).

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8.2 During the Employment you will not be directly or indirectly concerned in any business, trade, profession or other occupation (whether as an employee, consultant, agent, director or otherwise) of a similar nature to or competitive with that carried on by the Company or any Group Companies except:

- (a) as a representative or officer of a Group Company;
- (b) as a non-executive director under Clause 8.1;
- (c) by virtue of your being interested in securities not representing more than one per cent. of a company's issued securities of any class which are either (i) listed on a recognised stock exchange or dealt on an unlisted securities market or an alternative investment market or authorised for quotation in a recognised inter-dealer quotation system or (ii) of a private company whose shares the Chief Executive of the Company has authorised you to hold; or
- (d) with the prior written consent of the Board.

8.3 You may serve on the board of religious, charitable or public service organisations or otherwise be engaged in the activities of such organisations provided so serving or being so engaged does not prejudice your ability to fulfil your duties under this Agreement.

INVENTIONS AND IMPROVEMENTS

9.1 It will be part of your normal duties at all times:

- (a) to consider in what manner and by what new methods or devices the products, services, processes, equipment or systems of the Company and other Group Companies with which you are concerned or for which you are responsible might be improved; and
- (b) promptly to give to the Company Secretary of the Company full details of any invention or improvement which you may from time to time make or discover in the course of your duties.

Subject to the Patents Act 1977, the Company will be entitled free of charge to the sole ownership of any such invention or improvement and to the exclusive use of it.

9.2 You assign to the Company (or to such other Group Company as the Company may direct) all copyrights, designs and other proprietary rights, if any, which may be so assigned in respect of all works and designs created by you or relating to your responsibilities during the Employment for the full term of those rights to the intent that those rights will immediately upon the completion of the relevant work vest with the Company (or with such other Group Company as the Company may direct).

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9.3 At the request and cost of the Company, you will do all such acts and things as may in the opinion of the Board be necessary or conducive to vest such rights in the Company (or in such other Group Company as it may direct). You irrevocably authorise the Company for the purposes of this Clause to make use of your name and to sign and to execute any documents or do any thing on your behalf.

9.4 You will not do anything knowingly to imperil the validity of any patent or protection or any application for a patent or protection.

9.5 You will not either during or after the termination of the Employment exploit or assist others to exploit any invention or improvement which you may from time to time make or discover in the course of your duties or (unless it shall have become public knowledge) make public or disclose any such invention or improvement or give any information in respect of it except to the Company or as the Company may direct.

9.6 You irrevocably waive in favour of the Company (and in favour of such other Group Company as the Company may direct), its licensees and successors-in-title any and all moral rights in any works (existing or future) which are the subject of copyright made by you in the course of the Employment.

CONFIDENTIALITY

10.1 During and after the termination of the Employment you will at all times keep confidential all private information about the Company and other Group Companies including technical and financial information which you may have acquired while in the employment of the Company or of any other Group Company. You will not use such information for your own benefit or for the benefit of any business not within the Group. You will keep such information confidential to yourself, to other members of the Board and to anybody who needs such information in order to properly discharge his duties to the Company or any Group Company. Such information includes (without limitation) the following:

- (a) the business methods and information of the Company and any other Group Companies (including, without limitation, prices charged, discounts given to customers or obtained from suppliers, product development, marketing and advertising programmes, costing, budgets, turnover, sales targets and other financial information);
- (b) lists and particulars of the suppliers and customers of the Company or of any other Group Companies and the individual contacts at such suppliers and customers;
- (c) details and terms of the Agreements with suppliers and customers of the Company or of any other Group Companies;
- (d) secret development manufacturing or production processes and know-how employed by the Company or any other Group Companies or their respective suppliers; and

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- (e) confidential details as to the design of the products and inventions or processes relating to the provision of services or developments relating to future products and services of the Company or of any other Group Companies or those of their respective suppliers.

10.2 These restrictions shall not apply to any disclosure or use authorised by the Board or required by law or by the requirements of any regulatory or other authority to which the Company or any other Group Company is subject.

10.3 These restrictions shall not apply to information which is already in the public domain other than in cases where such information has become public as a result of a breach by you of these restrictions.

10.4 These restrictions shall not restrict you from using your own personal skill in any business in which you may lawfully be engaged after termination of the Employment.

STATUTORY PROVISIONS

11. Additional provisions, details of which the Company is required by statute to provide you, are set out in Schedule 2 to this Agreement.

TERMINATION

Summary termination

12.1 The Company may terminate the Employment by immediate notice in writing and without payment of any kind other than salary and bonus accrued at the date of termination:

- (a) if in the reasonable opinion of the Board you are guilty of any:
 - (i) serious misconduct;
 - (ii) persistent misconduct continuing after demand for cessation of such misconduct is delivered in writing by the Board or by the Company Secretary on instruction from the Board; or
- (b) if you commit any material breach of any material provision of this Agreement;

- (c) if you neglect or refuse to carry out any material part of your duties (other than for a reason mentioned in Clause 12.2);
- (d) if you engage in any conduct which brings or is likely to bring the Company or any other Group Companies, in the reasonable opinion of the Board, into disrepute;
- (e) if you become bankrupt or enter into a composition with your creditors or apply for a receiving order or have a receiving order made against you;

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- (f) if you become prohibited by law from being a director; or
- (g) if you terminate your directorship of the Company without the consent of the Board.

Termination by the Company through illness

12.2 The Company may terminate the Employment if you are prevented by illness (including mental illness) or injury from attending to your duties for more than 365 days in aggregate in any one period of 24 consecutive calendar months. The Company will not terminate the Employment pursuant to this Clause 12.2 if, as a result, you would or may forfeit any entitlement to benefits under the permanent health insurance scheme referred to in Schedule 1 unless it has used all reasonable endeavours to try to procure the continuation of cover under that scheme.

Termination through loss of directorship

12.3 If you are removed from the office of director of the Company, or the Company fails in general meeting to re-elect you as a director of the Company (if, under the Articles of Association or other constitutional documents for the time being of the Company as the case may be, you are obliged to retire by rotation or otherwise), then the Company may elect that the Employment shall terminate immediately without prejudice to the right of either party to this Agreement to treat any act or omission causing such removal from office as a breach of this Agreement.

Termination on change of control

12.4 Notwithstanding the provisions of Clause 12.5, you may terminate the Employment by giving the Company one month's notice in writing, such notice to be given within three months after a Change of Control unless a third party acquiring control of more than 50% of the voting rights of the Company has agreed to adopt the Reuters Trust Principles and the rights and duties of the Reuters Trustees as set out in the Memorandum and Articles of Association of the Company and in the Memorandum and Articles of Association of Reuters Founders Share Company Limited and to use its best endeavours to procure that the Principles and such rights and duties are observed and upheld within the Company and any holding company of the Company. A Change of Control shall for the purpose of this Agreement occur where more than 50% of the voting rights of the Company become controlled by any third party (including persons acting in concert but excluding Reuters Founders Share Company Limited) or the Company sells or otherwise disposes of all or substantially all of its assets with the approval of the Company's shareholders, other than for the purposes of a reconstruction or reorganisation in which (A) the ultimate ownership of the Company or substantially all its assets is unaffected or (B) a new holding company for the Company is created, where the new holding company has substantially the same shareholders and proportionate shareholdings as those of the Company immediately prior to the interposition of the new holding company.

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Termination in other circumstances

12.5 Subject to earlier termination in accordance with the provisions of this Clause, the Employment will continue until terminated:

- (a) by the Company giving you 12 months' written notice; or
- (b) by you giving the Company 12 months' written notice,

such notice to expire not earlier than 1 August 2002.

The Company may, in its sole discretion, elect to terminate the Employment before 1 August 2002 and/or without giving you notice or the full period of notice required by 12.5 (a) in which event you will be entitled to receive a payment calculated in accordance with Clause 12.6.

