

Reuters concludes agreement over pension fund deficit

May 24, 2006

London – Reuters has agreed a package of measures with the trustees of its two UK final salary pension plans that will substantially fund the pension deficit, enhance the security of members' existing benefits and reduce the risk associated with managing the plans. As such, the discussions outlined in the company's first quarter revenue statement have been successfully concluded.

In addition to its ordinary pension contributions, Reuters will pay a cash sum of £188 million into the two pension funds in 2006 and a further £42 million in 2007. This injection of cash will not impact the funding of Reuters Core Plus growth strategy or its share buyback programme. Reuters recorded a deficit of £265million for its UK plans on its 2005 balance sheet.

The package of measures also includes initiatives to de-risk the investment strategy of the plans and reduce Reuters exposure to future asset and liability risk.

The 2006 cash injection will include a one-off discretionary increase for pensioners, in line with price inflation. The package of measures also includes a framework under which the potential for future discretionary increases will be determined.

The P&< cost of the discretionary increase will be offset by additional investment returns from higher funding in the plan, and will have a neutral impact on Reuters trading profit. The cash payment into the plan will increase Reuters finance costs in 2006 by approximately £5 million. In future years there is expected to be no material impact on earnings.

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About Reuters

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Forward looking statements

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