Liquidated damages

12.6 This Clause applies if:

- (a) the Employment is terminated by the Company otherwise than a termination (i) in accordance with Clause 12.1 or (ii) where removal from office takes place in circumstances justifying summary termination under Clause 12.1, in accordance with Clause 12.3 or (iii) in accordance with Clause 12.5 unless the final sentence of Clause 12.5 applies in which case this Clause will apply;
- (b) you are constructively dismissed which for these purposes shall include (without limitation):
 - (i) the assignment to you of any duties inconsistent in any respect with your position (including status, offices, titles and reporting requirement), authority, duties or responsibilities; or
 - (ii) any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, but excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by you; or
- (c) you terminate the Employment under Clause 12.4.

Where this Clause applies, the Company will (subject to the remainder of this Clause) pay to you by way of liquidated damages: (1) if the termination occurs prior to 1 August 2001 an amount equal to 2A-B and (2) if the termination occurs on or after 1 August 2001 an amount equal to A

where A is the aggregate of:

- (i) your annual salary immediately prior to the date of termination of the Employment;

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- (ii) the amount of pension contributions made by the Company on your behalf or to you in the last financial year of the Company preceding the date of termination; and
 - (iii) the average of the last three annual bonuses earned by you pursuant to paragraph 1 of Schedule 1 to this Agreement in the last three complete financial years of the Company preceding the date of termination.

and B is the amount of salary, pension contributions and (if applicable) bonus paid to you or on your behalf whilst your Employment subsisted.

In relation to (iii) above, where there have been fewer than three complete financial years of the Company during the Employment, the averaging shall be by reference to the number of complete financial years which there have been during the Employment. Where there has been less than one complete financial year of the Company during the Employment, (iii) above shall be determined on the basis of the annualised bonus earned by you for the period of the Employment or, if for any reason that is unascertainable, on the basis of the bonus earned by the predecessor Finance Director of the Company in 1999.

In the event that the Company requires you to work only part of the notice period required by Clause 12.5 (a), the liquidated damages payment under this Clause 12.6 will be reduced by an amount equal to the salary, pension contributions and (if applicable) bonus paid to you or on your behalf in respect of the period of notice worked.

In the event that the Employment is terminated in accordance with Clause 12.2, liquidated damages payment under this Clause 12.6 will be reduced by an amount equal to the amount of any benefit payable under the permanent health insurance scheme referred to in Schedule 1, if termination occurs prior to 1 August 2001 for the period to 1 August 2002 and if termination occurs on or after 1 August 2001 for the period of 12 months following the date of termination.

The payment will be conditional on you not bringing any claims before a court or tribunal relating to the Employment and/or its termination. The payment will be made in two stages. The total amount, less a deduction of £60,000, will be paid within 14 days of the end of the Employment and the remaining balance of £60,000 will be paid within four months of the end of the Employment, in each case less any necessary withholdings. You agree to accept the same in full and final settlement of all and any claims or rights of action that you have or may have against the Company and against any other Group Company and against their respective officers and employees in connection with the Employment or its termination.

Return of documents

12.7 On termination of the Employment for any reason or, at the request of the Company, when notice to terminate the Employment is given, you must immediately deliver to the Company (without keeping any copies):

- (a) all documents, papers and materials and any other property of the Company and of any other Group Companies; and
- (b) all documents or other media on which confidential information about the Company and any other Group Companies is recorded,

in your possession or under your control.

Resignation as a director

12.8 On termination of the Employment for any reason, you must immediately, at the request of the Company resign your office as a director of the Company and of any other Group Company without compensation for loss of office but without prejudice to any rights which you may have to treat such request as a breach of this Agreement.

Share schemes

12.9 It is acknowledged that you may, during the Employment, be granted rights upon the terms and subject to the conditions of the rules from time to time of the Reuters Group PLC Long Term Incentive Plan or any other profit sharing, share incentive, share option, bonus or phantom option scheme operated by the Company or any other Group Company with respect to shares in the Company or any other Group Company. If, on termination of the Employment, whether lawfully or in breach of contract you lose any of the rights or benefits under such schemes (including rights or benefits which you would not have lost had the Employment not been terminated) you shall not be entitled, by way of compensation for loss of office or otherwise howsoever, to any compensation for the loss of any rights under any such scheme.

GARDEN LEAVE AND SUSPENSION

13.1 The Company may at any time or from time to time suspend you from the performance of your duties and/or exclude you from any of the premises of the Company or of any other Group Company:

- (a) during any period of notice or any part of a period of notice as specified in Clauses 12.4 or 12.5; or
- (b) in circumstances in which the Company reasonably believes that you are guilty of misconduct or are in breach of this Agreement and in order that the circumstances giving rise to that belief may be investigated.

13.2 The Company is not required to give any reason for suspending or excluding you. Your salary and benefits will not cease to be payable by reason only of such suspension or exclusion.

13.3 During any period of suspension or exclusion, you will not contact or deal with customers, suppliers or employees of the Company or of any other Group Company or enter onto the premises of the Company or of any Group Company without the prior written consent of the Chief Executive of the Company.

CONTINUING OBLIGATIONS

Non-representation

14.1 You will not at any time after the termination of the Employment directly or indirectly represent yourself as being in any way connected with or interested in the business of the Group (except, if it is the case, as a shareholder of the Company or as a director of the Company).

Non-solicitation of employees

14.2 You must not for a period of six months after the termination of the Employment solicit, interfere with or attempt to entice away from the Company or any other Group Company or employ or engage any employee of the Company or of any other Group Company with whom you had business dealings or who reported to you, directly or indirectly, during the period of 12 months preceding the date of termination of the Employment and who is or was employed or engaged by the Company or by any other Group Company:

- (a) as a director or in a managerial or technical capacity; or
- (b) you know (or ought reasonably to know) could materially damage the interests of the Company or any other

Group Company if he became employed in any business in competition with the business of the Company or of any other Group Company.

Non-solicitation of business

14.3 You must not for a period of six months after the termination of the Employment solicit, interfere with or attempt to entice away from the Company or any other Group Company the business or custom of any firm, company or other person who, during the period of 12 months preceding the date of termination of the Employment, was a customer of the Company or of any other Group Company with whom you had business dealings or about whom you became informed or over whom you had influence in the course of the Employment during that period, with a view to providing goods or services which would compete with the business of the Company or of any other Group Company carried on at the date of termination of the Employment and with which you were materially involved during that period.

Non-dealing

14.4 You must not for a period of six months after the termination of the Employment deal with any person, firm or company who during the period of 12 months preceding the date of termination of the Employment was a customer or potential customer of the Company or of any other Group Company and (in the case of a customer) to whom you provided services on behalf of the Company or any other Group Company or (in the case of a potential customer) with whom you had business dealings with a view to obtaining business for the Company or any other Group Company and in each case with whom you had business dealings or about whom you became informed or over whom you had influence in the course of the Employment during that period, with a view to providing goods or services which would compete with the business of the Company or of any other Group Company carried on at the date of termination of the Employment and with which you were materially involved during that period.

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Non-competition

14.5 You must not, for a period of six months after the termination of the Employment, be engaged in or concerned in any capacity in any business concern which is in competition with the business of the Company or of any other Group Company. A list of such business concerns as at the date of this Agreement is set out in Part 1 of Schedule 3 to this Agreement. Unless you have the prior approval of the Chairman and the Chief Executive of the Company you may not, for a period of six months after the termination of the Employment, be engaged in or concerned in any capacity in any of the business concerns named in the lists set out in Parts 2 and 3 of Schedule 3 of this Agreement. The lists in Schedule 3 may be amended by the Board acting reasonably (provided that the number of business concerns included in Schedule 3 at any one time shall not exceed 15) and each such amendment shall be notified to you from time to time. This Clause shall not restrain you from being engaged or concerned in any business concern in so far as your duties or work relate solely to services or activities of a kind with which you were not concerned to a material extent during the period of six months preceding the date of termination of the Employment.

Extension to other persons

14.6 The obligations imposed on you by this Clause 14 extend to you acting not only on your own account but also on behalf of any other firm, company or other person and shall apply whether you act directly or indirectly.

Acknowledgement of reasonableness

14.7 The restrictions contained in this Clause 14 are considered by you and the Company to be reasonable in all the circumstances. Each part of this Clause constitutes an entirely separate and independent restriction and the duration, extent and application of each of the restrictions are not greater than is necessary for the protection of the commercial interests of the Group and their stable trained workforce.

No disparaging statements

14.8 Each party agrees during, and after termination of, the Employment not to make, publish or cause to be made, published or issued or otherwise communicate to any third party any disparaging or derogatory statements to any third party concerning you or the Company or any Group Company or any of its or their current executives, officers, employees, agents or consultants, provided that nothing in this Agreement will prevent you or the Company from disclosing information as required by law or in order to take professional advice or as ordered by a court of competent jurisdiction.

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WAIVER

15. Any delay or forbearance by the Company in exercising any right of determination of this Agreement shall not constitute a waiver of it.

AMENDMENTS

16. No amendment or waiver of any of the provisions of this Agreement shall be effective unless made in writing and signed by you and a director or the Company Secretary of the Company.

NOTICES

17. Any notice required to be served under this Agreement may be given either personally, by fax or by registered post:

- (a) to the Company at its registered office for the time being; or
- (b) to you at the address at the start of this Agreement or your last known address.

Any notice to be given under this Agreement to you may be served by being handed to you personally or by being sent by recorded delivery first class post or by fax to you at your usual or last known address; and any notice to be given to the Company may be served by being marked for the attention of the Company Secretary and by being left at or by being sent by recorded delivery first class post or by fax to its registered office for the time being. Any notice served by post shall be deemed to have been served on the second day (excluding Sundays and statutory holidays) next following the date of posting and in proving such service it shall be sufficient proof that the envelope containing the notice was, in your case, addressed to you at your usual or last known address and, in the case of the Company, addressed to it marked for the attention of the Company Secretary at its registered office for the time being, and in either case posted as a prepaid letter by recorded delivery. Any notice served by fax shall be deemed to have been served twelve hours after the time of despatch.

OTHER AGREEMENTS

18. You acknowledge and warrant that there are no Agreements or arrangements whether written, oral or implied between the Company or any other Group Company and you relating to your employment or the Employment other than those which are expressly set out in this Agreement and that you are not entering into this Agreement in reliance on any representation not expressly set out in this Agreement.

GOVERNING LAW

19. This Agreement will be governed by and construed under English law without regard to its conflicts of laws provisions, and each of the parties hereby irrevocably agrees for the exclusive benefit of the Company that the Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement.

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WITHHOLDING TAX

20. All amounts payable to you under this Agreement shall be subject to applicable withholding of income, salary and such other withholdings that the Company determines are required to be withheld in accordance with applicable laws.

AS WITNESS whereof this Agreement has been signed by or on behalf of the parties to it on the day and year first above written.

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SCHEDULE 1

OTHER BENEFITS

BONUS

1. You will be entitled to participate in an annual bonus plan to be administered by the Remuneration Committee. Unless otherwise agreed by the Remuneration Committee, the maximum annual bonus payable under this plan will

be an amount up to 70% of your base salary (from 1 July 2001, 100% of your base salary). The criteria relating to your performance and that of the Company which are to be used to determine the amount of the bonus in any year will be laid down by the Remuneration Committee at the commencement of each year and the bonus for that year will be paid as soon as reasonably practicable after the relevant results have been determined. The Remuneration Committee reserves the right to amend the quantitative criteria annually and/or to discontinue the bonus arrangement. On termination of the Employment, other than termination pursuant to Clause 12.1 or termination in respect of which Clause 12.6 applies, you shall be entitled to a pro-rated amount of bonus, being such proportion of average bonus (calculated according to Clause 12.6(iii)) as is the same as the proportion of the last financial year during which the Employment has subsisted.

SHARE OPTION PLANS

2.1 You will be eligible for membership of the Company's Save As You Earn Share Option Scheme and of any other all employee share option plan operated by the Company and approved by the Company's shareholders. Participation in such scheme and plans is, save as otherwise stipulated in their rules, at the sole discretion of the Board or the Remuneration Committee.

2.2 If you are relocated to a country outside the United Kingdom, you are entitled to participate in any equivalent scheme or plan operated by a Group Company in that country.

HOLIDAYS

3.1 The Company's holiday year runs from 1 January to 31 December. In addition to the bank and other public holidays, you will be entitled to 30 working days' paid holiday in each holiday year. In the first year of the Employment, the annual entitlement will be pro rata based on the holiday year.

3.2 Your annual holiday may be taken at such time or times as are reasonably appropriate having regard to the business needs of the Company.

3.3 Holidays not taken in the year of entitlement will be lost unless carried forward with the agreement of the Chief Executive of the Company.

3.4 On termination of the Employment, you will be entitled to pay in lieu of any unpaid holiday or be required to pay the Company any salary received for holiday taken in excess of your contractual entitlement. You may be required to take any untaken holiday during your notice period.

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PENSION SCHEMES

4.1 You are entitled to join the Reuters UK Retirement Plan subject to the trust deed and rules of the scheme from time to time in force.

4.2 Subject to any limits imposed by the Inland Revenue from time to time, the Company will pay contributions to the Company pension scheme as set out in your annual statement of remuneration and benefits.

4.3 A contracting out certificate is in force in respect of the Employment.

4.4 In addition the Company will contribute 20% of your base salary above the pensions cap imposed by the Inland Revenue from time to time (such contribution to be taxable) to an appropriate retirement benefit scheme of your choice.

LONG TERM INCENTIVE PLAN

5. You are entitled to be a member of the Reuters Group PLC Long Term Incentive Plan or any plan operated by the Company in succession to that plan (as notified to you from time to time) for so long as the Plan or such plan may be operated by the Company, and the Company shall pay to you benefits under the Plan or such plan, subject to the conditions of the Company's policy on retention of LTIP awards on early retirement (as notified to you from time to time).

DISABILITY INSURANCE

6. You shall be entitled to membership of, and the Company shall pay to you benefits under, the Company's disability insurance scheme, subject to the terms of that scheme and of any related policy of insurance as in force from time to time.

LIFE ASSURANCE AND PERMANENT HEALTH SCHEME

7.1 The Company will provide life assurance to you in addition to that provided under the Reuters UK Retirement Plan so that in aggregate you are assured for the value of four times annual salary, subject to your being acceptable

for insurance at rates normal for your age and subject to the rules of the relevant life assurance arrangements.

7.2 You (your spouse and any unmarried children under 21 (or under 24 if in fulltime education)) are entitled to membership of the Company's permanent health insurance scheme subject to the rules of the scheme and of any related policy of insurance.

7.3 If you wish, as an alternative to membership of the Company's scheme, the Company will bear the costs of you being a member of another permanent health insurance scheme, up to the value of the benefits available to you under the Company's scheme.

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7.4 You are entitled to receive an annual health check at a cost to the Company of no more than £500 (or as increased and notified to you from time to time).

COMPANY CAR

8. The Company will provide you with a car (or cash in lieu if you so elect) in accordance with the terms of the Company's policy on executive directors' cars (as notified to you from time to time) for business and personal use and will bear the expenses of taxing, insuring, repairing and maintaining the car. You agree to comply in full with the Company's policy on executive directors' cars, failing which the Company may require you to return the car immediately.

CHAUFFEUR-DRIVEN CAR

9. You shall be entitled to the non-exclusive use of a chauffeur-driven car provided by the Company (subject to availability) at no cost to you for purposes reasonably connected with the Company's business or as otherwise approved by the Chief Executive of the Company.

DIRECTORS' INDEMNITY AND INSURANCE

10. You shall have the benefits of:

- (a) the indemnity contained in regulation 155 of the Company's Articles of Association;
- (b) any similar indemnity in respect of liabilities incurred by Group Company directors in their capacity as such contained in the constitutional documents of any other Group Company for so long as you are a director or officer of such other Group Company; and
- (c) (subject to their terms) any insurance policies which shall be maintained by the Company in respect of liabilities incurred by Group Company directors in their capacity as such.

OTHER BENEFITS

11. You shall have such other benefits as may be made available to you by the Company from time to time, including but not limited to the use of Reuters products, mobile telephone and other equipment and membership of professional bodies.

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SCHEDULE 2

ADDITIONAL STATUTORY PROVISIONS

EMPLOYMENT RIGHTS ACT 1996

Additional particulars required to be disclosed:

CONTINUOUS EMPLOYMENT

1. The Employment is not continuous with any other period of employment with the Company or with any other Group Company.

INJURY AND SICKNESS PAY

2. If you are absent from work because of sickness or injury, you must:

- (a) notify the Company as soon as possible on the first morning of absence and inform the Company of your expected date of return;
- (b) complete and return to the Company a self-certification form in respect of the first five working days of any sickness absence;
- (c) provide the Company with a medical certificate from your GP or other registered practitioner for periods of absence of seven days (including weekends) in excess and with medical certificates for each subsequent week of sickness absence;
- (d) if requested by the Company, undergo a medical examination at the expense of the Company with a medical practitioner nominated by the Company; and
- (e) if requested by the Company give written permission to the Company to have access to any medical or health report in its complete form prepared by any health professional on your physical or mental condition.

Subject to the above, you will be entitled at the discretion of the Company to up to 365 days' sick pay (including statutory sick pay) in any 24 month rolling period. Sick pay will be calculated at your normal rate of pay and benefits.

DISCIPLINARY RULES AND GRIEVANCE PROCEDURE

If at any time you have a grievance relating to the Employment, you may seek redress orally or in writing by, in the first instance, referring the grievance to the Chairman of the Board. If the grievance remains unresolved, you may appeal to the Board and the Board shall deal with the matter by discussion and by majority decision of those present at the relevant meeting of the Board. The Board's decision shall be final and binding.

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COLLECTIVE AGREEMENTS

4. There are no collective agreements with trade unions which directly affect your terms and conditions.

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SCHEDULE 3

COMPETING BUSINESS CONCERNS

AS AT THE DATE OF THIS AGREEMENT

Part 1

Competing Business Concerns

Bloomberg L.P.

Pearson PLC

Quick Corporation of Japan

AOL Time Warner

Telekurs A.G.

SunGard

The Electronic Broking Service

Part 2

Companies with Divisions which compete with Reuters

The Thomson Corporation

The McGraw Hill Companies

The Dun & Bradstreet Corporation

Reed Elsevier P.L.C./Elsevier N.V.

Part 3

Companies with which Reuters has strategic relationships

Multex.com, Inc.

Yahoo! Inc.

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SIGNED by)
for and on behalf of) Sir Christopher Hogg
REUTERS GROUP PLC)
in the presence of:-)

SIGNED as a **DEED**)
and **DELIVERED** by)
DAVID GRIGSON)
in the presence of :-)

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31st December, 2001

REUTERS GROUP PLC

GEOFFREY WEETMAN

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THIS AGREEMENT is made on 31st December, 2001
BETWEEN

- (1) **REUTERS GROUP PLC** registered in England with No. 3296375 whose registered office is at 85 Fleet Street, London, EC4P 4AJ (the **Company**); and
- (2) **GEOFFREY ARTHUR WEETMAN** of Tyseley, Grimms Hill, Great Missenden, Buckinghamshire, HP16 9BG (**you**).

IT IS AGREED as follows:

Definitions

1. In this Agreement the following expressions shall have the following meanings:

Board means the board of directors of Reuters Group PLC or a duly constituted committee of the board of directors;

Employment means your employment in accordance with the terms and conditions of this Agreement;

Group means the Company, any holding company of the Company and any subsidiary of the Company or of any such holding company (with holding company and subsidiary having the meanings given to them by section 736 of the Companies Act 1985). **Group Company** and **Group Companies** shall be construed accordingly; and

Remuneration Committee means the remuneration committee of the Board.

Duration of employment

2. The Employment will begin on the date of this Agreement and will continue until terminated in accordance with Clause 12 below.

Role, powers and duties

3.1 You will serve the Company as Group Human Resources Director, or in such other capacity of a like status as the Company may require.

3.2 Subject to Clause 4, you will exercise such powers and perform such duties in relation to the business of the Company and the Group, being duties which are appropriate to your senior status, as may be assigned to you by the Chief Executive of the Company after taking into account the opinion of the Board.

3.3 During the Employment you will:

- (a) devote substantially the whole of your working time, attention and abilities to carrying out those duties in a proper, loyal and efficient manner;
 - (b) use all reasonable endeavours to promote the interests of the Company and any other Group Company which you may be required to serve under the terms of this Agreement;
-
- (c) have due regard to the Reuters Trust Principles and to the rights and duties of the Reuters Trustees as set out in the Memorandum and Articles of Association of the Company and the Memorandum and Articles of Association of Reuters Founders Share Company Limited insofar as, by the proper exercise of your powers (and in accordance with your other duties) as director of the Company, the Reuters Trust Principles are capable of being observed by you;
 - (d) have due regard to the provisions of the Reuters Code of Conduct (as notified to you from time to time) and, so far as reasonably practicable in the performance of your duties, observe all material provisions of that Code;
 - (e) comply with the Reuters Share Dealings Code (as notified to you from time to time); and
 - (f) have due regard to the provisions of all other policies which are applied to you by the Company, as notified to you from time to time.

3.4 You are entitled to take independent professional advice, at the expense of the Company, where such advice is reasonably required for the furtherance of your duties as a director of the Company and provided that before taking such advice you obtain the written consent of one other director and send a copy of such consent to the Company Secretary and that the Company's expenditure on such advice does not exceed £50,000 per annum.

Normal place of work

4. Your normal place of work is at the Company's head office. You may be required, in the performance of your duties, to travel in the United Kingdom and overseas. However, having given you reasonable notice, the Company may reasonably require you to perform your duties at the offices of another Group Company in a major financial centre outside the United Kingdom, such as New York, in which case you shall be offered expatriate benefits appropriate to your senior status.

Hours of work

5. You will work the Company's normal working hours together with such additional hours as may reasonably be required for the proper performance of your duties.

Salary and benefits

6.1 You will be paid a salary at such rate as is set out in an annual letter to you from the Company and as confirmed in your annual statement of remuneration and benefits.

6.2 Your salary will accrue from day to day and be payable in arrears by equal monthly instalments on or about the fifteenth day of each month.

6.3 You are not entitled to any other salary or fees as director or employee of the Company or any other Group Company and you must, as the Company directs, either waive your rights to any such salary or fees or account for the same to the Company (failing which it will be deducted from your salary).

6.4 Your salary and benefits will be reviewed annually by the Remuneration Committee. Any change in the level of your salary and benefits as a result of the review (which will not be downwards) will be effective from 1 January of the year following the review (unless you and the Chairman of the Remuneration Committee agree otherwise).

6.5 In addition to the above, you will be entitled to receive those benefits set out in Schedule 1 to this Agreement.

6.6 During or after the termination of the Employment for whatever reason, the Company may deduct from your pay any sums outstanding to the Company or to any other Group Company from you including, without limitation, any advance of pay or loans or floats for expenses.

Expenses

7. Subject to the Company's policies on executive directors' expenses and executive directors' spouse expenses (as notified to you from time to time), the Company will reimburse to you all reasonable travelling, hotel and other out-of-pocket expenses (including first class travel expenses) properly incurred by you and your spouse in the execution of the duties of the Employment against production of valid receipts and properly completed expense reports.

Other interests

8.1 During the Employment you will be entitled to accept appointments as a non-executive director of companies other than a Group Company subject to:

- (a) the prior written consent of the Chief Executive of the Company (such consent to be confirmed by the Board); and
- (b) the Company's policy on non-executive directorships (as notified to you from time to time).

You may retain any fees received as a non-executive director provided they are paid in cash rather than in stock, other securities or options. Days of service as a non-executive director will not be deducted from your holiday entitlement provided that you shall not spend more than ten working days in aggregate in any year in such service. At any time during the Employment the Company may, with reasonable cause, require you to resign any non-executive directorship held. Reasonable cause for this purpose shall include but not be limited to a conflict of interest and such other reason or reasons as may be specified in the Reuters Code of Conduct (as notified to you from time to time).

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8.2 During the Employment you will not be directly or indirectly concerned in any business, trade, profession or other occupation (whether as an employee, consultant, agent, director or otherwise) of a similar nature to or competitive with that carried on by the Company or any Group Companies except:

- (a) as a representative or officer of a Group Company;
- (b) as a non-executive director under Clause 8.1;
- (c) by virtue of your being interested in securities not representing more than one per cent of a company's issued securities of any class which are either (i) listed on a recognised stock exchange or dealt on an unlisted securities market or an alternative investment market or authorised for quotation in a recognised inter-dealer quotation system or (ii) of a private company whose shares the Chief Executive of the Company has authorised you to hold; or
- (d) with the prior written consent of the Board.

8.3 You may serve on the board of religious, charitable or public service organisations or otherwise be engaged in the activities of such organisations provided so serving or being so engaged does not prejudice your ability to fulfil your duties under this Agreement.

Inventions and improvements

9.1 It will be part of your normal duties at all times:

- (a) to consider in what manner and by what new methods or devices the products, services, processes, equipment or systems of the Company and other Group Companies with which you are concerned or for which you are responsible might be improved; and
- (b) promptly to give to the Company Secretary of the Company full details of any invention or improvement which you may from time to time make or discover in the course of your duties.

Subject to the Patents Act 1977, the Company will be entitled free of charge to the sole ownership of any such invention or improvement and to the exclusive use of it.

9.2 You assign to the Company (or to such other Group Company as the Company may direct) all copyrights, designs and other proprietary rights, if any, which may be so assigned in respect of all works and designs created by you or relating to your responsibilities during the Employment for the full term of those rights to the intent that

those rights will immediately upon the completion of the relevant work vest with the Company (or with such other Group Company as the Company may direct).

9.3 At the request and cost of the Company, you will do all such acts and things as may in the opinion of the Board be necessary or conducive to vest such rights in the Company (or in such other Group Company as it may direct). You irrevocably authorise the Company for the purposes of this Clause to make use of your name and to sign and to execute any documents or do any thing on your behalf.

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9.4 You will not do anything knowingly to imperil the validity of any patent or protection or any application for a patent or protection.

9.5 You will not either during or after the termination of the Employment exploit or assist others to exploit any invention or improvement which you may from time to time make or discover in the course of your duties or (unless it shall have become public knowledge) make public or disclose any such invention or improvement or give any information in respect of it except to the Company or as the Company may direct.

9.6 You irrevocably waive in favour of the Company (and in favour of such other Group Company as the Company may direct), its licensees and successors-in-title any and all moral rights in any works (existing or future) which are the subject of copyright made by you in the course of the Employment.

Confidentiality

10.1 During and after the termination of the Employment you will at all times keep confidential all private information about the Company and other Group Companies including technical and financial information which you may have acquired while in the employment of the Company or of any other Group Company. You will not use such information for your own benefit or for the benefit of any business not within the Group. You will keep such information confidential to yourself, to other members of the Board and to anybody who needs such information in order to properly discharge his duties to the Company or any Group Company. Such information includes (without limitation) the following:

- (a) the business methods and information of the Company and any other Group Companies (including, without limitation, prices charged, discounts given to customers or obtained from suppliers, product development, marketing and advertising programmes, costing, budgets, turnover, sales targets and other financial information);
- (b) lists and particulars of the suppliers and customers of the Company or of any other Group Companies and the individual contacts at such suppliers and customers;
- (c) details and terms of the Agreements with suppliers and customers of the Company or of any other Group Companies;
- (d) secret development manufacturing or production processes and know-how employed by the Company or any other Group Companies or their respective suppliers; and
- (e) confidential details as to the design of the products and inventions or processes relating to the provision of services or developments relating to future products and services of the Company or of any other Group Companies or those of their respective suppliers.

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10.2 These restrictions shall not apply to any disclosure or use authorised by the Board or required by law or by the requirements of any regulatory or other authority to which the Company or any other Group Company is subject.

10.3 These restrictions shall not apply to information which is already in the public domain other than in cases where such information has become public as a result of a breach by you of these restrictions.

10.4 These restrictions shall not restrict you from using your own personal skill in any business in which you may lawfully be engaged after termination of the Employment.

Statutory provisions

11. Additional provisions, details of which the Company is required by statute to provide you, are set out in Schedule 2 to this Agreement.

Termination

Summary termination

12.1 The Company may terminate the Employment by immediate notice in writing and without payment of any kind other than salary and bonus accrued at the date of termination:

- (a) if in the reasonable opinion of the Board you are guilty of any:
 - (i) gross misconduct;
 - (ii) persistent serious misconduct continuing after demand for cessation of such misconduct is delivered in writing by the Board or by the Company Secretary on instruction from the Board; or
- (b) if you commit any material breach of any material provision of this Agreement;
- (c) if you neglect or refuse to carry out any material part of your duties (other than for a reason mentioned in Clause 12.2);
- (d) if you engage in any conduct which brings or is likely to bring the Company or any other Group Companies, in the reasonable opinion of the Board, into disrepute;
- (e) if you become bankrupt or enter into a composition with your creditors or apply for a receiving order or have a receiving order made against you;
- (f) if you become prohibited by law from being a director; or

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- (g) if you terminate your directorship of the Company without the consent of the Board.

Termination by the Company through illness

12.2 The Company may terminate the Employment if you are prevented by illness (including mental illness) or injury from attending to your duties for more than 365 days in aggregate in any one period of 24 consecutive calendar months. The Company will not terminate the Employment pursuant to this Clause 12.2 if, as a result, you would or may forfeit any entitlement to benefits under the private healthcare scheme referred to in Schedule 1 unless it has used all reasonable endeavours to try to procure the continuation of cover under that scheme.

Termination through loss of directorship

12.3 If you are removed from the office of director of the Company, or the Company fails in general meeting to re-elect you as a director of the Company (if, under the Articles of Association or other constitutional documents for the time being of the Company as the case may be, you are obliged to retire by rotation or otherwise), then the Company may elect that the Employment shall terminate immediately without prejudice to the right of either party to this Agreement to treat any act or omission causing such removal from office as a breach of this Agreement.

Termination on change of control

12.4 Notwithstanding the provisions of Clause 12.5, you may terminate the Employment by giving the Company one month's notice in writing, such notice to be given within three months after a Change of Control unless a third party acquiring control of more than 50% of the voting rights of the Company has agreed to adopt the Reuters Trust Principles and the rights and duties of the Reuters Trustees as set out in the Memorandum and Articles of Association of the Company and in the Memorandum and Articles of Association of Reuters Founders Share Company Limited and to use its best endeavours to procure that the Principles and such rights and duties are observed and upheld within the Company and any holding company of the Company. A Change of Control shall for the purpose of this Agreement occur where more than 50% of the voting rights of the Company become controlled by any third party (including persons acting in concert but excluding Reuters Founders Share Company Limited) or the Company sells or otherwise disposes of all or substantially all of its assets with the approval of the Company's shareholders, other than for the purposes of a reconstruction or reorganisation in which (A) the ultimate ownership of the Company or substantially all its assets is unaffected or (B) a new holding company for the Company is created, where the new holding company has substantially the same shareholders and proportionate shareholdings as those of the Company immediately prior to the interposition of the new holding company.

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Termination in other circumstances

12.5 Subject to earlier termination in accordance with the provisions of this Clause, the Employment will continue until terminated:

(a) by the Company giving you 12 months' written notice; or

(b) by you giving the Company 12 months' written notice.

The Company may, in its sole discretion, elect to terminate the Employment without giving you notice or the full period of notice required by 12.5 (a) in which event you will be entitled to receive a payment calculated in accordance with Clause 12.6.

Liquidated damages

12.6 This Clause applies if:

(a) the Employment is terminated by the Company otherwise than a termination (i) in accordance with Clause 12.1 or (ii) where removal from office takes place in circumstances justifying summary termination under Clause 12.1, in accordance with Clause 12.3 or (iii) in accordance with Clause 12.5 unless the final sentence of Clause 12.5 applies in which case this Clause will apply;

(b) you are constructively dismissed which for these purposes shall include (without limitation):

(i) the assignment to you of any duties inconsistent in any respect with your position (including status, offices, titles and reporting requirement), authority, duties or responsibilities; or

(ii) any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, but excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by you; or

(c) you terminate the Employment under Clause 12.4.

Where this Clause applies, the Company will (subject to the remainder of this Clause) pay to you by way of liquidated damages an amount equal to the aggregate of:

(i) your annual salary immediately prior to the date of termination of the Employment;

(ii) the amount of pension contributions made by the Company on your behalf or to you in the last financial year of the Company preceding the date of termination; and

(iii) the average of the last three annual bonuses earned by you pursuant to paragraph 1 of Schedule 1 to this Agreement in the last three complete financial years of the Company preceding the date of termination.

In the event that the Company requires you to work only part of the notice period required by Clause 12.5 (a), the liquidated damages payment under this Clause 12.6 will be reduced by an amount equal to the salary, pension contributions and (if applicable) bonus paid to you or on your behalf in respect of the period of notice worked.

In the event that the Employment is terminated in accordance with Clause 12.2, liquidated damages payment under this Clause 12.6 will be reduced by an amount equal to the amount of any benefit payable under the private healthcare scheme referred to in Schedule 1 for the period of 12 months following the date of termination.

The payment will be conditional on you not bringing any claims before a court or tribunal relating to the Employment and/or its termination. The payment will be made in two stages. The total amount, less a deduction of £60,000, will be paid within 14 days of the end of the Employment and the remaining balance of £60,000 will be paid within four months of the end of the Employment, in each case less any necessary withholdings. You agree to accept the same in full and final settlement of all and any claims or rights of action that you have or may have against the Company and against any other Group Company and against their respective officers and employees in connection with the Employment or its termination.

Return of documents

12.7 On termination of the Employment for any reason or, at the request of the Company, when notice to terminate the Employment is given, you must immediately deliver to the Company (without keeping any copies):

(a) all documents, papers and materials and any other property of the Company and of any other Group Companies; and

- (b) all documents or other media on which confidential information about the Company and any other Group Companies is recorded,

in your possession or under your control.

Resignation as a director

12.8 On termination of the Employment for any reason, you must immediately, at the request of the Company resign your office as a director of the Company and of any other Group Company without compensation for loss of office but without prejudice to any rights which you may have to treat such request as a breach of this Agreement.

Share schemes

12.9 It is acknowledged that you may, during the Employment, be granted rights upon the terms and subject to the conditions of the rules from time to time of the Reuters Group PLC Long Term Incentive Plan or any other profit sharing, share incentive, share option, bonus or phantom option scheme operated by the Company or any other Group Company with respect to shares in the Company or any other Group Company. If, on termination of the Employment, whether lawfully or in breach of contract you lose any of the rights or benefits under such schemes (including rights or benefits which you would not have lost had the Employment not been terminated) you shall not be entitled, by way of compensation for loss of office or otherwise howsoever, to any compensation for the loss of any rights under any such scheme.

Garden leave and suspension

13.1 The Company may at any time or from time to time suspend you from the performance of your duties and/or exclude you from any of the premises of the Company or of any other Group Company:

- (a) during any period of notice or any part of a period of notice as specified in Clauses 12.4 or 12.5; or
- (b) in circumstances in which the Company reasonably believes that you are guilty of misconduct or are in breach of this Agreement and in order that the circumstances giving rise to that belief may be investigated.

13.2 The Company is not required to give any reason for suspending or excluding you. Your salary and benefits will not cease to be payable by reason only of such suspension or exclusion.

13.3 During any period of suspension or exclusion, you will not contact or deal with customers, suppliers or employees of the Company or of any other Group Company or enter onto the premises of the Company or of any Group Company without the prior written consent of the Chief Executive of the Company.

Continuing obligations

Non-representation

14.1 You will not at any time after the termination of the Employment directly or indirectly represent yourself as being in any way connected with or interested in the business of the Group (except, if it is the case, as a shareholder of the Company or as a director of the Company).

Non-solicitation of employees

14.2 You must not for a period of six months after the termination of the Employment solicit, interfere with or attempt to entice away from the Company or any other Group Company or employ or engage any employee of the Company or of any other Group Company with whom you had business dealings or who reported to you, directly or indirectly, during the period of 12 months preceding the date of termination of the Employment and who is or was employed or engaged by the Company or by any other Group Company:

- (a) as a director or in a managerial or technical capacity; or
- (b) you know (or ought reasonably to know) could materially damage the interests of the Company or any other Group Company if he became employed in any business in competition with the business of the Company or of any other Group Company.

Non-solicitation of business

14.3 You must not for a period of six months after the termination of the Employment solicit, interfere with or attempt to entice away from the Company or any other Group Company the business or custom of any firm, company or other person who, during the period of 12 months preceding the date of termination of the Employment, was a customer of the Company or of any other Group Company with whom you had business dealings or about whom you became informed or over whom you had influence in the course of the Employment during that period, with a view to providing goods or services which would compete with the business of the Company or of any other Group Company carried on at the date of termination of the Employment and with which you were materially involved during that period.

Non-dealing

14.4 You must not for a period of six months after the termination of the Employment deal with any person, firm or company who during the period of 12 months preceding the date of termination of the Employment was a customer or potential customer of the Company or of any other Group Company and (in the case of a customer) to whom you provided services on behalf of the Company or any other Group Company or (in the case of a potential customer) with whom you had business dealings with a view to obtaining business for the Company or any other Group Company and in each case with whom you had business dealings or about whom you became informed or over whom you had influence in the course of the Employment during that period, with a view to providing goods or services which would compete with the business of the Company or of any other Group Company carried on at the date of termination of the Employment and with which you were materially involved during that period.

Non-competition

14.5 You must not, for a period of six months after the termination of the Employment, be engaged in or concerned in any capacity in any business concern which is in competition with the business of the Company or of any other Group Company. A list of such business concerns as at the date of this Agreement is set out in Part 1 of Schedule 3 to this Agreement. Unless you have the prior approval of the Chairman and the Chief Executive of the Company you may not, for a period of six months after the termination of the Employment, be engaged in or concerned in any capacity in any of the business concerns named in the lists set out in Parts 2 and 3 of Schedule 3 of this Agreement. The lists in Schedule 3 may be amended by the Board acting reasonably (provided that the number of business concerns included in Schedule 3 at any one time shall not exceed 15) and each such amendment shall be notified to you from time to time. This Clause shall not restrain you from being engaged or concerned in any business concern in so far as your duties or work relate solely to services or activities of a kind with which you were not concerned to a material extent during the period of six months preceding the date of termination of the Employment.

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Extension to other persons

14.6 The obligations imposed on you by this Clause 14 extend to you acting not only on your own account but also on behalf of any other firm, company or other person and shall apply whether you act directly or indirectly.

Acknowledgement of reasonableness

14.7 The restrictions contained in this Clause 14 are considered by you and the Company to be reasonable in all the circumstances. Each part of this Clause constitutes an entirely separate and independent restriction and the duration, extent and application of each of the restrictions are not greater than is necessary for the protection of the commercial interests of the Group and their stable trained workforce.

No disparaging statements

14.8 Each party agrees during, and after termination of, the Employment not to make, publish or cause to be made, published or issued or otherwise communicate to any third party any disparaging or derogatory statements to any third party concerning you or the Company or any Group Company or any of its or their current executives, officers, employees, agents or consultants, provided that nothing in this Agreement will prevent you or the Company from disclosing information as required by law or in order to take professional advice or as ordered by a court of competent jurisdiction.

Waiver

15. Any delay or forbearance by the Company in exercising any right of determination of this Agreement shall not constitute a waiver of it.

Amendments

16. No amendment or waiver of any of the provisions of this Agreement shall be effective unless made in writing and signed by you and a director or the Company Secretary of the Company.

Notices

17. Any notice required to be served under this Agreement may be given either personally, by fax or by registered post:

(a) to the Company at its registered office for the time being; or

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(b) to you at the address at the start of this Agreement or your last known address.

Any notice to be given under this Agreement to you may be served by being handed to you personally or by being sent by recorded delivery first class post or by fax to you at your usual or last known address; and any notice to be given to the Company may be served by being marked for the attention of the Company Secretary and by being left at or by being sent by recorded delivery first class post or by fax to its registered office for the time being. Any notice served by post shall be deemed to have been served on the second day (excluding Sundays and statutory holidays) next following the date of posting and in proving such service it shall be sufficient proof that the envelope containing the notice was, in your case, addressed to you at your usual or last known address and, in the case of the Company, addressed to it marked for the attention of the Company Secretary at its registered office for the time being, and in either case posted as a prepaid letter by recorded delivery. Any notice served by fax shall be deemed to have been served twelve hours after the time of despatch.

Other Agreements

18. You acknowledge and warrant that there are no Agreements or arrangements whether written, oral or implied between the Company or any other Group Company and you relating to your employment or the Employment other than those which are expressly set out in this Agreement and that you are not entering into this Agreement in reliance on any representation not expressly set out in this Agreement.

Governing law

19. This Agreement will be governed by and construed under English law without regard to its conflicts of laws provisions, and each of the parties hereby irrevocably agrees for the exclusive benefit of the Company that the Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement.

Withholding Tax

20. All amounts payable to you under this Agreement shall be subject to applicable withholding of income, salary and such other withholdings that the Company determines are required to be withheld in accordance with applicable laws.

AS WITNESS whereof this Agreement has been signed by or on behalf of the parties to it on the day and year first above written.

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SCHEDULE 1 OTHER BENEFITS

Bonus

1. You will be entitled to participate in an annual bonus plan to be administered by the Remuneration Committee. Unless otherwise agreed by the Remuneration Committee, the maximum annual bonus payable under this plan will be an amount up to 100% of your base salary. The criteria relating to your performance and that of the Company which are to be used to determine the amount of the bonus in any year will be laid down by the Remuneration Committee at the commencement of each year and the bonus for that year will be paid as soon as reasonably practicable after the relevant results have been determined. The Remuneration Committee reserves the right to amend the quantitative criteria annually and/or to discontinue the bonus arrangement. On termination of the Employment, other than termination pursuant to Clause 12.1 or termination in respect of which Clause 12.6 applies, you shall be entitled to a pro-rated amount of bonus, being such proportion of average bonus (calculated according to Clause 12.6(iii)) as is the same as the proportion of the last financial year during which the Employment has subsisted.

Share Option Plans

2.1 You will be eligible for membership of the Company's Save As You Earn Share Option Scheme and of any other all employee share option plan operated by the Company and approved by the Company's shareholders.

Participation in such scheme and plans is, save as otherwise stipulated in their rules, at the sole discretion of the Board or the Remuneration Committee.

2.2 If you are relocated to a country outside the United Kingdom, you are entitled to participate in any equivalent scheme or plan operated by a Group Company in that country.

Holidays

3.1 The Company's holiday year runs from 1 January to 31 December. In addition to the bank and other public holidays, you will be entitled to 30 working days' paid holiday in each holiday year.

3.2 Your annual holiday may be taken at such time or times as are reasonably appropriate having regard to the business needs of the Company.

3.3 Holidays not taken in the year of entitlement will be lost unless carried forward with the agreement of the Chief Executive of the Company.

3.4 On termination of the Employment, you will be entitled to pay in lieu of any unpaid holiday or be required to pay the Company any salary received for holiday taken in excess of your contractual entitlement. You may be required to take any untaken holiday during your notice period.

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Pension and life assurance schemes

4. You will continue to be a member of, and the Company shall pay or procure to be paid to you your benefits under Reuters Pension Fund and Reuters Supplementary Pension Scheme, subject to the Trust Deed and Rules governing those schemes and to any Inland Revenue or other applicable limits. A contracting-out certificate is in force in respect of the Employment. The applicable benefits are set out in Schedule 4 to this Agreement.

Long term incentive plan

5. You are entitled to be a member of the Reuters Group PLC Long Term Incentive Plan or any plan operated by the Company in succession to that plan (as notified to you from time to time) for so long as the Plan or such plan may be operated by the Company, and the Company shall pay to you benefits under the Plan or such plan, subject to the conditions of the Company's policy on retention of LTIP awards on early retirement (as notified to you from time to time).

Incapacity benefit/long term disability benefit

6. You shall be entitled to membership of, and the Company shall pay to you benefits under, the Company's disability scheme, subject to the terms of that scheme and of any related policy of insurance as in force from time to time.

Medical benefit/private healthcare scheme

7.1 You (your spouse and any unmarried children under 21 (or under 24 if in fulltime education)) are entitled to membership of the Company's private healthcare scheme subject to the rules of the scheme and of any related policy of insurance.

7.2 If you wish, as an alternative to membership of the Company's scheme, the Company will bear the costs of you being a member of another private healthcare scheme, up to the value of the benefits available to you under the Company's scheme.

7.3 You are entitled to receive an annual health check at a cost to the Company of no more than £500 (or as increased and notified to you from time to time).

Company car

8. The Company will provide you with a car (or cash in lieu if you so elect) in accordance with the terms of the Company's policy on executive directors' cars (as notified to you from time to time) for business and personal use and will bear the expenses of taxing, insuring, repairing and maintaining the car. You agree to comply in full with the Company's policy on executive directors' cars, failing which the Company may require you to return the car immediately.

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Chauffeur-driven car

9. You shall be entitled to the non-exclusive use of a chauffeur-driven car provided by the Company (subject to availability) at no cost to you for purposes reasonably connected with the Company's business or as otherwise approved by the Chief Executive of the Company.

Directors' indemnity and insurance

10. You shall have the benefits of:

- (a) the indemnity contained in regulation 155 of the Company's Articles of Association;
- (b) any similar indemnity in respect of liabilities incurred by Group Company directors in their capacity as such contained in the constitutional documents of any other Group Company for so long as you are a director or officer of such other Group Company; and
- (c) (subject to their terms) any insurance policies which shall be maintained by the Company in respect of liabilities incurred by Group Company directors in their capacity as such.

Other benefits

11. You shall have such other benefits as may be made available to you by the Company from time to time, including but not limited to the use of Reuters products, mobile telephone and other equipment and membership of professional bodies.

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SCHEDULE 2 ADDITIONAL STATUTORY PROVISIONS EMPLOYMENT RIGHTS ACT 1996

Additional particulars required to be disclosed:

Continuous employment

1. Your period of continuous employment with the Company began on 1st September 1973.

Injury and sickness pay

2. If you are absent from work because of sickness or injury, you must:

- (a) notify the Company as soon as possible on the first morning of absence and inform the Company of your expected date of return;
- (b) complete and return to the Company a self-certification form in respect of the first five working days of any sickness absence;
- (c) provide the Company with a medical certificate from your GP or other registered practitioner for periods of absence of seven days (including weekends) in excess and with medical certificates for each subsequent week of sickness absence;
- (d) if requested by the Company, undergo a medical examination at the expense of the Company with a medical practitioner nominated by the Company; and
- (e) if requested by the Company give written permission to the Company to have access to any medical or health report in its complete form prepared by any health professional on your physical or mental condition.

Subject to the above, you will be entitled at the discretion of the Company to up to 365 days' sick pay (including statutory sick pay) in any 24 month rolling period. Sick pay will be calculated at your normal rate of pay and benefits.

Disciplinary rules and grievance procedure

3. If at any time you have a grievance relating to the Employment, you may seek redress orally or in writing by, in the first instance, referring the grievance to the Chairman of the Board. If the grievance remains unresolved, you may appeal to the Board and the Board shall deal with the matter by discussion and by majority decision of those present at the relevant meeting of the Board. The Board's decision shall be final and binding.

4. There are no collective agreements with trade unions which directly affect your terms and conditions.

SCHEDULE 3

COMPETING BUSINESS CONCERNS

AS AT THE DATE OF THIS AGREEMENT

Part 1

Competing Business Concerns

Bloomberg L.P.

Pearson PLC

Quick Corporation of Japan

AOL Time Warner

Telekurs A.G.

SunGard

The Electronic Broking Service

Part 2

Companies with Divisions which compete with Reuters

The Thomson Corporation

The McGraw Hill Companies

The Dun & Bradstreet Corporation

Reed Elsevier P.L.C./Elsevier N.V.

Part 3

Companies with which Reuters has strategic relationships

Multex.com, Inc.

Yahoo!Inc.

SCHEDULE 4

PENSION AND LIFE ASSURANCE SCHEMES

Pension: You are entitled at your normal retirement age of 60 to a pension of two thirds of your pensionable salary. If you retire before age 60 you will receive an immediate pension of two thirds of your pensionable salary

without reduction.

The total pension payable from your pension arrangements will be subject to Inland Revenue limits.

Pension increases: On retirement you are guaranteed to receive increases in your pension of no less than the increase in the Retail Prices Index, up to a maximum of 5%.

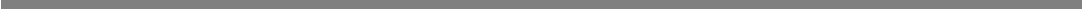
Death in service: A lump sum payable of 4 times basic salary payable plus 4 x the average of taxable emoluments for the three years immediately before death.

A spouse’s pension of two-thirds of your prospective pension is payable (subject to reduction on the advice of the Actuary if the spouse is 16 years or more younger).

Death after retirement: A spouse’s pension of two-thirds of your pension is payable (subject to reduction on the advice of the Actuary if the spouse is 16 years or more younger).

Children’s Allowances: On death in service or death after retirement, the allowances payable in respect of any Qualifying Children will be one quarter of the pension payable to the surviving spouse per child up to a maximum of two children. If there is no surviving spouse one half of the pension that would have been paid to the surviving spouse would be paid as an allowance to each child up to a maximum of two children.

(A Qualifying Child is your child being under the age of 18 or if in full-time education under the age of 21. It also includes an adopted child or a child in relation to which you stand in loco parentis, subject to the approval of the Managing Committee of Reuters Pension Fund.)



SIGNED by

Sir Christopher Hogg

)

for and on behalf of

)

REUTERS GROUP PLC

)

in the presence of-

Stephen Clements

)

SIGNED as a **DEED**

)

and **DELIVERED** by

)

GEOFFREY WEETMAN

)

in the presence of :-

Rosemary Martin

)

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]

The Board of Reuters Group PLC reserves the right up to the time of the Extraordinary General Meeting on 24 April 2001 to make such amendments or additions to the Rules of this Plan as it may consider necessary or desirable, provided that such amendments or additions do not conflict in any material respect with the details of the Plan set out in the circular dated 14 March 2001 to the Shareholders of Reuters Group PLC.

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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;

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**Reuters Group PLC
Long Term Incentive Plan Rules**

“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”	in relation to a body corporate the power of a person which is a member of that Body Corporate (“the Body Corporate”) to secure:

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**Reuters Group PLC
Long Term Incentive Plan Rules**

- (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
- (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 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;

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**Reuters Group PLC
Long Term Incentive Plan Rules**

“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”	the form of renunciation in the form agreed by the Plan Committee from time to time;
“Group”	the Company and its Subsidiaries and the phrase “Group Company” shall be construed accordingly;
“Letter of Grant”	the letter or other communication (which may include electronic communication) in the form agreed by the Plan Committee from time to time;

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**Reuters Group PLC
Long Term Incentive Plan Rules**

“Linked Bonus”	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;
“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”	in respect of any Award, 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”);
“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 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 <i>transferee</i> ;

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“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 being as specified in the Part 1 of such Schedule hereto and in respect of any Award made before 25 April 2001 being as specified in Part 2 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) <i>in the case of an Award which is made subject to a Restricted Period, the date on which the Restricted Period ends; and</i>

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- (b) *in the case of all other Awards the Release Date shall be*

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 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;

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“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;

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“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

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- (iv) headings and captions are provided for reference only and shall not be considered as part of the Plan. 2

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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.

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- 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.

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- 2.9 All Awards made 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.

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3 Vesting and Deferral of Vesting

- 3.1 An Award 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 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 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 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 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.

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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

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- (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

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- 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*

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- (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.

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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;

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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

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- 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.

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- 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.

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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.

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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.

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- 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;

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- 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 Depositary 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 Depositary 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.

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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);

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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 *ten* per cent of the Company's issued ordinary share capital.

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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.

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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"	in respect of an Award the first day of the First Measurement Period in relation to that Award on which the London Stock Exchange is open for trading
"Measurement Period"	the First Measurement Period or any successive Measurement Period as the case may be
"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 any 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) or the table in Part II of this Schedule (in respect of Awards made prior to that date) (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.

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- (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.

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The tables referred to above are as follows:-

Part I Awards made after 24 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 25th ranking)	100
26th	96
27th	92
28th	88
29th	84
30th	80
31st	76

32nd	72
33rd	68
34th	64
35th	60
36th	56
37th	52
38th	48
39th	44
40th	40
41st	36
42nd	32
43rd	28
44th	24
45th	20
46th	16
48th	12
49th	8
50th	4
below 50	Nil

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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
27th	97.5
28th	95
29th	92.5
30th	90
31st	87.5
32nd	85
33rd	82.5
34th	80
35th	77.5
36th	75
37th	72.5
38th	70
39th	67.5
40th	65
41st	62.5
42nd	60
43rd	57.5
44th	55
45th	52.5
46th	50
47th	47.5
48th	45
49th	42.5
50th	40
51st	37.5
52nd	35
53rd	32.5
54th	30
55th	27.5
56th	25
57th	22.5
58th	20
59th	17.5
60th	15
61st	12.5
62nd	10
63rd	7.5

64th	5
65th	2.5
66th and lower	Nil

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (No. 33-16927, No. 33-90398, No. 333-5998 and No. 333-57266) of our report, dated 15 February 2002 relating to the financial statements which appear in the 2001 Annual Report, to the shareholders of Reuters Group PLC on Form 20F for the year ended 31 December 2001.

/s/PricewaterhouseCoopers
PricewaterhouseCoopers
Chartered Accountants London, England
13 March 2002